

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR REVISION OF ITS RETAIL)
ELECTRIC RATES PURSUANT TO ADVICE)
NOTICE NO. 595)**

Case No. 22-00270-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)**

Applicant)

_____)

DIRECT TESTIMONY

OF

STELLA CHAN

December 5, 2022

NMPRC CASE NO. 22-00270-UT
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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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PNM EXHIBIT SC-1 Statement of Qualifications

AFFIRMATION

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Stella Chan. I am the Director of Pricing for Public Service Company of New Mexico (“PNM” or “Company”). My business address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?

A. The primary purpose of my testimony is to discuss PNM’s process of adopting a Modern Rate Design Strategy (“Modern RD Strategy” or “Strategy”) that will guide PNM’s rate design proposals in this rate case and future rate cases. PNM is driving toward a carbon-free transition by 2040, ahead of New Mexico’s energy transition policies. To accomplish this goal, all functions of the utility must be taken into consideration, including how PNM allocates and collects its costs from customers.

As part of PNM’s efforts to achieve its carbon-free goals, PNM also has filed an application for authorization to implement various grid modernization components in Case No. 22-00258-UT (“Grid Modernization Application”). Grid modernization is a keystone for achieving New Mexico’s energy transition, and the grid modernization statute (Section 62-8-13(A)) recognizes that rate design modifications will play a role in this transition. This rate case begins the work of transitioning PNM’s rate design to a modern structure.

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1 To achieve this transition to a more modern rate design, PNM is using a
2 stakeholder-driven approach. The Modern RD Strategy that I present in this
3 testimony includes components for approval in this rate case, as well as an
4 explanation of the process PNM is undertaking now to engage stakeholders to
5 develop a modern rate design for the grid of the future. In this rate case, PNM’s
6 Modern RD Strategy includes (i) a proposal for a Time-of-Day Pilot (“TOD Pilot”);
7 (ii) replacement of the Management Applications Consulting, Inc. (“MAC”)
8 Embedded Class Cost of Service Study (“ECCOSS”) Model with the new Cost of
9 Service Tool (“COSTTM”) Model that is used to functionalize and allocate revenue
10 requirement to customer classes; and (iii) unbundling of the cost components of
11 PNM’s rates.

12

13 In addition to the Modern RD Strategy, my testimony also addresses:

- 14 1) An overview of the rate design process utilized by PNM in this filing;
- 15 2) PNM’s policy of “banding” as a means to mitigate cost increases to certain
16 customer classes and in particular residential customers;
- 17 3) A discussion of the implementation of the approved Second Amended and
18 Restated Special Service Contract with the Rate Schedule 36B customer;
19 and
- 20 4) Various compliance-related rate design issues from prior Commission
21 cases.

22

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1 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
2 **PROFESSIONAL QUALIFICATIONS.**

3 **A.** Please see PNM Exhibit SC-1 for my educational background and professional
4 qualifications, which includes a list of the cases in which I have filed testimony
5 before the New Mexico Public Regulation Commission (“NMPRC” or
6 “Commission”).

7

8 **Q. ARE YOU ADDRESSING ANY OF THE COMPLIANCE**
9 **REQUIREMENTS FROM THE 2016 RATE CASE?**

10 **A.** Yes. My testimony addresses the requirement from Case No. 16-00276-UT (the
11 “2016 Rate Case”) that PNM and its Rider No. 8 – Incremental Interruptible Power
12 Rate Schedule (“IIPR”) customers undertake an examination of IIPR regarding the
13 usefulness of Rider No. 8 and whether Rider No. 8 should be continued.¹

14

15 **Q. ARE YOU SPONSORING ANY 530 SCHEDULES?**

16 **A.** Yes. I am sponsoring 530 Schedule Q-1, Load Research Program and Conservation
17 Plan.

18

19 **II. PNM’S MODERN RATE DESIGN STRATEGY**

20

21 **Q. WHAT IS PNM’S PROPOSED MODERN RATE DESIGN STRATEGY?**

¹ Case No. 16-00276-UT, *Revised Order Partially Adopting Certification of Stipulation*, ¶¶ 79-81 (Jan. 10., 2018).

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1 **A.** The Modern RD Strategy is aimed at supporting PNM’s vision of transitioning to
2 carbon free by 2040. The Strategy is to have an evolving pricing focus tailored
3 towards transparency and stakeholder engagement that will provide customers with
4 pricing options for electric service delivery, as well as for existing and emerging
5 technology, as PNM moves towards a carbon-free future.

6

7 **Q. WHY IS PNM’S MODERN RD STRATEGY NEEDED AND WHY IS
8 PLANNING FOR THE FUTURE IMPORTANT?**

9 **A.** PNM’s current rates and pricing structure are reflective of a time when its supply
10 portfolio was dominated by baseload resources. With increased renewable
11 resources on the system, including solar and energy storage, there is a need to revise
12 rate design and pricing structures to align with the intermittent nature of these
13 resources. Additionally, the push towards electrification, including adoption of
14 electric vehicles, requires utilities to consider customer behavior and incentives to
15 ensure system resources are used efficiently without driving up peak energy
16 pricing. Importantly, customer needs and expectations also are a significant driver
17 in the need for pricing changes.

18

19 The current rate structure, including the residential usage blocks and the on-peak
20 and off-peak periods, have been in place since the 1990s. When customers are
21 accustomed to long-standing pricing structures, it is important and necessary to
22 communicate with stakeholders about proposals to change them, as well as to solicit
23 feedback on how such changes might affect customers. Moreover, PNM must plan

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1 for customer education on its proposed changes to ensure sufficient customer
2 understanding and allow ample time for adjustment to new proposed rate structures.

3
4 PNM is working with its stakeholders to develop its Modern RD Strategy that will
5 serve as the roadmap to transition from the existing legacy rate design to a modern
6 rate design.

7
8 ***A. PNM's Stakeholder-Driven Approach to a Modern Rate Design***

9
10 **Q. WHAT FUNDAMENTAL, INITIAL STEP HAS PNM TAKEN WITH THE**
11 **MODERN RATE DESIGN STRATEGY?**

12 **A.** A fundamental component of PNM's Modern RD Strategy is stakeholder
13 engagement. To that end, PNM has held four meetings with stakeholders to solicit
14 input and has formed a Pricing Advisory Committee ("PRAC") with stakeholders.
15 The PRAC meetings resulted in stakeholder feedback on key rate design topics,
16 including: the TOD Pilot; the COSTTM Model that will replace the ECCOSS Model
17 for functionalization and allocation of costs in this rate case filing; low-income
18 customer concerns and outreach; and PNM's proposed banding of its rate increases
19 to mitigate rate impacts for certain customer classes.

20

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1 **Q. WHAT IS THE ROLE OF THE PRAC?**

2 **A.** The purpose and role of the PRAC is for interested stakeholders to give PNM
3 advice on pricing topics that are of importance to them and to aid PNM in
4 implementing its Modern RD Strategy. In particular, as PNM prepares for rate case
5 filings and considers rate options that will meet the needs and expectations of
6 customers and stakeholders, it is beneficial to both PNM and stakeholders to discuss
7 issues, set expectations, and, to the extent possible, come to an understanding, and
8 ideally, an agreement before the filing.

