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DOCKET NO. 58140

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

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST THE ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

COMES NOW Texas-New Mexico Power Company ("TNMP") and files this Application for Approval to Adjust the Energy Efficiency Cost Recovery Factor ("Application").

I. AUTHORIZED REPRESENTATIVES

The telephone number and address of TNMP's authorized business representative is as follows:

Stacy Whitehurst
Vice President of Regulatory Affairs
Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, Texas 75067
Tel: 214-222-4142
Fax: 214-222-4156
Stacy.Whitehurst@tnmp.com

Stefani Case
Energy Efficiency Manager
Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, Texas 75067
Tel: 214-222-4174
Fax: 214-222-4156
Stefani.Case@tnmp.com

The telephone numbers and addresses of TNMP's authorized legal representatives are:

Scott Seamster
Associate General Counsel
Texas-New Mexico Power Company
577 N. Garden Ridge Blvd.
Lewisville, Texas 75067
Tel: 214-222-4143
Fax: 214-222-4156
scott.seamster@txnmenergy.com

Stephanie C. Sparks
VEDDER PRICE
300 Crescent Court
Suite 400
Dallas, Texas 75201
Tel: 469-895-4830
Fax: 469-895-4802
ssparks@vedderprice.com

TNMP requests that all information and documents in this filing be served on each of the persons above at their respective addresses or fax numbers.

II. JURISDICTION

The Commission has jurisdiction over the Application pursuant to Public Utility Regulatory Act (PURA) § 39.905 and 16 Tex. Admin. Code § 25.182 (TAC).

III. AFFECTED PERSONS AND TERRITORIES

The Application affects all retail electric providers (REPs) serving end-use retail electric customers in TNMP's certificated service territory and will affect the retail electric customers of those REPs to the extent that the REPs pass along to their customers the charges under Rider EECRF.

IV. BACKGROUND

In Docket No. 56657, the Commission approved TNMP's 2025 EECRF in the amount of $6,951,165. PURA § 39.905 and 16 TAC § 25.182(d)(8) require a utility in an area in which customer choice is offered to apply, not later than June 1st of each year, to adjust its EECRF to reflect changes in costs and performance bonus and to minimize any over- or under-collection in the prior program year. The EECRF adjustment shall be effective March 1st of the following year. Therefore, TNMP is requesting, in the current docket, approval of its 2026 EECRF in the amount of $8,136,795 including reasonable proceeding expenses of $50,693 from its EECRF proceeding in Docket No. 56657, and a 5.87 MW energy efficiency goal. TNMP's request regarding the 2026 EECRF is based on the following components:

Amount	**Description**
$6,656,727	Energy efficiency expenses forecasted for the 2026 program year
$2,518,347	Energy Efficiency Performance Bonus under 16 TAC § 25.182(e)
$57,178	EM&V expenses for 2026
$(992,009)	Refund of Over Collection in 2024
$(103,449)	Interest on Over Collection
$8,136,795	**Total Request**

Once approved, TNMP's 2026 EECRF will go into effect on March 1, 2026, coinciding

with TNMP's first billing cycle of the March 2026 billing month.

V. REQUEST FOR APPROVAL TO ADJUST THE ENERGY EFFICIENCY COST RECOVERY FACTOR

Pursuant to PURA § 39.905(b)(1)-(2) and 16 TAC § 25.182(d), TNMP requests approval of the updates to Rider EECRF to recover in 2026, $6,656,727 in projected energy efficiency program costs related to its 2026 program year, a $2,518,347 Energy Efficiency Performance Bonus under 16 TAC § 25.182(e) based on TNMP's energy efficiency achievements in 2024, and a refund of $992,009 for the over-collection of 2024 energy efficiency costs, interest on the refund amount of $103,449 for the over-collection, as well as approval of TNMP's reasonable proceeding expenses from its EECRF proceeding in Docket No. 56657, in the amount of $50,693 (accounted for in the 2024 over-collection). In order to comply with the time limits as stated in 16 TAC § 25.182(d)(10)(E), (J), and (M), TNMP proposes the following procedural schedule for timely processing of this application:

Filing Date:	Friday, May 30, 2025
Notice Served	Friday, May 30, 2025
File Affidavit of Notice	Friday, June 13, 2025
Deadline to Intervene and Request for Hearing; End of RFIs to Company	Monday, June 30, 2025
If No Hearing Requested:	
Staff Recommendation	Thursday, July 3, 2025
Open Meeting Agenda	Thursday, July 31, 2025
Deadline for Commission to issue a Final Order (90 days)	Thursday, August 28, 2025
If Hearing Requested:	
Discovery ends on TNMP Direct Testimony	Tuesday, July 1, 2025
Objections to TNMP's Direct Testimony	Tuesday, July 1, 2025
Replies to Objections to TNMP's Direct Testimony	Monday, July 7, 2025
Intervenor Direct Testimony	Monday, July 7, 2025
Objections to Intervenor Direct Testimony	Monday, July 14, 2025
Staff Direct Testimony	Monday, July 14, 2025
Replies to Objections on Intervenor Direct	Monday, July 21, 2025
Discovery Ends on Intervenor Direct Testimony	Monday, July 21, 2025
Objections to Staff Direct Testimony	Monday, July 21, 2025
TNMP Rebuttal and Staff/Intervenor Cross Rebuttal	Monday, July 21, 2025
Discovery Ends on Rebuttal and Cross-Rebuttal	Friday, July 25, 2025
Replies to Objections to Staff Direct Testimony	Monday, July 28, 2025
Hearing on the Merits	Tuesday, July 29, 2025
Deadline for Commission to issue a Final Order (180 days)	Wednesday, November 26, 2025

