

To PNM Customers:

The enclosed document is required by the New Mexico Public Regulation Commission. The purpose is to provide notice of changes to existing and new energy efficiency programs and the related tariff rider charges proposed by PNM.

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, no action is required on your part.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
PUBLIC SERVICE COMPANY OF NEW MEXICO )	
FOR APPROVAL OF ITS 2017 ELECTRIC ENERGY )	
EFFICIENCY PROGRAM PLAN, PROFIT )	
INCENTIVE, AND REVISED RIDER NO. 16 )	
PURSUANT TO THE NEW MEXICO PUBLIC )	
UTILITY ACT, EFFICIENT USE OF ENERGY )	Case No. 16-00096-UT
ACT, AND ENERGY EFFICIENCY RULE, )	
)	
PUBLIC SERVICE COMPANY OF NEW MEXICO, )	
)	
Applicant. )	

**NOTICE TO CUSTOMERS**

**NOTICE** is hereby given that:

On April 15, 2016, Public Service Company of New Mexico (PNM) filed with the New Mexico Public Regulation Commission ("Commission" or NMPRC) an Application for approvals and authorizations necessary to implement PNM's 2017 plan year energy efficiency and load management (EE & LM) programs ("2017 Plan") and its 18th Revised Energy Efficiency Tariff Rider No. 16 ("Rider No. 16"). PNM filed the Application pursuant to the New Mexico Public Utility Act (PUA), the Efficient Use of Energy Act (EUEA), the Commission's Energy Efficiency Rule (EE Rule), and Advice Notice No. 524. In terms of the specific relief PNM is seeking in this case, the Application requests approval of the following: (1) PNM's 2017 Plan, which includes modifications to nine existing EE & LM programs and one new program; (2) a profit incentive pursuant to Section 62-17-5(F) of the EUEA; (3) recovery of PNM's 2017 Plan costs and proposed profit incentive in accordance with the revisions to Rider No. 16 reflected in Advice Notice No. 524; (4) a variance allowing PNM to file its 2016 annual report on April 17, 2017; (5) a variance from the Commission's data filing requirements for changes in rates under Rule 17.9.530 NMAC; and (6) all other approvals, authorizations, and actions that may be required under the PUA, the EUEA, and Commission rules and orders necessary to implement the 2017 Plan and revised tariff rider.

Rider No. 16 permits PNM to recover costs incurred as a result of implementing, funding, and administering residential and commercial EE & LM programs included in the portfolio as well as a profit incentive provided for in the EUEA. The 2017 proposed EE & LM program portfolio includes ten programs. The revisions to Rider No. 16 allow for recovery of the cost for programs related to the 2017 Plan and the proposed profit incentive rate element which, as required by the EUEA, must be approved by the Commission in order to be implemented.

The Program Rider surcharge under Rider No. 16 approved by the Commission in PNM's most recent energy efficiency proceeding, Case No. 14-00310-UT, was 3.195% of each affected customer's bill. The surcharge currently in effect under Rider No. 16 is 2.967%, which reflects a reconciliation of the recovery authorized in Case No. 14-00310-UT with PNM's actual collections. If approved by the Commission, the new percentage surcharge applied to customer bills will be 3.217% up to a maximum annual payment of \$75,000 for program costs by any utility customer. The total amount to be collected under Rider No. 16, as revised, will be \$30,114,046 exclusive of gross receipts tax and franchise fees. The table below identifies the cost of each component to be collected through the Rider.

EE& LM Program Costs	Amount	Percentage Impact	Recovery Period
2017 Program Costs	\$28,013,066	3.000%	12 months
2017 Profit Incentives (equal to 7.5% of Program costs)	\$2,100,980	0.217%	12 months
<b>Total</b>	<b>\$30,114,046</b>	<b>3.217%</b>	<b>12 months</b>

At present, Rider No. 16 applies to PNM Electric Services customers in the following rate classes: Residential Service 1A & 1B, Small Power Service 2A & 2B, General Power Service 3B & 3C, Large Power Service 4B, Large Power Service for Customers ≥8,000kW 5B, Water & Sewage Pumping 11B, Large Service for Public Universities 15B, Special Contract Service for Large Customers 23, and Large Service for Manufacturing – Distribution Level 30B.

If approved, the following tariff rider charges will be paid in addition to the current non-energy efficiency charges that the customer is paying, and will be collected through a line item charge on the customer's bill:

Affected Electric Rate Classes	Tariff Applied	Program Cost Charge
<b>PNM Electric Service Area:</b>		
Residential Service 1A & 1B	PNM Rider No. 16	3.217% of each bill*
Small Power Service 2A & 2B	PNM Rider No. 16	3.217% of each bill*
General Power Service 3B & 3C	PNM Rider No. 16	3.217% of each bill*
Large Power Service 4B	PNM Rider No. 16	3.217% of each bill*
Large Power Service for Customers ≥8,000kW 5B	PNM Rider No. 16	3.217% of each bill*
Water & Sewage Pumping 11B	PNM Rider No. 16	3.217% of each bill*
Large Service for Public Universities 15B	PNM Rider No. 16	3.217% of each bill*
Special Contract Service – Large Customers 23	PNM Rider No. 16	3.217% of each bill*
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 16	3.217% of each bill*

\*As indicated above, 3.217% of affected customers' bill excludes gross receipts tax and franchise fees, and takes into account the maximum annual payment for program costs of \$75,000 by any utility customer.