9

10 **Q. WHO ARE THE STAKEHOLDERS PARTICIPATING IN THE PRAC**
11 **MEETINGS?**

12 **A.** The stakeholders that have participated in the PRAC meetings represent a wide
13 array of consumer advocacy groups, customers, consultants, and government
14 officials. Organizations that participated in the meetings include Prosperity Works,
15 the Albuquerque Bernalillo County Water Utility Authority (“ABCWUA”), the
16 New Mexico Attorney General’s office, Synapse Energy Economics, Southwest
17 Energy Efficiency Project (“SWEEP”), Western Resource Advocates (“WRA”),
18 the Coalition for Clean Affordable Energy (“CCAЕ”), New Mexico Assets
19 Consortium, the New Mexico Environmental Law Center, the New Mexico
20 Affordable Reliable Energy Alliance (“NM AREA”), Kroger, and Walmart.

21

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1 **Q. PLEASE DESCRIBE THE PRAC MEETINGS THAT WERE HELD.**

2 **A.** Before the PRAC was officially formed, PNM had an initial meeting with
3 stakeholders on June 30, 2022, to introduce the development of the Modern RD
4 Strategy and to solicit high-level input on designing modern rates. Another meeting
5 was held on August 2, 2022, to present information on the TOD Pilot; to introduce
6 the COST™ Model that will replace the ECCOSS Model for functionalization and
7 allocation of costs in this rate case filing; and to discuss issues around banding and
8 low-income customers. In addition, PNM discussed the concept of the PRAC with
9 the stakeholders in attendance at this meeting, and a number of stakeholders
10 volunteered to be members of the PRAC. Once the PRAC was formed, PNM met
11 with PRAC on August 30, 2022, to discuss the approach on analyzing low-income
12 customer data and another meeting was held on September 20, 2022, to discuss the
13 challenges associated with banding in the face of rising cost allocation for certain
14 rate classes, including the residential customer class.

15

16 **Q. PLEASE DESCRIBE THE LOW-INCOME ISSUES DISCUSSED AT THE**
17 **PRAC MEETING.**

18 **A.** At the August 2 and August 30 meetings, there was a robust discussion about the
19 definition of low-income for the purpose of analyzing the impact that new rate
20 options have on low-income customers. As part of this analysis, PNM committed
21 to look at low-income customer usage under different definitions, such as at or
22 below 200% of the Federal Poverty Level (“FPL”) or at or below 80% of Area
23 Median Income in the area adopted by the U.S. Department of Housing and Urban

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1 Development (“HUD”). In the Grid Modernization Application, PNM used at or
2 below 200% FPL as a low-income definition. To be consistent, PNM also uses the
3 same definition when presenting bill impacts for low-income customers in this rate
4 case.

5
6 The Company then solicited feedback on whether stakeholders want to see a low-
7 income bill impact by geographic area, to which participants responded positively.
8 Stakeholders agreed that low-income bill impacts by geographic area would be
9 useful, as the definition of low-income and the usage patterns of low-income
10 customers would necessarily vary based on the cost of living and living conditions
11 in different areas of PNM’s service territory. PNM witness Pitts will discuss bill
12 impacts for low-income customers, as well as a comparison of low-income
13 customer usage against non-low-income customer usage in her Direct Testimony.

14

15 **Q. WHAT ISSUES WERE DISCUSSED WITH THE PRAC ON THE**
16 **RESIDENTIAL SUBSIDY AND PNM’S PROPOSED BANDING?**

17 **A.** PNM and stakeholders discussed the challenges that PNM faces in a rate case filing
18 to balance the rate impact on residential customers as compared to the rate impact
19 on other customer classes. In particular, the group discussed the impact that the
20 residential subsidy and the resulting banding has on customer classes that are vital
21 for attracting new customers to New Mexico, such as commercial and industrial
22 (“C&I”) customers. It was noted that shifting residential costs into rates charged
23 to C&I customers may raise C&I customers’ bills higher than their cost-of-service

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1 dictates. As energy is a significant portion of the cost of doing business, this
2 residential subsidy has the potential to drive large C&I customers to jurisdictions
3 where they are not burdened by recovering not only their own energy costs, but also
4 the energy costs of other classes. Stakeholders emphasized the impact of
5 subsidization at the bill level, rather than the class level, and also noted that small
6 power customers were impacted severely by the COVID-19 pandemic. They
7 expressed concern that this already vulnerable class would continue to help
8 subsidize the residential rate class. While there was no specific resolution to this
9 complex issue, PNM's banding proposal in this case considers its importance.
10 PNM recognizes the need to continue discussing this issue with stakeholders to
11 explore common ground for identifying the necessary balance required to mitigate
12 impacts both for residential and C&I customers.

13
14 **Q. IN ADDITION TO STAKEHOLDER INPUT, WHAT STEPS MUST PNM**
15 **TAKE TO TRANSITION TO A MORE MODERN RATE DESIGN?**

16 **A.** To transition to a modern rate design, PNM needs to (1) more fully study and
17 comprehend customer usage patterns and behavior; and (2) understand how to
18 incentivize customers to change behavior. Adoption of advanced metering
19 infrastructure, as requested in PNM's Grid Modernization Application, addresses
20 the study and comprehension component of a modern rate design, and will provide
21 PNM with access to a significant amount of new data that will be critical to
22 designing new rates consistent with PNM's Modern RD Strategy. Compiling more
23 granular data is foundational to understanding and impacting customer behavior.

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1 Knowing customers’ exact usage patterns and load profiles from the hourly data
2 provided by the advanced metering infrastructure will aid PNM’s ability to design
3 a TOD rate that incentivizes customers to shift on-peak usage to off-peak hours.

4

5 Before full advanced metering infrastructure deployment, PNM expects to gather a
6 significant amount of data through its TOD Pilot. I discuss below the information
7 PNM seeks to gain from conducting the TOD Pilot.

8

9

B. TOD Pilot

10

11 **Q. PLEASE BRIEFLY EXPLAIN THE TOD PILOT.**

12 **A.** PNM proposes a new opt-in TOD Pilot for a limited number of residential and non-
13 residential customers. The TOD Pilot has different on-peak and off-peak periods
14 than the current Time-of-Use periods. Moreover, the rates for the TOD Pilot are
15 designed to better reflect the cost of energy as PNM increases renewable resources
16 in its portfolio to transition to carbon free by 2040. PNM witness Pitts discusses in
17 more detail the design and implementation of the TOD Pilot.

18

19 **Q. WHY HAS PNM CHOSEN TO PROPOSE A PILOT PROGRAM FOR TOD
20 PRICING?**

21 **A.** PNM is conducting a pilot for TOD pricing as a means to measure and evaluate
22 customer response to price signals and load-shifting behavior. Before PNM
23 considers TOD pricing for all customers, a pilot will pinpoint potential revisions to

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1 optimize customer engagement under a universal TOD proposal. For example, the
2 TOD Pilot can help determine whether PNM should propose multiple TOD pricing
3 options in the future.

