

This rule was filed as NMPSC Rule 360.

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 3 UTILITIES FINANCIAL ACCOUNTING AND REPORTING-GENERAL PROVISIONS
PART 360 PROCEDURES FOR THE AUDIT AND EXAMINATION OF UTILITY BOOKS AND RECORDS OF ACCOUNTS

17.3.360.1 ISSUING AGENCY: New Mexico Public Service Commission [New Mexico Public Regulation Commission].
[Recompiled 12/30/01]

17.3.360.2 SCOPE:
[Recompiled 12/30/01]

17.3.360.3 STATUTORY AUTHORITY:
A. NMPSC Rule 360 [17.3.360 NMAC] is adopted under the authority vested in the Commission pursuant to NMSA 1978, Sections 62-6-1, 62-6-4A, 62-6-14, 62-6-16 and 62-6-17.
B. NMPSC Rule 360 [17.3.360 NMAC] shall apply to all electric, gas, water and sewer utilities subject to the jurisdiction of the Commission, including municipally-owned utilities which have elected to come within the jurisdiction of the Commission pursuant to NMSA 1978, Section 62-6-5.
[Recompiled 12/30/01]

17.3.360.4 DURATION:
[Recompiled 12/30/01]

17.3.360.5 EFFECTIVE DATE:
[Recompiled 12/30/01]

17.3.360.6 OBJECTIVE:
A. NMPSC Rule 360 [17.3.360 NMAC] is intended to formalize the procedures to be followed by the Commission for the audit and examination of the books and records of a utility in order to insure that all utilities subject to the jurisdiction of the Commission are uniformly and correctly maintaining their accounting records in conformance with the Uniform System of Accounts as established and prescribed by the NMPSC Code of Rules and Regulations or as otherwise directed by the Commission.
B. An audit or examination undertaken by the Commission pursuant to Rule 360 [17.3.360 NMAC] is for the purpose of accumulating and evaluating evidence regarding quantifiable accounting information related to a specific utility in order to determine and report on the degree of correspondence between the quantifiable accounting information and the established criteria for the maintenance of that utility's records under the uniform system of accounts as prescribed for such utility.
C. The audit and examination procedures established by this rule are designed to review state utility regulatory information necessary for the Commission to carry out its duties as authorized by the Public Utility Act, NMSA 1978 Sections 62-3-2, et. seq., and are not intended to supersede or duplicate financial audits by any federal or other state regulatory agency which any utility is required to undergo by law.
[Recompiled 12/30/01]

17.3.360.7 DEFINITIONS: Unless otherwise defined the following terms shall have the following meanings for the purposes of these rules of examination and auditing procedures.
A. "Accounts" means the uniform system of accounts for each utility as prescribed by the Code of Rules and Regulations of the New Mexico Public Service Commission [New Mexico Public Regulation Commission] or any other system of accounts maintained by the utility as ordered by the Commission [New Mexico Public Regulation Commission].
B. "Audit" or "Examination" means the process by which evidence is accumulated and evaluated.

C. "Audit report" means the final written report of the auditor's findings concerning the utility's compliance or non-compliance with the uniform system of accounts, and may, but is not required to, include any opinions and conclusions of the auditor in addition to the factual information contained therein.

D. "Auditor" means a member or members of the Staff of the New Mexico Public Service Commission [New Mexico Public Regulation Commission] as defined in the Code of Rules and Regulations of the NMPSC qualified and authorized to perform or assist in the performance of an audit undertaken pursuant to Rule 360 [17.3.360 NMAC].

E. "Evidence" means any information relied upon by the auditor to determine the degree of correspondence between quantifiable information and established criteria for the maintenance of the utility's records under the uniform system of accounts as prescribed for such utility.

F. "Routine audit" means any audit or examination undertaken pursuant to Rule 360 [17.3.360 NMAC], with the exception of Rule 360.7 [17.3.360.12 NMAC] which pertains only to special audits.

