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Texas-New Mexico Power
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Lewisville, TX 75067
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November 7, 2022

Clerk, Central Records
Public Utility Commission of Texas
1701 N. Congress Ave.
Austin, TX 78711

**Re: Tariff Control No. 53436 - APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY
TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR**

Pursuant to the Order filed on November 3, 2022, Texas-New Mexico Power Company is filing a clean copy of its approved Retail and Wholesale Tariffs for approved interim rates effective September 1, 2022 for Transmission Service for the Commission's Central Records Division to stamp "Approved" and retain for future reference.

Please do not hesitate to contact me if you have any questions.

Regards,

Brooks Hamilton
Regulatory Research & File Analyst
Texas-New Mexico Power Company
Brooks.Hamilton@tnmp.com

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

6.1 Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: September 1, 2022

Page No.:137.1

Revision: 2

6.1.1.6.7 RIDER DCRF – DISTRIBUTION COST RECOVERY FACTOR

AVAILABILITY

Each Retail Customer connected to the Company's transmission or distribution system will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule § 25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

MONTHLY RATE

The Competitive Retailer, on behalf of the Retail Customer, will be assessed this distribution service charge adjustment based on the monthly per unit cost (DCRF) multiplied times the Retail Customer's appropriate monthly billing determinant (kWh or Billing kW or Per Meter and per ESI ID). The DCRF shall be calculated for each rate according to the following formula:

$$DCRF = \frac{[(DIC_C - DIC_{RC}) * ROR_{AT}] + (DEPR_C - DEPR_{RC}) + (FIT_C - FIT_{RC}) + (OT_C - OT_{RC}) - \Sigma(DISTREV_{RC-CLASS} * \%GROWTH_{CLASS})}{ALOC_{CLASS} / BD_{C-CLASS}}$$

rounded to nearest \$.000001

Where:

- DIC_C = Current Net Distribution Invested Capital
- DIC_{RC} = Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
- ROR_{AT} = After-Tax Rate of Return as defined in Substantive Rule § 25.243(d)(2).
- $DEPR_C$ = Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.
- $DEPR_{RC}$ = Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.
- FIT_C = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.

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TEXAS-NEW MEXICO POWER COMPANY TARIFF FOR RETAIL DELIVERY SERVICE

6.1 Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: September 1, 2022

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FIT_{RC} = Federal Income Tax, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding.

OT_c = Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

OT_{RC} = Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$DISTREV_{RC-CLASS}$ (Distribution Revenues by rate class based on Net Distribution Invested Capital from the last comprehensive base-rate proceeding) = $(DIC_{RC-CLASS} * ROR_{AT}) + DEPR_{RC-CLASS} + FIT_{RC-CLASS} + OT_{RC-CLASS}$.

$\%GROWTH_{CLASS}$ (Growth in Billing Determinants by Class) = $(BD_{C-CLASS} - BD_{RC-CLASS}) / BC_{RC-CLASS}$.

$DIC_{RC-CLASS}$ = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$ = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$ = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$ = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$ = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes

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**TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR RETAIL DELIVERY SERVICE****6.1. Rate Schedules****Applicable:** Entire Certified Service Area**Page No.:** 137.3**Effective Date:** September 1, 2022**Revision:** 2

as approved by the commission in the electric utility's last comprehensive base-rate case.

The Allocation Factor for each listed rate schedule is as follows:

Class	Class Allocation Factor
Residential	57.3917%
Secondary Service < 5kW	1.0196%
Secondary Service > 5kW	32.1162%
Primary & Wholesale DLS	5.7431%
Transmission	1.4597%
Lighting	2.2697%

$BD_{C-CLASS}$ = Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

$BD_{RC-CLASS}$ = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

MONTHLY RATE

Residential Service	\$0.006487	kWh
Secondary Service (Less Than or Equal to 5KW)	\$0.007868	kWh
Secondary Service (Greater Than 5 KW)	\$1.356983	Billed kW
Primary Service	\$0.587084	Billed kW
Transmission Service*	\$278.87 \$278.87	Per ESI ID Per Meter
Lighting Service	\$0.023292	kWh

*Monthly rate accessed on each ESI ID and each meter that is charged under Rate Schedule 6.1.1.1.5

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

6.1. Rate Schedules

Applicable: Entire Certified Service Area

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Historical DCRF Rates – Transmission Cost Recovery Factor

