



## **Filing Receipt**

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**Control Number - 56155**

**Item Number - 9**

**DOCKET NO. 56155**

<b>APPLICATION OF TEXAS-NEW</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>MEXICO POWER COMPANY FOR</b>	<b>§</b>	
<b>INTERIM UPDATE OF WHOLESALE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>TRANSMISSION RATES</b>	<b>§</b>	

**JOINT MOTION TO ADMIT EVIDENCE AND**  
**PROPOSED NOTICE OF APPROVAL**

COMES NOW, Texas-New Mexico Power Company (TNMP), together with the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, (collectively, the Parties), and files this Joint Motion to Admit Evidence and Proposed Notice of Approval, including findings of fact, conclusions of law, and ordering paragraphs, in Compliance with Order No. 3 in this proceeding. Staff has reviewed and agreed to the Proposed Notice of Approval, which is attached hereto as Exhibit A. Additionally, TNMP and Staff have attached as Exhibit B a Joint Proposed Order Admitting Evidence as requested herein.

**I. JOINT MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following into the record evidence of this proceeding:

- A. TNMP's Application, filed on January 25, 2024, for Interim Update of Wholesale Transmission Rates, including the direct testimony of TNMP witnesses Brian Buffington and Keith Nix; and all attachments thereto (AIS Item No. 2);
- B. TNMP's proof of notice filed on January 30, 2024 (AIS Item No. 4);
- C. Staff's Recommendation on Material Sufficiency filed on February 15, 2024 (AIS Item No. 5);
- D. TNMP's confidential supplement to WP/Schedule E-2.1.2 filed on February 28, 2024 (AIS Item No. 6);
- E. Staff's Recommendation on Final Disposition filed on February 29, 2024 (AIS Item No. 7);
- F. TNMP's supplement to WP/Schedule E-2.1.2 filed on February 29, 2024 (AIS Item No. 8); and

The Joint Proposed Order Admitting Evidence (Exhibit A) would approve entry of the foregoing evidence.

## **II. JOINT PROPOSED NOTICE OF APPROVAL**

The attached Joint Proposed Notice of Approval (Exhibit B) would grant TNMP's application for administrative approval of its interim update of wholesale transmission rates pursuant to the requirements of 16 Texas Administrative Code (TAC) § 25.192(h)(1), which provides that each transmission service provider (TSP) in the Electric Reliability Council of Texas (ERCOT) region "may apply to update its transmission rates, on an interim basis not more than twice per calendar year to reflect changes in its invested capital." The rule further provides that "[a]n update of transmission rates under paragraph (1) of this subsection shall be subject to reconciliation at the next complete review of the TSP's transmission cost of service, at which time the commission shall review the costs of the interim transmission plant additions to determine if they were reasonable and necessary."

This docket was processed in accordance with applicable statutes and Commission rules. Notice of the Application was provided to interested parties. No protests and no requests for hearing were filed. Therefore, TNMP and Commission Staff are the only parties to this proceeding.

## **III. CONCLUSION**

The Parties respectfully request that the Commission grant the Motion to Admit Evidence by executing the Joint Proposed Order Admitting Evidence (Exhibit A) and adopt the attached Joint Proposed Notice of Approval (Exhibit B).

Respectfully submitted,

**TEXAS-NEW MEXICO POWER COMPANY**

/s/ *Scott Seamster*

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**CERTIFICATE OF SERVICE**

I certify that a true and correct copy of the foregoing has been served on all parties to this proceeding by first class U.S. Postal Service or facsimile transmission on \_\_\_\_\_, 2024.

*/s/ Scott Seamster*  
Counsel

**EXHIBIT A**  
**JOINT PROPOSED ORDER ADMITTING EVIDENCE**

DOCKET NO. 56155

APPLICATION OF TEXAS-NEW	§	PUBLIC UTILITY COMMISSION
MEXICO POWER COMPANY FOR	§	
INTERIM UPDATE OF WHOLESALE	§	OF TEXAS
TRANSMISSION RATES	§	

**JOINT PROPOSED ORDER ADMITTING EVIDENCE**

This Order addresses the admission of evidence related to the application of Texas-New Mexico Power Company (TNMP) for Interim Update of Wholesale Transmission Rates pursuant to 16 Texas Administrative Code § 25.192(h)(1). TNMP and the Staff of the Public Utility Commission of Texas (Staff) file this Joint Proposed Order Admitting Evidence in this docket.

