

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO, PURSUANT TO THE EFFICIENT)
USE OF ENERGY ACT AND THE PUBLIC)
UTILITY ACT, FOR APPROVAL OF A RATE) **Case No. 20-00121-UT**
ADJUSTMENT MECHANISM TO REMOVE)
REGULATORY DISINCENTIVES AND)
ORIGINAL RIDER NO. 52,)
)
PUBLIC SERVICE COMPANY OF)
NEW MEXICO,)
)
Applicant.)
_____)

**JOINT MOTION TO DISMISS PUBLIC SERVICE COMPANY OF
NEW MEXICO'S PETITION FOR APPROVAL OF A RATE
ADJUSTMENT MECHANISM (DECOUPLING), OR,
ALTERNATIVELY MOTION TO DEFER APPROVAL OF A RATE
ADJUSTMENT MECHANISM TO PNM'S NEXT RATE CASE**

Respectfully submitted,

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COMES NOW THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (“ABCWUA”), the CITY OF ALBUQUERQUE (“City”), and BERNALILLO COUNTY (“County”) (collectively referred to herein as the “Joint Movants”), by and through their undersigned counsel, and hereby file this Joint Motion to Dismiss Public Service Company of New Mexico’s Petition for Approval of a Rate Adjustment Mechanism (Decoupling) to Remove Regulatory Disincentives and Original Rider No. 52, or, Alternatively, a Joint Motion to Defer Approval of a Rate Adjustment Mechanism to PNM’s Next Rate Case (“Joint Motion to Dismiss or Defer”) in Public Service Company of New Mexico’s (“PNM’s”) above captioned matter filed on May 20, 2020 (the “Decoupling Petition”). The Joint Motion to Dismiss or Defer is being filed consistent with the Hearing Examiner’s Procedural Order issued on June 29, 2020 in this proceeding.

Dismissal of the Decoupling Petition is appropriate given PNM’s deeply flawed and overbroad interpretation of the Efficient Use of Energy Act, NMSA 1978, Sections 62-17-1 through 11 (the “EUEA”). Additionally, dismissal of this overreaching and flawed proposal is warranted because the Decoupling Petition violates well established regulatory principles and New Mexico law that bar piecemeal and retroactive rate making. Dismissal also prevents unjust imposition of a prospective increase of rates only on residential rate payers and small power users during a time when many of them can least afford the increase. For these and other reasons discussed herein, PNM’s Decoupling Petition should be dismissed.

In the alternative, the Commission (after a finding that the cited provisions of the EUEA only apply to energy efficiency and load management programs) could simply require PNM to defer its present Decoupling Petition and to refile it as part of its next

scheduled rate case. Based upon representations made by PNM, PNM's next rate case is likely to be filed in early 2021.¹ Deferral would resolve multiple legal, factual, and procedural issues raised by PNM's present Decoupling Petition, not the least of which would be to ensure there is no retroactive ratemaking and no piecemeal ratemaking based on stale data as discussed *infra*. A more extensive *summary* of the benefits and appropriateness of deferring the Decoupling Petition to PNM's next rate case follows the legal arguments that support a Motion to Dismiss.

Prior to the filing of this Joint Motion to Dismiss or Defer, the positions of the Parties who have intervened in Case No. 20-00121-UT were sought. A specific request was made to each of the intervenors and Staff on whether they would support the alternative Motion to Defer. The following responses were received prior to the filing of this Joint Motion to Dismiss or Defer: PNM opposes. M.L. Soules supports. NMAG takes no position, and as of the filing of this Joint Motion to Dismiss or Defer, we did not receive positions from the following: New Energy Economy; New Mexico Affordable Reliable Energy Alliance; CCAE; Western Resources Advocates; and Staff PRC.

ARGUMENT

I. PNM's Decoupling Petition is wholly based on a legally flawed and overly broad interpretation of the Efficient Use of Energy Act.

The New Mexico Legislature enacted the EUEA thereby establishing the policy that public utilities include all cost-effective energy efficiency and load management programs in their energy resource portfolios. NMSA 1978, § 62-17-3 (2008). To further its policy of encouraging cost-effective energy efficiency and load management programs, the

¹ PNM announced on the May 1, 2020 earnings call that the previously planned rate case would not be filed in 2020 and a stand-alone decoupling case would be filed by the end of May 2020.

legislation sought to “remove regulatory disincentives to public utility development of cost-effective energy efficiency and load management in a manner that balances the public interest, consumers' interests and investors' interests ...” *Id.* As such, the statute deals exclusively with policies and procedures that further the development of such programs, not, as PNM suggests, the allowance of unspecified and unjustified rate adjustment mechanisms to guarantee recovery of fixed costs, plus return on equity (“ROE”) from customers - for any reason.

Unfortunately, PNM’s reading of the statute is divorced from the intent and requirements of the statute. This desperately flawed interpretation results in PNM believing that it can eliminate all risk from PNM’s shareholders while simultaneously preserving its ROE from any loss in sales due to distributed generation (“DG”) customers, the global Covid-19 pandemic, general economic downturn, and *literally* everything under the sun (more specifically, decreased sales due to weather).² This is not what the Legislature intended and the proposal to include these non-related costs should be dismissed with prejudice.

A. The EUEA specifically limits the Commission to identify and remove regulatory disincentives or barriers for public utility expenditures on energy efficiency and load management measures.

PNM asks this Commission to allow it to recover costs for any and all lost revenue regardless of the reason for the loss. PNM relies on the procedure in NMSA 1978, Section 62-17-5(F) (2020) that provides:

F. The commission shall:

(1) upon petition or its own motion, **identify and remove regulatory disincentives or barriers for public utility expenditures on energy efficiency and**

² Application at ¶ 8, Fenton Direct at 1:13, 15:14 Chan Direct at 5:15-16, Azar Direct at 9:19-20, 11:13-14, 12:15-16, 15:10, 16:4.

load management measures in a manner that balances the public interest, consumers' interests and investors' interests;

(2) upon petition by a public utility, remove regulatory disincentives through the adoption of a rate adjustment mechanism that ensures that the revenue per customer approved by the commission in a general rate case proceeding is recovered by the public utility without regard to the quantity of electricity or natural gas actually sold by the public utility subsequent to the date the rate took effect. **Regulatory disincentives removed through a rate adjustment mechanism shall be separately calculated for the rate class or classes to which the mechanism applies** and collected or refunded by the utility through a separately identified tariff rider that shall not be used to collect commission-approved energy efficiency and load management program costs and incentives;

(3) provide public utilities an opportunity to earn a profit on cost-effective energy efficiency and load management resource development that, with satisfactory program performance, is financially more attractive to the utility than supply-side utility resources; **and**

(4) not reduce a utility's return on equity based on approval of a disincentive removal mechanism or profit incentives pursuant to the Efficient Use of Energy Act. (Emphasis added.)

Reading §62-17-5(F), in *pari materia* with the entire EUEA, there is no mention that the disincentive removal mechanism should include anything other than revenues lost due to energy efficiency and load management measures. Application of Section 5(F) is as easy as ... one ... two... three. A plain reading of that section requires that the Commission or Utility shall: (1) identify regulatory disincentives or barriers for public utility expenditures based on energy efficiency and load management measures; (2) remove them pursuant to a mechanism under the EUEA in a manner that balances the public interest, consumers' interests and investors' interests; and (3) not reduce the ROE based on approval of said mechanism. *Id.*

However, after citing its loss in sales due to DG, the Covid-19 pandemic, and general risk from the weather and economic downturn,³ PNM broadly states “[t]his petition seeks to meet the goals and terms of the [EUEA].” Fenton Direct at 5:5-6. In this massive bottom-trawling⁴ approach, PNM disingenuously asserts that it “has designed the decoupling proposal to fall under the requirements of the [EUEA].” Fenton Direct at 9:1-2. But that is simply not true, and it is easily distilled that this application is more about specifically protecting PNM’s ROE under §62-17-5(F)(4)⁵ than any assertion of a “good and humane reason.” Fenton Direct at 11:4.

PNM’s disconnected, self-serving reading of §62-17-5(F)(2) also runs afoul of multiple sections of the Public Utility Act. PNM’s request would effectively add a new customer charge designed solely to recover its fixed costs, thus creating an additional avenue for automatic recovery, and an inherent conflict with NMSA 1978, §62-8-7(F) (2011)⁶ - automatic recovery for debt, taxes and fuel cost increases. In accordance with §62-8-7(F) PNM is required to notice and the Commission is required to hear any other requested increase in the cost of electricity and the utility must prove that the adjustments are fair just and reasonable. PNM’s Decoupling Petition would allow for the direct pass-through of a variety of other costs not authorized by NMSA 1978, §62-8-7(F) (2011).

³ *Supra*, FN 1.

⁴ <https://usa.oceana.org/bottom-trawling>

⁵ Fenton Direct at 15:7-9.

⁶ “F. Except as otherwise provided by law, any increase in rates or charges for a public utility as defined in Paragraph (3) of Subsection G of Section 62-3-3 NMSA 1978 based upon cost factors other than taxes or cost of fuel, gas, purchased power or acquisition of water resources shall be permitted only after notice and hearing as provided by this section....”

