

2021

FY 2021 ANNUAL REPORT



NEW MEXICO
PUBLIC REGULATION COMMISSION



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MESSAGE FROM THE COMMISSION CHAIR

On behalf of the PRC, I am pleased to present the Fiscal Year 2021 Annual Report. I would like to recognize and offer my thanks for the continued support the PRC receives from the Office of the Governor and the NM Legislature. 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. Rulings made by PRC Commissioners can be complex and far-reaching, affecting virtually every county, city, town, village and constituent in New Mexico. Our staff gives its all to live up to this important responsibility every day.

FY21 notable accomplishments include:

- Creation of a two year work plan designed to move the PRC to a more pro-active role in protecting the public interest as electric utilities transition to a clean, renewable energy future.
- Continued staff restructuring to better address changing regulatory needs. This includes leveraging various programs to engage federally funded full time experts to support the commission in developing new rules and processes to support the clean energy transition.
- Creation of new competitively compensated engineering and economist positions to provide expert advice to Commissioners and Hearing Examiners.
- Continued efforts to expand and train a staff of Hearing Examiners that are so crucial to ferreting out the facts and ensuring all stake holders receive fair treatment.
- Continued growth of investment in broadband through the State Rural Universal Service Fund.
- Relocation to new offices in the midst of a stubborn pandemic.
- Significant rulemaking initiatives include:
 - a. Rules to encourage Community Solar projects, protect consumers, and ensure the safety and reliability of these projects.
 - b. Updated interconnection rules that incorporate technical requirements for new battery, inverter and grid modernization technology. These rules will expand consumer options to take advantage of new battery technologies, ever improving solar technologies and money saving energy management technologies.
 - c. New planning and procurement rules that ensure more robust stakeholder participation in identifying potential utility investments, install procurement procedures to ensure the lowest costs, and ensure forward looking power generation and grid investments that will not soon become obsolete.

The PRC is steadily becoming more robust and more sophisticated in response to a more complex environment. Current Commissioners are actively focused on leaving the most effective possible organization for the new appointed Commission that will take office in 2023. They will inherit a daunting task in a fast changing environment.

The Commissioners, our Chief of Staff and I applaud the entire PRC team's commitment. They continue to evolve in a complex regulatory landscape, and commit daily to protect the public's interests, empower businesses to thrive, and improve the quality of life for every New Mexican.

Stephen Fischmann
Public Regulation Commission Chair

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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 PRC promotes public safety through the offices of the state Fire Marshal, Firefighter Training Academy, Pipeline Safety Bureau, and Transportation Division.



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 through teamwork, 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 agencies of state government, with PRC decisions potentially affecting the lives of many, if not all, New Mexican citizens as well as the daily operations of businesses in the state. 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. In November 2020, voters elected to change the structure of the PRC, beginning in January 2023, from an elected five-member Commission to a governor appointed three-member Commission. The current PRC keeps this future change in mind as it moves through all its current business.

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 functions 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

NEW MEXICO PRC DISTRICTS



CYNTHIA B. HALL



JEFFERSON L. BYRD



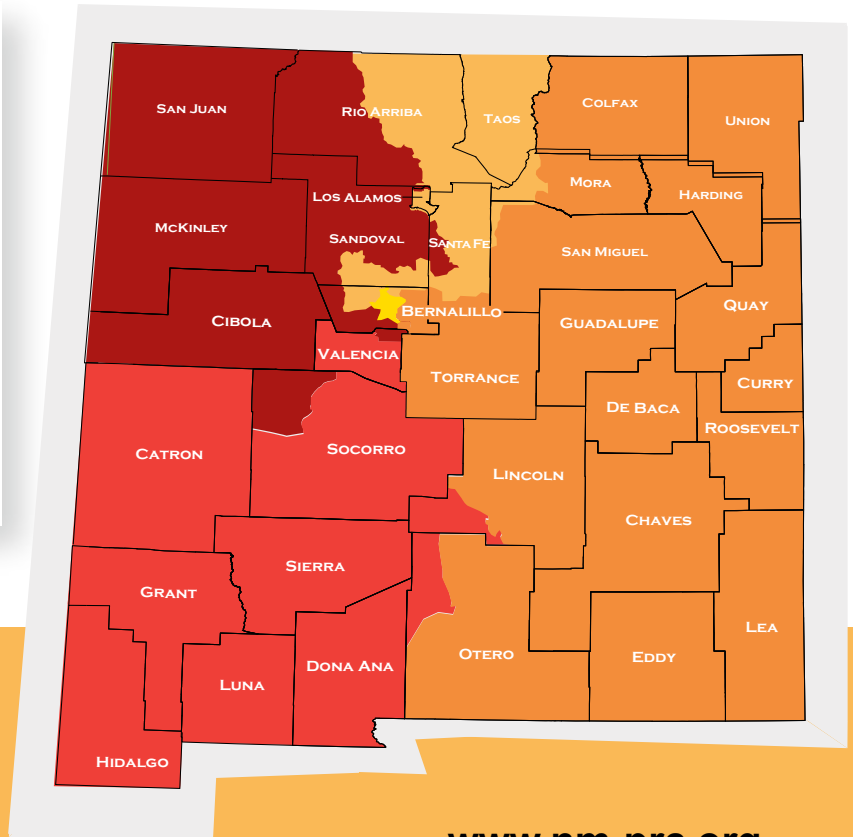
JOSEPH M. MAESTAS



THERESA BECENTI-AGUILAR



STEPHEN FISCHMANN



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.

