

To PNM Customers:

The enclosed document is required by the New Mexico Public Regulation Commission ("NMPRC"). The purpose of the document is to provide notice for PNM's Grid Modernization Application.

The notice:

- describes the Public Regulation Commission process to consider this request.
- describes how you can participate in this process if you choose to do so.

If you **do** wish to participate in the regulatory process, the attachment provides details on how to take part. If you **do not** wish to participate in the regulatory process, you are not required to do anything.

Exhibit A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO'S APPLICATION FOR AUTHORIZATION)
TO IMPLEMENT GRID MODERNIZATION)
COMPONENTS THAT INCLUDE ADVANCED) Case No. 22-00058-UT
METERING INFRASTRUCTURE AND APPLICATION)
TO RECOVER THE ASSOCIATED COSTS THROUGH)
A RIDER, ISSUANCE OF RELATED ACCOUNTING)
ORDERS, AND OTHER ASSOCIATED RELIEF)

NOTICE TO PNM'S CUSTOMERS REGARDING PROCEEDING AND HEARING ON PNM'S GRID-MODERNIZATION-PLAN APPLICATION

NOTICE is here given of the following matters pertaining to the above-captioned case pending before the New Mexico Public Regulation Commission (NMPRC or Commission):

On October 3, 2022, Public Service Company of New Mexico (PNM) filed its Application for Authorization to Implement Grid Modernization Components that Include Advanced Metering Infrastructure and Application to Recover the Associated Costs Through a Rider, Issuance of Related Accounting Orders, and Other Associated Relief (PNM Application) pursuant to the Grid Modernization Act, NMSA 1978, § 62-8-13 (2021) (Grid Modernization Statute). PNM's Application seeks authorization to implement grid-modernization projects that include advanced metering infrastructure (AMI), intelligent-grid devices, communication networks, distribution-system hardening, physical security, cybersecurity, and other technologies (referred to collectively as "Grid-Mod Projects").

PNM's Application asks the Commission to approve PNM's Application, including the following approvals:

- Approval of PNM's Application by July 1, 2023¹, authorizing PNM's implementation plan, which represents the first phase (years 1-6) of PNM's overall 11-year strategy for grid modernization;
- Approval of Grid-Mod Project costs and related ongoing operations and maintenance (O&M) costs identified in PNM's Implementation Plan and discussed in witness testimony;
- Approval of a proposed Grid Modernization Rider (Grid Mod Rider) by September 1, 2023² —for which an advice notice will be filed after the approval of PNM's application—subject to an annual review and reconciliation process;
- Authorization for PNM to create related regulatory assets and liabilities, permitting PNM to record for recovery or refund the following:
 - a) costs incurred for the development and implementation of PNM's Implementation Plan between the requested approval of the Application on July 1, 2023, and the implementation of the Grid Mod Rider by September 1, 2023;
 - b) undepreciated investments associated with legacy meters being replaced with AMI meters; and
 - c) over- or under-collection of costs through the Grid Mod Rider;
- Approval of the proposed format of an Opt-Out Consent Form, for which PNM will file a compliance advice notice with the Commission prior to AMI meter deployment;
- Approval of the methodology of determining PNM's proposed cost-based opt-out fees, which includes a one-time fee and a monthly fee, for which PNM will seek approval in separate advice notices;
- Approval of the reporting criteria by which PNM proposes to establish a baseline regarding the deployment of the Grid Mod Projects and track PNM's progress;
- Approval of variances from Commission Rules 410 and 530;
- Approval of a revision to PNM's Petition for Variance from Rule 17.9.560 NMAC and Case No. 2124 Order on Meter Testing Program, filed on June 17, 2022, in Case No. 22-00058-UT; and
- Such other approvals, authorizations, and actions required under the Grid Modernization Statute, the Public Utility Act, and Commission rules and orders to implement PNM's Grid Mod Projects and recover costs associated with its Implementation Plan.

PNM expects that the first six years of investments in Grid Mod Projects will total approximately \$344 million, with this total investment subject to an annual review and reconciliation proceeding where PNM will file both updated forecasted costs for the following rate year based on the best available information and will true-up forecasted costs from the prior year to the actual costs incurred.

As part of PNM's Application, PNM proposes to recover \$9.8 million through the proposed Grid Mod Rider in Year 1. PNM is proposing that the Grid Mod Rider become effective

¹ In order to begin timely deployment of projects necessary to implement AMI technologies, PNM requests that the Commission issue a Final Order on PNM's Application during the second quarter of 2023, within six to nine months of the filing date, or by no later than July 1, 2023.

² Should the Commission approve PNM's Application prior to July 1, 2023, PNM would prefer to implement the Rider prior to September 1, 2023, taking into consideration PNM's concerns with implementing the Rider during the summer peak season. PNM witness Stella Chan addresses implementation of the Rider during the summer months of June, July and August.

by September 1, 2023, in addition to any other charges that the customer is paying and be collected through a line-item charge on customers' bills. The proposed Grid Mod Rider will use forecasted information to calculate a projected revenue requirement, which will be charged for the upcoming rate year. The Grid Mod Rider will recover capital costs, operating expenses, and taxes associated with Grid Mod Projects. PNM seeks to implement the Grid Mod Rider through an advice notice filed upon issuance of a Final Order approving PNM's Application.

