



Control Number: 38306



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Addendum StartPage: 0

**PUC DOCKET NO. 38306
SOAH DOCKET NO. 473-10-4451**

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

**TEXAS-NEW MEXICO POWER COMPANY
REQUEST FOR APPROVAL
OF AN ADVANCE METERING SYSTEM (AMS)
DEPLOYMENT AND AMS SURCHARGE**

FILED
JUN 9 2011
PULP
CLERK

**TESTIMONY IN SUPPORT OF STIPULATION
OF
STACY R. WHITEHURST**

**ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY**

JUNE 9, 2011

TNMP_AMS_031

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EXHIBITS

EXHIBIT SRW-ST-1

CHAPTER 6 CHANGES TO TNMP'S RETAIL TARIFF

EXHIBIT SRW-ST-2

HIGHLY CONFIDENTIAL MCKINSEY AND ALLOCATION MODEL

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is Stacy R. Whitehurst. I serve as Director of Regulatory Policy and Planning for TNMP in the Regulatory Policy Department at PNMR Services Company ("PNMR Services"), a wholly owned subsidiary of PNM Resources, Inc. ("PNM Resources"). My business address is 225 E. John Carpenter Freeway, Suite 1500 Irving, Texas 75062.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Texas-New Mexico Power Company ("TNMP" or "Company").

Q. ARE YOU THE SAME PERSON WHO FILED DIRECT, SUPPLEMENTAL AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes. Exhibit SRW-1, filed as part of TNMP's direct case, describes my background and experience, including proceedings in which I have provided testimony.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits SRW-ST-1 through SRW-ST-2, which are attached to my testimony and were prepared by me or under my direction and control. The information contained in these exhibits are true and correct to the best of my knowledge and belief. In addition, I am testifying in support of the Stipulation (as previously filed in this Docket) which is entered into by TNMP, the Staff of the Public Utility Commission of Texas ("Staff"), the cities of Alvin, Celeste, Dickinson, Farmersville, Friendswood, La Marque, Lewisville, and Texas City ("Cities"); the cities of Angleton, Brazoria, Clifton, Gatesville, Hamilton, Hico, Kermit, League City, Olney, Pearland, Pecos, Point, Sweeny, West Columbia, and Whitney appearing collectively as the Alliance of Texas-New Mexico Power Municipalities ("ATM"), the Office of Public Utility Counsel ("OPC"), TXU Energy Retail Company LLC ("TXU Energy"), Reliant Energy Retail Services, LLC ("Reliant"), and the Alliance for Retail Markets ("ARM"), which will settle all issues in PUC Docket No. 38306 ("Stipulation"). The copy of the signed Stipulation has been filed separately.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN SUPPORT OF THE STIPULATION?

A. On May 17, 2011, the Parties announced to the Honorable Judge Qualtrough that they had reached an agreement in principle on all of the disputed issues in PUC Docket No. 38306, *Texas-New Mexico Power Company Request For Approval Of An Advance*

1 *Metering System (AMS) Deployment and AMS Surcharge.* At that hearing, the parties
2 introduced into the record a Settlement Term Sheet as Joint Parties Exhibit No. 1; that
3 document summarized the principal terms of the settlement and stated that those terms
4 would be put into the form of a Stipulation and presented for Commission approval.
5 Since that time, the Parties have reduced that agreement to a comprehensive written
6 Stipulation and a Proposed Final Order in the forms filed in this case. The Parties are
7 requesting the Commission's approval of the Stipulation such that the AMS surcharge
8 can be implemented with billing statements rendered thirty days after entry of the Final
9 Order, as further set out in that Order. The purpose of my testimony is to:

- 10 • provide the Commission with a brief history of the case and of the issues that
11 were raised;
- 12 • describe the contents of the Stipulation and how it disposes of the issues;
- 13 • provide support for approving the Stipulation as in the public interest and
14 resulting in just and reasonable rates (Exhibit SRW-ST-2); and,
- 15 • describe the changes to TNMP's tariff sheets implementing the Stipulation.