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DISTRICT 1



CYNTHIA B. HALL

Commissioner Cynthia Hall has served as Commissioner on the Public Regulation Commission since January 2017, following her election in 2016 in PRC District 1. Commissioner Hall served as Vice-Chair in 2017 and 2018, and was re-elected to the Commission in November, 2020.

During Fiscal Year 2021, Commissioner Hall has continued to focus on implementing the Energy Transition Act by leading the modernization of agency rules on integrated resource planning and procurement and on interconnections of rooftop solar systems to the distribution grid. Commissioner Hall has also contributed to the Community Solar Act rulemaking proceeding and has initiated an Inquiry proceeding in preparation for development of a rule under the Grid Modernization Act, to enable the development of a reliable, resilient, flexible, bi-directional grid of the future.

In other areas, Commissioner Hall has argued for lowering the rate of return on equity earned by investor-owned utilities, filing a Concurrence in the El Paso Electric rate case No. 20-00104 to that effect, and she has consistently advocated for approving broadband funding that will reach the greatest number of un-served and underserved consumers under the State Rural Universal Service Fund, a portion of which is annually allocated to broadband providers by the PRC. Commissioner Hall frequently speaks at community and professional forums, both in New Mexico and out of state. She is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Electricity and its Subcommittee on Nuclear Issues – Hazardous Waste. Commissioner Hall is a member of the Board of State Regulators of the Western Energy Imbalance Market, a regional electricity wholesale trading market, and the Western Interconnection Regional Advisory Body, a body created by the Federal Energy Regulatory Commission (FERC) to advise FERC, the North American Electric Reliability Corporation, and the Western Electricity Coordinating Council on matters pertaining to electric grid reliability in the Western Interconnection.

Prior to serving as a PRC Commissioner, she has held positions as Associate General Counsel at the PRC; Staff Attorney at the Public Service Commission; Hearing Examiner, Associate General Counsel, and Fraud Prosecutor at the Office of Superintendent of Insurance; and Staff Attorney at the Energy and Minerals Department. Her legal experience includes private and in-house corporate practice. She holds a Bachelor of Science in Biology, a Master of Science in Physiology, and a Juris Doctor.

DISTRICT 2



JEFFERSON L. BYRD

Jefferson L. Byrd was elected and sworn into office to his first term as a Public Regulation Commissioner representing District 2 on January 1, 2019. Growing up on his family's ranch, he graduated from Mosquero High School and went on to attend New Mexico State University, where he obtained a degree in Agricultural Engineering. While attending NMSU, Jeff met his future wife Suzanne, a math teacher at Logan Public Schools and a registered Professional Civil Engineer. They have been blessed with two sons, Noah and Zackery. Jeff is a devout Christian, husband and father.

Jeff's work experience is broad, working as an environmental engineer on a Geoprobe rig installing micro-monitoring wells at a depth of 18 to 20 feet, as a geologist and completing site delineation plans of numerous industrial sites from New York to California. He has installed and completed site remediation systems at various sites around the Southwest. Jeff is also a cattle rancher and works as a wind-miller on his own and neighboring ranchers' wells.

As a member of the Public Regulation Commission, Jeff has represented New Mexico on the Southwest Power Pool Regional State Committee, which is comprised of regulatory commissioners from Arkansas, Iowa, Kansas, Louisiana, Missouri, Minnesota, Missouri, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Texas and Wyoming.

During his term, Jeff has worked with utility providers to ensure citizens are protected and have reliable utility service. He is thoughtful in his decisions and knows that his vote not only impacts his constituents but all citizens in our diverse state. He recognizes the responsibility in balancing and diversifying energy production while moving towards energy independence. Jeff works every day to represent New Mexico families and businesses to ensure access to reliable and affordable utilities and promote energy independence for our state.

District 2 continues to diversify our state's energy reliance by expanding our renewable energy resources with the addition of the Sagamore Wind Project, a 522 MW wind farm constructed in Roosevelt County which came online in late 2020. This project created a construction workforce that peaked at 500 jobs, and it generates enough electricity for approximately 193,000 households. It is currently the single largest operating wind energy project in New Mexico.

DISTRICT 3



JOSEPH M. MAESTAS

Joseph Maestas was elected to the PRC in November 2020, and also elected as Vice Chair of the Commission. He will serve out a two-year term ending on December 31, 2022, as New Mexico transitions to an appointed Commission. A native New Mexican, Joseph earned bachelors' and masters' degrees in civil engineering, and is a licensed professional engineer.

Joseph served our country as a federal civil servant for over 30 years, working at all levels of the federal government. Before he began his tenure as Commissioner, Joseph worked as a Business Development Manager for a private, consulting engineering firm for almost four years. Joseph specializes in federal regulation, transportation, and water resources. Joseph also served as a local elected official for 14 years that included serving as a Santa Fe City Councilor and an Española Councilor and Mayor.