VI. DESCRIPTION OF FILING PACKAGE

In support of this Application, TNMP has included the direct testimony, exhibits, and (where applicable) workpapers of Ms. Case, Mr. Whitehurst, and Mr. Seamster. Ms. Case provides background on the Commission's energy efficiency requirements and rules applicable to investor-owned utilities, describes TNMP's energy efficiency programs, and the estimated costs to TNMP for those programs in 2026 to be recovered through Rider EECRF. Mr. Whitehurst's testimony discusses statutory changes to the energy efficiency rules, details the calculation of TNMP's 2026 energy efficiency goal of 5.87 MW and its 2024 performance bonus, outlines the methods for TNMP to recover costs and supports TNMP's proposed Rider EECRF to recover costs from the different customer classes. Mr. Whitehurst's testimony also discusses case expenses and the proposed mechanisms for TNMP's recovery of case expenses. Finally, Mr. Seamster's testimony provides a discussion of the legal case expenses incurred in the prosecution of Docket No. 56657 in 2024.

VII. NOTICE

TNMP will provide notice pursuant to 16 TAC § 25.182(d)(13) by serving a Notice of Rate Change Request, Attachment A, via facsimile transmission, regular mail, and/or electronic mail on each of the parties participating in TNMP's most recent EECRF, Docket No. 56657, all REPs authorized to provide service in TNMP's service area at the time the EECRF application is filed, all parties in TNMP's most recently completed base-rate case, Docket No. 48401, and on Texas Dept. of Housing & Community Affairs. TNMP will file an affidavit attesting to the completion of the above notice within 14-days after the Application is filed.

TNMP requests approval of the above notice as sufficient and in accordance with 16 TAC § 22.55.

VIII. PROTECTIVE ORDER

TNMP anticipates that, in the course of this proceeding, it may be asked to furnish confidential information, the disclosure of which to third parties would place TNMP at a severe competitive disadvantage or cause it to violate contractual confidentiality obligations. Therefore, TNMP requests that the Commission approve its standard protective order, attached hereto and marked as Attachment B, to facilitate discovery in this case.

IX. PRAYER

THEREFORE, PREMISES CONSIDERED, TNMP requests the Commission (a) approve the form of notice provided here as Attachment A and issue a protective order in the form of the proposed protective order provided here as Attachment B, (b) grant this Application, (c) approve Rider EECRF with an effective date of March 1, 2026, (d) approve recovery of all reasonable proceeding expenses related to Docket No. 56657, and (e) grant TNMP any and all such other relief to which it has been requested and to which it may be entitled.

Respectfully submitted,

/s/Stephanie C. Sparks

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Associate General Counsel
PNMR SERVICES COMPANY ON BEHALF OF TEXAS-NEW MEXICO POWER COMPANY
577 N. Garden Ridge Blvd.
Lewisville, Texas 75067
Tel: 214-222-4143
Fax: 214-222-4156
scott.seamster@txnmenergy.com

ATTORNEYS FOR TEXAS-NEW MEXICO POWER COMPANY

NOTICE OF RATE CHANGE REQUEST

On May 30, 2025, Texas-New Mexico Power Company ("TNMP") filed its Application for Approval to Adjust the Energy Efficiency Cost Recovery Factor and Related Relief ("EECRF") pursuant to 16 Tex. Admin. Code § 25.182 (TAC). PURA § 39.905 and 16 TAC § 25.182(d)(8) require a utility in an area in which customer choice is offered to apply, not later than June 1st of each year, to adjust its EECRF to reflect changes in costs and performance bonus and to minimize any over- or under-collection in the prior program year.

Therefore, TNMP is requesting in the current docket, approval of its 2026 EECRF in the amount of $8,136,795. TNMP's request regarding the 2026 EECRF is based on the following components: $6,656,727 in energy efficiency expenses forecast for the 2026 program year; inclusion of a $2,518,347 Energy Efficiency Performance Bonus under 16 TAC § 25.182(e), based on TNMP's energy efficiency achievements in 2024; $57,178 in EM&V expenses for 2026; $50,693 in TNMP's EECRF rate proceeding expenses from Docket No. 56657; and, $1,095,457 refund for the over-collection and interest of 2024 energy efficiency costs.

This filing will affect all TNMP retail customers receiving service at a metered point of delivery under 69 kV, except those industrial customers that have opted out of the energy efficiency programs in accordance with § 25.181(u). Upon approval of TNMP's EECRF application, the following rates per kWh, per customer class, will become effective on March 1, 2026.

