



Control Number: 48591



Item Number: 68

Addendum StartPage: 0

SOAH DOCKET NO. 473-18-5091  
PUC DOCKET NO. 48591

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REVIEW OF RATE CASE EXPENSES	§	
INCURRED BY TEXAS-NEW	§	BEFORE THE STATE OFFICE
MEXICO POWER COMPANY AND	§	OF
MUNICIPALITIES IN DOCKET NOS.	§	ADMINISTRATIVE HEARINGS
48401, 35038, AND 41901	§	

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**STIPULATION AND SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement (“Agreement” or “Settlement Stipulation”) is entered into by Texas-New Mexico Power Company (“TNMP” or “the Company”), the Staff of the Public Utility Commission (“Staff”), Cities Served by TNMP (“Cities”), the Alliance of Texas-New Mexico Power Municipalities (“ATM”), and the Office of Public Utility Counsel (OPUC), through their duly authorized representatives.<sup>1</sup> By this Agreement, the Signatories have reached agreement on and resolved all issues among them in this proceeding.

**I. BACKGROUND**

1. On May 30, 2018, TNMP filed an application in Docket No. 48401 with the Public Utility Commission of Texas (the “Commission”) requesting authority to change its Texas retail base rates. On August 10, 2018, the Administrative Law Judges in Docket No. 48401 issued SOAH Order No. 5, which severed TNMP’s rate-case expense issues into this Docket No. 48591.<sup>2</sup>
2. TNMP filed testimony and evidence for their rate-case expenses for each proceeding for which TNMP sought to recover rate case expenses:

- Docket No. 48401, *Application of Texas-New Mexico Power Company for Authority to*

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<sup>1</sup> Each party joining this Stipulation shall be referred to individually either as a “Signatory” or by the acronym assigned above, and the parties joining this Stipulation shall be referred to collectively as the “Signatories.” Cities and ATM shall be referred to as the “Municipalities”. The Alliance for Retail Markets (“ARM”) is not opposed to this Settlement Stipulation.

<sup>2</sup> *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401, SOAH Order No. 5 at 2 (Aug. 10, 2018).

*Change Rates;*

- Docket No. 35038, *Texas-New Mexico Power Company Tariff Filing in Compliance with the Final Order in Docket No. 33106*; and
- Docket No. 41901, *Compliance Tariff of Texas-New Mexico Power Company Related to Non-Standard Metering Service Pursuant to Subst. R. §25.133*.

The testimony and evidence detailed certain expenses that TNMP incurred and that were booked to TNMP's general ledger for each of those dockets. In addition, TNMP provided the parties detailed information regarding the rate case expenses incurred in prosecuting Docket No. 48591.

3. By this stipulation, the Signatories resolve all of the issues among them related to TNMP's application in this docket, and agree as follows:

## **II. AGREEMENT**

The Signatories have reached agreement on the issues as set out below and agree that the Commission should enter an order consistent with this agreement:

### **1. Amount of TNMP's and the Municipalities Reasonable and Necessary Rate-Case Expenses**

TNMP will recover rate-case expenses in the amount of \$3,305,000. The amount is reasonable and is a black-box amount representing the total rate-case expenses that TNMP, and Cities and ATM through reimbursement by TNMP, may recover for Docket Nos. 35038, 38306<sup>3</sup>, 41901, 48401, and 48591. This black-box amount includes reimbursement to (a) Cities for actual expenses in the amount of \$187,029 incurred through July 31, 2019 and up to \$2,500 of actual expenses incurred after July 31, 2019; and (b) ATM for actual expenses in the amount of \$240,748

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<sup>3</sup> Review of Rate Case Expenses Incurred by Texas-New Mexico Power Company and Municipalities in Docket Nos. 48401, 35038, and 41901; Docket No. 48591, Direct Testimony of Frederick Quijano at 7 (August 5, 2019).

incurred through July 31, 2019 and up to \$2,500 of actual expenses incurred after July 31, 2019. This black-box amount is the product of compromise regarding disputed issues in this case.

There will be no additional requests for recovery of TNMP's or the Municipalities' rate-case expenses associated with Docket Nos. 48401, 38306, 35038, 41901, and 48591. The estimated \$2,500 balance for actual expenses incurred by ATM and Cities each, referenced in this section, is a not-to-exceed amount of municipal rate case expenses incurred after July 31, 2019.

## **2. Rate-Case Expense Rider Mechanics**

TNMP shall recover the agreed amount of rate-case expenses under this Stipulation through a new rate-case expense rider that will be applied to billings from January 1, 2020 through December 31, 2022, inclusive of the beginning and ending dates; provided, however, that TNMP shall cease collecting rate case expenses before December 31, 2022 if full recovery occurs before that date.<sup>4</sup> TNMP shall track collections by rate class beginning on January 1, 2020.

The agreed amount of rate-case expenses under this Stipulation will be allocated among classes based on each class's percentage of base rate revenue from Docket No. 48401.

The rider that the Signatories are asking the Commission to authorize is provided as Attachment A to this Stipulation.

## **3. Motion to Admit Evidence**

The Signatories will jointly request that the Administrative Law Judge admit the following documents into evidence to support the settlement in this docket:

Docket 48591 Item No.	Filing Description
7	TNMP's Direct Testimony of Stacy R. Whitehurst and

<sup>4</sup> The parties agree that the effective date will be the first calendar day of the first month occurring a minimum of 45 days from the date on which the Commission issues a Final Order approving this Settlement Stipulation. Accordingly, if the Rider effective date is modified from the current January 1, 2020 date pursuant to the preceding sentence, TNMP agrees to submit an updated Attachment A reflecting the revised effective date.

	Michael S. Seamster
8	Cities' Affidavit
9	ATM's Rate Case Expense Report
40	ATM's Direct Testimony
41	Cities' Direct Testimony
43, 44,45, 47, 48	Staff's Testimony of Anna Givens and Frederick Quijano
55	Cities' Rate Case Expense Update
56, 57, 58	TNMP's Rebuttal Testimony of Thomas J. Flaherty, Stacy R. Whitehurst, and Michael S. Seamster
60	ATM's Supplemental Affidavit
	A copy of this Stipulation
	Staff Testimony in support of the Stipulation
	TNMP Testimony in support of the Stipulation

**4. Proposed Order**

The Signatories will jointly request entry of the proposed order as shown on Attachment B to this Stipulation.