Joseph believes that working families deserve a PRC that will balance the interests of ratepayers and investors, ensure that telecommunication services are accessible and reliable, and help to make solar energy accessible and affordable for all New Mexicans. As an experienced engineer, Joseph trusts the science that tells us that climate change is a real threat to our future and fully supports New Mexico's accelerated transition to 100% carbon-free energy. As a reformer, Joseph has initiated much needed change to the PRC in order to transform it into a top regulatory agency, capable of fully implementing the Energy Transition Act and other key, energy-related legislation. He has spearheaded efforts to improve agency operations, protect ratepayers from utility disconnection and facilitate federal aid to them; lead rulemaking efforts for community solar and energy efficiency; and has worked to create a needed, multi-disciplinary technical advisory services group to advise the Commission.

Joseph resides in Santa Fe and has a 25-year old son.

DISTRICT 4



THERESA BECENTI-AGUILAR

In 2021, the Commission operated and took care of official business remotely. Commissioner Becenti-Aguilar was eager to move into a new office building so the staff and Hearing Examiners could handle public hearings efficiently.

Despite challenging times during COVID-19, the whole PRC organization worked earnestly, and they were determined to do their job and Commissioner Becenti-Aguilar was very proud of her staff.

Commissioner Becenti-Aguilar started planning the 2021 Broadband Conference. She reached out to entities that handle broadband deployment, broadband business planning, and broadband collaboration with pertinent agencies. Her biggest obstacle for the conference planning was the Public Health Order on COVID-19. Therefore, Commissioner Becenti-Aguilar will be planning the conference to be rescheduled in the near future.

Commissioner Becenti-Aguilar is keen on her staff's performances, case management, and staff's analytical regulatory cases.

Commissioner Becenti-Aguilar values her staff in Utilities, Telecommunication, Transportation, Administrative Services, and she supports the Chief of Staff, Wayne Propst, for his talented foresight, clear communication, and embracing the high level of technical expertise and duties at the Commission.

Commissioner Becenti-Aguilar is thankful for the Public Information Officer, Sarah Valencia. Her media network is very clear, she puts the Commission first on regulatory issues and she is very professional.

DISTRICT 5



STEPHEN FISCHMANN

Stephen 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 resumé 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.

CHIEF OF STAFF

PRC



WAYNE PROPST

The Commission welcomed Wayne Propst as its new Chief of Staff in April, 2021. Prior to joining the PRC, Wayne held a number of leadership positions in state government including Chief of Staff to the Senate Finance Committee, Executive Director of the New Mexico Public Employees Retirement Association and the New Mexico Retiree Health Care Authority. Wayne also served as an Analyst for the Legislative Finance Committee and held senior management and consulting positions in the U.S. Senate and internationally in Nigeria, Algeria, Somaliland, among other countries, where he led programs focused on the development of democratic institutions. He has worked internationally on elections programs for the Carter Center and was a Peace Corps Volunteer in the Republic of Gabon where he taught freshwater aquaculture. Wayne earned an undergraduate degree from Eastern New Mexico University and a Law Degree from the University of New Mexico.

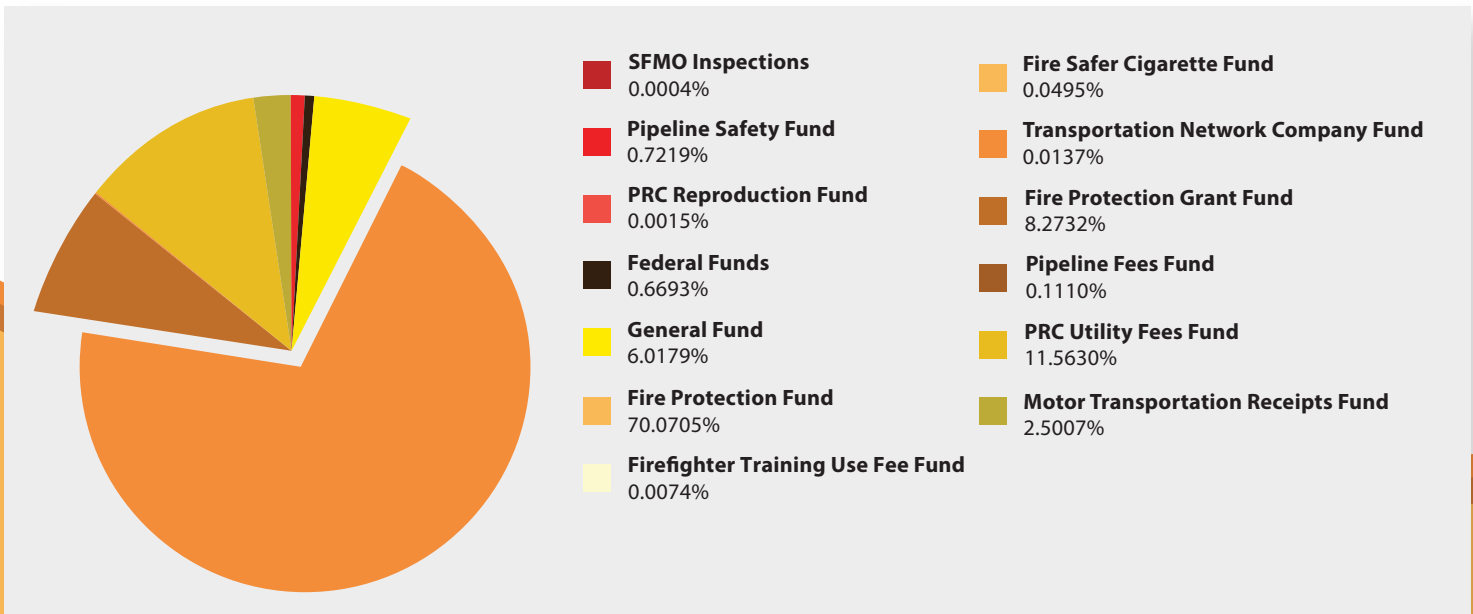
The Commission expects to benefit from Wayne's extensive management experience and history of public service which will be especially important as the Commission begins its transition to an appointed Commission in January, 2023.



