

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 of PNM’s proposal for renewable energy electricity generation.

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.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE)
 COMPANY OF NEW MEXICO’S)
 APPLICATION FOR APPROVAL OF ITS)
 RENEWABLE ENERGY ACT PLAN)
 FOR 2017 AND PROPOSED 2017 RIDER) Case No. 16-00148-UT
 RATE UNDER RATE RIDER NO. 36)
)
 PUBLIC SERVICE COMPANY OF NEW)
 MEXICO,)
 Applicant)
 _____)

NOTICE OF PROCEEDING AND HEARING

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

On June 1, 2016, Public Service Company of New Mexico (“PNM”) filed its Application for Approval of its Renewable Energy Act Plan for 2017 (“2017 Plan”) pursuant to the Renewable Energy Act (“REA”), NMSA 1978, sections 62-16-1 to -10, and the Commission’s Renewable Energy Rule, 17.9.572 NMAC (“Rule 572”).

PNM’s 2017 Plan requests approval of the following:

1. Approval of a three year extension of the Customer Solar REC Purchase Program of 3 MW_{AC} per year starting in 2017 and ending in 2019 at a price of \$0.0025 per kWh of Renewable Energy Certificates (“RECs”) for customer-sited distributed generation (“DG”) solar photovoltaic (“PV”) systems up to 100 kW_{AC} in size. This program is consistent with paragraph 39 of the Modified Stipulation approved by the NMPRC in Case No. 13-00390-UT, which required the signatories to support PNM’s procurement of RECs from up to 3 MW_{AC} per year of new customer-owned solar distributed generation, up to 100 kW_{AC} in size per system during 2017, 2018 and 2019.

2. Approval to reset the rate for PNM’s Renewable Energy Rider, Rider No. 36 (“Rider 36”), at \$0.0069701 per kWh, effective January 1, 2017, for recovery of the Renewable Portfolio Standard (“RPS”) procurement costs PNM anticipates it will incur during 2017, including costs for registering and retiring the associated RECs in the Western Renewable Energy Generation Information System (“WREGIS”), and to recover the estimated costs for RECs purchased in 2016 for purposes of full compliance with the 2015 RPS as required by Paragraph 7 of the Stipulation approved in Case 14-00158-UT.

3. Approval of a not-to-exceed price of \$3.00 per MWh/REC for any RECs that PNM may need to procure in calendar year 2018 to make up for any deficiency in the number of RECs available to meet the 2017 RPS, consistent with Paragraph 7 of the Stipulation approved in Case 14-00158-UT.

4. To the extent a variance may be required, PNM requests a variance to exceed the 3% RCT in 2017. The annual portfolio impact for non-capped/exempt customers is 3.1% for 2017, whereas the RCT for 2017 is 3.0%. The ratio of cost to revenues, net of cost savings, of PNM’s existing procurements will exceed 3% in 2017 due to the reduction in avoided fuel cost benefits resulting from decreases in the estimated costs of natural gas and coal.

5. To the extent a variance may be required, PNM requests a variance from the data filing requirements of 17.9.530 NMAC due to the fact that PNM is only proposing to adjust its Rider 36 in this case.

In its Application, PNM states that its proposed revision of Rider 36 reflects that it has received notice from two customers that they may be filing for an exemption from Rider No. 36 for the 2017 Plan Year pursuant to NMSA 1978, section 62-16-4(A)(3). PNM also explains that the revised rider rate will be required to recover the costs of approximately \$13.3 million for procurements from the New Mexico Wind Energy Center (“NMWEC”) in 2017 that previously were recovered through PNM’s Fuel and Purchased Power Cost Adjustment Clause.

PNM proposes to recover \$50,046,148 through Rider 36, as compared with \$37,014,883 that was approved for recovery in 2016, an increase of \$13,031,265 or 35%.

PNM is proposing that the following Revised Rider No. 36 rates become effective January 1, 2017, in addition to any other charges that the customer is paying, and be collected through a line item charge on customers’ bills.

