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PROJECT NO. 44062

PROJECT TO TRACK COMPLIANCE	§	
WITH SUBST. R. §25.244 – ANNUAL	§	PUBLIC UTILITY COMMISSION
VERIFICATION OF DEMAND	§	
RATCHET INAPPLICABILITY	§	OF TEXAS
	§	
	§	

**TEXAS-NEW MEXICO POWER COMPANY'S
ANNUAL VERIFICATION PURSUANT TO SUBSTANTIVE RULE 25.244**

Texas-New Mexico Power Company files this annual verification pursuant to the requirements in 16 Tex. Admin. Code §25.244 (TAC).

Respectfully submitted,



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WITH SUBST. R. §25.244 – ANNUAL	§	PUBLIC UTILITY COMMISSION
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RATCHET INAPPLICABILITY	§	OF TEXAS

AFFIDAVIT OF STACY R. WHITEHURST

STATE OF TEXAS §
 §
COUNTY OF DENTON §

BEFORE ME, the undersigned authority, on this day personally appeared Stacy R. Whitehurst, well known to me to be a credible person of lawful age, who after having first been duly sworn by me, on his oath did depose and say as follows:

- 1) My name is Stacy R. Whitehurst.
- 2) My business address is 577 N. Garden Ridge Blvd., Lewisville, TX 75067.
- 3) I am employed by Texas-New Mexico Power Company as the Vice President of Regulatory Affairs.
- 4) On January 1, 2019, TNMP's nonresidential secondary service rate became subject to the provisions of 16 TAC §25.244 ("Substantive Rule 25.244") pursuant to the final order in Docket No. 48401. The final order was signed on December 20, 2018 and the rates in TNMP's Tariff for Retail Delivery Service ("Tariff") became effective on January 1, 2019.
- 5) Prior to January 1, 2019, TNMP's nonresidential secondary service rate was approved in Docket No. 38480, effective February 1, 2011 (before the adoption of Substantive Rule 25.244).
- 6) TNMP has one rate schedule for nonresidential secondary service that contains a demand charge and a ratchet provision, 6.1.1.1.3 Secondary Service Greater Than 5 kW ("Large Secondary"). The Large Secondary rate schedule contains five separate billing provisions for the Distribution Service Charge ("DSC").

- (A) The first provision applies to customers whose maximum demand in the current month and the previous 11 months has been greater than 5 kW but less than or equal to 20 kW. Those customers DSC is billed on actual monthly demand (no ratchet).
 - (B) The second provision applies to customers who meet the definition of “Retail Seasonal Agricultural Customers,” as defined in TNMP's Tariff Chapter 1: Definitions, receiving service under the Large Secondary Rate schedule are billed on the actual monthly maximum demand (no ratchet).
 - (C) The third provision applies to Municipal Pumping Customers receiving service under the Large Secondary Rate schedule and are billed on the actual monthly maximum demand (no ratchet).
 - (D) The fourth provision applies to (i) customers whose maximum demand in the current month and the previous 11 months is greater than 20 kW and their annual load factor (“ALF”) is greater than 25% and (ii) customers whose load factor was unable to be calculated pursuant to the load factor provisions of the Tariff and whose maximum demand has exceeded 20 kW. Those customers' DSC is billed using the 80% ratchet provisions.
 - (E) The fifth provision applies to customers whose maximum demand has exceeded 20 kW and whose ALF is less than 25%. Those customers' DSC is billed on actual monthly demand (no ratchet).
- 7) TNMP has calculated the ALF for all customers in the Large Secondary rate class as set forth in TNMP’s Tariff. The process to determine the ALF for Large Secondary customers was performed prior to billings in January 2022.
- (A) The ALF for each premise is calculated using the previous year's usage for that premise ending with the December Bill Cycle. The ALF is calculated by dividing the total kWh used in 12 billing months ending December by the maximum NCP kW for the 12 billing months ending December multiplied by the number of days in the billing periods times 24. For premises with less than 12 months of usage history, the available billing history is used for determining the ALF. If less than

90 days of billing history is available, then pursuant to the terms of the Tariff the premise is assumed to have an ALF greater than 25%.

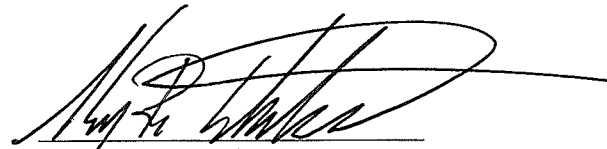
- (B) New customers or customers who transfer into the Large Secondary rate class during the course of the year prior to the ALF determination process in December are assumed to have a load factor of greater than 25% so they are billed under the ratchet provisions until the annual verification process can occur.

- (C) For loads whose ALF is less than or equal to 25%, the Billing kW applicable to the DSC is the actual NCP kW for the current billing month. For loads with 25% ALF and above, the Billing kW applicable to the DSC is the higher of the actual NCP kW for the current billing month or the 80% ratchet.

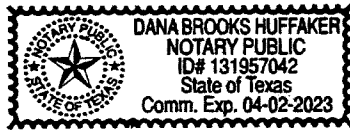
- (D) Retail Seasonal Agricultural Customers are exempt from the 80% ratchet. To ensure that Retail Seasonal Agricultural Customers are exempt from the 80% ratchet, TNMP has created a subset of the rate class within the Customer Information System (CIS), which is excluded from the 80% ratchet for billing demand.

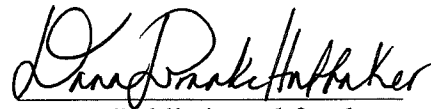
- (E) Municipal Pumping Customers are exempt from the 80% ratchet. To ensure that Municipal Pumping Customers are exempt from the 80% ratchet, TNMP has created a subset of the rate class within the CIS, which is excluded from the 80% ratchet for billing demand.

- 8) I and/or those directly under my supervision ensure that the ALF calculations were performed to ensure that customers are identified and billed pursuant to the Commission's requirements in 16 TAC 25.244.


Stacy R. Whitehurst

SUBSCRIBED AND SWORN TO BEFORE ME on this 4th day of January, 2022, to
certify which witness my hand and official seal.




Notary Public in and for the
State of Texas