

**IN THE MATTER OF PUBLIC SERVICE
COMPANY OF NEW MEXICO'S
APPLICATION FOR APPROVAL OF ITS
2022-2023 TRANSPORTATION
ELECTRIFICATION PROGRAM,**

**PUBLIC SERVICE COMPANY OF NEW
MEXICO,**

Applicant

CASE NO. 20-00__ -UT

Public Service Company of New Mexico (“PNM”), pursuant to NMSA 1978, Section 68-8-12 and 17.1.2.10 NMAC, hereby submits its Application for Approval of its 2022-2023 Transportation Electrification Program. The Application is the first one made pursuant to NMSA 1978, Section 68-8-12 (the “TE Statute”), which was enacted by the New Mexico Legislature in 2019 to expand the electrification of the transportation sector in New Mexico.

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In accordance with the TE Statute, PNM requests that the Commission approve the following:

- (1) PNM's Transportation Electrification Program ("TEP") for 2022 and 2023;
- (2) PNM's proposed TEP budget and budget flexibility proposal;
- (3) PNM's proposed Whole Home Electric Vehicle Charging Rate Pilot, which will be a new temporary option under current Rate No. 1A – Residential Service;
- (4) PNM's proposed time-of-use pilot rate for non-residential customers under new Rate No. 3F – Non-Residential Charging Station Pilot.
- (5) PNM's proposed Transportation Electrification Program Rider ("TEP Rider"), which will allow PNM to recover the costs of the TEP as authorized by NMSA 1978, Section 62-8-12(C), under Advice Notice 572;
- (6) PNM's requested regulatory asset in order to implement the TEP Rider;
- (7) PNM's request that it be allowed to make a second TEP filing by the end of June 2023;
- (8) Variances from:
 - a. Commission Rule 17.1.2.10(B)(2)(b), which requires a statement comparing proposed new rates with present rates and the rate impact on residential customers; and
 - b. Commission Rule 17.9.530, which prescribes minimum data requirements to be filed in support of a tendered new rate schedule; and
- (9) Any other approvals, authorizations, and actions that may be required under the Public Utility Act or the TE Statute to implement PNM's proposed TEP.

In order for PNM to begin implementation of the TEP on January 1, 2022, PNM requests Commission approval of the TEP by no later than the end of August, 2021.

In further support of this Application, PNM states the following:

BACKGROUND AND STATUTORY AUTHORITY

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 TE Statute requires investor-owned electric utilities to file an application to expand transportation electrification with the Commission no later than January 1, 2021. The TE Statute, at NMSA 1978, Section 62-8-12(A), states that utility applications to expand transportation electrification:

may include investments or incentives to facilitate the deployment of charging infrastructure and associated electrical equipment that support transportation electrification, including electrification of public transit and publicly owned vehicle fleets, rate designs or programs that encourage charging that supports the operation of the electric grid and customer education and outreach programs that increase awareness of such programs and of the benefits of transportation electrification.

3. The TE Statute directs the Commission to consider whether the utility's proposed investments, incentives, programs and expenditures are:

(1) reasonably expected to improve the public utility's electrical system efficiency, the integration of variable resources, operational flexibility and system utilization during off-peak hours;

(2) reasonably expected to increase access to the use of electricity as a transportation fuel, with consideration given for increasing such access to low-income users and users in underserved communities;

(3) designed to contribute to the reduction of air pollution and greenhouse gases;

(4) reasonably expected to support increased consumer choices in electric vehicle charging and related infrastructure and services; allow for private capital investments and skilled jobs in related services; and provide customer information and education;

(5) reasonable and prudent, as determined by the commission; and

(6) transparent, incorporating public reporting requirements to inform program design and commission policy.

NMSA 1978, Section 62-8-12 (B).