Effective Date	Docket No.	Residential Service (Per kWh)	Secondary Service < 5kW (Per Billing kW)	Secondary Service >5kW (Per Billing kW)	Primary Service (Per Billing kW)	Transmission Service (Per ESI ID and Meter)	Lighting Service (Per kWh)
-	-						
Sept 1, 2021	51959	\$0 005079	\$0 008404	\$1.043740	\$0.494682	\$233.28	\$0.018425
Sept 1, 2020	50731	\$0 002715	\$0 004388	\$0 513878	\$0 268705	\$125 04	\$0.009411

NOTICE

The DCRF Tariff to implement the interim rates are approved on an interim basis effective for bills rendered on and after September 1, 2022. The interim rates are effective until such time as a final tariff becomes effective pursuant to a subsequent order in Docket No. 53436. The interim rates are subject to refund or surcharge, as provided in 16 Texas Administrative Code (TAC) § 22.125(e).

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TEXAS-NEW MEXICO POWER COMPANY TARIFF FOR TRANSMISSION DELIVERY SERVICE

Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

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3.3 RIDER DCRF –DISTRIBUTION COST RECOVER FACTOR

AVAILABILITY

Each WDSC will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule § 25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

MONTHLY RATE

The WDSC receiving service will be assessed this distribution service charge adjustment based on the monthly per unit cost (WDCRF) multiplied times the WDSC's appropriate monthly billing determinant. The WDCRF shall be calculated for each rate according to the following formula:

$$\text{WDCRF} = \frac{[(\text{DIC}_C - \text{DIC}_{RC}) * \text{ROR}_{AT}] + (\text{DEPR}_C - \text{DEPR}_{RC}) + (\text{FIT}_C - \text{FIT}_{RC}) + (\text{OT}_C - \text{OT}_{RC}) - \Sigma(\text{DISTREV}_{RC-CLASS} * \% \text{GROWTH}_{CLASS})}{\text{BD}_{C-CLASS}} * \text{ALLOC}_{CLASS}$$

rounded to nearest \$.000001

Where:

- DIC_C = Current Net Distribution Invested Capital
- DIC_{RC} = Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
- ROR_{AT} = After-Tax Rate of Return as defined in Substantive Rule § 25.243(d)(2).
- DEPR_C = Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.
- DEPR_{RC} = Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.
- FIT_C = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.
- FIT_{RC} = Federal Income Tax, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding.

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TEXAS-NEW MEXICO POWER COMPANY TARIFF FOR TRANSMISSION DELIVERY SERVICE

Chapter 3: Rate Schedules

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OT_C = Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

OT_{RC} = Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$DISTREV_{RC-CLASS}$ (Distribution Revenues by rate class based on Net Distribution Invested Capital from the last comprehensive base-rate proceeding) = $(DIC_{RC-CLASS} * ROR_{AT}) + DEPR_{RC-CLASS} + FIT_{RC-CLASS} + OT_{RC-CLASS}$.

$\%GROWTH_{CLASS}$ (Growth in Billing Determinants by Class) = $(BD_{C-CLASS} - BD_{RC-CLASS}) / BC_{RC-CLASS}$

$DIC_{RC-CLASS}$ = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$ = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$ = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$ = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$ = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes as approved by the commission in the electric utility's last comprehensive base-rate case.

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TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR TRANSMISSION DELIVERY SERVICE**Chapter 3: Rate Schedules****Applicable:** Entire Certified Service Area**Effective Date:** September 1, 2022**Page No.:** 10**Revision:** 2

The Allocation Factor for each listed rate schedule is as follows:

Class	Class Allocation Factor
Residential	57.3917%
Secondary Service < 5kW	1.0196%
Secondary Service > 5kW	32.1162%
Primary& Wholesale DLS	5.7431%
Transmission	1.4597%
Lighting	2.2697%

$BD_{C-CLASS}$ = Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

$BD_{RC-CLASS}$ = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

MONTHLY RATE

Wholesale Distribution Service Customer \$0.587084 Per Billing kW

NOTICE

The DCRF Tariff to implement the interim rates are approved on an interim basis effective for bills rendered on and after September 1, 2022. The interim rates are effective until such time as a final tariff becomes effective pursuant to a subsequent order in Docket No. 53436. The interim rates are subject to refund or surcharge, as provided in 16 Texas Administrative Code (TAC) § 22.125(e).