PNM's Decoupling Petition further seeks to impute an additional stand-by charge on DG customers without meeting the requirements of the specific statutory mechanism to establish the costs of ancillary and standby services, contained in NMSA 1978, Section 62-13-13.2. The law requires a number of considerations to be factored when establishing a DG customer standby charge. The Commission must ensure that recovered costs are not duplicative of costs in underlying rates, give due consideration to the reasonably determinable embedded and incremental costs of the utility to serve new interconnected customers, and quantify the reasonably determinable benefits to the utility system provided by new interconnected customers during each three-year period after which new interconnected customer rate riders go into effect. § 62-13-13.2(A).

Further, despite PNM's assertion that a benefit of this mechanism is to reduce intra-class subsidies,⁷ this additional rate rider would ensure that all residential customers continue to cover the fixed costs required to serve the DG customers. The most vulnerable customers and those with low or fixed incomes who are most likely to be in Rate Class 1A will likely face a higher relative cost burden than customers in Class 1B who more likely are higher electricity users. The end result is an approximate increase of \$2.28 per month on a residential customer's bill and \$1.38 rate increase for small power customers in 2022. Direct Testimony of Stella Chan at p. 11. As it is divided amongst the entire rate class,⁸ intra class subsidies of DG customers, who purchase less energy as a result of their generation, would be increased. It is not up to PNM to determine which statute it would like to apply to maximize recovery for specific programs, especially in the presence of a specific statute that directly addresses the program. The standard in

⁷ PNM Resp. to ABCWUA Int. 1-20, attached hereto as Attachment A

⁸ PNM Exhibit SC-2, Original Rider 52.

statutory construction is to interpret statutes wholly and in harmony. *Key v. Chrysler Motors Corp.*, 1996-NMSC-038, 121 N.M. 764, 918 P.2d 350, ¶ 14. Ultimately, the Commission is able to reduce intra-class subsidies *within and only within* a contemporaneous rate case in which the Commission would have the current cost-of-service study for the designated test year, not outdated 2015 data as PNM is proposing in this case. See Argument II in this Motion to Dismiss/Defer.

In NMPRC Case 15-00261-UT, this Commission held that Revenue Balancing Accounts (“RBA”) must be narrowly tailored. The Commission specifically held that the proposed RBA shifted risks from economic cycles and weather fluctuations to ratepayers, exposing the ratepayers to those risks while shielding the shareholders. 15-00261-UT Corrected RD at 272. Despite Mr. Fenton’s assertion that the recent changes to the EUEA now allow this type of shift of risk,⁹ there was no change to the EUEA that altered its limited application to energy efficiency and load management programs.

The Decoupling Petition fails to meet this basic policy threshold and appears to assume that no risk remains for the utility. The policy provides that there is the *opportunity* for PNM to earn a profit on its energy efficient programs – not a guarantee. PNM, in its Decoupling Petition, contends that the Decoupling Petition, “. . . removes disincentives to the implementation of energy efficiency and load management programs and aligns the interests of PNM’s customers and shareholders by allowing the Company [PNM] to *fully recover the revenue per customer approved by the Commission in a general rate case.*” [*emphasis added*] Decoupling Petition at p. 1. Perhaps unintentionally, PNM appears to recognize that decoupling is done in concert with a

⁹ Fenton Direct at 15:6-21.

general rate case, not a rate case that occurred more than 5 years prior (Case No. 15-00261-UT)¹⁰

B. Rules of statutory construction dictate against PNM's interpretation of the law.

New Mexico courts have been consistent in their methods of statutory interpretation. In construing the language of a statute, the court's goal and guiding principle is to give effect to the intent of the Legislature. *Baker v. Hedstrom*, 2013-NMSC-043, ¶ 11, 309 P.3d 1047, *Lion's Gate Water v. D'Antonio*, 2009-NMSC-057, ¶ 23, 147 N.M. 523, 226 P.3d 622. The Legislature was explicit in its intent that the EUEA requires public utilities to include all cost-effective energy efficiency and load management programs in their energy resource portfolios. § 62-17-3.

The plain language of this statute indicates the Legislature's intent. When a statute is clear and unambiguous, the court interprets it as written. *State v. Jonathan M.*, 1990-NMSC 046, ¶4, 109 N.M. 789, 791 P.2d 64. Every part of the EUEA emphasizes the need and support for energy efficiency and load management programs. Section 62-17-5(F) provides the methodology for the Commission to effectuate those programs without harm to the utility. Adding a new and unrelated interpretation of the type of programs for which costs can be recouped destroys the continuity of the statutory structure and introduces an absurd exception.

“Statutes are enacted as a whole, and consequently each section or part should be construed in connection with every other part or section, giving effect to each, and each provision is to be reconciled in a manner that is consistent and sensible so as ‘to produce

¹⁰ PNM also ignores Case No. 16-00276-UT, the rate case immediately succeeding Case No. 15-00261.

a harmonious whole.’ ” *Lion’s Gate Water v. D’Antonio*, 2009-NMSC-057, ¶ 23. See also, *Hedstrom*, 2013-NMSC-043, ¶ 15; *Key*, 1996-NMSC-038, ¶ 14 (“[A]ll parts of a statute must be read together to ascertain legislative intent[,]” and “[w]e are to read the statute in its entirety and construe each part in connection with every other part to produce a harmonious whole.” (citation omitted)). In so doing, the court “give[s] effect to all statutory provisions and reconcile[s] provisions with one another.” *Gardiner v. Galles Chevrolet Co.*, 2007-NMSC-052, 142 N.M. 544, 168 P.3d 11, ¶ 10.

Even the grammatical structure of Section 62-17-5(F) supports the conclusion that Section (F)(2) is to be given the same interpretation that the rate adjustment mechanism in this subsection cannot be separated or given a different interpretation outside of energy efficiency or load management programs. Each subsection follows its predecessor, and all are separated by a semicolon, with (F)(3) followed by the conjunction “and.” These subsections are to be construed together, as a whole, like every other part of the statute. Semicolons separating the subsections indicate that the provisions comprise a list of items of equal or similar importance. *Lion’s Gate Water v. D’Antonio*, 2009-NMSC-057, 147 N.M. 523, 226 P.3d 622

C. PNM’s overbroad interpretation would protect its revenue from all risk, guaranteeing its ROE on the backs of its ratepayers, regardless of any circumstance.

By proposing a decoupling mechanism that guarantees recovery of 100% of its fixed costs,¹¹ PNM’s proposal is contrary to accepted regulatory law. We agree with PNM that utility rate setting is more akin to art than science. *Fenton Direct* at 12:18. We also

¹¹ PNM Response to NMAG Int. 1-2. A copy of this Interrogatory and response are attached hereto as Attachment B.

agree with the New Mexico Supreme Court which generally discourages the use of cost as the “sole criterion in designing rates”. *In Re PNM Gas Servs.*, 2000-NMSC-012, ¶100, 129 N.M. 1, 1 P.3d 383. If the Commission were to approve a proposal that guarantees 100% cost recovery and protects PNM’s ROE, we must ask, what exactly is PNM’s risk premium for, and how is it justified?

As stated by the Supreme Court of New Mexico, “There is a significant zone of reasonableness . . . between utility confiscation and ratepayer extortion.” *In Re Timberon Water Co.*, 1992-NMSC-047, ¶ 29 114 N.M. 154, 836 P.2d 73 (S. Ct. 1992). As the United States Supreme Court explained, the ROE for a utility should be “commensurate with returns on investments in other enterprises having corresponding risks.” *Permian Basin Area Rate Cases*, 390 U.S. 747, 790-791 (1968). This Commission built upon that concept in Case No. 07-00376-UT, finding:

“a public utility is not protected by regulation from smaller than expected growth in sales, or even from a decline. This inherent risk, whether due to overestimating future demand, or ‘due to economic factors entirely beyond management’s control’ is properly borne by a regulated public utility. *Jersey Central Power & Light Co. v. FERC*, 810 F.2d 1168, at 1191-92 (D.C. Cir. 1987). This symmetry of risk and reward is consistent with Supreme Court precedent. *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 315 (1989).”

NMPRC 07-00376-UT Final Order at 3.

Just as a utility may enjoy the benefit of growth, the risk of decreased sales is the other side of that regulatory coin. Contrary to PNM’s assertions otherwise, energy efficiency and load management programs are the sole exceptions authorized by the legislature.

Likewise, PNM’s assertion that its proposed decoupling mechanism should be enacted to protect it from losses due to all decreased sales, not just the statutorily authorized energy efficiency programs, flies in the face of all established regulatory

principles and precedent and this flaw is further compounded with the assertion that PNM's ROE cannot be adjusted commensurately with all the risk it is trying to absolve itself of. In other words, PNM requests that all fixed costs be guaranteed by the ratepayer, and that it be paid its ROE. But, the Public Utility Act does not sanction a money-printing or tax-collecting business model.

The Commission has many duties in rate design,¹² but none are to ensure a utility receives a ROE. The Supreme Court has consistently construed the Public Utility Act broadly rather than to limit the Commission to any one particular method of ratemaking with the threshold of reasonableness of the ultimate decision. *N.M. Indus. Energy Consumers v. N.M. SC*, 1986-NMSC-059, 104 N.M. 565, 725, P.2d 244. The Commission's duty, under both the Public Utility Act and more specifically, the EUEA, remains to balance the interests of investors and ratepayers, and not protect one at the expense of the other. NMSA 1978, §§ 62-3-1, 62-17-3.