II. PNM'S TRANSPORTATION ELECTRIFICATION PROGRAM

4. PNM has developed its initial portfolio of EV charging incentives with supporting rate design incentives to meet the goals and requirements of the TE Statute. PNM's TEP presents the following portfolio that target customers in residential (including low- and moderate- income) and non-residential segments:

A. Residential Charging Incentives:

- i. rebates for the purchase cost of 3,000 Level 2 residential chargers;
- ii. supplemental rebates for the installation costs of 150 Level 2 chargers for low-to-moderate income customers ("LMI") who also receive the charger rebate;

B. Non-Residential Charging Incentives:

- i. rebates for the installation cost of electrical infrastructure behind the meter and up to the base of the charging station ("make-ready infrastructure") for public Direct Current Fast Charging ("DCFC") along corridors for commercial customers;
- ii. rebates for the installation of make-ready infrastructure for public Level 2 charging stations;
- iii. rebates for the installation cost of make-ready infrastructure for workplace Level 2 charging for non-residential customers;

- iv. rebates for the installation cost of make-ready infrastructure for Level 2 chargers at multifamily housing in LMI communities; and
- v. rebates for the installation of make-ready infrastructure for mass transit operations that serve LMI communities.

C. EV Rates:

- i. PNM's proposed Whole Home Electric Vehicle Charging Rate Pilot, which will be a new temporary option under current Rate No. 1A – Residential Service. PNM will re-evaluate this rate in its next general rate case or its next TEP filing.
- ii. PNM's proposed time-of-use rate pilot for non-residential customers under new Rate No. 3F – Non-Residential Charging Station Pilot. PNM will re-evaluate this rate in a future general rate case or its next TEP filing.

D. Marketing, Education, and Outreach:

- i. customer education and outreach programs to increase the awareness of transportation electrification as required by the TE Statute, including media engagement, community outreach, and website development; and
- ii. emphasis on outreach to LMI communities.

E. Program Administration

- i. in-house and third-party administrative support;
- ii. third-party support for saturation and potential studies and to evaluate program performance; and
- iii. software tools.

- 5. PNM's TEP budget will be allocated as shown in the following table:

Program Component	Total Cost	Attributed to LMI
Residential Charger Rebate <i>(3000 Level 2 chargers)</i>	\$1,500,000	\$75,000
Supplemental Residential Installation Rebate <i>(150 Installations for LMI customers)</i>	\$225,000	\$225,000
Commercial Infrastructure Rebate <i>(70 DCFC, 200 Level 2, Mass Transit)</i>	\$4,250,000	\$1,600,000
Marketing, Education, and Outreach <i>(education, EV awareness)</i>	\$1,000,000	\$200,000
Program Administration <i>(2 FTEs, Third Party Support, e-Signatures)</i>	\$1,463,000	\$0
TOTAL	\$8,438,000	\$2,100,000 (25%)

6. PNM developed its TEP after consultation with a number of interested parties, including the Commission's Utility Division Staff, environmental advocates, large customers, low-income advocates, and EV industry advocates. These parties were invited to provide input into the TEP, and PNM considered that input in the development of the TEP. PNM held public participation meetings in October 2019, March 2020, and July 2020 that included an overview of PNM's proposed programs and budget. PNM held additional, individual stakeholder meetings as requested by parties.

7. The TEP's proposed investments, incentives, programs, and expenditures are designed to meet the expectations of the TE Statute, including expanding access to the use of

electricity as a transportation fuel, with consideration for low-income users and users in underserved communities.

8. In compliance with the TE Statute's emphasis on transparent plans that incorporate public reporting requirements to inform program design and Commission policy, PNM proposes to prepare and file an annual TEP compliance report. PNM plans to evaluate how the programs are affecting EV adoption, customer awareness and satisfaction, charging behavior and peak demand, and emissions. To support these efforts, PNM includes funds in the proposed TEP budget for a third-party evaluator.

9. PNM requests approval of its proposed TEP budget of \$8,438,000 covering program years 2022 and 2023 with budget flexibility of 25 percent. As explained further below, PNM additionally requests authorization to recover its program expenses through a Transportation Electrification Program Rider. Due to the evolving nature of EV technology and uncertainty regarding the rate of adoption of EVs, PNM is requesting budget flexibility of 25 percent for the entire budget.

III. COST RECOVERY

10. The TE Statute states that "[a] public utility that undertakes measures to expand transportation electrification pursuant to this section shall have the option of recovering the public utility's reasonable costs for the expansion through a commission approved tariff rider or base rate or both." NMSA 1978, Section 62-8-12 (C).

