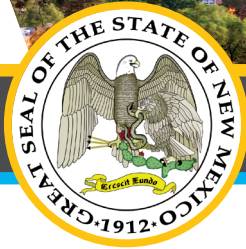


NEW MEXICO PUBLIC REGULATION COMMISSION



FY 2019 ANNUAL REPORT



MESSAGE FROM THE CHIEF OF STAFF

On behalf of the New Mexico Public Regulation Commission (PRC), I am pleased to present the Fiscal Year 2019 Annual Report which summarizes the Commission's accomplishments and highlights several high profile cases overseen during the past year. I would like to recognize and offer my thanks for the continued support the PRC receives from the entire Legislature, including staff and elected officials.

The PRC is charged with regulating utilities, pipelines, telecommunications, and motor carrier industries to ensure fair and reasonable rates and safe and reliable services, as provided by law. The Commission also oversees the State Fire Marshal's Office and the Firefighter Training Academy, reinforcing the safety and welfare of all New Mexicans.

Rulings made by PRC Commissioners continue to be complex and far-reaching, affecting virtually every county, city, town, village and constituent in New Mexico. Provided within this report is a brief summary of several high-profile cases the Commission deliberated upon during FY 2019.

Fy19 Notable Initiatives and Directives Include:

- Ongoing work on mapping out an electricity grid to position New Mexico as a leader in renewable energy by reaching the 50 percent Renewable Portfolio Standard.
- Establishing the Fire Service Advisory Council to act as a Liaison between the PRC and the entire Fire Service.
- Restructured divisions to allow for growth and development including consolidating roles and responsibilities, allowing an increase in needed technical staff.
- Implementing performance measures to develop an effective strategy and process to become more efficient and ensure compliance in public safety, high performing leadership, high level of morale, and quality production.
- Reinstating Recognition and Rewards Programs, implementing mandatory training programs geared toward setting improvements such as an effective chain of command, workplace respect and responsibilities, and overall efficiencies and performance.

The PRC is a robust agency delivering unique work despite being understaffed. The lack of personnel funding necessary to recruit and retain critical employees such as attorneys, engineers, economists, accountants, etc. remains a challenge for the agency. While we continue to compete with the private industry regulated by this agency on employment and attracting highly qualified applicants, the agency inadvertently loses them due to our inability to offer competitive compensation. Looking forward to FY 20/21, program expansions are necessary to address the public safety demand in the Pipeline, Transportation, and State Fire Marshal divisions, and the additional workload resulting from the implementation of the Energy Transition Act. Therefore, the PRC is seeking an operating budget increase that will enable the Commission to be more competitive and recruit a specialized staff and allow the PRC to:

- Upgrade the entire operating network including our electronic filing system which will reduce hard copy filings and will improve efficiencies for case load management.
- Increase Public Outreach, upgrade the PRC website, and improve Customer Service.

The Commissioners and I respect and appreciate the entire PRC team's commitment to success, which will continue to advance a complex regulatory landscape, protect the public's interests, empower businesses to thrive, and improve the quality of life for every New Mexican.

Jason N. Montoya, P.E.
Chief of Staff, Public Regulation Commission

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AGENCY MISSION

The New Mexico Public Regulation Commission (PRC) regulates the utilities, telecommunications, and motor carrier industries to ensure fair and reasonable rates, and to assure reasonable and adequate services to the public as provided by law. The agency strives to advance the public interest by promoting economic development and environmental responsibility while strengthening public accessibility and education.



AGENCY VISION

The PRC aspires to leading New Mexico through ethical and balanced regulation, protecting critical infrastructure, and ensuring that essential services are safe, reliable, and affordable. The agency strives to advance the public interest by promoting economic development and environmental responsibility while strengthening public accessibility and education.

AGENCY HISTORY



The New Mexico Public Regulation Commission (PRC) is one of the most important branches of state government, as its functions in many instances are that of quasi legislative, executive, and judicial. The PRC in its original form – the State Corporation Commission (SCC) – was created under and by virtue of the state constitution. The first three–member Commission was elected at the very first statewide election held November 7, 1911.

The PRC, as it exists today, was formed on January 1, 1999, when the SCC and Public Utility Commission (PUC) merged as a result of a constitutional amendment adopted at the general election held November 5, 1996. This constitutional amendment replaced the three–member SCC and the three–member PUC with a five–member PRC, elected from five separate districts across the state.



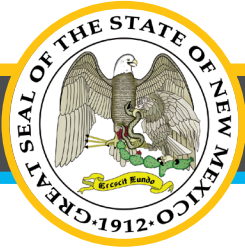
Courtesy Palace of the Governors Photo Archives (NMHM/ DCA), Negative #000908.

In 1912, the first Public Service Company building was located on the corner of Don Gaspar and Water Street in Santa Fe.

The PRC predecessor, SCC, regulated to varying degrees motor carriers, railroad and pipeline safety, telecommunications, corporations, insurance, and the business of the State Fire Marshal’s Office. The PUC regulated rural electric cooperatives, investor–owned electric and gas companies, and privately–held sewer utilities and water companies. With the exception of insurance and corporations, the PRC continues to regulate in all of these areas, although such regulation is amended from time to time by the passage of legislation.

The insurance and corporations divisions were separated from the PRC by constitutional amendment adopted at the November 6, 2012 general election and on July 1, 2013 became independent agencies. The Office of the Superintendent of Insurance is a stand–alone agency, while corporations are under the auspice of the Secretary of State.

Effective May 18, 2016, the Legislature passed the Transportation Network Company Services Act requiring PRC regulation of certain aspects of ride–share companies, such as Uber and Lyft.



PUBLIC REGULATION COMMISSIONERS

The Public Regulation Commission is comprised of five elected Commissioners who each represent one of five districts across the state. The Commissioners are committed to leading New Mexico through ethical and balanced regulation, protecting critical infrastructure, and ensuring that essential services are safe, reliable, and affordable. The PRC also advances economic development, environmental responsibility, and public accessibility and education while adhering to principles of strict fiscal responsibility, accountability, and transparency.



DISTRICT 1

CYNTHIA B. HALL



DISTRICT 3

VALERIE ESPINOZA
VICE CHAIR



DISTRICT 2

JEFFERSON BYRD



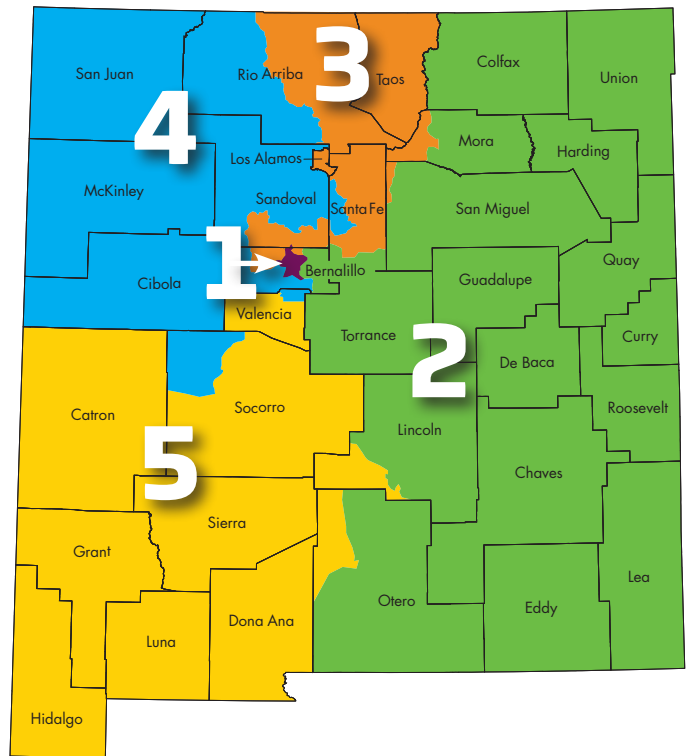
DISTRICT 4

THERESA BECENTI-AGUILAR
CHAIR



DISTRICT 5

STEPHEN FISCHMANN



www.nmprc.state.nm.us



DISTRICT 1
CYNTHIA B. HALL

Cynthia Hall has served on the Public Regulation Commission (PRC) since January 2017. Hall was elected with a strong mandate to support clean, affordable energy development in New Mexico. To that end, during Fiscal Year 2019, Hall has actively participated in drafting a rule on electric utilities' energy procurement practices, designed to ensure transparency and fairness in procurement, and approved numerous cases furthering the use of renewable energy in New Mexico, including approvals for construction of large-scale transmission lines, the siting of several large-scale wind farms, and protecting rooftop solar generation from unreasonable standby charges.

