

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
APPLICATION FOR APPROVAL OF ITS)
RENEWABLE ENERGY ACT PLAN)
FOR 2026 AND PROPOSED 2026 RIDER)
RIDER NO. 36 RATE,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant)
_____)**

Case No. 25-00 ____ -UT

DIRECT TESTIMONY

OF

HEIDI M. PITTS Ph.D.

May 30, 2025

<u>ACRONYM / ABBREVIATION</u>	<u>DESCRIPTION</u>
Commission or NMPRC	New Mexico Public Regulation Commission
kWh	kilowatt-hour
NM AREA	New Mexico Affordable Renewable Energy Alliance
PNM or Company	Public Service Company of New Mexico
Rider 36	Rider No. 36 Renewable Energy Rider
REA	Renewable Energy Act
REC	Renewable Energy Certificate
RPS	Renewable Portfolio Standard

**DIRECT TESTIMONY OF
HEIDI M. PITTS PH.D.
NMPRC CASE NO. 25-00____-UT**

1

I. INTRODUCTION AND PURPOSE

2 **Q. Please state your name, title, and business address.**

3 **A.** My name is Heidi M. Pitts Ph.D. I am a Lead Pricing Analyst for Public Service
4 Company of New Mexico (“PNM” or “Company”). My business address is 414 Silver
5 Avenue SW, Albuquerque, NM 87102.

6

7 **Q. Please summarize your educational and professional qualifications.**

8 **A.** A statement of my professional qualifications, including a list of cases in which I have
9 filed testimony with the New Mexico Public Regulation Commission (“NMPRC”), is
10 attached as PNM Exhibit HMP-1.

11

12 **Q. What is the purpose of your testimony in this case?**

13 **A.** My testimony addresses the following:

- 14 1. The development of the 2026 rate for the 28th Revised Rider No. 36 –
15 Renewable Energy Rider (“Rider 36”) of \$0.0064782/kWh. PNM proposes to
16 implement this rider rate on January 1, 2026, pursuant to Advice Notice No.
17 643 filed concurrently herewith; and
- 18 2. The bill impact of the proposed Rider 36 rate on residential and small power
19 customers.

20

21 **Q. Are you sponsoring any exhibits in addition to PNM Exhibit HMP-1?**

22 **A.** Yes, I am sponsoring the following additional exhibits:

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NMPRC CASE NO. 25-00____-UT**

- 1 • PNM Exhibit HMP-2: Derivation of the Rider 36 rate for calendar year 2026.
- 2 • PNM Exhibit HMP-3: Impacts of Rider 36 on Residential and Small Power
- 3 customers at various usage levels.
- 4 • PNM Exhibit HMP-4: PNM’s 28th Revised Rider 36 in redline, which is
- 5 attached for convenient reference.

6

7 **II. DERIVATION OF THE PROPOSED 2026 RIDER 36 RATE**

8

9 **Q. What data were used in developing the Rider 36 rate?**

10 **A.** The rate is derived from the projected 2026 revenue requirements from RPS resources

11 and PNM’s projected retail energy sales in 2026. PNM witness Arin R. Apodaca

12 provides the estimated renewable energy annual revenue requirement of \$54,323,667

13 to be recovered through Rider 36 (see PNM Exhibit ARA-2). The net retail energy

14 sales forecast for 2026 was provided by PNM witness Shane Gutierrez (see PNM

15 Exhibit SG-2).

16

17 **Q. What voluntary programs does PNM offer?**

18 **A.** In 2026 PNM will have three voluntary programs: (i) Rider No. 30 – Renewable Energy

19 Program (PNM Sky Blue); (ii) Rate No. 36B – Special Service Rate-Renewable Energy

20 Resources; and (iii) Rider No. 50 – Voluntary Solar Renewable Energy Program-PNM

21 Solar Direct for Governmental and Large Commercial Customers (PNM Solar Direct).

22

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1 **Q. Are customers participating in voluntary programs subject to charges by public**
2 **utilities to recover the costs of complying with the RPS?**

3 A. Pursuant to NMSA 1978, Section 62-16-7(B)(3), customers participating in voluntary
4 programs as that term is defined in the REA are not subject to the costs of complying
5 with the RPS.

6

7 **Q. Do the projected 2026 net retail sales used to determine the Rider 36 rate include**
8 **sales to voluntary program customers?**

9 A. No. The projected retail sales used to calculate the proposed Rider 36 rate are net of
10 projected voluntary renewable energy programs from the three programs described
11 earlier.

12

13 **Q. How was the proposed Rider 36 rate for 2026 developed?**

14 A. PNM's Rider 36 rate is billed on a per kWh basis. The 2026 revenue requirement is
15 divided by the projected net retail energy sales for 2026. For 2026, the proposed Rider
16 36 rate is \$0.0064782/kWh, which represents an increase of \$0.0001326/kWh from the
17 2025 (current) rider rate of \$0.0063456/kWh. PNM Exhibit HMP-2 shows the
18 calculation of the proposed Rider 36 rate.