11. PNM's TEP will result in incremental costs that PNM's currently-authorized rates are not designed to recover.

12. PNM requests Commission approval of a TEP Rider as part of this Application. The TEP Rider, which will be Original Rider No. 53, will collect the actual known costs and expenses of implementing the TEP through a non-bypassable \$/kWh charge to all non-lighting rate schedules. The TEP Rider is presented in PNM's application in form only; there is no associated rate yet because the rider is designed to collect program costs only after expenditures have been made. If approved, PNM will file a revised TEP Rider that contains the first rider rate by the end of February, 2023. The TEP Rider will be charged to customers beginning in the first billing cycle of May 2023.

13. In conjunction with approval of the TEP Rider, PNM requests approval of a regulatory asset to collect program costs as they are incurred until the time they are collected through the TEP Rider. PNM proposes to account for costs and expenses in the regulatory asset during the course of each plan year, and collect plan year costs and expenses from customers in the following year, once actual costs for the prior year are known. As proposed, the regulatory asset will include a carrying charge equivalent to the Commission's customer deposit interest rate, which, for 2020, is an annual rate of 1.67%.

14. PNM requests authority to file a new TEP by the end of June 2023. According to the TE Statute, after initial plans are filed by the utility, applications are to be filed "upon request by the Commission, but no more frequently than every two years." PNM believes that in the early stages of transportation electrification, it is prudent to plan for a new application every two years due to the rapid evolution of the EV market. This will allow the program to remain flexible and grow in proportion to the market as it expands. Furthermore, filing an application

every two years will allow for the inclusion of new categories in the TEP as best practices evolve and additional utility programs are available to benefit all customers. This is similar to the iterative method used by the energy efficiency filings which are currently filed every three years.

VI. PNM'S WITNESSES

15. In support of its Application, PNM is concurrently filing the direct testimony of the following three witnesses and incorporates their testimony and exhibits as fully set forth in this Application:

- A. Ms. Julie Rowey discusses PNM's requested approvals in this filing; introduces PNM's other witnesses; describes the requirements of the TE Statute and how the TEP meets those requirements; and describes the process by which the TEP was developed.
- B. Mr. Alaric J. Babej discusses the current and projected market for electric vehicles in New Mexico; explains the elements of the proposed TEP in detail, including incentives for EV charging for both residential and commercial customers; describes how the proposed TEP addresses low and moderate income customers; discusses the marketing, education and outreach component of the TEP; and explains how PNM will administer the TEP. PNM's 2022-2023 TEP is attached as PNM Exhibit AJB-2 to Mr. Babej's testimony.
- C. Dr. Heidi M. Pitts presents the rate design for PNM's two proposed pilot rate options for residential and commercial EV charging; explains the collection of ongoing program costs through the proposed TEP Rider, and discusses the

requested regulatory asset that will account for the monthly accrual of program expenses.

16. PNM's witnesses address all requirements of the TE Statute as spelled out in NMSA 1978, Section 62-8-12 (B).

V. OTHER MATTERS

17. 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:

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18. PNM's proposed Notice to Customers is provided as Exhibit A. On the day PNM files this Application, the proposed Notice to Customers, a copy of this Application, and the supporting testimony will be served on the Commission's Utility Division Staff, the New Mexico Attorney General, and all parties in PNM's most recently-concluded Renewable Portfolio

Standard (“RPS”) case (Case No. 20-00124-UT) and PNM’s most recently-concluded rate case (Case No. 16-00276-UT).

19. PNM will also publish notice of this Application in each newspaper having general circulation in PNM’s service territory and will provide notice to all customers.

20. PNM seeks a variance from 17.1.2.10(B)(2)(b) NMAC, which requires a utility to compare new rates with present rates, which is unnecessary and inapplicable for this Application. The Whole Home EV Charging Rate is a new rate option and the non-residential time-of-use rate is a new rate. They therefore have no existing rates with which to compare. Original Rider No. 53 also has no previous rate for comparison because this is the first time PNM has proposed its TEP Rider. Moreover, Original Rider No. 53 is designed to collect costs only after they have been incurred, so PNM is not proposing a rate for the rider at this time, only the form of the rider.