PNM's Decoupling Petition is exceptionally egregious when one considers that PNM cites lost revenue due to the Covid-19 pandemic¹³ as one of the reasons for the Decoupling Petition. PNM's request to the Commission to permanently protect its revenue and ROE regardless of the reason seeks a position that no other business in New Mexico enjoys. Joint Movants contend that small commercial customers, many of which may fall into the Class 2A rate category, would prefer to remain open and also be authorized a return on their investments for the foreseeable future.

¹² [T]he Commission is statutorily and constitutionally free to use any rate-making formula it chooses, so long as the end result it produces will allow the regulated company to operate successfully, maintain its financial integrity, attract capital, and compensate its investors for the risk assumed. *State v. Mountain States Tel. & Tel. Co.*, 1950-NMSC-055, ¶ 40, 54 N.M. 315, 224 P.2d 155 (S. Ct. 1950).

¹³ *Supra*, FN 2.

II. PNM's proposed decoupling rate adjustment mechanism is fatally flawed from a purely regulatory perspective.

Regardless of the statutory interpretation of the EUEA and whether the same does or does not limit a decoupling mechanism to energy efficiency and load management programs, PNM's proposed Rate Rider 52 ("Rate Rider 52") should not be approved for the following additional reasons:

1. Proposed Rate Rider 52 is not in the public interest because it does not adjust rates based on the fixed costs of PNM's energy efficiency and load management programs. Instead it adjusts rates based on other than fixed costs thereby insulating shareholders from revenue risk in contravention of the Final Order of the Commission in Case No. 15-00261-UT;
2. PNM's proposed Rate Rider 52 is retroactive ratemaking and embeds use of stale data into future rate case proceedings in contravention of the guidance given by the New Mexico Supreme Court in *Mountain States Tel. v. New Mexico States Corp. Comm'n.*; and
3. Proposed Rate Rider 52 is piecemeal ratemaking in contravention of the decision of the Commission in Case No. 2058.

A. Rate Rider 52 Rate Adjustment Mechanism is not in the Public Interest.

Proposed Rate Rider 52 would authorize PNM to credit or recover the difference between the authorized fixed costs per customer for residential and small power customers approved by the Commission in Case No. 15-00261 and the fixed costs for these customers determined in future cases. But, the fixed costs addressed by proposed Rider 52 are not the fixed costs of PNM's energy efficiency and load management programs,

rather they comprise other costs required to serve residential and small power customers.¹⁴

There is little or no nexus between § 62-17-5(F)(2) which PNM relies upon for the legal basis for proposed Rate Rider 52¹⁵ and its proposed rate adjustment mechanism. As discussed above, the stated purpose of § 62-17-5(F)(2) of the EUEA is found at NMSA 1978 § 62-17-3 of the EUEA. But, PNM's proposed Rate Rider 52 does not remove the expenses of energy efficiency and load management programs. Rather, as previously stated, it would allow the company to add an additional customer charge and recover fixed costs, plus ROE, incurred to serve customers based on fixed costs other than PNM's energy efficiency and load management programs that are collected through Energy Efficiency Rate Rider No. 16. Additionally, because of how the Rate Rider 52 fixed cost per customer is calculated, the fixed costs to be recovered under the rider due to changes in customer usage will vary depending on many factors unrelated to PNM energy efficiency and load management programs. These include factors such as weather,

¹⁴ ABCWUA Interrogatory 1-4(B) submitted to PNM asks: Which of the Case No. 15-00261 –UT fixed costs referred to by Ms. Chan were incurred due to Commission approved Energy Efficiency and Load Management programs pursuant to the provisions of NMSA 1978 § 62-17-5(B)? For each such identified fixed cost, please identify the dollar amount of the costs. PNM's Response to this Interrogatory states: "The fixed costs that are included in the Authorized Fixed Cost per Customer ("FCC") are fixed costs incurred to serve a customer. Original Rider No. 52 is designed to recover or credit those fixed costs that are either over or under-collected due to changes in customer usage. Energy efficiency and load management programs do not affect the fixed costs to serve customers because those costs are collected through the Energy Efficiency Rider No. 16. However, the impact of energy efficiency and load management programs on customer usage does direct contribute to the under-recovery of fixed costs." *See* also Direct Testimony of Stella Chan at 7. A copy of this Interrogatory and response are attached hereto as Attachment C.

¹⁵ Fenton Direct Testimony at 8:19-9:4.

pandemics, federal energy efficiency mandates for buildings and appliances, increasing cost of energy and impact of its distributed generation programs¹⁶.

PNM does not have the ability to determine exactly what causes the decreases or variability of use per customer. NMAG Interrogatory 1-6, attached hereto as Attachment D, asked the company to provide the effect on PNM's load attributed to Covid-19-related changes in revenue, demand, usage and number of customers and customer charges by customer class. PNM's Response to this Interrogatory was "PNM does not believe it is practical to isolate and track shifts in customer usage among customers [sic] classes that are directly attributable to the Covid-19 pandemic. Please see the attached PNM Exhibit NMAG 1-6 to see the actual results for April and May 2019 and 2020 that have been adjusted for the impacts of weather as well as PNM's 2020 forecast. After removing impacts from weather, the remaining variances compared to budget are primarily assumed to be due to Covid-19."

Further:

- Interrogatory 1-29(B) asked PNM to provide an estimate of the impact on use per customer over time that is related to the increasing cost of energy, including fuel costs. PNM's Response to this interrogatory was "PNM does not have a way of calculating the impact on use per customer due to the increased cost of energy, including fuel costs." ¹⁷
- NMAG Interrogatory 1-29(D) asked PNM to provide the portion of energy efficiency and load management improvements that are not associated with PNM

¹⁶ Direct Testimony of Stella Chan at 19.

¹⁷ See Attachment E.

sponsored programs. PNM's Response to this interrogatory was "PNM does not track data outside of PNM-sponsored programs."¹⁸

- NMAG Interrogatory 1-30(B) asked PNM to provide the annual decrease in revenue, kWh sales and use per customer by rate class attributable to the growth in distributed generation. PNM's Response to this interrogatory was "PNM does not track actual revenue or have existing capability to calculate decreases attributable to distributed generation since the revenue is generated based on net metered kWh."¹⁹

In other words, it follows that PNM cannot prove the impact of its energy efficiency and load management programs on the decreases or variability of use per customer.²⁰

From its limited analysis, the Decoupling Petition does not align the interests of PNM's customers and shareholders. First and foremost, the Decoupling Petition is not revenue neutral. The most vulnerable customers and those with low or fixed incomes who are most likely to be in Rate Class 1A will likely face a higher relative cost burden than customers in Class 1B who more likely are higher electricity users. The end result is an approximate increase of \$2.28 per month on a residential customer's bill and \$1.38 rate increase for small power customers in 2022. Direct Testimony of Stella Chan at 11:12-17.

Second, the Decoupling Petition does not include an assessment of the impact from the pandemic on the residential load. As of April 2020, PNM estimates that residential

¹⁸ See Attachment E.

¹⁹ See Attachment F.

²⁰ NMAG Interrogatory 1-29(C) asked PNM to define what is meant by "in large part: for losses PNM believes are attributable to PNM-sponsored [energy efficiency] programs." PNM's response to this Interrogatory was by "in large part" PNM means that the losses attributable to PNM-sponsored programs are significant. This is illustrated by the annual and cumulative energy savings in PNM Table SC-2 of Ms. Chan's direct testimony.

load would increase by approximately 5% while there would be a decline in commercial load of approximately 15 percent. Direct Testimony of Stella Chan at 12. This and the potential changes in electrical load in other classes, highlights the importance of avoiding piecemeal ratemaking and including the requested relief in the larger context of a rate case. Moreover, PNM is seeking recovery from its losses due to the pandemic in a separate proceeding, Case No. 20-00069-UT. Attempting to account for any and all loss of sales in its Decoupling Petition, as discussed earlier in this Joint Motion and as described as a “full decoupling mechanism” by PNM witness Mark Fenton, guarantees piecemeal ratemaking, duplication, or omission of critical data. See Direct Testimony of Mark Fenton at 14:12-15:2.

Because the Rate Rider 52 rate adjustment mechanism does not apply to the fixed costs of PNM’s energy efficiency and load management programs, the decision of the Commission in Case No. 15-00261-UT is directly on point. In Case No. 15-00261-UT, the Hearing Examiner (“HE”) recommended rejection of PNM’s proposed RBA, which was intended to eliminate the disincentive to promote energy efficiency programs. Case No. 15-00261-UT Final Order Adopting Corrected Recommended Decision at 78. The basis for the HE’s recommendation was that the proposed mechanism would insulate PNM from sales fluctuations from causes other than reduced energy use stemming from energy efficiency measures. As stated at page 79 of the Commission Final Order:

The HE found that the RBA would protect PNM from sales decline unrelated to energy efficiency such as unrelated economic pressures, customer volume changes and weather impacts. In the process the RBA would shift the risk created by such external causes from shareholders to ratepayers. The HE notes that the RBA “would create a financial windfall because it would compensate PNM for lost revenues due to declines in customer use even if PNM’s actual revenues remained stable or grew because of customer growth.”