The following tables present the current bills and anticipated bills, including the proposed Grid Mod Rider for Year 1, for each affected customer class:

1A - Residential				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
500 kWh	\$68.93	\$70.13	\$1.20	1.744%
750 kWh	\$107.49	\$108.69	\$1.20	1.118%
1,000 kWh	\$147.85	\$149.05	\$1.20	0.813%

1B - Residential TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
500 kWh	\$96.10	\$97.30	\$1.20	1.251%
750 kWh	\$130.41	\$131.61	\$1.20	0.922%
1,000 kWh	\$164.72	\$165.93	\$1.20	0.730%

2A - Small Power				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
500 kWh	\$85.88	\$88.86	\$2.98	3.466%
1,500 kWh	\$224.95	\$227.93	\$2.98	1.323%
5,000 kWh	\$711.71	\$714.68	\$2.98	0.418%

2B - Small Power TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
1,500 kWh	\$228.98	\$231.95	\$2.98	1.300%
5,000 kWh	\$725.09	\$728.07	\$2.98	0.410%
10,000 kWh	\$1,433.83	\$1,436.81	\$2.98	0.208%

3B / 3D - General Power TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
30,000 kWh and 50 kW	\$2,960.30	\$2,979.93	\$19.63	0.663%
50,000 kWh and 75 kW	\$4,681.97	\$4,701.60	\$19.63	0.419%
75,000 kWh and 150 kW	\$7,844.71	\$7,864.34	\$19.63	0.250%

3C / 3E - General Power Low Load Factor TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
10,000 kWh and 50 kW	\$1,632.07	\$1,649.50	\$17.43	1.068%
12,000 kWh and 50 kW	\$1,857.81	\$1,875.23	\$17.43	0.938%
15,000 kWh and 75 kW	\$2,405.66	\$2,423.09	\$17.43	0.724%

4B - Large Power Service TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
150,000 kWh and 500 kW	\$20,071.59	\$20,168.51	\$96.92	0.483%
500,000 kWh and 1,500 kW	\$61,900.33	\$61,997.25	\$96.92	0.157%
1,500,000 kWh and 2,500 kW	\$140,736.58	\$140,833.49	\$96.92	0.069%

5B - Large Service for Customers >= 8,000kW min. at 115kV, 69kV or 34.5kV				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
2,000,000 kWh and 8,000 kW	\$233,258.77	\$233,379.81	\$121.05	0.052%
2,500,000 kWh and 10,000 kW	\$289,240.25	\$289,361.29	\$121.05	0.042%

10A Irrigation Service				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
1,500 kWh	\$185.26	\$201.15	\$15.90	8.580%
3,500 kWh	\$418.32	\$434.22	\$15.90	3.800%
6,000 kWh	\$709.66	\$725.55	\$15.90	2.240%

10B Irrigation Service TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
5,000 kWh	\$301.78	\$317.67	\$15.90	5.267%
7,500 kWh	\$447.44	\$463.33	\$15.90	3.553%
10,000 kWh	\$593.10	\$608.99	\$15.90	2.680%

11B Water and Sewage Pumping Service TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
75,000 kWh	\$6,744.37	\$6,829.04	\$84.67	1.255%
90,000 kWh	\$7,998.83	\$8,083.50	\$84.67	1.058%
150,000 kWh	\$13,016.67	\$13,101.34	\$84.67	0.650%

15B Large Service for Public Universities > 8,000kW min. at 115kV				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
2,000,000 kWh and 8,000 kW	\$227,184.40	\$227,256.42	\$72.02	0.032%
4,500,000 kWh and 12,000 kW	\$407,054.85	\$407,126.87	\$72.02	0.018%

30B Large Service for Manufacturing >= 30,000kW minimum at distribution voltage				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
25,000,000 kWh and 40,000 kW	\$2,046,107.57	\$2,046,512.86	\$405.29	0.020%
25,000,000 kWh and 45,000 kW	\$2,163,018.12	\$2,163,423.41	\$405.29	0.019%
30,000,000 kWh and 50,000 kW	\$2,496,181.85	\$2,496,587.14	\$405.29	0.016%

33B Large Service for Station Power TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
200,000 kWh and 500 kW	\$13,481.36	\$13,555.79	\$74.43	0.552%
300,000 kWh and 500 kW	\$18,720.18	\$18,794.60	\$74.43	0.398%
400,000 kWh and 750 kW	\$25,233.82	\$25,308.24	\$74.43	0.295%

35B Large Power Service >= 3,000kW TOU				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
2,000,000 kWh and 3,000 kW	\$151,473.91	\$151,595.99	\$122.08	0.081%
3,000,000 kWh and 5,000 kW	\$234,015.34	\$234,133.48	\$118.13	0.050%
4,000,000 kWh and 7,000 kW	\$315,161.32	\$315,279.46	\$118.13	0.037%

