



**PERFORMANCE DRIVEN**

**CUSTOMER FOCUSED**

**TRANSPARENT**

**POSITIVE**

Commissioner Patrick H. Lyons, Chairman

Commissioner Theresa Becenti-Aguilar, Vice Chair

Commissioner Jason A. Marks

Commissioner Douglas J. Howe

Commissioner Ben L. Hall

Johnny Montoya, Chief of Staff

1120 Paeso De Peralta

## **2011 ANNUAL REPORT**

Santa Fe, New Mexico 87504-1269

Toll Free: 1.888.4.ASK.PRC

Phone: 505-827-4433 Fax: 505-827-4379

## **MISSION**

The Public Regulation Commission regulates the utilities, telecommunications, motor carriers and insurance 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, the Firefighter Training Academy, and Pipeline Safety Bureau. The PRC is responsible for the registration of all corporations doing business in New Mexico.

## **VISION**

Leading New Mexico through ethical and balanced regulation, protecting critical infrastructure and ensuring safe, reliable, affordable and essential services. Advancing the public interest through teamwork, promoting economic development and environmental responsibility while strengthening public accessibility and education. Your New Mexico Public Regulation Commission. Working for You!

## **MOTTO**

PRC Working For You

**TABLE OF ONTENTS**

Commissioners Contact Information.....4

Commission Letter.....5

PRC District Map.....6

PRC Regulatory Matrix.....7

Organization Chart.....8

Commissioner Accomplishments.....9

Chief of Staff.....11

Consumer Relations Division.....12

Utilities Division.....13

Transportation Division.....14

State Fire Marshal Division.....15

Pipeline Safety Bureau.....18

Insurance Division.....19

General Counsel.....23

Hearing Examiners.....24

Legal Division.....25

Public Information Officer.....26

Native American Liaison.....26

Administrative Services Division.....27

PRC Directory.....29

Notes.....30

**COMMISSIONERS**



**JASON A. MARKS**

PRC Commissioner, District 1  
1120 Paseo de Peralta      E-mail:      Jason.Marks@state.nm.us  
P.O. Box 1269              Toll Free:      1.888.427.5772  
Santa Fe, NM 87504-1269      Direct:      505.827.8015

Executive Assistant: Danielle Duran



**PATRICK H. LYONS, CHAIRMAN**

PRC District 2  
1120 Paseo de Peralta      E-mail:      Patrick.Lyons@state.nm.us  
P.O. Box 1269              Toll Free:      1.888.427.5772  
Santa Fe, NM 87504-1269      Direct:      505.827.4531

Executive Assistant: Dallas Rippy



**DOUGLAS J. HOWE**

PRC Commissioner, District 3  
1120 Paseo de Peralta      E-mail:      Doug.Howe@state.nm.us  
P.O. Box 1269              Toll Free:      1.888.427.5772  
Santa Fe, NM 87504-1269      Direct:      505.827.4533

Executive Assistant: Charlotte Duran



**THERESA BECENTI-AGUILAR, VICE CHAIR**

PRC District 4  
1120 Paseo de Peralta      E-mail:      T.Becenti@state.nm.us  
P.O. Box 1269              Toll Free:      1.888.427.5772  
Santa Fe, NM 87504-1269      Direct:      505.827.8019

Executive Assistant: Charmaine Jackson



**BEN L. HALL**

PRC Commissioner, District 5  
1120 Paseo de Peralta      E-mail:      Ben.Hall@state.nm.us  
P.O. Box 1269              Toll Free:      1.888.427.5772  
Santa Fe, NM 87504-1269      Direct:      505.827.8020

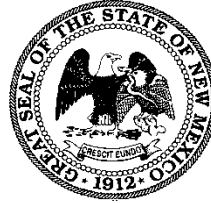
Executive Assistant: Yolanda Dominguez

**COMMISSION LETTER**

**NEW MEXICO PUBLIC REGULATION COMMISSION**

**PUBLIC REGULATION COMMISSIONERS**

- District 1** Jason Marks
- District 2** Patrick H. Lyons, Chairman
- District 3** Douglas J. Howe
- District 4** Theresa Becenti-Aguilar, Vice  
Chairwoman
- District 5** Ben L. Hall



**OFFICE OF THE CHAIRMAN**

Patrick H. Lyons

1120 Paseo de Peralta/P.O. Box 1269  
Santa Fe, NM 87504-1269  
Phone (505) 827-4531

**CHIEF OF STAFF**

Johnny Montoya

December 1, 2011

Citizens of New Mexico  
Members of the New Mexico Legislature  
Governor Susana Martinez

The New Mexico Public Regulation Commission is proud to present our 2011 Annual Report, which details the activities and accomplishments of the Commission for the past fiscal year.

Virtually every citizen and business in the State of New Mexico is affected to some extent by the work of the PRC, as detailed in the body of our report. In rate setting and other economic matters, the Commission's constitutional role requires us to appropriately balance the interests of regulated companies and consumers, considering financial factors as well as our population's long-term needs for safe and reliable utility and telecommunication services. The Commission administers our state's renewable energy portfolio standards and utility-based energy efficiency laws, furthering New Mexico's energy sustainability goals.

We are also tasked with important public safety responsibilities with respect to utility operations, commercial motor carriers, pipelines, certain underground facilities, fire prevention and support of local fire services throughout the state. Our Insurance Division regulates that industry to ensure that solvency is maintained, an adequate variety of policies are available to the public at competitive rates, and that consumers are protected from unfair practices.

As in past years, 2011 has seen the Commission grapple with controversial matters. Although some may differ with outcomes in some cases, the public should be assured that Commission decisions are based on the factual records of our cases, the appropriate legal standards, and individual Commissioner's assessment of what is most in the public interest.

