

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Martinez ORIGINAL DATE 2/2/16
LAST UPDATED _____ HB _____
SHORT TITLE Utility Infrastructure Expansion Act SB 213
ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$5.0	\$30.0	\$30.0	\$65.0	Recurring	General Fund

Parenthesis () indicate expenditure decreases

Duplicates HB 140

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 213 creates the Utility Infrastructure Expansion Act, which requires the Public Regulation Commission (PRC) to promulgate rules to promote natural gas infrastructure expansion. It provides for natural gas public utilities to recover the expansion costs, including revenue requirements, through the development of alternative cost-recovery methodologies that balance the interests of customers who receive direct benefits and customers who receive indirect benefits from the expansion activity.

The primary stated purpose of the bill is to promote economic development by providing natural gas service to unserved and underserved areas.

A natural gas utility would need to submit to PRC an infrastructure extension application. If the commission does not approve an application as submitted within 180 days, the application shall be deemed to have expired.

This bill contains an emergency clause and would become effective immediately upon signature by the governor. Within 180 days of the bill's effective date, PRC shall promulgate the required rules.

FISCAL IMPLICATIONS

The estimated operating budget impact includes \$5,000 in FY16 for PRC related to promulgating the necessary rules and creating any necessary forms. Each year thereafter, the estimated impact is \$30 thousand for staff time to analyze and process applications and hold any necessary hearings. This cost could increase substantially if an application submitted by a natural gas utility creates opposition and results in multiple interveners in the case, delaying the process and increasing the magnitude of paperwork and analysis. However, the cost could decrease if filings are unopposed and infrequent.

SIGNIFICANT ISSUES

Infrastructure, including natural gas infrastructure, is a key consideration for businesses when choosing where to start, expand, or relocate their operations. Improving existing infrastructure or expanding it to currently unserved areas could enhance an area's ability to retain and recruit companies.

PRC provided the following analysis.

The requirement that the commission promulgate implementing rules within 180 days of enactment may be difficult, given the lengthy process required for public notice and testimony and public comment, and the likely wide opinions that will be expressed about the “certainty” of cost recovery. While not stated in the bill, it is assumed that the commission will need to include standards in the implementing rules for determining whether an expansion application should be approved or not.

ADMINISTRATIVE IMPLICATIONS

As mentioned in Fiscal Implications, there would be an administrative impact to PRC that could range from very minimal to moderate depending on the number of filings and interveners.

DUPLICATION

This bill duplicates HB 140.

JC/al/jle