

NEW MEXICO

PUBLIC REGULATION COMMISSION



P R C



2020
FY 2020 ANNUAL REPORT



MESSAGE FROM THE CHIEF OF STAFF

This year continues to be challenging for all State Government and the New Mexico Public Regulation Commission (PRC) has had its fair share adjusting and coping with the COVID-19 pandemic. It may be uncertain what the future holds for all New Mexican families but one thing we can guarantee is that the PRC will continue to serve this great State at an extremely high level. On behalf of the PRC, I am pleased to present the Fiscal Year 2020 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 Governor's office and Legislature, including staff. 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 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 during FY 2020.

FY20 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.
- 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 towards setting improvements such as an effective chain of command, workplace respect and responsibilities, and overall efficiencies and performance.

The PRC continues to remain a robust agency delivering unique work product all awhile being understaffed due to the lack of personnel funding necessary to recruit and retain critical employees such as attorneys, engineers, economists, accountants, etc. We continue to compete with the private industry regulated by this agency on employment and mostly lose due to not being able to provide a competitive salary to highly qualified employees. Looking forward to FY 21/22, program expansions are necessary to address the public safety demand in the Pipeline, Transportation, and the additional workload resulting from the implementation of the Energy Transition Act. Therefore, the PRC will be seeking an operating budget increase that will enable the Commission to be more competitive and allow recruitment of specialized staff and also 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.
Acting Chief of Staff

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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 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.

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



DISTRICT 1

CYNTHIA B. HALL



DISTRICT 2

JEFFERSON L. BYRD



DISTRICT 3

VALERIE ESPINOZA



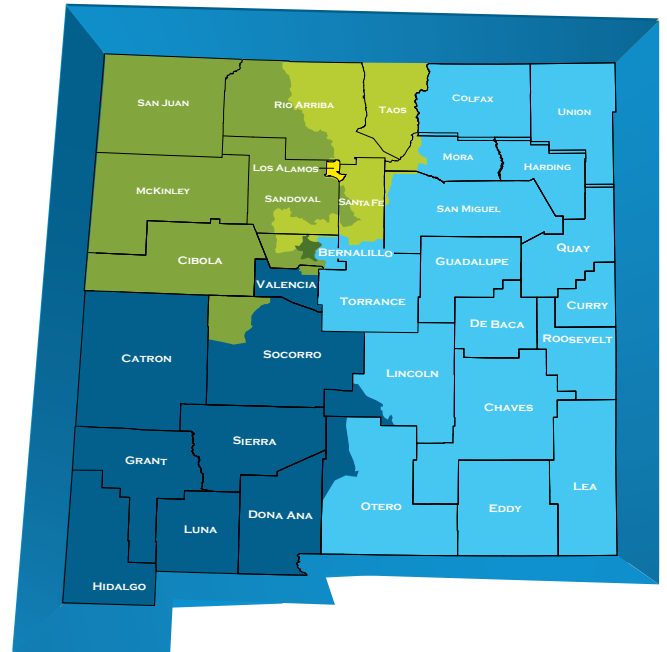
DISTRICT 4

THERESA
BECENTI-AGUILAR



DISTRICT 5

STEVE FISCHMANN



www.nmprc.state.nm.us



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



CYNTHIA B. HALL

Cynthia Hall has served on the Public Regulation Commission since January 2017, when she joined the Commission with a strong mandate to support clean, affordable energy development in New Mexico. Hall served as Vice Chair in 2017 and 2018 and was re-elected to the Commission in November, 2020. Her actions during Fiscal Year 2020 include supporting the implementation of the Energy Transition Act, most notably during PRC Case No. 19-00195 on the selection of replacement energy resources for closure of coal units at PNM's San Juan Generating Station. In that case, Hall successfully advocated for the most cost-effective and cleanest replacement portfolio of solar and storage technology over more costly gas generation. Hall has consistently advocated for greater transparency and accountability in utility procurement practices and is pursuing a rulemaking for that purpose.

In other areas, Hall has worked with the City of Albuquerque to address street lighting deficiencies and advanced the Commission's expansion of broadband service in rural New Mexico under the broadband fund program of the state Rural Universal Service Fund. In PRC Case No. 20-00099, Hall successfully proposed the 2020 broadband program fund recipients to perform broadband expansion projects in selected rural New Mexico locations.