Customer Class	**$/ kWh**
Residential Service	$0.001643
Secondary Service < 5kW	$0.001897
Secondary Service > 5kW	$0.001562
Primary Service	$(0.000409)
Lighting	$0.000003

A complete copy of this application is available for inspection at the Dallas office of TNMP's counsel, Vedder Price, or by viewing and/or downloading online at the Public Utility Commission's Interchange, under Docket No. 58140.

https://interchange.puc.texas.gov/Search/Filings?UtilityType=A

Persons who wish to intervene in, or comment upon, these proceedings should notify the Public Utility Commission of Texas as soon as possible as TNMP has requested an intervention deadline of 31-days after the filing of the application. If TNMP's request is granted, the intervention deadline will be June 30, 2025. A request to intervene or request for further information should be made to the Public Utility of Texas, P.O. Box 13326, Austin, Texas 78711-3326 and reference Docket No. 58140. Further information may also be obtained by calling the Public Utility Commission of Texas at (512) 936-7120 or (888) 782-8477. Hearing-and-speech impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

TEXAS-NEW MEXICO POWER COMPANY

DOCKET NO. 58140

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

(PROPOSED) PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential ("Protected Materials") or highly confidential ("Highly Sensitive Protected Materials"), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas ("Commission") or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials**. Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 58140" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.

2. **Materials Excluded from Protected Materials Designation**. Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.[1] Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public

[1] TEX. GOV'T CODE ANN. §§ 552.001-552.353 (West 2004).

knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party**. For the purposes of this Protective Order, a "Reviewing Party" is any party to this docket.

4. **Procedures for Designation of Protected Materials**. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.

5. **Persons Permitted Access to Protected Materials**. Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its "Reviewing Representatives" who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.

6. **Highly Sensitive Protected Material Described**. The term "Highly Sensitive Protected Materials" is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the

Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;[2] (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; or (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 58140" (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material**. Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive

[2] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (West 2007 & Supp. 2011) (PURA).

Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material**. With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material**. A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to

Commission Staff, OPC, and the OAG when the OAG is a representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict**. The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.

11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG**. When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC, and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants**. The Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.

13. **Restriction on Copying by Commission Staff, OPC and the OAG**. Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.

14. **Public Information Requests**. In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification**. Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

> I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 58140. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such

material, agree in writing to the following certification found in Attachment A to this Protective Order:

> I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding**. Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials**. Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this

Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials**. 16 Tex. Admin. Code § 22.144(h) (TAC) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined**. The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.

20. **Procedures for Making Copies of Voluminous Protected Materials**. Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.

21. **Protected Materials to be Used Solely for the Purposes of These Proceedings**. All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without

limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.

22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials**. Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials**. If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information

within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials**. In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality, nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation**. Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of this docketed proceeding at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party may, at any time, be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation**. In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation**. If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.

28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders**. Any party electing to challenge, in the courts of this state, a Commission or

presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable**. Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.

30. **Protection of Materials from Unauthorized Disclosure**. All notices, applications, responses, or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.

31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials**. Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced

by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, and then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law**. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,[3] the Texas Securities Act[4] and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

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[3] TEX. GOV'T CODE ANN. § 551.001-551.146 (Vernon 2004 & Supp. 2006).

[4] TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-43 (Vernon 1964 & Supp. 2005).

33. **Procedures for Release of Information under Order**. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined**. The term "best efforts" as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates

to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined**. "Notify" for purposes of Paragraphs 32, 33, and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.

36. **Requests for Non-Disclosure**. If the producing party asserts that the requested information should not be disclosed at all or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation**. If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to

Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.

38. **Modification of Protective Order**. Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.

39. **Breach of Protective Order**. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 58140. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order provided. However, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature	Party Represented
Printed Name	Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature	Party Represented
Printed Name	Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

P.U.C. DOCKET NO. 58140

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST THE ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF
STEFANI M. CASE

ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY

MAY 30, 2025

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is Stefani M. Case. I serve as the Energy Efficiency Manager for Regulatory Policy and Case Management at Texas-New Mexico Power Company. My business address is 577 N. Garden Ridge Blvd., Lewisville, TX 75067.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Texas-New Mexico Power Company (TNMP or Company).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. Exhibit SMC-1 describes my background and experience, including proceedings for which I have provided testimony.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE ENERGY EFFICIENCY MANAGER FOR TNMP.

A. As the Energy Efficiency Manager for TNMP's energy efficiency programs, I direct and coordinate the day-to-day energy efficiency activities for TNMP, which include program management, administration, and compliance filings. I report directly to the Vice President of Regulatory Affairs.

Q. HAVE YOU PREPARED ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits SMC-1 through SMC-8, which are attached to my testimony. Each of these exhibits was prepared by me. The information contained in these exhibits is true and correct to the best of my knowledge and belief.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe: 1) TNMP's energy efficiency history; 2) TNMP's 2024 energy efficiency performance; 3) TNMP's requested recovery amount to implement its 2026 Energy Efficiency Plan; and 4) changes for the 2025 energy efficiency programs.

