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DOCKET NO. 51107

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

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PUBLIC UTILITY COMMISSION
OF TEXAS

CORRECTED NOTICE OF APPROVAL

This Notice of Approval addresses the application of Texas-New Mexico Power Company (TNMP) for an interim update of its wholesale transmission rate. The Commission adjusts TNMP's wholesale transmission rate on an interim basis to \$1.171662 per kilowatt (kW).

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. TNMP is a domestic for-profit corporation registered with the Texas secretary of state under file number 0019241500.
2. TNMP provides transmission and distribution electric service in the Electric Reliability Council of Texas (ERCOT) region under certificate of convenience and necessity number 30038.

Application

3. On July 24, 2020, TNMP filed an application for an interim update of its wholesale transmission rates.
4. On August 5, 2020, TNMP filed a supplement to the application.
5. TNMP requests an increase in total rate base of \$10,798,292, with a total revenue requirement increase of \$2,023,440 above the incremental amounts approved in Docket No. 50481,¹ TNMP's most recent interim update to its transmission cost of service (TCOS).

¹ *Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates*, Docket No. 50481, Notice of Approval (Mar. 27, 2020).

6. TNMP further requested that the Commission approve an interim update to its network transmission service rate to \$1.1716621 per kW.
7. No party filed a motion to find the application materially deficient.
8. In Order No. 2 filed on August 25, 2020, the administrative law judge (ALJ) found the application sufficient.

Notice

9. On July 29, 2020, TNMP filed the affidavit of Pamela Collins, paralegal at the law firm Jackson Walker, L.L.P, attesting to the provision of written notice to all distribution service providers listed in the matrix utilized by the Commission in in Docket No. 50333,² which established the wholesale transmission charges for the calendar year 2020, and to all parties in TNMP's last interim TCOS update Docket No. 50481.
10. On August 24, 2020, TNMP filed an amended affidavit from Pamela Collins, attesting to the provision of notice to all parties in the last complete review of TNMP's TCOS proceeding, Docket No. 48401.³
11. In Order No. 4 filed on September 14, 2020, the ALJ found the notice sufficient.

Evidence

12. On September 18, 2020, the parties filed a joint motion to admit evidence.
13. In Order No. 5 filed on September 23, 2020, the administrative law judge admitted the following evidence into the record: (a) TNMP's application and all attachments filed on July 24, 2020; (b) TNMP's affidavit attesting to the provision of notice filed on July 29, 2020; (c) TNMP's supplement to WP/ Schedule E-2.1.2 filed on August 5, 2020; (d) Commission Staff's sufficiency recommendation filed on August 21, 2020; (e) TNMP's amended proof of notice filed on August 24, 2020; (f) Commission Staff's recommendation on sufficiency of notice filed on September 11, 2020; and (g) Commission Staff's recommendation on final disposition and all attachments filed on September 18, 2020.

² *Commission Staff's Petition to Set 2020 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 50333, Order (May 1, 2020).

³ *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401, Order (Dec. 20, 2018).

Eligibility for Interim Update

14. TNMP's last interim increase to transmission rates was approved March 27, 2020, in Docket No. 50481, which was TNMP's first requested interim increase in 2020.
15. This application is TNMP's second requested interim increase in 2020.

Interim Transmission Rate

16. TNMP's application compares the company's actual June 30, 2020 transmission net plant balances against the incremental amounts approved in Docket No. 50481. The difference provides the increase in the rate base for TNMP in the application.
17. The interim transmission rates in this filing reflect an increase in total rate base of \$10,798,292, for a total rate base of \$518,598,078, with a revenue requirement increase of 2,023,440, for an interim TCOS revenue requirement of \$83,165,611.
18. The requested interim transmission rate \$1.171662 per kW is calculated by dividing the updated revenue requirement of \$83,165,611 by the 2019 ERCOT 4CP average load of 70,980.8724 megawatts and dividing the quotient by 1,000.
19. The requested increase in the wholesale transmission rates to \$1.171662 per kW accurately reflects additions and retirements of TNMP's transmission facilities as well as changes to return on rate base, depreciation and amortization, taxes other than income taxes, and federal income taxes associated with the additional rate base.

