



PUBLIC REGULATION COMMISSION
ANNUAL REPORT 2013

CONTENTS

03	COMMISSIONERS
04	COMMISSION LETTER
05	STAFF CONTACT INFORMATION
06	REGULATION MATRIX
07	ORGANIZATIONAL CHART
08	CONSUMER RELATIONS DIVISION
09	UTILITIES DIVISION
12	TRANSPORTATION DIVISION
13	PIPELINE SAFETY BUREAU
14	ADMINISTRATIVE SERVICES DIVISION
15	STATE FIRE MARSHAL
17	LEGAL STAFF

COMMISSIONERS

KAREN L. MONTOYA

DISTRICT 1

1120 PASEO DE PERALTA
SANTA FE, NM 87504-1269
505.827.8015/888.427.5772
KAREN.L.MONTOYA@STATE.NM.US

PATRICK H. LYONS

DISTRICT 2

1120 PASEO DE PERALTA
SANTA FE, NM 87504-1269
505.827.4531/888.427.5772
PATRICK.LYONS@STATE.NM.US

VALERIE ESPINOZA (VICE-CHAIR)

DISTRICT 3

1120 PASEO DE PERALTA
SANTA FE, NM 87504-1269
505.827.4533/888.427.5772
VALERIE.ESPINOZA@STATE.NM.US

THERESA BECENTI-AGUILAR

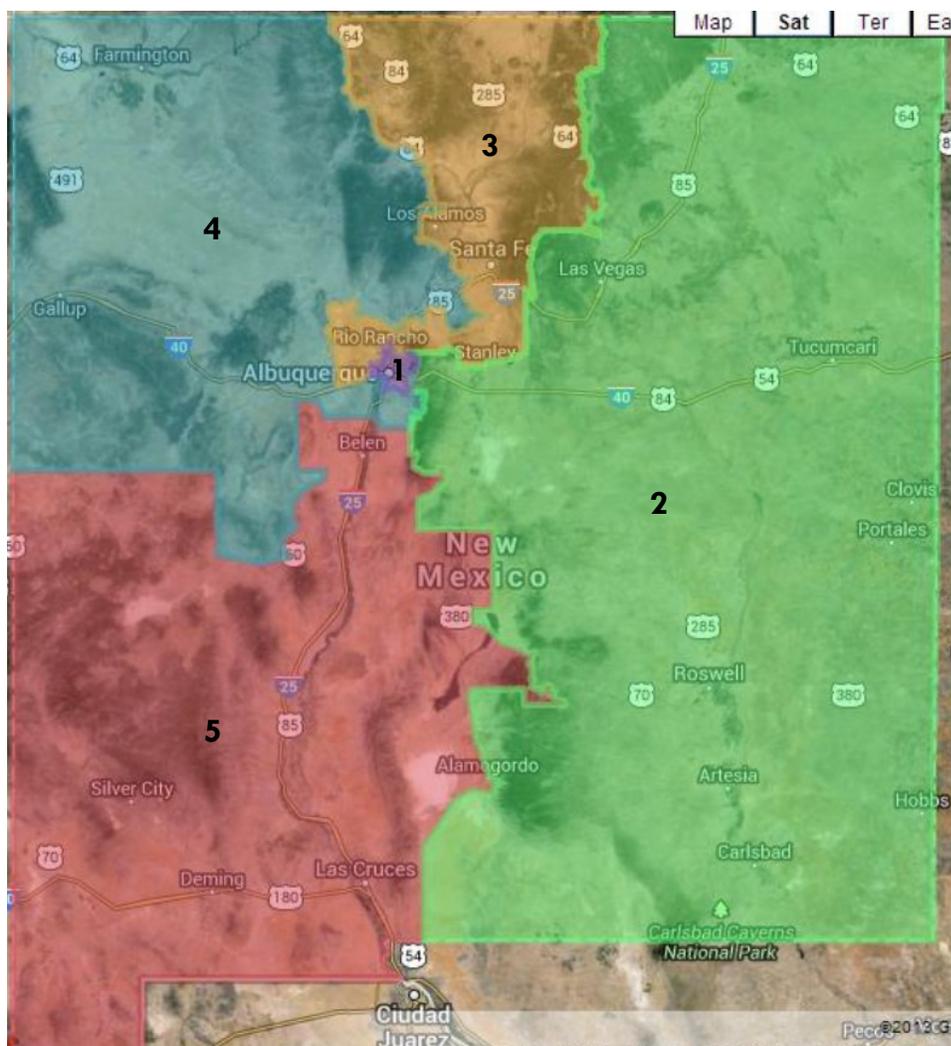
DISTRICT 4

1120 PASEO DE PERALTA
SANTA FE, NM 87504-1269
505.827.8019/888.427.5772
T.BECENTI@STATE.NM.US

BEN L. HALL (CHAIR)