4

5 **Q. HOW WILL THE TOD PILOT INFORM PNM'S TRANSITION TO A**
6 **MODERN RATE DESIGN?**

7 **A.** PNM will gain a variety of data and information from the TOD Pilot, such as
8 whether and how the delta or difference between on-peak and off-peak TOD Pilot
9 pricing actually change customer behavior. PNM also hopes to gain insight into
10 customer acceptance of TOD rates, given that as part of a transition to a carbon-
11 free future, PNM will seek to transition all its customers to TOD pricing to reduce
12 on-peak energy usage in the future.

13

14 **C. *Transition to the COST™ Model***

15

16 **Q. WHAT IS THE COST™ MODEL AND HOW DOES IT IMPROVE**
17 **TRANSPARENCY?**

18 **A.** Built in Microsoft Excel, the COST™ Model is a spreadsheet model with open
19 logic user audit and review. The COST™ Model allows for development of the
20 class cost of service without any buried code or time-consuming run-time macros.
21 New cost elements, revenues or rate base items can be quickly integrated into the
22 analysis and adding new rate schedules is as simple as inserting a column into

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1 Microsoft Excel. The COST™ Model has built-in validation and error checking, a
2 data import tool which eliminates the need for linked files.

3

4 **Q. PLEASE BRIEFLY DESCRIBE THE TRANSITION TO THE COST™**
5 **MODEL.**

6 **A.** The MAC ECCOSS Model was used for classification, functionalization, and
7 allocation of costs in PNM's prior rate cases. However, the ECCOSS Model was
8 more complicated to manipulate when evaluating different allocation
9 methodologies. Seeking ways to improve how PNM interacts with its stakeholders,
10 PNM sought to utilize a different model that would provide more efficient and
11 transparent modeling capabilities. PNM chose the COST™ Model, as it is a more
12 user-friendly model to use with a higher level of transparency.

13

14 **Q. HOW DOES THE COST™ MODEL IMPROVE TRANSPARENCY FOR**
15 **STAKEHOLDERS?**

16 **A.** The COST™ Model provides more transparency for stakeholders in evaluating
17 PNM's proposed functionalization, classification, and allocation methodologies
18 and how those methodologies affect PNM's rate design proposals. Specifically,
19 transparency is provided by the ability to unbundle the cost components so that all
20 customer-related, demand-related, and energy-related costs are available for review
21 and consideration for the final rate design. Additionally, the COST™ Model has a
22 scenario analyzer that shows how various changes in functionalization or
23 classification affect the results of cost allocation. The COST™ Model also has an

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1 automatic upload feature for full integration into the Rate Design Model, allowing
2 intervenors to better understand the unbundled cost components that are part of the
3 rate design process. PNM witness Casas supports the COST™ Model and provides
4 an instruction manual on how to utilize the COST™ Model.

5

6 ***D. Unbundling of the Cost Components of PNM's Rates***

7

8 **Q. HOW DOES THE COST™ MODEL PROVIDE DATA ON SPECIFIC**
9 **CUSTOMER, DEMAND AND ENERGY RELATED COST**
10 **COMPONENTS?**

11 A. The COST™ Model, as in most class cost-of-service studies, functionalizes costs
12 based upon the Federal Energy Regulatory Commission Uniform System of
13 Accounts and then classifies costs among customer-, demand-, and energy-related
14 cost components. Customer components are further broken out by the following
15 sub-components: services, meters, meter reading, billing & collections, service &
16 information, and other. Demand components are further broken out by the
17 following sub-components: production, transmission, distribution substation,
18 distribution primary, and distribution secondary. Energy costs in the COST™
19 Model are strictly non-fuel energy costs. Costs are also allocated between customer
20 classes. Each sub-component is then used as a baseline to determine what customer
21 charges, demand charges, and energy charges by rate schedule must be utilized to
22 perfectly recover rates by their respective components. The Rate Design Model,

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1 supported by PNM witness Pitts, then uses the specific billing determinants for each
2 rate schedule for further analyses.

3

4 **III. RATE DESIGN OBJECTIVES FOR COST RECOVERY**

5

6 **Q. WHAT ARE THE COMPANY'S PRIMARY OBJECTIVES WHEN**
7 **DEVELOPING ITS RATE DESIGN PROPOSALS?**

8 **A.** PNM seeks to improve the Company's rate design so that rates will more accurately
9 reflect the costs the Company incurs to serve its customers by customer class,
10 subject to the unique circumstances of each case. To the extent permitted, given
11 specific customer class impacts in the current filing, PNM is seeking to get approval
12 of certain proposals that are grounded in cost-based rate design utilizing cost
13 causation principles. For example, for most customer classes, PNM is proposing
14 to recover 100% of the customer-related costs through the monthly customer
15 charge, and for those customer classes that have a demand charge, PNM's proposal
16 is a cost-based demand charge.

17

18 **Q. ARE THERE UNIQUE CIRCUMSTANCES IN THIS CASE THAT**
19 **INFLUENCE PNM'S PROPOSED COST RECOVERY?**

20 **A.** Yes. PNM's customers have just emerged from the COVID-19 pandemic while
21 facing historic high inflation. According to the U.S. Census Bureau, 18.4% of
22 residential customers are living below the FPL. Many observers believe the FPL
23 is set too low, and as such, PNM has defined low-income residential customers as

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1 having an income below 200% of the FPL. Applying this broader definition,
2 roughly 41% of PNM’s residential customers are considered low-income.

3

4 **Q. HOW HAS PNM CHOSEN TO ADDRESS THE UNIQUE**
5 **CIRCUMSTANCES OF THIS CASE?**

6 **A.** Given the economic burdens on PNM’s relatively high percentage of low-income
7 residential customers, PNM proposes to distribute the impact of its proposed rate
8 increase across all customers classes. Similar to the 2016 Rate Case, this banding
9 proposal favors the mitigation of impacts to residential customers over principles
10 of cost causation.

11

12 **Q. WHAT IS THE NON-FUEL REVENUE REQUIREMENT INCREASE**
13 **THAT PNM IS REQUESTING?**

14 **A.** Based on the calculated forecasted revenue of \$727.2 million and the non-fuel
15 revenue requirement of approximately \$791 million, PNM is requesting an increase
16 of about \$63.8 million in non-fuel revenue. The requested increase represents a
17 system average increase of 8.77%.

18

19 **Q. WHAT IS PNM’S BANDING PROPOSAL IN THIS CASE?**

20 **A.** PNM proposes an upper band of 110% (9.65%) of the system average increase of
21 8.77%. The proposed banded increase of 9.65% applies to the following classes
22 whose cost-based non-fuel revenue requirement increase are above the system

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1 average of 8.77%: Residential (1A/1B), Water & Sewage (11B) and Streetlighting
2 (20).

