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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/16
 SPONSOR Neville/Montoya LAST UPDATED 2/16/16 HB _____
 SHORT TITLE Operational Study of PRC SJM 18
 ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$50.0 - \$150.0		\$50.0 - \$150.0	Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

Relates to General Appropriation Act

SOURCES OF INFORMATION

LFC Files

No Responses Received

SUMMARY

Synopsis of Bill

Senate Joint Memorial 18 requests the Legislative Council to contract for an independent operational study of the Public Regulation Commission (PRC) to determine if the commission has advisory staff with the required expertise to assist and advise the commissioners to make fully informed and proper decisions in the public interest and to explore possible changes in law that may be needed to make the public regulation commission more effective. The contractor should obtain information and feedback from regulated companies, traditional intervenors, and other persons knowledgeable about regulatory agency operations, and PRC is requested to cooperate with the contractor.

It requests the contractor report its findings and recommendations to the appropriate interim legislative committee by November 1, 2016.

FISCAL IMPLICATIONS

For a thorough study of PRC's operational effectiveness, including an analysis of the adequacy of current staffing, it would likely cost \$50 thousand to \$150 thousand to hire an experienced contractor.

SIGNIFICANT ISSUES

The mission of PRC is to regulate utilities, telecommunications, and motor carriers to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law and to promote public safety. The agency faces case filing submissions increasing in number and complexity due to regulations and legislation from the federal government and the state and prior commission rulings. PRC filled numerous vacancies in the Policy and Regulation Program in the last two years but continues to face challenges to address the need for a greater level of staffing and technical expertise to review and analyze case filings.

As an example of a complex case filing, PRC has spent a significant amount of staff time reviewing and analyzing the proposal by the Public Service Company of New Mexico (PNM) to shut down two of its four coal-fired units at the San Juan generating station and retrofit the other two with pollution control devices to meet new federal regulations. The agency reported in October 2015 an estimated 1,177 documents filed regarding the case contained more than 42 thousand pages, and the case could continue, at least in part, for years. Statute provides the agency significant leeway in how to decide such cases, instructing the utility division to “present to the commission its beliefs on how the commission should fulfill its responsibility to balance the public interest, consumer interest and investor interest.”

The joint memorial notes an independent operational study could be of substantial assistance to PRC to determine how to use its budget and personnel to implement effective and efficient advisory staff functions to better serve the public interest. Additionally, an independent operational study could be of substantial assistance to the Legislature to determine if any changes in law would assist in improving agency operations to better serve the public interest.

RELATIONSHIP

This joint resolution relates to a special appropriation of \$50 thousand in the General Appropriation Act for the Legislative Council Service to contract for this study of PRC.

JC/jle/jo