DISTRICT 5

1120 PASEO DE PERALTA
SANTA FE, NM 87504-1269
505.827.8020/888.427.5772
BEN.HALL@STATE.NM.US



DISTRICT MAP

COMMISSION LETTER

Dec. 1, 2013

Citizens of New Mexico
Members of the New Mexico Legislature
Gov. Susana Martinez

The New Mexico Public Regulation Commission is pleased to present its 2013 Annual Report. This document provides a detailed summary view of the PRC's activities over the past fiscal year.

The PRC is perhaps the most complex agency in state government. Across its bureaus and divisions, its engineers, economists, attorneys and inspection agents work tirelessly, and often in conjunction, to provide just and reasonable solutions to New Mexico's most important utility, transportation, fire safety and pipeline safety issues. Virtually every citizen in the state is affected to some extent by the work of the PRC.

In 2013, the PRC has achieved significant results in each of its practice areas. For instance, the PRC Consumer Relations Division saved consumers in New Mexico more than \$760,000 through complaint resolution, mostly working with electric utilities and telephone providers. The PRC Utilities Division has handled several multi-million dollar rate cases involving the state's investor-owned utilities, a large energy efficiency case for Public Service Company of New Mexico and is poised in early 2014 to review the \$950 million sale of the New Mexico Gas Company to Tampa Electric Company. Additionally, inspectors from the PRC's Pipeline Safety Bureau and the State Fire Marshal's Office logged more than 20,000 hours in the field this year.

The past year also saw a major revision to the PRC's business structure. Following several voter-approved amendments to the state's constitution, the PRC's Corporations Bureau and the New Mexico Division of Insurance were separated from the agency July 1. Through a collaborative effort between the two departments, the Commission and PRC leadership, the transition to a more streamlined agency was completed seamlessly.

The PRC continues to move forward in a positive, productive and responsible manner, while carrying out our statutory charge. We are looking forward to a successful close to our current year and to the challenges that lie ahead in 2014. Most importantly, we will remain committed to upholding our constitutional obligation to provide ever-improving services to taxpayers and the industries we regulate.

Sincerely,

PRC Commissioners

STAFF CONTACT INFORMATION

S. VINCENT MARTINEZ, CHIEF OF STAFF

505.827.4433/888.427.5772
SVINCENT.MARTINEZ@STATE.NM.US

**JIM WILLIAMSON, DIRECTOR
PRC CONSUMER RELATIONS DIVISION**

505.827.4661/888.427.5772
JIM.WILLIAMSON@STATE.NM.US

**DWIGHT LAMBERSON, DIRECTOR
PRC UTILITIES DIVISION**

505.827.4001/888.427.5772
DWIGHT.LAMBERSON@STATE.NM.US

**RYAN JERMAN, DIRECTOR
PRC TRANSPORTATION DIVISION/
PIPELINE SAFETY BUREAU**

505.827.4290/888.427.5772
RYAN.JERMAN@STATE.NM.US

**MATTHEW LOVATO, DIRECTOR
PRC ADMIN. SERVICES DIVISION**

505.827.4042/888.427.5772
MATTHEW.LOVATO@STATE.NM.US

**JOHN STANDEFER, STATE FIRE MARSHAL
STATE FIRE MARSHAL'S OFFICE**

505.476.0173/888.427.5772
JOHN.STANDEFER@STATE.NM.US

**MICHAEL SMITH, GENERAL COUNSEL
PRC OFFICE OF GENERAL COUNSEL**

505.827.4477/888.427.5772
MICHAELC.SMITH@STATE.NM.US

**PATRICK LOPEZ, DIRECTOR
PRC LEGAL DIVISION**

505.827.6993/888.427.5772
PATRICK.LOPEZ@STATE.NM.US

ARTHUR BISHOP, PIO

505.827.4446/888.427.5772
ARTHUR.BISHOP@STATE.NM.US

PRC MAILING ADDRESS:

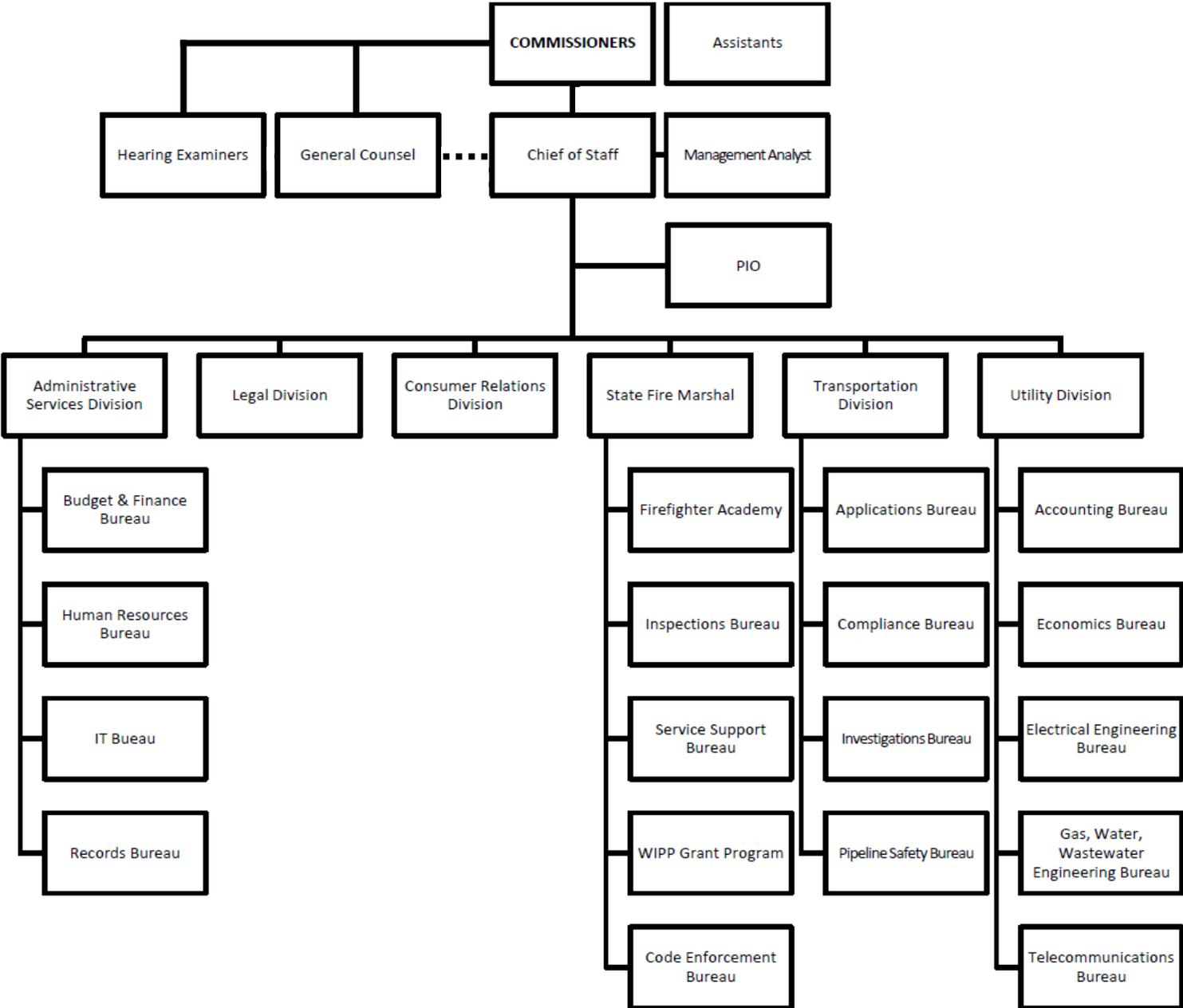
1120 PASEO DE PERALTA
P.O. BOX 1269
SANTA FE, NM 87504

REGULATION MATRIX

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.

REGULATED ENTITY	MARKET ENTRY	RATES	SERVICE QUALITY	SAFETY	COMPLAINTS
Electric Utilities ¹	X	X	X	X	X
Natural Gas Utilities ¹	X	X ²	X	X	X
Water Utilities & Sewer ¹	X	X	X	X	X
Telephone ILECs	X	X	X		X
Telephone CLECs			X		X
Long Distance Carriers					X
Wireless Companies					X
Motor Carriers, including: taxis, buses, limousines, shuttle services, wreckers, ambulances and household movers	X	X			
Pipelines				X	
Excavators				X	
Underground Facility Owners				X	
State Fire Marshal (Inspection of Public Buildings)				X	
¹ Excludes utilities owned by a local government or mutual domestic water association.					
² The PRC sets rates for gas transmission and distribution, the price of gas itself is market based.					

