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FISCAL IMPACT REPORT

ORIGINAL DATE 3/06/07

SPONSOR Lovejoy LAST UPDATED _____ HB _____

SHORT TITLE Electricity Rate Increase Hearings SM 61

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Memorial 61 requests the Tri-State Generation and Transmission Association, which supplies electricity to 12 New Mexico cooperatives, to file its most recent rate increase with the PRC in the form of a traditional rate case. PRC's findings and conclusions of the rate case review would not be binding on Tri-State, but PRC and Tri-State should jointly report the findings to the appropriate legislative committees.

FISCAL IMPLICATIONS

None identified.

SIGNIFICANT ISSUES

PRC indicates that Tri-State most recently changed its New Mexico rates effective January 1, 2007, pursuant to the Advice Notice No. 11 filed with the Commission on September 14.

If files as a regular rate case, interested parties to provide testimony and otherwise participated in the review of the rates to ensure that residents are paying reasonable electric rates for energy from Tri-State.

PRC notes that its findings and conclusions from this traditional rate case review of Tri-State's most recent rate increase would not be binding on Tri-State. Commission has limited jurisdiction over Tri-State Generation and Transmission Association, Inc wholesale rates (upon the filing of three protests and Commission finding of just cause). NMSA 1978 § 62-6-4(D).

ADMINISTRATIVE IMPLICATIONS

PRC indicates that it would incur all the expenses associated with a filed rate proceeding. Depending upon the timing of this filing, PRC staff might experience an increase in workload and a need to prioritize this review with other filings by regulated entities. Upon Tri-State's voluntary completion and filing of its rate case, PRC would begin a nine month process, including the analysis by PRC staff and any review of interested party filings, consideration of requests for clarifications and explanations of that analysis, a hearing process, and then final joint report of the Commission and Tri-State.

According to PRC, Tri-State's members consist of 44 rural electric distribution cooperatives spread throughout a four state region. Each of the 44 coops served by Tri-State has a seat on Tri-State's board of directors. The cost of this proceeding would be passed through to all of the member cooperatives in New Mexico.

ANA/csd