Q. PLEASE SUMMARIZE TNMP'S REQUEST WITH REGARD TO ENERGY EFFICIENCY EXPENSE LEVELS AND COST RECOVERY.

A. TNMP is requesting to recover $8,136,795, through the Energy Efficiency Cost Recovery Factor (EECRF) for the 2026 portfolio. This amount includes several components as set forth in my testimony below, as well as the forecasted incentive, administration, and Research and Development (R&D) expenses shown in TNMP witness Stacy R. Whitehurst's Exhibit SRW-3, lines 12-14.

III. TNMP'S ENERGY EFFICIENCY COST RECOVERY HISTORY

Q. PLEASE SUMMARIZE TNMP'S ENERGY EFFICIENCY HISTORY PRIOR TO TNMP'S RATE CASE, DOCKET NO. 36025.

A. Prior to TNMP's 2008 rate case Docket No. 36025,[1] funds spent for energy efficiency were collected through base rates. At the conclusion of Docket No. 36025, TNMP entered into a unanimous stipulated Settlement Agreement that specifically addressed the recovery of TNMP's energy efficiency costs.

Q. PLEASE EXPLAIN.

A. Article II, Section G of the Settlement Agreement specifically states the following:

> TNMP will not collect energy efficiency costs through base rates but may seek recovery through an Energy Efficiency Cost Recovery Factor ("EECRF") filing pursuant to PUC SUBST. R. 25.181.[2]

Q. DO TNMP'S CURRENT BASE RATES AS ESTABLISHED IN DOCKET NO. 48401 INCLUDE ENERGY EFFICIENCY COSTS?

A. No.

Q. HAS TNMP MADE ANY EECRF FILINGS AFTER DOCKET NO. 36025?

A. TNMP received a final order in Docket No. 36025 on August 21, 2009. As contemplated by Article II, Section G of the Settlement Agreement, TNMP filed for an EECRF on October 30, 2009, Docket No. 37613, to collect costs associated with TNMP's 2010 energy efficiency programs. Annually thereafter, TNMP has filed for an EECRF in Docket Nos. 38211, 39362, 40348, 41496, 42566, 44778, 46002, 47217, 48404, 49586, 50894, 52153, 53637, 55034, and 56657 to recover costs associated with TNMP's 2011, 2012, 2013,

[1] *Application of TNMP for Authority to Change Rates*, Docket No. 36025, Order (Aug. 21, 2009).
[2] Amended Stipulation at 4 (Jul. 20, 2009).

2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 energy efficiency programs, respectively.

Q. IS THIS FILING SIMILAR TO THE COMPANY'S SIXTEEN PREVIOUS EECRF FILINGS?

A. Yes. The Company included a R&D component to the administration portion of the 2012-2025 filings, Docket Nos. 39362, 40348, 41496, 42566, 44778, 46002, 47217, 48404, 49586, 50894, 52153, 53637, 55034, and 56657 as defined by 16 Tex. Admin. Code § 25.181(g) (TAC), which was not part of the 2010-2011 filings, Docket Nos. 37613 and 38211. TNMP supports the reasonableness of its energy efficiency program costs and corresponding allocations in the same manner as approved by the Commission in Docket Nos. 37613, 38211, 39362, 40348, 41496, 42566, 44778, 46002, 47217, 48404, 49586, 50894, 52153, 53637, 55034, and 56657. Similar to the filings made in Docket Nos. 39362, 40348, 41496, 42566, 44778, 46002, 47217, 48404, 49586, 50894, 52153, 53637, 55034, and 56657, TNMP is requesting a performance bonus and true-up for 2024.

Q. WERE TNMP'S PREVIOUS EECRF FILINGS APPROVED?

A. Yes. TNMP has filed and received approval for an EECRF in Docket Nos. 37613 for 2010, 38211 for 2011, 39362 for 2012, 40348 for 2013, 41496 for 2014, 42566 for 2015, 44778 for 2016, 46002 for 2017, 47217 for 2018, 48404 for 2019, 49586 for 2020, 50894 for 2021, 52153 for 2022, 53637 for 2023, 55034 for 2024, and 56657 for 2025.

Q. IS TNMP ENTITLED TO A PERFORMANCE BONUS FOR 2024?

A. Yes. As demonstrated in the testimony of TNMP witness Stacy R. Whitehurst, TNMP is entitled to a performance bonus consistent with 16 TAC § 25.182(e) which states that a utility that exceeds its demand and energy reduction goals established in that section shall be awarded a performance bonus based on the utility's energy efficiency achievements for the previous calendar year.

Q. DID TNMP EXCEED ITS DEMAND AND ENERGY REDUCTION GOALS FOR 2024?

A. Yes. Against goals of 5.45 MW of demand reduction and 9,548 MWh of energy reduction, TNMP achieved a reduced demand of 16.991 MW and an energy reduction of 15,724 MWh. Accordingly, TNMP is requesting a bonus for program year 2024 based on exceeding its demand reduction goal.