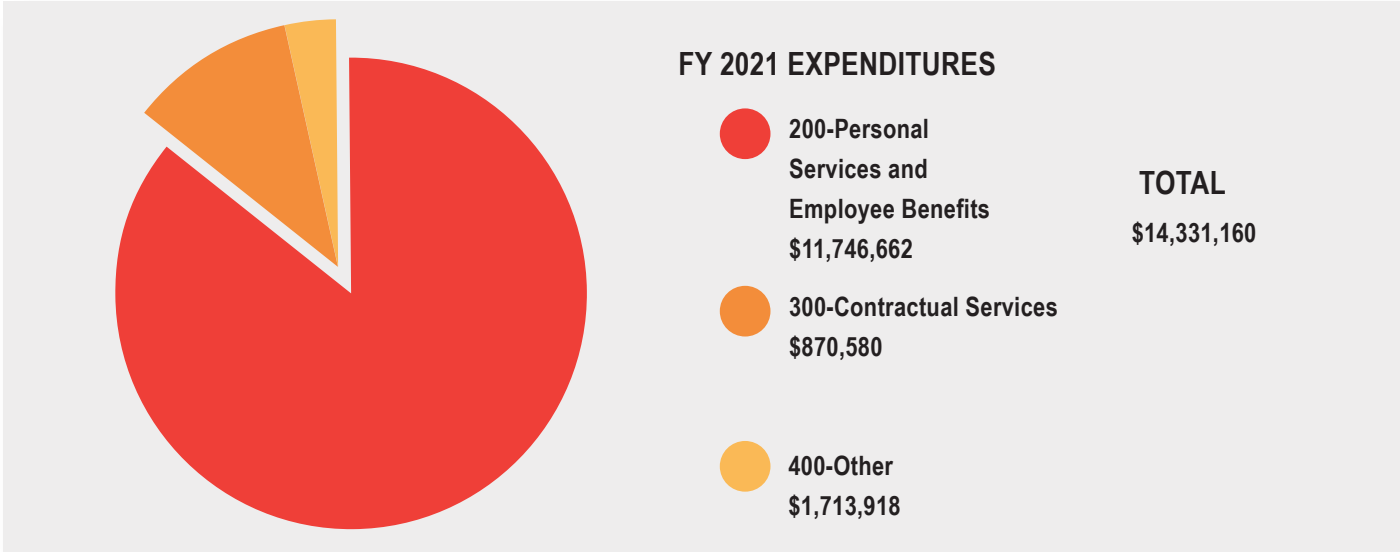
FY 2021 REVENUES BY SOURCE



REVENUE SOURCE	REVENUES COLLECTED
SFMO Inspections	\$606
Pipeline Safety Fee Fund	\$1,064,110
PRC Reproduction Fund	\$2,159
Federal Funds	\$986,608
General Fund	\$8,870,800
Fire Protection Fund	\$103,288,699
Firefighter Training Use Fee Fund	\$10,979
Fire Safer Cigarette Fund	\$73,000
Transportation Network Company Fund	\$20,136
Fire Protection Grant Fund	\$12,195,298
Pipeline Fees Fund	\$163,560
PRC Utility Fees Fund	\$17,044,690
Motor Transportation Receipts Fund	\$3,686,181
FY20 TOTAL	\$147,406,826



FY 2021 ADMINISTRATIVE COSTS



FY 2021 MONIES TRANSFERRED

REVENUE SOURCE	FUNDS TRANSFERRED	
Pipeline Fees Fund	\$163,560	DFA
PRC Utility Fees Fund	\$17,044,690	DFA
Motor Transportation Receipts	\$3,686,181	Dept of Transportation
TOTAL	\$20,894,431	

- o PRC collects monthly revenue for the Pipeline Fees Fund, PRC Utility Fees Fund and Motor Transportation Receipts Fund.
- o Revenues collected for the Pipeline Fees Fund and the Utility Fees Fund are transferred monthly to the Department of Finance and Administration.
- o Motor Transportation Receipts Fund monies are transferred to the Department of Transportation.
- o The PRC does not keep any portion of collected revenues, nor does the agency collect an administrative overhead fee.