**5. Obligation to Support this Stipulation**

The Signatories agree that they will support this Stipulation before the Commission.

**6. Effect of Stipulation in this Proceeding**

There are no third-party beneficiaries of this Stipulation. The Signatories agree that this Stipulation resolves issues only with respect to the Texas retail jurisdiction and shall not be binding on or have any effect on proceedings in other jurisdictions. The Signatories are not agreeing to any methodology or theory that may support or underlie the dollar amounts, rates in tariffs, or other monetary or numerical values set out in, or attached to, this Stipulation.

This Stipulation has been drafted by all the Signatories and is the result of negotiation, compromise, settlement, and accommodation. The Signatories agree that this settlement is in the

public interest. The Signatories agree that the terms and conditions herein are interdependent. The various provisions of this Stipulation are not severable. None of the provisions of this Stipulation shall become fully operative unless the Commission shall have entered a final order approving this Stipulation. If the Commission issues a final order inconsistent with the terms of this Stipulation, or orders additional briefing, including additional inquiries of the parties, regarding this docket each Signatory has the right to withdraw from this Stipulation. If withdrawn, the parties have a right to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Stipulation.

**7. Effect of Stipulation in Other Regulatory Proceedings**

This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein in this jurisdiction only and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and settlement. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential on a Signatory outside of this proceeding. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. Agreement by the Signatories to any provision in this Stipulation will not be used against any Signatory in any future proceeding with respect to different positions that may be taken by that Signatory.

The provisions of this Stipulation are intended to relate to only the specific matters referred to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. It is further understood and agreed that this Stipulation represents a negotiated settlement of all issues in this proceeding.

This settlement represented by this Stipulation resolves the stated issues in the Texas retail jurisdiction only, and this Stipulation does not resolve any claims, issues or proceedings pending in or pertaining to other jurisdictions.

**8. Multiple Counterparts**

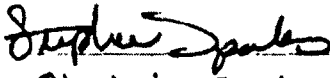
Each copy of this Stipulation may not bear the signatures of all the Signatories but will be deemed fully executed if all copies together bear the signatures of all Signatories.

Fully and duly authorized representatives of the Signatories have signed this Stipulation as of the date first set forth above.


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**AGREED:**

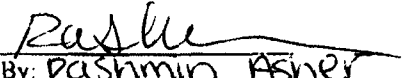
Texas-New Mexico Power Company

  
By: Stephanie Sparks  
Date: 10-3-19

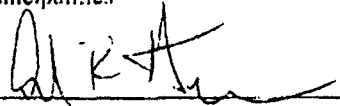
Cities Served by Texas-New Mexico Power Company

  
By: CHRIS BRENSTER  
Date: 10/3/19


Public Utility Commission of Texas Staff

  
By: Rashmin Asher  
Date: 10/3/2019

Alliance of Texas-New Mexico Power Municipalities

  
By: Alfred R. Herrera  
Date: 10/3/2019

Office of Public Utility Counsel

  
By: Cassandra Quinn  
Date: 10-2-19



## TEXAS-NEW MEXICO POWER COMPANY TARIFF FOR TRANSMISSION SERVICE

### Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: January 1, 2020

Page No.: 4

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### 3.1 Rate NTS – Network Transmission Service

#### Application

Applicable to all Transmission Service Customers receiving service over the Company's electric facilities rated at 60 kV and above ("Customers") for delivery of electric power and energy from resources to loads while maintaining reliable operation of the Company's transmission system in accordance with Good Utility Practice and Commission Substantive Rules. This Rate Schedule is not applicable to service offered by the Company under another Rate Schedule.

#### Type of Service

Three phase, 60 hertz, and at Company's standard transmission voltages.

#### Monthly Rate

Network Transmission Service Charge = \$1.057953 per kW

Rate Case Expense - Docket No. 48591\* = \$0.00281 per kW

\*The rates shall take effect on the first day of the month following Commission approval of this schedule and shall continue in effect for three years or until the full amount approved in Docket No. 48591 has been recovered.

The amount payable for Network Transmission Service for a month is equal to the product of (a) the sum of (i) one-twelfth of the Network Transmission Service Charge plus (ii) one-twelfth of the Rate Case Expense(s) (Docket No. 48591) multiplied by (b) the Customer's Utility System Demand. The Customer's "Utility System Demand" is the average of the demand, expressed in kilowatts, of the Customer's retail and wholesale loads for the 15-minute interval that is coincident with the ERCOT system coincident peak demand for the months of June, July, August and September in the preceding calendar year.

#### Transmission Service Charges for Exports from ERCOT

**TEXAS-NEW MEXICO POWER COMPANY  
TARIFF FOR TRANSMISSION SERVICE**

**Chapter 3: Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No.:** 5**Revision:** 21

In accordance with P.U.C. SUBST. R. 25.192(e), Transmission Service Customers, excluding those customers that are eligible for the OklaUnion Exemption, exporting power from ERCOT will be assessed transmission service charges for the use of the ERCOT transmission system, based on the amount of power actually exported and the duration of the transaction, and which shall be calculated using the charges set forth below:

Monthly On-Peak Rate for Exports	\$0.264488	per kW
Monthly Off-Peak Rate for Exports	\$0.088163	per kW
Weekly on-peak rate per kW	\$0.060702	per kW
Weekly off-peak rate per kW	\$0.020345	per kW
Daily on-peak rate per kW	\$0.008672	per kW
Daily off-peak rate per kW	\$0.002899	per kW
Hourly on-peak rate per kW	\$0.000361	per kW
Hourly off-peak rate per kW	\$0.000121	per kW

**Payment**

The Company must receive payment by the 35th calendar day after the date of issuance of the bill to Customer, unless the Company and the Customer agree on another mutually acceptable payment due date in the service agreement between the Company and the Customer, in accordance with applicable Commission Substantive Rules. Interest will accrue on any unpaid amount in accordance with applicable Commission Substantive Rules.

**Agreements**

Customers shall enter into a service agreement with the Company covering the specific terms and conditions of the Network Transmission Service requested.

