

**PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES**

**7TH REVISED RIDER NO. 16
CANCELING 6TH REVISED RIDER NO. 16**

ENERGY EFFICIENCY RIDER

DESCRIPTION: This Energy Efficiency Surcharge is a mechanism for recovery of costs associated with energy efficiency programs approved by the New Mexico Public Regulation Commission. The surcharge may also include the costs associated with removal of disincentives to, and a provision of incentives for, expenditures on energy efficiency and load management measures. x

APPLICABILITY: This Rider shall be applicable to all PNM customers in the following Affected Customer Classes: 1A, 1B, 2A, 2B, 3B, 3C, 4B, 5B, 11B, 15B, 23, and 30B receiving electric service.

APPLICATION: The energy efficiency surcharge shall be added to each customer's bill. The surcharge shall be calculated by multiplying the total charges other than franchise fees and taxes by the surcharge rate approved by the Commission. The total amount of the energy efficiency surcharge shall not exceed \$75,000 per year without the customer's consent. x
x
x

RATES, TERMS AND PROCEDURES:

I. Purpose

This Rider establishes detailed procedures which will permit the Company to recover from its customers Rider No. 16 Amounts as determined and ordered by the Commission to be administered through this mechanism. This mechanism is specific as to Amounts pertaining to Affected Customer Classes.

II. Definitions

The following definitions shall apply to this Rider:

1. Affected Customer Classes: Customer classes subject to Rider No. 16 with an opportunity to participate in the energy efficiency programs approved by the Commission.
2. Amortization Period: The Amortization Period for program costs approved by the Commission will comply with the period specified in the respective Commission Order for each Rider No. 16 Amount.
3. Annual Projected Sales Revenues: Revenues for the Company projected for the Amortization Period, which includes Revenue, excluding franchise fees and taxes, for Affected Customer Class.
4. Billing Cycle: A period of time consisting of thirty-two (32) days or less, employed by the Company's billing system and used by the Company to render bills for service to customers.

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The Company employs twenty-one (21) billing cycles, which constitute a billing month and may or may not coincide with a calendar month.

5. M&V Report: The annual monitoring and verification report of the independent evaluator for the prior calendar year.
6. Rider No. 16 Amounts: The dollar amounts of Rider No. 16 shall be approved by the Commission, and will be collected from Electric Service Customers within the Affected Customer Classes. A separate pool of dollar amounts will be set up for each identified component of this rider identifying the dollars to be recovered compared to the actual Dollars recovered for each rider component. x
7. Reconciliation Amounts: Consists of Rider No. 16 Amounts that were under-recovered/credited or over-recovered/credited during their respective amortization terms.
8. Electric Service Customer: A customer receiving electric service directly from the Company within the Company's New Mexico service territory.

III. Methodology for Developing and Administering the Rider No. 16 Amounts

1. Effective Date: The date specified by the Commission to begin billing this rate.
2. Rider No. 16 Amounts: The amounts to be collected are approved by the Commission. This mechanism is designed to accommodate only those amounts ordered for collection on a percentage of bill basis whereby the billing factors will be derived using Annual Projected Sales Revenue associated with Electric Service Customers within Affected Customer Classes adjusted for anticipated savings from the energy efficiency programs approved by the Commission. x
3. Reconciliation Amounts: Reconciliation Amounts will be summed with and absorbed into existing Rider No. 16 Amounts by pool and will assume that respective amount's collection conditions and terms. This transaction will be specifically noted and identified in the next subsequent Energy Efficiency Surcharge Factor filing.

IV. Calculation of the Energy Efficiency Surcharge Factors

For purposes of determining the Energy Efficiency Surcharge Factors, each of the Rider 16 Amounts is fully amortized (paid) over their respective periods commencing with the first Billing Cycle of the x

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month following approval of any of the Rider 16 Amounts or any alternative effective date as determined by the Commission. The total combined Energy Efficiency Surcharge Factor is 3.084%, of Affected Customer Classes bills. The total Factor is determined as follows: x
x

(A) Each Energy Efficiency Surcharge Factor for Customers is determined by dividing the annual recovery amounts by the combined total Annual Projected Sales Revenue for Affected Customer Classes;

(B) Reconciliation Amounts incapable of generating a factor out to five (5) decimal places are summed with and absorbed into existing Rider No. 16 Amounts and their disposition is recognized within the existing factor.

(C) The total combined Energy Efficiency Surcharge Factor is comprised of the following elements:

Rate Element	Amount to be Recovered	Element Rate	
2012 Program Year Costs	\$22,493,227	2.598%	x
2012 Incentive	\$4,205,656	0.486%	x
Total	\$26,698,883	3.084%	x

The recovery period will be as specified in the Commission's Final Orders.

V. Annual Reconciliation Filings

The Company shall file with the Commission an annual report on its energy efficiency programs. The initial report was due on April 1, 2009 and covered the period from the effective date of Rider No. 16 through December 31, 2008. Subsequent reports are due on April 1 following the end of each calendar year. That report will contain:

1. Energy Efficiency Surcharge Factor Report: Schedules shall contain sufficient information describing:

- a. A Summary of the Energy Efficiency Surcharge Factors;
- b. Calculation of each Energy Efficiency Surcharge Factor, for each package of programs and Incentive/Disincentive Revenues and by each Affected Customer Class;
- c. Calculation of the Energy Efficiency Surcharge Factor to be applied for the subsequent 12 months;
- d. A Summary of Annual Projected Sales Revenue, less anticipated savings;
- e. A Summary consisting of the beginning balance of each Rider No. 16 Amount, the sum total of the annual transactions, and the ending balance; and
- f. A detail listing of expenditures and collections for each Rider No. 16 Amount, for each

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package of programs and Incentive/Disincentive Revenues, by Affected Customer Class.

2. M&V Report: The M&V Report shall be submitted with the annual reconciliation filing as a separate document.
3. Amounts Not Generating a Factor: If the sum of all Rider No. 16 Amounts have been depleted to the extent that an annual factor cannot be calculated out to five (5) decimals, the residual amount will be held by the Company until:
 - a. Additional Rider No. 16 Amounts occur and these amounts can be combined with these existing amounts to create an annual factor; or
 - b. The disposition of this amount is determined in conjunction with a subsequent proceeding before the Commission.
4. Other Annual Reconciliation Filings Content: The Annual Reconciliation Filings shall contain sufficient information describing:
 - a. Any material change in Rider No. 16 Amounts and explanations of the sources of those changes;
 - b. Any material difference in respective annual projected kWhs and anticipated savings, and the reasons for any proposed difference; and
 - c. The addition/deletion of and to any individual Rider No. 16 Amounts due to accounting adjustments, the M&V Report or other reasons, including a true-up of the Incentive/Disincentive calculation for M&V and performance results.

x

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