ORGANIZATIONAL CHART



CONSUMER RELATIONS DIVISION

The Consumer Relations Division (CRD) serves as the agency’s primary point of contact for consumers with inquiries and complaints related to companies regulated by the PRC. The division focuses on two key areas: utility and transportation complaints. CRD’s compliance officers assist New Mexico residents with disputes in an effort to resolve consumer issues in a fair and timely manner. CRD compliance officers utilize mediation and alternative dispute resolution methods to solve these problems.

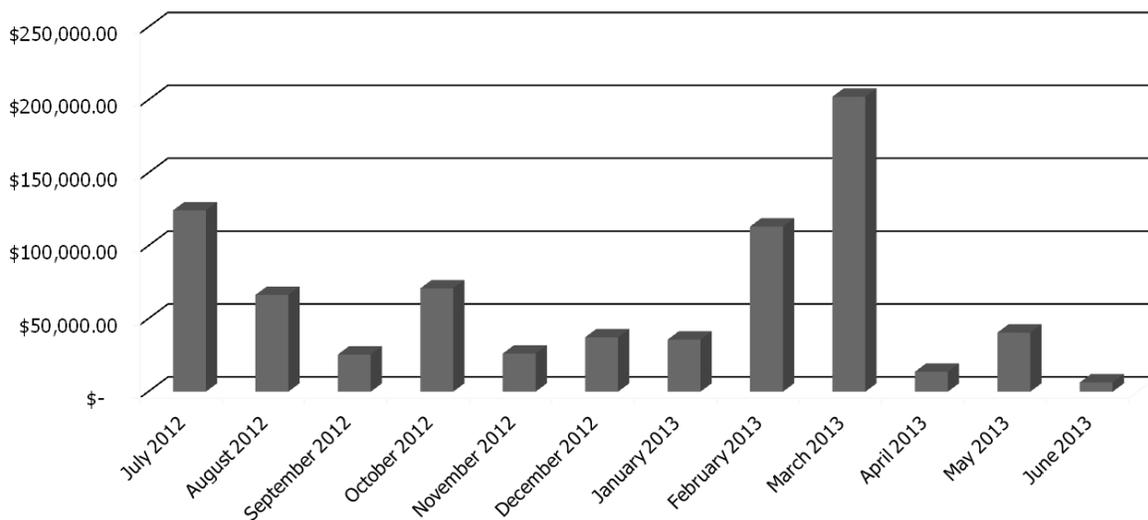
CRD compiles complaint information and develops data to advise the Commission on consumer related issues and trends. The division also assists the Commission to develop and implement consumer policies and consumer education and outreach programs. The division also works closely with the consumer protection division of the New Mexico Attorney General’s Office and the Governor’s Constituent Services Office to ensure proper resolution of consumer inquiries and complaints.

FY-13 BUDGET PERFORMANCE MEASURES

Dollar amount of credits and refunds obtained for consumers in New Mexico through complaint resolution:

FY13 Target	\$1,034,500
FY13 Result	\$762,100*

Money Saved for consumers



*Transition of the Corporations Bureau and Insurance Division to separate agencies on July 1 had a significant impact on the number of complaints received.

UTILITIES 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.

2013 Activities

In 2013 the Utility Division was very busy with a large variety of cases. Southwestern Public Service Company (SPS) filed a rate case requesting a \$46 million increase in revenues. That case is now before a hearing examiner pending a recommended decision. Tri-State Generation and Transmission Cooperative, Inc. filed a rate increase which was protested by New Mexico electric cooperatives and suspended for commission review. That review of Tri-State's rate increase is ongoing. There are several right of way cases that involve the electric cooperatives, primarily Jemez Mountains Electric Cooperative and a number of Native American Pueblos. These cases are complex and involve the allocation of right of way costs associated with transmission and distribution lines in the pueblo lands. The renewable energy and energy efficiency filings continue annually. The Commission has entertained a number of rule makings in 2013, including a revision to the Renewable Energy Rule and the development of an energy efficiency rule. In telecommunications the New Mexico Rural Universal Service Fund Rule has been undergoing revisions that will impact which rural telecommunications providers will have access to the fund and how much they can receive. Century Link filed an effective competition case this year and won part of that.