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

### 6.1. Rate Schedules

**Applicable:** Entire Certified Service Area

**Effective Date:** January 1, 2020

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**Revision 11**

#### 6.1.1.1.1 RESIDENTIAL SERVICE

##### AVAILABILITY

This schedule is applicable to Delivery Service for residential purposes of a permanent nature to individual private dwellings and to individually metered apartments when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

Residential Service is limited to one Individual Private Dwelling per platted parcel of land or postal delivery address.

If a premise is primarily used for non-residential purposes, Delivery Service will be provided under the Company's appropriate Secondary Service or Primary Service rate schedule.

This schedule is not available for non-residential service, including, but not limited to, water wells, electric gates, barns, garages, boat docks, airplane hangars, or recreational vehicle parks, or for structures on the platted parcel of land requiring a separate Meter.

##### TYPE OF SERVICE

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour Meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2 of this Tariff.

##### MONTHLY RATE

#### **I. Transmission and Distribution Charges:**

Customer Charge	\$1.13	per ESI ID per month
Metering Charge	\$6.72	per ESI ID per month
Transmission System Charge	\$0.00	per kWh
Distribution System Charge	\$0.025670	per kWh

**II. System Benefit Fund Charge:** See Rider SBF

**III. Transition Charge:** Not Applicable

**IV. Nuclear Decommissioning Charge:** Not Applicable

**V. Transmission Cost Recovery Factor:** See Rider TCRF

**TEXAS-NEW MEXICO POWER COMPANY  
TARIFF FOR RETAIL DELIVERY SERVICE****6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 95****Revision 11**

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**VI. Other Charges or Credits:**

See Rider CTC  
See Rider EECRF  
See Rider HCRF  
See Rider RCE

**COMPANY SPECIFIC APPLICATIONS****Minimum Bill**

Includes customer charge and metering charge per ESI ID per month.

**Standard Secondary Voltage**

Company's standard secondary voltages are described in Section 6.2.2, STANDARD VOLTAGES.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

### 6.1. Rate Schedules

**Applicable:** Entire Certified Service Area

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### 6.1.1.1.2 SECONDARY SERVICE (LESS THAN OR EQUAL TO 5 KW)

#### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with Demand less than or equal to 5 kW when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

#### TYPE OF SERVICE

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour Meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2 of this Tariff.

#### MONTHLY RATE

#### I. Transmission and Distribution Charges:

Customer Charge	\$ 0.74	per ESI ID per month
Metering Charge	\$7.62	per ESI ID per month
Transmission System Charge	\$0.00	per kWh
Distribution System Charge	\$0.042580	per kWh

II. System Benefit Fund Charge: See Rider SBF

III. Transition Charge: Not Applicable

IV. Nuclear Decommissioning Charge: Not Applicable

V. Transmission Cost Recovery Factor: See Rider TCRF

VI. Other Charges or Credits::  
 See Rider CMC  
 See Rider CTC  
 See Rider EECRF  
 See Rider HCRF  
 See Rider RCE

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

**6.1. Rate Schedules**

**Applicable:** Entire Certified Service Area

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**COMPANY SPECIFIC APPLICATIONS**

**Minimum Bill**

Includes customer charge and metering charge per ESI ID per month.

**Standard Secondary Voltage**

Company's standard secondary voltages are described in Section 6.2.2, STANDARD VOLTAGES.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

### 6.1. Rate Schedules

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#### 6.1.1.1.3 SECONDARY SERVICE (GREATER THAN 5 KW)

### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with Demand greater than 5 KW when such Delivery Service is to one Point of Delivery and measured through one Meter.

### TYPE OF SERVICE

Delivery Service will be single or three-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard Meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2 of this Tariff.

### MONTHLY RATE

#### I. Transmission and Distribution Charges:

Customer Charge	\$3.60	per ESI ID per month
Metering Charge	\$20.96	per ESI ID per month
Transmission System Charge		
See Demand	\$0.00	per NCP kW
Determination	\$0.00	per 4CP kW
Distribution System Charge		
Load Factor <= 25%	\$7.0585	per NCP kW
Load Factor > 25%	\$5.7256	per NCP Billing kW

III. Transition Charge: Not Applicable

IV. Nuclear Decommissioning Charge: Not Applicable

V. Transmission Cost Recovery Factor: See Rider TCRF

VI. Other Charges or Credits:  
 See Rider CMC  
 See Rider CTC  
 See Rider EECRF  
 See Rider HCRF  
 See Rider RCE

### COMPANY SPECIFIC APPLICATIONS

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

### 6.1. Rate Schedules

**Applicable:** Entire Certified Service Area

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#### Minimum Bill

Includes customer charge and metering charge per ESI ID per month.

#### Standard Secondary Voltage

Company's standard secondary voltages are described in Section 6.2.2, STANDARD VOLTAGES.

#### Power Factor (PF)

For average lagging Power Factors of less than 95% the measured Demand will be increased according to the following formula:

$$\frac{\text{kW} \times .95}{\text{PF}}$$

The average lagging power factor is determined using monthly metered kWh and kVARh data. The following formula is used to calculate the average lagging power factor for the billing month:

$$\text{PF} = \frac{\text{kWh}}{(\text{kWh}^2 + \text{kVARh}^2)^{1/2}}$$

### **DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES**

#### Determination of Billing under NCP kW or 4CP kW

Any Premises that has established an NCP kW of at least 700 kW in any previous billing month, or Retail Customers billed on 4CP kW prior to the effective date of this tariff, shall be billed on their 4CP kW pursuant to the Determination of 4CP kW provision shown below.

#### Determination of NCP kW

The NCP kW applicable under the Monthly Rate section shall be the kW supplied during the 15 minutes period of maximum use during the billing month.

#### Determination of 4 CP kW

The 4 CP kW applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minutes peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4 CP kW will be billed at the applicable NCP rate under the "Transmission System Charge" using the Retail Customer's NCP kW.

### **DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES**



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

**6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 100****Revision 11**Determination of Billing kWDetermination of Annual Load Factor

The Annual Load Factor for each premise shall be calculated using the previous year's usage for that premise ending with the December Bill Cycle. The Annual Load Factor shall apply for the following 12 billing months.