16 **II. HISTORY OF THE CASE AND SUMMARY OF THE ISSUES**

17 **Q. CAN YOU PROVIDE BACKGROUND ON TNMP'S REGULATORY ACTIVITY THAT**
18 **AFFECTS THIS PROCEEDING, DOCKET NO. 38306?**

19 A. Yes. On May 26, 2010, TNMP filed, in this Docket, an application for approval of an
20 advanced metering system deployment plan and request for surcharge. On June 21,
21 2010 parties attended a prehearing conference, which was memorialized in Order No. 2
22 on June 23, 2010. The procedural schedule issued in Order No. 2 required two separate
23 technical conferences. The first technical conference occurred on July 16, 2010, and the
24 second technical conference occurred on August 6, 2010. At the August 6 technical
25 conference, Commission Staff and intervenors requested, and TNMP agreed, to abate
26 the proceeding so that TNMP could finalize its vendor agreements and consider certain
27 modifications by Staff and Intervenors.

28 While this AMS case was pending, TNMP filed and completed a base rate case. TNMP
29 filed with the Commission, and served on cities retaining original jurisdiction, its Notice of
30 Intent to File a Rate Case on July 22, 2010. TNMP then filed the required application
31 and rate filing package ("RFP") with the Commission on August 26, 2010 in Docket No.
32 38480, with requisite service on cities retaining original jurisdiction. On December 10,

2010, the Parties to Docket No. 38480 (Commission Staff, OPC, ATM, Cities, State of Texas, Texas Industrial Energy Consumers, TXU Energy, and Reliant) reached a comprehensive written Stipulation to resolve that proceeding. Of relevance here, the recent rate stipulation retained TNMP's discretionary service fees at rates that had been agreed to in TNMP's previous rate case, Docket No. 36025. TNMP had proposed reductions to discretionary fees in the more recent case and had proposed to reassign some costs being recovered through those fees to base rates. The black box settlement provided, however, for these discretionary fees to remain at the levels approved in the previous rate case. The Commission issued an order approving that Docket No. 38480 Stipulation on January 27, 2011, and the new rates were implemented with billing statements rendered beginning on February 1, 2011.

On February 16, 2011, following abatement, action in this AMS proceeding resumed with TNMP filing an updated McKinsey Model and supporting testimony. The supplemental filing reflected (1) certain adjustments requested by intervenors in the technical conferences, (2) reduced vendor pricing that TNMP had been able to renegotiate, and (3) bonus depreciation authorized by federal legislation after TNMP's initial filing. All of these adjustments resulted in a reduced revenue requirement for TNMP's AMS deployment. Specifically, TNMP's supplemental filing reflected the Company's achievement of a reduction in expected AMS costs of almost \$32 million, from \$157.98 million to \$126.1 million, bringing the proposed residential surcharge down from \$4.80 to \$3.76.

Q. CAN YOU SUMMARIZE THE ISSUES RAISED BY COMMISSION STAFF, ATM, CITIES, AND OPC TESTIMONY?

A. Yes. Intervenors and Staff addressed four primary issues impacting TNMP's collection of advanced metering system ("AMS") costs. These four issues are (1) whether TNMP's AMS is cost effective¹; (2) whether the costs of TNMP's proposed outage management system ("OMS"), unlike other AMS components, must be recovered exclusively through base rates, rather than the AMS surcharge provided for under Subst. R. 25.130(k); (3) whether TNMP has recognized an appropriate cost of removal for non-AMS meters, to be backed out of the installation costs of the AMS and recovered through base rate depreciation expense; and (4) whether, separate and apart from the AMS surcharge that

¹ This issue was only raised by ATM's witness. Neither Commission Staff nor Intervenors filed any testimony in opposition to TNMP's choice of technology or vendors, including any testimony that TNMP's proposed AMS solution was not cost-effective.

is the subject of this proceeding under Rule 25.130(k), certain discretionary service fees in TNMP's retail tariff can and should be adjusted here.

Q. WHAT PRE-FILED TESTIMONY WILL BE INCLUDED IN THE RECORD FOR PURPOSES OF THE COMMISSION'S REVIEW OF THE STIPULATION?

A. TNMP has offered all of its pre-filed testimony and the McKinsey and Allocation models (which are comprehensive models) into evidence. Intervenors and Staff have also offered their pre-filed testimony into evidence. All testimony has been admitted for the limited purpose of supporting approval of the settlement and Stipulation. Additionally, TNMP submits the Stipulation and this supporting testimony for that same purpose. These materials provide a full evidentiary record on which the Commission may base its review and approval of the settlement embodied in the Stipulation.

