

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR APPROVAL OF THE )  
ABANDONMENT OF THE FOUR CORNERS )  
POWER PLANT AND ISSUANCE OF A )  
SECURITIZED FINANCING ORDER )  
)  
PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )  
)  
Applicant )  
\_\_\_\_\_ )**

**Case No. 21-00017-UT**

**SUPPLEMENTAL TESTIMONY  
OF  
MICHAEL J. SETTLAGE**

**March 15, 2021**

**SUPPLEMENTAL TESTIMONY  
OF MICHAEL J. SETTLAGE  
NMPRC CASE NO. 21-00017-UT**

1 **Q. PLEASE STATE YOUR NAME AND POSITION.**

2 **A.** My name is Michael J. Settlage. I am a Lead Pricing Analyst for Public Service  
3 Company of New Mexico (“PNM” or “Company”).

4

5 **Q. HAVE YOU FILED PRIOR TESTIMONY IN THIS PROCEEDING?**

6 **A.** Yes, I filed Direct Testimony in support of PNM’s Application on January 8, 2021.

7

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A.** I address the requirement at page 22 of the Hearing Examiner’s February 26, 2021  
10 *Order on Sufficiency of PNM’s Application and Scope of Issues in Proceeding* that  
11 PNM file supplemental testimony demonstrating the rate impact attributable to  
12 recovery of certain undepreciated investments in the Four Corners Power Plant  
13 (“FCPP”). Specifically, I provide the estimated rate impact of recovery through  
14 energy transition bonds of the investments made in each of the four time periods  
15 identified in PNM witness Thomas Baker’s Supplemental Testimony at PNM  
16 Exhibit TSB-4 (3-15-21 Supplemental).

17

18 **Q. WHAT ARE THE ESTIMATED CUSTOMER CLASS IMPACTS OF**  
19 **RECOVERY OF FCPP INVESTMENTS THROUGH ENERGY**  
20 **TRANSITION BONDS?**

21 **A.** Please see PNM Exhibit MJS-1 (3-15-21 Supplemental) for an illustrative  
22 calculation of the first-year total dollar impacts for each consolidated customer

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1 class. Column [A] shows the impact of all securitization costs, and is identical to  
2 column [B] in PNM Exhibit MJS-6 to my original testimony. Columns [B], [C],  
3 [D], and [E] on PNM Exhibit MJS-1 (3-15-21 Supplemental) show the allocated  
4 securitization revenue requirements for investments made as of 06/30/2016,  
5 investments made between 7/1/2016 and 12/31/2018, investments made between  
6 1/1/2019 and 6/30/2020, and projected investments made between 7/1/2020 and  
7 12/31/2024, respectively.

8

9 **Q. HAVE YOU CALCULATED THE RATE IMPACTS OF RECOVERY OF**  
10 **THE DIFFERENT TRANCHES OF FCPP UNDEPRECIATED**  
11 **INVESTMENTS THROUGH ENERGY TRANSITION BONDS?**

12 **A.** Yes. Please see PNM Exhibit MJS-2 (3-15-21 Supplemental) for an illustrative  
13 calculation of the Energy Transition Charge (“ETC”) for Residential and Small  
14 Power customers as well as the impact of recovery of each of the four tranches of  
15 FCPP undepreciated investments.

16

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes.

*GCG#527784*

PNM  
Impacts on Customer Class Revenue Requirement

Line	Consolidated Customer Class	Filed Securitization (\$)	[A]	[B]	[C]	[D]	[E]
1	1 - Residential	\$9,176,849		\$1,898,540	\$3,823,155	\$672,996	\$2,285,581
2	2 - Small Power	\$1,947,985		\$403,006	\$811,547	\$142,858	\$485,164
3	3B - General Power	\$2,597,644		\$537,410	\$1,082,201	\$190,502	\$646,968
4	3C - General Power Low LF	\$365,323		\$75,579	\$152,197	\$26,791	\$90,987
5	4B - Large Power	\$1,525,751		\$315,653	\$635,641	\$111,893	\$380,003
6	5B - Lg. Svc. (8 MW)	\$80,023		\$16,555	\$33,338	\$5,869	\$19,931
7	10 - Irrigation	\$53,753		\$11,121	\$22,394	\$3,942	\$13,388
8	11B - Wtr/Swg Pumping	\$134,775		\$27,883	\$56,148	\$9,884	\$33,567
9	15B - Universities 115 kV	\$83,163		\$17,205	\$34,647	\$6,099	\$20,713
10	30B - Manuf. (30 MW)	\$440,619		\$91,157	\$183,566	\$32,313	\$109,740
11	33B - Lg. Svc. (Station Power)	\$3,583		\$741	\$1,493	\$263	\$892
12	35B - Lg. Svc. (3 MW)	\$250,133		\$51,748	\$104,208	\$18,344	\$62,298
13	36B - SSR - Renew. Energy Res.	\$30,901		\$6,393	\$12,874	\$2,266	\$7,696
14	6 - Private Lighting	\$8,756		\$1,812	\$3,648	\$642	\$2,181
15	20 - Streetlighting	\$25,354		\$5,245	\$10,563	\$1,859	\$6,315
		\$16,724,612		\$3,460,048	\$6,967,618	\$1,226,521	\$4,165,422

PNM

Impacts on Residential and Small Power Energy Transition Charge ("ETC")

Line	Consolidated Customer Class	Filed ETC (\$/Bill)
1	1 - Residential Block 1 or 2	\$1.32
2	1 - Residential Block 3	\$2.12
3	2 - Small Power Block 1	\$2.89

Investments made as of 6/30/2016	ETC(\$/Bill)
	\$0.27
	\$0.44
	\$0.60

Investment made between 7/1/16 and 12/31/18	ETC(\$/Bill)
	\$0.55
	\$0.88
	\$1.20

Investment made between 1/1/19 and 6/30/20	ETC(\$/Bill)
	\$0.10
	\$0.16
	\$0.21

Projected investments between 7/1/20 and 12/31/24	ETC(\$/Bill)
	\$0.33
	\$0.53
	\$0.72

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**SELF AFFIRMATION**

**MICHAEL J. SETTLAGE, Principal, Pricing, PNMR Services Company**, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **Supplemental Testimony of Michael J. Settlage** and it is true and correct based on my personal knowledge and belief.

DATED this 15th day of March, 2021

/s/ Michael J. Settlage  
\_\_\_\_\_  
**MICHAEL J. SETTLAGE**