The Commission adopted the HE's recommendation because it found the RBA was not narrowly tailored and focused on the removal of energy efficiency disincentives. *Id.* at 82. The Commission found that "The RBA fails to distinguish disincentives specific to energy efficiency and instead proposed a wholesale revision of PNM's recovery of its fixed costs." *Id.*

This is not a minor matter. The difference between recovery of the fixed costs for PNM's energy efficiency and load management programs versus recovery of all other fixed costs proposed in Rate Rider 52 is enormous. In Interrogatory number 1-4(D) the ABCWUA asked PNM for its estimated current dollar amount of PNM's fixed costs for the energy efficiency and load programs approved by the Commission pursuant to the provisions of NMSA 1978 § 62-17-5(B). PNM's Response to this interrogatory was that the total amount being recovered through the Energy Efficiency Rider No. 16 in 2020 was \$25,691,063. This amount can be compared to PNM Exhibit SC-3, page 1 where Ms. Chan provides an illustrative example for the calculation of annual authorized fixed cost recovery amounts based on Case No. 15-00261-UT. The authorized fixed cost recovery shown in this example is \$278,555,011 for residential customers and \$83,906,730 for Small Power.

B. Approval of proposed Rate Rider 52 would be retroactive ratemaking and embed the use of stale data in future rate cases.

The New Mexico Supreme Court addressed retroactive ratemaking in *Mountain States Tel. v. New Mexico States Corp. Comm'n*, 90 N.M. 325, 563 P.2d. 588 (1977). In its *Mountain States Tel* opinion, the Court declared, "retroactive remedies, which are in

the nature of reparations rather than rate-making, are peculiarly judicial in character, and as such are beyond the authority of the Commission to grant.” *Id.* at 341. The Court also declared that it had “previously criticized the Commission for failure to use the ‘latest available actual figures’ and asserted that the determination of rates ‘depends upon the economic facts relevant at the time of decision.’ ... Quite obviously the most recent figures would be the most reliable in determining adequate utility rates.” *Id.* at 340. This language provides the basis for the Commission to reject the use of stale data in cases that come before it which is the situation in this Decoupling Petition.

As explained above, PNM proposes to determine credits or charges for the affected classes based on cost per customer established in Case No. 15-00261-UT. “PNM seeks approval of a rate adjustment mechanism (Rider 52) that will decouple residential and small power customer rates so that the fixed costs per customer authorized for recovery by the NMPRC in PNM’s last litigated rate case (Case No. 15-00261-UT) is recovered.” PNM Response to NMAG’s Interrog. 1-5.²¹ Under the reasoning of *Mountain States Tel. v. New Mexico States Corp. Comm’n*, it would be improper to approve PNM’s proposed rate adjustment mechanism. This follows because the proposed mechanism is intended to recover or credit future costs based upon costs approved in Case No. 15-00261-UT. This is a retroactive remedy. Also, in future rate case proceedings the proposed rate adjustment mechanism would mandate the use of increasingly stale data from Case No. 15-00261-UT to determine Rate Rider 52 charges or credits.

C. Approval of proposed Rate Rider 52 is piecemeal ratemaking.

²¹ See Attachment G.

Piecemeal ratemaking involves changing rates for one item and ignoring all of the other cost of service elements. NMPRC Case No. 2262, Recommended Decision at 149 (3-8-90). The Commission disapproves of piecemeal ratemaking because "[u]nless a complete picture is presented, the Commission cannot possibly fulfill its duty to determine just and reasonable rates." NMPRC Case No. 2361, Recommended Decision at 25 (9-30-91). As the Commission explained in Case No. 2058, "If a utility is allowed to increase a single rate without showing that it is under-earning and suffering a revenue shortfall, it can selectively bring forward issues that will enhance revenues and ignore areas where it is over collecting." *Id.*, Final Order at 5 (10-5-87). In that case, the Commission concluded that "a utility should not be permitted to implement a revenue-enhancing rate or charge without demonstrating that its revenues need to be increased, i.e., that it is under-earning." *Id.* at 4.

The Commission addressed piecemeal ratemaking in in more detail in the Final Order of Case No. 2058. The policy basis for the Commission's decision was as follows:

... the Commission must balance the interests of ratepayers and shareholders and consider the overall end result of its rate orders ... For this reason separate, formal rate proceeding for incremental changes in rates are not favored by the courts or by this Commission.

Id. at 5.

Piecemeal ratemaking permits a utility to increase revenues without showing that they are necessary to earn a reasonable return ... a commission rate decision must be based upon the total cost of providing service.

Id. at 6.

This long-established [piecemeal] policy is designed to protect ratepayers from an increase in one cost of service component, which might be offset by a reduction in another cost of service component.

Id. at 7.

The reasoning of the Commission in Case No. 2058 concerning piecemeal ratemaking applies in this case. Here, PNM requests approval of a rate adjustment mechanism in a vacuum. If PNM's Rate Rider 52 is approved, there is no way to know at this time if the proposed increase (or decrease) caused by the rate rider mechanism would be offset by other cost of service components in a general rate case proceeding – a case in which all of PNM's costs and revenues are considered. There is also no way of knowing whether application of the proposed rate adjustment mechanism in future cases would fairly balance the interests of ratepayers and shareholders and result in just and reasonable rates as required by NMSA 1978 § 62-8-7(A).

III. Deferring the matter to the next rate case would resolve some, but not all of the flaws in this petition.

After a correct finding of the applicability of the EUEA, a viable alternative to outright dismissal of the Decoupling Petition is to defer the Decoupling Petition and have PNM refile it as part of PNM's next rate case. Doing so would resolve multiple legal, factual, and procedural issues raised by PNM's Decoupling Petition, many of which are discussed supra. At a minimum:

- There would be no retroactive ratemaking.
- There would be no piecemeal ratemaking.
- Revenue, expenses, ROE and rate class data would be at least five years more current than the data from rate Case No. 15-00261-UT that PNM uses in its current Decoupling Petition.
- It would have the potential advantage of having other proceedings resolved prior to the rate case, such as recovery of COVID-19 related uncollectible arrearages and other expenses (Case No. 20- 00069-UT) and/or recovery

of losses due to the Sky Blue Program (Case No. 20-00124-UT), which lists rate Case No. 16-00276-UT (not rate Case No. 15-00261-UT) as the basis for recovery in the Sky Blue Program.

- It prevents PNM from using data from various different timeframes and rate cases in its analysis in an attempt to make specific points.
- Increases the likelihood that PNM will recover more of any alleged shortfalls than would currently occur through its Decoupling Petition which is limited only to rate classes 1A, 1B, 2A and 2B-TOU.
- Deferral might better protect rate class 1A residents, some of New Mexico's most vulnerable residents, from being subject to covering distributed generation program shortfalls largely caused by more well-to-do residents in rate class 1B who have the resources for distributed generation programs and other programs such as Sky Blue.
- Integrating the Decoupling Petition with a rate case promotes judicial economy.
- Deferring the Decoupling Petition to a rate case more effectively takes into consideration data that may currently be skewed because of anomalies brought about by the COVID-19 pandemic.

From a practical point of view, research, discovery, expert analysis and both Staff PRC and resources of the Joint Movants and other intervenors who are part of this proceeding would, to a significant degree, be of use in the 2021 rate case that includes information from the Decoupling Petition. Deferral of the Decoupling Petition and integration into PNM's rate proceeding promote judicial and administrative economy,

particularly in light of the many multiple cases being filed with the Public Regulation Commission that result in piecemeal ratemaking.

CONCLUSION AND PRAYER FOR RELIEF

WHEREFORE, for the foregoing reasons, the Joint Movants ask that the Commission:

1. find that a decoupling mechanism brought pursuant to the EUEA only applies to energy efficiency and load management programs adopted pursuant to the EUEA;
2. dismiss PNM's Petition with prejudice; or, in the alternative to dismissal; and
3. defer the consideration of the PNM's Petition to the time of PNM's next rate case filing with the Commission.

Respectfully submitted,

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ABCWUA INTERROGATORY 1-20
STELLA CHAN

SHOULD THE COMMISSION APPROVE THE PROPOSED DECOUPLING MECHANISM, PLEASE IDENTIFY SPECIFIC BENEFITS PROVIDED TO RATEPAYERS FOR THE IMPACTED CLASSES.

RESPONSE:

There will be a number benefits to ratepayers if the Commission approves the proposed decoupling mechanism. First, PNM's proposal would reduce the risk of higher electric bills resulting from extreme weather. Currently, for example, PNM collects additional fixed costs due to increased sales during an extremely hot summer, and many customers will correspondingly pay higher electric bills. Under the proposed decoupling mechanism, PNM will credit customers on their electric bills when an over-collection of fixed costs occurs. By contrast, a partial decoupling mechanism that is designed to recover fixed costs associated with energy efficiency savings only will result in a charge to customers 100% of the time.