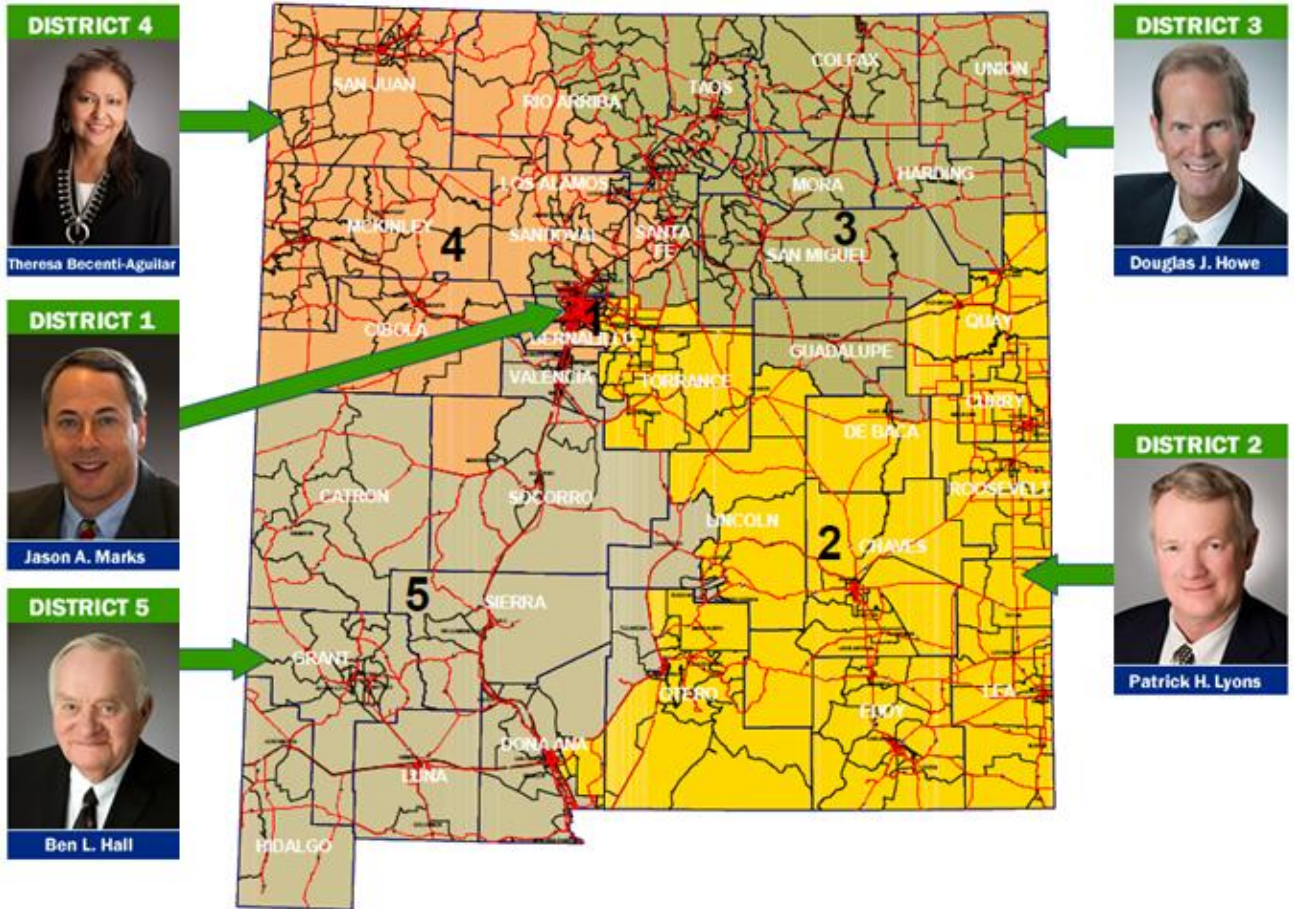
My Colleagues and I are proud of the dedication of our staff at all levels to further the public interest in the State of New Mexico. We are a diverse organization with varying duties and responsibilities. We learn from each other, from public input, from the industries we regulate, and from the people of New Mexico. We commit to continue to work diligently to improve our services for both the industries we regulate and the consumers we serve.

Sincerely,

A handwritten signature in cursive script, appearing to read "Theresa Becenti-Aguilar".