2014 Activities and Filings to Come

In addition to cases already filed with the Commission, these are some anticipated filings:

Public Service Company of New Mexico has indicated that it plans to make a filing associated with the shutdown of two San Juan units. This will be a complex filing to request additional generation to replace some of the generation to be lost as a result of the shutdown, requests for cost recovery of costs associated with the shutdown and approval of costs associated with required environmental improvements to the remaining San Juan units.

- The continuation of the Tri-State rate filing.
- An SPS rate filing and an SPS financing case, as well as an El Paso Electric rate filing.
- The Tampa Electric Company filing to purchase New Mexico Gas Company.
- A rate filing by Raton Natural Gas Company.
- The compulsory renewable and energy efficiency filings.
- A host of Eligible Telecommunications Carrier Certification filings.

In addition to the list above, Utility Division staff will also be tracking legislation affecting the PRC and its regulatory responsibilities, pursuing compliance issues that frequently involve small water utilities, processing customer complaints that involve a host of issues from billing to service quality, and handling the miscellaneous investigations that come about as a result of regulating utilities.

FY-13 BUDGET PERFORMANCE MEASURES

Comparison of average commercial electric rates between major New Mexico utilities and selected utilities in regional western states:

FY13 Target +/- 4 percent

FY13 Result -2.20 percent

Amount of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers:

FY13 Target 10 percent

FY13 Result 8.6 percent

Terms of natural gas saved as a results of utility energy efficiency programs:

FY13 Target 300,000

FY13 Results 425,322

Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states:

FY13 Target +/- 5 percent

FY13 Result 1.10 percent

Kilowatt hours of electricity saved as a result of utility energy efficiency programs:

FY13 Target 100,000,000

FY13 Result 108,693,258

FY-13 BUDGET PERFORMANCE MEASURES CONTINUED

Cases/Year	2009	2010	2011	2012	2013	Total	Avg.
Cases Docketed	89	96	82	104	91	462	92.4
Renewable	4	6	4	6	4	24	4.8
Efficiency	4	6	4	4	2	20	4.0

Case Type/Year	2009	2010	2011	2012	2013	Total	Avg.
CCN/Transfer...	1	5	5	5	9	25	5.0
Compliance	19	18	12	12	13	74	14.8
Finance	1	5	3	5	3	17	3.4
Investigation	6	3	7	5	4	25	5.0
Rate	5	8	4	9	6	32	6.4
Renewable & Eff.	8	12	8	10	6	44	8.8
Rulemaking	4	2	1	7	1	15	3.0
Telecom	16	14	13	16	19	78	15.6
Utility/Other	29	29	29	35	30	65	30.4
Total	89	96	82	104	91	462	92.4

TRANSPORTATION DIVISION

The Transportation Division 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 division serves as both advocacy and advisory staff to the PRC depending on the type of case. The division is organized into three bureaus:

- Applications Bureau
- Motor Carrier Compliance Bureau
- Pipeline Safety Bureau
- Investigations Bureau

FY-13 BUDGET PERFORMANCE MEASURES

Number of formal complaints processed by the Transportation Division:

FY13 Target	75
FY13 Result	2

Investigations/Type	Total
Motor Carrier Investigations	49
Formal Complaints	2
Docketed Enforcement Cases	4
Motor Carrier Inspections	105
Ambulance Inspections	84
Railroad Inspections	80
Interstate UCR Fees Collected	\$1.2 million
Warrants Issued	179
Certificates Issued	52

PIPELINE SAFETY BUREAU

The Pipeline Safety Bureau (PSB) is part of the PRC Transportation Division and enforces Federal and State Pipeline Safety Regulations and Excavation Damage Prevention rules to ensure the safe transportation of product through pipeline. 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. The PSB is audited annually by the USDOT.

FY-13 BUDGET PERFORMANCE MEASURES

Number of inspection and audit hours performed by the Pipeline Safety Bureau:

FY13 Target	5,000
FY13 Result	4,235

Pipeline Safety Bureau Cases	Total
Docketed Enforcement Cases	2
Rulemakings	1
Pipeline Safety Inspections (Includes MM)	137
Damage Prevention/Pipeline Investigations	1599

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division (ASD) provides support and customer services to all the divisions and programs of the Public Regulation Commission. Those services include general, financial and human capital management, capital assets oversight, records management, and information technology systems. ASD contains four bureaus:

- Budget and Finance Bureau
- Human Resources Bureau
- Information Technology Bureau
- Records Management Bureau

FY-13 BUDGET PERFORMANCE MEASURES

Percent of information technology projects completed within timeframe and budget referenced in information technology project plan:

FY13 Target 100 percent

FY13 Result 100 percent

Percent of fully functional information technology applications systems:

FY13 Target 100 percent

FY13 Result 100 percent

Percent of prior-year audit findings eliminated:

FY13 Target 100 percent

FY13 Result 90 percent

Other:

Fleet management has been centralized under ASD.

