



Control Number: 53637



Item Number: 46

PUC DOCKET NO. 53637  
SOAH DOCKET NO. 473-22-01001

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF      §      PUBLIC UTILITY COMMISSION OF TEXAS

**ORDER**

This Order addresses the application of Texas-New Mexico Power Company (TNMP) to adjust its energy-efficiency cost recovery factor (EECRF). TNMP filed a unanimous agreement between the parties in this proceeding. The Commission approves the adjustment to TNMP's EECRF to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. TNMP is a Texas corporation registered with the Texas secretary of state under filing number 19241500.
2. TNMP owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the Electric Reliability Council of Texas (ERCOT) region.
3. TNMP is required under certificate of convenience and necessity number 30038 to provide service to the public and retail electric utility service within its certificated service area.

**Application**

4. On May 27, 2022, TNMP filed an application to adjust its EECRF, effective March 1, 2023.
5. On June 13, 2022, TNMP filed an amended application to adjust its EECRF, effective March 1, 2023.
6. No party objected to the sufficiency of the application.

7. In its amended application, TNMP sought Commission approval to adjust its EECRF to recover \$7,444,549 during program year 2023, which included the following:
- (a) TNMP's forecasted energy-efficiency costs of \$5,459,822 in program year 2023;
  - (b) projected evaluation, measurement, and verification expenses in the amount of \$52,421 for the evaluation of program year 2022;
  - (c) an adjustment of \$13,134 for TNMP's net under-recovery, plus \$124 in interest, for program year 2021 energy-efficiency costs;
  - (d) a performance bonus of \$1,905,862; and
  - (e) rate-case expenses in the amount of \$13,186 incurred by Cities Served by TNMP (Cities) in TNMP's most recent EECRF proceeding, Docket No. 52153.<sup>1</sup>

**Notice of the Application**

8. On May 27, 2022, TNMP provided notice of the application by email, fax, or United States Postal Service certified mail to the following: all parties of record in TNMP's most recent EECRF proceeding, Docket No. 52153; all parties of record in TNMP's most recently completed base-rate proceeding, Docket No. 48401;<sup>2</sup> all retail electric providers authorized to provide service in TNMP's service area at the time the EECRF application was filed; and the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.
9. On June 3, 2022, after initial notice was returned as undeliverable, TNMP re-mailed notice by United States Postal Service certified mail to alternative addresses for two retail electric providers authorized to provide service in TNMP's service area.
10. On June 3, 2022, TNMP filed the affidavit of Tracey J. Murrell, a paralegal at the law firm Vedder Price, P.C., attesting to the provision of notice of the application.

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<sup>1</sup> *Application of Texas-New Mexico Power Company for Approval to Adjust the Energy Efficiency Cost Recovery Factor*, Docket No. 52153, Order (Oct. 12, 2021).

<sup>2</sup> *Application of Texas-New Mexico Power Company to Change Rates*, Docket No. 48401, Order (Dec. 20, 2018).

11. No party objected to the adequacy of notice of the application.
12. Commission Staff recommended that TNMP's application is sufficient, and no party objected to the sufficiency of the application.

**Intervenors**

13. Commission Staff participated in this docket.
14. In State Office of Administrative Hearings (SOAH) Order No. 1 filed on June 22, 2022, the SOAH administrative law judge (ALJ) granted motions to intervene filed by Cities and Texas Energy Association for Marketers (TEAM).
15. In SOAH Order No. 2 filed on July 19, 2022, the SOAH ALJ granted a motion to intervene filed by the Alliance for Retail Markets (ARM).

**Testimony**

16. As part of the application filed on May 27, 2022, TNMP filed the direct testimonies and exhibits of the following: Stefani M. Case, TNMP's energy-efficiency manager for regulatory policy and case management; Stacy R. Whitehurst, TNMP's vice president of regulatory affairs; and Michael S. Seamster, associate general counsel employed by PNMR Services Company.
17. On August 24, 2022, Commission Staff filed the testimony of Ruth Stark in support of the agreement.
18. On August 24, 2022, TNMP filed the testimony of Mr. Whitehurst.

