

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

FILED IN OFFICE OF

7TH REVISED RIDER NO. 23
CANCELING 6TH REVISED RIDER NO. 23

JUL 13 2018

FUEL AND PURCHASED POWER COST ADJUSTMENT CLAUSE ("FPPCAC") APPLICABLE
TO RETAIL ENERGY RATE SCHEDULES

NM PUBLIC REGULATION COMM
RECORDS MANAGEMENT BUREAU

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EXPLANATION OF RIDER: Pursuant to the New Mexico Public Regulation Commission's (NMPRC) Final Order in NMPRC Case No. 18-00096-UT, Public Service Company of New Mexico ("PNM" or the "Company") is authorized to continue use of a Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") to recover from its retail customers increases or to refund decreases in its fuel and purchased power costs above or below a base fuel cost per kWh.

x

DEFINITIONS:

REA – Means Renewable Energy Act, NMSA Sections 62-16-1 through 62-16-10.

Exempt Customer – A retail customer that is exempt from paying all charges by a utility for renewable energy procurements used to comply with the REA in a calendar year in accordance with Section 62-16-4(A)(3) of the REA and 17.9.572.16(B) NMAC and recovered through Rate Rider 36.

Fuel Clause Year – The time frame beginning July 1 each year and ending June 30 of the following calendar year.

Large Capped Customer – A retail customer that is capped in the amount that it can be charged by a utility for renewable energy procurements used to comply with the REA in a year in accordance with Section 62-16-4(A)(2) of the REA and recovered through Rate Rider 36.

Large Capped Customer Renewable Percentage – Means the ratio of renewable energy paid for by Large Capped Customers as defined by the applicable REA cap under the Rate Rider 36 divided by their total consumed kWh.

Non-Renewable FPPCAC Fuel Factor– Means the fuel factor which applies to the Non-Renewable kWh.

Non-Renewable kilowatt hours ("kWh") – Means the kWh consumed by customers taking retail service less Renewable kWh.

Other Customer(s)– A Retail customer(s) that does not qualify as either an Exempt Customer or a Large Capped Customer.

Other Customer Renewable Percentage – Means the ratio determined by taking Renewable kWh less Large Capped Customer load multiplied by the Large Capped Customer Renewable Percentage divided by Other Customers total consumed kWh.

Renewable FPPCAC Fuel Factor – Means the fuel factor which applies to the Renewable kWh.

Renewable kWh – Energy produced by renewable resources consistent with Section 62-16-3(E) of the REA and recovered through Rate Rider 36.

Advice Notice No. 551



Mark A. Fenton
Director, Regulatory Policy and Case Management

GCG#524817

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REPLACED BY NMPRC
BY Commission Final Order
CASE NO. 18-00096-UT

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Special Contract Customer – A retail customer served by PNM under special contract that provides for part or all of the customer's energy requirements.

APPLICABILITY: The Renewable and Non-Renewable FPPCAC Fuel Factors, differentiated by Service Category, apply to Renewable or Non-Renewable kWh consumed by customers taking retail service under PNM's Retail Energy Rate Schedules listed below.

<u>Service Category</u>	<u>Applicable Rate Schedules</u>
Secondary	1A - Residential 1B - Residential TOU 2A - Small Power 2B - Small Power TOU 3B - General Power TOU 3C - General Power TOU (Low Load Factor) 3D - Pilot Municipalities & Counties General Power TOU 3E - Pilot Municipalities & Counties General Power TOU (Low Load Factor) 6 - Private Area Lighting Schedule 6 10A - Irrigation Schedule 10A 10B - Irrigation TOU 20 - Streetlighting
Primary	4B - Large Power TOU 11B - Water and Sewage Pumping TOU
Substation	30B - Industrial Power TOU (12.5 kV, 30MW Min.) 35B - Large Power Service >= 3,000 kW TOU
Sub Transmission	5B - Industrial Power TOU (Mines 34.5/46/115 kV)
Transmission	15B - Industrial Power TOU (Universities 115 kV) 33B - Large Service for Station Power TOU 36B - Special Service Rate–Renewable Energy Resources

DURATION: The FPPCAC shall remain in effect until terminated by the Commission.

RATE ADJUSTMENT PROVISIONS FOR FPPCAC FUEL FACTORS:

The FPPCAC Fuel Factors shall be reset quarterly.

