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APPLICATION OF TEXAS-NEW
MEXICO POWER COMPANY FOR
INTERIM UPDATE OF WHOLESALE
TRANSMISSION RATES

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PUBLIC UTILITY COMMISSION

OF TEXAS

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PUBLIC UTILITY COMMISSION
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NOTICE OF APPROVAL

This Notice addresses the application of Texas-New Mexico Power Company (TNMP) for interim update of wholesale transmission rates. Commission Staff recommended approval of the application. The application is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

1. On January 20, 2017, TNMP filed an application for interim update of wholesale transmission rates.
2. On January 23, 2017, TNMP provided a replacement hard copy of the application filed on January 20, 2017.
3. On January 24, 2017, Order No. 1 was issued, establishing a procedural schedule for this proceeding.
4. On January 24, 2017, TNMP filed an affidavit attesting to the provision of written notice to all parties in the last complete review of TNMP's transmission cost of service proceeding,¹ as well as to every distribution service provider listed in the matrix utilized by the Commission in Docket No. 45382,² which established the wholesale transmission charges for the calendar year 2016.
5. On February 10, 2017, Commission Staff filed a response to Order No. 1, recommending that the application be found sufficient for further review on the merits and that notice conformed to the requirements of 16 Texas Administrative Code § 25.192(h)(4)(A) (TAC).

¹ *Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates*, Docket No. 46184, Notice of Approval (Sep. 8, 2016).

² *Commission Staff's Application to Set 2016 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 45382, Order (Mar. 25, 2016).

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6. On February 28, 2017, TNMP filed an updated supplement to the WP Schedule E-2.1.2, providing the Net Plant Balance as of December 31, 2016, as contained in the 2016 10-K report subsequently made public.
7. On March 3, 2017, Commission Staff filed its final recommendation, recommending approval of TNMP's application.
8. On March 10, 2017, the parties filed a joint motion to admit evidence in support of TNMP's application and a proposed notice of approval, including findings of fact, conclusions of law, and ordering paragraphs.
9. On March 13, 2017, Order No. 2 was issued, admitting evidence into the record of this proceeding.
10. TNMP's application compares the actual December 31, 2016, transmission net plant balances to TNMP's June 30, 2016, transmission net plant balances established in Docket No. 46184. The difference between these two balances provides the increase in rate base for TNMP in this application.
11. TNMP's requested increase in total rate base in this proceeding is \$30,157,663 with a total transmission revenue requirement increase of \$4,847,458.
12. TNMP further requested Commission approval of an interim wholesale transmission rate of \$0.958749 per kilowatt (kW).

II. Conclusions of Law

1. TNMP is an electric utility as defined in PURA³ §§ 11.004 and 31.002(6).
2. The Commission has jurisdiction over this proceeding in accordance with PURA § 35.004.
3. TNMP's application was filed under and complies with the requirements of 16 TAC § 25.192(h)(1).
4. This docket was processed in accordance with the requirements of PURA and Commission rules.

³ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

5. A transmission service provider (TSP) in the Electric Reliability Council of Texas region may update its transmission rates to reflect changes in its invested capital consistent with 16 TAC § 25.192(h)(1).
6. Notice of the application was provided by TNMP consistent with 16 TAC § 25.192(h)(4)(A).
7. TNMP is entitled to the relief requested in the application under 16 TAC § 25.192(h)(1).
8. The Commission shall review whether the costs of transmission plant additions are reasonable and necessary at the next complete review of a TSP's TCOS under 16 TAC § 25.192(h)(2).
9. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
10. The requirements for informal disposition under 16 TAC §§ 22.35 and 25.192(h)(4)(C) have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission approves the following:

1. TNMP's application is approved as set forth above. TNMP's annual revenue requirement is adjusted on an interim basis to \$63,312,352 with the wholesale transmission rate adjusted on an interim basis to \$0.958749 per kW, effective the date this Notice is signed.
2. TNMP may begin billing the updated wholesale transmission rate on services rendered on or after the date the wholesale transmission rate is approved. The updated wholesale transmission rate supersedes any inconsistent rate.
3. The updated rate is subject to reconciliation at the next complete review of TNMP's TCOS. The Commission shall review whether the cost of the transmission plant additions included in TNMP's application in this proceeding are reasonable and necessary at the next complete review of TNMP's TCOS. Any over-recovery which may result from the update is subject to refund.

4. Within 10 days of the date of this Notice, TNMP shall file a clean record copy of the new Network Transmission Service rate tariff, with the appropriate effective date, to be stamped "Approved" and retained by the Commission.
5. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

Signed at Austin, Texas the 14th day of March 2017.

PUBLIC UTILITY COMMISSION OF TEXAS



JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE

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