In other areas, Hall voted to approve a PRC rule designed to clarify service requirements of large telecommunications

carriers and to approve grants totaling \$4.55 million to deliver broadband services to rural areas through the New Mexico State Rural Universal Service Fund. She advocates for more competition among ambulance carriers in New Mexico as a potential means to improve service.

Commissioner Hall frequently speaks at community and professional forums, and is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Electricity and its subcommittee on Nuclear Issues-Hazardous Waste, participating in proposing and moderating panels at NARUC conferences. Hall served as Vice-Chair of the Commission during 2017 and 2018. During calendar year 2019, Hall held six town hall meetings in various locations across her district.

Prior to being elected to the Commission, Hall held positions as associate general counsel at the PRC; staff attorney at the Public Service Commission;

staff attorney, hearing examiner, associate general counsel, and fraud prosecutor at the Office of the Superintendent of Insurance; staff attorney at the Energy, Minerals and Natural Resources Department; and in-house attorney for the U.S. Navy and for Sandia National Laboratories. She is a former Bernalillo County Planning Commissioner, and member and Vice President of the Renewable Energy Industries Association. Hall holds a Bachelor of Science in Biology, a Master of Science in Physiology, and a Juris Doctor.



Commissioner Hall presides over a hearing regarding PNM joining the Western EIM.



DISTRICT 2
JEFFERSON BYRD

Jefferson L. Byrd assumed office on January 1, 2019 as the Public Regulation Commissioner for District 2, which encompasses the eastern half of the state. Jeff was raised on his family's ranch in eastern New Mexico and graduated from Mosquero High School.

He attended New Mexico State University, where he obtained a degree in Agricultural Engineering and met his future wife Suzanne. Jeff and Suzanne have two sons, Noah and Zachary. Jeff also operates a cattle ranch and is a windmill, working on his own and neighboring ranchers' wells.

Jeff worked as a practicing environmental engineer and then for Navajo Refining until 2008. He worked on

the largest land based drilling rig with a completed depth of nearly 28,000 feet and on a Geoprobe rig installing micro-monitoring wells at a depth of 18 to 20 feet as a geologist. Jeff has completed site delineation plans of numerous industrial sites from New York to California and has installed and completed site remediation systems at various sites around Texas, Tennessee, and Oklahoma.

Since being elected, Jeff has represented the Commission on the Southwest Power Pool's (SPP) Regional State Committee (RSC), which is a collective state regulatory agency providing input on matters of regional importance related to the development and operation of bulk electric transmission. The RSC is comprised of retail regulatory commissioners from agencies in Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, and Texas.

This year Jeff also collaborated with The New Mexico Fire Chiefs Association, Fire and Emergency Managers Affiliate of New Mexico Counties, New Mexico Firefighters Association, New Mexico Emergency Medical Technicians Association, New Mexico Fire Marshals Association, Metro Chiefs Association, and New Mexico Professional Firefighters Association in establishing the State Fire Service Advisory Council. The Council works in collaboration with the Commission to oversee issues related to fire and emergency services.



Commissioner Byrd at work on his cattle ranch in eastern New Mexico.



DISTRICT 3
VALERIE ESPINOZA, VICE CHAIR

Valerie Espinoza has represented District 3 since 2013 and is serving her second four-year term. During her tenure she has been elected Vice-Chair three times and has also served as Chair. A fierce consumer advocate, Commissioner Espinoza works tirelessly to improve service reliability, advance projects that create jobs in every corner of the state, and enhance public safety measures. She has worked diligently on behalf of consumers to prevent them from bearing the energy costs associated with bringing large companies to New Mexico. She works with New Mexico's utility companies to improve supply and service dependability. As an example, she worked with New Mexico Gas Company to replace the natural gas line from Pilar to Taos which greatly improved service to these communities. She has also worked with Public Service Company of New Mexico to implement a system whereby a gift card can be purchased to assist with credits to be applied to consumer bills as gifts

and worked with water companies to ensure safe drinking water and infrastructure.

Espinoza created and served as Chair of the Wildfire Task Force with former New Mexico legislator Representative Varela. Commissioner Espinoza was selected by past president Lisa Edgar to serve on the Telecom Task force for the National Association of Regulatory Utility Commissioners. She has worked to streamline outdated regulatory rules. Throughout her career, Commissioner Espinoza has always served with the best interests of the public and is a fierce advocate for the residents of New Mexico. She holds herself highly accountable to public and always advocates for their best interests. With one year remaining in her term, Commissioner Espinoza vows to continue promoting consumer advocacy, public welfare and safety, and cutting-edge ideas on issues related to utility transportation, telecommunication companies, as well as all duties administered by the

New Mexico Public Regulation Commission including the Fire Marshal.

Commissioner Espinoza earned a Bachelor of Science in Organizational Psychology from the College of Santa Fe and an Associate of Science in Human Services from New Mexico College. In addition to faithfully attending weekly Commission meetings and public hearings, she can be found working late hours each day.



Commissioner Espinoza and Village Councilor Mansanares at Opening Day at Chama Toltec Train.



DISTRICT 4
THERESA BECENTI-AGUILAR, CHAIR

In 2019 Commissioner Becenti-Aguilar focused her work on capacity-building in Telecommunications. She hit the ground running on telecommunications issues in rural New Mexico, where she held the first Rural Networks Conference.

Becenti-Aguilar worked to encourage telecommunications companies to increase their efforts to meet today's technology and instrument standards, and improve their broadband footprints and information sharing while factoring in a rural cost model.

She is committed to bringing everyone to the table, engaging in discussions with telecommunications representatives, tribal leaders, Rural Electric Cooperatives, Rural Telecom Cooperatives, the Wireline Competition Bureau, New Mexico Exchange Carriers Group, and Federal Communications Networks/System Design.

Becenti-Aguilar plans to continue to partner in discussion with business planners on issues such as engineering for broadband deployment, the FCC Lifeline Program, economic growth,

and setting regulations at affordable rates for New Mexico.



Chairwoman Becenti-Aguilar presides over a weekly Public Open Meeting.



DISTRICT 5
STEPHEN FISCHMANN

Steve Fischmann joined the New Mexico PRC as District 5 Commissioner in January 2019. He represents the southwest quarter of the state.

Steve is passionate about providing consumers the lowest possible utility costs while transitioning as rapidly as possible to a clean, carbon-free energy environment. He sums it up this way. "We are fortunate to live in times when renewable energy is often the cheapest energy and new technologies are expanding our capabilities each and every year. There is no more exciting place to be than the PRC for advancing our economy and the unfolding energy revolution."

Steve has been in public service since moving to New Mexico in 2004. Most recently he co-chaired a coalition that passed legislation to eliminate or put interest rate limits on rip off small loans. He also co-founded the Children's Reading Foundation of Doña

Ana County to promote early childhood literacy and served on the board of Conservation Voters New Mexico, a leading environmental advocacy group at the New Mexico Legislature.