The Annual Load Factor calculation is as follows:

kWh Used in 12 Billing Months Ending December

Maximum NCP kW for the 12 Billing Months Ending December \* Days in Billing Periods \* 24

For premises with less than 12 months usage history, the available billing history shall be used for determining the Annual Load Factor. However, if less than 90 days of billing history is available, the premise shall be assumed to have an Annual Load Factor greater than 25%.

The Billing kW applicable to the "Distribution System Charge" shall be the higher of the NCP kW for the current billing month or 80% of the highest monthly NCP kW established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to Retail Seasonal Agricultural or Municipal Pumping Customers, customers whose annual calculated load factor is less than or equal to 25%, or customers whose peak demand in the most current 12-month period is equal to or less than 20 kW.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

### 6.1. Rate Schedules

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#### 6.1.1.1.4 PRIMARY SERVICE

#### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at primary voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

#### TYPE OF SERVICE

Delivery Service will be single or three-phase, 60 hertz, at a standard primary voltage. Delivery Service will be metered using Company's standard Meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2 of this Tariff.

#### MONTHLY RATE

##### **I. Transmission and Distribution Charges:**

Customer Charge	\$26.89	per ESI ID per month
Metering Charge	\$221.59	per meter per month
Transmission System Charge		
See Demand	\$0.00	per NCP kW
Determination	\$0.00	per 4CP kW
Distribution System Charge	\$4.534	per NCP Billing kW

##### **II. System Benefit Fund Charge:**

See Rider SBF

##### **III. Transition Charge:**

Not Applicable

##### **IV. Nuclear Decommissioning Charge:**

Not Applicable

##### **V. Transmission Cost Recovery Factor:**

See Rider TCRF

##### **VI. Other Charges or Credits:**

See Rider CMC  
See Rider CTC  
See Rider EECRF  
See Rider HCRF  
See Rider RCE

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

### 6.1. Rate Schedules

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### COMPANY SPECIFIC APPLICATIONS

#### Minimum Bill

Includes customer charge and metering charge per ESI ID per month.

#### Standard Primary Voltage

Company's standard primary voltages are described in Section 6.2.2, STANDARD VOLTAGES.

#### Distribution Voltage Power Factor (PF) Adjustment

For average lagging Power Factors of less than 95% the measured Demand will be increased according to the following formula:

$$\frac{\text{kW} \times .95}{\text{PF}}$$

PF

The average lagging power factor is determined using monthly metered kWh and kVARh data. The following formula is used to calculate the average lagging power factor for the billing month:

$$\text{PF} = \frac{\text{kWh}}{(\text{kWh}^2 + \text{kVARh}^2)^{1/2}}$$

### DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES

Any Premises that has established an NCP kW of at least 700 kW in any previous billing month, or Retail Customers billed on 4CP kW prior to the effective date of this tariff, shall be billed on their 4CP kW pursuant to the Determination of 4CP kW provision shown below.

#### Determination of NCP kW

The NCP kW applicable under the Monthly Rate section shall be the kW supplied during the 15-minute period of maximum use during the billing month.

#### Determination of 4 CP kW

The 4 CP kW applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minutes peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4 CP kW will be billed at the applicable NCP rate under the "Transmission System Charge" using the Retail Customer's NCP kW.

### DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

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

**6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 103****Revision 10**

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Determination of Billing kW

The Billing kW applicable to the "Distribution System Charge" shall be the higher of the NCP kW for the current billing month or 80% of the highest monthly NCP kW established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to Retail Seasonal Agricultural Customers or Municipal Pumping Customers, or customers whose peak demand in the most current 12-month period is equal to or less than 20 kW.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

### 6.1. Rate Schedules

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#### 6.1.1.1.5 TRANSMISSION SERVICE

#### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at transmission voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

#### TYPE OF SERVICE

Delivery Service will be three-phase, 60 hertz, at a standard transmission voltage. Delivery Service will be metered using Company's standard Meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2 of this Tariff.

#### MONTHLY RATE

##### I. Transmission and Distribution Charges:

Customer Charge	\$31.96	Per ESI ID per month
Metering Charge	\$1,158.21	Per Meter per month
Transmission System Charge	\$0.00	Per 4CP kVA
Distribution System Charge	\$0.00	Per NCP kVA

II. System Benefit Fund Charge: See Rider SBF

III. Transition Charge: Not Applicable

IV. Nuclear Decommissioning Charge: Not Applicable

V. Transmission Cost Recovery Factor: See Rider TCRF

VIII. Other Charges and Credits:  
See Rider CMC  
See Rider CTC  
See Rider HCRF  
See Rider RCE

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

### 6.1. Rate Schedules

**Applicable:** Entire Certified Service Area

**Effective Date:** January 1, 2020

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### **COMPANY SPECIFIC APPLICATIONS**

#### **Minimum Bill**

Includes customer charge and metering charge per ESI ID per month

#### **Municipal Franchise Fees**

When service falls within the incorporated limits of a municipality that assesses a franchise fee on transmission customers, such municipal franchise fees shall be added to and separately stated on the bill of each customer taking service within the incorporated limits of the municipality and shall be at the rate of \$0.00175000/kWh. Transmission customers taking service outside the incorporated limits of a municipality shall not be subject to this fee.

#### **Standard Transmission Voltage**

Transmission voltage is defined as voltage of 69 kV or higher. Company's standard transmission voltages are described in Section 6.2.2, STANDARD VOLTAGES.

### **DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES AND DISTRIBUTION SYSTEM CHARGES**

#### **Determination Of 4 CP kVA**

The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15-minute peak demand for the months of June, July, August and September of the previous calendar year. Retail Customers without previous history on which to determine their 4 CP kVA will be billed based on estimated 4 CP kVA, in accordance with the following procedures:

- (a) Retail Customers having IDR data for fewer than 4 CP kVA, but at least 2 CP kVA, will be billed based on the average of the actual CP kVA, so long as the CP kVA are representative of the Retail Customer's expected load, as derived from engineering estimates. If the CP kVA are not representative of the expected load, the estimated 4 CP kVA will be set based on mutual agreement between the Retail Customer and the Company.
- (b) Retail Customers that do not have at least 2 CP kVA will be billed by estimating the Retail Customer's 4 CP kVA demand by applying a class coincidence factor to the Retail Customer's NCP kVA, using the formula:  
Estimated 4 CP kVA = (NCP kVA \* TCCF) where:

NCP kVA is the highest 15-minute integrated demand of an individual Retail Customer served at transmission voltage during the month; and TCCF is the transmission class coincidence factor for the months June, July, August, and September calculated from the Company's most recent UCOS proceeding using the following formula:

$$TCCF = \frac{\sum \text{Class CP kVA for June, July, August, September}}{\sum \text{Class NCP kVA for June, July, August, September}}$$

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

**6.1. Rate Schedules**

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Where:

Class CP kVA is the transmission voltage rate class' 15-minute demand at the time of the ERCOT CP and Class NCP kVA is the transmission voltage class' maximum 15-minute demand during a month.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

**6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 107****Revision 9****6.1.1.1.6 LIGHTING SERVICE****ROADWAY LIGHTING SERVICE****AVAILABILITY**

The service provided pursuant to this Tariff is for any end-use customer for roadway lighting service where existing facilities have adequate capacity and suitable voltage.