Theresa Becenti-Aguilar  
New Mexico Public Regulation Commission

PRC DISTRICT MAP

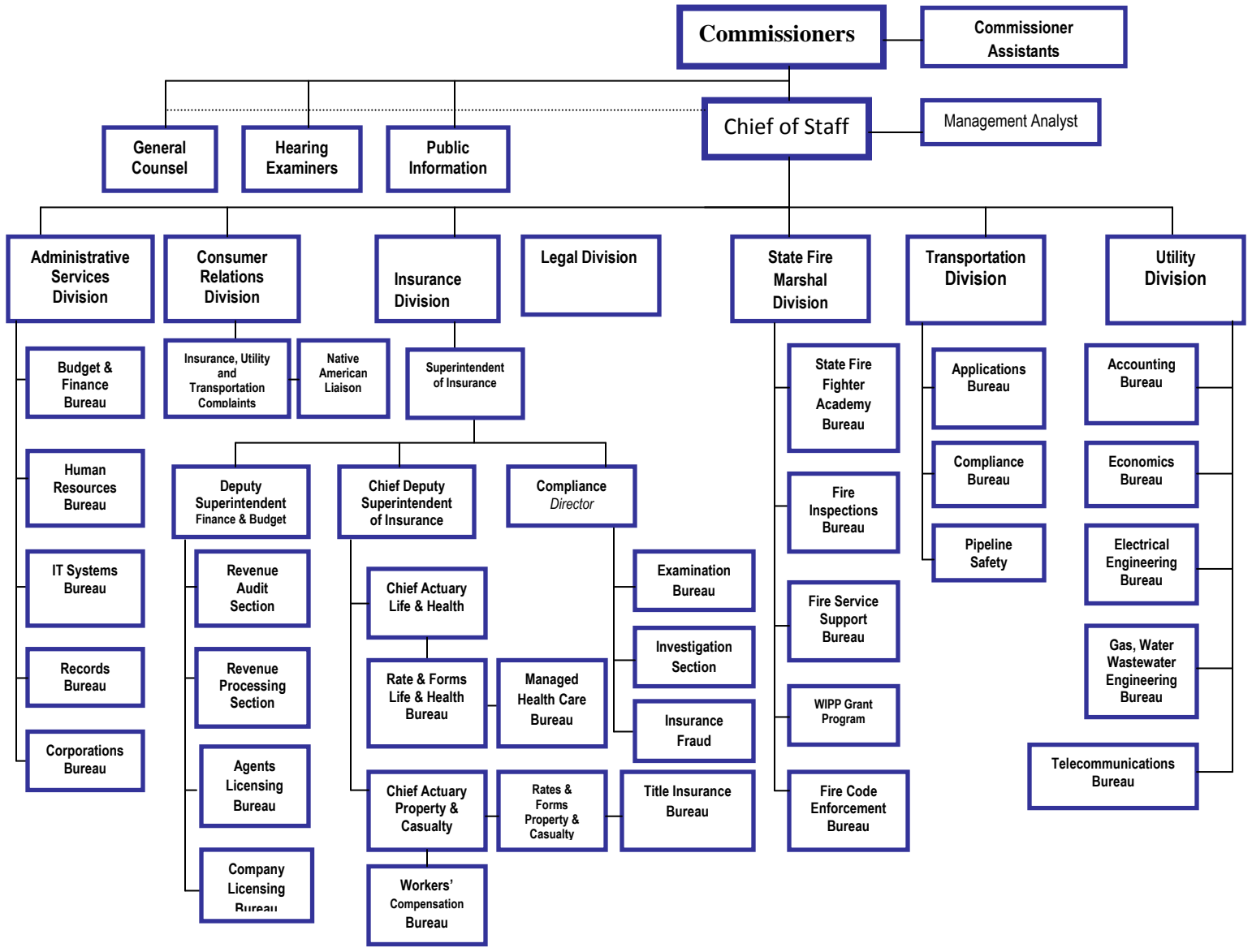


## PRC REGULATED ENTITY MATRIX

The Public Regulation Commission (PRC) regulates public utilities, telecommunications companies, motor carriers, and insurance companies operating in New Mexico. Other functions of the PRC include administering the State Fire Marshal, State Firefighters Training Academy, Pipeline Safety and the Registration of Corporations doing business in New Mexico.

| Regulated Entity Type   | CCN<br>(Market<br>Entry) | Rates          | Service Quality | Safety | Consumer<br>Complaints |
|---|--------------------------|----------------|-----------------|--------|------------------------|
| Electric Utilities <sup>1</sup>   | X                        | X              | X               | X      | X                      |
| Natural Gas Utilities <sup>1</sup>  | X                        | X <sup>2</sup> | X               | X      | X                      |
| Water Utilities & Sewer <sup>1</sup>  | X                        | X              | X               | X      | X                      |
| Telephone ILECs   | X                        | X              | X               |        | X                      |
| Telephone CLECs   |                          |                | X               |        | X                      |
| Long Distance Carriers  |                          |                |                 |        | X                      |
| Wireless Telephone Cos  |                          |                |                 |        | X                      |
| Motor Carrier, including:<br>taxis, buses, limousines,<br>shuttle services, wreckers,<br>ambulances, household<br>movers                              | X                        | X              | X               | X      | X                      |
| Pipelines   |                          |                |                 | X      |                        |
| Excavators  |                          |                |                 | X      |                        |
| Underground Facility<br>Owners  |                          |                |                 | X      |                        |
| Insurance Carriers  | X                        | X <sup>3</sup> | X               |        | X                      |
| Insurance Agents  | X                        |                | X               |        | X                      |
| State Fire Marshal<br>(Inspection of Public Bldgs)  |                          |                |                 | X      |                        |
| <sup>1</sup> Excludes utilities owned by a local government or mutual domestic water association.   |                          |                |                 |        |                        |
| <sup>2</sup> The PRC sets rates for gas transmission and distribution, the price of gas itself is based on market prices.                             |                          |                |                 |        |                        |
| <sup>3</sup> The PRC reviews and approves rates in Property and Casualty and Life and Health rates. The Division also sets rates for Title Insurance. |                          |                |                 |        |                        |

# PRC ORGANIZATIONAL OVERVIEW





## **COMMISSION ACCOMPLISHMENTS**

The New Mexico Public Regulation Commission is comprised of five elected Commissioners, each representing a district of the State of New Mexico. Commissioners are elected to a four year term and are limited to no more than two consecutive terms. Commissioners are elected on a staggered election cycle. The Commission is the overall regulatory authority for a wide variety of industries.

### **2011 Commission Accomplishments**

The Commission hold regular open meeting every Tuesday and Thursday in its office in Santa Fe. Commission accomplishments during FY2011 include:

#### **Telecommunications**

- Public comment hearings held at Church Rock Chapter House on proposed settlement agreement on Sacred Wind rate increase.
- Public comment meetings held to listen to constituent concerns with AT&T Alltel merger
- Successful completion of the Qwest AFOR-III rate freeze.
- Qwest merger with Century Link.
- Moved the Rural Universal Service funds to several domiciled banks in New Mexico.

#### **Utilities**

##### **Major cases completed**

- PNM electric rate increase compromise completed.
- Kit Carson Rate cased completed.
- Public comment hearing held in Taos for the proposed Kit Carson rate increase.
- Completed a formal investigation on the recent interruption of natural gas services to tens of thousands of New Mexico residents.

#### **Rulemaking**

- Commission completed and closed over 200 outstanding cases older than a year.
- Ongoing collaboration of Energy Efficiency incentives/disincentives.
- Ongoing conversation of electronic filing of documents.

## **Public Safety**

- Increased federal regulations and awareness on pipeline safety requirements implemented.
- Increased awareness and notice to tow/wrecker companies of the motor carrier act rules and regulations.
- Continued UCR filings and fee collections for Mexican Trucking Companies.
- Attended several public safety events to educate New Mexico residents of the dangers and risks associated with wildfires and other natural disasters.
- Created a Railroad Safety Taskforce in Gallup.
- Fire Code Enforcement has met the requirements of inspections to every public and private school in New Mexico.
- Firefighter Training Academy has received the highest level of Fire training accreditation in the State of New Mexico.
- Extensive Consumer Outreach Campaign in rural New Mexico.

## **Insurance Issues**

- Held public comment hearing related to the Blue Cross Blue Shield rate increase.
- Approved through the Superintendent of Insurance the Blue Cross Blue Shield rate increase.
- Granted federal dollars to incorporate a website on health rate review processes.

## **Administrative Issues**

- Ongoing implementation of a new corporation processing database.
- Continued success in being fiscally responsible and meeting all statutory requirements.
- Created a new PRC website providing more public information and transparency on the PRC.