Affected Electric Rate Classes	Tariff Applied	Current Rate*	Proposed Rate To be Effective January 1, 2016*
Residential Service 1A & 1B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Small Power Service 2A & 2B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
General Power Service 3B & 3C	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Large Power Service 4B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Large Power Service for Mining Customers 5B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Private Area Lighting Service 6	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Irrigation Service 10A & 10B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Water & Sewage Pumping 11B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Large Service for Public Universities 15B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Streetlighting and Floodlighting Service 20	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Special Contract Service – Large Customers 23	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh
Large Service for Station Power 33B	PNM Rider No. 36	\$0.0048409 per kWh	\$0.0069701 per kWh

*Rates for each affected customers’ bill are exclusive of gross receipts tax and franchise fees and take into account the maximum annual cap of the lesser of \$99,000 (as adjusted by inflation) or 2% of annual revenues that is applicable for certain customers.

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	\$5.00	\$5.00
250	\$27.17	\$27.70
500	\$50.97	\$52.04
750	\$81.29	\$82.89
1000	\$112.85	\$114.98
2000	\$246.60	\$250.86

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)	Current Bill	Anticipated bill
0	\$5.00	\$5.00
250	\$30.64	\$31.17
500	\$56.46	\$57.53
750	\$83.03	\$84.63
1000	\$109.75	\$111.88
2000	\$217.49	\$221.75

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

On June 15, 2016, the Commission entered an Order designating the undersigned to preside over this proceeding and to issue a Recommended Decision, among other matters.

Further information regarding this case can be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 16-00148-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case is as follows:

- a. On or before August 26, 2016, any person desiring to intervene to become a party ("Intervenor") in this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC.
- b. Staff and any Intervenor testimony shall be filed by September 9, 2016.
- c. Rebuttal testimony shall be filed by September 19, 2016.
- d. A public hearing on this matter will be held beginning at 9:30 a.m. on September 26, 2016 and continuing on succeeding days, as determined by the Hearing Examiner, at the offices of the Commission, P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico.

The procedural dates and requirements of 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 without further published notice.

The Commission's Rules of Procedure, 1.2.2 NMAC *et seq.*, shall apply to this case except as modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and such Rules are available at the official NMAC website, <http://164.64.110.239/nmac/parts/title01/01.002.0002.htm>.

Any interested person may examine the Application and all other pleadings, testimony, exhibits and other documents filed in the public record for this case at the offices of PNM at the following address: Public Service Company of New Mexico, 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Telephone: (505) 241-2700 or at the offices of the Commission, located at 1120 Paseo de Peralta, Santa Fe, New Mexico 87501 (telephone 888-427-5772). Further information can also be obtained at "Case Lookup EdoCKET" on the Commission's website at www.nmprc.state.nm.us.

Any interested person may appear at the time and place of hearing and make an oral or written comment pursuant to Rule 1.2.2.23(F) NMAC without becoming an Intervenor. Interested persons may also send written comments, which shall reference NMPRC Case No. 16-00148-UT, to the Commission. Such comments, however, are not considered as evidence in this proceeding.

Any person filing prepared testimony under 1.2.2.35.I NMAC on behalf of a party shall attend the hearing and submit to examination under oath.

All documents filed with the Commission by mail shall be sent 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 documents filed with the Commission must be served on all parties of record and the Commission's Utility Division Staff ("Staff") in the manner indicated on the Certificate of Service for this case. All filings shall be e-mailed to Staff and the parties on the date they are filed with the Commission. All filings shall be e-mailed to the Hearing Examiner at Ashley.Schannauer@state.nm.us.

Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's June 21, 2016 Procedural Order.

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 at (505) 827-4084.

ISSUED at Santa Fe, New Mexico, this June 21, 2016.

NEW MEXICO PUBLIC REGULATION COMMISSION

Ashley C. Schannauer
Hearing Examiner