Q. DID TNMP CALCULATE ITS PERFORMANCE BONUS CONSISTENT WITH 16 TAC § 25.182(e)?

A. Yes. In accordance with 16 TAC § 25.182(e)(3), a utility that exceeds 100% of its demand and energy reduction goals shall receive a bonus equal to 1% of the net benefits for every 2% that the demand reduction goal has been exceeded, with a maximum of 10% of the utility's total net benefits. TNMP is requesting a bonus for 10% of the utility's total net benefits for 2024, as described by TNMP witness Stacy R. Whitehurst in his testimony.

Q. WHAT METHODOLOGY IS TNMP USING TO CALCULATE ITS PERFORMANCE BONUS?

A. TNMP's 2024 bonus, as in all previous Dockets in which TNMP has been awarded a performance bonus, is calculated using the methodology laid out in 16 TAC § 25.182(e).

Q. DID TNMP ACHIEVE THE DEMAND AND ENERGY REDUCTIONS SUFFICIENT TO EARN ITS MAXIMUM BONUS OF 10% OF THE UTILITY'S TOTAL NET BENEFITS FOR 2024?

A. Yes. Applying the 1%-for-2% formula in 16 TAC § 25.182(e)(3), TNMP's demand reduction qualifies for a bonus equal to 106% of TNMP's total net benefits (312%-100%) ÷ 2 = 106%, and TNMP's energy reduction qualifies for a bonus equal to 32.5% of TNMP's total net benefits (165%-100%) ÷ 2 = 32.5%. TNMP's requested bonus is therefore limited to the maximum under the rule, equal to 10% of its total net benefits for 2024.

Q. DOES TNMP USE ESTIMATED USEFUL LIFE OF EQUIPMENT OR MEASURES, AND QUANTITY OF EACH MEASURE IMPLEMENTED IN CALCULATING ITS NET BENEFITS AND PERFORMANCE BONUS?

A. Yes. The Texas Technical Reference Manual (TRM) (available publicly at https://texasefficiency.com/tm-docs/) provides detail of the estimated useful life of equipment or measures. Exhibit SMC-8 includes all measures implemented and net benefits listed by program.

Q. DID TNMP EXCEED THE ADMINISTRATION CAP IN 2024?

A. No. TNMP's administration costs did not exceed 15% of the utility's total program costs, as demonstrated in TNMP witness Stacy R. Whitehurst's testimony, Exhibit SRW-5 (line 17).

Q. DID TNMP EXCEED THE R&D CAP IN 2024?

A. No. TNMP's R&D costs did not exceed 10% of the utility's total program costs as demonstrated in TNMP witness Stacy R. Whitehurst's testimony, Exhibit SRW-5 (line 17).

Q. DID TNMP EXCEED THE MAXIMUM CAP SET FOR R&D AND ADMINISTRATION EXPENSES IN 2024?

A. No. TNMP did not exceed 20% of the utility's total program costs, as demonstrated in TNMP witness Stacy R. Whitehurst's testimony, Exhibit SRW-5 (line 17).

Q. WHAT ARE TNMP'S ADMINISTRATION COSTS, INCLUDING ANY AFFILIATE COSTS AND EECRF PROCEEDING EXPENSES?

A. Exhibit SMC-4 details the administration costs. The administration costs do not include any affiliate costs as explained in the testimony of TNMP witness Stacy R. Whitehurst. An explanation of EECRF proceeding expenses is included in the testimony of TNMP witness Michael S. Seamster.

Q. HAS TNMP INCLUDED INCENTIVE COMPENSATION COSTS IN THIS EECRF?

A. No. No incentive compensation costs are included in this EECRF for the reconciled years, current energy efficiency program year, or the 2026 energy efficiency program year.

Q. DID TNMP MEET ITS TARGETED LOW-INCOME ENERGY EFFICIENCY REQUIREMENTS AS ESTABLISHED BY PURA § 39.905(f) AND 16 TAC § 25.181(p)?

A. Yes. Exhibit SMC-2 (page 28, Table 11) provides detail showing how TNMP met expending 10% of the energy efficiency budget for the program year in this category.

Q. WERE TNMP'S 2024 PROGRAMS COST-EFFECTIVE PURSUANT TO 16 TAC § 25.181(d)?

A. Each of TNMP's nine 2024 programs met the cost-effectiveness standard as defined by 16 TAC § 25.181(d). Also, the Low-Income Weatherization Program met the cost-effectiveness standard as measured by the Savings-to-Investment ratio (SIR) defined in 16 TAC § 25.181(p). Exhibit SMC-8 demonstrates the net benefits and cost-effectiveness by program, by measure, including estimated useful lives.

Q. IS TNMP MAKING AN EFFORT TO WORK COLLABORATIVELY WITH RETAIL ELECTRIC PROVIDERS?

A. Pursuant to Tex. Util. Code Ann. § 39.905(a)(4) and 16 TAC § 25.181(g)(5), TNMP has historically set aside amounts for market transformation programs to be delivered to customers by REPs. In 2016 TNMP launched Efficiency Connection as a pilot offering; in

2017 TNMP additionally launched CoolSaver Pilot; and in 2018 the programs were consolidated, and additional measures included, into the REP Pilot Program. Due to lack of participation by the REPs, rendering the program not cost-effective, TNMP had to terminate the program.

