

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO)
FOR APPROVAL OF ITS 2018 ELECTRIC ENERGY)
EFFICIENCY PROGRAM PLAN, PROFIT)
INCENTIVE AND REVISED RIDER NO. 16)
PURSUANT TO THE NEW MEXICO PUBLIC)
UTILITY ACT, EFFICIENT USE OF ENERGY)
ACT AND ENERGY EFFICIENCY RULE)

Case No. 17-00076-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Applicant.)
_____)

NOTICE TO PNM CUSTOMERS

NOTICE is hereby given that:

On April 14, 2017, Public Service Company of New Mexico (“PNM”) filed with the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) an Application under the Public Utility Act (“PUA”), the Efficient Use of Energy Act (“EUEA”), the Energy Efficiency Rule (“EE Rule”) and Advice Notice No. 540 for approvals and authorizations necessary to implement its 2018 Electric Energy Efficiency and Load Management Program Plan (“2018 Plan”) and revisions to PNM’s Energy Efficiency Rider For PNM Electric Services No. 16 (“Rider No. 16”). The Application requests specific approval of the following: (1) PNM’s 2018 Plan, which covers both the 2018 and the 2019 calendar years and includes continuation of ten existing energy efficiency and load management programs in 2018 and 2019 with modifications; (2) a profit incentive for 2018 and 2019 in accordance with Section 62-17-5(F) of the EUEA; (3) revisions to Rider No. 16 in compliance with the 2013 Amendments to the EUEA and as set forth in the Advice Notice, to recover program costs and profit incentives in 2018

and 2019; (4) a variance to allow PNM's 2017 and 2018 annual reports to be filed on April 15 of the applicable years; (5) a variance from the data filing requirements of Rule 530 applicable to changes in rates; and (6) all other approvals, authorizations and actions that may be required under applicable law to implement the 2018 Plan and revised tariff rider.

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 2018 Plan proposed program portfolio includes ten programs. The revisions to Rider No. 16 provide for recovery of the following: the cost for programs related to the 2018 Plan, and the profit incentive rate element approved by the Commission as required by the EUEA. The currently approved Program Rider charge under Rider No. 16 is 3.249% (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 3.206% for 2018 and 3.219% for 2019, 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 \$26,979,891 (net of 2016 program cost reconciliation) for 2018, and \$30,276,889 for 2019, exclusive of gross receipts tax and franchise fees.

The two tables below identify the cost of each component to be collected through the Rider for Program Year 2018 and Program Year 2019.

| EE Program Costs | Amount | Percentage Impact | Months for Recovery |
|-------------------------|---------------|--------------------------|----------------------------|
| 2018 Program Costs | \$25,097,573 | 3.000% | 12 months |
| 2018 Profit Incentives | \$1,882,318 | 0.206% | 12 months |
| Total | \$26,979,891 | 3.206% | 12 months |

| EE Program Costs | Amount | Percentage Impact | Months for Recovery |
|-------------------------|---------------|--------------------------|----------------------------|
| 2019 Program Costs | \$28,164,548 | 3.000% | 12 months |
| 2019 Profit Incentives | \$2,112,341 | 0.219% | 12 months |
| Total | \$30,276,889 | 3.219% | 12 months |

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 $\geq 8,000\text{kW}$ 5B, Water & Sewage Pumping 11B, Large Service for Public Universities 15B, Large Service for Manufacturing – Distribution Level 30B and Large Power Service $\geq 3,000\text{kW}$ 35B.

For 2018 and 2019, the following tariff rider charges (PNM Rider No. 16) 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 monthly bill:

| Affected Electric Rate Classes | Program Cost Charge on Each Affected Customer's Monthly Bill | | |
|---|--|---------|---------|
| | as of 5/26/17 | 2018 | 2019 |
| PNM Electric Service Area: | | | |
| Residential Service 1A & 1B | 3.249%* | 3.206%* | 3.219%* |
| Small Power Service 2A & 2B | 3.249%* | 3.206%* | 3.219%* |
| General Power Service 3B & 3C | 3.249%* | 3.206%* | 3.219%* |
| Large Power Service 4B | 3.249%* | 3.206%* | 3.219%* |
| Large Power Service for Customers ≥8,000kW 5B | 3.249%* | 3.206%* | 3.219%* |
| Water & Sewage Pumping 11B | 3.249%* | 3.206%* | 3.219%* |
| Large Service for Public Universities 15B | 3.249%* | 3.206%* | 3.219%* |
| Special Contract Service – Large Customers 23 | 3.249%* | 3.206%* | 3.219%* |
| Large Service, Manufacturing – Distribution Level 30B | 3.249%* | 3.206%* | 3.219%* |
| Large Power Service ≥3,000kW 35B | 3.249%* | 3.206%* | 3.219%* |

