

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
RENEWABLE ENERGY ACT PLAN)
FOR 2021 AND PROPOSED 2021 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant.)
_____)**

Case No. 20-00____-UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S APPLICATION FOR
APPROVAL OF ITS 2021 RENEWABLE ENERGY ACT PROCUREMENT PLAN AND
RIDER NO. 36 RATE FOR 2021**

Public Service Company of New Mexico (“PNM” or “Company”) hereby submits its Application for approvals related to its Renewable Energy Act Plan for 2021 (“2021 Plan”). The 2021 Plan includes the same resources approved in PNM’s most recent Renewable Energy Act plan case, Case No. 19-00159-UT, and includes no new procurements. The 2021 Plan and the revised Renewable Energy Rider, Rider No. 36 (“Rider 36”) rate, with requested variances, comply with the Renewable Energy Act, NMSA 1978, §§ 62-16-1 to -10 (“REA”), and the Commission’s Renewable Energy Rule, 17.9.572 NMAC (“Rule 572”), and should be approved.

Specifically, PNM seeks the following Commission approvals in this case:

- Approval of PNM’s 2021 Plan, which contains no new procurements;
- Approval to reset the rate for PNM’s Renewable Energy Rider, Rider No. 36 (“Rider 36”) to \$0.0085525/kWh, effective January 1, 2021, for recovery of RPS procurement costs anticipated to be incurred during 2021, including costs for

registering and retiring renewable energy certificates (“RECs”) in the Western Renewable Energy Generation Information System (“WREGIS”);

- Approval to begin collecting the balance as of December 31, 2020 of the regulatory asset that was approved by the Commission in Case No. 10-00018-UT for PNM’s Sky Blue voluntary renewable program (“Sky Blue”) through Rider 36; and
- To the extent necessary, approval of a variance from the requirements of 17.9.572 NMAC (“Rule 572”) that are inconsistent with the 2019 amendments to the REA; and
- To the extent necessary, a variance from the data filing requirements of 17.9.530 NMAC.

In further support of this Application, PNM states:

1. PNM is a New Mexico corporation that owns, operates and controls public utility plant, property and facilities, including generation, transmission and distribution facilities that provide retail and wholesale electric service in New Mexico. PNM is a public utility subject to the jurisdiction of the Commission.

2. The REA has the following three purposes:

(1) to prescribe the amounts of renewable energy resources that public utilities must include in their electric energy supply portfolios for sales to retail customers in New Mexico by prescribed dates;

(2) to allow public utilities to recover costs through the rate-making process incurred for procuring or generating renewable energy used to comply with the prescribed amount; and

(3) to protect public utilities and their ratepayers from renewable energy costs that are above a reasonable cost threshold. NMSA 1978, Section 62-16-2(B).

3. The REA also provides that:

a public utility that procures or generates renewable energy shall recover, through the rate-making process, the reasonable costs of complying with the renewable portfolio standard. Costs that are consistent with commission approval of procurement plans or transitional procurement plans shall be deemed to be reasonable. NMSA 1978, Section 62-16-6(A).

4. The Commission has established standards for REA plan filings in Rule 572 and in PNM's previous REA plan cases. PNM's last five REA plan cases were Case Nos. 15-00166-UT, 16-00148-UT, 17-00129-UT, 18-00158-UT, and 19-00159-UT.

5. In Case No. 12-00007-UT, the Commission approved original Rider 36 and approved PNM's recovery of certain Commission-approved RPS costs through Rider 36. The Commission subsequently approved recovery of particular RPS costs and revised Rider 36 rates in Case No. 12-00007-UT, in Case No. 13-00183-UT, Case No. 14-00158-UT, and in PNM's last five REA plan cases. Concurrently with this filing, PNM is filing Advice Notice No. 569, which contains the 18th Revised Rider No. 36.

6. PNM is filing its 2021 Plan in compliance with the amendments to the REA that took effect on June 14, 2019. In those instances where Rule 572 has been superseded by the statutory amendments, the 2021 Plan complies with the REA rather than Rule 572. The following sections of Rule 572 have been superseded by the REA:

- Sections 17.9.572.7(C), 17.9.572.12, and 17.9.572.14(C) NMAC, which provide a calculation of the reasonable cost threshold ("RCT") that is inconsistent with the RCT described in NMSA 1978, Sections 62-16-3(E) and 62-16-4(E), equal to "an average annual levelized cost of sixty dollars (\$60.00)" per MWh;

- Sections 17.9.572.7(G) and 17.9.572.11 NMAC, which require utilities to diversify the types of renewable energy resources in their portfolios consistent with former Section 62-16-4(A)(4) of the REA. The diversity requirement is no longer in the REA;
- Sections 17.9.572.7(L) and (M), 17.9.572.12, and 17.9.572.16 NMAC, which provide for adjustments to the RPS and RCT for certain exempt governmental and large capped non-governmental customers consistent with former Sections 62-16-4(A)(2) and (3) of the REA. The 2019 amendments to the REA eliminated those provisions.; and
- Section 17.9.572.17(C)(2) NMAC, which provides that RECs used for RPS compliance “do not require physical delivery of the electric energy represented by the certificate to a public utility,” consistent with former Section 62-16-5(B)(1) of the REA. NMSA 1978, Section 62-16-4(A) changes this requirement, and provides that a public utility must meet the RPS “as demonstrated by its retirement of renewable energy certificates; provided that the associated renewable energy is delivered to the public utility and assigned to the public utility's New Mexico customers.”