Interim Revenue Requirement

20. TNMP's request reflects a total interim wholesale transmission revenue requirement of \$83,165,611.
21. TNMP's request uses a rate of return for transmission cost of service investment of 7.89% approved in Docket No. 48401.
22. The interim revenue requirement reflects operations and maintenance of \$7,064,252; depreciation and amortization of \$25,973,779; taxes other than income taxes of \$7,709,073, federal income taxes of \$1,487,524; a return on rate base of \$40,917,388; other expense of \$280,227 and other revenues of (\$266,633).

ERCOT Export Rate

23. TNMP's ERCOT export rates are as follows:

Monthly Rate On-Peak	\$0.292916 per kW
Monthly Rate Off-Peak	\$0.097639 per kW
Weekly Rate On-Peak	\$0.067227 per kW
Weekly Rate Off-Peak	\$0.022532 per kW
Daily Rate On-Peak	\$0.009604 per kW
Daily Rate Off-Peak	\$0.003210 per kW
Hourly Rate On-Peak	\$0.000400 per kW
Hourly Rate Off-Peak	\$0.000134 per kW

Informal Disposition

24. More than 15 days have passed since completion of the notice provided in this docket.
25. No person filed a motion to intervene.
26. TNMP and Commission Staff are the only parties to this proceeding.
27. No party requested a hearing and no hearing is needed.
28. Commission Staff recommended approval of the application, subject to a more comprehensive analysis and reconciliation at the next complete review of TNMP's transmission cost of service.
29. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under PURA⁴ §§ 32.001 and 35.004.
2. TNMP is an electric utility as defined in PURA § 11.004 and as defined in PURA § 31.002(6).
3. TNMP is a transmission service provider, as defined in 16 Texas Administrative Code (TAC) § 25.5(141), that provides transmission service as defined in PURA § 31.002(20).

⁴ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001—66.016.

4. TNMP provided notice of the application in accordance with 16 TAC § 25.192(h)(4)(A).
5. As a transmission service provider in the ERCOT region, TNMP may update its transmission rates to reflect changes in its invested capital under 16 TAC § 25.192(h)(1).
6. The interim rates set in this Notice of Approval must be reconciled as provided in 16 TAC § 25.192(h)(2).
7. TNMP's application complies with the requirements of 16 TAC § 25.192(h)(1).
8. This application does not constitute a major rate case proceeding as defined in 16 TAC § 22.2(27).
9. The interim rates established in this Notice of Approval are just and reasonable under PURA § 36.003(a).
10. The interim rates established in this Notice of Approval are not unreasonably preferential, prejudicial, or discriminatory, as required by PURA § 36.003(b).
11. In accordance with PURA § 36.003(b), the interim rates set in this Notice of Approval are sufficient, equitable, and consistent in application to each class of customer.
12. The interim revenue requirement set in this Notice of Approval meets the requirements of PURA § 36.051.
13. The Commission processed the application in accordance with PURA, the Administrative Procedure Act,⁵ and Commission rules.
14. 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 adjusts TNMP's annual revenue requirement on an interim basis to \$83,165,611, effective the date of this Notice of Approval.

⁵ Tex. Gov't Code § 2001.001-.903.

2. The Commission adjusts TMNP's wholesale transmission rate on an interim basis to \$1.171662 per kW, effective the date of this Notice of Approval.
3. TNMP may begin billing the updated wholesale transmission rate on services rendered on or after the date of this Notice of Approval. The updated transmission rate supersedes any inconsistent rates.
4. The interim rates set in this Notice of Approval must be reconciled in TNMP's next transmission cost of service rate cases as provided in 16 TAC § 25.192(h)(2).
5. This Notice of Approval does not address or determine whether the costs underlying the rates established by this Notice of Approval are reasonable and necessary.
6. Within 10 days of the date of this Notice of Approval, TNMP must file a clean record copy of its revised wholesale transmission service rate tariff, as approved by this Notice of Approval and with the proper effective date, with Central Records to stamp and mark *Approved* and keep in the Commission's tariff book.
7. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 7th day of October 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



GREGORY R. SIEMANKOWSKI
ADMINISTRATIVE LAW JUDGE