* The percentage charged on 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 2018 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 0.03206. To calculate the dollar impact on your monthly bill for 2019, multiply the balance by 0.03219.

For PNM residential customers on Rate Schedule 1A without demand meters, the present average monthly bill and the anticipated 2018 and 2019 bills for each of the following levels of consumption are as follows:

| <u>Consumption (kwh)</u> | Present Bill (as of 5/26/17) | Anticipated bill, 2018 | Anticipated bill, 2019 |
|--------------------------|------------------------------|------------------------|------------------------|
| 0 | \$7.23 | \$7.22 | \$7.23 |
| 250 | \$33.43 | \$33.42 | \$33.42 |
| 500 | \$61.34 | \$61.31 | \$61.32 |
| 750 | \$96.02 | \$95.98 | \$95.99 |
| 1000 | \$132.47 | \$132.41 | \$132.43 |
| 2000 | \$288.86 | \$288.74 | \$288.78 |

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 2014 Integrated Resource Plan's most cost effective resource portfolio. PNM asserts that the benefits of the programs included in its 2018 Plan exceed the costs for both 2018 and 2019, primarily due to the costs for generation capacity and energy that can be avoided as a result of these programs.

1. Further information regarding this case may be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 17-00076-UT to this proceeding, and all inquiries or written comments concerning this matter should refer to that case number.

2. Any person desiring to become a party to this case must file, via hand delivery or regular mail at the following address, an original and five (5) copies of a Motion for Leave to Intervene in conformity with 1.2.2.23.A NMAC on or before July 14, 2017:

New Mexico Public Regulation Commission
ATTN: Records Division
PERA Building
P.O. Box 1269
1120 Paseo de Peralta
Santa Fe, NM 87501-1269

3. PNM shall file supplemental testimony on or before June 9, 2017.
4. Any stipulation shall be filed on or before July 26, 2017.
5. Staff shall, and any Intervenor may, file direct testimony on or before August 15, 2017; alternatively, if a stipulation is filed, testimony in support of the stipulation shall be filed by said date.
6. If a stipulation is not filed, any rebuttal testimony shall be filed on or before August 25, 2017; alternatively, if a stipulation is filed, any testimony opposing the stipulation shall be filed by said date.
7. If a stipulation is filed, any rebuttal testimony shall be filed on or before September 1, 2017.
8. A public hearing will be held beginning at 9:00 a.m. on September 11, 2017, 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 12, 2017. 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).

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

10. The Commission's Procedural Rules found at 1.2.2 NMAC shall apply to this proceeding 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.

11. Anyone filing pleadings, documents or testimony in this case shall 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.

12. Any interested person may examine PNM's filing in this case together with any exhibits and related papers which may be filed in this case at PNM's office, 414 Silver, SW, Albuquerque, New Mexico 87102, telephone (505) 241-2700, or at the Commission's Records Department, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501, telephone (505) 827-6968, or online on the Commission's website *Case Lookup E-docket*.

13. Any interested person may appear at the time and place of hearing and make a written or oral comment pursuant to 1.2.2.23F NMAC without becoming an intervenor. Interested persons may also send written comments, which shall reference NMPRC Case No. 17-00076-UT, to the Commission at the address set out in Paragraph 2 above. However, comments governed by this paragraph will not be considered as evidence in this case.

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

15. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at (505) 827-6956 at least 24 hours prior to the commencement of the hearing.

I S S U E D at Santa Fe, New Mexico on May 19, 2017.

NEW MEXICO PUBLIC REGULATION COMMISSION

Carolyn R. Glich

Hearing Examiner