

**IN THE MATTER OF THE APPLICATION )  
OF PUBLIC SERVICE COMPANY OF NEW )  
MEXICO FOR REVISION OF ITS RETAIL )  
ELECTRIC RATES PURSUANT TO ADVICE )  
NOTICE NO. 595 )**

**Case No. 22-00270-UT**

**PUBLIC SERVICE COMPANY OF NEW )  
MEXICO, )**

**Applicant )**

**NOTICE OF PROCEEDING AND HEARING**

NOTICE is hereby given of the following matters pertaining to the above captioned case pending before the New Mexico Public Regulation Commission (PRC or “Commission”):

1. On December 5, 2022, Public Service Company of New Mexico (PNM) filed with the Commission an application for revision of PNM’s retail electric rates, schedules, and rules. In the application, PNM proposes to increase rates for its retail New Mexico customers. This Notice describes PNM’s proposed rate increase for PNM Customers.

2. PNM’s current rates for electric service were authorized by the Commission in Case No. 16-00276 (2016 Rate Case). PNM states that its currently authorized rates are no longer just and reasonable and do not allow for a reasonable return on its investment in public utility plant and property. The proposed rates are intended (among other things) to implement ratemaking treatment (effective January 1, 2024) related to PNM’s investments between 2019 and 2024 needed to provide safe and reliable service.

3. PNM is requesting a rate increase based on a future test year period for the twelve-months beginning January 1, 2024. PNM projects a non-fuel revenue requirement of \$791 million for the test period. In its application, PNM states that it has demonstrated a non-fuel revenue deficiency of \$63.8 million for the test period which reflects a material change in circumstances from the test period utilized in the 2016 Rate Case.

**ATTACHMENT A**

4. The 2024 test period revenue requirement reflects PNM’s ongoing operating expenses together with capital investments and previously approved resource additions or abandonments, including depreciation, property taxes, return on investment, and associated income taxes. The requested rate increase will result in a projected overall system average non-fuel revenue requirement increase of 8.77%. PNM proposes to distribute the impact of the proposed rate increase across all customer classes and to limit the average non-fuel revenue requirement increase for the residential class to 9.65%. The revenue requirement deficiency by major rate class with these adjustments is shown in Paragraph 9 below.

5. PNM’s requested non-fuel base rate increase varies by customer class, as shown in the rate schedules listed in Paragraph 19 below. Taking into account all charges on an average residential customer’s bill, including projected riders and fuel costs for 2024, PNM estimates that the average residential customer (600 kWh) monthly bill will increase by approximately 0.75 cents per month or 0.9%. The non-fuel bill impact (not including other charges) for residential customers for differing levels of monthly usage is shown in Paragraph 20 below.

6. Among the issues the Commission will consider in this proceedings are (i) the ratemaking treatment of the regulatory liability account ordered by the Commission in its Order on Joint Motion for Accounting Order, issued on November 18, 2022, in Case No. 21-00083-UT to track the costs of the 104 MW of PNM’s leasehold interests in the Palo Verde Nuclear Generating Station that will expire on January 13, 2023; and (ii) the ratemaking treatment of the costs of the fully abandoned San Juan Generating Station which are embedded in PNM’s current rates.

7. In this case, PNM proposes to start the process of transitioning to new time-of-day pilot rates for most customer classes; revising its embedded class cost-of-service modeling tools to provide stakeholders with more transparency in the rate design process; and unbundling the cost components of PNM’s rates. PNM has also formed a Pricing Advisory Committee comprised of consumer advocacy groups, customers, consultants, and government officials to engage with stakeholders as PNM transitions to a more modern rate design.

8. The proposed non-fuel base rate changes would affect all customers in all customer classes. PNM’s Fuel and Purchased Power Cost Adjustment Clause (FPPCAC) and its renewable energy and energy efficiency rider rates are not subject to change in this proceeding. PNM is currently seeking approval to continue its FPPCAC through a separate proceeding, Case No. 22-00166-UT. In that case, the Hearing Examiner requested that the parties brief whether Case No. 22-00166-UT should be consolidated with this rate case proceeding. The parties filed responses on January 6, 2023. The issue of consolidation is under advisement.