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The cost elements that will be recovered through the Renewable FPPCAC Fuel Factor shall include the fuel costs pursuant to 17.9.550 NMAC and not recovered through Rate Rider 36 associated with the generation or purchase of renewable energy. X

The cost elements that will be recovered through the Non-Renewable FPPCAC Fuel Factor exclude costs recovered through the Renewable FPPCAC Fuel Factor and Rate Rider 36.

- a) The FPPCAC Fuel Factors shall be calculated as follows for Exempt Customers, Large Capped Customers and Other Customers:
- i) The FPPCAC Fuel Factors shall be set annually, at the beginning of each Fuel Clause Year. The annual FPPCAC Fuel Factors shall be calculated as follows:
 - a) The sum of the balancing account as of April 30th of each year, plus the projected FPPCAC cost elements for the 14 month period, beginning on May 1st through the following June 30th, less the revenues projected to be collected under the existing base fuel rate and the FPPCAC Fuel Factors from May and June, less the revenues projected to be collected through the existing base fuel rate for the Fuel Clause Year
 - b) Divide amount calculated in a)i)a) by the projected kWh sales for the 12 month period of the Fuel Clause Year, to determine the annual FPPCAC Fuel Factors.
 - ii) The FPPCAC Fuel Factors shall be reset quarterly and calculated as follows:
 - a) 1st quarterly reset implemented in October will be calculated as follows:
 - i. The sum of the balancing account as of July 31st, plus the difference of the projected FPPCAC cost elements and revenues collected as identified in a)i)a) above, for the period of August through June, divided by the projected kWh sales as identified in a)i)b) above, for the August through June period.
 - b) 2nd quarterly reset implemented in January will be calculated as follows:
 - i. The sum of the balancing account as of October 31st, plus the difference of the projected FPPCAC cost elements and revenues collected as identified in a)i)a) above, for the period of November through June, divided by the projected kWh sales as identified in a)i)b) above, for the November through June period.
 - c) 3rd quarterly reset implemented in April will be calculated as follows:
 - i. The sum of the balancing account as of January 31st, plus the difference of the projected FPPCAC cost elements and revenues collected as identified in a)i)a) above, for the period of February through June, divided by the projected kWh sales as identified in a)i)b) above, for the February through June period.

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- iii) The projections identified in a)i)a) and a)i)b) above will only be updated on an annual basis, unless the total FPPCAC cost elements or projected kWh sales for the period have changed by more than 10% of total applicable fuel and purchased power, net of off-system sales.
- iv) No increase in the quarterly FPPCAC Fuel Factors shall result in an increase of more than 5% of the average residential customer's overall bill, unless all Stipulating Parties in Case No. 13-00187-UT agree in writing to a larger increase in a particular quarter. Amounts in excess of this limitation shall be deferred for collection until the next quarterly adjustment, subject to this limitation.
- v) Loss factors shall be applied to derive the FPPCAC Fuel Factors at the following voltage levels:

Loss Factors	
Secondary Voltage	1.0061343
Primary Voltage	0.9877211
Substation Voltage	0.9772317
Sub Transmission Voltage	0.9724384
Transmission Voltage	0.9700872

- b) The Renewable kWh sales for the annual Renewable FPPCAC Fuel Factor and, as applicable, for each quarterly adjustment shall be calculated as follows:
 - i) For Exempt Customers, Renewable kWh are total consumed kWh for Exempt Customers times zero percent.
 - ii) For Large Capped Customers, Renewable kWh are total consumed kWh for Large Capped Customers times the Large Capped Customer Renewable Percentage.
 - iii) For Other Customers, Renewable kWh are total consumed kWh for these customers times the Other Customer Renewable Percentage.
- c) The Non-Renewable kWh sales for the annual Non-Renewable FPPCAC Fuel Factor and, as applicable, for each quarterly adjustment shall be calculated as follows:
 - i) For Exempt Customers, Non-Renewable kWh are total consumed kWh for Exempt Customers times one hundred percent.
 - ii) For Large Capped Customers, Non-Renewable kWh are total consumed kWh for Large Capped Customers times (1 minus Large Capped Customer Renewable Percentage).
 - iii) For Other Customers, Non-Renewable kWh are total consumed kWh for Other Customers times (1 minus Other Customer Renewable Percentage).

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- d) The differences between PNM's FPPCAC cost elements and recoveries are placed in a balancing account. Exempt Customers, Large Capped Customers and Other Customers shall have separate balancing accounts. Monthly carrying costs on any under-recovered or over-recovered balance at the end of the month shall be calculated by multiplying the balance by 2.4% (annual rate).
- e) PNM will file monthly and annual reports as required by Rule 550.13(A).

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