A second benefit is reducing intra-class subsidies. The current rate design for the residential and small power classes recovers a significant amount of fixed costs in the energy charge. For those customers who can avoid energy charges by reducing or completely eliminating their energy usage by installing distributed generation, those fixed costs are borne by the other customers within that class. The proposed per-customer Shared Cost of Service ("SCS") charge ensures that each customer in the applicable rate classes pays their fair share of fixed costs.

Third, PNM's proposed decoupling mechanism will also change PNM's regulatory model, thereby allowing the Company to continue to promote energy conservation and making the Company more agnostic to the continued adoption of distributed generation. In the long run, this can result in new product and program options for customers.

Finally, while periodic rate case filings are necessary to reflect changes in PNM's investments and expenses, full decoupling can potentially help delay the timing of future rate cases to the extent that revenue losses associated with declining average usage per customer has a negative impact on PNM's ability to recover fixed costs and causes the Company to request a rate adjustment.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)	
SERVICE COMPANY OF NEW MEXICO, PURSUANT)	
TO THE EFFICIENT USE OF ENERGY ACT AND THE)	
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)	
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)	
DISINCENTIVES AND ORIGINAL RIDER NO. 52,)	Case No. 20-00121-UT
)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,)	
)	
Petitioner.)	
)	

SELF AFFIRMATION

STELLA CHAN, Director, Pricing and Strategic Customer Marketing for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to Albuquerque Bernalillo County Water Utility Authority's (ABCWUA) First Set of Interrogatories and Requests for Production of Documents:**

**ABCWUA INTERROGATORY 1-1
ABCWUA INTERROGATORIES 1-4 thru 1-7
ABCWUA INTERROGATORIES 1-12 thru 1-15
ABCWUA INTERROGATORIES 1-19 thru 1-21**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 7nd day of July, 2020.

/s/ Stella Chan
STELLA CHAN

NMAG INTERROGATORY 1-2
STELLA CHAN

REGARDING THE STATEMENT ON PAGE 3, LINES 14-17, OF MR. FENTON'S DIRECT TESTIMONY: "RATHER, IT CHANGES THE RATE DESIGN IN A FASHION CONSISTENT WITH THE EFFICIENT USE OF ENERGY ACT AND PUBLIC UTILITY ACT, NMSA 1978, §§ 62-1-1 TO -6-28 AND 62-8-1 TO -13-16, AND RESULTS IN A JUST AND REASONABLE RATE DESIGN."

- A. PLEASE DESCRIBE THE CHANGES THAT WILL OCCUR IN RATE DESIGN UNDER THE PROPOSED DECOUPLING MECHANISM.
- B. PLEASE PROVIDE THE PERCENTAGE RECOVERY OF FIXED COSTS FOR RESIDENTIAL AND SMALL POWER CLASSES THAT WILL OCCUR IF PNM'S DECOUPLING PROPOSAL IS APPROVED.
- C. IF THE ANSWER TO PART B. ABOVE IS NOT 100%, OR NEARLY 100%, PLEASE EXPLAIN WHY IT IS NOT.
- D. PLEASE STATE WHETHER PNM CONSIDER A DECOUPLING PROPOSAL FOR RESIDENTIAL AND SMALL POWER CUSTOMERS THAT WOULD DECOUPLE ONLY THE PORTION OF VOLUMETRIC RATES THAT WOULD APPROXIMATE THE 25.81% - 27.62% OF FIXED COST RECOVERY IN VOLUMETRIC RATES THAT EXISTS IN ITS OTHER CUSTOMER CLASSES, AS SHOWN ON PNM FIGURE SC-1 AT PAGE 4 OF MS. CHAN'S DIRECT TESTIMONY. IF NOT, PLEASE EXPLAIN WHY NOT. IF YES, PLEASE PROVIDE A DESCRIPTION OF THE ALTERNATIVES CONSIDERED.
- E. PLEASE PROVIDE THE AMOUNT OF FIXED COST RECOVERY OVER OR UNDER COLLECTION FOR GENERAL POWER AND LARGE POWER CUSTOMERS FOR EACH YEAR OF 2017-2019 THAT IS COMPARABLE TO THE OVER OR UNDER RECOVERIES SHOWN IN PNM EXHIBIT SC-3 FOR THE RESIDENTIAL AND SMALL POWER CLASSES.

RESPONSE:

- A. The Shared Cost of Service Rider will result in the full recovery of fixed costs, which is not possible under PNM's current Customer Charge rate design for both residential and small power classes.
- B. If PNM's decoupling proposal is approved, then 100% of the fixed costs approved in Case No. 15-00261-UT would be recovered.
- C. Not applicable.
- D. PNM has not considered a decoupling proposal that will recover a reduced percentage of fixed costs. One objective of PNM's decoupling proposal is to correct the inherent rate design problem associated with artificially low customer charges, so an alternative that addresses only part of the rate design issue would not fully address this problem.
- E. Please see PNM Exhibit NMAG 1-2.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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DISINCENTIVES AND ORIGINAL RIDER NO. 52,)	Case No. 20-00121-UT
)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,)	
)	
Petitioner.)	
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SELF AFFIRMATION

STELLA CHAN, Director, Pricing and Strategic Customer Marketing for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to Albuquerque Bernalillo County Water Utility Authority's (ABCWUA) First Set of Interrogatories and Requests for Production of Documents:**

ABCWUA INTERROGATORY 1-1
ABCWUA INTERROGATORIES 1-4 thru 1-7
ABCWUA INTERROGATORIES 1-12 thru 1-15
ABCWUA INTERROGATORIES 1-19 thru 1-21

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 7nd day of July, 2020.

/s/ Stella Chan

STELLA CHAN

ABCWUA INTERROGATORY 1-4
STELLA CHAN/ZACHARY JOHNSON

NMSA 1978 § 62-17-5 (B) PROVIDES “THE COMMISSION SHALL DIRECT PUBLIC UTILITIES TO EVALUATE AND IMPLEMENT COST-EFFECTIVE PROGRAMS THAT REDUCE ENERGY DEMAND AND CONSUMPTION.” AT PAGE 7 LINES 4 TO 14 OF MS. CHAN’S DIRECT TESTIMONY, SHE STATES THAT THE FIXED COSTS IN THE CONTEXT OF PNM’S DECOUPLING PROPOSAL ARE THE APPROVED REVENUE REQUIREMENTS ASSOCIATED WITH CUSTOMER-RELATED AND DEMAND-RELATED FUNCTIONS IN PNM’S LAST LITIGATED RATE CASE, CASE NO. 15-00261-UT.

- A. ARE THE FIXED COSTS REFERRED TO BY MS. CHAN, IN CASE NO. 15-00261-UT: PROJECTED FIXED COSTS, BASE PERIOD FIXED COSTS OR ADJUSTED BASE PERIOD FIXED COSTS? OR SOMETHING ELSE? PLEASE EXPLAIN YOUR ANSWER.
- B. WHICH OF THE CASE NO. 15-00261-UT FIXED COSTS REFERRED TO BY MS. CHAN WERE INCURRED DUE TO COMMISSION APPROVED ENERGY EFFICIENCY AND LOAD MANAGEMENT PROGRAMS PURSUANT TO THE PROVISIONS OF NMSA 1978 §62-17-5 (B)? FOR EACH SUCH IDENTIFIED FIXED COST, PLEASE IDENTIFY THE DOLLAR AMOUNT OF THE COST.
- C. WHICH OF THE CASE NO. 15-00261-UT FIXED COSTS REFERRED TO BY MS. CHAN WERE NOT INCURRED DUE TO COMMISSION APPROVED ENERGY EFFICIENCY AND LOAD MANAGEMENT PROGRAMS PURSUANT TO THE PROVISIONS OF NMSA 1978 §62-17-5 (B)? FOR EACH SUCH IDENTIFIED FIXED COST, PLEASE IDENTIFY THE DOLLAR AMOUNT OF THESE COSTS.
- D. WHAT IS THE ESTIMATED CURRENT DOLLAR AMOUNT OF PNM’S FIXED COSTS FOR EACH OF THE ENERGY EFFICIENCY AND LOAD PROGRAMS APPROVED BY THE COMMISSION PURSUANT TO THE PROVISIONS OF NMSA 1978 §62-17-5 (B)?
- E. WHAT IS THE ESTIMATED CURRENT DOLLAR AMOUNT OF PNM’S FIXED COSTS THAT ARE NOT INCURRED AS A RESULT OF THE ENERGY EFFICIENCY AND LOAD PROGRAMS APPROVED BY THE COMMISSION PURSUANT TO THE PROVISIONS OF NMSA 1978 §62-17-5 (B)?
- F. DO THE CASE NO. 15-00261-UT FIXED COSTS REFERRED TO BY MS. CHAN INCLUDE FIXED COSTS RESULTING FROM PNM’S OWNERSHIP INTEREST OF THE FOUR CORNERS POWER PLANT? IF SO, WHAT IS THE ESTIMATED DOLLAR AMOUNT OF THESE FIXED COSTS?
- G. ARE THE CURRENT ENERGY EFFICIENCY AND LOAD PROGRAMS APPROVED BY THE COMMISSION PURSUANT TO THE PROVISIONS OF NMSA 1978 §62-17-5 (B) THE SAME AS PNM’S APPROVED ENERGY EFFICIENCY AND LOAD PROGRAMS THAT WERE IN EXISTENCE IN 2015? IF NOT, WHAT ARE THE DIFFERENCES?
- H. ARE THE AUTHORIZED FIXED COSTS REFERRED TO BY MS. CHAN THE SAME AS THE NETWORK FIXED COSTS REFERRED TO AT PAGE 3, LINE 1 OF MR. FENTON’S DIRECT TESTIMONY? PLEASE EXPLAIN YOUR ANSWER.