The Commission strives each year to continue to provide a factual response and decision to protect the companies it regulated and the residents and consumers of New Mexico by ensuring a fair and balance and reasonable rates.

## **CHIEF OF STAFF**

The Chief of Staff's office provides leadership and support to the Public Regulation Commission in many areas. The Chief of Staff monitors the preparation and sustainability of the PRC budget and the preparation of significant reports such as the Annual Report to the Legislative Finance Committee. The Chief of Staff works daily to ensure the operations of the agency run smoothly and efficiently, in order to provide excellent customer service to the public, and maintain balance between the industries that the PRC regulates and customers.

The Chief of Staff has oversight of division directors and meets regularly with them to ensure policies are implemented and all statutory requirements of the PRC are being met. The Chief of Staff reports regularly in the open meetings to the Commissioners on the progress of all divisions.

The Chief of Staff's office serves as the central facilitator for public information and community relations. During legislative sessions, the Chief of Staff serves as the central point for all requests for analysis of legislative bills assigned to the agency by the Legislative Finance Committee and Department of Finance and Administration. The Chief of Staff is responsible to ensure that analyses request deadlines are met and reported back to State Lawmakers to adhere to these deadlines.

### **2011 Accomplishments**

- Ensured fiscal responsibility by identifying and eliminating unnecessary spending within the PRC.
- Continued realignment of internal salaries capping at 90K a year.
- Continued to diligently work at lowering the agency's vacancy rate with highly qualified staff.
- Ensure that the PRC administered and enforced the laws in which it has jurisdiction in the most efficient, responsible and thoughtful manner.
- Works closely with all division directors to ensure that all internal policies and procedures are followed.
- Worked closely with the Public Information Officer to ensure that all PRC public information is released timely and in a manner that all New Mexico residents can understand.

The Chief of Staff will continue to strive in managing the operations of the PRC in a positive, efficient, responsive manner through fostering stronger internal policies and manage the PRC budget in a fiscally responsible manner ensuring all statutory requirements are met in a timely manner.

## **CONSUMER RELATIONS DIVISION**

The Consumer Relations Division (CRD) serves as the PRC's primary point of contact to assist consumers with inquiries and complaints against companies that are regulated by the New Mexico Public Regulation Commission. The division consists of two bureaus: Utility and Transportation Complaints and Insurance Complaints. The division's compliance officers assist all New Mexico residents and customers from around the nation with their disputes in an effort to resolve consumer troubles in a fair and timely manner. Our compliance officers utilize mediation and alternative dispute resolution methods to solve consumer complaints.

### **Performance Measures**

The Consumer Relations Division compiles consumer information and develops data to advise the Commission about consumer related issues and trends. The division also assists the Commission to develop and implement consumer policies and consumer education and outreach programs. The CRD works closely with the consumer protection divisions of the New Mexico Attorney General and Governor's Constituent Services Office to ensure fair and timely resolution of consumer inquiries and complaints.

### **2011 Accomplishments**

- The Consumer Relations Division handles over 30,000 consumer inquiries and complaints, which were reported to the CRD by New Mexico consumers.
- These inquiries resulted in over 1.9 million dollars in credits and refunds issued to New Mexico consumers.
- All complaints were resolved within 24 hours.
- During 2011 the CRD organized and facilitated multiple town hall meetings and open business meetings for the Commission, which took place in several towns in New Mexico.
- CRD staff also responded to natural disaster related calls such as the natural gas outage and the Las Conchas Fire, providing vital information to New Mexico residents significantly impacted by these disasters.

The Consumer Relations Division will continue to work diligently to provide alternative dispute resolution for Consumers of New Mexico and provide guidance and vital information on all companies regulated by the PRC to residents of New Mexico.

## **UTILITY DIVISION**

The Utility Division serves as advocacy staff to the Commission in the regulation of electric, natural gas, renewable energy sources, telecommunications and water and wastewater systems as provided by law. Division staff advocates public interest positions in docketed cases; ensures and enforces compliance with statutes, rules and Commission order; provides technical support on legislation and rulemaking; and assists in relations with other state, regional and federal entities.

### **2011 Accomplishments**

- Ongoing workshops on Energy Efficiency Initiatives and rulemaking workshops are ongoing.
- Increase awareness and push for building homes with Energy Star Homes Program.
- All three major utility companies have now completed and reported audit and prudent reviews
- Completed a formal investigation on the recent interruption of natural gas services to tens of thousands of New Mexico residents.
- Facilitated and approved a settlement agreement on the PNM rate hike increase.
- Facilitated and approved a settlement agreement on the Kit Carson rate hike increase.
- Guided the merger issues with Alltel/Verizon.
- Guided the transition of Qwest to Century Link with no interruptions to consumers.
- Facilitated a settlement agreement to be brought before the Commission on the Wind Stream rate increase.
- Investigated several complaints regarding water utility companies' practices and worked with customers, and owners of these water utility companies and other entities to achieve a satisfactory solution.

The Utility Division continues to provide technical support and guidance to the Commission to ensure that the public interest in docketed cases is heard for the Commission to make a sound decision on utility matters. The Utility Division will continue to strive to achieve all statutory requirements in a timely and efficient manner.

## TRANSPORTATION DIVISION

The State of New Mexico implements a public policy which fosters the development, coordination and preservation of a safe, sound, and adequate transportation system, requiring financial responsibility and accountability on the part of the motor carriers, providing for economic regulation of carriers of persons and household goods and towing services performing non-consensual tows, and by streamlining and promoting uniformity of state regulation of motor carriers. The Transportation Division serves as both advocacy and advisory staff to the PRC depending on the type of case.

| Type of Service            | # of Regulated Companies |
|----------------------------|--------------------------|
| Ambulance                  | 97                       |
| Household Good Carriers    | 60                       |
| Passenger Carriers         | 204                      |
| Tow Services               | 381                      |
| Property Warranty Carriers | 1516                     |
| Railroads                  | 12                       |

- The Investigations Bureau conducted over 700 inspections and performed over 200 investigations.
- Processed 75 formal complaints
- UCR Filings and fee collections of over 1.5 million dollars.
- Helped develop a Railroad safety task force in Gallup

### 2011 Accomplishments

- Processed 75 formal complaints within the Transportation Division.
- Conducted over 700 motor carrier inspections and 200 investigations.
- Collected over 1.5 million dollars in the UCR program for Mexican Trucking Companies.
- Enforced the motor carrier awareness and notice to tow/wrecker companies of the motor carrier act rules and regulations.
- Helped develop a railroad safety taskforce in Gallup New Mexico.