As a State Senator from 2009-2012, Steve developed and successfully sponsored legislation requiring prompt no cost/low cost delivery of state and local government records to any citizen requesting them. He successfully sponsored legislation promoting greater collaboration between universities, state government and private enterprise in developing new technologies to spur our economy. Steve also chaired the legislative Science and Technology Committee where he developed strong expertise in energy policy.

Prior to his election to the State Senate, Steve co-founded the Southwest Energy Alliance and helped spearhead work on Doña Ana County land use issues.

Steve's business resume includes 20 years with Levi Strauss & Co serving in various management capacities including President of the Designer Group. He also owned and operated real estate businesses in California.

Steve holds an MBA and a BA in English and Political Science all from the University of California Los Angeles. He is married to Gail Katayanagi, has two sons, and resides in Las Cruces.



Commissioner Fischmann attends the Commissioners' Grill session of the NMSU Current Issues Conference in Santa Fe.



CHIEF OF STAFF
JASON N. MONTOYA, P.E.

Jason was born and raised in Roswell and has served as the Pipeline Safety Bureau Chief at the New Mexico Public Regulation Commission since 2010 and was recently appointed Chief of Staff in January 2019.

He graduated from New Mexico State University in 2000 with a Bachelor of Science Degree in Civil Engineering and currently holds a professional engineer license in New Mexico, Arizona, and Texas. Jason is an active member of the New Mexico Regional Common Ground Alliance; New Mexico Utility Contractor's Association; New Mexico Gas Association; currently National

Past-Chair, former National Chair and Southwest Region Chair of the National Association of Pipeline Safety Representatives; and is a New Mexico 811, Inc. advisory board member.

Prior to joining the Commission, Jason worked for a private consulting firm in Arizona and New Mexico. Jason is a qualified Category I Pipeline and Hazardous Materials Safety Administration Inspector; has provided several depositions and testimonies as a NM excavation law expert witness; and his areas of expertise are in pipeline safety, excavation damage prevention, and utility coordination.

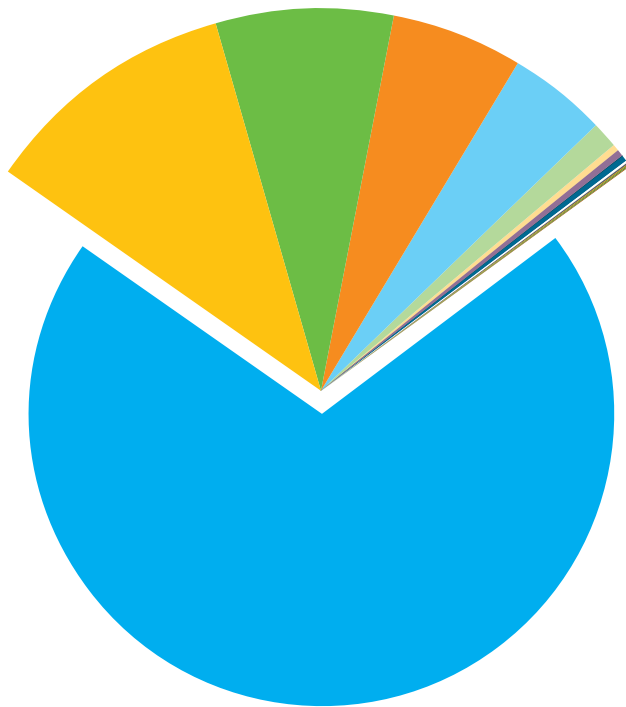
During his "limited" spare time, Jason spends quality time with his family, coaching youth sports, playing golf, basketball and football.



Chief of Staff Jason Montoya addresses attendees at a NM Regional Common Ground Alliance conference.



FY 2019 REVENUES BY SOURCE



- Fire Protection Fund
- PRC Utility Fees Fund
- General Fund
- Motor Transportation Receipts Fund
- Pipeline Safety Fund
- Federal Funds
- Pipeline Fees Fund
- WIPP Funds
- Fire Protection Grant Fund
- Firefighter Training Use Fee Fund
- Fire Safer Cigarette Fund
- SFMO Inspections
- PRC Reproduction Fund
- Transportation Network Company Fund

REVENUE SOURCE	REVENUES COLLECTED
Fire Protection Fund	\$94,645,246
PRC Utility Fees Fund	\$14,693,497
Fire Protection Grant Fund	\$10,103,871
General Fund	\$7,460,700
Motor Transportation Receipts Fund	\$5,890,268
Pipeline Safety Fund	\$1,234,705
Federal Funds	\$305,862
Pipeline Fees Fund	\$253,221
Fire Safer Cigarette Fund	\$201,000
WIPP Funds	\$190,319
Firefighter Training Use Fee Fund	\$86,395
Transportation Network Company Fund	\$21,847
PRC Reproduction Fund	\$14,260
SFMO Inspections	\$9,697
TOTAL	\$135,110,888

- Total revenue collected from all funds in FY 2019 was \$135,110,888.
- Total operating budget expenditures were \$12,803,552.
- Undisbursed Fire Protection Fund monies revert back to the General Fund.

FY 2019 FUNDS TRANSFERRED



REVENUE SOURCE	FUNDS TRANSFERRED
PRC Utility Fees Fund	\$14,693,497
Motor Transportation Receipts Fund	\$5,890,268
Pipeline Fees Fund	\$253,221
TOTAL	\$20,836,986

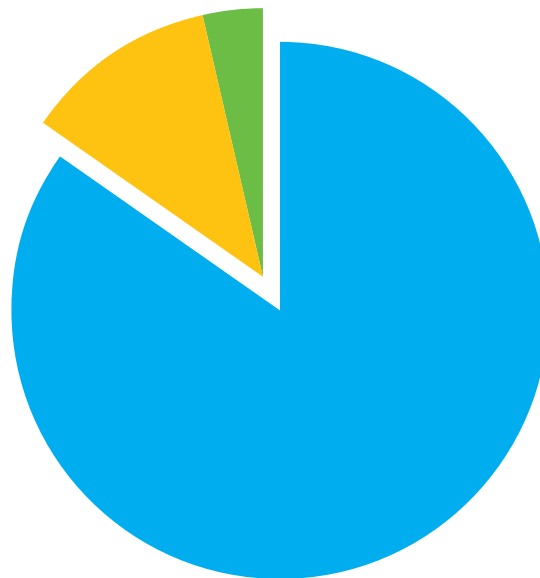
- PRC collects monthly revenue for the Pipeline Fees Fund, PRC Utility Fees Fund and Motor Transportation Receipts Fund.
- Revenues collected for the Pipeline Fees Fund and the Utility Fees Fund are transferred monthly to the Department of Finance and Administration.
- Motor Transportation Receipts Fund monies are transferred to the Department of Transportation.
- The PRC does not keep any portion of collected revenues, nor does the agency collect an administrative overhead fee. As a result, the PRC collects more in revenues than the amount appropriated to the agency by the Legislature.