III. DESCRIPTION OF THE STIPULATION

Q. PLEASE DESCRIBE THE PRINCIPAL PROVISIONS OF THE STIPULATION.

A. The Stipulation provides for a complete resolution of all issues presented in Docket No. 38306. The Parties have agreed that the terms of the Stipulation are fair and reasonable and in the public interest, and they have agreed to request prompt adoption of a final order based on the Stipulation. Similar to previous AMS cases, the Parties here have agreed in the Stipulation to support adoption of a form of proposed Final Order that is attached to the Stipulation, and the details of the parties' substantive agreements are set out in the proposed Final Order. The key provisions of the Stipulation, including the proposed Final Order, are summarized as follows:

- TNMP's Deployment Plan: Approval of TNMP's proposed AMS Deployment Plan is in accordance with the Commission's finding in P.U.C. SUBST. R. 25.130(a) that deployment of AMS will ultimately increase the reliability of the regional electrical network; encourage dynamic pricing and demand response; improve the deployment and operation of generation, transmission, and distribution assets; and provide more choices for electric customers. The Parties agree that the technology and vendor choices in TNMP's Plan are reasonable and prudent. (Final Order at Finding of Fact 39).
- Functionality: TNMP's proposed AMS complies with the functionality requirements of P.U.C. SUBST. R. 25.130(g), except where waivers have been requested. The Parties agree that

TNMP's requests for waivers in this proceeding are reasonable.
(Final Order at Findings of Fact 11-14, 17-21).

- Customer Education: The Stipulation will ensure that a customer education program is implemented in tandem with TNMP's deployment of advanced meters to educate retail electric customers about the potential benefits that can be achieved through the use of an advanced meter. (Exhibit G to Final Order)
- Low Income Customers: The Stipulation provides that low-income customers in TNMP's service areas will have the opportunity to receive the benefits of TNMP's deployment of advanced meters. (Final Order at Findings of Fact 68-71).
- Allocation of Costs and Benefits: The costs and benefits resulting from the deployment of advanced meters as contemplated by this Stipulation are reasonably and fairly shared among the customer classes who will pay the AMS surcharges authorized for TNMP. The settlement provides for a level residential surcharge of \$3.40, providing further reduction from the \$3.76 proposed in TNMP's supplemental testimony. (Final Order at Finding of Facts 31, 35, 60, 61, 62).
- Outage Management System: In order to minimize the AMS surcharge in the early years, the capital investments and operation & maintenance costs of the outage management system (OMS) proposed by TNMP are removed from the surcharge. Once in service, the Stipulation provides for recovery of reasonable and necessary OMS capital investment and operation & maintenance costs in a periodic rate adjustment and/or AMS reconciliation. (Final Order at Findings of Fact 50-51).
- Discretionary Services Charges: The stipulation provides for an adjustment to AMS related discretionary fees during the deployment period to capture actual AMS-related savings with a fixed minimum reduction, and provides a path to bring AMS related discretionary fees down to \$1.50 per service request thereafter. (Final Order at Findings of Fact 60-62).
- Security Audit and Meter Testing: In addition to the meter testing that will be performed as described in Mr. Burke's testimony, security assessment and meter testing assessment shall begin immediately. TNMP will work with Staff to conduct these assessments. Results from the assessments shall be provided to the Commission. (Final Order at Findings of Fact 74-75).
- Rate Case Expense: TNMP's model currently includes \$673,538 of actual expenses incurred by TNMP. These actual expenses include legal, consulting, noticing requirements, and employees' expenses. As described in the rebuttal testimony of Carol

1 Graebner and Stacy R. Whitehurst., TNMP has incurred additional
2 actual expenses and will include these for inclusion in the
3 surcharge. The settlement also allows the inclusion of reasonable
4 and necessary expenses for Cities and ATM to be included in the
5 model, instead of a separate surcharge billed to the customers in
6 the municipalities they represent. As contemplated by the
7 Settlement Term Sheet, the parties agreed to a surcharge of
8 \$3.38, plus up to \$0.02 monthly to account for TNMP and
9 intervenor rate case expenses. The reasonable and necessary
10 amounts incurred and approved for TNMP, ATM and Cities
11 include a necessary \$0.02 adjustment and result in a total
12 residential surcharge of \$3.40. (Final Order at Findings of Fact,
13 27, 78-79).