2021 COMMISSION HIGHLIGHTS



Transition to Renewable Energy



In electric utility cases, the Commission has been and continues to deal with the coal plant retirements under the Energy Transition Act and the approval of generating resources to replace the retired units. This includes the abandonment of San Juan Generating Station Units 1 and 4 and the Four Corners power plant, the securitization of the unrecovered costs of the plants and the approval of replacement resources in San Juan and Rio Arriba counties. It also includes location approvals for transmission lines to transport wind and solar energy.

In December 2020, the Commission approved in Case No. 20-00182-UT PNM's application for approval of contracts for solar PV and battery resources totaling 430 MW in the Central Consolidated School District (CCSD) to replace the remaining portion of the capacity from Units 1 and 4 of the San Juan Generating Station (SJGS) in San Juan County for which the Commission approved the abandonment in Case No. 19-00018-UT in April 2020. The Commission previously had approved 520 MW of solar PV and battery resources located in McKinley and Rio Arriba counties to replace part of the capacity abandoned from SJGS Units 1 and 4 for which PNM had presented contracts for approval in Case No. 19-00195-UT in July 2020. In total, the 950 MW of solar and battery resources are estimated to result in \$1.13 billion and \$1.16 billion in capital investments. Of this amount, between \$558 and \$618 million will be invested in the CCSD. The total state property tax revenues from these investments are estimated to equal \$5.35 million in the first year, with \$3.1 million of that amount within the CCSD.

In August 2020, the Commission approved in Case No. 19-00350-UT the application of El Paso Electric Company (EPE) for a certificate and special rate contract to own, operate, and maintain in partnership with New Mexico State University (NMSU) a renewable energy project at NMSU's Arrowhead Park. The project, called Aggie Power, consists of a 3 megawatt (MW) solar photovoltaic (PV) generating facility coupled with a 1 MW, 4 megawatt-hour battery energy storage system. The project is estimated to generate enough electricity to power approximately one-third of NMSU's 900-acre Las Cruces campus by the Fall of 2021. Aggie Power furthers EPE and the university's goals of renewable energy development, climate action, and smart grid development and provides the university's faculty and students significant educational, research, and training opportunities.

PNM-Avangrid merger

Public Service Company of New Mexico and Avangrid filed an Application in November 2020 requesting Commission approval of the proposed merger and acquisition of PNM Resources (including the PNM) with the Avangrid, Inc./Iberdrola, S.A. group of companies. Lengthy hearings have been held on a proposed stipulation with some of the intervenors, on modifications to the stipulation proposed by PNM, Avangrid and others, and on complete opposition to the transaction. A decision will be issued in the next fiscal year.



Rate Cases

The Commission has recently approved a rate reduction for El Paso Electric Company customers and an aggressive set of “time of use” rates designed to encourage more efficient consumption in off-peak hours.

The Commission is currently reviewing a rate increase request filed by Southwestern Public Service Company. Southwestern Public Service Company (“SPS”) provides electric service in southeastern New Mexico. SPS filed for a base rate increase requesting an additional \$87,782,544 (27.17%) in revenues. There were four main drivers for the increase: 1) investment and operating costs for the new Sagamore project; 2) other investments in infrastructure that were required to support SPS’s service area, promote economic development, and maintain and improve operations; 3) further reduction in wholesale power sales; and (4) the Technical Depreciation Update, including the requested shorter operating life of Tolk. An uncontested Stipulation was filed containing an agreement to a \$62,423,334 non-fuel rate base increase. Because SPS’s fuel and purchase power costs are declining by approximately \$399 million as a result of Sagamore, the net increase in revenues under the Stipulation would be approximately \$23 million. If additional fuel related credits are considered, the first-year net revenue increase would be \$4,413,620. Case No. 20-00238-UT. The Commission will issue a final decision in the next fiscal year.



State Rural Universal Service Fund



The Commission continues to administer Universal Service funds to maintain telephone service and expand broad internet service in rural communities, including funds to telecommunication providers pursuant to the statutory State Rural Universal Service Fund (SRUSF). The payments promote the expansion of telecommunication services, particularly internet access, to unserved and under-served rural communities. The expanded services became even more important during the past year to increase access for students to attend school remotely. The investment continues into the future allowing a “connected” populace—an important asset as online connections are used for work, shopping, health care and entertainment.

Electric Vehicles

Pursuant to recent legislation, the Commission is reviewing plans to promote electric vehicles in PNM, SPS and EPE service territories and rules to implement the Community Solar Act. As an example, Public Service Company of New Mexico (“PNM”) filed its proposed Transportation Electrification Program (“TEP”) as required by NMSA 1978, Section 62-8-12 (“TE Statute”). This is a case of first impression under the new TE Statute which requires public utilities to expand transportation electrification in their service areas. The TE Statute allows public utilities to recover reasonable costs through a Commission approved

tariff rider, base rates, or both. PNM’s TEP offered incentives for the maintenance of infrastructure behind the customer meter. The type of incentive offered and the requirements to receive that incentive are related to the type of electric vehicle (“EV”) charger that will be used. Type 1 is similar to a standard wall outlet and can be used for long term charging at home. Level 2, residential and non-residential, can be utilized at home or work if the vehicle is parked for extended time. Direct Current Fast Charging (“DCFC”) is best suited for quick charging top-off or enroute charging in transit. Typically, the faster the charger, the higher the cost. PNM’s total proposed program budget with 25% flexibility was \$10,891,250. The Hearing Examiner recommended an additional \$900,000 of incentives for Level 2 chargers which resulted in a proposed total budget of \$11,453,750. Case No. 20-00237-UT.