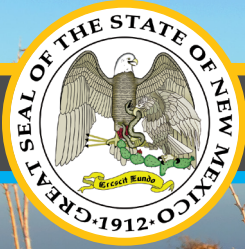
FY 2019 AGENCY EXPENDITURES



TOTAL EXPENDITURES: \$12,803,552

- **\$10,857,186**
200–Personal Services and Employee Benefits
- **\$1,504,456**
400–Other
- **\$441,910**
300–Contracted Services





FY 2019 CASE HIGHLIGHTS



GRID MODERNIZATION

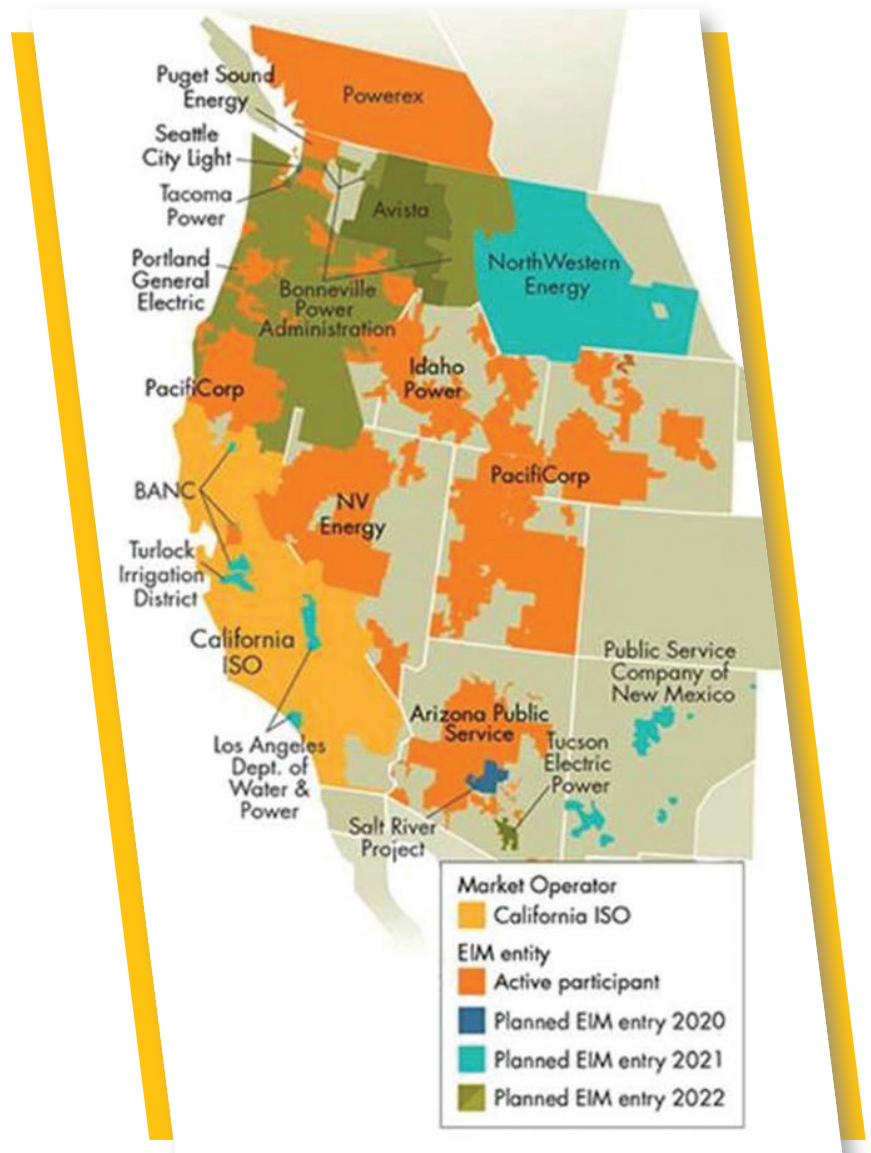


In recent years, there has been an exponential increase in renewable energy resources both in New Mexico and throughout the West. New Mexico has seen important economic development in the form of commercial wind farms and utility-scale solar facilities and other renewable installations, including the growth of customer-owned generation. Regional operating and trading opportunities can facilitate continued renewable energy economic development, both within the state and throughout the western region.

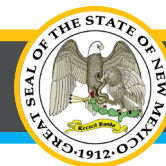
During FY 19 the Commission approved a request by Public Service Company of New Mexico on March 27, 2019 to join the Western Energy Imbalance Market. The EIM is a market of electric utilities in seven western states that enables electric utilities to make short-term purchases and sales of members' excess energy.

The EIM is a real-time bulk power trading market, the first of its kind in the western United States. The EIM's advanced market systems automatically find the lowest-cost energy to serve real-time customer demand across a wide geographic area. Utilities maintain control over their assets and remain responsible for balancing requirements while sharing in the cost benefits the market produces for participants. The EIM has established a queue for integrating new members on an annual basis. PNM is on the waiting list for membership. PNM expects to begin trading through the EIM in April of 2021.

The Commission deferred a decision on ratemaking treatment until after PNM shows a clearer picture of costs and benefits.
Case No. 18-00261-UT

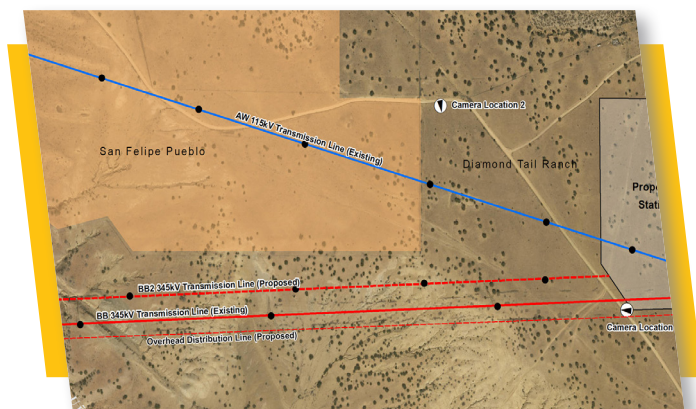


Current Map of Western EIM's Active and Pending Participants.



TRANSMISSION LINE APPROVALS

Under the Public Utility Act, the Commission has the authority to approve requests by public utilities to build transmission lines and requests by companies other than public utilities for the location of transmission line routing. Transmission line construction is important to serve areas conducive to the development of wind energy and areas of growth such as southeast New Mexico and data center facilities near Albuquerque.



Location map for PNM's BB2 line.

In April 2019, the Commission issued a final order granting PNM a certificate of public convenience of necessity and location approval for the 45 mile BB2 transmission line, to be used to transmit wind energy from the eastern part of New Mexico to PNM's system. The Commission deferred a decision on ratemaking treatment to a future PNM rate case. The estimated cost is \$85.0 million. **Case No. 18-00243-UT**

The Commission approved PNM's estimated \$360 million purchase of the Western Spirit Transmission Line being built by the Renewable Transmission Authority and an affiliate of Pattern Energy. The project includes approximately 165 miles of new 345 kV transmission line and associated station facilities. The transmission line will commence in Santa Fe County, proceed south from an interconnection point at the existing PNM Clines Comers station, and run through Torrance, Socorro, Valencia and Bernalillo Counties to an interconnection point to PNM's transmission system in Bernalillo County at a new 345kV station. Construction is expected to start in early 2020 and be completed by the second quarter of 2021. The line will provide transmission capacity for wind farms being built in eastern New Mexico. **Case No. 19-00129-UT**



Site location for the Western Spirit Transmission Line.

The Commission also approved Southwestern Public Service Company's request to build a 34 mile 345 kV Transmission Line in Eddy County due to projected additional load in the Eddy County area anticipated in the near term. The estimated cost is \$60.8 million. **Case No. 19-00157-UT**



Site preparation begins for the Eddy County-Kiowa transmission line project. This approximately 34 mile line is expected to be in service by Fall 2020.

RATE CASES

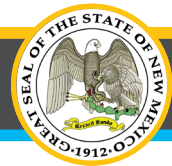


The Commission continued its traditional function of reviewing requests for utility rate increases. The Commission issued decisions involving large electric utilities, such as Southwestern Public Service Company (Case No. 17-00255-UT) and smaller utilities, such as Zia Natural Gas Company (Case No. 18-00018-UT) and the Clovis District of EPCOR New Mexico Water Company (**Case No. 18-00124-UT**).