The items listed below are admitted into evidence in the record of this proceeding:

1. TNMP's Application, filed on January 25, 2024, for Interim Update of Wholesale Transmission Rates, including the direct testimony of TNMP witnesses Brian Buffington and Keith Nix; and all attachments thereto;
2. TNMP's proof of notice filed on January 30, 2024;
3. Staff's Recommendation on Material Deficiency filed on February 15, 2024;
4. TNMP's confidential supplement to WP/Schedule E-2.1.2 filed on February 28, 2024;
5. Staff's Recommendation on Final Disposition filed on February 29, 2024;
6. TNMP's supplement to WP/Schedule E-2.1.2 filed on February 29, 2024; and
7. TNMP and Staff's Joint Motion to Admit Evidence and Proposed Notice of Approval, filed on \_\_\_\_\_, 2024.

**SIGNED AT AUSTIN, TEXAS, on the \_\_\_\_ day of \_\_\_\_\_ 2024.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**SUSAN E. GOODSON**  
**ADMINISTRATIVE LAW JUDGE**

**EXHIBIT B**  
**JOINT PROPOSED NOTICE OF APPROVAL**

**DOCKET NO. 56155**

<b>APPLICATION OF TEXAS-NEW</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>MEXICO POWER COMPANY FOR</b>	<b>§</b>	
<b>INTERIM UPDATE OF WHOLESALE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>TRANSMISSION RATES</b>	<b>§</b>	

**PROPOSED 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 approves the application, to the extent provided in this Notice of Approval.

**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 file number 0019241500.
2. TNMP owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity within the Electric Reliability Council of Texas (ERCOT) region under certificate of convenience and necessity number 30038.

**Application**

3. On January 25, 2024, TNMP filed the application at issue in this proceeding in which it seeks an interim update of its wholesale transmission rate.
4. On February 29, 2024, TNMP filed a supplement to WP/Schedule E-2.1.2.
5. TNMP requested an increase in total rate base of \$97,373,791, with a total revenue requirement increase of \$13,108,677 above the incremental amounts approved in Docket No. 55270<sup>1</sup>, TNMP's most recent interim update to its transmission cost of service (TCOS).

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<sup>1</sup> *Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates*, Docket No. 55270, Notice of Approval (September 6, 2023).



6. TNMP requested an interim wholesale transmission rate of \$1.910960 per kW.
7. No party filed a motion to find the application materially deficient.
8. In Order No. \_ filed on \_\_\_\_, 2024, the administrative law judge (ALJ) found the application sufficient.

#### **Notice**

9. On January 30, 2024, TNMP filed an affidavit from Cathie Piontek, paralegal at Texas-New Mexico Power Company, attesting to the provision of written notice to all distribution service providers listed in the matrix utilized by the Commission in Docket No. 54507,<sup>2</sup> which established the wholesale transmission charges for the calendar year 2023, and to all parties in TNMP's last interim TCOS update Docket No. 55270.
10. In Order No. \_ filed on \_\_\_\_, 2024, the ALJ found the notice sufficient.

#### **Evidence**

11. On \_\_\_\_, 2024, TNMP and Commission Staff filed a joint motion to admit evidence.
12. In Order No. \_, filed on \_\_\_\_, 2024, the ALJ admitted the following evidence in the record: (a) TNMP's application and all attachments filed on January 25, 2024; (b) TNMP's affidavit attesting to the provision of notice filed on January 30, 2024; (c) Commission Staff's Recommendation on Material Sufficiency filed on February 15, 2024; (d) TNMP's confidential supplement to WP/Schedule E-2.1.2 filed on February 28, 2024; (e) Commission Staff's Recommendation on Final Disposition filed on February 29, 2024; and (f) TNMP's supplement to WP/Schedule E-2.1.2 filed on February 29, 2024.

