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FISCAL IMPACT REPORT

SPONSOR Wirth ORIGINAL DATE 1/24/08
LAST UPDATED _____ HB 247
SHORT TITLE Low-Income Consumer Utility Rates SB _____
ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Responses Not Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 247 amends the Public Utility Act to allow the Public Regulation Commission to approve utility rates or services designed to diminish the burden of energy costs on low-income consumers.

FISCAL IMPLICATIONS

No significant fiscal impact has been identified.

SIGNIFICANT ISSUES

Current law prohibits a public utility from establishing “unreasonable differences” of rates of service between localities or classes of customers. The New Mexico Supreme Court held that the commission did not have the power to establish a telephone discount rate program for certain public benefits recipients. The court stated that it was the function of the Legislature to establish programs to aid the elderly, indigent or any other sections of society [Mountain States Legal

Foundation v. New Mexico State Corporation Commission, 101 N.M. 657 (1984)]. HSD states that HB 247 acts on this ruling by amending the current law and allowing the PRC to provide for a discount rate/service program.

If HSD is designated to validate the low-income status of utility customers using natural gas or electricity, there may be some customer service impact at the Income Support Division field offices (ISD). Each month, over 600,000 individuals receive benefits from HSD. Depending on the requirements to participate in the low-income consumer rates, HSD certification of their low-income status could be accomplished in a number of ways, even with electronic files. HSD staff would be devoting resources to provide documentation regarding eligibility of low-income consumers to receive any discount or service.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 247 duplicates Senate Bill 241.

House Bill 247 relates to HB 246, SB 189, and HB 219, all pertaining to the Low Income Energy Assistance Program (LIHEAP). HSD finds that HB 247 could complement these bills and have the effect of reducing the burden of high energy costs for low income consumers if the PRC were to implement the authority granted under HB 247.

TECHNICAL ISSUES

HSD suggest the following technical corrections/issues:

- Define low-income
- Clarify whether non-PRC regulated utilities such as cooperatives and municipalities would be subject to any rate discounts and/or services specified in HB 247.

OTHER SUBSTANTIVE ISSUES

Although HB 247 allows the PRC to approve rates or services of a gas or electric utility, it does not include other utilities such as water and sewage treatment.

There are utility companies that are not regulated by the PRC, such as cooperative and municipality-run utility companies mostly in the rural areas of the State that may not fall under the provisions in HB 247.

BE/bb