**TYPE OF SERVICE**

Unmetered, automatically controlled, overhead lighting service operating from dusk to dawn. The Company will install, operate and maintain such lighting. Lights will be mounted on an existing service pole or poles and such service will be limited to 120 volt service.

**MONTHLY RATE****I. Transmission and Distribution Charges:****OVERHEAD SERVICE****Schedule I –Wood Pole (per lamp charge)**

	Distribution Facilities Charge	
8150 lumen – 175 watt MV	\$5.02	Closed
21500 lumen – 400 watt MV	\$9.43	Closed
9500 lumen – 100 watt HPS	\$6.44	
16000 lumen – 150 watt HPS	\$7.47	Closed
22000 lumen – 200 watt HPS	\$7.99	
27500 lumen – 250 watt HPS	\$8.74	Closed
50000 lumen – 400 watt HPS	\$9.70	Closed



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

**6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 108****Revision 9****Schedule II –Ornamental Pole (per lamp charge)**

		<u>Distribution Facilities Charge</u>		
		<u>1 Lamp Per Pole</u>	<u>2 Lamps Per Pole</u>	
8150 lumen – 175 watt MV		\$9.76	-	Closed
21500 lumen – 400 watt MV		\$12.47	\$10.45	Closed
9500 lumen – 100 watt HPS		\$9.53	-	
16000 lumen – 150 watt HPS		\$12.12	-	Closed
22000 lumen – 200 watt HPS		\$12.90	\$9.20	
27500 lumen – 250 watt HPS		\$14.53	\$10.64	Closed
50000 lumen – 400 watt HPS		\$18.65	\$18.65	Closed

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**UNDERGROUND SERVICE**

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**Schedule III –Wood Pole (per lamp charge)**

		<u>Distribution Facilities Charge</u>	
3500 lumen – 100 watt MV		\$5.18	Closed
8150 lumen – 175 watt MV		\$5.67	Closed
21500 lumen – 400 watt MV		\$11.22	Closed
9500 lumen – 100 watt HPS		\$7.22	
22000 lumen – 200 watt HPS		\$8.78	

**Schedule IV –Ornamental Pole (per lamp charge)**

		<u>Distribution Facilities Charge</u>		
		<u>One Lamp Per Pole</u>	<u>Two Lamps Per Pole</u>	
8150 lumen – 175 watt MV		\$10.40	-	Closed
21500 lumen – 400 watt MV		-	\$10.47	Closed
9500 lumen – 100 watt HPS		\$10.42	\$8.06	
22000 lumen – 200 watt HPS		\$13.94	\$10.41	

**TEXAS-NEW MEXICO POWER COMPANY  
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**PUBLIC HIGHWAY LIGHTING SERVICE**

**Schedule V – LED Street Lighting**

Wattage		Cobra Wood	Cobra Head Ornamental		Double Cobra Ornamental		Historical Post-Top Underground		Customer- Owned
Range	kWh	O/H (A)	O/H (B)	U/G (C)	O/H (D)	U/G (E)	Fiberglass (F)	Steel/Conc. (G)	(H)
20-60	15	\$12.81	\$24.32	\$28.01	\$31.84	\$35.47	\$17.09	\$32.77	\$0.65
61-100	28								\$1.21
101-130	42	\$16.05	\$27.56	\$31.24	\$36.91	\$40.55			\$1.81
131-165	50								\$2.16
166-200	62								\$2.68
201-300	83	\$21.63	\$33.14	\$36.83	\$46.04	\$49.68			\$3.58

**METERED LIGHTING SERVICE**

**Schedule VI – (Restricted Use)**

	Distribution Facilities Charge
Metered Series Service	\$0.039480 per kWh
Other Metered Service	\$0.039480 per kWh
Public Facilities Metered Service	\$0.039480 per kWh

II. System Benefit Fund Charge:	See Rider SBF
III. Transition Charge:	Not Applicable
IV. Nuclear Decommissioning Charge:	Not Applicable
V. Transmission Cost Recovery Factor:	See Rider TCRF
VI. Other Charges or Credits:	See Rider CTC See Rider EECRF See Rider HCRF See Rider RCE

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

### 6.1. Rate Schedules

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### COMPANY SPECIFIC APPLICATIONS

#### Minimum Bill

A minimum bill shall be charged based upon the monthly per lamp charge.

#### Service Schedules

Schedule I Company installed, owned, operated, and maintained overhead wired roadway lights mounted on wood poles on public roadways at the request of a governmental subdivision.

Schedule II Company owned, operated and maintained multiple overhead wired roadway lighting system mounted on ornamental poles on public roadways at the request of a governmental subdivision.

Schedule III Company installed, owned, operated, and maintained underground wired roadway lighting system mounted on wood poles on public roadways at the request of a governmental subdivision where the Company has paid the installed cost of such system.

Schedule IV Company installed, owned, operated, and maintained underground wired roadway lighting system mounted on ornamental poles on public roadways at the request of a governmental subdivision where the Company has paid the installed cost of such system.

Schedule V LED roadway lights mounted on wood, ornamental (steel or concrete) or historical (fiberglass, steel or concrete) poles on public roadways at the request of a governmental subdivision.

