

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 for PNM's proposal regarding energy efficiency programs.

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 THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO)
FOR APPROVAL OF ITS 2021 ELECTRIC ENERGY)
EFFICIENCY PROGRAM PLAN, PROFIT)
INCENTIVE AND REVISED RIDER NO. 16)
PURSUANT TO THE NEW MEXICO PUBLIC)
UTILITY ACT, EFFICIENT USE OF ENERGY) **CASE NO. 20-00087-UT**
ACT AND ENERGY EFFICIENCY RULE)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)

NOTICE TO CUSTOMERS

NOTICE is hereby given by the New Mexico Public Regulation Commission ("Commission") that:

1. On April 15, 2020, Public Service Company of New Mexico ("PNM") filed its Application under the Public Utility Act ("PUA"), the Efficient Use of Energy Act ("EUEA"), the Energy Efficiency Rule ("EE Rule"), and Advice Notice No. 567 for approvals and authorizations necessary to implement its 2021 Electric Energy Efficiency and Load Management Program Plan ("2021 Plan") and to recover costs of the 2021 Plan through a revision to PNM's Energy Efficiency Rider For PNM Electric Services No. 16 ("Rider No. 16").

2. PNM's Application requests specific approval of the following:

- (a) PNM's 2021 Plan, which covers the 2021, 2022, and 2023 calendar years and which includes continuation of ten existing energy efficiency and load management programs in 2021, 2022, and 2023, with modifications, and the addition of two new behavioral programs;
- (b) a profit incentive for 2021, 2022, and 2023 in accordance with Section 62-17-5(F) of the EUEA;
- (c) revisions to Rider No. 16 in compliance with the EUEA and as set forth in the Advice Notice, to recover program costs and profit incentives in 2021, 2022, and 2023;
- (d) a variance from the data filing requirements of Rule 530 applicable to changes in rates;
- (e) variances from the provisions of the EE Rule that no longer apply due to 2019 legislative amendments to the EUEA related to the required amount of program funding; and
- (f) all other approvals, authorizations and actions that may be required to implement the 2021 Plan and revised tariff rider.

3. PNM's Application includes a proposal for an Advanced Metering Infrastructure ("AMI") Pilot Program that the Commission required PNM to include in this Application. PNM does not recommend approval of the AMI Pilot Program as part of this Energy Efficiency Application, but includes the costs and customer bill impacts both with and without the AMI Pilot Program in calendar year 2021.

4. Rider No. 16 allows PNM to recover costs incurred as a result of implementing, funding and administering residential and commercial electric energy efficiency and load management programs included in the portfolio as well as a profit incentive approved by the Commission in accordance with the EUEA. The 2021 Plan proposed program portfolio includes twelve programs.

5. The revisions to Rider No. 16 provide for recovery of the cost for programs related to the 2021 Plan and the profit incentive rate element approved by the Commission as required by the EUEA. The currently approved Program Rider charged under Rider No. 16 is 3.210% (not including reconciliation amounts) of each affected customer's bill. The rider charge that will be applied to customers' bills upon approval of the Application and Advice Notice will be 3.640% for 2021, 3.581% for 2022, and 3.396% for 2023, exclusive of gross receipts tax and franchise fees, taking into account the maximum annual payment of \$75,000 for program costs by any utility customer. The total program costs and incentive amounts reflected in Revised Rider No. 16 are \$33,593,198 (net of 2019 program cost reconciliation) for 2021, \$33,220,945 for 2022, and \$31,692,751 for 2023, exclusive of gross receipts tax and franchise fees. These numbers do not include the proposed AMI Pilot Program, but should the AMI Pilot Program be approved the relevant data is included in the tables below in Paragraphs 8 and 10.

6. Currently, PNM Rider No. 16 applies to customers in the following rate classes: Residential Service 1A & 1B, Small Power Service 2A & 2B, General Power Service 3B & 3C, Large Power Service 4B, Large Power Service for Customers ≥8,000kW 5B, Water & Sewage Pumping 11B, Large Service for Public Universities 15B, Large Service for Manufacturing – Distribution Level 30B and Large Power Service ≥=3,000kW 35B.