14
15 The Stipulation includes additional details and contains the controlling language
16 regarding the elements of the settlement summarized above. I have not covered every
17 element contained within the Stipulation. The Stipulation has miscellaneous provisions
18 that are typical for settlement documents addressing the settled nature of the case and
19 the rights and obligations of the Parties' signing said Stipulation ("Signatories").

20 **Q. WHAT HAPPENS IF THE COMMISSION MODIFIES A PROVISION OF THE**
21 **STIPULATION?**

22 **A.** As with other settlements, the Signatories agree that this settlement should be viewed as
23 a whole. The Stipulation is the product of a compromise reached as the result of give
24 and take among all Parties during negotiations. As a result, the Parties have agreed that
25 if the Commission makes any modification to the Stipulation, any adversely impacted
26 Signatory may withdraw from the Stipulation and be released from its obligations, and
27 proceed to hearing on all issues, present evidence, and advance any positions it desires
28 as if it had not been a Signatory, provided that it must first submit a motion to explain the
29 adverse impact and request the Commission to retract the modification. TNMP therefore
30 urges the Commission to approve the Stipulation as presented and in its entirety in order
31 to preserve the balance struck by the Parties.

32 **Q. WHAT CONCLUSIONS DO YOU REACH REGARDING THE STIPULATION?**

33 **A.** The Stipulation represents an appropriate basis for resolution of this case and is fair,
34 reasonable, and in the public interest when viewed in its entirety. It will result in a just
35 and reasonable surcharge and it provides tangible benefits for Retail Electric Providers
36 ("REPs"), end-use customers, and the Company.

IV. THE STIPULATION IS IN THE PUBLIC INTEREST

Q. WHY DO YOU STATE THAT COMMISSION APPROVAL OF THE STIPULATION IS IN THE PUBLIC INTEREST?

A. While the Stipulation necessarily contains certain specific terms to address particular issues presented here, it fundamentally represents a settlement of a broad set of disputed issues, arrived at through hard bargaining among sophisticated Parties representing a fair cross-section of stakeholders, and including Commission Staff. Approval of the Stipulation will mean that the benefits of advanced metering will become available to all end users who receive retail electric delivery service from an investor-owned TDU anywhere in the ERCOT market. It will extend those benefits throughout the TNMP service areas on terms that fit the Company's circumstances and that take advantage of experience from previous AMS deployments. Approval of the Stipulation at this time also will further the public interest by allowing TNMP to pass on the benefits of bonus depreciation that was approved by federal legislation in December 2010; correspondingly, ***any delay in approving TNMP's application will reduce the benefit of bonus depreciation to residential customers, and require an increase to the residential surcharge.*** In addition, approval will avoid the professional fees and expenses associated with presenting witnesses at an evidentiary hearing, including witnesses from out of state, as well as the cost of post-hearing briefing and exceptions. Approval of the Stipulation by the Commission is also in the public interest for the following more particular reasons:

1. TNMP's proposed technology is reasonable and cost-effective. In light of TNMP's diverse and non-contiguous service territory, as well as its smaller size compared to other Texas utilities, it is not cost-effective for TNMP to build its own communications network. Additionally, TNMP's AMS deployment uses American-made meters, an AMS technology from an American company, and the communications infrastructure of the Texas-based company that is the world's leading communications provider.
2. As Mr. Allan Burke testifies in his direct, supplemental, and rebuttal testimony, TNMP has created a belt and suspenders approach for installation and testing of the AMS meters. Besides the meter testing conducted by GE and SmartSynch before TNMP even receives the meters, TNMP is performing a sample testing on each pallet of meters. TNMP's installation vendor will take photographs of the old

1 mechanical meter dials and will audit 100% of the "out" reading before submitting
2 the reads to TNMP before billing. TNMP will make the photos available to
3 customers and REPs.