RESPONSE:

- A. The fixed costs referred to by Ms. Chan in Case No. 15-00261 are the filed test period fixed costs that were adjusted pursuant to the Commission's Final Order in that case.
- B. The fixed costs that are included in the Authorized Fixed Cost per Customer ("FCC") are fixed costs incurred to serve a customer. Original Rider No. 52 is designed to recover or credit those fixed costs that are either over- or under-collected due to changes in customer usage. Energy efficiency and load management programs do not affect the fixed costs to serve customers because those costs are collected through the Energy Efficiency Rider No. 16. However, the impact of energy efficiency and load management programs on customer usage does directly contribute to the under-recovery of fixed costs.
- C. Please see PNM's response to ABCWUA Interrogatory 1-4 B, above.
- D. Please refer to PNM's response to ABCWUA Interrogatory 1-4 B, above. All energy efficiency and load management costs are recovered through the Energy Efficiency Rider No. 16. The table below includes the PRC-approved 2020 energy efficiency and load management portfolio budget.

2020 Programs	Admin	Third Party	Rebates	Promo	M&V	MT	Total
Residential Comp.	\$ 206,959	\$ 2,203,861	\$ 1,972,881	\$ 73,863	\$ 74,664	\$ 68,468	\$ 4,600,696
Residential Lighting	\$ 105,298	\$ 751,428	\$ 1,350,000	\$ 37,580	\$ 37,988	\$ 34,835	\$ 2,317,129
Commercial Comp.	\$ 426,910	\$ 3,152,490	\$ 5,374,130	\$ 152,363	\$ 154,015	\$ 141,233	\$ 9,401,141
Easy Savings	\$ 21,580	\$ 218,205	\$ 216,580	\$ 7,702	\$ 7,786	\$ 7,139	\$ 478,992
Energy Smart (MFA)	\$ 8,464	\$ 15,000	\$ 150,048	\$ 3,021	\$ 3,053	\$ 2,800	\$ 182,386
New Home Const.	\$ 34,475	\$ 201,903	\$ 483,300	\$ 12,304	\$ 12,438	\$ 11,405	\$ 755,825
Home Works	\$ 31,198	\$ 248,400	\$ 360,000	\$ 11,135	\$ 11,255	\$ 10,321	\$ 672,310
Power Saver (LM)	\$ 221,327	\$ 3,104,485	\$ 1,410,000	\$ 78,991	\$ 79,848	\$ 73,221	\$ 4,967,872
Peak Saver (LM)	\$ 103,790	\$ 1,222,100	\$ 880,000	\$ 37,042	\$ 37,444	\$ 34,336	\$ 2,314,712
Total	\$ 1,160,002	\$ 11,117,871	\$ 12,196,939	\$ 414,000	\$ 418,491	\$ 383,760	\$ 25,691,063

- E. Please see PNM's response to ABCWUA Interrogatory 1-4 B, above.
- F. The fixed costs associated with PNM's ownership interest in the Four Corners Power Plant are included in the fixed costs that were approved in the final order of NMPRC Case No. 15-00261-UT. PNM did not prepare a revenue requirement specific to the Four Corners Power Plant in Case No. 15-00261-UT. Therefore, PNM cannot provide an estimate of these fixed costs. However, the summary below provides the amounts associated with the Four Corners Power Plant that were specifically identified in PNM's filing and approved in the final order.

Description	Amount (\$)
Net Plant	\$ 64,284,611
Depreciation Expense	\$ 1,622,105

- G. PNM's current energy efficiency and load management programs are the same as PNM's approved energy efficiency and load management programs that were in existence in 2015,

with the exception of the Home Energy Reports program (which was terminated at the end of 2015) and the New Home Construction program (which began in 2017).

Yes. The authorized fixed costs referred to by Ms. Chan are the same as the “fixed costs of the network” referred to by Mr. Fenton on Page 3, Line 1 of his direct testimony.

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

STELLA CHAN, Director, Pricing and Strategic Customer Marketing for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to Albuquerque Bernalillo County Water Utility Authority's (ABCWUA) First Set of Interrogatories and Requests for Production of Documents:**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

/s/ Stella Chan
STELLA CHAN

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

ZACHARY R. JOHNSON, Manager, Energy Efficiency Design for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to Albuquerque Bernalillo County Water Utility Authority's (ABCWUA) First Set of Interrogatories and Requests for Production of Documents:**

**ABCWUA INTERROGATORIES 1-3 and 1-4
ABCWUA INTERROGATORY 1-8**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 7th day of July, 2020.

/s/ Zachary R. Johnson
ZACHARY R. JOHNSON

NMAG INTERROGATORY 1-6
KELLI ALCANTAR

REGARDING THE STATEMENT ON PAGE 8, LINES 5-7, OF MS. AZAR'S DIRECT TESTIMONY: "PNM ESTIMATED IN APRIL THAT POTENTIAL IMPACTS TO LOAD RESULTED IN INCREASES IN RESIDENTIAL LOAD AROUND 5% AND DECLINE IN COMMERCIAL BY ABOUT 15%." PLEASE PROVIDE THE EFFECT ON PNM'S LOAD ATTRIBUTED TO COVID-19-RELATED CHANGES IN REVENUE, DEMAND, USAGE, NUMBER OF CUSTOMERS, AND CUSTOMER CHARGES BY CUSTOMER CLASS.

RESPONSE:

PNM does not believe it is practical to isolate and track shifts in customer usage among customers classes that are directly attributable to the COVID-19 pandemic. Please see the attached PNM Exhibit NMAG 1-6 to see the actual results for April and May 2019 and 2020, that have been adjusted for the impacts of weather as well as PNM's 2020 Forecast. After removing impacts from weather, the remaining variances compared to budget are primarily assumed to be due to COVID-19.

	2019	2020	2020 Forecast	% Change Yr/Yr**	% Change Forecast	2019	2020	2020 Forecast	% Change Yr/Yr**	% Change Forecast
Non-Fuel Base Revenue (\$) (including Customer Charges)										
Residential	\$20,013,824	\$21,826,260	\$20,511,394	9.1%	6.4%	\$22,401,124	\$26,932,340	\$23,279,633	20.2%	15.7%
Commercial	\$22,044,029	\$17,879,610	\$22,067,761	-18.9%	-19.0%	\$25,588,561	\$21,898,610	\$24,355,021	-14.4%	-10.1%
Other*	\$4,262,360	\$4,738,771	\$5,032,112	11.2%	-5.8%	\$4,577,965	\$4,627,820	\$5,244,395	1.1%	-11.8%
	\$46,320,213	\$44,444,642	\$47,611,267	-4.0%	-6.7%	\$52,567,650	\$53,458,770	\$52,879,049	1.7%	1.1%
Billing Demand (MW)										
***Residential	-	-	-	-	-	-	-	-	-	-
Commercial	555	503	503	-9.3%	-	559	521	521	-6.8%	-
Other	139	140	140	0.5%	-	151	142	142	-6.0%	-
	694	643	643	-7.3%	-	710	663	663	-6.6%	-
Usage (kWh)										
Residential	193,081,420	208,619,991	196,879,267	8.0%	6.0%	219,607,367	269,583,334	232,421,824	22.8%	16.0%
Commercial	282,467,607	225,602,932	279,558,105	-20.1%	-19.3%	325,999,999	262,880,110	309,287,182	-19.4%	-15.0%
Other	88,645,873	100,135,844	109,913,781	13.0%	-8.9%	88,981,420	95,964,999	108,216,813	7.8%	-11.3%
	564,194,900	534,358,768	586,351,152	-5.3%	-8.9%	634,588,786	628,428,443	649,925,819	-1.0%	-3.3%
Customer Count										
Residential	471,114	475,308	475,321	0.9%	0.0%	471,278	475,876	475,621	1.0%	0.1%
Commercial	57,096	57,405	57,998	0.5%	-1.0%	57,444	57,490	58,043	0.6%	-1.0%
Other	1,162	1,128	1,022	-2.9%	10.4%	1,129	1,144	1,022	1.3%	11.9%
	529,372	533,841	534,341	0.8%	-0.1%	529,551	534,510	534,686	0.9%	0.0%

*Other includes Industrial, Other Public Authority and Streetlighting

**Other includes an increase to industrial customers that PNM was aware of, that is not due to COVID-19.

***Residential customers do not have billing demand

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

KELLI ALCANTAR, Director, Financial Planning & Load Forecast for PNMR Services Company, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of Interrogatories and Requests for Production of Documents:**

**NMAG INTERROGATORY 1-6
NMAG INTERROGATORIES 1-29 thru 1-31
NMAG INTERROGATORY 1-54**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Kelli Alcantar
KELLI ALCANTAR

GCG # 526975

NMAG INTERROGATORY 1-29
STELLA CHAN/KELLI ALCANTAR

REGARDING THE STATEMENT AT PAGE 19, LINES 4-8, OF MS. CHAN'S DIRECT TESTIMONY: "THE PRIMARY DRIVERS OF THE HISTORICAL DECLINE IN AVERAGE UPC ARE ENERGY EFFICIENCY IMPROVEMENTS AND THE INCREASED PENETRATION OF DISTRIBUTED GENERATION. FOR THE RESIDENTIAL CLASS, ENERGY EFFICIENCY AND LOAD MANAGEMENT IMPROVEMENTS ARE IN LARGE PART ATTRIBUTABLE TO PNM-SPONSORED PROGRAMS THAT ARE OFFERED TO ACHIEVE THE SAVINGS GOALS MANDATED BY THE EFFICIENT USE OF ENERGY ACT ("EUEA")."