19

20 **Q. How is Rider 36 assessed?**

21 A. Rider 36 is assessed on a service-rendered basis. PNM proposes that Rider 36 will go
22 into effect on January 1, 2026. Should Rider 36 change within a billing period, charges

**DIRECT TESTIMONY OF
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NMPRC CASE NO. 25-00____-UT**

1 billed on a service-rendered basis are billed on a prorated basis based upon the days of
2 service for old and new rates.

3

4 **Q. What is the bill impact of the proposed Rider 36 rate change on the Residential
5 and Small Power rate classes?**

6 **A.** The Rider 36 rate is assessed as a per kWh charge, so the bill impact on each customer
7 will vary with usage. The Rider 36 2025 (current) and 2026 (proposed) rates were used
8 to calculate the net impact on Schedule 1A Residential and Schedule 2A Small Power
9 customer bills. See PNM Exhibit HMP-3 for the bill impact. For residential customers,
10 the impact ranges from \$0.01 to \$0.27 per bill as shown for usage levels between 50
11 kWh and 2,000 kWh per month. An average residential customer using 600 kWh per
12 month will pay \$0.08 more per month under the proposed rate. For small power
13 customers, the bill impact ranges from \$0.07 to \$1.99 per bill for usage levels between
14 500 kWh and 15,000 kWh per month. An average small power customer using 1,500
15 kWh per month will pay \$0.20 more per month under the proposed rate.

16

17 **Q. Does this conclude your direct testimony?**

18 **A.** Yes.

GCG#533797

Statement of Qualifications

PNM Exhibit HMP- 1

Is contained in the following 2 pages.

HEIDI M. PITTS: EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Heidi M. Pitts

Address: Public Service Company of New Mexico
414 Silver Ave SW
Albuquerque, New Mexico 87102

Position: Lead Pricing Analyst

Education: University of Kansas, BA in Spanish
University of New Mexico, MA and Ph.D. in Economics

Employment: Public Service Company of New Mexico, April 2019 to present
Lead Pricing Analyst, January 2021 to present
Senior Pricing Analyst, April 2019 – January 2021

New Mexico Public Regulation Commission, April 2014 – April 2019
Staff Economist
NM Representative at CAWG Southwest Power Pool

Center for Development and Disability, University of New Mexico, Jan. 2011 – April 2014
Health Policy Analyst

University of New Mexico, Department of Economics, Jan. 2008 – December 2010
Research Assistant on grant conducting economic valuation surveys on
residential customers of ABCWUA

Testimony Filed Before the New Mexico Public Regulation Commission:

<u>Case Number</u>	<u>Proceeding/Subject Matter</u>
14-00150-UT	Public Service Company of New Mexico, Underground Rider City of Rio Rancho
14-00158-UT	Public Service Company of New Mexico, 2015 Renewable Energy Portfolio Procurement Plan
14-00273-UT	New Mexico Gas Company, 2015-16 Energy Efficiency Program
14-00337-UT	Public Service Company of New Mexico, Underground Rider City of Albuquerque
15-00038-UT	Raton Natural Gas Company, Revision to Retail Natural Gas Rates
15-00280-UT	El Paso Electric Company, Issuance of long-term debt financing
15-00127-UT	El Paso Electric Company, Revision to Retail Electric Rates
15-00295-UT	New Mexico Gas Company, 2016 Energy Efficiency Program
15-00247-UT	Raton Natural Gas Company, 2016 Energy Efficiency Program
15-00261-UT	Public Service Company of New Mexico, Revision to Retail Electric Rates
15-00312-UT	Public Service Company of New Mexico, AMI Application
16-00207-UT	Public Service Company of New Mexico, Issuance of pollution control bonds and revolving credit facility
16-00096-UT	Public Service Company of New Mexico, 2017 Energy Efficiency Program