Natural Gas

In natural gas cases, the Commission approved a rate case settlement with New Mexico Gas Company that provided for a 2.3% increase in January 2021 and a commitment that base rates would not change again until at least January 2023. In the spring, the Commission approved a number of natural gas company requests to spread out the recovery of the increased natural gas costs resulting from the cold weather event in Texas in February 2021, to avoid an immediate spike in customer bills.



Other issues

The Commission assists small water companies, particularly in rural areas, with their needs for adequate management and funding.

The Commission has been reviewing and approving requests for additional ambulance service to respond to the Covid-19 pandemic and has been conducting enforcement actions to address inadequate service by motor carriers.

Finally, and of equal importance to all of the above, the Commission has been administering a moratorium on service disconnections in accord with the Governor's emergency orders and encouraging customers to use federal funding to assist them with their unpaid bills.



REGULATORY DIVISIONS





UTILITY DIVISION

The Utility Division consists of four bureaus: Telecommunications, Engineering, Accounting and Economics. Together, they support the Commission in the regulation of retail service by investor-owned and cooperative entities of electricity, natural gas, telecommunications, and water and wastewater systems to New Mexico customers. The division provides this support by independently advocating for the public interest in utility matters before the Commission, making presentations in the form of sworn testimony and exhibits in support of fair, just and reasonable rates for utility and telecommunications services.

The division's core mission is to provide engineering, economic and accounting expertise in rate setting proceedings for telecommunications carriers and public utilities. In its representation of the public interest, the Utility Division Staff is required to participate in every such proceeding before the Commission. Beyond rate cases which are extended labor-intensive undertakings, other cases include renewable energy procurements plans, energy efficiency program plans, transportation electrification plans, grid modernization plans, as well as integrated resource plans, resource abandonment and acquisition, resource location control and right-of way, mergers and acquisitions, debt financing, and fuel and purchased power cost recovery. In order to support effective advocacy of the public interest which calls for the balancing of the rights of utility shareholders for the opportunity to earn a reasonable rate of return with those of utility customers for safe and reliable service at reasonable rates, the Utility Division requires specialized expertise acquired through specialized degrees and specialized work experience.

With respect to electric utility regulation, passage of the Energy Transition Act (ETA or Senate Bill 489) during the 2019 legislative session has launched a major transition among utilities from a 20% renewable portfolio standard in 2020 to 80% in 2040, and 100% carbon-free electric generation by 2045. The Commission and its Utility Division Staff will be significantly engaged in overseeing this transition and will be filing reports about the impact of this transition to the legislature and the public as required by the ETA. Since 2021, the transition includes the enactment of the Community Solar Act and the Commission and its Utility Division Staff will be engaged in the development of community solar rules by April 1, 2022, as well as the subsequent administration and oversight of the program, followed by a report to the appropriate interim legislative committee on the status of the community solar program by November 1, 2024.



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, filed interconnection agreements, certificates of registration, and Eligible Telecommunications Carrier (ETC) petitions and filings. Other responsibilities include oversight of the New Mexico Rural Universal Service Fund (NMRUSF) and participating as a non-voting member of the NMRUSF Advisory Board. The telecom bureau also monitors and responds to federal telecommunications developments and mandates as they affect New Mexico.

The Commission will soon complete its fourth annual application and award cycle for Broadband Program funding. Effective 2018, the Rural Telecommunications Act of New Mexico (NMSA 1978 63-9H - the "RTA") was amended to establish the Broadband Program. The RTA provides that, each year, the Commission shall dedicate a minimum of eight 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.

For 2021, the Commission received applications from fifteen broadband providers for 56 projects in the amount of \$49.8 million, of which by rule 75% may be funded through the NMRUSF broadband program. The Commission has yet to act on these applications. In 2020, the Commission granted \$13.9 million in matching funds for 32 projects to deliver voice and broadband internet service to 50,966 residential and business customers in unserved and underserved areas of the state.



Engineering Bureau

The Engineering Bureau performs analyses and provides expert testimony on issues related to electric, natural gas, drinking water and wastewater utilities. Job duties include evaluating plant design, specifications, capacity, service reliability, depreciation rates, resource planning, utility expenses, sale and transfer of assets and issuance of certificates of public convenience and necessity. Staff contributes to the development of the cost-of-service and revenue requirements in rate cases and evaluates various filings, including fuel and plant cost and affiliated transactions. Staff stays informed on emerging technologies by participating in committee meetings and presentations of organizations such as the Western Interstate Energy Board, National Association of Water Companies, National Sanitation Foundation and the National Council on Electricity Policy.

To manage the increasing complexity of issues, as New Mexico integrates more renewable energy to the grid and copes with the challenges of adequate drinking water supply to customers, the Engineering Bureau plans to recruit and train engineer interns to produce the type of analysis necessary for the Commission to make informed decisions on rate and resource planning applications.