PNM received these variances in Case No. 19-00159-UT for its 2020 Plan.

7. The 2021 Plan also complies with the following REA requirements arising from the 2019 amendments:

- NMSA 1978, Section 62-16-4(C), which, as described above, requires PNM to provide a fuel credit to certain large governmental customers;

- NMSA 1978, Section 62-16-4(G)(2), which requires PNM to provide in its procurement plan “the capital, operating and fuel costs on a per-megawatt-hour basis during the preceding calendar year” for nonrenewable resources used by PNM;
- NMSA 1978, Section 62-16-4(G)(4), which requires PNM to include in its procurement plan “strategies used to minimize costs of renewable energy integration, including location, diversity, balancing area activity, demand-side management and load management”; and
- NMSA 1978, Section 62-16-7(B), which requires PNM to exclude sales made to voluntary renewable energy program customers from total retail sales to New Mexico customers when determining RPS requirements, and to exempt voluntary program customers from RPS compliance costs in proportion to their voluntary program subscriptions.

8. A proposed form of Notice is attached to this Application as Appendix A.

9. PNM incorporates the testimony and exhibits of the following witnesses as if fully set forth in this Application: Nicholas L. Phillips, Shane Gutierrez, Thomas S. Baker, Heidi M. Pitts and Alaric J. Babej. PNM’s 2021 Plan is attached as PNM Exhibit NLP-2 to Mr. Phillip’s testimony. PNM will serve a copy of this Application, supporting direct testimonies and exhibits, and Advice Notice No. 569 on the Attorney General and all counsel of record in PNM’s most recent rate case and last REA plan case, and will publish notice of this filing in accordance with the requirements of the Commission’s Rules of Practice and Procedure.

10. In compliance with 17.1.2.10(B)(2)(b) and (C)(2)(a) - (e) NMAC, PNM states:

- the revenue requirements recovered through Rider 36 in 2021 will be \$67,769,085 as compared with \$58,935,081 that was approved for recovery in 2020 in Case No. 19-00159-UT, an increase of \$8,833,998 or 15%;
- the customer classifications to which the revised Rider 36 will apply and the present and proposed rates for those classifications are shown below:

Affected Electric Rate Classes	Tariff Applied	Current Rate (As of April 28, 2020)	Proposed Rate To be Effective January 1, 2021
Residential Service 1A & 1B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Small Power Service 2A & 2B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
General Power Service 3B & 3C	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service 4B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service for Customers \geq 8,000kW 5B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Private Area Lighting Service 6	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Irrigation Service 10A & 10B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Water & Sewage Pumping 11B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service for Public Universities 15B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Streetlighting and Floodlighting Service 20	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service for Station Power 33B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service \geq 3,000kW 35B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Special Service -Renw. Energy Res. 36B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh

- the impact on customers as a class average of consumption within each class as nearly as may be calculated is shown on PNM Exhibit HMP-3 to the Direct Testimony of Heidi Pitts.

11. The following designated corporate representatives and legal counsel for PNM should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

Stacey J. Goodwin
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Ryan Jerman
Corporate Counsel
Leslie Padilla
Corporate Counsel
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All pleadings, correspondence and other documents should be delivered electronically to the following email addresses:

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WHEREFORE, PNM respectfully requests that the Commission issue an order consistent with the REA granting the relief requested in this Application and in the 2021 Plan, and granting

such other approvals, authorizations and actions that may be required under the REA, Rule 572, and Commission rules and orders to implement the 2021 Plan and revisions to Rider 36.

Respectfully submitted this 1st day of June 2020.

PUBLIC SERVICE COMPANY OF NEW MEXICO

/s/ Leslie Padilla

Stacey J. Goodwin, Associate General Counsel

Ryan Jerman, Corporate Counsel

Leslie Padilla, Corporate Counsel

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Appendix A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
RENEWABLE ENERGY ACT PLAN)
FOR 2021 AND PROPOSED 2021 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant.)
_____)

Case No. 20-00____-UT

FORM OF NOTICE OF PROCEEDING AND HEARING

NOTICE is hereby given of the following matters pertaining to the above-captioned case pending before the New Mexico Public Regulation Commission (“NMPRC” or “Commission”):

On June 1, 2020, Public Service Company of New Mexico (“PNM”) filed its Application for Approval of its Renewable Energy Act Plan for 2021 (“2021 Plan”) pursuant to the Renewable Energy Act, NMSA 1978, Sections 62-16-1 to -10 (“REA”), and the Commission’s Renewable Energy Rule, 17.9.572 NMAC (“Rule 572”).

