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FISCAL IMPACT REPORT

SPONSOR	<u>Trujillo</u>	ORIGINAL DATE	<u>01/24/08</u>	LAST UPDATED	<u>02/06/08</u>	HM	<u>13/aHBIC</u>
SHORT TITLE	<u>Study PRC Regulation of Propane Gas Industry</u>					SB	<u></u>
						ANALYST	<u>Padilla</u>

Duplicates SM 16.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HBIC

The Business and Industry Committee upon referral considers and reports a recommendation that it do pass and amends as follows:

1. On page 1, line 23, after “to”, strike “protected from persons who may take unfair advantage of them” and insert in lieu thereof “the high costs of fuel be protected.”
2. On page 2, between lines 20 and 21, insert the following:

“BE IT FURTHER RESOLVED that the study include a review of the following:

- A. the relationship between low income home energy assistance program and the propane industry;
- B. current regulation of propane installations by the construction industries division of the regulation and licensing department; and
- C. liability issues associated with the propane industry; and.”

SIGNIFICANT ISSUES

The most vulnerable New Mexicans are to be protected from the high costs of fuel as indicated in the Amendment.

The study for regulation of the propane gas industry by the Public Regulation Commission will include the study of the relationship between the low income home energy assistance program and the propane industry, the current regulation of propane installations by the Construction Industries Division of the Regulation and Licensing Department, and liability issues associated with the propane industry.

Synopsis of Original Bill

House Memorial 13 requests the New Mexico Legislative Council to direct the appropriate Interim Legislative Committee to study the possible regulation of the propane gas industry by the Public Regulation Commission.

The appropriate Interim Legislative Committee appointed by the Legislative Council will be directed to hold a hearing on this issue by November 1, 2008. Copies of this Memorial are to be transmitted to the New Mexico Legislative Council and the Chair of the Public Regulation Commission.

SIGNIFICANT ISSUES

HM 13 proposes that with rising fuel costs across the nation, there is an increasing concern to the public, especially low-income persons living in rural areas of New Mexico. Many New Mexicans living in rural communities depend on propane gas as an energy source to heat their homes in the winter. HM 13 states that it is necessary to protect the most vulnerable New Mexicans from excessive and unjustified increases in the price of fuel from persons who may take unfair advantage of them.

Currently, the Public Regulation Commission does not regulate the propane gas industry and the rates charged for propane gas services. HM 13 proposes oversight of the propane gas industry by the Public Regulation Commission to ensure that New Mexicans, particularly low-income New Mexicans, are paying fair prices for propane gas. Under the Public Utility Act, the Public Regulation Commission would be provided with the authority and oversight of the entities “manufacturing, storing, selling, or distributing propane gas in enclosed containers or tank trucks for the use of consumers, except consumers who receive their supply through any pipeline system operating under municipal authority,” according to the Memorial.

DUPLICATION

HM 13 duplicates SM 16.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The consequence of not enacting this bill will result in the continued unregulated practices of the propane gas industry and the rates charged for propane gas service to New Mexicans. The State’s most vulnerable populations, especially low-income persons living in rural communities, will be the one’s most severely affected because many low-income persons rely on propane gas to heat their homes in the winter.

POSSIBLE QUESTIONS

Is the propane gas industry taking advantage of the citizens of the State of New Mexico by increasing its rates charged for propane gas services?

JRP/bb