21. PNM also seeks a variance from the minimum data requirements established by Rule 530. While appropriate for a rate case, the Rule 530 requirements are unnecessary for this Application because they would provide no additional information useful for evaluation of the approvals sought here.

WHEREFORE,

For the reasons stated above and pursuant to the TE Statute, PNM respectfully requests that the Commission enter a final order that:

- (a) approves PNM’s TEP;
- (b) approves PNM’s proposed TEP budget and budget flexibility proposal;

- (c) approves PNM's proposed WHEV Charging Credit Pilot Rate under Rate No. 1A;
- (d) approves PNM's proposed pilot time-of-use rate for non-residential customers under new Rate No. 3F;
- (e) approves PNM's proposed TEP Rider under Advice Notice 572;
- (f) approves PNM's requested regulatory asset in order to implement the TEP Rider;
- (g) approves PNM's request for a second TEP filing by the end of June 2023; and
- (h) grants PNM all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for PNM to implement the relief granted in this matter.

Respectfully submitted this 18th day of December 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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Attorneys for Public Service Company of New Mexico

EXHIBIT A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE)	
COMPANY OF NEW MEXICO’S)	
APPLICATION FOR APPROVAL OF ITS)	
2022-2023 TRANSPORTATION)	
ELECTRIFICATION PROGRAM,)	CASE NO. 20-____-UT
)	
PUBLIC SERVICE COMPANY OF NEW)	
MEXICO,)	
)	
Applicant)	
_____)	

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 December 18th, 2020, Public Service Company of New Mexico (“PNM”) filed its Application for Approval of its 2022-2023 Transportation Electrification Program. The Application is the first one made by PNM pursuant to NMSA 1978, Section 68-8-12, which was enacted by the New Mexico Legislature in 2019 to expand the electrification of the transportation sector in New Mexico. PNM’s Application asks the Commission to approve the following:

- (1) PNM’s Transportation Electrification Program (“TEP”) for 2022 and 2023;
- (2) PNM’s proposed TEP budget and budget flexibility proposal;
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- (5) PNM's proposed Transportation Electrification Program Rider ("TEP Rider"), which will allow PNM to recover the costs of the TEP as authorized by NMSA 1978, Section 62-8-12(C), under Advice Notice 572;
- (6) PNM's requested regulatory asset in order to implement the TEP Rider;
- (7) PNM's request that it be allowed to make a second TEP filing by the end of June 2023;
- (8) Variances from:
 - a. Commission Rule 17.1.2.10(B)(2)(b), which requires a statement comparing proposed new rates with present rates and the rate impact on residential customers; and
 - b. Commission Rule 17.9.530, which prescribes minimum data requirements to be filed in support of a tendered new rate schedule; and
- (9) Any other approvals, authorizations, and actions that may be required under the Public Utility Act or NMSA 1978, Section 68-8-12 to implement PNM's proposed TEP.

PNM requests approval of its proposed TEP budget of \$8,438,000 covering program years 2022 and 2023 with budget flexibility of 25 percent of the entire TEP budget.

In order for PNM to begin implementation of the TEP on January 1, 2022, PNM requests Commission approval of the TEP by no later than the end of August 2021.

As part of the Application, PNM requests Commission approval of a Transportation Electrification Program Rider ("TEP Rider"). The TEP Rider will collect the actual known costs and expenses of implementing the TEP through a non-bypassable \$/kWh charge to all non-lighting rate schedules. If approved, the TEP Rider will be charged to customers beginning in the first billing cycle of May 2023. In conjunction with approval of the TEP Rider, PNM requests approval of a regulatory asset to collect program costs as they are incurred until the time they are collected through the TEP Rider.

On _____, 2021 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 _____, 2021, 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 must be filed by _____, 2021.
- c. Rebuttal testimony must be filed by _____, 2021.
- d. A public hearing on this matter will be held beginning on _____, 2021 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 will 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 must 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 _____, 2021.

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 _____ 2021.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner

GCG#527433