In FY13, ASD worked with the Department of Finance and Administration, the State Treasurer, the Secretary of State and staff from the Office of the Superintendent of Insurance to ensure a seamless transition of the Insurance Division and the Corporations Bureau to separate agencies under House Bills 45 and 46.

STATE FIRE MARSHAL

The state Fire Marshal's Office (SFMO) oversees arson investigations and fire code enforcement, provides fire service support, and administers firefighter training at New Mexico's Fire Training Academy in Socorro, NM. These important functions are paramount to citizen safety and effective fire-related leadership.

Firefighters Training Academy The New Mexico Firefighters Training Academy was created through legislative action in 1987. A state-of-the-art facility was constructed in Socorro, and its doors were opened to state firefighters in January 1989. The academy's mission is to meet the needs of a complex and dynamic fire service by providing training programs of the highest quality. The primary objective is to develop the basic and advanced skills necessary for emergency responders to best serve the citizens and guests of New Mexico.

Arson Investigations Fire investigators play a vital role in the battle against arson throughout New Mexico and respond to all requests for assistance from local fire departments and law enforcement agencies. Each investigator is trained in origin and cause, evidence collection, interviewing, fraud investigation and other aspects of criminal investigation. The Fire Marshal's Office is mandated to determine fire origin and cause. Most investigations were turned over to the FBI, BIA, state law enforcement agencies or local authorities for follow-up.

Fire Service Support The State Fire Marshal's Office is responsible for the distribution of monies from the State Fire Fund to Fire Departments who apply and are qualified to receive such funding.

Code Enforcement The International Code Council (ICC) and National Fire Protection Association (NFPA) provide standardized fire codes to the SFMO. The Code Enforcement Bureau ensures occupants of buildings, structures and facilities across the state are safe by enforcing the codes, which help prevent fire and reduce property losses. The two primary codes adopted are the ICC International Fire Code 2003 for new construction and NFPA Fire Prevention Code –1 and the 1997 Life Safety Code – 101 for existing facilities. Other NFPA codes are referenced as needed.

FY-13 BUDGET PERFORMANCE MEASURES

Number of inspection and audit hours performed by the SFMO:

FY13 Target 30,000

FY13 Result 14,658

Percent of fire departments' insurance service office ratings of nine or 10 that have been reviewed by survey or audit:

FY13 Target 100 percent

FY13 Result 100 percent

Percent of statewide fire districts with insurance office ratings of eight or better:

FY13 Target 60 percent

FY13 Results 63 percent

FY-13 BUDGET PERFORMANCE MEASURES CONTINUED

Fire Code Enforcement Bureau:	
Code compliance and systems inspections	932
New construction plans reviews	382
Hours of on-site inspection	7,329
Firefighters Training Academy Bureau	
Courses delivered	334
Total course hours	11,660
Total training hours delivered/Student Contact Hours	132,531
Number of personnel who completed training	4,224
Students awarded state accredited certifications	1,763
Pass rate for state certification exams	87%
Fire Service Support Bureau	
Percentage of fire departments with insurance rating of class eight or better	63%
ISO surveys, feasibility inspections and apparatus specification reviews	250
Fire Investigations Bureau	
Investigations opened	105

LEGAL STAFF

The PRC's legal staff are comprised of hearing examiners, the Office of General Counsel and the Legal Division:

Hearing Examiners The 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.

Office of 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 represents the Commission on appeals before the New Mexico Supreme Court and in litigation involving the Commission pending in federal and state courts and agencies.

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 provides professional, competent legal advice. As attorneys, it is also the division's ethical responsibility to assist in safeguarding the integrity of Commission proceedings. One of the most important aspects of the 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, division attorneys assure that the positions taken by members of the staff comply with legal requirements, and carefully consider Commission policy. The division also drafts and reviews all contracts between the Commission and third party vendors.

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 division average 23 years practicing law, with an average of 14 years devoted to government and or regulatory experience.