G. "Special audit" means any audit or examination undertaken pursuant to Rule 360.7 [17.3.360.12 NMAC], and the provisions of Rule 360.5 and 360.6 [17.3.360.10 NMAC and 17.3.360.11 NMAC] shall not apply to a special audit. All other provisions of Rule 360 [17.3.360 NMAC] are applicable to a special audit.
[Recompiled 12/30/01]

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[Recompiled 12/30/01]

17.3.360.9 ACCESS TO RECORDS:

A. In addition to the preservation of records as required by NMPSC Rule 310 [17.3.310 NMAC], each utility shall also maintain and make available to the Commission all records and documentation supporting the entries in the records of accounts, including but not limited to, minute books, stock books, reports, correspondence, memoranda and any other documentation which is relevant to the development of history of, or facts regarding, any transaction or entry in the records of accounts.

B. Consistent with applicable law governing the maintenance of the uniform system of accounts for each utility, no utility shall destroy or dispose of any books and records required to be maintained unless the destruction or disposition thereof is permitted by such applicable law.

[Recompiled 12/30/01]

17.3.360.10 SCOPE OF AUDIT OR EXAMINATION: The scope of any routine audit or examination of the records of a utility shall be determined consistent with Commission authority on a case-by-case basis, provided that the scope of the audit or examination shall be clearly identified and submitted to the utility at the time of notice of the audit or examination. The scope of a special audit shall be determined according to the provisions of Rule 360.7 [17.3.360.12 NMAC].

[Recompiled 12/30/01]

17.3.360.11 NOTICE OF ROUTINE AUDIT: A utility which is to be the subject of a routine audit or examination by the Commission shall be provided with no less than ten (10) working days notice prior to the date of performance of the audit or examination. All routine audits or examinations shall be conducted in a manner such as not to unreasonably disrupt the normal business of the utility.

[Recompiled 12/30/01]

17.3.360.12 SPECIAL AUDIT: A special audit or examination may be conducted at the Commission's discretion pursuant to NMSA 1978 Section 62-6-17, on a case-by-case basis. A special audit or examination shall not be subject to the notice provisions of 360.6 [17.3.360.11 NMAC]. The scope of the special audit shall be identified and provided to the utility at the beginning of the audit.
[Recompiled 12/30/01]

17.3.360.13 EXIT CONFERENCE: At the conclusion of any audit or examination undertaken pursuant to Rule 360 [17.3.360 NMAC], the auditor shall conduct an oral exit conference with the utility management in order to enter into preliminary discussions of the auditor's findings.
[Recompiled 12/30/01]

17.3.360.14 AUDIT REPORT: After any audit or examination undertaken pursuant to Rule 360 [17.3.360 NMAC] is concluded, a copy of the final audit report will be provided to the utility within five (5) days of the completion of the report. The utility will be given thirty (30) days to respond to the report in writing. After expiration of the thirty (30) day period, the audit report will be placed in the audit files at the Commission with the response, if any, from the utility. For good cause in accordance with NMPSC Rule 110.2 [17.1.2 NMAC], the utility may file a written request for a protective order protecting the report and response and all supporting documentation, if any.
[Recompiled 12/30/01]

17.3.360.15 VARIANCES:

A. A utility may file a written request with the Commission seeking a variance from the provisions of Rule 360 [17.3.360 NMAC] for good cause shown. Each variance request shall identify the specific provision of Rule 360 [17.3.360 NMAC] from which a variance is requested, provide an explanation for the conditions requiring the variance, and an alternate proposal designed to achieve the purposes of the provisions of the rule to be waived and to be implemented for application to the condition(s) requiring the variance.

B. If the Commission determines that the variance requested is consistent with the purposes of NMPSC Rule 360 [17.3.360 NMAC] as defined herein, the variance may be granted.
[Recompiled 12/30/01]

17.3.360.16 [HISTORY: Codified by NMPSC Case No. 2276, order dated September 18, 1989, unless otherwise noted.]
[Recompiled 12/30/01]

HISTORY OF 17.3.360 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the Commission of Public Records-State Records Center and Archives.

NMPSC Rule 360, Procedures For The Audit And Examination Of Utility Books And Records Of Accounts, 9/18/89.

History of Repealed Material: [RESERVED]