- 4 3. TNMP's decision to use a cellular based technology also provides the following
5 benefits: 1) avoiding limitation on bandwidth to receive and send messages; 2)
6 independent communications link from each meter to a cellular tower, eliminating
7 vulnerability to outages in neighboring meters; and 3) provision for restoration of
8 the communication network after a hurricane or other severe weather.

9 In support of item 1), as Mr. Gary Kessler testifies, TNMP's monthly meter reads
10 can be submitted using a packet less than 2 kb within 450 milliseconds. Contrary
11 to a common misconception on cellular technology, the data is not sent using the
12 "voice" channel of the AT&T network, but the "data" channel. This is important,
13 since there can be congestion on the "voice" channel, but congestion on the
14 "data" channel is non-existent, or extraordinarily rare. (When Hurricane Ike hit
15 TNMP's service territory, cell phone using voice was limited, but text messages
16 using the "data" channel was the reliable method of communication). In support
17 of item 2), each SmartSynch meter connects to AT&T towers, not another meter.
18 If a meter becomes unavailable, it has not effect on neighboring meters. In
19 support of item 3), AT&T, under FCC regulation is responsible for maintaining the
20 network, and providing emergency support during disasters, such as Hurricane
21 Ike (as reflected in Mr. Kessler's rebuttal testimony, the longest record outage of
22 AT&T's network was 6 hours following Hurricane Hugo; during the extraordinary
23 circumstances of September 11, 2011, AT&T's network was only down for 45
24 minutes. By contrast, TNMP's meters can store data for 90 days). In the wake
25 of severe weather, TNMP will be able to focus on restoring power to TNMP's
26 transmission and distribution system, without the added task of rebuilding its
27 communications network. During emergency situations, TNMP's agreement with
28 AT&T also allows TNMP's meters to use AT&T mobile communication systems
29 that may be brought into a specific TNMP area if cellular towers lose service.

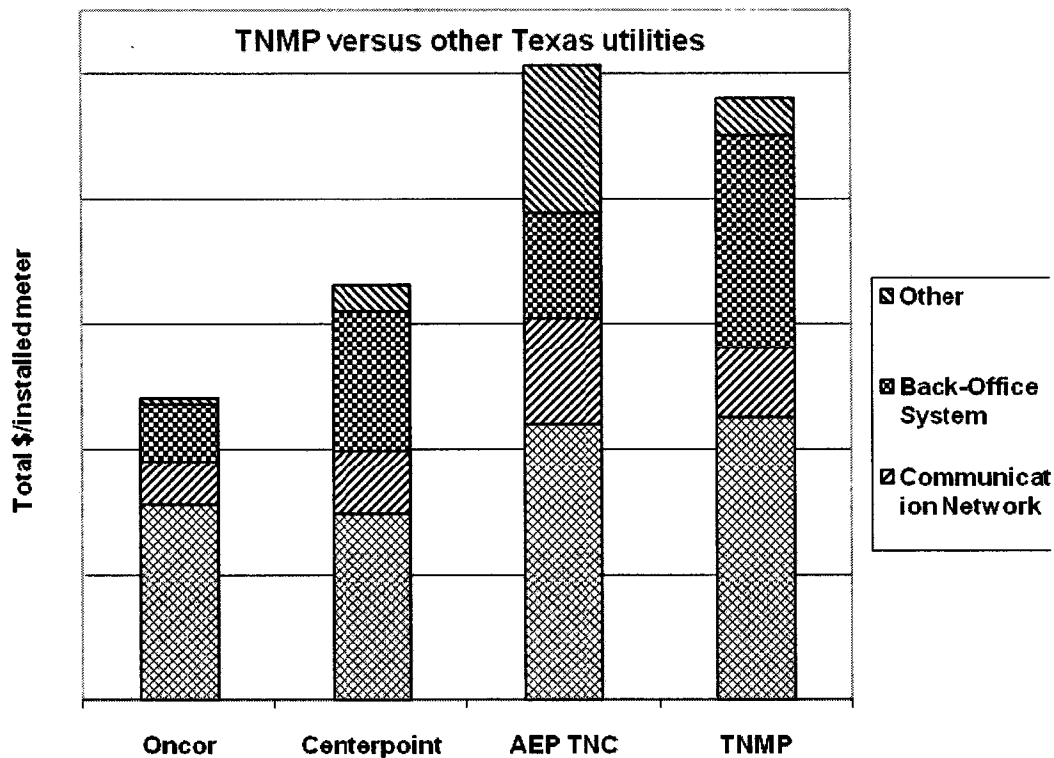
- 30 4. TNMP has agreed to defer collection of its OMS costs. Parties to the stipulation
31 agree that TNMP's reasonable and necessary OMS O&M costs can be collected
32 through an AMS reconciliation proceeding and that reasonable and prudently
33 incurred OMS capital can be recovered in base rates through a periodic rate