**Referral to SOAH**

19. On June 6, 2022, the Commission referred this proceeding to SOAH and filed a preliminary order, which included a list of issues to be addressed in this proceeding.
20. In SOAH Order No. 2 filed on July 19, 2022, the SOAH ALJ adopted a procedural schedule.
21. In SOAH Order No. 3 filed on July 26, 2022, the SOAH ALJ granted the motion to abate.
22. On August 24, 2022, TNMP filed a unanimous agreement between the parties.

23. In SOAH Order No. 4 filed on August 25, 2022, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

**Evidentiary Record**

24. In SOAH Order No. 4 filed on August 25, 2022, the SOAH ALJ admitted the following into the evidentiary record:

- (a) TNMP's application and attachments, including the direct testimonies of Ms. Case, Mr. Whitehurst, and Mr. Seamster, filed on May 27, 2022;
- (b) TNMP's amended application filed on June 13, 2022.
- (c) TNMP's affidavit regarding service filed on June 3, 2022;
- (d) TNMP's responses to Cities' first request for information filed on June 29, 2022;
- (e) Commission Staff's response to SOAH Order No. 1 regarding the sufficiency of notice of the application filed on June 30, 2022;
- (f) TNMP's responses to Commission Staff's first request for information filed on July 14, 2022;
- (g) Affidavit of Jamie L. Mauldin with supporting documentation for Cities' rate-case expenses, filed on July 11, 2022;
- (h) TNMP's responses to TEAM's first request for information filed on August 3, 2022;
- (i) The parties' agreement filed on August 24, 2022;
- (j) TNMP's testimony of Mr. Whitehurst filed on August 24, 2022; and
- (k) Commission Staff's testimony of Ms. Stark filed on August 24, 2022.

**Energy-Efficiency Goals**

25. TNMP's summer weather-adjusted average peak demand for residential and commercial customers for the previous five years is 1,358 megawatts (MW).

26. TNMP's calculated demand-reduction goal for program year 2023—four-tenths of 1% of its summer weather-adjusted five-year average peak demand for residential and commercial customers—is 5.43 MW.
27. In TNMP's most recent EECRF proceeding, Docket No. 52153, the Commission approved a demand-reduction goal of 5.44 MW.
28. Because the calculated demand-reduction goal of 5.43 MW is lower than TNMP's program year 2022 demand-reduction goal of 5.44 MW, TNMP will continue to use the demand reduction goal of 5.44 MW.
29. TNMP projects that it will achieve 11.606 MW in demand reductions in program year 2023, which exceeds the minimum of 5.44 MW.
30. The estimated savings to be achieved through TNMP's programs for hard-to-reach customers is 0.9 MW or 17% of the proposed goal of 5.44 MW, which exceeds the minimum of 5%.
31. TNMP forecasts that, because of the mix of energy and demand savings achievable through the programs, it will achieve energy savings of 13,755 megawatt-hours (MWh) in program year 2023, which exceeds the minimum of 9,321 MWh.

**Agreement**

32. Under the agreement, TNMP's EECRF will recover \$7,309,649 during program year 2023. The amount includes the following:
  - (a) TNMP's forecasted energy-efficiency costs of \$5,325,822 in program year 2023, including agreed reductions of \$95,000 to TNMP's forecasted administrative expenses and \$39,000 to TNMP's forecasted research and development expenses;
  - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$52,421 for the evaluation of program year 2022;
  - (c) an adjustment of \$12,243 for TNMP's net under-recovery of program year 2021 energy-efficiency costs, plus \$115 in interest, and including an agreed disallowance of \$900 to TNMP's originally requested 2021 EECRF rate-case expenses;
  - (d) a performance bonus of \$1,905,862; and