In September 2018, the Commission issued a final order in Southwestern Public Service Company's (SPS's) base rate case. SPS had asked for a 12.49% base revenue increase. The Commission approved a 3.7% base revenue increase, including authorization of a 9.1% return on equity and a 51% equity ratio. The Commission cancelled SPS's standby charges for distributed generation customers, finding that they were neither evidence-based nor cost-based. As part of a settlement of three appeals by SPS of Commission orders, the Commission later modified its final order to authorize a 9.56% return on equity and a 53.97% equity ratio.

The Zia Natural Gas and EPCOR companies each filed their first rate increase requests in nearly 10 years to recover the cost of increased capital investments.

SAN JUAN ABANDONMENT



In response to a filing from PNM on December 31, 2018 resulting from PNM's abandonment of San Juan Units 2 and 3, the Commission initiated a proceeding in January 2019 to address PNM's plans to abandon its remaining interest in San Juan Units 1 and 4. PNM subsequently filed a formal application to abandon Units 1 and 4 on July 1, 2019.

The Commission held two weeks of hearings on PNM's abandonment and securitization request under Senate Bill 489 in December 2019 and will hold two further weeks of hearings in January 2020 on PNM's proposal for resources to replace the capacity from Units 1 and 4.

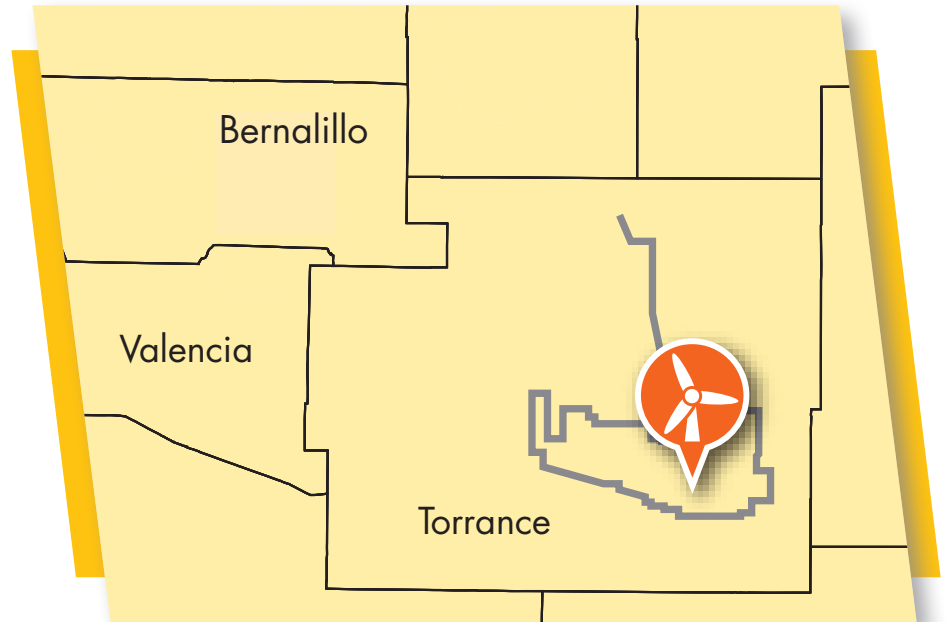
Commissioners Espinoza, Becenti-Aguilar and Byrd listening to public comment regarding PNM's application to abandon San Juan Generating Station in Farmington.



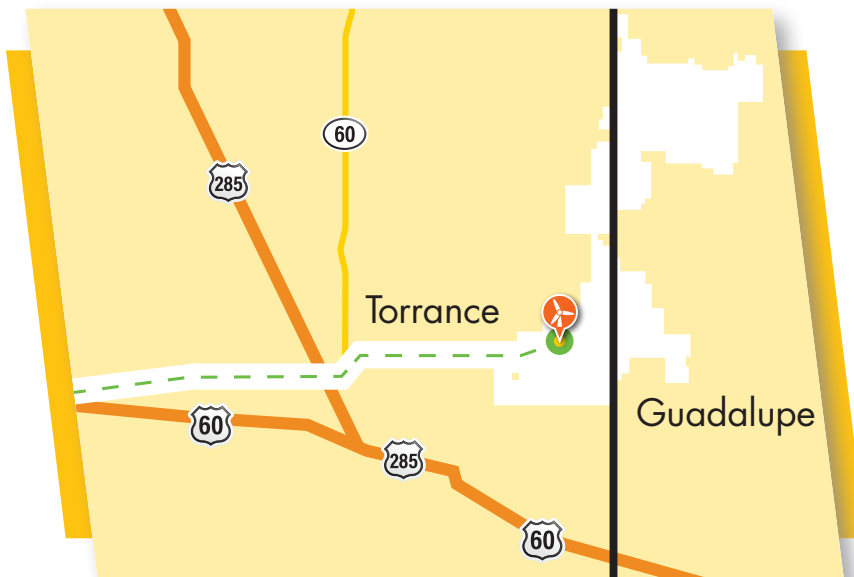
LOCATION CONTROL APPROVALS



In April 2019, the Commission issued a final order that approved the location of the La Joya Wind Project, an up to 500 megawatt wind energy generation facility proposed to be located about ten miles east of Estancia in Torrance County, New Mexico. The Project was proposed by Pacific Wind Development LLC, a subsidiary of Avangrid Renewables. Avangrid Renewables owns over 6,000 megawatts of wind and solar power facilities in 19 states.

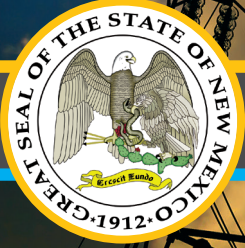


The path of the La Joya Wind Project (in grey). The initial phase of this multi-phase project will provide PNM with 166 MW of wind energy to serve Facebook's data center in Los Lunas NM, and is expected to be completed by the end of 2020.



Map of the Clines Corners Wind Farm, expected to be in service as early as the end of 2020.

The Commission also approved the location of the Clines Corners Wind Farm, an up to 600 megawatt wind energy generation facility proposed to be located northeast of Encino, in Torrance and Guadalupe Counties, New Mexico. The wind farm is to be located on about 40,000 acres of private land that has some of the highest wind speeds in New Mexico.



REGULATORY DIVISIONS



UTILITY DIVISION

The Utility Division consists of five bureaus: Telecommunications; Electrical Engineering; Gas, Water, and Wastewater Engineering; Accounting; and Economics. Together, they support the Commissioners in the regulation of electricity, natural gas, renewable energy resources, telecommunications, and water and wastewater systems. The division also represents the public interest in utility matters before the Commission, making presentations in the form of testimony and exhibits to ensure that utility and telecommunications services are provided at fair, just, and reasonable rates.

The division is in the midst of dealing with a paradigm shift in utility regulation as staff is now tasked with handling an increasing number of applications for renewable energy projects. Rate cases, Integrated Resource Plans, Renewable Portfolio Standards, and to a lesser extent, decoupling and its derivatives, are also adding to the complexities of utility regulation. The Utility Division demands specialized expertise acquired through advanced degrees and specialized work experience. Recruiting and retaining employees with these qualifications is paramount in order to address the complexities of utility regulation.

Telecommunications Bureau

The Telecommunications Bureau performs analysis and provides expert testimony on telecommunications issues in docketed cases before the Commission, including rulemakings. The bureau also reviews telecommunications carrier tariff filings, applications for interconnection, certificates of registration, and Eligible Telecommunications Carrier (ETC) petitions and filings. The bureau collects carrier and utility, and inspection and supervision fees. Other responsibilities include participating as a non-voting member of the New Mexico State Rural Universal Service Fund (NMSRUSF) Advisory Board and monitoring and responding to federal telecommunications developments as they affect New Mexico.