3
4 PNM proposes a lower band of 90% for those customer classes whose cost-based,
5 non-fuel revenue requirement increase is below the system average. The 90%
6 lower band means that no applicable customer class will see an increase in non-fuel
7 revenue less than 7.90%. The lower band applies to the following customer classes:
8 Small Power (2A/2B), General Power (3B, 3C, 3D, 3E), Large Power (4B), Large
9 Service >8,000 kW (5B), Large Service for Public Universities (15B), Large
10 Service for Manufacturing (30B), Station Power (33B), Large Power Service >
11 3,000 kW (35B), Special Service Rate, Renewable Energy Resources (36B) and
12 Private Area Lighting (6).

13
14 Finally, for Irrigation (10A/10B), which has a cost-based, non-fuel revenue
15 requirement increase between the upper and lower band, PNM proposes an increase
16 at the system average of 8.77%.

17
18 PNM Table SC-1 provides the cost-based increase and decrease by customer class.
19

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1

PNM Table SC-1

Customer Class	Cost-Based Non-Fuel Revenue Increase			
	Test Period Revenue at Current Rates	Cost-Based Increase	Allocated Revenue Requirement	% Change
1 – Residential	\$ 349,061,272	\$ 87,404,224	\$ 436,465,496	25.04%
2 - Small Power	\$ 101,240,911	\$ (8,710,611)	\$ 92,530,301	-8.60%
3B / 3D - General Power	\$ 119,165,096	\$ (3,237,353)	\$ 115,927,744	-2.72%
3C / 3E - General Power Low LF	\$ 21,439,562	\$ (6,384,434)	\$ 15,055,129	-29.78%
4B - Large Power	\$ 57,990,326	\$ (2,676,620)	\$ 55,313,705	-4.62%
5B - Lg. Svc. (8 MW)	\$ 1,920,221	\$ (888,570)	\$ 1,031,652	-46.27%
10A/B – Irrigation	\$ 1,886,451	\$ 153,620	\$ 2,040,071	8.14%
11B - Wtr/Swg Pumping	\$ 8,255,843	\$ 2,496,586	\$ 10,752,429	30.24%
15B - Universities 115 kV	\$ 3,716,037	\$ (1,921,784)	\$ 1,794,253	-51.72%
30B - Manuf. (30 MW)	\$ 31,338,293	\$ (496,646)	\$ 30,841,647	-1.58%
33B - Lg. Svc. (Station Power)	\$ 226,232	\$ (122,092)	\$ 104,140	-53.97%
35B - Lg. Svc. (3 MW)	\$ 7,368,035	\$ (391,117)	\$ 6,976,917	-5.31%
36B - SSR - Renew. Energy Res.	\$ 17,297,596	\$ (3,962,191)	\$ 13,335,405	-22.91%
6 - Private Area Lighting	\$ 2,421,948	\$ (237,576)	\$ 2,184,372	-9.81%
20 – Streetlighting	\$ 3,886,540	\$ 2,739,878	\$ 6,626,418	70.50%
Total	\$ 727,214,365	\$ 63,765,315	\$ 790,979,679	8.77%

2

3

PNM Table SC-2 is a summary table shows the increase in revenue and percentage by

4

customer class after banding.

5

PNM Table SC-2

Customer Class	Proposed Changes to Non-Fuel Revenue After Banding			
	Test Period Revenue at Current Rates	Banded Increase	Proposed Revenue	% Change
1 – Residential	\$ 349,061,272	\$ 33,667,930	\$ 382,729,201	9.65%
2 - Small Power	\$ 101,240,911	\$ 7,996,639	\$ 109,237,550	7.90%
3B / 3D - General Power	\$ 119,165,096	\$ 9,412,403	\$ 128,577,499	7.90%
3C / 3E - General Power Low LF	\$ 21,439,562	\$ 1,693,430	\$ 23,132,993	7.90%
4B - Large Power	\$ 57,990,326	\$ 4,580,438	\$ 62,570,764	7.90%
5B - Lg. Svc. (8 MW)	\$ 1,920,221	\$ 151,671	\$ 2,071,892	7.90%
10A/B – Irrigation	\$ 1,886,451	\$ 165,412	\$ 2,051,863	8.77%
11B - Wtr/Swg Pumping	\$ 8,255,843	\$ 796,299	\$ 9,052,142	9.65%
15B - Universities 115 kV	\$ 3,716,037	\$ 293,516	\$ 4,009,553	7.90%
30B - Manuf. (30 MW)	\$ 31,338,293	\$ 2,475,294	\$ 33,813,587	7.90%
33B - Lg. Svc. (Station Power)	\$ 226,232	\$ 17,869	\$ 244,102	7.90%
35B - Lg. Svc. (3 MW)	\$ 7,368,035	\$ 581,973	\$ 7,950,008	7.90%
36B - SSR - Renew. Energy Res.	\$ 17,297,596	\$ 1,366,272	\$ 18,663,868	7.90%
6 - Private Area Lighting	\$ 2,421,948	\$ 191,301	\$ 2,613,249	7.90%
20 – Streetlighting	\$ 3,886,540	\$ 374,868	\$ 4,261,407	9.65%
Total	\$ 727,214,365	\$ 63,765,315	\$ 790,979,679	8.77%

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1 **Q. HOW DOES THE BANDING PROPOSAL IN THIS CASE ALIGN WITH**
2 **PNM'S EFFORTS TO MODERNIZE ITS RATE DESIGN?**

3 **A.** It has been six years since PNM filed a rate case, and this general rate case filing
4 comes at time of historic inflation rates when customers are coming out of the
5 COVID-19 pandemic. PNM's banding proposal seeks to distribute the cost
6 increases for selected customer classes, including the residential class, among all
7 classes. From a cost allocation perspective, this is a transition case, which means
8 additional work will need to be done to achieve cost-based rates in the future. PNM
9 will continue working actively with the PRAC on future rate design solutions to
10 gain further insight on how to balance cost causation issues with rate change
11 impacts for all customer classes.

12
13 **IV. PNM'S RATE DESIGN PROCESS AND ITS KEY DATA INPUTS**

14
15 **Q. WHAT IS THE PROCESS PNM UNDERTAKES TO DEVELOP RATES?**

16 **A.** To develop rates, PNM must convert the system level revenue requirements, as
17 developed by PNM witness Sanders, into individual retail rates. This conversion
18 process involves a series of steps that include: (1) starting with the total retail
19 revenue requirements for the Test Period; (2) developing Test Period class
20 allocators to allocate costs among PNM's customer classes; (3) applying the
21 COST™ Model using the allocators to allocate production, transmission,
22 distribution and other costs to determine the revenue requirements by customer
23 class; (4) designing and applying banding to the class revenue requirement outputs

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1 from the COST™ Model to assign cost responsibility among the customer classes;
2 and (5) using the Rate Design Model to determine the individual rate components
3 by applying the Test Period Billing Determinants to the class-level revenue
4 requirements after banding.

5

6 Figure SC-1 below depicts these steps and indicates which PNM witness sponsors
7 each step in the rate design process, which starts with the receipt of the Test Period
8 revenue requirement sponsored by PNM witness Sanders.