- A. Company installed, owned, operated and maintained cobra head LED street light mounted on a 35' wood pole with a cobra head arm, served overhead.
- B. Company installed, owned, operated and maintained cobra head LED street light mounted on a 35' ornamental (steel or concrete) pole with a cobra head arm, served overhead.
- C. Same as (B), served underground.
- D. Two Company installed, owned, operated and maintained cobra head LED street lights mounted on a 35' ornamental (steel or concrete) pole with 2 cobra head arms, served overhead.
- E. Same as (D), served underground.
- F. Company installed, owned, operated and maintained historical post-top LED street light mounted on a fiberglass historical pole, served underground.
- G. Same as (F), mounted on a steel or concrete historical pole.
- H. Customer installed, owned, operated and maintained LED street lights, or where a governmental subdivision has installed and owns the system for use by the

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customer, and Company supplies distribution delivery service for the operation of the street lights. Company makes all connections and disconnections to its distribution system. An Agreement for Street Lighting Service is required for service under this Schedule V (H).

### Schedule VI

- A. Metered Series Service is limited to existing roadway lighting systems being maintained by the Company prior to September 1999. These systems will be replaced as soon as feasibly possible, with service to be provided under one of the previous schedules of roadway lighting service.
- B. Other Metered Service will be used as the basis for determining the appropriate monthly per lamp charge for such facilities where Company supplies service to customer for operation of lighting system, which is customer installed, owned, operated, and maintained, or where a governmental subdivision has installed and owns the system for use by customer. Company will provide normal lamp replacements in accordance with the contract. Service under this sub-schedule will apply to developing the monthly rate for all roadway traffic signals owned and maintained by a governmental unit.
- C. Public Facilities Metered Service is to serve lighting facilities for public use that are not located on roadways, and where the lighting is separately metered.

### Replacement of Lamps and Glassware

Company will install, own, operate and maintain all street lights including normal replacement of lamps and glassware at no cost to customer under Schedule I, II, III, and IV above. Company reserves the right to charge customer for replacement of lamps and glassware any time more than two calls per year become necessary due to vandalism or other causes over and above regular maintenance in accordance with the terms set out on TNMP's Miscellaneous Charges tariff, Security Light Repair Charge.

### Lamp Burning Hours

The Company will cause the street lights operated by it to be lighted at nightfall and to remain lighted until dawn. End-use customer will so control the street lighting operated by it so that the total burning hours will not exceed 4,000 hours in each year.

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

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### Lumens

Lumens as used will be the nominal rating of approximate initial lumens rated by manufacturer.

### Facilities Charge Calculation

The monthly kWh used by the lamps in the operation of street lighting system will be estimated as follows:

$$\frac{\text{Total watts connected including ballast} \times 333 \text{ hours}}{1,000} = \text{kWh}$$

### Type of Lamps and Ornamental Poles

All street lamps, glassware and ornamental poles shall be of a type normally used by Company and in accordance with standards established by Company.

### Special Facilities

If the end-user requires special facilities to be installed or replaced, including ornamental standards or fixtures which are not in accordance with Company standards, the end-use customer will make a non-refundable contribution equal to the difference in the cost of such facilities and the installed cost of standard facilities; for other special facilities, end-use customer will make a non-refundable contribution equal to installed cost.

### Conversion or Replacement of Facilities

The Company will convert or replace existing Company-owned functioning street lights to a different size or type of Company-owned street light upon request and payment by customer of \$104 for each street light to cover the cost of removal and the average undepreciated cost of the existing street light. Customer will pay the current rate for the replacement street light.

The Company will limit the conversion of functioning mercury vapor and high pressure sodium street lights to any LED street light option to a maximum of 1,000 street lights per year.

### Replacement of Damaged or Failed Facilities

If a Company-owned street light is damaged or fails, or if replacement lamps are no longer available, the Company will replace the street light with the closest available equivalent high pressure sodium or LED street light. Customer will pay the current rate for the replacement street light.

### NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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

**6.1. Rate Schedules**

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**NON-ROADWAY OUTDOOR LIGHTING SERVICE (CLOSED)**

**AVAILABILITY**

The service provided pursuant to this Tariff is for any end-use customer for non-roadway outdoor lighting service where existing facilities have adequate capacity and suitable voltage. Lighting service under this schedule applies to non-roadway lighting facilities requested by the Retail Energy Provider (REP) on behalf of a customer connected to Company's distribution system.

**TYPE OF SERVICE**

Unmetered, automatically controlled, overhead lighting service operating from dusk to dawn. The Company will operate and maintain such lighting. Lights will be mounted on an existing service pole or poles and such service will be limited to 120 volt service.

Pricing under this Tariff will cover costs to serve these facilities includes the amounts included in FERC Accounts 371 and 371.1, which were previously collected under Rider CES-Competitive Energy Services.

**MONTHLY RATE****I. Transmission and Distribution Charges:**

	<u>Charge per Lamp</u>
175 w MV Lamp-Nite Lite	\$8.27
400 w MV Lamp-Nite Lite	\$9.41
100 w HPS Lamp-Nite Lite	\$8.05
200 w HPS Lamp-Nite Lite	\$12.54
400 w MV Lamp-Flood Light	\$13.36
1000 w MV Lamp-Flood Light	\$23.64
400 w HA Lamp-Flood Light	\$13.48
1000 w HA Lamp-Flood Light	\$24.27
250 w HPS Lamp-Flood Light	\$13.49
400 w HPS Lamp-Flood Light	\$15.50
48 w LED – Nite Lite	\$9.79
125 w LED – Flood Light	\$16.92
250 w LED – Flood Light	\$23.28

MV = Mercury Vapor, HPS = High Pressure Sodium, HA = Metal Halide

**II. System Benefit Fund Charge:** See Rider SBF

**III. Transition Charge:** Not Applicable

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<b>IV. Nuclear Decommissioning Charge:</b>	Not Applicable
<b>V. Transmission Cost Recovery Factor:</b>	See Rider TCRF
<b>VI. Other Charges or Credits:</b>	See Rider CTC
Non-Roadway Lighting Facilities Cost	See Rider EECRF
	See Rider HCRF
	See Rider RCE

### COMPANY SPECIFIC APPLICATIONS

#### Replacement of Lamps and Glassware

Company will install, operate and maintain all non-roadway lights including normal replacement of lamps and glassware at no cost to customer. Company reserves the right to charge customer for replacement of lamps and glassware any time more than two calls per year become necessary due to vandalism or other causes over and above regular maintenance in accordance with the terms set out on TNMP's Miscellaneous Charges tariff, Security Light Repair Charge.