9. The Test Period non-fuel revenue requirement deficiency by major rate class, with the adjustments described above in Paragraph 4, is shown in the following table:

<b>Total Revenue Requirement Deficiency</b>			
<b>Customer Class</b>	<b>Non-fuel</b>	<b>Total</b>	<b>Percentage</b>
1 – Residential	\$ 33,667,930	\$ 33,667,930	9.65%
2 - Small Power	\$ 7,996,639	\$ 7,996,639	7.90%
3B / 3D - General Power	\$ 9,412,403	\$ 9,412,403	7.90%
3C / 3E - General Power Low LF	\$ 1,693,430	\$ 1,693,430	7.90%
4B - Large Power	\$ 4,580,438	\$ 4,580,438	7.90%
5B - Lg. Svc. (8 MW)	\$ 151,671	\$ 151,671	7.90%
10A/B – Irrigation	\$ 165,412	\$ 165,412	8.77%
11B - Wtr/Swg Pumping	\$ 796,299	\$ 796,299	9.65%
15B - Universities 115 kV	\$ 293,516	\$ 293,516	7.90%
30B - Manuf. (30 MW)	\$ 2,475,294	\$ 2,475,294	7.90%
33B - Lg. Svc. (Station Power)	\$ 17,869	\$ 17,869	7.90%
35B - Lg. Svc. (3 MW)	\$ 581,973	\$ 581,973	7.90%
36B - SSR - Renew. Energy Res.	\$ 1,366,272	\$ 1,366,272	7.90%
6 - Private Area Lighting	\$ 191,301	\$ 191,301	7.90%
20 – Streetlighting	\$ 374,868	\$ 374,868	9.65%
<b>Total</b>	<b>\$ 63,765,315</b>	<b>\$ 63,765,315</b>	<b>8.77%</b>

10. The Commission has assigned Case No. 22-00270-UT to this proceeding, and all inquiries or written comments concerning this matter should refer to that case number. Further information regarding this case may be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below.

11. The current procedural schedule established by the Commission for this proceeding is as follows:

- a. Any person desiring to become a party to this case must file a motion for leave to intervene that complies with PRC rule 1.2.2.23(A), (B) NMAC on or before April 6, 2023.
- b. The Commission’s Utility Division Staff must file, and intervenors may file, direct testimony on or before May 12, 2023.
- c. Rebuttal testimony shall be filed on or before June 2, 2023.
- d. A prehearing conference will be held on June 14, 2023.
- e. A public hearing will be held beginning on June 20, 2023, at 9:00 a.m. and continuing through June 30, 2023, (if necessary) to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

12. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the hearing examiners. Interested persons should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled.

13. The Commission’s Procedural Rules found at 1.2.2 NMAC shall apply to this proceeding except as modified by order of the Commission or hearing examiners. A copy of such rules may be obtained at the New Mexico Compilation Commission website, <https://nmonesource.com/nmos/en/nav.do>.

14. Any interested person may examine PNM’s filing in this case together with any exhibits and related papers which may be filed in this case at PNM Headquarters, Main Offices, Albuquerque, New Mexico 87158, telephone: (505) 241-2700 and on the PNM Resources website under “Investors” and then “Rates & Filings” at <https://www.pnmresources.com/investors/rates-and-filings.aspx>. Further information can also be obtained on the Commission’s website at [www.nmprc.state.nm.us](http://www.nmprc.state.nm.us) under “Case Lookup – eDocket.”

15. Any person filing prepared testimony under 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath.

16. Any interested person may appear at the time and place of hearing and make a written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Interested persons may also send written comments, which shall reference NMPRC Case No. 22-00270-UT, to the Commission at New Mexico Public Regulation Commission, Docketing Office – Records Mgmt. Bureau, 142 West Palace Ave. # 300, Santa Fe, NM 87501. The Commission may be reached by telephone at 1-888-427-5772. Comments governed by this paragraph will not be considered as evidence in this case.

17. Anyone filing pleadings, documents, or testimony in this case shall comply with the Commission’s electronic filing policy which is amended from time to time. This includes compliance with the following (not exhaustive) set of requirements. Filings must be in .pdf format. They must include an electronic signature and be sent to the Records Management Bureau’s email address, [prc.records@state.nm.us](mailto:prc.records@state.nm.us), or to another Records Bureau address as set out on the Commission’s webpage. Any filing must be submitted within regular business hours of the due date to be considered timely filed; documents received after regular business hours will be considered filed the next business day. Regular Commission business hours are from 8:00 a.m. to 5:00 p.m. MT. Parties shall serve a copy on all parties of record and Staff.