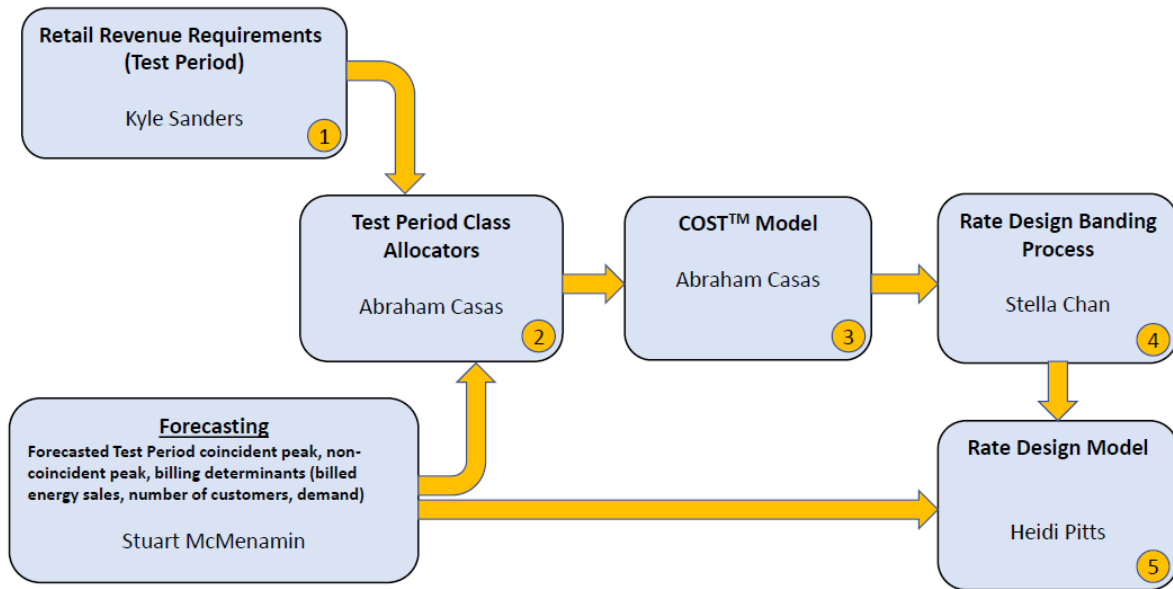
9

10

11

12

**PNM Figure SC-1
Rate Design Process**



13

14

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NMPRC CASE NO. 22-00270-UT**

1 **Q. REGARDING STEP 2 IN PNM FIGURE SC-1, HOW DOES PNM DERIVE**
2 **THE CLASS ALLOCATORS?**

3 **A.** For all customer classes except Rate Schedules 6, 20, and 36B, PNM witness
4 McMenamain provides data on forecasted Test Period coincident peak, forecasted
5 Test Period non-coincident peak, forecasted Test Period billing determinants/billed
6 energy sales, and forecasted Test Period number of customers. PNM witness Casas
7 uses this data to develop class allocators. For Rate Schedule 36B, PNM receives a
8 forecast from the Rate Schedule 36B customer. PNM internally prepares the
9 forecasts for Rate Schedules 6 and 20.²

10

11 **Q. ONCE CALCULATED, HOW ARE THE CLASS ALLOCATORS USED?**

12 **A.** These allocators are used to allocate production, transmission, and distribution
13 revenue requirements to various rate schedules in the COST™ Model.

14

15 **Q. PLEASE DESCRIBE STEP 3 IN PNM FIGURE SC-1 REGARDING**
16 **APPLICATION OF THE COST™ MODEL.**

17 **A.** The costs associated with PNM's revenue requirement are input into the COST™
18 Model. Within the COST™ Model, costs are functionalized, classified and
19 allocated to the different customer classes. The final output from the COST™
20 Model is the Test Period revenue requirement for each customer class. PNM
21 witness Casas supports this step and sponsors the COST™ Model.

² PNM also forecasted internally the Whole House Electric Vehicle billing determinants for purpose of updating rates for this program.

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1 **Q. PLEASE BRIEFLY DESCRIBE THE BANDING PROCESS, WHICH IS**
2 **STEP 4 OF THE RATE DESIGN PROCESS SHOWN IN PNM FIGURE SC-**
3 **1.**

4 **A.** The calculated Test Period non-fuel revenue requirement for each customer class,
5 an output of the COST™ Model, shows the increase based on full cost allocation.
6 Banding, which is a method of limiting the customer class revenue requirement
7 increase to a given percentage above or below the average system impact, puts into
8 effect the principle of rate gradualism by moderating or mitigating unusually
9 disparate responsibilities for revenue deficiencies by class. In applying a banding
10 methodology, PNM can account for unique circumstances of each rate case filing,
11 as discussed earlier. I support PNM's proposed banding process.

12
13 **Q. HOW ARE ACTUAL RATES DEVELOPED IN THE RATE DESIGN**
14 **MODEL (FIGURE SC-1, STEP 5)?**

15 **A.** The Rate Design Model's key function is to convert the Test Period revenue
16 requirement for each customer class after banding into the individual rate elements
17 (*e.g.*, customer, demand, and energy charges) found in PNM's tariffs. The Rate
18 Design Model (PNM Exhibit HMP-2) derives each of these rate elements using the
19 Test Period Billing Determinants, so that these rate elements will total to an amount
20 that recovers the Company's proposed revenue requirement for the Test Period for
21 each customer class. PNM witness Pitts is the sponsor of the Company's Rate
22 Design Model, and the proof of revenue (Rule 530 Schedule O-2) that results from
23 the proposed rates.

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**V. IMPLEMENTATION OF THE APPROVED SPECIAL SERVICE
CONTRACT WITH THE RATE SCHEDULE 36B CUSTOMER**

**Q. PLEASE DESCRIBE PNM'S SPECIAL SERVICE CONTRACT WITH THE
RATE SCHEDULE 36B CUSTOMER.**

A. The Special Service Contract for PNM's Rate Schedule 36B customer, as amended from time to time with Commission approval, provides fully bundled electric service to its data centers pursuant to the terms of Rate Schedule 36B, while addressing atypical service requirements and circumstances for that customer through the service agreement. Because operating a data center is very energy-intensive and requires significant long-term financial investments by a customer, pricing and stability of utility rates are a significant consideration. Among other terms, Rate Schedule 36B provides for a qualifying customer to voluntarily rely on new renewable energy resources for some or all of its energy needs. The entire cost of these new renewable resources is paid for by the Rate Schedule 36B customer. The Commission originally approved Rate Schedule 36B, together with the Special Service Contract between the data center customer and PNM, in Case No. 16-00191-UT.

