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## *Public Utility Commission of Texas*

TO: Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty  
Commissioner Kathleen Jackson

All Parties of Record

FROM: Office of Policy and Docket Management

RE: **PUC Docket No. 53637**  
**SOAH Docket No. 473-22-01001** – *Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief*

DATE: September 26, 2022

The Commission will consider a proposed order in this docket at a future open meeting.

On September 23, 2022, Texas-New Mexico Power Company (TNMP) filed proposed corrections.

The corrections to Mr. Whitehurst's name in findings of fact 2, 19, and 25 are appropriate and the proposed order is modified accordingly. The corrections to findings of fact 2 and conclusion of law 21 are also appropriate and are made as follows:

2. TNMP owns and operates for compensation in Texas facilities and equipment to ~~transmit and distribute~~ ~~transmit, distribute, and sell~~ electricity in the Electric Reliability Council of Texas (ERCOT) region.
21. Cities' 2021 rate-case expenses of ~~\$13,186~~ ~~\$12,186~~ comply with PURA § 33.023 and 16 TAC §§ 25.182(d)(3)(B) and 25.245.

However, the proposed correction to finding of fact 27 is not appropriate.

A utility's EECRF calculation must convert its demand goal at the source to an equivalent goal at the meter by applying line loss factors, as required under 16 TAC § 25.181(e)(3)(B). The

following table reflects TNMP’s application of line loss factors to calculate its 2023 demand-reduction goal:<sup>1</sup>

Year	Peak Demand	Loss Factor	Loss Application Formula	Demand After Loss
2017	1,409 MW	6.48%	1,409 MW * (1 – 6.48%)	1,317 MW
2018	1,388 MW	6.54%	1,388 MW * (1 - 6.54%)	1,297 MW
2019	1,477 MW	6.33%	1,477 MW * (1 - 6.33%)	1,383 MW
2020	1,421 MW	5.28%	1,421 MW * (1 - 5.28%)	1,346 MW
2021	1,528 MW	5.30%	1,528 MW / (1 + 5.30%)	1,451 MW
Weather-Adjusted 5-Year Average Peak Demand After Line Loss				1,359 MW
Calculated Demand Goal				5.44 MW

However, in calculating a 1,451 MW weather-adjusted peak demand after loss for 2021, TNMP used an incorrect loss application formula. The correct application of line loss for 2021, and therefore the correct 5-year average peak demand and calculated demand goal for program year 2023, is as follows:

Year	Peak Demand	Loss Factor	Loss Application Formula	Demand After Loss
2021	1,528 MW	5.30%	1,528 MW * (1 - 5.30%)	1,447 MW
Weather-Adjusted 5-Year Average Peak Demand After Line Loss				1,358 MW
Calculated Demand Goal				5.43 MW

The 5.43 MW calculated demand goal in proposed finding of fact 27 is then compared to TNMP’s demand goal for the previous year and “ratcheted up” in proposed finding of fact 29 to arrive at a demand goal of 5.44 MW for program year 2023. The rest of the order is not affected by this change to the calculated demand goal. However, finding of fact 26 is modified as follows:

26. TNMP’s summer weather-adjusted average peak demand for residential and commercial customers for the previous five years is ~~1,358~~<sup>1,359</sup> megawatts (MW).

Additionally, the proposed correction to finding of fact 72 is not appropriate. TNMP applied a 5.30% line loss to its 2021 demand when calculating its demand-reduction goal. This 5.30% line loss was presumably a weighted average of actual distribution loss factors and actual transmission loss factors that TNMP asserted it downloaded from ERCOT.<sup>2</sup> The Office of Policy and Docket Management memo filed on September 7, 2022 requested native spreadsheet calculations to confirm how this 5.30% line loss was derived.

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<sup>1</sup> TNMP’s Response to Commission Staff’s First Request for Information (Jul. 14, 2022).  
<sup>2</sup> TNMP’s Application, Direct Testimony of Stacy R. Whitehurst (May 27, 2022) at 5–6.