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December 5, 2022

Melanie Sandoval
New Mexico Public Regulation Commission
Prc.records@state.nm.us
P.O. Box 1269
Santa Fe, NM 87504

Re: PNM Advice Notice No. 595
NMPRC Case No. 22-00270-UT

Dear Ms. Sandoval:

Pursuant to the requirements of 17.1.210.11(B) and 17.9.530.9 NMAC, Public Service Company of New Mexico (“PNM”) hereby submits its request for an increase in retail electric rates. Included in this filing are: 1) PNM’s Advice Notice 595, 2) an Executive Summary, 3) the Application for Revision of Retail Electric Rates including a Proposed Form of Notice to Customers, 4) proposed Rate Schedules, 5) the required Rule 530 Schedules, 6) PNM’s supporting Direct Testimonies and Exhibits and 7) a Certificate of Service. PNM’s Application, Advice Notice 595 and filing documents are briefly described below. Because initial pleadings were filed in October 2022, the rate application docket has already been identified as Case No. 22-00270-UT, and PNM has paid the application fee of \$25.00.

Application

PNM is requesting a rate increase based on a future test year period for the twelve-month period beginning January 1, 2024. PNM projects a non-fuel revenue requirement of \$791.0 million for the Test Period. PNM will experience a non-fuel revenue deficiency of \$63.8 million for the Test Period, based on PNM’s authorized rates approved by the Commission in Case No. 16-00276-UT (referred to as the 2016 Rate Case). The proposed revenue increase represents a base rate increase of approximately 8.7% on a system basis, and PNM has capped the average non-fuel revenue requirement increase for the residential class to 9.65%.

For the average residential customer using 600 kWh per month, the estimated bill impact of the base rate change when comparing a bill today with a projected bill for 2024, reflects a change of about 0.9% or an increase in the total bill of approximately 75 cents per month. This comparison takes into account changes in other riders and charges, and the projected reduction in fuel costs

when replacement resources approved by the Commission become operational and begin to serve customers.

PNM's filing uses a twelve-month Base Period ending June 30, 2022, and a twelve month Test Period of calendar year 2024. On November 18, 2022, the Commission granted PNM a variance to extend the Base Period 150-day time limit, and grant PNM permission to file this case by no later than December 5, 2022.

Notice of the proposed changes will be given as required by 17.1.210 and 17.9.530 NMAC. PNM is requesting that the Commission issue a final order approving new rates by December 1, 2023, to allow Staff time to review any necessary compliance filings and PNM to complete necessary billing system changes to implement new rates beginning January 1, 2024, as discussed below.

Advice Notice 595

PNM is filing Advice Notice 595 with an effective date of January 4, 2023 or as otherwise ordered by the Commission. PNM understands that the Commission will suspend the effectiveness of the new rates pending hearing in accordance with NMSA 1978, Section 62-8-7C. Because the rates are based on a future test year of 2024, it is PNM's intent that the rates go into effect on January 1, 2024. Issuance of a Final Order before the end of a twelve-month suspension from the effective date of the Advice Notice, or by December 1, 2023, will allow new rates to go into effect on the intended date. The rate schedules filed in the Advice Notice include the rates proposed to recover the full amount of the requested revenue requirement.

Filing Documents

The filing documents submitted in support of the proposed rate increase are as follows:

- Executive Summary
- Advice Notice 595
- Application and Proposed Form of Notice to Customers
- Rule 530 Schedules A - Q
- Direct Testimony and Exhibits of PNM witnesses Monroy, Sanders, Chan, McKenzie, Heffington, Gray, Mendez, Cervantes, Gagne, Greinel, Peters, Pino, Sanchez, Chavez, Morris, Felsenthal, Casas, Pitts, Graves, Miller, McMenamin, and Watson
- Flash Drives containing Functional Electronic Models, 530 Schedules, Workpapers and a PDF of the filing documents.

In compliance with 17.2.210.11(B) NMAC, PNM is serving a copy of this Application and supporting documents, including the Advice Notice, on the Attorney General and all counsel of record and pro se parties in PNM's last general rate case, Case No. 16-00276-UT. PNM is providing those specifically identified in the Certificate of Service with an electronic submittal of the entire filing. Additionally, two flash drives are being provided by mail: 1) Flash drive containing PNM's cost of service study (revenue requirements and workpapers) in fully functional electronic format consistent with 17.1.3.11 NMAC, PNM's COSTTM allocation and rate design models in fully functional electronic format, as well as instruction manuals for the models; and 2)

Flash drive of the Transmittal letter, Executive Summary, Application, Advice Notice, Form of Notice to Customers, Rule 530 Schedules, Testimonies and Exhibits and Certificate of Service. For ease of review and navigation, PNM is also providing certain 530 Schedules and PNM Witness Exhibits that are available in Microsoft Excel® format and Microsoft Word® versions of the direct testimonies.

All notices, pleadings, documents and other communications regarding this case should be sent to:

Leslie M. Padilla--Corporate Counsel	Carey Salaz
Stacey J. Goodwin--Associate General Counsel	Director-Regulatory Policy and Case Management
414 Silver Avenue SW MS 805	414 Silver Avenue SW MS 1105
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Leslie.Padilla@pnmresources.com	Carey.Salaz@pnm.com
Stacey.Goodwin@pnmresources.com	

PNM further requests that all pleadings, correspondence and other documents be delivered electronically to the following email addresses: John Verheul, John.Verheul@pnmresources.com; Phillip Metzger, Phillip.Metzger@pnm.com; Richard Alvidrez, ralvidrez@mstlaw.com ; Debrea Terwilliger, DTerwilliger@wbklaw.com; and PNM Regulatory, pnmregulatory@pnm.com.

Included is the \$27.00 filing fee for the Advice Notice. If you have any questions, please contact me at 505-241-4733.

Sincerely,

/s/ Carey Salaz

Carey Salaz
Director, Regulatory Policy and Case Management

Enclosures

GCG#530148