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. Hall is a member of the Board of State Regulators of the Western Energy Imbalance Market, a regional electricity wholesale trading market. 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 the Superintendent of Insurance; and staff attorney at the Energy, Minerals and Natural Resources 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



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 Zachary. 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 the Vice Chair of the Public Regulation Commission, Jeff has represented New Mexico on the Southwest Power Pool Regional State Committee, which is comprised of retail regulatory commissioners from Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas.

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 source with the Sagamore wind project, a 522MW wind farm under construction in Roosevelt County. This project is expected to create 400 construction jobs and generate electricity for approximately 193,000 households. It will be the single largest wind energy project in New Mexico when completed.

DISTRICT 3



VALERIE ESPINOZA

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. 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 closely with residents and water companies to ensure safe drinking water and infrastructure. Most recently Commissioner Espinoza has tackled the complicated and controversial issue regarding the fate of the San Juan Generating Plant, carefully considering the impact to the citizens of New Mexico. She also analyzed all aspects of the highly publicized Energy Transition Act and worked to consider all facets of the Act to enable the best outcome for the citizens of New Mexico. Espinoza has worked tirelessly to ensure the funds were provided for rural broadband services and were applied to the most critical areas of underserved New Mexicans. The safety under her authority of New Mexico citizens is of utmost importance to Commissioner Espinoza and she has ensured that the ambulance services operating in New Mexico are held to the highest standards in their operations.

Espinoza voted to expedite the approval of two new solar plants that will supply 100 megawatts of renewable energy to the Facebook data center in Los Lunas. Commissioner Espinoza voted to require Facebook to pay \$39 million for a transmission line to help power the company's massive data center in Los Lunas that would have otherwise been assessed against the customers of PNM. She 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 and internal policies. 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 her second term coming to an end, Commissioner Espinoza vows to continue promoting consumer advocacy, public welfare and safety, and cutting-edge ideas and use the years of experience on issues affecting the citizens of New Mexico and their best interests especially in Northern New Mexico where she was raised.

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. She has earned numerous continuing education certifications in Utility Regulation and Ethics from the New Mexico State University over the last eight years. In addition to faithfully attending weekly Commission meetings and public hearings, she can be found working late hours each day and on weekends.

DISTRICT 4



THERESA BECENTI-AGUILAR

Commissioner Theresa Becenti-Aguilar hosted the first Rural Networks Conference in Farmington, New Mexico on July 31, 2019 to address the deployment of telecommunications and broadband service on rural and tribal lands. Topics of discussion included business planning, engineering for broadband deployment, the FCC Lifeline Program, service on native lands, connectivity in rural areas, economic growth, and success stories in deploying service in rural and tribal lands.

Commissioner Theresa Becenti-Aguilar vowed to partner with the New Mexico State Legislature and federal agencies to go after funds for broadband deployment in the state. She strongly believes that the ranchers and farmers in rural counties should be represented. She is committed to working together – the committee, the PRC, and staff – to make more broadband connectivity at affordable rates available throughout the state, and rural areas.

DISTRICT 5



STEVE 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 Dona 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 Dona 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.

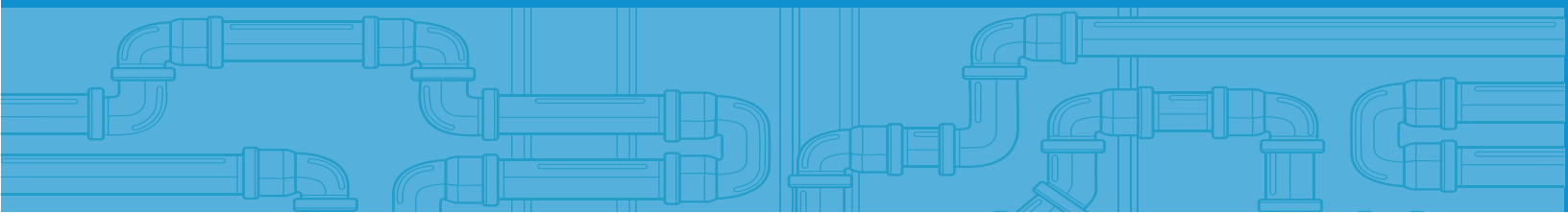
ACTING CHIEF OF STAFF **PIPELINE SAFETY BUREAU CHIEF** **NEW MEXICO PRC**



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 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; former National Chair and current Southwest Region Vice-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.