**Q. HAS THE SPECIAL SERVICE CONTRACT BEEN MODIFIED SINCE ITS
ORIGINAL APPROVAL BY THIS COMMISSION?**

A. Yes. In Case No. 18-00269-UT, the Commission approved the Second Amended and Restated Special Service Contract. The most significant change in the amended contract was the modification to the formula for determining the customer's contribution to the production costs of PNM's system by modifying the

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1 “Contribution to Production Component” rate element. The Case No. 18-00269-
2 UT Final Order summarized this change as follows:

3 The principal modification to the SSC is a renegotiated Contribution to
4 Production Component mechanism designed to better ensure the recovery
5 of PNM’s production costs, taking into account the value of the Additional
6 Renewable Energy Procurements to the system which will preserve PNM
7 and the Customer’s original intent of No Adverse Impact to any other PNM
8 retail electric service customers as a result of service to the customer.³
9

10 **Q. WHAT IS THE PURPOSE OF THE “CONTRIBUTION TO PRODUCTION**
11 **COMPONENT” RATE ELEMENT IN RATE SCHEDULE 36B?**

12 **A.** The purpose of this rate element is to ensure that the Rate Schedule 36B customer
13 pays its fair share for its reliance on PNM’s other system resources in those hours
14 where the customer’s load exceeds the production of the renewable resources
15 procured on behalf of that customer. While the current Rate Schedule 36B
16 customer does pay for sufficient renewable resources to cover the energy
17 consumption over the course of a year, the production from those renewable
18 resources does not perfectly equal the customer’s consumption in any given hour.
19 This rate element essentially compares the customer’s consumption to the
20 renewable energy production in coincident peak hours to determine the fair
21 allocation of production costs to the customer.

22

³ Case No. 18-00269-UT, *Final Order*, at ¶ 24.a.

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1 **Q. WHAT WAS THE CHANGE TO THE CONTRIBUTION TO**
2 **PRODUCTION COMPONENT APPROVED BY THE COMMISSION IN**
3 **CASE NO. 18-000269-UT?**

4 **A.** The Contribution to Production Component in the original contract was an energy-
5 based charge that would be fixed for a ten-year period and based on an assumed
6 customer load. The customer's plans changed, and it was clear that the maximum
7 load contained in the contract would soon be exceeded. Given the increased load
8 and energy consumption, it was necessary to revisit the energy charge. In addition,
9 it is unusual to recover production capacity costs through an energy-based charge
10 instead of through a demand charge. The Commission-approved formula for
11 determining the rate element recognizes the customer's net reliance on PNM's
12 production fleet in those hours used to allocate production costs. This approach is
13 also consistent with the Commission's directive in Case No. 16-00191-UT that in
14 any future rate case filed by PNM requesting an increase in rates, the Commission
15 shall determine whether any other customer class will be subject to increased rates
16 due to the customer's Production Charge and determine whether or not PNM will
17 be allowed to recover such increased costs in the form of increased rates to other
18 customers.⁴ The change to the Special Service Contract approved in Case 18-
19 00269-UT ensures that that contract can be modified as the Customer's load and
20 resources change to make sure that costs and benefits are properly allocated to the
21 Rate Schedule 36B customer and all other PNM customers.

⁴ Case No. 16-00191-UT, *Final Order*, at Decretal ¶ L.

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1

2 **Q. HAS PNM REVISED ITS CONTRIBUTION TO PRODUCTION CHARGE**
3 **IN ACCORDANCE WITH THE FINAL ORDER IN NMPRC CASE NO. 18-**
4 **00269-UT?**

5 **A.** Yes. As noted above, PNM revised the Rate Schedule 36B Contribution to
6 Production Charge in accordance with the Commission-approved demand-based
7 formula prescribed in Exhibit D2 of the Second Amended and Restated Special
8 Service Contract. PNM witness Casas sponsors the application of the formula in
9 Exhibit D2 to the Second Amended and Restated Special Service Contract.

10

11 **Q. HOW IS THE RATE SCHEDULE 36B CUSTOMER BENEFITTING THE**
12 **SYSTEM AND PNM'S OTHER CUSTOMERS?**

13 **A.** The Rate Schedule 36B customer has produced numerous direct benefits on PNM's
14 system. For instance, energy storage, transmission and distribution facilities have
15 been added to the system that now directly benefit PNM's customers as a whole by
16 enhancing reliability, creating redundancy, and providing available energy,
17 capacity, and ancillary services to the system. For example, system upgrades and
18 distribution line improvements that enable a recent expansion phase are also
19 supporting other future customer load growth in Los Lunas, as discussed by PNM
20 witness Gray. Furthermore, these system upgrades have allowed additional
21 wholesale transmission customers to take new point-to-point service, which
22 increases the allocation of costs of the transmission system to Federal Energy
23 Regulatory Commission wholesale and lowers the obligations of retail customers.

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1 **Q. WHAT WOULD THE IMPACT HAVE BEEN IF PNM MADE THE SAME**
2 **OR SIMILAR INVESTMENTS IN ITS SYSTEM WITHOUT**
3 **CONTRIBUTIONS FROM THE RATE SCHEDULE 36B CUSTOMER?**

4 **A.** PNM's other customers would have paid more without the additional data center
5 load served under Rate Schedule 36B. PNM invests in its system to ensure
6 reliability and resource adequacy. Spreading the costs of investments over more
7 customers, particularly larger customers, lowers rates for all customers.

8

9 **Q. HAS THE COMMISSION ALSO RECOGNIZED OTHER BENEFITS TO**
10 **THE SURROUNDING COMMUNITIES AND NEW MEXICO AS A**
11 **RESULT OF THE LOADS BROUGHT BY PNM'S RATE SCHEDULE 36B**
12 **CUSTOMER?**

13 **A.** Yes. The Commission's previous orders have recognized there are other benefits
14 from the load served under Rate Schedule 36B. Publicly available economic data
15 indicates that the Los Lunas Data Center represents an investment of over \$1 billion
16 in New Mexico, has employed 1,100 construction jobs at its peak, and supports 300
17 full-time jobs. A study by the Rate Schedule 36B customer also concluded that for
18 every \$1 million in data center capital expenditures, there were 14 jobs supported
19 in the area, and for every \$1 million in data center operating expenditures, 18 jobs
20 were supported.

21

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1 **Q. HAS PNM CONDUCTED ITS OWN ASSESSMENTS TO INDICATE**
2 **BENEFITS TO THE SURROUNDING COMMUNITIES FROM THE**
3 **CUSTOMER'S DATA CENTER?**

4 **A.** Yes. PNM has calculated that the number of businesses in PNM's Small Power,
5 General Power and Large Power customer classes increased by 13% in Los Lunas
6 and the surrounding communities between January 2016 (a few months prior to the
7 start of construction at the Los Lunas Data Center) and January 2022. For the
8 equivalent period, the percentage increase in the same customer classes in the whole
9 PNM service territory was approximately 3%. In other words, growth in the Small
10 Power, General Power and Large Power customer classes in Los Lunas and the
11 surrounding communities was four times larger than the whole PNM service
12 territory, indicating that the addition of the Los Lunas Data Center is contributing
13 to economic development gains in the surrounding communities.