In 2019, the Commission completed its second annual application and award cycle for Broadband Program funding. Effective 2018, the Rural Telecommunications Act of New Mexico (the "RTA") was amended to establish the Broadband Program. The RTA provides that, each year, the Commission shall dedicate a minimum of five million dollars of the State Rural Universal Service Fund "to provide funding to eligible telecommunications carriers for the construction and maintenance of facilities capable of providing broadband internet access service." NMSA 1978, § 63-9H-6.N.

The Commission received applications from Smith Bagley, Inc., dba Cellular One of North East Arizona, Valor Telecommunications of Texas, LLC dba Windstream Communications Southwest, CenturyLink QC, and Plateau Telecommunications Incorporated. After thorough review of the applications by Staff of the Telecommunications Bureau, the Commission determined to grant all of the applications in full. The 31 approved projects will deliver voice and broadband internet service to 9,410 households and businesses in unserved and underserved areas of the state.



Commissioner Espinoza working with Union representatives to ensure quality of service support for telecommunications.

Engineering Bureau

The Engineering Bureau performs analysis and provides expert testimony on issues related to electric utility companies, including plant design, specifications, capacity, reliability, depreciation rates, utility expenses, and certificates of public convenience and necessity.

The bureau contributes to the development of the cost-of-service and revenue requirements of rate cases, and evaluates various filings including fuel and plant cost and affiliate transactions. Staff is also involved in the development of regional transmission and reliability issues, and monitors and participates in organizations such as the U.S. Department of Energy, Federal Energy Regulatory Commission, Western Electricity Coordinating Council, North American Electric Reliability Corporation, Committee on Regional Electric Power Cooperation, and Western Interstate Energy Board.

During Fiscal Year 2019, the Engineering Bureau participated in the location and right-of-way width approval cases for several wind energy facilities and transmission lines, including the Western Spirit transmission line, the Orion Energy and Clines Corner wind energy facilities, and Southwestern Public Services' 345 kV Eddy County-Kiowa transmission line. Additionally, staff worked on several electric, water and gas company rate cases including the Epcor Water Company and New Mexico Gas Company rate cases, as well as integrated resource plan cases for electric utilities.

Looking ahead, to cope with the increasing complexity of issues as New Mexico increases its electrical generation mix to include a large amount of renewables, the Engineering Bureau needs additional qualified staff. In particular, the Bureau hopes to recruit engineers who can produce the type of analysis necessary for the Commission to make informed decisions on rate and resource planning applications.

Gas, Water, and Wastewater Engineering Bureau

The Gas, Water, and Wastewater Engineering Bureau performs analysis and provides expert testimony on issues related to natural gas and water and wastewater utilities, including plant design, specifications, capacity, reliability, depreciation rates, utility expenses, and certificates of public convenience and necessity. The bureau develops rate base, and provides input to the cost-of-service and revenue requirements portions of rate cases. Staff also evaluates various utility filings, including fuel and plant costs, and affiliated transactions.

Accounting Bureau

The Accounting Bureau evaluates the accounting procedures used by regulated utility companies. Based on these evaluations, the bureau submits recommendations to establish new accounting standards and advises the Commission on the implications of proposed procedural changes. The bureau also evaluates the completeness and accuracy of accounting information submitted in utility rate cases, and ensures that this information, as adjusted for rate making, is just and reasonable. Lastly, staff performs audit reviews of the books and records of jurisdictional utility companies.

Economics Bureau

The Economics Bureau reviews and analyzes electric, natural gas, water and wastewater utility cases on the docket under the constraints of local, state, and federal law, and prepares testimony. Specifically, the bureau provides recommendations regarding its evaluation of the rate designs proposed for regulated utilities. Staff also evaluates and provides recommendations regarding a regulated utility's cost of capital, capital structure, and financing in case proceedings before the Commission.



TRANSPORTATION DIVISION

The Transportation Division consists of four bureaus: Pipeline Safety, Railroad, Applications, and Investigation/ Compliance. Together they administer policy which fosters the development and maintenance of safe and secure motor carrier, pipeline, and railroad systems.

Pipeline Safety Bureau

The Pipeline Safety Bureau (PSB) enforces Federal and State Pipeline Safety Regulations and Excavation Damage Prevention rules to ensure the safe transportation of product through pipelines and safe excavation. Through a partnership arrangement with the US Department of Transportation Pipeline and Hazardous Material Safety Administration (PHMSA), the Pipeline Safety Bureau is responsible for conducting safety compliance inspections and enforcing state and federal pipeline safety regulations on intrastate gas and hazardous liquid pipeline facilities. That includes private and municipal gas distribution systems, master meter gas systems, LPG systems, transmission systems and jurisdictional gathering lines.

As part of its annual grant evaluation process, PHMSA performs thorough evaluations of New Mexico’s pipeline safety regulatory program. In addition, PHMSA conducts annual program evaluations of the PSB’s damage prevention program performance and determines whether the program earns an “adequate” or “inadequate” rating. These findings directly impact the funding percentage received. PHMSA and the National Association of Pipeline Safety Representatives (NAPSR) have developed six performance metrics that are evaluated. A summary of all performance metrics can be viewed at <https://primis.phmsa.dot.gov/comm/States.htm>.

The following table summarizes the previous three calendar years of program evaluation scores for the natural gas and hazardous liquid pipeline programs managed by the PSB.

PROGRAM DESCRIPTION	FEDERAL PROGRAM EVALUATION SCORE (%)		
	CY 2016	CY 2017	CY 2018
Natural Gas	100	98.3	97.5
Hazardous Liquid	99.1	100	97.3

The performance metrics are as follows:

- Damage Prevention Program
- Inspection Activity
- Enforcement
- Inspector Qualification
- Leak Management
- Incident Investigation

Railroad

Since 1970, the federal government has preempted state railroad safety regulation. However, the federal government, through the Federal Railroad Administration (FRA), offers states the opportunity to participate in federal investigative and enforcement activities. In New Mexico, the Public Regulation Commission is responsible for participating in FRA inspections of railway systems to ensure they are in compliance with all applicable safety regulations, and investigates incidents, collisions and derailments.

Currently there is an urgent need for a PRC Railroad Safety Hazmat Inspector due to the increase in oil and other existing hazmat cargo being shipped by train across the state. A Hazmat Inspector will also be needed should the proposed interim nuclear waste storage facility, to be located between Eddy and Lea counties, become fully permitted.

PROGRAM DESCRIPTION	FEDERAL PROGRAM EVALUATION	
	CY 2017	CY 2018
Damage Prevention	ADEQUATE	ADEQUATE

Summary of PSB Damage Prevention Program evaluation scores.

Applications Bureau

The Applications Bureau processes all applications for operating as a regulated motor carrier. Any person providing compensated transportation services within the state must receive an operating authority from the Public Regulation Commission, including limousines, taxis, ambulances, shuttle services, tour and sightseeing operators, and towing and repossession services. All applications for changes to operating authorities or tariffs are also processed by the bureau. In Fiscal Year 2019, the Applications Bureau received, processed, and issued:

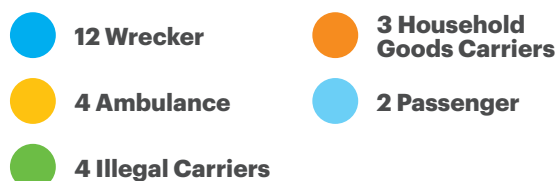
- 255 warrant applications, generally issued to intrastate for-hire property motor carriers
- 50 certificate applications issued to taxi, shuttle, ambulance, household goods, and specialized passenger service motor carriers
- 165 comprehensive audits, 42 random audits, and 2780 audit letters to Motor Carriers for UCR payments, 824 non-compliance notices to Motor Carriers

Investigations/Compliance Bureau

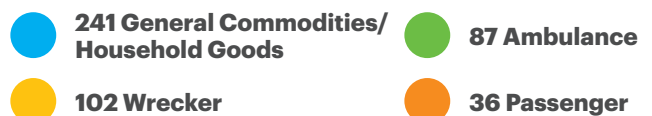
The Investigations/Compliance Bureau enforces federal and state motor carrier transportation regulations to ensure the safe transportation of motor carriers for hire, such as limousines, taxis, and shuttles; ambulances and non-emergency medical transport; moving companies; tour and sightseeing companies; and towing services. The bureau is also responsible for investigating consumer complaints and conducting safety compliance inspections.