The Transportation Division will continue to ensure that public transportation system in New Mexico is safe, sound and adequate for the use of consumers in New Mexico through continues inspections of motor carriers. The Transportation Division will ensure that the Motor Carrier Act is in full force and all insurance filings are current and valid for all regulated motor carriers.

## **STATE FIRE MARSHAL DIVISION**

The State Fire Marshal Division provides services related to the life safety of our state's residents and guests through a separation of work assignments. There are four bureaus within the Division that focus on the legal requirements and goals of the division. The division's services are provided by 43 permanent staff and approximately 150 adjunct and contractual staff.

### **FIRE SUPPORT BUREAU**

The Fire Support Bureau is tasked with numerous responsibilities that assist the local fire departments. The bureau applies the funding formulas for distribution of the State Fire Protection Fund and the State Fire Protection Grant Fund. The bureau's staff specialists also audit the local governments' expenditures of the funds. Other assistance programs include inspection of fire stations, review of training records and firefighter qualification documentation, assistance in preparation of ISO rating upgrade surveys and assistance in obtaining loans through the New Mexico Finance Authority. A special position exists within the bureau, which coordinates training and preparation for fire departments along the WIPP Routes.

#### **Performance Measures**

Number of inspections and audit hours- 34,772

Percent of fire departments with an ISO rating of 8 or better-60%

Number of fire districts statewide-369

#### **2011 Accomplishments**

The bureau calculated and distributed over 43 million dollars for the Fire Protection Fund to 369 municipal and county fire departments. Also over 1.3 million dollars was distributed and awarded for the Fire Protection Grant Fund for fire department capital equipment purchases.

### **FIRE CODE ENFORCEMENT BUREAU**

The Fire Code Enforcement Bureau provides for the life safety of the public and the reduction of property losses by inspecting public occupancies for compliance with fire and life safety codes. The effort to assure that public buildings are within a safe range from initial plan reviews to final inspection before occupancy is allowed and continues with periodic inspections. Priorities are given to buildings

where large numbers of people gather and special conditions exist, such as schools, theaters, and hospitals. Special activities, including inspection of above ground flammable liquid storage tanks and the regulation of fireworks sales, are the responsibility of the Fire Code Enforcement Bureau.

### **Performance Measures**

Number of inspection hours-34,772

### **2011 Accomplishments**

The Bureau was successful in inspecting all public schools and is now within an inspection requirement to inspect all schools within a two year period. Inspections grew to over 34,000 inspection hours.

### **FIRE INVESTIGATION BUREAU**

The Fire Investigation Bureau has certified investigators on call 24 hours a day. They are tasked to respond to all fires involving state property and are available to local fire authorities when the fire origin and cause are undetermined or arson is suspected. In cases with an indication of arson the investigators will assist local and state law enforcement agencies with the collection of evidence and the possible prosecution of suspects.

### **Performance Measures:**

Percent of counties and municipalities participating in the Arson Task Force or partnerships with the State Fire Marshal: 74%

### **2011 Accomplishments**

The bureau conducted over 200 investigations statewide. The bureau has continued to foster a strong working relationship with the Insurance Fraud Bureau, the New Mexico State Police, the Federal Bureau of Alcohol, Tobacco and Firearms and several insurance companies in New Mexico. The bureau completed the capital project to erect and construct and evidence processing building on the Firefighter Training Academy campus in Socorro.

### **FIREFIGHTER TRAINING ACADEMY**

The Firefighter Training Academy Bureau operates the state fire academy in Socorro, New Mexico. The bureau offers over 80 courses ranging from entry to advanced management for chief officers. In addition to fire suppression classes, there are courses in technical rescue, hazardous materials, terrorist



response, instructor qualifications and business management. The bureau also provides courses in specialized training through partnerships with the Federal Emergency Management Agency and the National Fire Academy. The academy's certification programs are accredited by the International Fire Service Accreditation Congress.

Classes are conducted throughout the state, as well as on the Socorro campus. Some larger fire departments, with their own local academies, also send their students to the state's facility to use the specialized burn props for the most realistic training experience possible. Although the majority of students are members of municipal and county fire departments, many students come from other states, tribal entities, the Federal Government, Mexico and private sector.

**Performance Measures:**

Number of training contact hours-137,096

Number of personnel completing training-3,264

Pass rate for state certification exams-81%

**2011 Accomplishments**

The academy conducted over 300 courses statewide and was recently re-accredited by the International Fire Service Accreditation Congress. The academy is providing more courses and trainings to all fire departments statewide provide up to date fire training procedures. The academy is now looking at the prospect of providing training in wildfire suppression and management training which will help when local fire departments are called to fight wildfires within their county lines.

## **PIPELINE SAFETY BUREAU**

The Pipeline Safety Bureau (PSB) enforces Federal and State Pipeline Safety Regulations and Excavation Damage Prevention rules in order to provide for the safety of the citizens of New Mexico. Through a partnership arrangement with the US Department of Transportation Pipeline Hazardous Material Administration, the Pipeline Safety Bureau is responsible for safety compliance inspections and enforcing state and federal pipeline safety regulations on interstate gas and hazardous liquid pipeline facilities. That includes private and municipal gas distribution systems, master meter gas systems, LGP systems, transmission systems and jurisdictional gathering lines.

### **2011 Accomplishments**

The Pipeline Safety Bureau continues to promote the national “Call Before You Dig” program by educating New Mexico residents to call “811” before you dig. The Pipeline Safety Bureau budget has grown to over 1.8 million dollars receiving on average 67% federal Pipeline Safety funds to support the ongoing efforts to ensure that underground pipelines are inspected and in good condition. The Federal Pipeline Hazardous Material Administration has continued to enhance the federal pipeline requirements thus increasing the federal funding available to state. The State Legislature has also passed a Statewide Damage Prevention Program which has increased the on call status of the PRC Pipeline Safety staff who will be the first responders to any pipeline explosion. The PSB has also increased its education and training hours to meet the new federal pipeline safety requirements.