14

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1 **VI. COMPLIANCE WITH COMMISSION REQUIREMENT RELATED TO**
2 **RIDER NO. 8 – IPR WITH PLANNED INTERRUPTIONS**

3

4 **Q. WHAT IS RIDER NO. 8 – IPR?**

5 **A.** Rider No. 8 – IPR is a legacy rate that provides a discount to large C&I customers
6 who agree to curtail their industrial load during emergency situations within 30
7 minutes if notified to do so by PNM. Rider No. 8 is a closed tariff with three
8 customers currently receiving discounts pursuant to the Rider. One customer takes
9 service under Rate Schedule 4B – Large Power and two customers are on Rate
10 Schedule 35B – Large Power Service.

11

12 **Q. PLEASE EXPLAIN PNM’S COMPLIANCE REQUIREMENT FROM**
13 **CASE NO. 16-00276-UT REGARDING THE IPR.**

14 **A.** PNM and its IPR customers were required to undertake an examination of the
15 usefulness of Rider No. 8 and whether it should be continued.⁵ The Commission
16 held that consideration should be given whether the IPR should be discontinued in
17 a future rate case, given that there were no interruptions pursuant to Rider No. 8 in
18 the Case No. 15-00261-UT (“2015 Rate Case”) base period, and PNM projected no
19 interruptions in the Test Period.⁶ In the 2016 Rate Case, the Commission kept the
20 IPR in place and required that the concerns with IPR raised in 2015 Rate Case be
21 addressed in PNM’s next rate case.⁷ PNM and IPR customers were required to

⁵ Case No. 16-00276-UT, *Revised Order Partially Adopting Certification of Stipulation*, ¶¶ 79-81 (Jan. 10., 2018).

⁶ Case No. 15-00261-UT, *Corrected Recommended Decision*, at 209.

⁷ Case No. 16-00276-UT, *Revised Order Partially Adopting Certification of Stipulation*, at ¶ 81.

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1 meet to discuss the Commission's concerns that the IIPR was not reasonably
2 justified, and if possible develop a joint proposal of changes to IIPR to address the
3 Commission's concerns, or file their own proposal.

4

5 **Q. WHAT WAS THE ORIGINAL INTENT OF RIDER NO. 8?**

6 **A.** The original purpose in offering Rider No. 8 was to promote efficient and flexible
7 utilization of PNM's generation and transmission at a time when there was excess
8 capacity, while providing opportunities for customers to expand their
9 operations. For qualifying customers in particular, Rider No. 8 was originally
10 intended to provide a discount in return for PNM's ability to call for an interruption
11 of incremental billed demand as result of an emergency during PNM's on-peak
12 period. The loads subject to the Rider No. 8 were incremental to the customers'
13 existing loads at the time they were offered the discount. In fact, these additional
14 loads were developed in large part as a response to the economic benefit these
15 customers received from the discount given each customer's agreement to take
16 provisional or flexible service that could be interrupted in an emergency.

17

18 **Q. WHAT DO YOU MEAN BY INCREMENTAL BILLED DEMAND?**

19 **A.** The demand was incremental in that Rider No. 8 customers received discounts only
20 for the expanded demands on the system as defined in their contracts.

21

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1 **Q. IS THE ORIGINAL PURPOSE OF RIDER NO. 8 – IIPR STILL BEING**
2 **FULFILLED?**

3 **A.** Not at this time, but PNM is proposing modifications to the Rider in this case to
4 serve its original purpose. The current terms of Rider No. 8 states that interruptions
5 will be made for two reasons: (i) for testing purposes; and (ii) in the event of a PNM
6 system emergency. Given that “system emergency” was never defined, there was
7 a lack of clarity as to the specific procedures or policies for interruption. There also
8 was a lack of understanding between PNM and its IIPR customers as to what a
9 system emergency means.

10
11 **Q. PLEASE EXPLAIN THE DISCOUNTS CUSTOMERS RECEIVE FOR**
12 **PARTICIPATING IN IIPR.**

13 **A.** The IIPR discounts are summarized as follows:

<u>PNM RATE SCHEDULE</u>	<u>SUMMER MONTHS</u>	<u>OTHER MONTHS</u>
	<u>(JUNE – AUGUST)</u>	<u>(SEPTEMBER – MAY)</u>
35B (Substation)	\$15.83 per kW-mo. discount	\$7.38 per kW-mo. discount
4B (Primary)	\$15.83 per kW-mo. discount	\$4.08 per kW-mo. discount

14
15 The annual aggregate discount to PNM customers on IIPR today represents about
16 \$1.6 million, or approximately 19% of their annual electric spend.

17

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1 **Q. WHAT HAVE PNM AND ITS IIPR CUSTOMERS DONE TO COMPLY**
2 **WITH THE COMMISSION’S 2016 RATE CASE ORDER?**

3 **A.** PNM met with its IIPR customers soon after the completion of the 2016 Rate Case
4 and has met with them periodically since that time to propose new ways to make
5 Rider No. 8 effective.

6

7 **Q. ARE THERE BENEFITS TO MAKING RIDER NO. 8 AN EFFECTIVE,**
8 **INTERRUPTIBLE PROGRAM?**

9 **A.** Yes. PNM has determined that there is 12.7 MW available with the existing IIPR
10 program that can be curtailed to address resource adequacy issues if the
11 interruptions for these customers can be effectively and timely made. Moreover,
12 the customers that participate in IIPR have been in this legacy program for years,
13 knowing they are required to flex with grid constraints when PNM calls for it and
14 are actively aware of the obligations contemplated by Rider No. 8. Based on
15 PNM’s discussion with these customers since the 2015 Rate Case, they are
16 knowledgeable, innovative and have a willingness to participate and interact with
17 the modern grid if it benefits their core business requirements.

18

19 **Q. WHAT IS PNM’S PROPOSAL REGARDING RIDER NO. 8?**

20 **A.** PNM is revising Rider No. 8 – IIPR to include a definition of “system emergency.”
21 This will provide clarity to PNM’s IIPR customers as to when PNM intends to call
22 upon the customer to curtail load. PNM witness Pitts supports the revisions to Rider
23 No. 8.

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1 **Q. DID PNM COMMUNICATE WITH IIPR CUSTOMERS REGARDING**
2 **THE PROPOSAL?**

3 **A.** Yes. PNM met with its IIPR customers to communicate its plan in October and
4 November of 2022. The IIPR customers were receptive to the clarity that
5 modifying the Rider would provide.

6

7

VII. OTHER TARIFF CHANGES

8

9 **Q. ARE THERE OTHER TARIFF CHANGES THAT SHOULD BE**
10 **ADDRESSED AT THE CONCLUSION OF THIS RATE CASE?**

11 **A.** Yes. Rider No. 56, the Community Solar Bill Credit Rate, will need to be updated
12 after the Commission approves the rates in this rate case. In particular, the Base
13 Bill Credit Rate and the Distribution Cost Component must be updated. As of the
14 filing of this rate case, Rider No. 56 had not yet been approved by the Commission.
15 PNM was required to refile Rider No. 56 for approval in Docket No. 22-00020-UT
16 on November 16, 2022.⁸ Assuming Rider No. 56 is approved, PNM will separately
17 revise the Rider through the Advice Notice process to update the various cost
18 components to reflect the approvals in this rate case. PNM will file a compliance
19 advice notice at the conclusion of this rate case to update the cost components of
20 this rider.