#### **Eligibility for Interim Update**

13. TNMP's last interim increase to transmission rates was approved September 6, 2023, in Docket No. 55270, which was TNMP's second requested interim increase in 2023.
14. This application is TNMP's first requested interim increase in 2024.

#### **Interim Transmission Rate**

15. TNMP's application compares the actual December 31, 2023, transmission net plant balances against the incremental amounts approved in Docket No. 55270. The difference provides the increase in the rate base for TNMP in the application.

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<sup>2</sup> *Commission Staff's Application to Set 2023 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 54507 (May 11, 2023).

16. The interim transmission rates in this filing reflect an increase in total rate base of \$97,373,791, for a total rate base of \$1,073,315,155, with a revenue requirement increase of \$13,108,677, for an interim TCOS revenue requirement of \$159,673,767.
17. TNMP's requested interim transmission rate of \$1.910960 per kW was calculated by dividing the updated revenue requirement of \$159,673,767 by the 2023 ERCOT 4CP average load of 76,713,857.9 kW.
18. However, Staff determined that the appropriate 2023 4CP average load should be adjusted to reflect the Lubbock Power and Light's (LP&L) total load, including the load recently transferred into the ERCOT region.<sup>3</sup> Thus, the correct 2023 4CP value is 83,685,241.4 kW results in an interim transmission rate of \$1.908028 per kW.
19. The appropriate adjustment in the wholesale transmission rates to \$1.908028 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 \$159,673,767.
21. TNMP's request uses a rate of return for transmission cost of service investment of 7.89% approved in Docket No. 48401.<sup>4</sup>
22. The interim revenue requirement reflects operations and maintenance of \$7,064,252; depreciation and amortization of \$47,752,115; taxes other than income taxes of \$12,268,420, federal income taxes of \$7,890,820; a return on rate base of \$84,684,566; other expense of \$280,227 and other revenues of (\$266,633).

#### **ERCOT Export Rate**

23. TNMP's ERCOT export rate is as follows:

Hourly Rate	\$0.000218 per kW
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#### **Informal Disposition**

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<sup>3</sup> *Application of Texas-New Mexico Power Company For Interim Update of Wholesale Transmission Rates*, Docket No. 56155; Commission Staff's Recommendation on Final Disposition (Feb. 29, 2024).

<sup>4</sup> *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401, Final Order (Dec. 20, 2018).

24. More than 15 days have passed since the completion of notice provided in this docket.
25. No person filed a protest or motion to intervene.
26. Commission Staff and TNMP are the only parties to this proceeding.
27. No party requested a hearing, and no hearing is necessary.
28. Commission Staff recommended that the Commission approve the application, subject to a 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 PURA<sup>5</sup> §§ 32.001 and 35.004.
2. TNMP is an electric utility as defined in PURA §§ 11.004 and 31.002(6).
3. TNMP is a transmission service provider as defined in 16 TAC § 25.5(141), that provides transmission service as defined in PURA § 31.002(20).
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

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<sup>5</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016

PURA § 36.051.

13. The Commission processed the application in accordance with PURA, the Administrative
14. Procedure Act<sup>6</sup>, and Commission rules. 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 \$159,673,767, effective the date of this Notice of Approval.
2. 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 rate.
3. 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).
4. 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.
5. The Commission adjusts TNMP's wholesale transmission rate on an interim basis to \$1.908028 per kW, effective the date of this Notice of Approval.
6. Within ten days of the date of this Notice of Approval, TNMP must file a clean record copy of its revised wholesale transmission service tariff, with the appropriate effective date, for 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, on the \_\_ day of \_\_\_\_\_ 2024.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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<sup>6</sup> 5 Tex. Gov't Code § 2001.001-.903.

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**SUSAN E. GOODSON**  
**ADMINISTRATIVE LAW JUDGE**