16-00021-UT	Zia Natural Gas Company, 2016-17 Energy Efficiency Program
16-00185-UT	El Paso Electric Company, 2017 Energy Efficiency Program
16-00270-UT	Raton Natural Gas Company, 2016-17 Energy Efficiency Program
16-00331-UT	South Hills Water Company, Approval of loan from Bank of Albuquerque
17-00022-UT	NOPR to amend IRP Rule to include energy storage resources
17-00126-UT	Public Service Company of New Mexico, Issuance of senior unsecured notes and revolving credit facility
17-00044-UT	Southwestern Public Service Company, Application for CCN for Sagamore and Hale Wind Projects and Bonita PPA
17-00046-UT	NOPR Investigation into various commission utility ratemaking policies and methodologies
17-00076-UT	Public Service Company of New Mexico, 2018 Energy Efficiency Program
17-00129-UT	Public Service Company of New Mexico, 2018 Renewable Energy Portfolio Procurement Plan
17-00261-UT	Notice of Inquiry, Investigation into feasibility of PNM joining Southwest Power Pool
17-00255-UT	Southwestern Public Service Company, Revision to Retail Electric Rates
18-00044-UT	Lea County Electric Cooperative, Inc., Application for Continued Participation in the Southwest Power Pool
18-00018-UT	Zia Natural Gas Company, Revision of Retail Electric Rates
18-00158-UT	Public Service Company of New Mexico, 2019 Renewable Energy Portfolio Procurement Plan
18-00256-UT	Public Service Company of New Mexico, Approval of revolving credit facility extensions
18-00038-UT	New Mexico Gas Company, Revision of Retail Electric Rates
18-00261-UT	Public Service Company of New Mexico, Western Energy Imbalance Market
18-00124-UT	Epcor Water New Mexico Inc., Adjustment of Water Rates for Clovis District
20-00124-UT	Public Service Company of New Mexico, 2021 Renewable Energy Portfolio Procurement Plan
20-00237-UT	Public Service Company of New Mexico, Transportation Electrification Program
21-00143-UT	Public Service Company of New Mexico, 2022 Renewable Energy Portfolio Procurement Plan
22-00143-UT	Public Service Company of New Mexico, 2023 Renewable Energy Portfolio Procurement Plan
22-00270-UT	Public Service Company of New Mexico, Revision to Retail Electric Rates
23-00195-UT	Public Service Company of New Mexico, 2024-2026 Transportation Electrification Program
24-00089-UT	Public Service Company of New Mexico, Revision to Retail Electric Rates

Derivation of the Rider 36 rate for calendar year 2026

PNM Exhibit HMP- 2

Is contained in the following 1 page.

2026 Renewable Energy Rider Rate Calculation

<u>Line No.</u>	<u>Description</u>	<u>Unit</u>	<u>Source</u>	<u>Total</u>
1	Revenue Requirement	(\$)	PNM Exhibit ARA-2	\$ 54,323,667
2	Net Annual Retail Sales*	kWh	PNM Exhibit SG-2	8,385,629,479
3	Rider 36 rate, proposed to go into effect 1/1/2026	\$/kWh	Line 1 / Line 2	<u>\$0.0064782</u>

* net retail sales are net of forecast voluntary renewable energy programs

Impacts of Rider 36 on Residential and Small Power customers at various usage levels

PNM Exhibit HMP- 3

Is contained in the following 1 page.

PNM
Rider 36 Renewable Energy
Bill Impact Comparison, Current vs. Proposed Rider¹

A	B	C	D	E
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Residential Schedule 1A

Line No.	Usage (kWh)	Average Monthly Bill, Current Rider 36 (\$)	Average Monthly Bill, Proposed Rider 36 (\$)	Proposed Rider 36 Net Impact (\$)	Proposed Rider 36 Total Bill Impact (%)
1	0	\$10.17	\$10.17	\$0.00	0.00%
2	50	\$15.72	\$15.73	\$0.01	0.04%
3	100	\$21.27	\$21.29	\$0.01	0.06%
4	150	\$26.82	\$26.84	\$0.02	0.07%
5	200	\$32.38	\$32.40	\$0.03	0.08%
6	250	\$37.93	\$37.96	\$0.03	0.09%
7	300	\$43.48	\$43.52	\$0.04	0.09%
8	400	\$54.58	\$54.63	\$0.05	0.10%
9	500	\$67.51	\$67.57	\$0.07	0.10%
10	600	\$82.25	\$82.33	\$0.08	0.10%
11	750	\$104.37	\$104.47	\$0.10	0.10%
12	800	\$111.75	\$111.85	\$0.11	0.09%
13	900	\$126.50	\$126.61	\$0.12	0.09%
14	1,000	\$144.84	\$144.97	\$0.13	0.09%
15	1,200	\$181.52	\$181.68	\$0.16	0.09%
16	1,600	\$254.89	\$255.10	\$0.21	0.08%
17	2,000	\$328.25	\$328.52	\$0.27	0.08%

Small Power Schedule 2A

Line No.	Usage (kWh)	Average Monthly Bill, Current Rider 36 (\$)	Average Monthly Bill, Proposed Rider 36 (\$)	Proposed Rider 36 Net Impact (\$)	Proposed Rider 36 Total Bill Impact (%)
1	0	\$22.61	\$22.61	\$0.00	0.00%
2	500	\$86.75	\$86.81	\$0.07	0.08%
3	1,000	\$150.89	\$151.02	\$0.13	0.09%
4	1,500	\$215.02	\$215.22	\$0.20	0.09%
5	2,000	\$279.16	\$279.43	\$0.27	0.09%
6	3,000	\$407.44	\$407.84	\$0.40	0.10%
7	4,000	\$535.71	\$536.24	\$0.53	0.10%
8	5,000	\$663.99	\$664.65	\$0.66	0.10%
9	7,000	\$920.54	\$921.47	\$0.93	0.10%
10	9,000	\$1,177.09	\$1,178.29	\$1.19	0.10%
11	12,000	\$1,561.92	\$1,563.51	\$1.59	0.10%
12	15,000	\$1,946.75	\$1,948.74	\$1.99	0.10%

1 - These bills include base rates plus Riders 23, 36, 51, 53, and 59.