adjustment or, if such an adjustment is unavailable, through an AMS reconciliation proceeding. See Stipulation, proposed Final Order at Findings of Fact 50-51. (In the event OMS capital costs are recovered through AMS reconciliation, TNMP has agreed to reassign such costs to base rates at the first rate case thereafter).

Q. ARE THERE OTHER REASONS THAT YOU BELIEVE TNMP'S DEPLOYMENT AND SURCHARGE RESULTING FROM THE STIPULATION IS JUST AND REASONABLE?

A. Yes. TNMP's cost per installed meter is comparable to the other Texas utility AMS deployments, as the table demonstrates below.

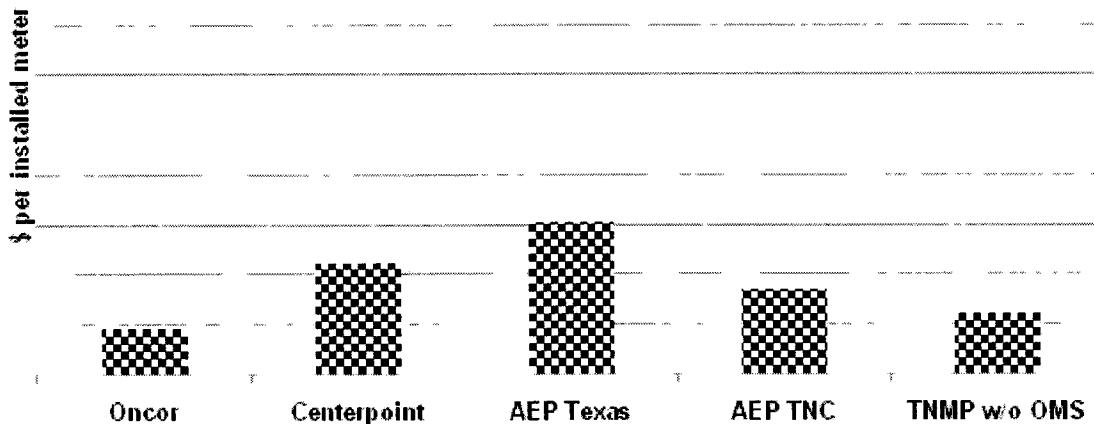
**Capital and Total Operating Cost of AMS projects
(\$ per installed meter)**



In addition, by TNMP agreeing to delay the OMS system, TNMP's Capital and Total Operating Cost of Back-Office Systems in AMS projects (\$ per installed meter) is lower than AEP Texas, not just AEP TNC.

Capital and Total Operating Cost of Back-Office Systems in AMS projects (\$ per installed meter)

TNMP versus other Texas utilities



Q. SINCE METER READING SAVINGS INCLUDED IN THE AMS CHARGE COME FROM THE METERING BASE RATE CHARGE, HOW DOES TNMP'S RESIDENTIAL SURCHARGE COMPARE TO THE OTHER APPROVED AMS SURCHARGES, AS WELL AS OTHER UTILITIES' NON-AMS FIXED CHARGES?

