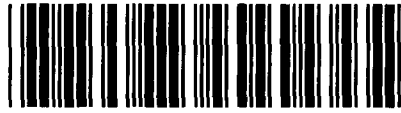


Control Number: 49586



Item Number: 51

Addendum StartPage: 0

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# OPEN MEETING COVER SHEET

## COMMISSIONER MEMORANDUM

**MEETING DATE:** DECEMBER 13, 2019

**DATE DELIVERED:** DECEMBER 12, 2019

**AGENDA ITEM NO.:** 7

**CAPTION:** Docket No. 49586; SOAH NO. 473-19-5244  
Application of Texas-New Mexico Power  
Company for Approval to Adjust the Energy  
Efficiency Cost Recovery Factor

**DESCRIPTION:** Commissioner Memoranda

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**Arthur C. D'Andrea**  
Commissioner

**Shelly Botkin**  
Commissioner

**John Paul Urban**  
Executive Director



**Greg Abbott**  
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## *Public Utility Commission of Texas*

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TO: Chairman DeAnn T. Walker  
Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

All Parties of Record (*via electronic transmission*)

FROM: Alexander Scheifler **AS**  
Commission Advising

RE: *Application of Texas-New Mexico Power Company for Approval to Adjust the Energy Efficiency Cost Recovery Factor*, Docket No. 49586, SOAH Docket No. 473-19-5244, Commissioner Memo, December 13, 2019 Open Meeting, Item No. 7.

DATE: December 12, 2019

Please find enclosed a memorandum by Chairman Walker regarding the above-referenced docket. No other commissioner will file a memorandum in this docket.

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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

**FROM:** Chairman DeAnn T. Walker 

**DATE:** December 12, 2019

**RE:** Open Meeting of December 13, 2019 – Agenda Item No. 7  
Docket No. 49586; SOAH Docket No. 473-19-5244 – *Application of Texas-New Mexico Power Company for Approval to Adjust the Energy Efficiency Cost Recovery Factor*

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I recommend that the Commission make the following changes to the order in this proceeding.

Finding of fact 5 should be modified for accuracy. TNMP's application included \$55,604 of 2018 EECRF rate-case expenses in its adjustment of \$340,872 for net over-recovery of program year 2018 energy-efficiency costs. The application did not deduct the \$55,604 of 2018 EECRF rate-case expenses from its forecasted energy-efficiency costs for 2020. The application also requested municipal rate-case expenses.

5. In its application, TNMP sought Commission approval to adjust its EECRF to recover \$5,854,754 during program year 2020, which included the following:
  - (a) TNMP's forecasted energy-efficiency costs of ~~\$5,343,155~~ \$5,287,551 in program year 2020 ~~(including a deduction of \$55,604 to remove EECRF expenses from TNMP's administrative expenses);~~
  - (b) Projected evaluation, measurement, and verification (EM&V) expenses for the evaluation of program year 2019 in the amount of \$58,323;
  - (c) An adjustment of ~~\$340,872~~ \$351,306 for TNMP's net over-recovery of program year 2018 energy-efficiency costs (which include \$55,604 in TNMP's 2018 EECRF rate-case expenses) plus, including \$10,434 in interest, of program year 2018 energy efficiency costs; and
  - (d) Up to \$8,415 in municipal rate-case expenses; and
  - ~~(e)~~(d) A performance bonus of \$796,166.

Finding of fact 21 should be modified for accuracy. Section 25.181(e)(3)(B) calculates the annual demand goal by applying the percentage goal to the utility's summer weather-adjusted five-year average peak demand, not to the weather-adjusted five-year average annual growth in demand, because the trigger under 16 TAC § 25.181(e)(1)(B) has already occurred.

21. TNMP's weather-adjusted average ~~peak annual growth in~~ demand for the previous five years (2014 through 2018) is 1,382.5 megawatts (MW).

Findings of fact 22 and 23 should be modified for clarity.

22. Because TNMP has reached a demand reduction goal of greater than four-tenths of 1% of its summer weather-adjusted peak demand under 16 Texas Administrative Code (TAC) § 25.181(e)(1)(B), its calculated minimum demand reduction goal under 16 TAC § 25.181(e)(1)(C) is 5.1 MW, even though its goal for year 2019 was 5.53 MW.
23. Under 16 TAC § 25.181(e)(1)(D), a utility's demand-reduction goal may not be lower than the goal from the prior program year, except as adjusted for industrial-customer exclusions under 16 TAC § 25.181(u). By removing lost load due to industrial-customer exclusions from its 2019 demand-reduction goal of 5.53 MW, TNMP calculated its demand-reduction goal as 5.44 MW under 16 TAC § 25.181(e)(1)(D) and (E). Thus, TNMP's demand-reduction goal is 5.44 MW.

Finding of fact 27 should be modified for accuracy. The components of TNMP's EECRF in this finding of fact equal to \$5,853,453 without the \$54,303 figure related to TNMP's rate case expenses. Thus, the rate case expenses are already included in the total, and subsection (d) should be deleted.

27. Under the agreement, TNMP's EECRF will recover \$5,853,453 during program year 2020, which includes:
  - (a) TNMP's forecasted energy-efficiency costs of \$5,343,155 in program year 2020;
  - (b) Projected EM&V expenses in the amount of \$58,323 for the evaluation of program year 2019;
  - (c) An adjustment of \$352,606 for TNMP's net over-recovery of \$342,173 in energy-efficiency costs (including \$54,303 of TNMP's 2018 EECRF rate-case expenses) and \$10,434 in interest on that over-recovery; including interest, of program year 2018 energy efficiency costs;
  - ~~(d) TNMP's rate case expenses of \$54,303;~~
  - ~~(d)(e)~~ Municipal rate-case expenses of \$8,415; and
  - ~~(e)(f)~~ A performance bonus of \$796,166.

Finding of fact 40 should be modified for clarity.

40. In 2018, TNMP's program costs were \$6,228,165 (including the previous bonus of \$1,083,774), and the total avoided costs were \$14,189,820 on energy-efficiency programs.

Finding of fact 61 should be modified for consistency with language in the Commission's standard orders on EECRF proceedings.

61. ~~As of the filing of the application, TNMP received notices under 16 TAC § 25.181(u) TNMP's industrial customers taking service at distribution voltage who elected to exclude themselves a total of 29.1 MW of peak demand from TNMP's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 29.1 MW from the calculations of the demand-reduction goal for TNMP's EECRF for program year 2020. Those excluded customers have been reflected in the EECRF calculations.~~

Finally, I propose delegating to the Office of Policy and Docket Management staff the authority to modify the order to conform to the *Citation and Style Guide for the Public Utility Commission of Texas* and to make other non-substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.