- (e) Cities' rate-case expenses in the amount of \$13,186 incurred in TNMP's most recent EECRF proceeding.
33. The agreement provides an effective date of March 1, 2023 for TNMP's program year 2023 EECRF tariff rider.
34. Under the agreement, TNMP's filing of the revised tariff will be made at least 45 days in advance of the tariff's effective date of March 1, 2023. TNMP's filing of the tariff will be within 10 days of the date the Commission issues a final order in this proceeding. TNMP will serve notice of the approved rates and effective date of the approved rates to retail electric providers that are authorized to provide service in TNMP's service area by the working day after TNMP files the revised tariff with the Commission.
35. Under the tariff attached to the parties' agreement as exhibit B, TNMP's EECRF charges per kilowatt-hour (kWh) by rate class are as follows:

<b>Rate Class</b>	<b>EECRF Charge</b>
Residential	\$0.001394
Secondary less than or equal to 5 kilowatts (kW)	\$(0.001459)
Secondary greater than 5 kW	\$0.001216
Primary	\$0.000331
Lighting	\$(0.000003)

36. Under the agreement, TNMP agreed to collaborate with TEAM, ARM, and other interested retail electric providers to develop ways to expand the involvement of retail electric providers in demand response programs. Under the agreement, and consistent with 16 Texas Administrative Code (TAC) § 25.181(r), these collaborative efforts may identify and develop options, which are reasonable and do not impair TNMP's compliance with 16 TAC § 25.181 or 16 TAC § 25.182, including TNMP's ability to provide a portfolio of cost-effective energy-efficiency programs. The collaboration may include potential new programs that effectively encourage the involvement of retail electric providers and ways to ensure that the participation of retail electric providers requires the retail electric provider to disclose only the customer-specific information necessary for TNMP to verify customer eligibility and support program evaluation efforts conducted by the

Commission's evaluation, measurement, and verification contractor. Unless otherwise required by law, rule, or Commission order, any such confidential information will not be shared with third parties or competitive affiliates, if any. Under the agreement, TNMP, along with TEAM, ARM, and other participating retail electric providers, may present the results of these efforts for discussion during the spring energy-efficiency implementation project meeting in 2023.

**Elements of Recovery and Coordination with Base-Rate Recovery**

37. TNMP's EECRF is calculated to credit the preceding year's total under-recovery with the required interest payment as well as to recover TNMP's forecasted annual energy-efficiency expenditures, a performance bonus, Cities' EECRF proceeding expenses from TNMP's immediately preceding EECRF docket, and EM&V costs allocated to TNMP by the Commission.
38. TNMP does not recover any energy-efficiency costs in its base rates.
39. TNMP's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

**EECRF Cost Caps**

40. Before applying the consumer-price-index adjustment, TNMP used a base cost cap of \$0.001364 per kWh for the residential class and \$0.000853 per kWh for the commercial classes. TNMP calculated its EECRF cost caps for the 2023 program year to be \$0.001433 per kWh for the residential class and \$0.000896 per kWh for the commercial classes.
41. For the purpose of the cost caps—after excluding EM&V costs, municipal EECRF proceeding expenses, and interest from over- and under-recoveries—TNMP's rate for the residential class is \$0.0013833 per kWh, and TNMP's group rate for the commercial classes is \$0.000850 per kWh.

**Over- or Under-Recovery**

42. TNMP requests to refund to or collect from each rate class the difference between TNMP's actual EECRF revenues and its actual costs for that class, which results in a net under-recovery.



43. TNMP accurately calculated its under-recovery of 2021 program costs in the amount of \$12,243, plus \$115 in interest.

**Proceeding Expenses**

44. In its application, TNMP included the testimony of Mr. Seamster, associate general counsel for TNMP. In reaching his opinion on the reasonableness and necessity of TNMP's rate-case expenses, Mr. Seamster relied on the factors in 16 TAC § 25.245(b). In his testimony, Mr. Seamster stated that TNMP's rate-case expenses incurred in its 2021 EECRF proceeding, Docket No. 52153, in the amount of \$34,335 were reasonable and necessary.

45. Cities filed the affidavit of attorney Ms. Mauldin stating that Cities' total rate-case expenses incurred in Docket No. 52153 in the amount of \$13,186 were reasonable and necessary.

46. The parties agreed to a disallowance of \$900 from TNMP's originally requested 2021 EECRF rate-case expenses of \$34,335.