7. The table below identifies the cost of each component to be collected through the Rider for 2021 if the proposed AMI Pilot Program is not approved:

EE Program Costs	Amount	Percentage Impact	Months for Recovery
2021 Program Costs	\$31,366,198	3.405%	12 months
2021 Profit Incentives	\$2,227,000	0.235%	12 months
Total	\$33,593,198	3.640%	12 months

8. The table below identifies the cost of each component to be collected through the Rider for **2021** if the proposed AMI Program is approved:

EE Program Costs	Amount	Percentage Impact	Months for Recovery
2021 Program Costs	\$34,102,415	3.707%	12 months
2021 Profit Incentives	\$2,421,271	0.255%	12 months
Total	\$36,523,686	3.962%	12 months

9. For 2021, the following tariff rider charges will be paid in addition to the current non-energy efficiency charges that the customer is paying and will be collected through a line item charge on the customer's bill. This reflects the rider charges if the proposed Advanced Metering Infrastructure Pilot Program is not approved as part of the 2021 Plan:

Affected Electric Rate Classes	Tariff Applied	Program Cost Charge
Residential Service 1A & 1B	PNM Rider No. 16	3.640 % of each bill*
Small Power Service 2A & 2B	PNM Rider No. 16	3.640% of each bill*
General Power Service 3B & 3C	PNM Rider No. 16	3.640% of each bill*
Large Power Service 4B	PNM Rider No. 16	3.640% of each bill*
Large Power Service for Customers \geq 8,000kW 5B	PNM Rider No. 16	3.640% of each bill*
Water & Sewage Pumping 11B	PNM Rider No. 16	3.640% of each bill*
Large Service for Public Universities 15B	PNM Rider No. 16	3.640% of each bill*
Large Service, Manufacturing – Distribution - Level 30B	PNM Rider No. 16	3.640% of each bill*
Large Power Service \geq 3,000kW 35B	PNM Rider No. 16	3.640% of each bill*

*3.640% of each affected customer's bill is exclusive of gross receipts tax and franchise fees and takes into account the maximum annual payment for program costs of \$75,000 by any utility customer.

To calculate the dollar impact of all energy efficiency program cost charges on your monthly bill for 2021, you would take the amount of your current bill, deduct the amounts shown for gross receipts taxes and franchise fees, and then multiply the balance by 0.03640.

For PNM residential customers on Rate Schedule 1A without demand meters, the current average monthly bill and the anticipated 2021 bill (not including the AMI Pilot Program) for each of the following levels of consumption are as follows:

Consumption (kwh)	Current Bill	Anticipated bill
0	\$7.34	\$7.37
250	\$33.58	\$33.72
500	\$61.54	\$61.80
750	\$96.40	\$96.80
1000	\$133.04	\$133.59
2000	\$290.36	\$291.57

10. For 2021, the following tariff rider charges will be paid in addition to the current non-energy efficiency charges that the customer is paying and will be collected through a line item charge on the customer's bill. This reflects the rider charges if the proposed Advanced Metering Infrastructure Pilot Program is approved as part of the 2021 Plan:

Affected Electric Rate Classes	Tariff Applied	Program Cost Charge
Residential Service 1A & 1B	PNM Rider No. 16	3.962 % of each bill*
Small Power Service 2A & 2B	PNM Rider No. 16	3.962% of each bill*
General Power Service 3B & 3C	PNM Rider No. 16	3.962% of each bill*
Large Power Service 4B	PNM Rider No. 16	3.962% of each bill*
Large Power Service for Customers \geq 8,000kW 5B	PNM Rider No. 16	3.962% of each bill*
Water & Sewage Pumping 11B	PNM Rider No. 16	3.962% of each bill*
Large Service for Public Universities 15B	PNM Rider No. 16	3.962% of each bill*
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 16	3.962% of each bill*
Large Power Service \geq 3,000kW 35B	PNM Rider No. 16	3.962% of each bill*

*3.962% of each affected customer's bill is exclusive of gross receipts tax and franchise fees and takes into account the maximum annual payment for program costs of \$75,000 by any utility customer.