- A. PLEASE PROVIDE THE DRIVERS FOR THE DECLINE IN UPC THAT PNM HAS IDENTIFIED, OTHER THAN ENERGY EFFICIENCY AND DISTRIBUTED GENERATION.**
- B. PLEASE PROVIDE AN ESTIMATE OF THE IMPACT ON UPC OVER TIME THAT IS RELATED TO THE INCREASING COST OF ENERGY, INCLUDING FUEL COSTS.**
- C. PLEASE DEFINE WHAT IS MEANT BY "IN LARGE PART" FOR LOSSES PNM BELIEVES ARE ATTRIBUTABLE TO PNM-SPONSORED PROGRAMS.**
- D. PLEASE PROVIDE THE PORTION OF ENERGY EFFICIENCY AND LOAD MANAGEMENT IMPROVEMENTS THAT ARE NOT ASSOCIATED WITH PNM-SPONSORED PROGRAMS.**

RESPONSE:

- A. PNM has not specifically identified any other drivers for the decline in UPC. PNM does not track other drivers that would cause a decline in load, other than Energy Efficiency and Distributed Generation.
- B. PNM does not have a way of calculating the impact on UPC due to the increased cost of energy, including fuel costs.
- C. By "in large part," PNM means that the losses attributable to PNM-sponsored programs are significant. This is illustrated by the annual and cumulative energy savings in PNM Table SC-2 of Ms. Chan's direct testimony.
- D. PNM does not track data outside of PNM-sponsored programs.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

STELLA CHAN, Director, Pricing and Strategic Customer Marketing for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of Interrogatories and Requests for Production of Documents:**

NMAG INTERROGATORIES 1-1 and 1-2
NMAG INTERROGATORY 1-4
NMAG INTERROGATORY 1-9
NMAG INTERROGATORIES 1-11 thru 1-33
NMAG INTERROGATORIES 1-49 thru 1-52
NMAG INTERROGATORIES 1-54 and 1-55

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Stella Chan
STELLA CHAN

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
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DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

KELLI ALCANTAR, Director, Financial Planning & Load Forecast for PNMR Services Company, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of Interrogatories and Requests for Production of Documents:**

**NMAG INTERROGATORY 1-6
NMAG INTERROGATORIES 1-29 thru 1-31
NMAG INTERROGATORY 1-54**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Kelli Alcantar
KELLI ALCANTAR

GCG # 526975

NMAG INTERROGATORY 1-30
STELLA CHAN/KELLY ALCANTAR

REGARDING THE STATEMENT ON PAGE 19, LINES 10-11, OF MS. CHAN'S DIRECT TESTIMONY: "ON PNM'S DISTRIBUTION SYSTEM, THE NUMBER OF RESIDENTIAL SOLAR PHOTOVOLTAIC INTERCONNECTIONS INCREASED FROM 765 IN 2013 TO 16,184 IN 2019." PLEASE:

- A. PROVIDE THE NUMBER OF SOLAR INTERCONNECTIONS IN 2013-2019 BY CUSTOMER CLASS AND MW CAPACITY;**
- B. PROVIDE THE ANNUAL DECREASE IN REVENUE, KWH SALES, AND UPC, BY RATE CLASS, THAT IS ATTRIBUTABLE TO THE GROWTH IN DISTRIBUTED GENERATION IN 2013-2019;**
- C. PROVIDE THE AMOUNT OF LOST KWH SALES DUE TO DISTRIBUTED GENERATION IN 2013-2019 THAT IS NOT ATTRIBUTABLE TO THE RESIDENTIAL CLASS OR SMALL POWER CLASSES;**
- D. PROVIDE THE NUMBER OF SOLAR INTERCONNECTIONS BY YEAR THAT WERE A DIRECT RESULT OF PNM-SPONSORED PROGRAMS MANDATED BY THE EUEA;**
- E. PROVIDE THE LOST KWH OF SALES ASSOCIATED WITH THE GROWTH OF RESIDENTIAL SOLAR INTERCONNECTIONS THAT RESULTED DIRECTLY FROM PNM-SPONSORED PROGRAMS; AND**
- F. PROVIDE THE GROWTH IN DISTRIBUTED GENERATION BY CUSTOMER CLASS AND POWER SOURCE FOR 2013-2019.**

RESPONSE:

- A. Please see PNM Exhibit NMAG 1-30 A & F.
- B. PNM does not track actual revenue or have existing capability to calculate decreases attributable to distributed generation since the revenue is generated based on net metered kWh. For kWh generated and the UPC calculation, please see PNM Exhibit NMAG 1-30 B & C.
- C. Please see PNM Exhibit NMAG 1-30 B & C.
- D. None.
- E. Please see PNM Exhibit NMAG 1-30 E for kWh generated from 2013 to 2019 that received REC payments from PNM.
- F. Please see PNM Exhibit NMAG 1-30 A & F.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Annual Decrease in kWh Sales Attributed to Distributed Generation by Rate Class																							
YEAR	1A	1B	2A	2B	3B	3C	3D	3E	4B	5B	6	10A	10B	11B	15B	20	30B	33B	35B	36B	Grand Total	Residential or Small Power	Not Residential or Small Power
2013	22,826,974	75,534	5,264,591	0	7,048,708	1,532,640	0	0	11,897,548	0	0	0	0	4,193,500	330,742	0	0	0	0	0	53,170,237	28,167,099	25,003,138
2014	30,253,240	73,466	6,242,478	0	11,504,060	3,383,309	0	0	27,913,160	0	0	0	212,430	6,294,709	344,312	0	0	0	0	0	86,221,164	36,569,184	49,651,980
2015	37,736,930	78,207	7,324,591	0	11,877,972	2,043,468	0	0	29,045,993	0	0	0	235,877	6,763,816	301,702	0	0	0	0	0	95,408,556	45,139,728	50,268,828
2016	38,809,688	81,185	8,697,289	0	13,861,090	3,286,603	0	0	27,803,550	0	0	0	282,283	7,355,626	315,349	0	0	0	0	0	120,492,663	67,588,162	52,904,501
2017	90,988,322	81,205	9,223,829	0	17,816,429	5,214,724	0	0	27,288,703	0	0	0	236,876	9,683,711	309,264	0	0	0	0	0	160,843,063	100,293,356	60,549,707
2018	120,236,444	81,265	10,158,859	0	16,766,756	4,471,447	5,389,943	2,701,848	25,774,150	0	0	0	251,536	11,558,202	358,093	0	0	0	0	0	197,748,543	130,476,568	67,271,975
2019	144,828,363	84,827	11,943,153	0	17,616,036	4,223,481	8,156,188	3,436,935	26,184,301	0	0	0	247,318	11,489,089	227,309	0	0	0	0	0	228,437,000	156,856,343	71,580,657

Annual Customer Counts																							
YEAR	1A	1B	2A	2B	3B	3C	3D	3E	4B	5B	6	10	10B	11B	15B	20	30B	33B	35B	36B	Grand Total	Residential or Small Power	Not Residential or Small Power
2013	5,419,816	1,549	604,078	12,505	41,814	8,825	0	0	2,733	24	NA	1,378	2,590	1,892	12	NA	12	0	0	0	6,097,216	6,025,443	71,773
2014	5,451,212	1,538	608,434	12,500	41,004	10,095	0	0	2,661	24	NA	1,363	2,577	1,886	12	NA	12	0	0	0	6,133,314	6,061,184	72,130
2015	5,491,342	1,504	612,301	12,527	40,544	10,556	0	0	2,648	24	NA	1,372	2,577	1,884	12	NA	12	14	0	0	6,177,291	6,105,147	72,144
2016	5,533,535	1,439	615,538	12,135	39,976	11,210	0	0	2,661	24	NA	1,342	2,497	1,846	12	NA	12	26	10	0	6,222,215	6,150,512	71,703
2017	5,571,259	1,377	618,386	12,418	39,766	10,706	0	0	2,633	24	NA	1,309	2,431	1,851	12	NA	12	24	48	0	6,262,172	6,191,022	71,150
2018	5,617,707	1,383	625,958	11,578	37,071	9,237	2,132	913	2,505	24	NA	1,296	2,472	1,860	12	NA	12	24	48	10	6,314,148	6,245,048	69,100
2019	5,661,828	1,393	628,545	10,976	38,017	8,589	2,598	1,103	2,282	24	NA	1,281	2,469	1,860	12	NA	12	24	50	0	6,360,977	6,291,766	69,211