To calculate the dollar impact of all EE & LM program cost charges on your monthly bill, take the amount of your current bill, deduct the amounts shown for gross receipts taxes and franchise fees, and then multiply the balance by 0.03217.

For PNM North residential customers on Rate Schedule 1A without demand meters, the present average monthly bill and the anticipated bill for each of the following levels of consumption are as follows:

Consumption (kWh)	Present Bill	Anticipated bill
0	\$5.15	\$5.16
250	\$28.26	\$28.33
500	\$53.05	\$53.18
750	\$84.55	\$84.76
1000	\$117.34	\$117.62
2000	\$256.19	\$256.81

For PNM South residential customers on Rate Schedule No. 1A without demand meters, the present bill and the anticipated bill for each of the following levels of consumption are as follows:

Consumption (kWh)	Present Bill	Anticipated bill
0	\$5.15	\$5.16
250	\$31.83	\$31.91
500	\$58.70	\$58.84
750	\$86.35	\$86.56
1000	\$114.15	\$114.42
2000	\$226.22	\$226.76

The foregoing proposed rate changes stated by customer rate class are for informational purposes. The final rates as approved may vary.

Energy efficiency and load management programs play an important role in PNM's resource portfolio and are included in its 2014 Integrated Resource Plan's most cost-effective resource portfolio. In past cases, the Commission has found that the benefits for programs included in PNM's 2017 Plan exceed their costs, primarily due to a reduced need for future generation plant additions and the costs for capacity and energy that can be avoided through EE & LM programs.

Further information regarding this case may be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 16-00096-UT to this proceeding, and all inquiries or written comments concerning this matter should refer to that case number. In addition, further details regarding this proceeding and its procedural requirements are set forth in the Procedural Order issued by the undersigned Hearing Examiner on June 3, 2016. The current procedural schedule for this case established in the Procedural Order is as follows:

1. Any person desiring to become a party ("intervenor") in this case must file the original and five copies of a motion for leave to intervene in conformity with Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before August 8, 2016. All motions for leave to intervene shall be served on all existing parties and prospective intervenors of record.
2. The Utility Division Staff ("Staff") of the Commission shall, and any intervenors may, file direct testimony on or before August 23, 2016.
3. Rebuttal testimony may be filed on or before September 6, 2016.
4. A public hearing will be held on September 14, 2016, beginning at 9:00 a.m. in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, for the purpose of hearing and receiving evidence, arguments and any other relevant matters in order to determine whether PNM's proposed EE & LM programs and revised tariff rider, or other programs and tariff rider, should be approved by the Commission. The hearing may continue, if necessary, on September 15, 2016.

Any person filing prepared testimony under 1.2.2.35(l) NMAC on behalf of a party shall attend the hearing and submit to examination under oath. No person shall testify at the hearing unless that person has pre-filed testimony.

Interested persons may appear at the time and place of hearing and provide oral or written comment without becoming a party-intervenor. Written comments, which shall reference Case No. 16-00096-UT, may also be sent to the Commission at the mailing address set forth below. Comments shall not be considered as evidence in accordance with Rule 1.2.2.23(F) NMAC.

The procedural dates and requirements currently set in this case are subject to further Order of the Commission or Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

The Commission's Rules of Procedure found at 1.2.2 NMAC shall apply to this case unless modified or varied by order of the Commission or the Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and are available online at the official NMAC website, <http://www.nmcpr.state.nm.us/nmac/>.

Interested persons may examine PNM's filing in this case together with any exhibits and related papers that may be filed at PNM's offices, 414 Silver, SW, Albuquerque, New Mexico 87102, telephone (505) 241-2700, or at the Commission's offices in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, telephone: (888) 427-5772. Further information can also be obtained on the Commission's website at <http://www.NMPRC.state.nm.us>, under "Case Lookup EdoCKET". Information can also be found on PNM's website at <https://www.pnm.com/regulatory> under "Electric Energy Efficiency Program".

Anyone filing pleadings, testimony, and other documents in this case may file either in person with the Commission's Records Bureau in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail addressed to: Records Bureau, New Mexico Public Regulation Commission, P.E.R.A. Building, P.O. Box 1269, Santa Fe, New Mexico, 87504-1269. The following physical address of the Commission shall be used only for special or hand deliveries: 1120 Paseo de Peralta, Santa Fe, NM 87501. Copies of all filings shall be served on all parties of record and Staff as specified in the most recent Certificate of Service issued in this case. Copies of all filings shall also be e-mailed on the date of filing to the Hearing Examiner at [Anthony.Medeiros@state.nm.us](mailto:Anthony.Medeiros@state.nm.us) by no later than 5:00 p.m. Mountain Prevailing Time.

Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at least 24 hours prior to the commencement of the hearing.

**ISSUED** at Santa Fe, New Mexico this 6<sup>th</sup> day of June 2016.

## NEW MEXICO PUBLIC REGULATION COMMISSION

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**Anthony F. Medeiros**  
Hearing Examiner