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RE: Oppose **HB 156 Low Income Utility Rates**

Mr./Madame Chair and Committee Members:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. We focus on making New Mexico a better place to live and work, with abundant good-paying jobs to provide for our families.

NMBC opposes HB 156 Low Income Utility Rates. SB 156 proposes to redefine low-income customer eligibility for electric utilities and exempt them from certain costs associated with interconnection fees for those who generate their own electricity. While the intent to help low-income households is commendable, this bill introduces significant financial burdens on other utility customers and complicates utility management in ways that could be avoided.

Increased Costs for Other Customers

One of the most concerning aspects of SB 156 is its potential to shift the costs of interconnection onto other residential customers unfairly. This bill effectively reduces the number of customers paying for these services by exempting low-income customers from the costs associated with new interconnections. As a result, the remaining residential customers will be forced to shoulder the financial burden of these costs. The Public Regulation Commission (PRC) has rightly pointed out that this would lead to higher costs for all other residential customers without providing benefits to those not directly affected by the new interconnection rules.

The core principle of utility cost allocation is that each customer class pays for the costs it causes. Exempting a portion of residential customers from their share of interconnection fees undermines this principle and causes an inequitable distribution of costs. Instead of helping the most vulnerable fairly and sustainably, SB 156 would raise electricity costs for the general population, potentially making it more difficult for others to afford their utility bills.

Administrative Burdens and Increased Workload

The bill also introduces unnecessary administrative complications and puts financial strain on other customers. Electric utilities must manage a complex verification process to ensure that customers meet the qualifications for low-income status, including tracking self-attestation forms and proof of enrollment in government programs.

Furthermore, the Health Care Authority (HCA) could face increased calls and visits from customers seeking verification of their low-income status to qualify for these benefits, putting additional strain on an already burdened agency. Given that the HCA already administers programs like Medicaid and LIHEAP, this added workload could overwhelm resources and delay services for other New Mexicans needing assistance.

Alternative Solutions to Help Low-Income Customers

There are far more effective and targeted ways to reduce energy costs for low-income customers without burdening the rest of the population. For example, the federally funded Low-Income Home Energy Assistance Program (LIHEAP), which is already in place, provides direct assistance to eligible households to help cover heating and cooling costs. Additionally, utility companies run programs such as PNM's Good Neighbor Fund, which helps low-income families with electric bills during peak cold months. These programs are direct, cost-effective, and do not require drastic changes to the utility rate structure.

Moreover, the New Mexico Public Regulation Commission already has the authority to approve energy efficiency programs aimed at reducing the energy costs for low-income households. These programs, such as weatherization assistance, energy-saving tools, and rebates for energy-efficient appliances, have been proven to reduce energy consumption by as much as 31% in low-income households. Instead of shifting costs to other customers, expanding these programs would be a more sustainable and equitable approach to supporting low-income families.

Conclusion

While the intention behind SB 156 is to assist low-income customers, the bill's approach will ultimately harm other utility customers by increasing their energy bills. Additionally, it places unnecessary administrative burdens on both utility companies and the Health Care Authority. Rather than exempting low-income customers from their fair share of utility costs, lawmakers should strengthen existing programs that directly support low-income households and expand energy efficiency initiatives. These alternatives are more effective, fair, and sustainable without forcing one group of customers to subsidize another.

For the reasons stated, we oppose HB 156 Low Income Utility Rates and urge you to say 'NO' to its passage.

Thank you for considering my comments,

A handwritten signature in blue ink, appearing to read "Carla J. Sonntag".

Carla J. Sonntag
President and CEO