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FISCAL IMPACT REPORT

SPONSOR Fischmann **ORIGINAL DATE** 02/12/09
LAST UPDATED _____ **HB** _____

SHORT TITLE Periodic PRC Utility Rate Examination **SB** 322

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minor	Minor	Minor	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 322 requires the Public Regulation Commission (PRC) to examine the rates and charges of a public utility with more than 10,000 customers no less frequently than every five years. If the utility has not filed a rate change request during the five-year period being considered, the PRC will be required to initiate the examination by first ordering the utility to provide notice of the examination to interested parties. Following the notice, the commission examination may proceed.

The bill adds a provision imposing the burden of proof on the utility to show that its current rates and charges are just and reasonable in a PRC-initiated rate examination.

FISCAL IMPLICATIONS

The PRC acknowledges that there would be some increase in PRC workload, although most electric utilities probably already are on a more regular schedule for rate filings than experienced in prior periods. According to the electric utilities, more frequent rate filings are anticipated because of the need to build additional electric generation and transmission facilities.

PERFORMANCE IMPLICATIONS

More frequent rate examinations may lengthen the number of days to dispose of a rate case.

ADMINISTRATIVE IMPLICATIONS

Periodic review of current rates could result in additional workload for the agency.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB319 and SB320

TECHNICAL ISSUES

Pursuant to NMSA 62-8-7 C, the PRC can currently review utility rates upon its own initiative. The PRC's predecessor has exercised that authority in the past.

DL/svb