To calculate the dollar impact of all energy efficiency program cost charges on your monthly bill for 2021, you would take the amount of your current bill, deduct the amounts shown for gross receipts taxes and franchise fees, and then multiply the balance by 0.03962.

For PNM residential customers on Rate Schedule 1A without demand meters, the current average monthly bill and the anticipated 2021 bill (including the AMI Pilot Program) for each of the following levels of consumption are as follows:

Consumption (kwh)	Current Bill	Anticipated bill
0	\$7.34	\$7.39
250	\$33.58	\$33.83
500	\$61.54	\$61.99
750	\$96.40	\$97.10
1000	\$133.04	\$134.01
2000	\$290.36	\$292.48

11. The table below identifies the cost of each component to be collected through the Rider for **2022**:

EE Program Costs	Amount	Percentage Impact	Months for Recovery
2022 Program Costs	\$31,018,623	3.350%	12 months
2022 Profit Incentives	\$2,202,322	0.231%	12 months
Total	\$33,220,945	3.581%	12 months

12. For 2022, the following tariff rider charges will be paid in addition to the current non-energy efficiency charges that the customer is paying and will be collected through a line item charge on the customer's bill:

Affected Electric Rate Classes	Tariff Applied	Program Cost Charge
Residential Service 1A & 1B	PNM Rider No. 16	3.581 % of each bill*
Small Power Service 2A & 2B	PNM Rider No. 16	3.581% of each bill*
General Power Service 3B & 3C	PNM Rider No. 16	3.581% of each bill*
Large Power Service 4B	PNM Rider No. 16	3.581% of each bill*
Large Power Service for Customers ≥8,000kW 5B	PNM Rider No. 16	3.581% of each bill*
Water & Sewage Pumping 11B	PNM Rider No. 16	3.581% of each bill*
Large Service for Public Universities 15B	PNM Rider No. 16	3.581% of each bill*
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 16	3.581% of each bill*
Large Power Service ≥=3,000kW 35B	PNM Rider No. 16	3.581% of each bill*

*3.581% of each affected customer's bill is exclusive of gross receipts tax and franchise fees and takes into account the maximum annual payment for program costs of \$75,000 by any utility customer.

To calculate the dollar impact of all energy efficiency program cost charges on your monthly bill for 2022 you would take the amount of your current bill, deduct the amounts shown for gross receipts taxes and franchise fees, and then multiply the balance by 0.03581.

For PNM residential customers on Rate Schedule 1A without demand meters, the current average monthly bill and the anticipated bill for each of the following levels of consumption are as follows:

Consumption (kwh)	Current Bill	Anticipated bill
0	\$7.34	\$7.36
250	\$33.58	\$33.71
500	\$61.54	\$61.77
750	\$96.40	\$96.74
1000	\$133.04	\$133.52
2000	\$290.36	\$291.40

13. The table below identifies the cost of each component to be collected through the Rider for **2023**:

EE Program Costs	Amount	Percentage Impact	Months for Recovery
2023 Program Costs	\$29,591,738	3.177%	12 months
2023 Profit Incentives	\$2,101,013	0.219%	12 months
Total	\$31,692,751	3.396%	12 months

14. For 2023, the following tariff rider charges will be paid in addition to the current non-energy efficiency charges that the customer is paying and will be collected through a line item charge on the customer's bill:

Affected Electric Rate Classes	Tariff Applied	Program Cost Charge
Residential Service 1A & 1B	PNM Rider No. 16	3.396% of each bill*
Small Power Service 2A & 2B	PNM Rider No. 16	3.396% of each bill*
General Power Service 3B & 3C	PNM Rider No. 16	3.396% of each bill*
Large Power Service 4B	PNM Rider No. 16	3.396% of each bill*
Large Power Service for Customers ≥8,000kW 5B	PNM Rider No. 16	3.396% of each bill*
Water & Sewage Pumping 11B	PNM Rider No. 16	3.396% of each bill*
Large Service for Public Universities 15B	PNM Rider No. 16	3.396% of each bill*
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 16	3.396% of each bill*
Large Power Service ≥=3,000kW 35B	PNM Rider No. 16	3.396% of each bill*

*3.396% of each affected customer's bill is exclusive of gross receipts tax and franchise fees and takes into account the maximum annual payment for program costs of \$75,000 by any utility customer.