Additionally, the bureau enforces railroad safety standards through a partnership with the Federal Railroad Administration and enforces compliance with the PRC's financial responsibility requirements. Looking ahead, the bureau will require that ambulance investigators be certified as emergency medical technicians and continue joint operations with law enforcement agencies.

FY 2019 INVESTIGATIONS:
25 Total Investigations



FY 2019 INSPECTIONS:
466 Total Inspections





STATE FIRE MARSHAL'S OFFICE

The State Fire Marshal's Office administers comprehensive services to protect life and property from the devastating effects of fire. Comprised of four bureaus – Fire Service Support, Fire/Arson Investigations, Code Enforcement, and the Firefighter Training Academy (FFTA) – the office's key responsibilities are to reduce fire and explosion risks; perform inspections to assess and mitigate potential fire hazards in structures and ensure they meet state and federal fire codes; train firefighters to meet the needs of a complex and dynamic fire service; assist fire departments in the acquisition of fire suppression resources; and promote public education and outreach regarding fire safety.

Fire Service Support Bureau

The Fire Service Support Bureau is responsible for the disbursement of Fire Protection Fund monies to 392 fire departments. In FY 2019 the bureau distributed \$61 million from the fund. Additionally, the bureau distributed \$10.7 million from the Fire Protection Grant Fund.

The bureau also assists fire departments with preparations for ISO (Insurance Service Office) surveys. Ratings from ISO surveys evaluate and score fire department resources in their respective communities. The ratings are used by insurers to help set homeowners' insurance rates. The rating is a score from 1 to 10 – one being the best, 10 being the worst. In FY 2019, 73 percent of fire departments had an ISO of eight or higher. Firefighter recruitment and retention has been an issue with volunteer fire departments which affects ISO ratings. The Fire Service Support Bureau has been working diligently on the issue in an effort to increase volunteer firefighter recruitment. The bureau also reviews fire apparatus specifications, performs site feasibility inspections for new fire stations and districts for funding purposes, and conducts financial audits of fire departments to ensure compliance with fire protection fund expenditures.

Fire/Arson Investigations Bureau

State Fire Marshal Fire Investigators are responsible for determining the origin, cause, and circumstances surrounding a fire incident. They receive specialized training in origin/cause determination, evidence collection, interviewing, and fraud detection.

In Fiscal Year 2019, the four investigators on staff investigated 149 fires. Of these, 61 were incendiary (arson), 64 were accidental, and 24 were deemed undetermined.

This past year, the bureau, along with the Office of The Superintendent of Insurance (OSI) Special Investigations Unit, New Mexico State Police, and Albuquerque Fire Rescue initiated a State Arson Task Force. This unit was formed to bring investigatory expertise together to investigate fires associated with criminal acts and high priority/large-loss fire incidents.

Code Enforcement Bureau

The Code Enforcement Bureau provides for the safety of occupants in all types of structures through the enforcement of national codes and standards to promote the prevention of fire and reduction of property loss.

In FY 2019, the bureau conducted a total of 950 inspections resulting in 3316 hours of inspections in the field. The bureau also reviewed 450 sets of plans. Further, the bureau recently adopted the 2015 International Fire Code (IFC) and is projected to send inspectors to advanced inspection training at Oklahoma State University in the upcoming year.

Firefighter Training Academy

The Firefighter Training Academy was created as a part of the State Fire Marshal's Office through legislative action in 1987. The Academy offered its first course in January 1989 and has been in continuous operation ever since.

The Academy's mission is to meet the needs of the New Mexico fire service by providing training programs of the highest quality. The primary objective is to develop the skills necessary for emergency responders and provide educational training to the fire service, other state government agencies, and the general public.

The Academy currently offers 33 internationally-accredited courses through the International Fire Service Accreditation Congress (IFSAC) and 11 courses accredited through ProBoard. Additionally, the Academy provides courses in partnership with the Federal Emergency Management Agency (FEMA) and the National Fire Academy, in addition to custom-designed courses to accommodate the specific needs of New Mexico Fire Departments. All courses meet standards created by the National Fire Protection Association (NFPA).

The Academy offers or hosts several events throughout the year with both the City of Socorro and other in-state partners. The largest of the events is the Fire and EMS Expo, which is a partnership between the Academy, New Mexico EMT Association, City of Socorro, and New Mexico Fire Marshal's Association. The event brings together fire and EMS professionals from all over the state for six days of training.

FY 2019 Training Numbers:

Total Number of Classes: 234 **Course Hours: 7,832** **Total Enrollment: 2,448** **Contact Hours: 92,311**



CONSUMER RELATIONS DIVISION

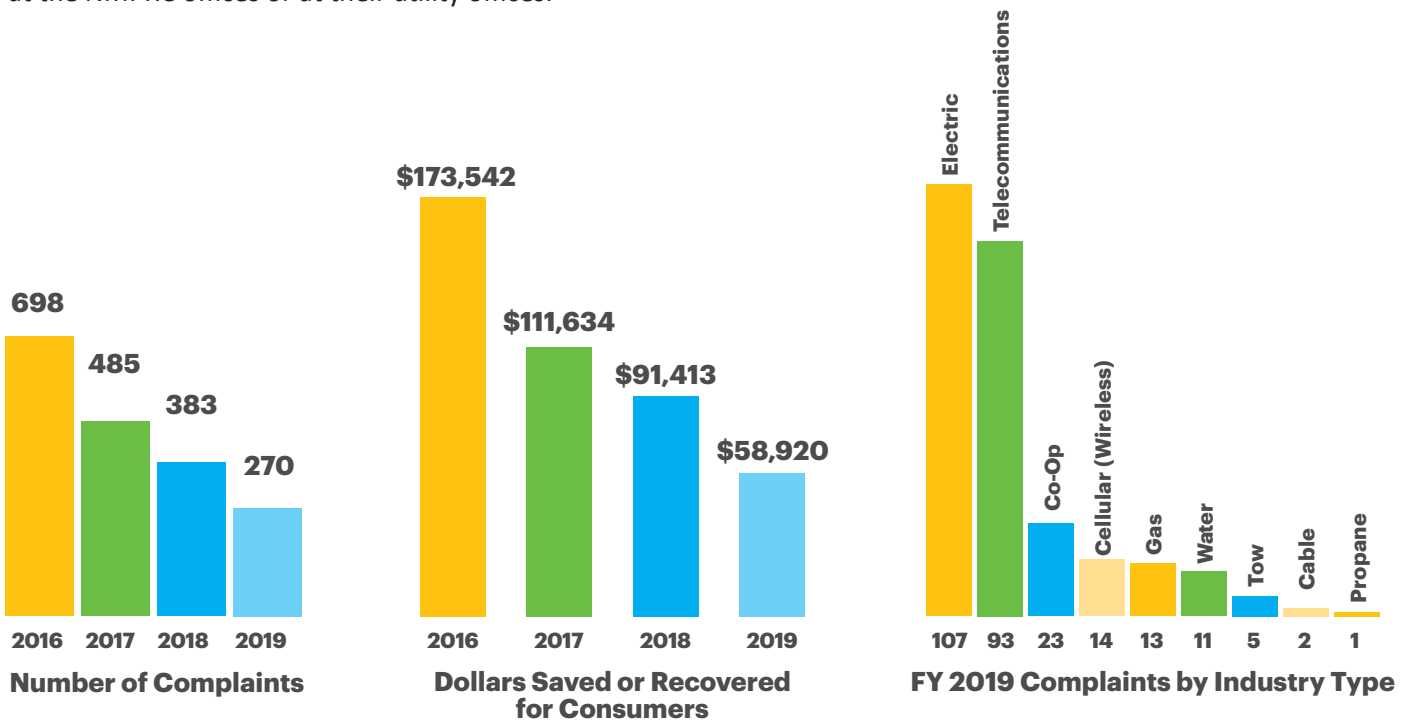
The Consumer Relations Division (CRD) serves as the agency’s point of contact for New Mexicans with inquiries and complaints related to services provided by industries regulated by the Public Regulation Commission, including utilities, telecommunications, and transportation. Three compliance officers generally resolve disputes within 48 hours or less and frequently obtain credits or refunds for consumers.

