

HOUSE BILL 140

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

INTRODUCED BY

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This document incorporates committee amendments adopted during standing committee(s) consideration of this measure. It is a tool to show the amendments in context and is not to be used for introduction, amendment or substitution.

AN ACT

RELATING TO PUBLIC UTILITIES; ENACTING THE UTILITY INFRASTRUCTURE EXPANSION ACT; REQUIRING THE PUBLIC REGULATION COMMISSION TO ADOPT RULES TO PROVIDE FOR A NATURAL GAS PUBLIC UTILITY TO EXPAND ITS INFRASTRUCTURE; PROVIDING FOR RECOVERY OF COSTS ASSOCIATED WITH THE UTILITY'S INFRASTRUCTURE EXPANSION; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Utility Infrastructure Expansion Act".

**SECTION 2.** [NEW MATERIAL] FINDINGS.--The legislature finds that the expansion of a natural gas public utility's gas infrastructure in the state:

A. promotes economic development by providing natural gas service to unserved and underserved areas;

B. allows a natural gas public utility to attract

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and retain residential and business customers; and

C. encourages new and diverse businesses and industries that rely on natural gas to expand their New Mexico businesses or to begin operations in New Mexico.

**SECTION 3. [NEW MATERIAL] DEFINITIONS.--**As used in the Utility Infrastructure Expansion Act:

A. "commission" means the public regulation commission;

B. "direct benefits" means benefits received by those natural gas public utility customers who are specifically targeted to be served by a gas infrastructure expansion activity, that are quantifiable to the extent possible and that may include:

- (1) economic benefits;
- (2) environmental benefits;
- (3) operational efficiencies; or
- (4) enhanced reliability of service;

C. "gas infrastructure" means infrastructure used in the delivery or supply of natural gas and includes facilities for the storage, distribution and transmission of compressed natural gas and liquefied natural gas;

D. "gas infrastructure expansion activity" means the expansion, improvement or construction of gas infrastructure pursuant to the Utility Infrastructure Expansion Act;

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E. "gas infrastructure expansion application" means an application filed with the commission by a natural gas public utility in which the applicant seeks approval of:

- (1) a gas infrastructure expansion activity;
- (2) a method of recovery of gas infrastructure expansion costs, including revenue requirements;
- (3) gas infrastructure expansion rates; and
- (4) a proposed rate recovery method;

F. "gas infrastructure expansion costs" means all prudent and reasonable costs incurred by a natural gas public utility to conduct a gas infrastructure expansion activity;

G. "gas infrastructure expansion rates" means the rates approved by the commission for the purpose of collecting revenue requirements associated with gas infrastructure expansion costs;

H. "indirect benefits" means benefits received by those natural gas public utility customers who are not specifically targeted to be served by a gas infrastructure expansion activity, that are quantifiable to the extent possible and that may include:

- (1) economic benefits;
- (2) environmental benefits;
- (3) operational efficiencies; or
- (4) enhanced reliability of service;

I. "natural gas public utility" means a public

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utility that purchases natural gas for resale; and

J. "revenue requirements" means the costs of a natural gas public utility's investment in a gas infrastructure expansion activity and a return of and a return on that investment.

SECTION 4. [NEW MATERIAL] RULES.--

A. Within one hundred eighty days from the effective date of the Utility Infrastructure Expansion Act, the commission shall promulgate rules to implement the provisions of that act. The rules shall include a process by which a natural gas public utility may submit a gas infrastructure expansion application.

B. The commission's rules shall provide that ~~upon~~ as part of the approval of a gas infrastructure expansion application, ~~a~~ the natural gas public utility is allowed to recover its gas infrastructure expansion costs, including revenue requirements, through the development of alternative cost-recovery methodologies ~~that shall~~ to be applied to customers who receive direct benefits of the gas infrastructure expansion activity and to any customers who reside or are located in the same or directly adjacent counties as the customers who receive direct benefits, and who receive indirect benefits of the gas infrastructure expansion activity, as determined by the commission. The allocation of infrastructure expansion rates between customers who receive direct benefits

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and those who receive indirect benefits in the same or directly adjacent counties shall be set by the commission following a hearing and notice. In setting and applying cost recovery methodologies through gas infrastructure expansion rates, the rules shall require that the commission balance the interests of customers who receive direct benefits ~~and~~ with the interests of customers who receive indirect benefits from a gas infrastructure expansion activity to ensure that no person is unjustly enriched at customers' expense.

SECTION 5. [NEW MATERIAL] COMMISSION ACTION ON GAS INFRASTRUCTURE EXPANSION APPLICATIONS.--If the commission does not approve a gas infrastructure expansion application, as submitted by a natural gas public utility, within one hundred eighty days from the date it is filed, the application shall be deemed to have expired.

SECTION 6. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.