36B Special Service Rate - Renewable Energy Resources				
Consumption Level	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with GMR	\$ Change	% Change
38,963,000 kWh and 61,000 kW	\$1,181,678	\$1,181,750	\$71.81	0.006%
47,618,000 kWh and 73,000 kW	\$1,437,300	\$1,437,372	\$71.81	0.005%
55,278,000 kWh and 88,000 kW	\$1,680,615	\$1,680,687	\$71.81	0.004%

Lighting rate classes	
Per Light	GMR per light (\$/light)
6 - Private Area Lights	\$0.03
20 - Streetlighting	\$0.01

The proposed rate changes stated by customer rate class are for informational purposes only. The final rates approved by the Commission in this proceeding may vary from the rates set out above.

PNM proposes to charge customers who opt out of an AMI meter a one-time fee of \$18.60 if the customers opts-out of an AMI meter prior to the installation or approximately \$49.17 if the customer opts out of an AMI meter after installation and a recurring monthly fee of \$28.31. These fees are designed to recover the costs associated with opting out of an advanced meter.

On October 12, 2022, the Commission entered an order designating this Hearing Examiner to preside over this proceeding and to issue a Recommended Decision.

Further information regarding this case can be obtained by contacting PNM or going to the Commission's website at <https://edocket.nmprc.state.nm.us>.

The Commission has assigned Case No. 22-00058-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The current procedural schedule for this case is as follows:

- a. On or before January 27, 2023, any person desiring to intervene to become a party (intervenor) in this case must file a motion for leave to intervene that conforms with directives found at 1.2.2.23(A) and (B) NMAC.
- b. The Commission's Utility Division Staff must, and any intervenor may, file direct testimony by the close of business on January 27, 2023.
- c. Any rebuttal testimony must be filed by February 8, 2023.
- d. Any stipulation the parties reach must be filed by February 17, 2023.
- e. Deadlines for testimony in support of or in opposition to any stipulation will be set if the parties file a stipulation by the date identified above.
- f. A public hearing on this matter will be held beginning on March 20, 2023, commencing at 9:00 a.m. and continuing through March 23, 2023, as necessary.
- g. Whether the hearing will be conducted via Zoom or live at the Commission's offices will be determined later.

The procedural dates and requirements of this case are subject to further order of the Commission or Hearing Examiner.

The Commission's rules of procedure at 1.2.2 NMAC shall apply to this case except as modified by order of the Commission or Hearing Examiner. A copy of those rules may be accessed at the New Mexico Compilation Commission's website which is located at <https://nmonesource.com/nmos/en/nav.doby> and clicking on "New Mexico Administrative Code" and then browsing to Chapter One, Part Two of the code.

Any person whose testimony has been filed must attend the hearing and submit to examination under oath.

Any interested person may appear at the time and place of the hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. All such comments shall not be considered as evidence in this case. Written comments, which shall reference NMPRC Case No. 22-00058-UT, also may be sent to the Commission at prc.records@state.nm.us.

Interested persons should contact the Commission for confirmation of the hearing date as well as the time and location of the hearing as hearings are occasionally rescheduled.

Any person interested in these proceedings may examine PNM's Application and all other pleadings, testimony, exhibits, and other documents filed in the public record for this case at the Commission's website by navigating to "Case Lookup E-Docket." Instructions about how to use E-Docket as well as instructional videos about the database can be found on the Commission's website. Alternatively, documents related to this case can be obtained from PNM at the following address:

Public Service Company of New Mexico
414 Silver Ave. SW
Albuquerque, New Mexico 87102
Telephone: (505) 241-2700

Anyone filing pleadings, testimony and other documents in this case must comply with the Commission's electronic filing policy which may be amended from time to time. This includes filings in ".pdf" format, with electronic signatures, sent to the Records Bureau's e-mail address (prc.records@state.nm.us), and sent within regular business hours of the due date to be considered timely filed. Regular business hours are from 8:00 am to 5:00 pm MT Monday through Friday excluding state-observed holidays.

Documents received after regular business hours will be considered as filed the next business day.

Parties must serve copies of all filings on all parties of record listed on the most recent certificate of service generated by the hearing examiner or Commission. All filings shall be e-mailed to the Hearing Examiner at christopher.ryan@prc.nm.gov.

Additional details regarding this proceeding are set out in the Hearing Examiner's procedural order which was filed on E-Docket on October 26, 2022.

Individuals with a disability who require a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing must contact the Hearing Examiner's paralegal, Ana Kippenbrock, at least 24 hours prior to the hearing. Ms. Kippenbrock is available by e-mail at ana.kippenbrock@prc.nm.gov or by phone at (505) 690-4191. Public documents associated with the hearing can be provided in various accessible forms for disabled individuals.

ISSUED October 26, 2022.

NEW MEXICO PUBLIC REGULATION COMMISSION



[electronically signed]

Christopher P. Ryan
Hearing Examiner
christopher.ryan@prc.nm.gov