A. With the changes described in TNMP's supplemental testimony, the Company has been able to reduce the residential AMS surcharge for which approval is requested to a maximum of \$3.40². That amount should be seen as comparable to other ERCOT TDUs, considering the requirement to spread the cost of these technology and system investments across TNMP's smaller footprint. Indeed, while TNMP's residential AMS surcharge is slightly higher than Oncor, Centerpoint, AEP Texas North Company (TNC), and AEP Texas Central Company, a more appropriate comparison includes not only the AMS surcharge, but also the metering charge.

² The parties initially contemplated that the surcharge would be \$3.38 with a possible \$0.02 increase to account for approved rate case expenses for TNMP, ATM, and Cities. The final rate case expense numbers reflect that the full \$0.02 increase is necessary to account for these expenses.

1

Tariff Charge	Centerpoint	Oncor	AEP TNC	AEP TCC	TNMP
Metering Charge	\$ 1.79	\$ 2.20	\$ 5.24	\$ 3.55	\$ 1.25
AMS Metering Charge	3.24	2.19	3.15	3.15	3.40
Total Monthly "Metering" Cost	\$ 5.03	\$ 4.39	\$ 8.39	\$ 6.70	\$ 4.65

2

3 As the table demonstrates, TNMP's total fixed "metering" costs (as defined above and if
4 approved), would be in the range of all ERCOT utilities with a Commission-approved
5 AMS surcharge. When viewed in comparison to other utilities' metering charges,
6 TNMP's total monthly metering cost will actually be on the low end for Texas utilities. It
7 is also worth noting that TNMP's AMS surcharge is less than TNC's metering charge,
8 and does not take into account the subsidization that AEP TNC's and AEP TCC's SIA
9 refund has on the surcharge, a refund that has nothing to do with AMS.

10 Q. WHAT ADJUSTMENTS IS TNMP MAKING REGARDING ITS CURRENT
11 DISCRETIONARY FEES?

12 A. TNMP, Staff, and Intervenors agree that it is appropriate that all customers in the TNMP
13 service areas benefit from the cost savings that result for TNMP's advanced meter
14 deployment on TNMP's meter-related discretionary service charges. For TNMP,
15 however, these discretionary service charges have been set, through the rate case
16 resolutions I described earlier, at levels that produce revenues covering costs that TNMP
17 does not expect to be eliminated by AMS deployment. I and Mr. Burke described these
18 matters in detail in our rebuttal testimony. Accordingly, under the Stipulation TNMP has
19 agreed to make annual adjustments to its discretionary service charges during the
20 deployment equal to actual AMS-related savings in the cost of providing these services.
21 In addition, TNMP has specifically committed that the reductions made in the fifth and
22 final year will lower discretionary fee revenue by over \$1 million from current levels. At
23 the request of the other parties, TNMP also has agreed that all savings in meter-related
24 discretionary service costs during the five-year deployment will be applied to reduce two
25 of those service charges – the standard disconnect and reconnect (for non-poly phase
26 meters).

27 TNMP also has agreed under the Stipulation to seek further reductions in the residual
28 discretionary service charges remaining at the end of deployment. In TNMP's view,

these amounts primarily recover costs that are reasonable and necessary and will appropriately be assigned to base rates at some time. By the Stipulation, TNMP is committed to reducing its meter-related discretionary service charges to the lower of \$1.50 or the incremental cost of providing the discretionary service, and has agreed with the other parties that no later than two years after the end of the five year deployment period, if such adjustments have not already been made, TNMP will initiate a proceeding to request such reductions. The Stipulation recognizes that TNMP may seek to reassign these costs to base rates, and that all other parties reserve their rights to contest any such request. The details of the agreements for reducing discretionary service charges that I have described in this paragraph are set out in Findings of Fact 60 through 62 of the proposed Final Order that is part of the Stipulation.

V. RETAIL T&D DELIVERY TARIFF

Q. PLEASE SUMMARIZE THE CHANGES TO TNMP'S RETAIL T&D DELIVERY TARIFF.

A. The only modifications are to the rate schedules in Chapter 6. Proposed revised versions of Chapter 6 which is include as exhibits to my testimony. Implementing the settlement, as provided for in the Stipulation, requires additional changes to those tariff provisions. Chapter 6 of the retail tariff, as revised to include the settlement terms, is included as Exhibit SRW-ST-1.