47. TNMP's rate-case expenses in the amount of \$33,435 and Cities' rate-case expenses in the amount of \$13,186 as agreed to by the parties are reasonable and necessary.

48. TNMP allocated Cities' rate-case expenses in proportion to the program costs for eligible customers on a rate-class basis.

49. TNMP agreed to reimburse Cities for its rate-case expenses in the amount of \$13,186 within 30 days of the date of this Order.

**Performance Bonus Calculations**

50. In 2021, TNMP's program costs were \$6,311,126, and the total avoided costs were \$25,369,743 on energy-efficiency programs.

51. Under 16 TAC § 25.182(e)(3), TNMP sought the maximum allowable performance bonus, which is 10% of the net benefits of \$19,058,617 achieved through its energy-efficiency incentive program costs, for exceeding its goal for calendar year 2021. The resulting performance bonus from this calculation is \$1,905,862 and is allocated in proportion to the program costs for eligible customers on a rate-class basis.

**Evaluation, Measurement, and Verification Costs**

52. TNMP's share of the estimated total EM&V costs for the evaluation of program year 2023 is \$52,421, and to the maximum extent reasonably possible, it is directly assigned to each rate class that receives services under its programs.

**Administrative and Research and Development Cost Caps**

53. TNMP incurred \$619,140 in necessary administrative costs and \$64,766 in research and development costs for the 2021 energy-efficiency programs to meet TNMP's goals. Those amounts were 11.8% and 1.2%, respectively, of the total program costs for the previous year. Therefore, TNMP's cumulative cost of administration and research and development was 13% of the total program costs.

54. TNMP's cost of administration did not exceed 15% of its total program costs. TNMP's cost of research and development did not exceed 10% of its total program costs. TNMP's cumulative cost of administration and research and development did not exceed 20% of its total program costs for the 2021 program year.

**Cost Effectiveness**

55. TNMP used an avoided cost of capacity of \$80 per kW for 2021. TNMP used Commission Staff's posted avoided cost of energy of \$0.10161 per kWh for 2021.

56. TNMP determined that its 2021 portfolio of energy-efficiency programs produced a benefit-cost ratio of 4.03, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).

57. TNMP's forecasted 2023 energy-efficiency program costs of \$5,325,822 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet TNMP's goals for 2023.

**Cost Recovery**

58. TNMP's net cost recovery of \$7,309,649—which consists of TNMP's projected EM&V expenses; an adjustment for TNMP's net under-recovery and interest, for program year 2021 energy-efficiency costs; TNMP's performance bonus earned in 2021; and TNMP and Cities' rate-case expenses incurred in Docket No. 52153—is a reasonable amount.

**Rate Classes and Direct Assignment of Costs**

59. To the maximum extent reasonably possible, TNMP directly assigned costs to each rate class that receives services under the programs.

**Fostering of Competition Among Energy-Efficiency Service Providers**

60. TNMP has adopted measures, including issuing requests for proposals and accepting online applications and registrations, to foster competition among energy-efficiency service providers.

**Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs**

61. TNMP's energy-efficiency programs include standard offer and market transformation programs.

**Incentive Payments**

62. TNMP's incentive payments do not exceed 100% of the avoided costs for any customer class.

**Affiliate Costs**

63. TNMP did not incur any affiliate costs for energy efficiency in 2021.

**Energy-Efficiency Plan and Report**

64. On March 30, 2022, TNMP filed its 2022 energy-efficiency plan and report in the project annually designated for this purpose as required by 16 TAC §§ 25.181 and 25.183(d).<sup>3</sup>

65. On May 27, 2022 TNMP filed its amended 2022 energy-efficiency plan and report. The application includes the amended energy-efficiency plan and report.

**Low-Income Energy Efficiency**

66. TNMP is implementing a targeted low-income energy-efficiency program through two implementers to provide marketing and education to local government organizations and not-for-profit agencies. Frontier Energy contracts with the Texas Department of Housing and Community Affairs sub-recipients and other not-for-profit community action and government agencies to provide weatherization services to residential electric distribution customers of TNMP who have household incomes at or below 200% of current federal

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<sup>3</sup> 2022 Energy Efficiency Plan and Reports Under 16 TAC § 23.181, Project No. 52949.

poverty level guidelines. Additionally, EnerChoice LLC reaches the multifamily market through a competitive bidding process.