During Fiscal Year 2019, CRD resolved 270 complaints and was successful in recovering more than \$58,000 in credits and refunds. The majority of complaints were resolved in cooperation with the utility or provider; less than one percent moved forward as formal complaints before the Commission.

Pursuant to specific statutory requirements, CRD ensures that all complaints are documented, keeping the Commission apprised of consumer-related issues and trends. CRD also works closely with the Consumer Protection Division of the New Mexico Attorney General’s Office and the Governor’s Constituent Services Office to ensure proper resolution of consumer inquiries and complaints.

The division is active in developing and implementing consumer-based policy and education and outreach programs, such as the Native American Tax Exemption outreach program. This program focuses on ensuring Native Americans who reside on pueblos and reservations, as well as tribal governments, are exempt from certain taxes and surcharges on their utility and telecommunications bills. This fiscal year, 14 Native American Tax Exemption forms were processed.

The division’s objectives through FY 2020 include continuing outreach efforts within Native American communities to foster awareness about the tax exemption program. Long term goals also include improving understanding of PRC-approved rules and processes among state cooperatives and utilities by way of meetings and workshops held at the NMPRC offices or at their utility offices.



OFFICE OF GENERAL COUNSEL



The Office of General Counsel (OGC) serves as legal counsel to the Commissioners; therefore attorneys are required to be experts in all aspects of utility regulatory law. In that role, OGC provides the Commissioners with timely and accurate legal advice on pending matters such as rulemaking and adjudicatory proceedings. The OGC also represents the Commission in litigation before state and federal courts and in all appeals before the New Mexico Supreme Court.

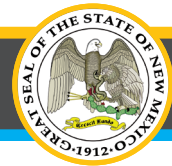
During FY 2019, OGC briefed and/or resolved seven appeals and cross-appeals to the New Mexico Supreme Court including the 2017 PNM Renewable Portfolio Standard case, the 2016 and the 2017 Southwestern Public Service Company (SPS) rate cases, and a dispute between a small renewable energy generator, Resolute Wind Company and Lea County Electric Cooperative.

In addition, OGC represented the Commission in the federal district court of New Mexico in an appeal of a Commission order involving its rule implementing the Federal Public Utility Regulatory Policies Act (PURPA) and its effect on a complaint filed by Great Divide Wind Company against El Paso Electric Company (EPE). Regarding rulemaking, OGC initiated notices of proposed rulemakings or conducted workshops on amendments to the Energy Efficiency Act Rules, the Renewable Energy Act Rules and a new rule concerning competitive procurements conducted by investor-owned electric utilities. Additionally, OGC advises the Commission and prepares orders in cases involving utility and transportation regulation.



Acting General Counsel Michael Smith and attorney Russell Fisk brief the Commission during a weekly case management meeting.

HEARING EXAMINERS



Hearing Examiners provide administrative law services to ensure that all rate cases brought before the Commission are adequately presented. They set hearings and conferences; conduct hearings; ensure that a full record is established; make rulings on procedural and evidentiary matters; admit evidence into the record; analyze evidence, briefs, applicable laws, rules and orders; and issue recommended decisions, including findings of fact and conclusions of law.

Hearing Examiners function as judges, presiding over diverse and complex types of cases, some of which include: rates; construction and operation certificates; sales; mergers and acquisitions; territorial disputes; quality of service; purchased power and gas cost recovery; interconnections; arbitrations; mediations; abandonments; complaints; permits; and enforcements across several different major industries which are regulated by the Commission.

Their recommended decisions are then presented to the Commission for consideration and issuance of a final order, enabling the Commission to meet statutory deadlines 100 percent of the time.



LEGAL DIVISION



The Legal Division is statutorily mandated to provide legal counsel to the Commission (except in contested proceedings before the Commission), all bureaus within the Utility Division, the Transportation Division, and the State Fire Marshal's Office.

Legal Division advocates for the public interest on behalf of Utility Division Staff in litigated matters before the Commission. In order to represent the public interest, the Legal Division works with the staff of the other PRC divisions to assist in the development of staff's cases, in particular with the Utility and Transportation divisions. Legal Division attorneys also review and implement legislation, rules and regulations, regulatory opinions of sister and federal agencies, and judicial opinions, both state and federal. They also draft and file extensive legal documents, from routine motions and other pleadings, to discovery in complex litigation, and finally to closing legal briefs that advocate the positions and recommendations of PRC utility experts. During litigated proceedings Legal Division attorneys cross examine expert witnesses of the sponsoring regulated entity or interveners, including consumer or environmental advocacy groups, and occasionally must participate in oral argument.

The division currently consists of six attorneys and two support staff members who must meet superior standards of practice and professionalism, and possess a working familiarity with accounting, economics, regulatory finance and engineering expertise. Budget and other resource constraints have prevented the hiring of multiple attorneys and one legal assistant.

Left: Commissioner Fischmann speaks to an audience of regulators and energy industry representatives at the Advanced Energy Economy West Conference held in Phoenix, AZ in October 2019. Commissioner Fischmann addressed the topic of financing the transition to clean distributed energy.



Right: Commissioner Byrd attends the Commissioners' Grill session of the NMSU Current Issues Conference in Santa Fe.

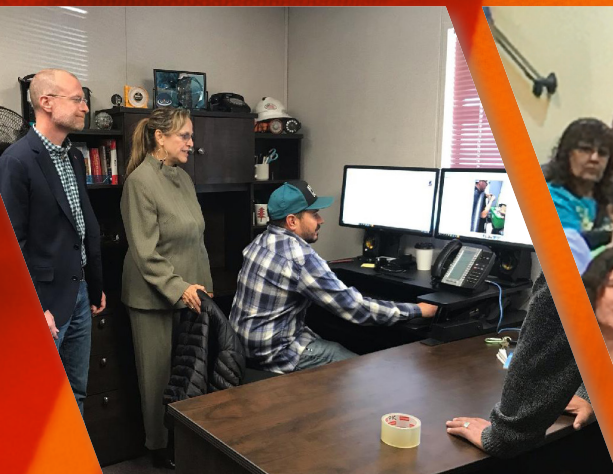


Left: Pictured from left to right are: Jefferson Byrd, Cynthia B. Hall, Theresa Becenti-Aguilar, Valerie Espinoza, Stephen Fischmann

The PRC's leadership team includes from left to right, Interim Fire Marshal John Kondratick; Human Resources Bureau Chief Rene Kepler; Acting General Counsel Michael Smith; Legal Division Director Brad Borman; Chief of Staff & Pipeline Safety Bureau Chief Jason Montoya; Economics Bureau Chief John Reynolds; Administrative Service Division Director Jim Williamson.



Left: Vice-Chair Commissioner Espinoza meeting with FCC Commissioner Brendan Carr and MATI General Manager Godfrey Enjady and Chair Commissioner Theresa Becenti-Aguilar.



Right: Commissioner Hall addresses the Albuquerque City Council.





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