## **INSURANCE DIVISION**

Many new developments have arisen affecting the regulation of the Insurance Division in the United States and New Mexico. Congress has moved for more federal regulations of insurance prompted by the industry's request for uniformity and speed-to-market initiatives. In order to meet these needs, the Division of Insurance (DOI) has implemented its own speed-to market initiatives by working to promote and support legislation to improve these measures in New Mexico.

DOI's mission is to provide solid regulatory framework for an efficient, safe, fair and stable insurance market in New Mexico for the benefit and protection of all New Mexicans. The DOI seeks to promote an insurance market in New Mexico that provides our individuals and business consumers with access to reliable insurance products, which meet their needs and are underwritten by financially sound insurers that charge competitive rates and are represented by qualified insurance agents.

## **INSURANCE CONSUMER PROTECTION & ENFORCEMENT**

Everyone in New Mexico is affected by risk or the uncertainty of an unforeseen occurrence or loss, in one way or another. Individuals, businesses and other organizations face various risks in their different activities. Insurance protects them from these risks that affect their property, lives and health.

## **EXAMINATIONS**

The Examinations Bureau reviews all insurance company financial statements filed with the Insurance Division. The Chief Examiner coordinates an internal solvency review team, consisting of actuaries and financial reviewers, to review annual and quarterly statements filed by New Mexico domestic and foreign companies to plan examination activities. The Examinations Bureau also conducts periodic financial and market conduct examinations of domestic and foreign insurance companies as well as special target exams.

The bureau's objectives are to adopt required exams before their due date, assist the Superintendent in designing a market analysis tracking system to support the consumer enforcement program and coordinate activities among multiple bureaus.

## **INSURANCE FRAUD**

The Insurance Fraud Bureau assists the Superintendent in investigating and prosecuting insurance fraud under the New Mexico Insurance Code by working with state, local and federal law enforcement and regulatory agencies.

The bureau has processed and recommended 81.5% of all complaints for either further administrative action or closure. The bureau's goals are to: continue to enhance the case tracking and document production information system and continue to enhance the procedures to support the application. Continue the growth in the arson investigation program, assist the Superintendent in educational outreach to raise public awareness of insurance fraud and assist the Superintendent in continued efforts to develop a consumer enforcement program by coordinating activities with the Consumer Relations

Division, Legal Division, and Managed Healthcare, Investigations, Title, Workers Compensation, and Examinations Bureau.

The Fraud Bureau strives to ensure that all complaints are processed and recommended for either further administrative action or closure within 60 days.

## **INVESTIGATIONS**

The Investigations Bureau provides investigative services in determining whether a licensed insurance company or agent has complied with the New Mexico Insurance Code. This section focuses on trends within the industry which might indicate a potential violation.

The objectives of this bureau are to continue to strengthen the administrative investigation manual and enforce definition of the investigation's role within the market analysis approach of the Consumer Protection & Enforcement Program. Obtain administrative investigator training and certification; assist the Superintendent in designing an information database system to support the consumer enforcement program.

## **MANAGED HEALTHCARE**

The Managed Healthcare Bureau (MHCB) assists the Superintendent in administering and enforcing the Patient Protection Act, which is part of the New Mexico Insurance Code, and DOI rules. The bureau provides support to New Mexico managed healthcare consumers with their inquiries and complaints. The staff conducted 112 outreach presentations throughout the state to inform consumers and providers of their Patient Protection Act rights. The staff is responsible for administering the external grievance reviews and hearings, administrative enforcement and rulemaking actions as directed by the Superintendent. Currently 100% of all grievances are closed within 180 days.

## **TITLE INSURANCE**

The Title Insurance Bureau assists the Superintendent in regulating the title insurance industry of New Mexico through ratemaking, rulemaking, title plant inspections and administrative enforcement.

The Title Bureau continues to be successful in completing over 30 title plant inspections throughout New Mexico and assists with the annual title hearings dealing with rates and rules and enforcement action resulting from examinations of title insurers and agents.

## **WORKERS COMPENSATION**

The Workers Compensation Unit assists the Superintendent in regulating workers compensation insurance companies, carriers, and agents, in conjunction with other state and federal agencies such as the Workers Compensation Administration and OSHA.

The Workers Compensation Unit continues to strive to expand the Appeals Board Authority to expedite the resolution process of worker grievances. The Unit achieved a 33% reduction in workers compensation accident frequency through counseling advice and training. The Unit is continuing to

enhance the safer workplace initiatives that will help to reduce workplace accidents and foster a better safer workplace.

## **LICENSING, FORM AND RATE REVIEW**

### **COMPANY LICENSING**

The Company Licensing Bureau's function is to review applications for domestic, foreign, and alien insurance companies. The Bureau also reviews applications for Insurance Premium Finance Companies, Motor Clubs, Purchasing Groups, Advisory Organizations, Risk Retention Groups, Service Contract Providers, Surplus Line Insurers, and Viatical Settlement Providers. The Company Licensing Bureau measures its success by having 100% of company certificates of authority applications and registrations processed within 180 days. The Bureau is also responsible for the surplus lines premium taxes and filings.

The Unit's objectives are to monitor and improve the company licensure process to exceed the applicable performance measure targets; improve information systems and reporting to the NAIC; develop on-line filing capabilities; automate manual procedures; and develop and implement an automated telephone system.

### **AGENTS LICENSING**

The Agents Licensing Bureau processes the licensing, renewal, and continuing education monitoring and associated fee collections for over 90,000 agents, brokers, adjustors, bail bondsmen, and over 5,000 insurance agencies transacting the business of insurance in New Mexico.

Non-resident producers and business entities can now apply electronically for licenses, appointments, renewals, and cancellations. After review and approval by Agent Licensing staff, the license is mailed directly to the applicant at the address provided on the application. Applying electronically is faster and less costly to the producer. The option to apply by paper is still available.

### **PROPERTY AND CASUALTY INSURANCE**

The Property and Casualty Rate and Form Unit assists the Superintendent in the reviewing and approving, where mandated, property and casualty policy forms to ensure compliance with the New Mexico Insurance Code and DOI rules. The Bureau also assists the Superintendent in responding to consumers in outreach and complaint activities related to property and casualty insurance products and rates.