Accounting Bureau



The primary role of Accounting Bureau is to provide analysis and recommendations regarding the impact of utility operations on its financial statements, including: assets, liabilities, income statements, income taxes, operation and maintenance expenses, and regulatory assets. The Accounting Bureau also reviews detailed electronic modeling of utility cost of service in support of revenue requirements established in rate cases. This entails the validation of multi-million-dollar revenue requirement increases and the resulting impact on utility customer rates. The bureau may also perform audit reviews of the books and records of jurisdictional utility companies. Finally, the Bureau examines utility statutory and rule compliance of utility recovery of the incurred cost of purchased fuel, gas, or energy, and it may assist with other matters as necessary.



Economics Bureau

The Economics Bureau provides expert review and analysis for electric, natural gas, water and wastewater utility cases on the docket under the constraints of Commission precedent, Commission Rules, local, state, and federal law, and prepares and defends testimony under oath. Specifically, the bureau provides recommendations regarding the allocation of a utility's revenue requirement across rate classes, and the design of rate structures by customer class. Staff also evaluates and provides recommendations regarding a regulated utility's cost of capital, capital structure, and debt financing costs. Furthermore, the bureau also addresses utility renewable energy procurement plans, energy efficiency program plans, and transportation electrification plans, and it may assist in resource acquisition and abandonment matters, and other matters as necessary.

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 Program

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>.

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



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 2017	CY 2018	CY 2019
Natural Gas	98.3	97.5	100
Hazardous Liquid	100	97.3	100

The following table summarizes the previous three calendar years of program evaluation scores for the damage prevention program managed by the PSB.

PROGRAM DESCRIPTION	FEDERAL PROGRAM EVALUATION		
	CY 2017	CY 2018	CY 2019
Damage Prevention	Adequate	Adequate	Adequate

Applications Program

The Applications Bureau processes all applications for authorities to operate as a regulated motor carrier. Every person providing compensated transportation services in the State must receive an operating authority from the PRC, including limousines, taxis, ambulances, shuttle services, tour and sightseeing operators, household goods, moving services, non-emergency medical transport, network companies, towing services, repossession services, general commodities, and hazardous materials and charter bus service. All applications for changes to operating authorities or to tariffs (rates) are also processed by the bureau and administration of the Unified Carrier Registration (UCR) system. Applications Bureau received, processed, and issued:

- 120 warrant applications, generally issued to intrastate for-hire property motor carriers
- 14 certificate applications issued to taxi, shuttle, ambulance, household goods, and specialized passenger service motor carriers
- 65 comprehensive audits, and 125 audit letters/emails to Motor Carriers for UCR payments, 7 non-compliance notices to Motor Carriers

Ambulance & Railroad Bureau

Ambulance Program:

The bureau processes all ambulance related applications and provides expert testimony in docketed cases where a protest to an ambulance application has been made. The Bureau conducts analysis of reasonably continuous and adequate service and ensures administrative compliance of the Ambulance Standards Act, the Motor Carrier Act and Motor Carrier Rules by the 85 certificated ambulance service carriers in the state of New Mexico.

- In FY21 the bureau's staff processed
- 25 Reissuance applications
- 1 Lease of authority application
- 4 Temporary authority applications
- 3 Amendment applications
- 4 Original Certificates of Public Convenience and Necessity
- 2 Variance Requests

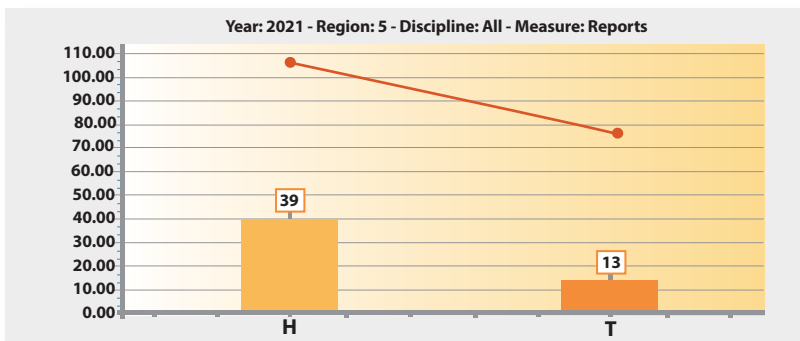


Railroad Program:

Since 1970, the federal government has preempted state railroad safety regulation, however, 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. In FY21 the bureau conducted

- 13 Track Inspections
- 39 Hazmat Inspections

The Bureau is tasked with investigating serious railroad accidents and determining the operational condition of affected equipment, examining carrier records to determine that all reportable personal injuries and accidents have been properly reported, investigating complaints from railroad employees or the general public regarding unsafe practices involving train operations and determining if Federal regulations have been violated.



Compliance/Investigation Bureau

The Investigations/Compliance Bureau enforces federal and state motor carrier transportation regulations to ensure the safe transportation of motor carriers for hire. The bureau is also responsible for investigating consumer complaints and conducting safety compliance inspections. The bureau also enforces compliance with the PRC's financial responsibility requirements and annual reporting.