21

⁸ See Advice Notice No. 594, Case No. 22-00020-UT (Nov. 16, 2022).

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VIII. CONCLUSION

Q. WHAT CONCLUSIONS SHOULD THE COMMISSION DRAW FROM YOUR TESTIMONY?

A. My testimony introduces PNM’s process of transitioning to a Modern RD Strategy that will guide PNM’s rate design proposals in future rate cases. PNM is driving toward a carbon-free transition by 2040, and to accomplish this goal, PNM must also transition to a more modern rate design. PNM is using a stakeholder-driven approach to develop its Modern RD Strategy for future rate cases. In this rate case, PNM’s first steps for Modern RD Strategy implementation include (i) a proposal for a TOD Pilot; (ii) replacement of the ECCOSS Model with the new COST™ Model that is used to functionalize and allocate revenue requirement to customer classes; and (iii) unbundling of the cost components of PNM’s rates. While this rate case serves to mitigate rate impacts on residential customers post pandemic when the customers are still experiencing historic rates of inflation, PNM will work with its stakeholders through the PRAC process to explore approaches to balancing cost recovery impacts and cost-causation principles. This stakeholder process will also ensure that implementing PNM’s Modern RD Strategy in the future takes into account evolving customer needs as part of the overall energy transition.

My testimony determines that the Rate Schedule 36B customer provides tangible benefits to PNM’s system. In fact, the Rate Schedule 36B customer has provided significant economic benefits to local communities and the state as a whole.

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1 My testimony also supports the continuation of the IPR using an added definition
2 of “system emergency” to provide clarity to PNM’s IPR customers as to when
3 PNM intends to call upon the customer to curtail load, as well as to guide PNM’s
4 decision-making on curtailment. Given that there is 12.7 MW available within the
5 existing IPR program that can be curtailed to address resource adequacy issues if
6 the interruptions for these customers can be effectively and timely made, PNM
7 believes continuation of the rider with the referenced modifications is reasonable
8 and appropriate.

9

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

11 **A.** Yes, it does.

GCG#530110

Statement of Qualifications

PNM Exhibit SC-1

Is contained in the following 3 pages.

STELLA CHAN: EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Stella Chan

Address: Public Service Company of New Mexico
Main Offices
Albuquerque, New Mexico 87158-1105

Position: Director, Pricing and Strategic Customer Marketing

Education: University of Houston, Houston, Texas

- MBA with concentration in Finance
- BBA with major in Finance

Language Skills:

Fluent in English, Mandarin Chinese and Cantonese

Employment: Public Service Company of New Mexico, Albuquerque, New Mexico:
Director, Pricing & Strategic Customer Marketing: 2013 to present

Colorado Springs Utilities, Colorado Springs, Colorado
Manager, Pricing & Forecasting, Planning and Finance Division:
2003-2013

University of Houston, Houston, Texas, New Mexico:
Adjunct Faculty – Finance Department: 2003

Independent Consultant: 2002 to 2003

- Challenger Development, L.C.
- Boyce Power System

Energy Wholesale Operations, Houston, Texas
Director, Government and Regulatory Affairs: 2001

Enron Corporation, Houston, Texas
Director, Government Affairs: 2000-2001
General Manager, Operations, SK-Enron, Seoul, South Korea: 1999-2000
Director, Regulatory Affairs, Enron International: 1997-1999
Manager, Rates and Tariffs, Enron Energy Services: 1997

El Paso Energy, Houston, Texas
Staff Analyst, Research and Competitive Analysis: 1996-1997
Consultant, Business Development: 1995-1996

Employment (Continued):

Duke Energy (formerly Texas Eastern), Houston, Texas
Project Leader, Strategic Planning: 1994-1005
Project Leader, Market Planning and Analysis: 1992-1994

El Paso Energy (formerly Tenneco Gas), Houston, Texas
Senior Analyst, Cost Allocation and Rate Design: 1990-1992
Analyst, Special Projects: 1987-1989

Community Activities (Colorado Springs, Colorado):

Board Chair, Urban Peak Colorado Springs
Treasurer, Urban Peak Colorado Spring
Board Member, CASA (Court Appointed Special Advocate), Pikes Peak Region
Steering Committee, Community Focus Fund, Colorado Springs Utilities

Testimony Filed Before the New Mexico Public Regulation Commission:

<u>Case Number</u>	<u>Proceeding/Subject Matter</u>
Un-Docketed	Advice Notice No. 478, relating to the revision of PNM Rate No. 20- Integrated System Streetlighting and Floodlighting Service, September 27, 2013
Un-Docketed	Advice Notice Nos. 480 and 65, regarding consolidation of PNM's North and South Rules, updates to service rules, and changes to Rule 15 - Line Extension Policy, November 15, 2013
14-00118-UT	Matter of PNM's Advice Notice 493, relating to modification to the qualifying criteria for service under Rate No. 5B-Large Service to Customers, April 22, 2014
14-00150-UT	Matter of PNM's Application for Approval of the City of Rio Rancho Underground Project Rider Pursuant to Advice Notice No. 495, May 25, 2014
14-00158-UT	PNM's Renewable Energy Portfolio Procurement Plan for 2015 and Proposed 2015 Rider No. 36 Rate, June 2, 2014
14-00310-UT	PNM's Application for Approval of 2014 Electric Energy Efficiency and Load Management Program Plan and Revision to Tariff Rider No. 16, October 6, 2014
14-00332-UT	Application of PNM for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 507

- 14-00337-UT Application of PNM for Approval of the City of Albuquerque 2014 Underground Project Rider pursuant to Advice Notice No. 502
- 15-00166-UT In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2016 and Proposed 2016 Rider Rate Under Rate Rider No. 36
- 15-00261-UT In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 513
- 16-00276-UT In the Matter of the Application of Public Service Company of New Mexico for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 533
- 19-00018-UT Abandonment of San Juan Generating Station Units 1 & 4
- 19-00158-UT In the Matter of Public Service Company of New Mexico's Application for Approval of PNM Solar Direct Voluntary Renewable Energy Program, Power Purchase Agreement, and Advice Notice Nos 560 and 561
- 20-00121-UT Petition for Rate Adjustment Mechanism to Remove Regulatory Disincentives
- 21-00031-UT Application for Approval of Two PPA's and ESA's and Addendum to Special Service Contract
- 22-00058-UT PNM's Application For Authorization to Implement Grid Modernization Components That Include Advanced Metering Infrastructure and Application to Recover the Associated Costs Through a Rider, Issuance of Related Accounting Orders, and Other Associated Relief

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR REVISION OF ITS RETAIL)
ELECTRIC RATES PURSUANT TO ADVICE)
NOTICE NO. 595)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant)**

Case No. 22-00270-UT

SELF AFFIRMATION

STELLA CHAN, Director, 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 **Direct Testimony of Stella Chan** and it is true and accurate based on my own personal knowledge and belief.

Dated this 5th day of December, 2022.

/s/ Stella Chan
STELLA CHAN