### **LIFE AND HEALTH INSURANCE**

The Life and Health Rate and Form Filing Unit assists the Superintendent in reviewing and approving all life and health forms and health insurance rates to ensure compliance with the New Mexico Insurance Code and Division of Insurance rules.

The Bureau met its performance measures in 2011 achieving 100% of all forms and rate filings being processed within 90 days. The bureau has improved its interaction with NAIC databases and SERF with the NM IDEAL system enabling the bureau to assist consumers more efficiently and timely. All consumer complaints are responded to within 24 hours with a resolution.

## **INSURANCE BUDGET AND FINANCE**

### **FINANCIAL AUDIT**

It is the duty of the budget team to prepare the Division of Insurance budget projections by coordinating with the NMPRC Administrative Service Division, Department of Finance and Administration and the Legislative Finance Committee to establish the Insurance Operation Fund. This fund was designed to financially support insurance operations to accomplish operational restructuring, information technology, and policy goals.

### **INSURANCE REVENUE AUDIT AND PROCESSING**

The Revenue Process Unit collects premium taxes and assessments as well as audits insurance companies' financial statements to ensure that the premium taxes collected are accurate. This section reconciles 100% of all DOI revenues and ensures that the insurance revenues are distributed to the appropriate funds. This Unit also processes the Patient Compensation Fund (PCF) revenue collections. Annually this unit collects over 300 million dollars in revenue for the State of New Mexico.

This unit has been successful in fostering solid communication with the NMPRC Administrative Services Division as well as continued to enforce and enhance the revenue collection processes used to ensure that revenues are collected and deposited timely and within the right funds.

NM IDEAL= New Mexico Insurance Division

NAIC= National Association of Insurance Commissioners

SERF= System for Electronic Rate Form and Filing

## **GENERAL COUNSEL**

The Office of the General Counsel (OGC) serves as legal counsel to the Commission, and provides legal advice and assistance to the Commission on matters such as rulemakings and adjudicatory proceedings pending before the Commission. The Office of General Counsel also provides drafting and review of all contracts between the Commission and third party vendors, and litigation involving the Commission pending in federal and state courts and agencies.

### **2011 ACCOMPLISHMENTS AND PERFORMANCE MEASURES**

OGC ensures that the Commission meets any and all statutory deadlines applicable to cases pending before the Commission. In 2011 the Commission processed 100% of all docketed cases within the statutorily allowed time. The total number of docketed cases heard and completed by the Commission in 2011 was 422 cases. It took the Commission 215 days on average to conclude a final order on rate cases.

OGC continues to meet and exceed its goals and objectives for the Commission and provide vital, technical legal advice to the Commission in order for the Commission to make sound decision on all cases pending their approval.

## **HEARING EXAMINERS**

Hearing Examiners Bureau serves as administrative law judges or adjudicators in the cases assigned to them by the Commission. The Chief Hearing Examiner is appointed by and reports to the Commissioners. Hearing Examiners set hearings and conferences, establish procedures and details for the conduct of proceedings, ensure that a full and adequate record is established, make rulings on procedural and evidentiary matters, conduct hearings, admit evidence into the record, analyze evidence, briefs and applicable laws, rules and orders; issue recommended decisions, including finding of fact, conclusions of law and ordering paragraphs; and utility stipulations negotiated by parties to the Commission.

## **2011 ACCOMPLISHMENTS**

The Hearing Examiners have been instrumental in guiding the Commission to close out over 200 old cases and have streamlined the docketed cases loads pending in front of the Commission. The Hearing Examiners have been able to negotiate on behalf of the Commission several rate cases including presiding over and completed a settlement agreement on the PNM rate increase. Many cases come before Hearing Examiners in order to compile public comment and ensure that all parties have had a say in the process of rate hearings and cases. The Hearing Examiners have helped to ensure that 405 docketed cases were opened in 2011 and have pushed to guide the Commission in reaching 100% of docketed cases being closed in 2011. Most transportation cases have been brought to the Hearing Examiners who have helped to expedite and facilitate agreed upon settlements to several cases prior to being approved by the Commission enable cases to move more efficiently and timely. Several utility cases have been brought to the stand of the Hearing Examiners who have heard testimony by consumers, rate payers and companies alike to ensure that all evidence presented on any case is heard and placed on record. The Hearing Examiners will continue to make strides in guiding the Commission to meet its statutory requirements and push to close as many docketed rate cases as possible to ensure that the regulated companies and consumers in New Mexico have a fair and positive impact to the vital services provide to residents and guest of New Mexico.



## **LEGAL DIVISION**

The Legal Division represents the public interest positions and recommendations of the staff of all PRC divisions in matters before the Commission and before the Superintendent of Insurance and provides professional, competent legal advice. As attorneys, it is also Legal Division's ethical responsibility to assist in safeguarding the integrity of Commission proceedings. One of the most important aspects of Legal Division's role is to ensure that the rights of the parties to the Commission proceedings, including their due process rights, are protected. In addition, the Legal Division attorneys assure that the positions taken by members of the staff comply with legal requirements, and carefully consider Commission policy.

Although each lawyer has developed special expertise in one or more areas of practice, the Division actively employs interdisciplinary training and case assignment, across more than one area of expertise, so that each lawyer has the opportunity to develop competence and experience in various areas. Since its attorneys must litigate against in-house counsel from multi-state corporations, nationally recognized expert witnesses, and experienced lawyers from private law firms both inside and outside New Mexico, experienced and knowledgeable staff counsel is vital. The attorneys in the Legal Division average 23 years practicing law, with an average of 14 years devoted to government and or regulatory experience.

## **2011 ACCOMPLISHMENTS**

The Legal Division attorneys have assisted the Commission staff in presenting a variety of meaningful testimony such as the 2011 PNM rate increase and the Kit Carson rate increase. The Legal Division has also been instrumental in guiding the decisions of the Superintendent of Insurance and the Utility staff on water and telecommunication cases. The Legal Division had also been instrumental in providing legal advice and counsel to the agency concerning Human Resource actions and litigation.

## **PUBLIC INFORMATION OFFICER**

The Officer of the Public Information Officer strives to fulfill the goals and mission of the Commission by promoting a positive awareness to the public of the Public Regulation Commission. The PIO provides public information guidance to all divisions and serves as a liaison between the Commission, the divisions and staff and various media outlets.