PNM's 28th Revised Rider 36 in redline

PNM Exhibit HMP- 4

Is contained in the following 2 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

~~287~~th REVISED RIDER NO. 36
CANCELLING ~~276~~th REVISED RIDER NO. 36

RENEWABLE ENERGY RIDER

Page 1 of 2

DESCRIPTION: This Rider is established to recover Renewable Portfolio Standard (“RPS”) compliance costs.

APPLICABILITY: All PNM retail customers receiving electric service.

x

TERRITORY: All territory served by the Company under PNM Electric Services tariffs.

RENEWABLE ENERGY COSTS TO BE RECOVERED: The dollar amounts to be collected pursuant to this Rider shall be determined by the RPS compliance costs approved in PNM’s annual Renewable Energy Procurement Plans, and will be collected from PNM customers to whom this Rider applies.

RIDER RATES: This Rider, where applicable, shall be added to each customer’s bill and applied as a per kilowatt-hour (kWh) charge for all kWh consumed by a customer, net of any renewable energy supplied under a voluntary or green energy program. The Rider rate consists of the sum of two components, a RPS Compliance Component and an Earning Test Component as follows:

*
*

RPS Compliance Component:

	Amount to be recovered	Rate
Renewable Energy Rate for Calendar Year 202 65 :	\$54, 323,667,145,113	\$0.006 47823493 per kWh

x

EARNINGS TEST COMPONENT: PNM will file an adjustment pursuant to this Rider as a separate component if PNM’s return on equity (“ROE”) exceeds 9.76%, based on data presented in conformance with 17.3.510.12(B) NMAC (“Rule 510”). The amount of the adjustment will be equal to the revenue reduction that would have resulted in an earned ROE of 9.76%. The Rule 510 filing to determine if an adjustment is applicable will be made no later than April 1, of each year, based on the previous calendar year results. The adjustment, if applicable, will be applied to customers’ bills over an eight month period beginning with bills rendered May 1, and continuing through the end of the calendar year.

ANNUAL RECONCILIATION FILING: This Rider shall be adjusted annually to account for new Commission-approved procurements and changes in revenue requirements related to amortization, depreciation, accumulated deferred income tax

Advice Notice No. ~~64335~~

~~/s/ Kyle T. Sanders~~
~~Kyle T. Sanders~~
Vice President, PNM Regulatory

GCG #~~533519~~

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

~~287~~th REVISED RIDER NO. 36
CANCELLING ~~276~~th REVISED RIDER NO. 36

RENEWABLE ENERGY RIDER

Page 2 of 2

(“ADIT”), property taxes and other relevant factors. The Company shall annually file with the Commission a report to reconcile the amounts to be collected pursuant to this Rider. The report will be due by February 28 of each year, and will adjust the Rider to reconcile actual RPS compliance costs for the previous year with actual Rider revenues, and to account for new Commission-approved procurements for the current calendar year. The previous year’s compliance costs will include revenue requirements of Company-owned renewable facilities, the costs of renewable energy PPAs, the purchase of RECs used for RPS compliance, and any other RPS compliance cost approved by the Commission. *

The report also will true-up the previous calendar year Renewable Energy Rider collections. The report will contain:

- a. a summary of the Rider Rate for the previous calendar year;
- b. a detailed listing of collections pursuant to this Rider, for the previous calendar year by affected customer class;
- c. calculation of the Rider Rate to be applied in the current calendar year, including over/under collections from the previous calendar year;
- d. a summary of annual projected sales revenue and any other relevant data used to estimate the Rider Rate.

Advice Notice No. ~~64335~~

~~/s/ Kyle T. SandersHenry Monroy~~
Kyle T. SandersHenry Monroy
Vice President, ~~PNM~~Regulatory

GCG #~~533519~~

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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Case No. 25-00 ___-UT

SELF AFFIRMATION

HEIDI PITTS, Lead Pricing Analyst, for PNMR Services Company, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Heidi M. Pitts Ph.D.**, and it is true and accurate based on my own personal knowledge and belief.

DATED this 30th day of May, 2025.

/s/ Heidi M. Pitts
HEIDI M. PITTS