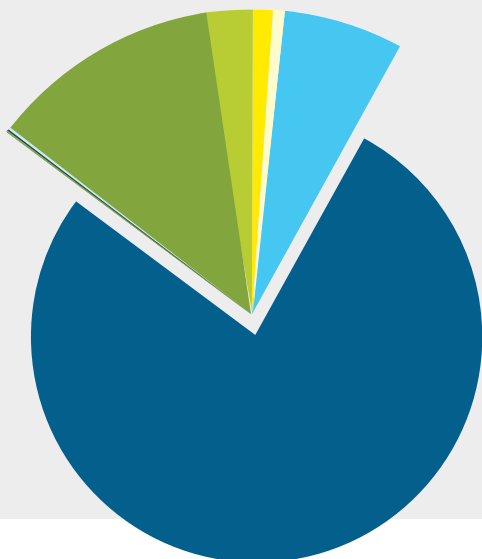




FY 2020 REVENUES BY SOURCE



REVENUE SOURCE	REVENUES COLLECTED
SFMO Inspections	\$2,300
Pipeline Safety Fee Fund	\$1,246,424
PRC Reproduction Fund	\$11,148
Federal Funds	\$755,120
General Fund	\$7,800,300
Fire Protection Fund	\$94,319,806
Firefighter Training Use Fee Fund	\$11,986
Fire Safer Cigarette Fund	\$64,000
Transportation Network Company Fund	\$22,646
Fire Protection Grant Fund	\$ 117,192
Pipeline Fees Fund	\$168,006
PRC Utility Fees Fund	\$14,697,026
Motor Transportation Receipts Fund	\$2,987,607
FY20 TOTAL	\$122,203,561



- SFMO Inspections**
0.0019%
- Pipeline Safety Fund**
1.0207%
- PRC Reproduction Fund**
0.0091%
- Federal Funds**
0.6184%
- General Fund**
6.3879%
- Fire Protection Fund**
77.2417%
- Firefighter Training Use Fee Fund**
0.0098%
- Fire Safer Cigarette Fund**
0.0524%
- Transportation Network Company Fund**
0.0185%
- Fire Protection Grant Fund**
0.0960%
- Pipeline Fees Fund**
0.1376%
- PRC Utility Fees Fund**
11.9593%
- Motor Transportation Receipts Fund**
2.4467%

FY 2020 ADMINISTRATIVE COSTS



FY 2020 EXPENDITURES

- 200-Personal Services and Employee Benefits
 \$11,268,200
 - 300-Personal Services
 \$624,700
 - 400-Other
 \$2,090,300
- TOTAL**
\$13,983,200

FY 2020 MONIES TRANSFERRED

REVENUE SOURCE	FUNDS TRANSFERRED	
Pipeline Fees Fund	\$168,006	DFA
PRC Utility Fees Fund	\$14,697,026	DFA
Motor Transportation Receipts	\$2,987,607	Dept of Transportation
TOTAL	\$17,852,639	

- 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.



2020 COMMISSION HIGHLIGHTS



SAN JUAN GENERATING STATION ABANDONMENT

The Commission addressed two major PNM filings under the Energy Transition Act for the abandonment of the remaining units at the San Juan Generating Station in San Juan County. The Commission held two weeks of evidentiary hearings on PNM's abandonment and securitization request under the ETA in December 2019 and two further weeks of hearings in January 2020 on PNM's proposal for resources to replace the capacity from Units 1 and 4. In April 2020 (Case 19-00018-UT), the Commission approved the abandonment of San Juan Units 1 and 4 effective on July 1, 2022, the securitization of \$360 million in abandonment costs and an ultimate rate reduction expected in August 2022 after Units 1 and 4 are retired in July 2022 and the securitization bonds are issued. In July 2020 (Case 19-00195-UT), the Commission approved 950 MW of solar and battery resources to replace the capacity to be abandoned from Units 1 and 4. The resources will generate approximately \$550 million in construction spending in the Central Consolidated School District in San Juan County and \$600 million in McKinley County and the Jicarilla Apache reservation in Rio Arriba County.