With the Public Information Officer, the Commissioners are informed of media inquiries beyond those of a very general nature. The PIO distributes press releases about Commission actions, district constituency meetings, rule making and public hearings to all New Mexico print, TV, and radio media, and media located in Texas serving New Mexico. The PIO serves to answer media questions and provide the media with information about the Commission and the functions of the agency.

The PIO has made huge strides in 2011 to provide vital information to the residents and consumers of New Mexico. The PI in 2011 was instrumental in providing a quick response through the media concerning the natural gas outage in February as well as the Las Conchas Fire in Las Alamos. The PIO provide responses numbers and assistance guidance to consumers in need of information.

## **NATIVE AMERICAN LIAISON**

The Public Regulation Commission's Native American Liaison works to foster a government to government relationship between the Commission and New Mexico Indian Tribes. The Native American Liaison visits regularly with tribal governments to assess tribal concerns and identify tribal interests as they relate to PRC public policy initiatives. The Native American Liaison advises the Commission and Division Directors about issues and challenges affecting pueblos, the Navajo Nation, Jicarilla Apache Nation and Mescalero Apache Tribe.

The NAL will continue to improve communications and build relationships between all 22 Indian Pueblos and Tribal Nations, and the PRC to ensure they will have a voice in decisions made by the PRC on regulated entities affecting their sovereign nations.

## **ADMINISTRATIVE SERVICES DIVISION**

The Administrative Services Division (ASD) provides support and customer services to all the division and programs of the Public Regulation Commission. Those services include general, financial and human capital management, capital assets oversight, records management, corporations processing, and information technology systems. The Administrative Services Division is composed of five bureaus: Budget and Finance, Human Resources, Information Technology, Records Management, and Corporations.

### **MISSION**

To provide and deliver guidance, assistance, information and expertise in the areas of administrative support to the Commission, all our divisions and corporate customers, in an efficient, positive and professional manner to ensure the PRC meets statutory, regulatory and internal administrative requirements.

## **BUDGET AND FINANCE**

The Budget and Finance Bureau facilitates the agency's fiduciary responsibilities and is accountable for maintaining the financial business of the Public Regulation Commission. In 2011 the Budget and Finance Bureau earned an unqualified audit opinion on its external financial compliance audit. The Budget and Finance Bureau, in 2011, maintained fiscal responsibility of the PRC expenditure, by keeping costs down and still maintaining all statutory requirements of the PRC.

## **INFORMATION TECHNOLOGY**

The Information Technology Bureau facilitates technical infrastructure management and end user support to assist the agency in accomplishing the mission of the PRC. The ISB supports information technology network infrastructure including application support and development, end user support and training, and maintains a high level of security assuring PRC data integrity. In 2011 the ISB was instrumental in launching a new PRC website which allows consumers to see more information and the PRC to be more transparent in its work. The ISB has made strides in moving the Corporations Bureau to a new Corporation data process database and had been moving to develop the Insurance Division Federal Rate Review Grant providing consumer friendly website to view and interpret insurance rate review process.

## **RECORDS MANAGEMENT**

The Records Management Bureau is responsible for retaining, managing and safeguarding all original case filings produced by the various Divisions of the Public Regulation Commission. The Bureau is also responsible for document reproduction and archival management of all records produced within the Commission.

## **CORPORATIONS BUREAU**

The Corporations Bureau is responsible for verifying and processing all new corporations in New Mexico and process and updates all annual and bi-annual corporation reports to ensure that corporations are running in good standing with the State of New Mexico.

The Corporations Bureau went through a lot of transition in 2011 losing several staff members due to retirements thus losing a lot of institutional knowledge. The Corporation Bureau also under took the conversation of a new Corporation processing database that will eventually allow corporations to file and pay their annual and bi-annual reports online. The endeavor is ongoing and will continue to provide a more efficient and effective process of corporation in New Mexico providing a better more customer friendly method of servicing the corporations of New Mexico.

## **2011 ACCOMPLISHMENTS**

The Administrative Services Division accomplished a lot of goals in 2011 maintaining an unqualified opinion on its financial audit, achieving a new more user friendly PRC website that provides more transparency and information to the public, and navigating into a new Corporation process database that will provide online payment and filing of corporate filings thus making it easier and more user friendly for customers of the Corporation Bureau.

**PRC DIRECTORY**

| Staff Member   | Division/Bureau                      | Phone Number   |
|--|--------------------------------------|--|
| Johnny Montoya   | Chief of Staff                       | 505-827-4433   |
| Matthew Lovato   | Administrative Services Director/CFO | 505-827-4042   |
| John Standefer   | State Fire Marshal                   | 505-476-0173   |
| Roy Stephenson   | Utility Director                     | 505-827-6960   |
| Larry Lujan  | Transportation Director              | 505-827-4290   |
| Carol Rising   | Legal Director                       | 505-827-4111   |
| Robert Hirasuna  | General Counsel                      | 505-827-4477   |
| William Herrmann   | Chief Hearing Examiner               | 505-827-6926   |
| John Franchini   | Superintendent of Insurance          | 505-827-4299   |
| Jim Williamson   | Consumer Relations Director          | 505-827-4661   |
| Reyes Romero   | Fire Academy Director                | 575-835-7503   |
| Jason Montoya  | Pipeline Safety Bureau Chief         | 505-476-0253   |
| David Barton   | Insurance Division Legal Counsel     | 505-827-4645   |
| Kenny Ortiz  | Insurance Budget Director            | 505-827-4596   |
| Craig Dunbar   | Deputy Superintendent                | 505-827-4465   |
| Ben Montoya  | Insurance Fraud Bureau Chief         | 505-476-0569   |
| Vacant   | Title Insurance Bureau Chief         | 505-827-4536   |
| Mark Jordan  | Insurance Chief Examiner             | 505-827-4655   |
| Arthur Bishop  | Public Information Officer           | 505-827-4446   |
| Vacant   | Native American Liaison              | 505-476-0319   |
|  |                                      |  |
| PRC PERA Building<br>1120 Paseo De Peralta<br>Santa Fe, NM 87504 | PRC WORKING FOR YOU<br>1-888-4-ASK   | Firefighter Training Academy<br>200 Aspen<br>Socorro, NM 87801 |