18. All filings shall be emailed to the hearing examiners at [anthony.medeiros@prc.nm.gov](mailto:anthony.medeiros@prc.nm.gov) and [christopher.ryan@prc.nm.gov](mailto:christopher.ryan@prc.nm.gov). Additional details regarding this proceeding and its procedural requirements are set forth in the hearing examiners’ procedural order issued on January 6, 2023.

19. Listed below are the present and proposed non-fuel base rates for each customer class if the Commission approves PNM’s full revenue requirement. All customers in all customer classes are affected. The non-fuel rates being compared are base rates only and do not include PNM’s FPPCAC factor, or other charges such as energy efficiency and renewable energy riders.

<b>A. Schedule 1A - Residential Service</b>	<b>Present Rates</b>	<b>Proposed Rates</b>	<b>Percent Change</b>	
<b>Summer Months (Jun-Aug)</b>				
Customer Charge	\$7.11	\$10.67	50.07%	per bill
Block 1 (0-450 kWh/mo.)	\$0.0779432	\$0.0779432	0.00%	per kWh
Block 2 (451-900 kWh/mo.)	\$0.1240339	\$0.1349099	8.77%	per kWh
Block 3 (All other kWh/mo.)	\$0.1495326	\$0.1802798	20.56%	per kWh
Whole House EV (10:00pm – 5:00am)	\$0.0304438	\$0.0319698	5.01%	per kWh
<b>Non-Summer Months (Sep-May)</b>				
Customer Charge	\$7.11	\$10.67	50.07%	per bill
Block 1 (0-450 kWh/mo.)	\$0.0779432	\$0.0779432	0.00%	per kWh
Block 2 (451-900 kWh/mo.)	\$0.1070240	\$0.1164085	8.77%	per kWh
Block 3 (All other kWh/mo.)	\$0.1217077	\$0.1524602	25.27%	per kWh
Whole House EV (10:00pm – 5:00am)	\$0.0304438	\$0.0319698	5.01%	per kWh
<b>B. Schedule 1B - Residential Service Time-of-Use Rate</b>	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>	
<b>Summer Months (Jun-Aug)</b>				
Customer Charge	\$ 21.14	\$ 31.71	50.00%	per bill
Meter Charge	\$ 5.37	\$ 8.06	50.00%	per bill
On-Peak kWh	\$ 0.1895321	\$ 0.1990320	5.01%	per kWh
Off-Peak kWh	\$ 0.0608876	\$ 0.0639395	5.01%	per kWh
<b>Non-Summer Months (Sep-May)</b>				
Customer Charge	\$ 21.14	\$ 31.71	50.00%	per bill
Meter Charge	\$ 5.37	\$ 8.06	50.00%	per bill
On-Peak kWh	\$ 0.1475588	\$ 0.1549549	5.01%	per kWh
Off-Peak kWh	\$ 0.0608876	\$ 0.0639395	5.01%	per kWh
<b>C. Schedule 1B - Residential Service Time-of-Day Rate Pilot</b>	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>	
<b>Summer Months (Jun-Aug)</b>				
Customer Charge	\$ -	\$ 10.67	N/A	per bill
On-Peak kWh	\$ -	\$ 0.3316610	N/A	per kWh
Off-Peak kWh	\$ -	\$ 0.0823273	N/A	per kWh
<b>Non-Summer Months (Sep-May)</b>				
Customer Charge	\$ -	\$ 10.67	N/A	per bill
On-Peak kWh	\$ -	\$ 0.1821881	N/A	per kWh
Off-Peak kWh	\$ -	\$ 0.0730534	N/A	per kWh
<b>D. Schedule 2A - Small Power Service</b>	<b>Present Rates</b>	<b>Proposed Rates</b>	<b>Percent Change</b>	
<b>Summer Months (Jun-Aug)</b>				
Customer Charge	\$ 15.77	\$ 23.66	50.00%	per bill
kWh	\$ 0.1140665	\$ 0.1192065	4.51%	per kWh