RENEWABLE ENERGY

Electric utilities are required to file annual renewable energy plans for the Commission's approval. In January 2020, the Commission approved a request by PNM to enter into a 140 MW purchased power agreement for wind energy to be supplied by the La Joya II wind project in Torrance County. In March 2020, the Commission approved a request by PNM to enter into a purchased power agreement for solar energy to be supplied by 50 MW solar project to be built on the Jicarilla Apache reservation in Rio Arriba County. The project is funded through PNM's new Solar Direct program, a voluntary renewable energy program available to governmental customers of any size and large commercial customers with aggregate demand of at least 2.5 MW. In May 2020, the Commission approved requests by El Paso Electric Company to enter into two solar energy purchased power agreements and an energy storage agreement. The Commission approved the Hecate solar project (100 MW) in Santa Teresa, the Buena Vista solar project (100 MW) in Otero County, and Canutillo battery project in Canutillo, Texas (50 MW).



TRANSMISSION LINES FOR WIND FARMS

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.

In October 2019, 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. The line will provide transmission capacity for wind farms being built in eastern New Mexico. Case No. 19-00129-UT.

RENEWABLE ENERGY

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LOCATION CONTROL APPROVALS FOR WIND FARMS

In July 2020 (Case 20-00008-UT), the Commission approved the developer’s request to adjust the routes of the transmission tie lines required for the previously approved 2,200 MW Corona Wind Projects (up to 950 wind turbines) within Lincoln, Torrance, and Guadalupe counties. As aggregated, the Corona Wind Projects will be the largest wind generation facility in the Western Hemisphere. The Commission approved the developer’s request to reconfigure the previously approved 80-mile 345-kV transmission system and the location of an approximately 35-mile extension of transmission and associated infrastructure to interconnect at the Western Spirit transmission line.

In 20-00085-UT, the Commission approved Southwestern Public Service Company’s application to construct a forty-two mile, 345-kilovolt transmission line in the southeastern region of New Mexico. The project is necessary to ensure system reliability and to serve SPS’s increasing retail and industrial electrical demand in Eddy and Lea counties. SPS expects the Proposed Line to be operational by November of 2021. New Mexico ratepayers are expected to pay only \$2 million of the total \$81 million project cost. The Commission concluded that construction of the line would not produce environmental harm, will not burden New Mexico ratepayers with substantial costs, and will produce substantial benefits for SPS’s residential and industrial customers in southeastern New Mexico.





MERGERS

In March 2020, the Commission issued a final order that approved a merger that turned El Paso Electric Company (EPE) from a publicly owned company into a privately held entity ultimately owned by IIF US 2. IIF US 2 was established in 2006 with a long-term investment horizon and invests in infrastructure companies, including regulated utilities. IIF US 2 expected no changes in EPE's day-to-day operations and that EPE's focus would remain on providing clean, affordable and reliable service. As part of the approval, EPE agreed to provide New Mexico customers \$8.7 million in rate credits over a 36-month period, effective August 1, 2020.





REGULATORY DIVISIONS





UTILITIES 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 ratesetting 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, 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.

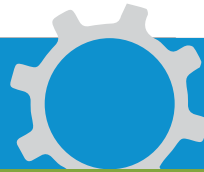
A banner for the Telecom Bureau FY 2020 Updates. It features a blue background with a white silhouette of a telecommunications tower in the center. The text "Telecom Bureau" and "FY 2020 Updates" is written in white. The banner is flanked by images of telecommunications towers.

Telecom Bureau FY 2020 Updates

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 State Rural Universal Service Fund (NMSRUSF) 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.

Recently, the Commission completed its third 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 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.

In 2020, The Commission received applications from eleven broadband providers for 35 projects in the amount of \$21,555,260.64, of which by rule 75% or \$16,132,972.04 may be funded through the NMRUSF broadband program. After thorough review of the applications by Staff of the Telecommunications Bureau, the Commission determined to grant \$13,900,000 in matching funds for projects in the amount of \$18,533,333. The 32 approved projects will 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 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 through docketed proceedings 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. Staff also performs audit reviews of the books and records of jurisdictional utility companies. Furthermore, the bureau addresses audit reviews related to the 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 administer the Unified Carrier Registration (UCR) system. Applications Bureau received, processed, and issued:

- 109 warrant applications, generally issued to intrastate for-hire property motor carriers
- 33 certificate applications issued to taxi, shuttle, ambulance, household goods, and specialized passenger service motor carriers
- 60 comprehensive audits, and 110 audit letters/emails to Motor Carriers for UCR payments, 3 non-compliance notices to Motor Carriers