Annual UPC Effect (kWh/customer)																							
YEAR	1A	1B	2A	2B	3B	3C	3D	3E	4B	5B	6	10	10B	11B	15B	20	30B	33B	35B	36B	Grand Total	Residential or Small Power	Not Residential or Small Power
2013	-4	-49	-9	0	-169	-174	0	0	-4,353	0	0	0	0	-2,216	-27,562	0	0	0	0	9	348	5	348
2014	-6	-48	-10	0	-281	-335	0	0	-10,490	0	0	0	-82	-3,338	-28,693	0	0	0	0	14	6	688	6
2015	-7	-52	-12	0	-293	-194	0	0	-10,969	0	0	0	-92	-3,590	-25,142	0	0	0	0	15	7	697	7
2016	-11	-56	-14	0	-347	-293	0	0	-10,449	0	0	0	-113	-3,985	-26,279	0	0	0	0	19	11	738	11
2017	-16	-59	-15	0	-448	-487	0	0	-10,364	0	0	0	-97	-5,232	-25,772	0	0	0	0	26	16	851	16
2018	-21	-59	-16	0	-452	-484	-2,528	-2,959	-10,289	0	0	0	-102	-6,214	-29,841	0	0	0	0	31	21	974	21
2019	-26	-61	-19	0	-463	-492	-3,139	-3,116	-11,474	0	0	0	-100	-6,177	-18,942	0	0	0	0	36	25	1,034	25

For rate and its corresponding description, please go to <https://www.pnm.com/rates>

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

STELLA CHAN, Director, Pricing and Strategic Customer Marketing for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of Interrogatories and Requests for Production of Documents:**

NMAG INTERROGATORIES 1-1 and 1-2
NMAG INTERROGATORY 1-4
NMAG INTERROGATORY 1-9
NMAG INTERROGATORIES 1-11 thru 1-33
NMAG INTERROGATORIES 1-49 thru 1-52
NMAG INTERROGATORIES 1-54 and 1-55

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Stella Chan
STELLA CHAN

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
TO THE EFFICIENT USE OF ENERGY ACT AND THE)
PUBLIC UTILITY ACT, FOR APPROVAL OF A RATE)
ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

KELLI ALCANTAR, Director, Financial Planning & Load Forecast for PNMR

Services Company, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the following **Public Service Company of New Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of Interrogatories and Requests for Production of Documents:**

**NMAG INTERROGATORY 1-6
NMAG INTERROGATORIES 1-29 thru 1-31
NMAG INTERROGATORY 1-54**

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Kelli Alcantar
KELLI ALCANTAR

GCG # 526975

NMAG INTERROGATORY 1-5
KYLE SANDERS/MARK FENTON

PLEASE PROVIDE ALL SUPPORT FOR THE CONTENTION THAT A FULL GENERAL RATE CASE IN 2020 WOULD HAVE SUPPORTED A LARGER RATE INCREASE THAN THE CURRENT DECOUPLING PROPOSAL, PER PAGE 6, LINES 18-19 OF MS. AZAR'S DIRECT TESTIMONY.

RESPONSE:

The interrogatory mischaracterizes the Petition by asserting PNM is proposing a rate increase. PNM is not proposing a rate increase, decrease, or a change in revenue requirements already approved by the NMPRC. Rather, PNM seeks approval of a rate adjustment mechanism (Rider 52) that will decouple residential and small power customer rates so that the fixed cost per customer authorized for recovery by the NMPRC in PNM's last litigated rate case (Case No. 15-00261-UT) is recovered. PNM proposes, beginning in 2021, to track the difference between the actual fixed cost recovery per customer and the fixed cost recovery per customer authorized by the NMPRC. PNM would then credit (in the event of an over-collection) or collect (in the event of an under-collection) the difference in 2022. PNM currently estimates implementation of Rider 52 will result in an approximate \$2.28 increase per month for residential customers and a \$1.38 increase per month for small power customers in 2022 due to an estimated under-collection of fixed costs in 2021. PNM presents these estimates for illustrative purposes only; the actual bill impact under Rider 52 in 2022, and whether that impact results in a charge or a credit, depends on PNM's actual collection of its fixed cost per customer in 2021, which in turn depends on several factors as described in the direct testimony of Ms. Chan.

The interrogatory miscites Ms. Azar's testimony. She does not address PNM's planned 2020 rate case, which PNM opted not to file, at page 6 of her direct testimony. At page 4 of her direct testimony, Ms. Azar cites to Mr. Fenton's direct testimony regarding the foregone 2020 rate case. Mr. Fenton states at pages 11 and 12 of his direct testimony:

PNM is asking for approval of its decoupling proposal by no later than December 2020 with a January 1, 2021 effective date, because we believe that our decoupling proposal represents the best compromise we can offer to meet the balance required by public utility law between customers and investors. PNM must continue to make fixed investments in its electric network. Consequently, the rate case that PNM is forgoing would have requested a revenue increase larger than the revenue shortfall that PNM is estimating would be recovered through this decoupling mechanism in 2021. This shortfall results from the systematic under-recovery of fixed cost investments resulting in no small measure 1 from the residential and small commercial rate design.

PNM did not complete a proposed revenue requirement or rate design for the previously anticipated 2020 rate case. However, as Mr. Fenton states, had PNM opted to file the rate case the requested rate increase would have been larger than the estimated impact of the decoupling proposal because the increase would have reflected not just the under-recovery of PNM's already-approved revenue requirements but also the cost of new system investments made since the end of

the end of the test period in Case No. 16-00276-UT. PNM expected an increase in rate base of approximately \$200 million from the end of the test period in NMPRC Case No. 16-00276-UT, as shown on PNM's 2020 – 2023 Potential Earnings Power slide (slide 54) included in the June 2020 Investors' Meetings presentation.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

KYLE T. SANDERS, Director, Cost of Service and Corporate Budget,
PNMR Services Company, upon being duly sworn according to law, under oath,
deposes and states: That I have read the following Public Service Company of New
Mexico's Objections and Responses to New Mexico Attorney General's (NMAG)
First Set of Interrogatories and Requests for Production of Documents:

NMAG INTERROGATORY 1-5

I further affirmatively state that I know the contents thereof and that they are true
and correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020

/s/ Kyle T. Sanders
KYLE T. SANDERS

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE COMPANY OF NEW MEXICO, PURSUANT)
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ADJUSTMENT MECHANISM TO REMOVE REGULATORY)
DISINCENTIVES AND ORIGINAL RIDER NO. 52,) Case No. 20-00121-UT
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
Petitioner.)
_____)

SELF AFFIRMATION

**MARK FENTON, Executive Director, Regulatory Policy & Case Management, for
Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of
New Mexico, affirm and state: I have read the following Public Service Company of New
Mexico Objections and Response to New Mexico Attorney General's (NMAG) First Set of
Interrogatories and Requests for Production of Documents:**

**NMAG INTERROGATORY 1-3
NMAG INTERROGATORY 1-5
NMAG INTERROGATORIES 1-8 and 1-9
NMAG INTERROGATORY 1-48
NMAG INTERROGATORY 1-52**

I further affirmatively state that I know the contents thereof and that they are true and
correct to the best of my knowledge and belief.

Dated this 6th day of July, 2020.

/s/ Mark Fenton
MARK FENTON

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF)	
PUBLIC SERVICE COMPANY OF NEW)	
MEXICO, PURSUANT TO THE EFFICIENT)	Case No. 20-00121-UT
USE OF ENERGY ACT AND THE PUBLIC)	
UTILITY ACT, FOR APPROVAL OF A RATE)	
ADJUSTMENT MECHANISM TO REMOVE)	
REGULATORY DISINCENTIVES AND)	
ORIGNAL RIDER NO. 52,)	
)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,)	
)	
Petitioner.)	
)	

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the **Joint Motion to Dismiss Public Service Company of New Mexico’s Petition for Approval of a Rate Adjustment Mechanism (Decoupling), or, Alternatively Motion to Defer Approval of a Rate Adjustment Mechanism to PNM’s Next Rate Case** was served via email on July 13, 2020, to the following persons whose mailing addresses are listed below and emailed to those persons at the email addresses shown below:

Stacey Goodwin	Stacey.Goodwin@pnmresources.com;	Stephanie Dzur	Stephanie@Dzur-law.com
Ryan Jerman	Ryan.Jerman@pnmresources.com;	Don Hancock	sricdon@earthlink.net;
Ray Gifford	rgifford@wbklaw.com;	Ramona Blaber	ramona.blaber@sierraclub.org;
Mark Fenton	Mark.Fenton@pnm.com;	April Elliott	april@elliottanalytics.com;
Carey Salaz	Carey.salaz@pnm.com;	Peter J. Gould	peter@thegouldlawfirm.com;
Heather Allen	Heather.Allen@pnmresources.com;	Kelly Gould	kelly@thegouldlawfirm.com;
Mariel Nanasi	Mariel@seedsbeneaththesnow.com;	James Dauphinais	jdauphinais@consultbai.com
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