PNM’s Application asks the Commission to approve its 2021 Plan, including the following new or continued approvals:

- Approval of the 2021 Plan, which includes no new renewable procurements;
- Approval to reset the Renewable Energy Rider, Rider No. 36 (“Rider 36”) rate from \$0.0076413 per kWh to \$0.0085525 effective January 1, 2021;
- Approval to begin collecting the balance as of December 31, 2020 of the regulatory asset that was approved by the Commission in Case No. 10-00018-UT for PNM’s Sky Blue voluntary renewable program (“Sky Blue”) through Rider 36;

- Approval of a variance from the requirements of 17.9.572 NMAC (“Rule 572”) that are inconsistent with the 2019 amendments to the REA; and
- To the extent necessary, a variance from the data filing requirements of 17.9.530 NMAC.

As part of the Application, PNM proposes to recover \$67,769,085 through Rider 36, as compared with \$60,137,846 that will be recovered in 2020, an increase of \$7,631,239 or 13%.

PNM is proposing that the following Revised Rider No. 36 rates become effective January 1, 2021, in addition to any other charges that the customer is paying and be collected through a line item charge on customers’ bills.

Affected Electric Rate Classes	Tariff Applied	Current Rate (As of April 28, 2020)	Proposed Rate To be Effective January 1, 2021
Residential Service 1A & 1B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Small Power Service 2A & 2B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
General Power Service 3B & 3C	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service 4B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service for Customers >=8,000kW 5B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Private Area Lighting Service 6	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Irrigation Service 10A & 10B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Water & Sewage Pumping 11B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service for Public Universities 15B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Streetlighting and Floodlighting Service 20	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service, Manufacturing – Distribution Level 30B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Service for Station Power 33B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Large Power Service >=3,000kW 35B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh
Special Service -Renw. Energy Res. 36B	PNM Rider No. 36	\$0.0076413 per kWh	\$0.0085525 per kWh

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

<u>Consumption (kWh)</u>	<u>Present Bill</u>	<u>Anticipated bill</u>
0	\$7.11	\$7.11
250	\$32.69	\$32.91
500	\$59.93	\$60.39
750	\$93.84	\$94.52
1000	\$129.49	\$130.40
2000	\$282.52	\$284.34

The proposed rate changes stated by customer rate class are for informational purposes. The final rates approved by the Commission in this proceeding may vary from the rates set forth above.

On _____, 2020 the Commission entered an Order designating the undersigned to preside over this proceeding and to issue a Recommended Decision.

Further information regarding this case can be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 20-00xxx-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case is as follows:

- a. On or before _____, 2020, any person desiring to intervene to become a party (“intervenor”) in this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure, 1.2.2.23(A) and (B) NMAC.
- b. Staff and any intervenor testimony shall be filed by _____, 2020.
- c. Rebuttal testimony shall be filed by _____, 2020.

d. A public hearing on this matter shall be held beginning on _____, 2020 commencing at 9:30 a.m. at the offices of the Commission, P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, and continued on succeeding days, as determined by the Hearing Examiner.

The procedural dates and requirements of this case are subject to further order of the Commission or Hearing Examiner.

The Commission's Rules of Procedure at 1.2.2 NMAC shall apply to this case except as modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and such Rules are available at the official NMAC website, <http://www.nmprc.state.nm.us/nmac/>.

Any person whose testimony has been filed shall attend the hearing and submit to examination under oath.

Any interested person may appear at the time and place of the hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. All such comments shall not be considered as evidence in this case. Written comments, which shall reference NMPRC Case No. 20-00____-UT, also may be sent to the Commission at the following address:

New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
P.O. Box 1269
Santa Fe, NM 87504-1269
Telephone: (888) 427-5772

Interested persons should contact the Commission for confirmation of the hearing date, time and place since hearings are occasionally rescheduled. Any interested person may examine PNM's Application and all other pleadings, testimony, exhibits and other documents filed in the

public record for this case at the Commission’s address set out above or at the offices of PNM at the following address:

Public Service Company of New Mexico
414 Silver Ave. SW
Albuquerque, New Mexico 87102
Telephone: (505) 241-2700

Anyone filing pleadings, testimony and other documents in this case may file them either in person at the Commission’s docketing office in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail to the Commission’s address at P.O. Box 1269, Santa Fe, New Mexico 87504-1269, and must serve copies thereof on all parties of record and the Commission’s Utility Division Staff (“Staff”) in the manner indicated on the Certificate of Service for this case. All filings shall be e-mailed to Staff and the parties on the date they are filed with the Commission. All filings shall be e-mailed to the Hearing Examiner at _____. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner’s Procedural Order, issued _____, 2020.

Individuals with a disability who are in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, may contact the Commission’s docketing office at least 24 hours prior to the hearing. The Commission’s docketing office may be reached at (505) 827-4526. Public documents associated with the hearing can be provided in various accessible forms for disabled individuals. Requests for summaries or other types of accessible forms also should be addressed to the Utility Division at (505) 827-6941.

ISSUED at Santa Fe, New Mexico this _____ day of _____ 2020.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner

GCG#526925