Railroad

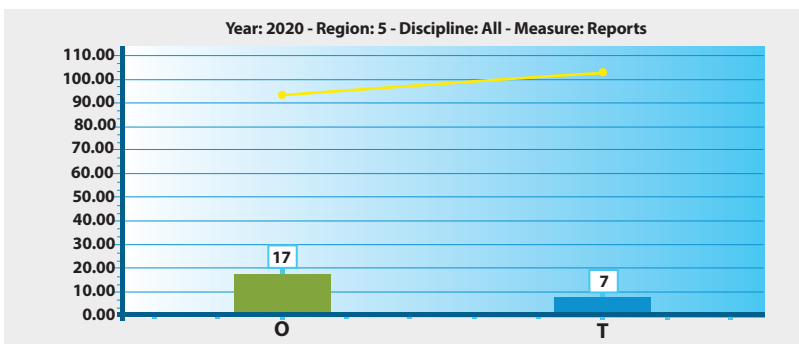
Since 1970, the federal government has preempted state railroad safety regulation. However, the federal government, through the Federal Railroad Administration (FRA), offers states the opportunity to participate in federal investigative and enforcement activities. In New Mexico, the Public Regulation 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.

- Line II Manager for Applications/Railroad Bureau, 9 Inspections 8/2020 – 12/2020, 361 units, 28 defects.
- Operating Inspector, 17 inspections 1/2020 – 4/2020, 206 units, 16 defects.
- Hazmat Inspector in certification training, 15 Inspection reports, 29 railcar inspections, 21 RISPC reviews, 15

Document review, 9 FRA job safety briefings, 14 Shipping paper reviews, 23 HAZMAT employee doc. Reviews, 5 violations.

Currently there is an urgent need to feel the current vacancy for Railroad Safety Operating Inspector, Our former Operating Inspector departed the NMPRC for a different carrier path earlier this year. An Operating Practices Inspector is concerned with operating rules and practices, administration of Federal alcohol and drug control programs, hours of service for railroad employees involved with the movement of trains, Federal locomotive engineer certification standards, occupational safety conditions and reporting, and employee training and qualification. Significant duties include:

- Investigate serious railroad accidents, visits the accident site, makes inspections and tests of situations and objects to determine the operational condition of affected equipment.
- Examine carrier records to determine that all reportable personal injuries and accidents have been properly reported.
- Investigate complaints from railroad employees or the general public regarding unsafe practices involving train operations.
- Investigate as part of a team, reportable accidents and incidents involving railroad operations to determine probable cause and if Federal regulations were violated.



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. 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 2020 INVESTIGATIONS:	FY 2020 INSPECTIONS:
44 Towing Service	66 Towing Service
3 Passenger	13 Passenger
3 Ambulance	66 Ambulance
0 Household Goods	10 Household Goods
0 General Commodities	118 General Commodities
0 Network Passenger	0 Network Passenger
3 Illegal Transport Carrier	



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 FY 20, the bureau distributed \$64 million from the fund. Additionally, the bureau distributed \$6.2 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 20, 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. This year the bureau assisted in COVID-19 pandemic activities by distributing 500 infrared thermometers and PPE to local fire departments. 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 2020, the six investigators on staff investigated 145 fires. Of these, 67 were incendiary (arson), 63 were accidental, and 16 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 2020, the bureau conducted a total of 493 inspections and 164 acceptance tests. The bureau also reviewed 475 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 (IFSA) 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 FY20, 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
Contact Hours: 86,746
Pass Rate: 81%



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 24 hours or less and frequently obtain credits or refunds for consumers. During Fiscal Year 2018, CRD resolved 383 complaints and was successful in recovering more than \$91,000 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, 55 Native American Tax Exemption forms were processed. The division's objectives through FY 2019 and FY 2020 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 Office of General Counsel (OGC) serves as legal counsel to the Commissioners on all aspects of utility regulatory law. In that role, OGC provides the Commissioners with timely and accurate legal advice on the substantive law concerning pending matters in both 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.

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; mergers; sales 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.

HEARING EXAMINERS





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 (until July 1, 2021) the State Fire Marshal's Office.

The 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 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 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, including the ongoing COVID-19 pandemic, have impeded the hiring of multiple attorneys and one legal assistant to bring the Legal Division to full strength.





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