#### Lamp Burning Hours

The Company will cause the non-roadway lights operated by it to be lighted at nightfall and to remain lighted until dawn. End-use customer will so control the street lighting operated by it so that the total burning hours will not exceed 4,000 hours in each year.

#### Type of Lamps and Ornamental Poles

All street lamps, glassware and ornamental poles shall be of the type normally used by the Company and in accordance with standards established by the Company.

#### Special Facilities

If the end-user requires special facilities to be installed or replaced, including ornamental standards or fixtures which are not in accordance with Company standards, the end-use customer will make a non-refundable contribution equal to the difference in the cost of such facilities and the installed cost of standard facilities; for other special facilities, end-use customer will make a non-refundable contribution equal to installed cost.

#### Additional Pole Charge

In the event an End-use customer desires a light to be installed on a pole which will require the Company to install an additional pole or poles, End-use customer will be charged \$2.38 per month per pole.

#### Replacement of Damaged or Failed Facilities

**TEXAS-NEW MEXICO POWER COMPANY  
TARIFF FOR RETAIL DELIVERY SERVICE****6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** January 1, 2020**Page No. 115****Revision 9**

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If a Company-owned non-roadway light is damaged or fails, or if replacement lamps are no longer available, the Company will replace the non-roadway light with the closest available equivalent high pressure sodium or LED non-roadway light. Customer will pay the current rate for the replacement non-roadway light.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.



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

**6.1 Rate Schedules**

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**6.1.1.6.5 RIDER RCE – RATE CASE EXPENSE DOCKET No. 48591****AVAILABILITY**

Rider RCE is designed to recover Commission approved rate case expenses associated with PUCT Docket No. 48591. Rider RCE is applicable to electric delivery service from the Company during the periods this schedule is in effect, and will be billed along with the other delivery service charges. Charges associated with Rider RCE will be determined in accordance with the applicable fee listed below. This schedule will be in effect for three years

**MONTHLY RATE**

Residential Service	\$0.000160	Per kWh
Secondary Service (Less Than or Equal to 5KW)	\$0.000286	Per kWh
Secondary Service (Greater Than 5 KW)		
Non IDR Metered	\$0.000138	Per kWh
IDR Metered	\$0.000100	Per kWh
Primary Service		
Non IDR Metered	\$0.000087	Per kWh
IDR Metered	\$0.000066	Per kWh
Transmission Service	\$0.014322	Per 4CP kVa
Lighting Service	\$0.000360	Per kWh

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

**TEXAS-NEW MEXICO POWER COMPANY  
RATE CASE EXPENSE - CALCULATION**

<u>Ln</u>						
1	Settled expenses	\$3,305,000				
2						
3						
4						
5						
6	Requested Amount	<u>\$3,305,000</u>				
7						
8	Annual Amount Over 3 yrs.	\$ 1,101,667				
9				<b>Docket No. 48401</b>		
10		<b>Total Rev</b>		<b>Billing</b>		<b>Unit</b>
11		<b>Alloc</b>	<b>Annual Amount</b>	<b>Units</b>	<b>Type</b>	<b>Price</b>
12			\$ 1,101,667			
13	Wholesale	17.7%	194,669	69,368,964	kW	\$ 0.00281
14	Retail T&D	82.3%	906,998	<u>SEE BELOW</u>		
15						
16						
17	Residential	51.65%	468,432	2,921,422,519	kWh	\$ 0.000160
18	Secondary Svc <5 kW	1.15%	10,452	36,584,347	kWh	\$ 0.000286
19	Secondary Svc > 5 kW	28.64%	259,785	1,887,539,498	kWh	\$ 0.000138
20	Secondary Svc > 5 kW IDR	3.98%	36,099	361,190,948	kWh	\$ 0.000100
21	Primary	2.93%	26,571	304,130,237	kWh	\$ 0.000087
22	Primary IDR	3.54%	32,068	483,789,883	kWh	\$ 0.000066
23	Transmission	6.73%	60,997	4,258,878	4CP kVa	\$ 0.014322
24	Lighting	1.39%	12,594	34,971,341	kWh	\$ 0.000360
25						
26	Total	100.00%	906,998			

**SOAH DOCKET NO. 473-18-5091  
PUC DOCKET NO. 48591**

<b>REVIEW OF RATE CASE EXPENSES</b>	<b>§</b>	
<b>INCURRED BY TEXAS-NEW</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>MEXICO POWER COMPANY AND</b>	<b>§</b>	<b>OF</b>
<b>MUNICIPALITIES IN DOCKET NOS.</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>
<b>48401, 35038, AND 41901</b>	<b>§</b>	

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**PROPOSED ORDER**

This Order addresses Texas-New Mexico Power Company's ("TNMP" or "the Company") request for approval of a rider to recover the rate-case expenses that TNMP, Cities Served by TNMP ("Cities"), and the Alliance of Texas-New Mexico Power Municipalities ("ATM") incurred in Docket Nos. 48401, 35038, 38306, 41901, and 48591. A unanimous stipulation (agreement) was filed that resolves all of the issues between the parties to this proceeding. The Commission approves TNMP's request as modified by this Order and the agreement. The Commission adopts the following findings of fact and conclusions of law:

**I. FINDINGS OF FACT**

**Applicants**

1. TNMP is a Texas corporation and wholly owned subsidiary of PNM Resources, Inc.
2. TNMP provides electric transmission and distribution services in Texas.
3. Cities and ATM are each a coalition of municipalities located in the Texas service territory of TNMP.
4. Cities and ATM are each participants in certain of TNMP's regulatory proceedings before the Commission to represent the municipalities' interests.

**Application and Severance of Docket**

5. On May 30, 2018, TNMP filed an application with the Commission seeking authority to change its Texas retail base rates. As part of that application, which was assigned Docket No. 48401, TNMP requested reimbursement of rate-case expenses, and later requested that the Commission sever rate-case expense issues into a separate docket.

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**Stipulation and Settlement Agreement**

6. On August 10, 2018, the Administrative Law Judges issued SOAH Order No. 5, which severed TNMP's Docket No. 48401 rate-case expense issues into this Docket No. 48591.