Q. DESCRIBE THE MODIFICATIONS TO CHAPTER 6 THAT WERE NECESSARY AS A RESULT OF THE STIPULATION.

A. There are several modifications to Chapter 6 of TNMP's retail T&D tariff.

For 6.1.1.1.1 RESIDENTIAL SERVICE, Rider AMS has been added to reflect a requested effective date that will be 30 days following entry of the Final Order.

For 6.1.1.1.2 SECONDARY SERVICE (LESS THAN OR EQUAL TO 5 KW), Rider AMS has been added to reflect a requested effective date that will be 30 days following entry of the Final Order.

For 6.1.1.1.3 SECONDARY SERVICE (GREATER THAN 5 KW), Rider AMS has been added to reflect a requested effective date that will be 30 days following entry of the Final Order.

For 6.1.1.1.4 PRIMARY SERVICE, Rider AMS has been added to reflect a requested effective date that will be 30 days following entry of the Final Order .

1 For 6.1.1.1.6 LIGHTING SERVICE, Rider AMS has been added to reflect a
2 requested effective date that will be 30 days following entry of the Final Order.

3 **VI. CONCLUSION**

4 **Q. WHAT ACTION DOES TNMP REQUEST THAT THE COMMISSION TAKE IN THIS**
5 **PROCEEDING?**

6 A. TNMP requests that the Commission approve the Stipulation as filed, and the
7 accompanying tariffs as proposed, for implementation 30 days following entry of the
8 Final Order.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 Yes, it does.

AFFIDAVIT

STATE OF TEXAS

§
§
§

COUNTY OF DALLAS

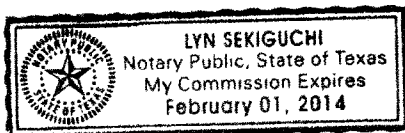
BEFORE ME, the undersigned authority, on this day personally appeared STACY R. WHITEHURST, who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

"My name is Stacy R. Whitehurst. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing rebuttal testimony and exhibit(s), offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience."

[Signature]

Witness

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 8th day of June, 2011, to certify which witness my hand and seal of office.



[Signature]

NOTARY PUBLIC in and for the
State of Texas

Printed Name: Lyn Sekiguchi
My Commission expires: February 1, 2014

TNMP_AMS_031

HEN

**TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR RETAIL DELIVERY SERVICE**

SRW-ST-1

6.1. Rate Schedules**Applicable:** Entire Certified Service Area**Page No.:** 129**Effective Date:** July 18, 2011**Original****6.1.1.6.8 RIDER AMS – ADVANCED METERING SURCHARGE****APPLICATION**

Applicable, pursuant to PURA § 39.107(h) and Substantive Rule § 25.130, to Retail Customers receiving metered service for which the Company will install and Advanced Metering System ("AMS") at any time during the AMS cost recovery period approved by the Public Utility Commission of Texas.

Rider AMS is not applicable to Retail Customers whose: (1) load is required to be metered by an interval data recorder meter by the independent System Operator (ERCOT), (2) load was metered by an interval data recorder meter prior to the effective date of PUCT Substantive Rule § 25.130 (May 30, 2007), or (3) load is unmetered.

NET MONTHLY BILL AMOUNT

The AMCRF for each of the Company's applicable retail rate schedules is as follows:

	July 18, 2011 - Jan. 17, 2016	Jan. 18, 2016 - July 17, 2023	
<u>Rate Schedule</u>	<u>Surcharge</u>	<u>Surcharge</u>	
Residential Service	\$ 3.40	\$ 3.40	Per ESI ID per month
Secondary Service Less than or Equal to 5 kW	\$ 8.20	\$ 0.00	Per ESI ID per month
Secondary Service Greater than 5kW	\$ 13.63	\$ 0.00	Per ESI ID per month
Primary Service	\$ 17.32	\$ 0.00	Per ESI ID per month
Lighting Service (Metered Facilities)	\$ 7.22	\$ 0.00	Per ESI ID per month

NOTICE

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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Exhibit SRW-ST-2

Filed under Confidential and Highly Sensitive Cover

Marked as **TNMP_AMS_032_C**