TNMP continues to work collaboratively with REPs, including through the Energy Efficiency Implementation Project (EEIP) under 16 TAC § 25.181 in Docket No. 38578. Additionally, the EM&V contractor facilitated Stakeholder Working Groups on behalf of the PUC from January 23, 2023 – March 9, 2023. REPs and utilities, among other stakeholders, participated in working groups about Program Goals, Program Planning, Low-Income and Underserved Segments, and Demand Response/Load Management. Most recently, on April 1, 2024, Alliance for Retail Markets and Texas Energy Association for Marketers filed a template proposing a Smart Thermostat Market Transformation Program. On April 8, 2024, TNMP, as part of a group of joint utilities, filed comments in support of the proposed program template and for consideration of potential implementation of the program in 2026. TNMP also facilitated a REP workshop event on October 2, 2024 and presented an overview of the energy efficiency portfolio.

IV. TNMP'S ENERGY EFFICIENCY PROGRAM HISTORY

Q. IS TNMP IMPLEMENTING THE SAME PROGRAMS IN 2025 THAT WERE A PART OF TNMP'S 2024 PROGRAMS?

A. TNMP is implementing the same programs in 2025 that were a part of TNMP's 2024 portfolio excluding the Online Marketplace Pilot, which is reported under the Residential Standard Offer Program for 2024 and discontinued for 2025.

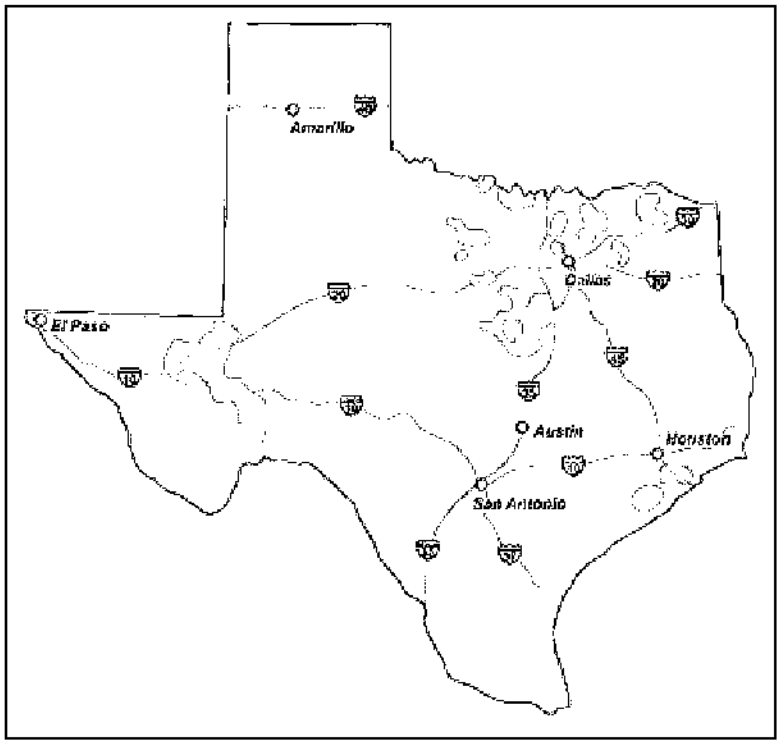
Q. ARE THE COSTS INCURRED AND ACHIEVEMENTS ACCOMPLISHED IN 2024, COSTS INCURRED IN IMPLEMENTING 2025, AND COSTS ESTIMATED FOR 2026SIMILAR TO TNMP'S PROGRAM COSTS AND ACHIEVEMENTS IN PREVIOUS YEARS?

A. Yes. TNMP consistently implements a portfolio of programs to comply with 16 TAC § 25.181(d), which states "utilities are encouraged to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility's energy efficiency goals while staying within the cost caps."

Q. DO EXISTING MARKET CONDITIONS IN TNMP'S SERVICE TERRITORY AFFECT ITS ABILITY TO IMPLEMENT ONE OR MORE OF ITS ENERGY EFFICIENCY PROGRAMS OR AFFECT ITS COSTS?

Yes. TNMP's service territory is non-contiguous, see Figure 1, and TNMP does not serve densely populated cities such as Houston, Dallas, Fort Worth, or Corpus Christi, illustrated by the shaded areas on Figure 1:

Figure 1



This increases the costs of 1) marketing because of the need to target multiple areas, and 2) travel specific to outreach and inspections. Other factors include difficulty diversifying the portfolio and fostering competition among energy efficiency service providers. Additionally, TNMP's service territory is adjacent to Oncor's and CenterPoint's service territories. These two companies have energy efficiency budgets that are more than 7 times and 6 times the size of TNMP's budget, respectively, making it difficult to compete for energy service providers who have a history of servicing the Oncor and CenterPoint programs first. Finally, as also expanded upon later in my testimony, early adopters of energy efficiency in TNMP's existing markets have already been reached and it is more difficult and costly to reach out to potential new participants.

Q. DOES THE NUMBER OF ENERGY EFFICIENCY SERVICE PROVIDERS (EESP) OPERATING IN TNMP'S SERVICE TERRITORY AFFECT THE ABILITY OF TNMP TO IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS OR ITS ENERGY EFFICIENCY COSTS?