67. TNMP's total budgeted incentive amount for its low-income programs in program year 2023 is \$651,887, which exceeds 10% of the total portfolio budget amount (excluding EM&V).

**Outreach to Retail Electric Providers**

68. TNMP serves in an area in which customer choice is offered.
69. In 2016, 2017, and 2018, TNMP implemented a retail electric provider market transformation program that was a partnership between retail electric providers and TNMP to offer energy-saving products and service to end-use customers, but the program was not cost-effective because of a lack of retail electric provider assistance for the program. TNMP discontinued the program and did not offer it in 2021.

**Industrial Customer Exclusions**

70. TNMP's industrial customers taking service at distribution voltage who elected to exclude themselves from TNMP's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 33 MW from the calculations of the demand-reduction goal for program year 2023.

**Line Losses**

71. TNMP's calculated line-loss factor of 5.99% is a five-year average of the following annual loss factors. Each annual loss factor is an average of deemed actual transmission and distribution loss factors for that year.

<b>Calendar Year</b>	<b>Averaged Transmission and Distribution Loss Factor</b>
2017	6.48%
2018	6.54%
2019	6.33%
2020	5.28%
2021	5.30%

72. TNMP's line-loss factors used in calculating its 2023 EECRF charges are reasonable.

**Billing Determinants**

73. The estimate of billing determinants in calculating TNMP's 2023 EECRF and the calculation of the 2023 EECRF tariff rider rates are reasonable.

**Good Cause Exceptions**

74. TNMP did not seek a good-cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2). TNMP also did not seek a good-cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

**Informal Disposition**

- 75. More than 15 days have passed since the completion of notice provided in this docket.
- 76. Commission Staff, TNMP, ARM, TEAM, and Cities are the only parties to this proceeding.
- 77. All the parties to the proceeding signed the agreement.
- 78. No hearing is needed.
- 79. This decision is not adverse to any party

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

- 1. TNMP is a public utility as that term is defined in PURA<sup>4</sup> § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
- 2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
- 3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility is required to file for an EECRF.
- 4. TNMP complied with the requirement under 16 TAC § 25.182(d)(8) to apply by June 1 to adjust its EECRF, effective March 1 of the following year.

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<sup>4</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>5</sup> and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. TNMP provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. TNMP's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set, and notice of the hearing was given, in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. TNMP calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).
11. TNMP has acquired a reduction of four-tenths of 1% of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3)(B).
12. TNMP's portfolio of energy-efficiency programs achieves more than 5% of its savings through programs for hard-to-reach customers as required by 16 TAC § 25.181(e)(3)(F).
13. TNMP calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).
14. TNMP's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
15. TNMP's EECRF uses only energy charges for recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).

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<sup>5</sup> Tex. Gov't Code §§ 2001.001–.903.

16. TNMP's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
17. TNMP's request for \$12,243 for under-recovery from customers for TNMP's total under-recovery, and interest, for its program year 2021 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
18. EECRF proceeding expenses are rate-case expenses.
19. The requirements of 16 TAC §§ 25.182(d)(3) and 25.245 apply to the recovery of a utility's EECRF proceeding expenses.
20. TNMP's 2021 rate-case expenses of \$33,435 comply with 16 TAC § 25.182(d)(3)(A) and 16 TAC § 25.245.
21. Cities' 2021 rate-case expenses of \$13,186 comply with PURA § 33.023 and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. Under PURA § 33.023(b), TNMP is required to reimburse Cities for its reasonable rate-case expenses approved in this proceeding.
23. TNMP qualified for and accurately calculated its energy-efficiency performance bonus of \$1,905,862 for its energy-efficiency achievements in program year 2021 in compliance with the requirements of PURA § 39.905 and 16 TAC § 25.182(e).
24. The amounts and allocation of TNMP's administrative and research and development costs comply with 16 TAC § 25.181(g).
25. TNMP's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
26. TNMP's 2023 energy-efficiency program costs of \$5,325,822 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2023 in compliance with PURA § 39.905 and 16 TAC § 25.182(d)(1).
27. TNMP's net cost recovery of \$7,309,649—which consists of the projected EM&V expenses allocated to TNMP; an adjustment for the net under-recovery of program year 2021 energy-efficiency costs with interest; TNMP's performance bonus earned

