

ENERGY NEWS

A L E R T

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N.M. Supreme Court Clarifies Important N.M. PRC Authority Over Electric Rates

For the first time, the New Mexico Supreme Court has confirmed that electric rates established by New Mexico electric cooperatives are subject to New Mexico’s Public Regulation Commission’s (“PRC”) review and approval. Prior to this decision, under New Mexico’s Public Utility Act, rural electric cooperatives rates generally went into effect as soon as the cooperative proposed them and without review by the PRC.

In New Mexico, electric cooperatives organized under the Rural Electric Cooperative Act are established with the primary purpose of supplying electric power and energy and promoting and extending the use of electricity in rural areas. These cooperatives have considerable authority that include but are not limited to the powers to: own, operate, lease, or control a plant, property, or facilities for the generation, transmission, distribution, sale, or furnishing of electricity for light, heat, or power; generate, acquire, and transmit electric energy; and distribute, sell, supply, and dispose of electric energy in rural areas to or for its members and the general public.

The New Mexico Supreme Court reached this decision after a cooperative sought reversal of the PRC’s rejection of the cooperative’s proposed 5% increase in electric rates. The Public Utility Act grants the PRC authority to review the reasonableness of the rate increase when number of cooperative members who challenged the increased rates met the statutory threshold.

The New Mexico Supreme found that the New Mexico state legislature authorized the commission to review rates for rural electrical cooperatives because just and reasonable electric rates are a matter of public concern. Second, the Court deferred to the PRC’s discretion and expertise in concluding that increased rates would not benefit the cooperative’s members or ratepayers since the cooperative had not shown a need for the increased revenue.

Given this development in New Mexico, cooperatives will need to develop records to support and justify rate increases and ensure their projects withstand PRC scrutiny. Please contact our team of utility professionals if you need assistance complying with the PRC’s new requirements

¹ *Socorro Elec. Coop., Inc. v. N.M. Pub. Regul. Comm’n*, 2024 N.M. LEXIS 131 (N.M. 2024), available at [Click Here](#)

¹ N.M. STAT. ANN. § 62-15-2.

¹ N.M. STAT. ANN. § 62-15-3(C).