A. Yes. TNMP must attract EESPs to work in all parts of its diverse service territory. This raises incentive and administration amounts, which increase total program costs to encourage and enable EESPs to serve multiple areas making it more costly and challenging to achieve savings. TNMP outreach initiatives focus first on recruiting local contractors, then traveling contractors who are willing to work throughout the territory. Right-sizing the incentive levels to attract contractors can be a challenge. Additionally, contractors are less motivated to perform sales outreach on residences and small businesses because the project may not be fully funded by incentives with respect to homes heated with gas, or does not typically yield additional commercial projects as it can with a large customer that has multiple locations or buildings

Q. DOES CUSTOMER PARTICIPATION AFFECT TNMP'S PROPOSED 2026 ENERGY EFFICIENCY PROGRAMS?

A. Yes. As programs mature, early adopters of energy efficiency have been reached and it is a challenge to pursue more costly measures that typically yield fewer savings. TNMP continues to see contractors in the small business sector challenged with reaching businesses with enough funds to afford retrofits outside of the available no cost measures. Additionally, contractors in the residential sector are facing challenges with having to start charging customers who don't have extra funds to afford a portion of the costs to install some measures. Both of these factors have been taken into consideration for the 2025 programs and remain at the forefront of planning on how they will affect the 2026 programs.

Q. PLEASE DESCRIBE THE EXTENT TO WHICH PROGRAM COSTS WERE EXPENDED TO GENERATE MORE PARTICIPATION OR TRANSFORM THE MARKET FOR TNMP'S PROGRAMS.

A. TNMP has made a concerted effort to develop a cohesive energy efficiency brand, including marketing materials, social media campaigns and a redesigned website integrated into TNMP.com. TNMP has performed outreach internally by reaching out to Field Supervisors, Designers, Engineers, and Customer Liaisons/Strategic Account Managers; and externally by providing sponsorship to communities in the service area to

increase awareness of TNMP's programs and generate participation. TNMP's 2024 programs continued to meet challenges due to struggles to get contractors trained and serve small business customers, as well as fielding requests for increased incentive levels to serve residential customers. Direct install no cost measures like A/C tune-ups and air infiltration were successful in the commercial sector in 2024. To foster competition, TNMP went out for bid on all market transformation programs in 2024 and awarded the commercial programs to a new implementer, while the incumbent was awarded for residential new homes.

Q. ARE TNMP'S ENERGY EFFICIENCY COSTS FOR 2024 COMPARABLE TO COSTS IN OTHER MARKETS WITH SIMILAR CONDITIONS?

A. Yes. Exhibit SMC-7 shows TNMP's 2024 incentive costs per kW and kWh as compared to the other Texas utilities.

Q. DO ANY ENERGY EFFICIENCY ADMINISTRATORS AND/OR SERVICE PROVIDERS RECEIVE MORE THAN 5% OF TNMP'S OVERALL INCENTIVE PAYMENTS?

A. Yes. Confidential Exhibit SMC-6 details the incentive payments by program, including a list of each energy efficiency administrator and/or service provider and the percent of incentives received by each. The Summary tab lists those receiving more than 5% of TNMP's overall incentive total.

Q. HAS EM&V BEEN IMPLEMENTED TO REVIEW TNMP'S ADMINISTRATION OF ITS PORTFOLIO OF ENERGY EFFICIENCY PROGRAMS?

A. Yes. The EM&V process commenced early in 2013. Annual Statewide Portfolio Reports, now called Investor Owned Utilities (IOUs) Energy Efficiency Reports, have been completed for program years 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023.

Q. WAS THE PROGRAM PORTFOLIO IMPLEMENTED IN ACCORDANCE WITH ANY RECOMMENDATIONS MADE BY THE COMMISSION'S EM&V CONTRACTOR?

A. Yes, recommendations from the 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 IOUs Energy Efficiency Reports have been incorporated into the programs, in addition to adherence to Guidance Memos issued as applicable. The Commission's EM&V contractor has found no material deficiencies in TNMP's administration of its portfolio of energy efficiency programs.

Q. HAS TNMP PROVIDED 2024 SAVINGS TO THE EM&V CONTRACTOR TO COMPARE REPORTED SAVINGS WITH CLAIMED SAVINGS FOR VERIFICATION?

A. Yes. The verified 2024 savings numbers are reflected in Exhibit SMC-2 (page 24, Table 8), and included in this filing.

Q. HAVE THERE BEEN ANY CHANGED CIRCUMSTANCES IN TNMP'S SERVICE AREA SINCE THE COMMISSION APPROVED THE 2025 BUDGET THAT AFFECT THE ABILITY OF TNMP TO IMPLEMENT ANY OF ITS CURRENT ENERGY EFFICIENCY PROGRAMS OR ITS ENERGY EFFICIENCY COSTS?

A. No. There have not been any changed circumstances in TNMP's service area. The challenges I described above persist.

Q. HAVE THERE BEEN ANY OTHER CHANGED CIRCUMSTANCES SINCE THE COMMISSION APPROVED THE 2025 BUDGET THAT AFFECT THE ABILITY OF TNMP TO IMPLEMENT ANY OF ITS CURRENT ENERGY EFFICIENCY PROGRAMS OR THAT AFFECT ITS ENERGY EFFICIENCY COSTS?