- in 2021; and TNMP's and Cities' rate-case expenses incurred in Docket No. 52153—complies with PURA § 39.905 and 16 TAC § 25.182(d).
28. The assignments and allocations of TNMP's proposed 2023 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
  29. TNMP has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
  30. TNMP's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
  31. TNMP's incentive payments, which do not exceed 100% of the avoided costs, comply with 16 TAC § 25.181(f).
  32. The annual expenditures for TNMP's targeted low-income energy-efficiency program exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with 16 TAC § 25.181(p).
  33. TNMP's outreach and information programs meet the requirement of PURA § 39.905(a)(4) and 16 TAC § 25.181(r) to encourage and facilitate the involvement of retail electric providers in delivering efficiency and demand-response programs.
  34. TNMP's load associated with industrial customers who provided qualifying identification notice was not excluded from TNMP's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u). Because TNMP's 2023 calculated demand-reduction goal is not higher than last year's demand-reduction goal, TNMP's demand-reduction goal under 16 TAC § 25.181(e)(3)(B) is not affected.
  35. TNMP's proposed 2023 EECRF rates are just and reasonable under PURA § 36.003(a).
  36. In accordance with PURA § 36.003(b), TNMP's proposed 2023 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
  37. In accordance with 16 TAC § 25.182(d)(9)(B), TNMP is required to serve notice of the approved rates and the effective date of the approved rates on the retail electric providers



that are authorized to provide service in its service area by the working day after TNMP files its approved EECRF tariff with central records. The notice may be served by email.

38. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.

### III. Ordering Paragraphs

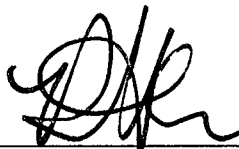
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the adjustment to TNMP's EECRF to the extent provided in this Order.
2. The Commission approves TNMP's 2023 EECRF in the amount of \$7,309,649, which is composed of the following:
  - (a) TNMP's forecasted energy-efficiency costs of \$5,325,822 in program year 2023;
  - (b) projected EM&V expenses in the amount of \$52,421 for the evaluation of program year 2022;
  - (c) an adjustment of \$12,243 for TNMP's net under-recovery of program year 2021 energy-efficiency costs, plus \$115 in interest, and including an agreed disallowance of \$900 to TNMP's originally requested 2021 EECRF rate-case expenses;
  - (d) a performance bonus of \$1,905,862; and
  - (e) Cities' rate-case expenses in the amount of \$13,186 incurred in TNMP's most recent EECRF proceeding.
3. The Commission approves TNMP's EECRF tariff-rider schedule attached to the parties' agreement filed on August 24, 2022 as exhibit B.
4. The Commission authorizes TNMP to apply the EECRF tariff rider approved in this Order beginning on and after March 1, 2023.
5. Within 10 days of the date of this Order, TNMP must provide the Commission with a clean copy of the EECRF tariff approved in this Order to be stamped *Approved* and retained by Central Records.

6. TNMP must serve notice of the approved rates and the effective date of the approved rates on retail electric providers that are authorized to provide service in its service area by the working day after TNMP files its approved EECRF tariff with the Commission. The notice may be served by email.
7. Within 30 days of the date of this Order, TNMP must reimburse Cities \$13,186 for their 2021 EECRF rate-case expenses.
8. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
9. 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 6th day of October 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



PETER M. LAKE, CHAIRMAN



WILL MCADAMS, COMMISSIONER



LORI COBOS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER



KATHLEEN JACKSON, COMMISSIONER