**Notice**

7. SOAH Order No. 2 in Docket No. 48401 found TNMP's notice of its Docket No. 48401 base-rate case sufficient.<sup>4</sup>
8. The final order in Docket No. 48401 concluded that TNMP provided adequate notice of its base rate application in compliance with PURA § 36.103 and 16 Tex. Admin. Code (TAC)§ 22.51.<sup>5</sup>

**Parties**

9. SOAH Order No. 1 provided that TNMP, Cities, ATM, Office of Public Utility Counsel (OPUC), and Staff of the Public Utility Commission (Staff) are the parties to this docket.<sup>6</sup>
10. No other parties were granted party status.

**Rate-Case Expense Request**

11. TNMP provided documentation of its rate case expenses in its direct testimony, filed on March 22, 2019, and its rebuttal testimony, filed on August 26, 2019.
12. Cities filed documentation of its rate-case expenses in a rate-case expense report filed on March 22, 2019, and its update, filed on August 26, 2019.
13. ATM filed documentation of its rate-case expenses in a rate-case expense report filed on March 22, 2019, and its supplemental affidavit, filed on August 28, 2019.
14. Based on TNMP's testimony, TNMP sought recovery for its rate-case expenses of \$3,331,678 through July 31, 2019.
15. Based on Cities' rate-case expense reports and update, Cities sought reimbursement for its rate-case expenses of \$187,029 through July 31, 2019.
16. Based on ATM's rate case expense reports and affidavit, ATM sought reimbursement for its rate-case expenses of \$240,748 through July 31, 2019.

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<sup>4</sup> *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401, SOAH Order No. 2 (June 22, 2018).

<sup>5</sup> *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401, Final Order (December 20, 2018).

<sup>6</sup> *Review of Rate Case Expenses Incurred by Texas-New Mexico Power Company and Municipalities in Docket Nos. 48401, 35038, and 41901*; Docket No. 48591, SOAH Order No. 1 (August 21, 2018).

17. As part of the agreement, Cities and ATM each requested recovery of actual expenses incurred up to \$2,500 each, after July 31, 2019.

**Agreement**

18. On October 8, 2019, TNMP filed a unanimous agreement that resolves all issues between the parties in this docket.
19. As part of the agreement, the parties agreed to address certain rate-case expenses for Docket Nos. 38306, 35038, 41901, 48401, and 48591 as part of this docket.
20. The parties agreed that TNMP would recover \$3,305,000, which includes the amount for reimbursing Cities and ATM's requested rate-case expenses noted in Findings of Fact Nos. 15, 16, and 17, above. The amount is reasonable and a black-box amount representing the total rate-case expenses that TNMP, Cities and ATM may recover for Docket Nos. 48401, 35038, 38306, 41901, and 48591.
21. TNMP shall recover the agreed amount of rate-case expenses through a new rate-case expense rider which will be applied to billings from January 1, 2020 through December 31, 2022, inclusive of the beginning and ending dates; provided, however, that TNMP shall cease collecting rate case expenses before December 31, 2022 if full recovery occurs before that date.
22. TNMP shall track collections by rate class beginning on January 1, 2020.
23. The amount of rate-case expenses authorized is allocated among classes based on each class's percentage of base rate revenue from Docket No. 48401, resulting in the agreed-upon amounts by class as shown in the tariff included as Attachment A.

**Testimony**

24. TNMP provided documentation of its rate case expenses in its direct testimony, filed on March 22, 2019, and its rebuttal testimony, filed on August 26, 2019.
25. Cities filed documentation of its rate-case expenses in a rate-case expense report filed on March 22, 2019, and its update, filed on August 26, 2019.
26. ATM filed documentation of its rate-case expenses in a rate-case expense report filed on March 22, 2019, and its supplemental affidavit, filed on August 28, 2019.
27. On August 5, 2019, Commission Staff filed direct testimony of Anna Givens and Frederick Quijano.

28. On October 8, 2019, Commission Staff and TNMP filed testimony in support of the agreement.
29. Considering the criteria set forth in 16 TAC§ 25.245(c) for review and determination of reasonableness, the evidence provided by TNMP, Cities, ATM, and Commission Staff shows that the total amount of rate-case expenses that the Signatories agreed to and that TNMP is authorized to recover through this Order is reasonable.
30. The rate-case expense rider agreed to by the Signatories is reasonable.

**Informal Disposition**

31. More than 15 days have passed since completion of the notice provided in this docket.
32. The proposed resolution of this docket set forth in the agreement is not adverse to any party in this proceeding.
33. No protests, motions to intervene, or requests for hearing were filed that have not been dealt with, and no party, including Commission Staff, disputes any issue of law or fact.

**II. CONCLUSIONS OF LAW**

1. TNMP is a public utility as that term is defined in the Public Utility Regulatory Act (PURA) § 11.004(1) and an electric utility as that term is defined in PURA§ 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 33.023, 36.001, 36.003, 36.051, 36.061, and 16 TAC§ 25.245.
3. TNMP provided adequate notice of this proceeding through the notice it provided in Docket No. 48401.
4. SOAH exercised jurisdiction over this docket in accordance with PURA § 14.053 and Tex. Gov't Code § 2003.049.
5. The agreement, taken as a whole, is a reasonable resolution of all the issues it addresses, results in just and reasonable rates, is supported by a preponderance of the credible evidence in the record, is consistent with the relevant provisions of PURA and the Commission's rules, and should be approved.
6. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

### III. ORDERING PARAGRAPHS

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

1. The Commission approves TNMP's application, as modified by the agreement and this Order.
2. TNMP is authorized to recover \$3,305,000 in rate-case expenses.
3. TNMP, Cities, and ATM shall not seek recovery of additional rate-case expenses for Docket Nos. 48401, 35308, 38306, 41901, and 48591.
4. TNMP's rider is approved as final.
5. Within 10 days of the date of this Order, TNMP shall file a clean copy of its rider consistent with this Order, to be stamped approved and retained by Central Records.
6. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement. Entry of this Order shall not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
7. All motions and any other requests for general or specific relief, if not expressly granted herein, are denied.

Signed at Austin, Texas the \_\_th Day of \_\_\_\_\_, 2019.

#### PUBLIC UTILITY COMMISSION OF TEXAS

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**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR C. D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**