FY 2021 INSPECTIONS:		FY 2021 INVESTIGATIONS:	
Ambulance	68	Ambulance	0
Passenger	31	Passenger	1
Towing	53	Towing	32
Household Goods	2	Household Goods	0
General Commodities	111	General Commodities	0
Network Passenger	0	Network Passenger	0
		Illegal Transport Carrier	0
Total	265	Total	33



STATE FIRE MARSHAL'S OFFICE

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 engage in public education and outreach to improve public awareness about fire safety.



Fire Service Support Bureau

The Fire Service Support Bureau is responsible for the disbursement of Fire Protection Fund monies to 394 fire departments. In FY21, the bureau distributed \$65 million from the fund. Additionally, the bureau distributed \$12 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 FY21, 69 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 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. The bureau also created a new Fire Prevention Outreach program to assist local fire departments in promoting fire prevention education.

Fire/Arson Investigation 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 2021, the six investigators on staff investigated 163 fires. Of these, 75 were incendiary (arson), 52 were accidental, and 43 were deemed undetermined. This past year, the bureau, along with the Office of 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 2021, the bureau conducted a total of 476 inspections and 164 acceptance tests. The bureau also reviewed 300 sets of plans. The bureau assisted in COVID-19 pandemic activities by assisting PED in conducting school surveys and inspecting COVID-19 recovery medical facilities.

Firefighter Training Academy

The 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 (IFSAAC) and another 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.

- In FY21, the NMFTA completed the removal/closure of five underground petroleum tanks. The capacity of these tanks totaled 18,000 gallons of below-ground fuel storage. This storage was transferred to above-ground storage tanks. This change has brought the NMFTA into compliance with the State Environmental Department requirements.
- In progress is an effort to phase out the current lighting for the entire campus and replace them with high efficiency LED lighting. This effort should produce an estimated 80% reduction in lighting costs.
- The NMFTA also began the construction of a new burn building (projected completion March 2021). This \$2.5 million project will enhance the training capabilities of the NMFTA and modernize our current structural firefighting programs. Training in this building will be available to all New Mexico fire departments.

Total Number of Classes: 245

Course Hours: 7,243

Total Enrollment: 2,653

Classroom Students: 2,286

Students Passed: 1,854

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. Our compliance division generally resolves disputes within 10 business days or less and obtains credits or refunds for consumers if any violations per the NMPRC rules have occurred. The division's compliance officers support consumers with their disputes in an effort to resolve or assist the consumer with issues they may have with these regulated companies. CRD utilizes mediation and alternative dispute resolution methods with the utilities' cooperation to solve consumer complaints.

During Fiscal Year 2021, CRD resolved 563 complaints and was successful in recovering more than \$31,000 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. Additionally, CRD 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 also 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, 65 Native American Tax Exemption forms were processed. The division's objectives through FY 2021 and FY 2022 include boosting 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.

OFFICE OF GENERAL COUNSEL



The four attorneys in the Office of General Counsel (OGC) serve as legal counsel to the Commission. In that role, OGC attorneys advise the Commissioners concerning the substantive and procedural legal issues in pending adjudicative and rulemaking matters. The OGC attorneys also represent the Commission in case related litigation before the state and federal courts and in all appeals before the New Mexico Supreme Court.

The Commission's six hearing examiners conduct hearings and issue recommended decisions that the Commissioners use as the basis for their actions. Hearing Examiners function as administrative law judges, presiding over diverse and complex types of cases, some of which include: rates; certificates to build and acquire generating resources; mergers; sales and acquisitions; territorial disputes; quality of service; purchased power and gas cost recovery; interconnections; arbitrations; mediations; abandonments; complaints; permits; and enforcement actions across the major industries which are regulated by the Commission. The year 2021 was especially significant, with cases, such as the PNM-Avangrid merger proposal; the Four Corners Power Plant abandonment; the procurement of renewable energy resources to replace the San Juan Generating Station; rate cases for El Paso Electric Company and Southwestern Public Service Company; and New Mexico's electric utilities' plans to promote the use of electric vehicles.

Hearing Examiners conduct procedural conferences and hearings; ensure that a full evidentiary 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. 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.

HEARING EXAMINERS





LEGAL DIVISION

The Legal Division is statutorily mandated to advocate for the public interest on behalf of the Utility Division in litigated matters before the Commission. The Legal Division also provides legal counsel to all bureaus within the Utility Division, to the Transportation Division, and to the Commission itself (except in contested proceedings before the Commission).

In order to represent the public interest, Legal Division attorneys work with the staff of the Utility and Transportation Divisions to assist in the development of staff's cases. Legal Division attorneys also review and implement legislation, rules and regulations, regulatory opinions of sister state 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 to legal briefs that advocate the positions and recommendations of PRC utility experts. During litigated proceedings Legal Division attorneys cross examine expert witnesses of regulated entities or interveners, including consumer or environmental advocacy groups, and occasionally must participate in oral argument. Among other matters, this past year Legal Division attorneys have litigated the PNM acquisition by Avangrid, PNM's Four Corners Power Plant abandonment, PNM's Palo Verde Nuclear Generation Station abandonment, Southwestern Public Service Company's rate application, renewable portfolio plans from all three investor-owned utilities, and multiple emergency fuel clause and gas acquisition cases arising out of the February weather event in Texas.

The Legal 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.





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