To calculate the dollar impact of all energy efficiency program cost charges on your monthly bill for 2023, you would take the amount of your current bill, deduct the amounts shown for gross receipts taxes and franchise fees, and then multiply the balance by 0.03396.

For PNM residential customers on Rate Schedule 1A without demand meters, the current average monthly bill and the anticipated bill for each of the following levels of consumption are as follows:

Consumption (kwh)	Current Bill	Anticipated bill
0	\$7.34	\$7.35
250	\$33.58	\$33.65
500	\$61.54	\$61.66
750	\$96.40	\$96.57
1000	\$133.04	\$133.28
2000	\$290.36	\$290.89

The proposed rate changes stated by customer rate class are for informational purposes. The final rates as approved may vary.

Energy efficiency programs play an important role in PNM's resource portfolio and are included in the most cost-effective resource portfolio in PNM's most recent Integrated Resource Plan. The benefits of the programs included in PNM's 2021 Plan exceed the expected costs for 2021, 2022, and 2023, primarily due to the costs for generation capacity and energy that can be avoided as a result of these programs.

15. The Commission has assigned Case No. 20-00087-UT to this proceeding, and all inquiries or written comments concerning this matter should refer to that case number.

16. Any person desiring to become a party to this case must file a Motion for Leave to Intervene in conformity with 1.2.2.23.A NMAC on or before July 13, 2020. Pursuant to the Temporary NMPRC Filing Policy of March 20, 2020, all filings should be made **via email** to the Records Management Bureau of the Commission at prc.records@state.nm.us within regular business hours. Paper filings may still be submitted by mail at the below address in accordance with the Commission's existing rules of procedures, but the processing of such filings may be subject to substantial delay.

New Mexico Public Regulation Commission

ATTN: Records Division

PERA Building

P.O. Box 1269

1120 Paseo de Peralta

Santa Fe, NM 87501-1269

17. The Commission Staff shall, and Intervenors may, file direct testimony on or before July 31, 2020.

18. Any rebuttal testimony must be filed on or before August 21, 2020.

19. A public hearing will be held beginning at 9:00 a.m. on August 31, 2020, at the Commission's offices, in the Ground Floor Hearing Room, 1120 Paseo de Peralta, Santa Fe, New Mexico, for the purpose of hearing and receiving evidence, arguments and any other appropriate matters in order to determine whether PNM's proposed programs and revised tariff rider, or other programs and tariff rider, should be approved by the Commission. The hearing may continue on September 1, 2020. Any interested person should contact the Commission at 505-827-6956 for confirmation of the hearing date, time and place since hearings are occasionally rescheduled. The hearing date and other information regarding this case will also be posted on the Commission's website (www.nmprc.state.us).

20. The procedural dates and requirements currently set in this case are subject to further Order of the Commission or the Hearing Examiner.

21. The Commission's Procedural Rules found at 1.2.2 NMAC will apply to this proceeding except as modified by Order of the Commission or Hearing Examiner. The Rules of Procedure are available online at <http://164.64.110.134/nmac.home>.

22. Anyone filing pleadings, documents or testimony in this case must serve a copy on all parties of record and Staff and, in addition to paper copies, shall simultaneously deliver by email all such filings to all other parties, Staff and the Hearing Examiner.

23. Interested persons may examine the documents filed in this case online at <http://nmprc.state.nm.us> under "Case Lookup EdoCKET."

24. Any interested person may appear at the time and place of hearing and make a written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Interested persons may also submit written comments, which shall reference NMPRC Case No. 20-00087-UT, to the Commission at prc.records@state.nm.us. However, comments governed by this paragraph will not be considered as evidence in this case.

25. Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath.

26. Interested persons should contact the Commission for confirmation of the hearing date, time and place, since hearings are occasionally rescheduled.

27. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at 505-827-4500 at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this 12th day of May, 2020.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Carolyn R. Glick

Carolyn R. Glick
Hearing Examiner