A. No. TNMP continues to perform ongoing incentive analysis and discussion of program designs to reach customers with as many low-to-no cost measures as possible while remaining cost-effective and being able to still meet savings goals.

V. TNMP'S ENERGY EFFICIENCY PROGRAM REQUIREMENTS

Q. WHAT ENERGY EFFICIENCY PROGRAMS DOES TNMP OFFER FOR 2025?

A. Currently in 2025, TNMP offers ten programs. The programs are designed to be market-neutral, nondiscriminatory, and allow all eligible customer classes in all areas of TNMP's service territory to have a choice of, and access to, energy efficiency alternatives that allow customers to reduce energy consumption, peak demand, or energy costs. The following table lists TNMP's 2025 Energy Efficiency programs:

Programs
COMPASS for Small Business MTP
COMPASS for Schools/Government MTP
COMPASS for Large Commercial MTP
Winter Load Management SOP
Summer Load Management SOP

High-Performance Homes MTP
Residential SOP
Residential Load Management SOP Pilot
Hard-to-Reach SOP
Low-Income Weatherization SOP

A description of each program can be found in Section I of TNMP's 2025 EEPR, which has been included as Exhibit SMC-2 (pages 6-16).

Q. WHAT IS TNMP'S BIDDING AND ENGAGEMENT PROCESS FOR CONTRACTING WITH ENERGY EFFICIENCY SERVICE PROVIDERS IN EACH PROGRAM?

A. Historically, TNMP engaged with Frontier Energy at the beginning of deregulation as Frontier Energy pioneered the Residential/Hard-to-Reach and Commercial Standard Offer Programs. In 2008, TNMP accepted a proposal from CLEAResult Consulting to implement Market Transformation Programs. At the end of 2013, TNMP accepted a proposal from ICF to convert the ENERGY STAR New Homes program into the High-Performance Homes program. In 2017, TNMP issued a request-for-proposal to foster competition amongst the TNMP commercial programs, awarding the bid to CLEAResult. In 2018, TNMP issued a request-for-proposal in the new home construction market, awarding the bid to ICF. In 2024, TNMP issued a request-for-proposal to implement Commercial Market Transformation Programs and the Residential New Construction Market Transformation Program. Frontier Energy was newly awarded the commercial programs. ICF was selected to continue implementing the residential program. The engagement process varies per program, as described in the table below. Confidential Exhibit SMC-5 lists all energy efficiency service providers that participated in the TNMP programs and contractors paid with funds collected through the EECRF.

Programs	Engagement Process
Small Business MTP	Facilitated RFP process, awarded bidder, contract signed.
Schools/Government MTP	Facilitated RFP process, awarded bidder, contract signed.
Large Commercial MTP	Facilitated RFP process, awarded bidder, contract signed.
Winter Load Management SOP	Online application process, TNMP reviews and contracts with qualifying EESPs.
Summer Load Management SOP	Online application process, TNMP reviews and contracts with qualifying EESPs.
High-Performance Homes MTP	Facilitated RFP process, awarded bidder, contract signed.
Residential SOP	Negotiated SOW, contract signed.
Residential Load Management SOP Pilot	Negotiated SOW, contract signed.
Hard-to-Reach SOP	Negotiated SOW, contract signed.
Low-Income Weatherization SOP	Negotiated SOW, contract signed.

Q. IS TNMP'S CURRENT PLAN TO OFFER THESE SAME PROGRAMS IN 2026?

A. Yes. TNMP plans to offer these same programs in 2026, except for the Residential Load Management SOP Pilot.

Q. HOW DID TNMP DETERMINE THE BUDGET FOR ITS ENERGY EFFICIENCY PROGRAMS IN 2026?

A. First and foremost, TNMP must meet the requirements set forth in PURA § 39.905, 16 TAC §§ 25.181 and 25.182. The key requirements of the statute and rule can be summarized as follows: 1) Meet a demand goal of at least four-tenths of 1% reduction of peak demand; 2) Meet an energy goal based on a 20% conservation load factor applied to the demand goal; 3) Achieve savings for hard-to-reach customers of at least 5% of the total demand goal; 4) Allocate 10% of the total program budget to its targeted low-income program; 5) Offer programs to all eligible customer classes; 6) Ensure programs are cost-effective; 7) Work with EM&V contractor to evaluate, measure, and verify program savings; and 8) Account for industrial customers giving notice to qualify to not be charged any costs associated with the program. TNMP determined its energy efficiency budget based on the above-referenced requirements. Exhibit SMC-3 shows the forecasted 2026 energy efficiency costs.

Q. IS TNMP'S 2026 ENERGY EFFICIENCY PLAN DESIGNED TO MEET A DEMAND GOAL OF AT LEAST FOUR-TENTHS OF 1% OF ITS SUMMER WEATHER-ADJUSTED PEAK DEMAND FOR THE COMBINED RESIDENTIAL AND COMMERCIAL CUSTOMERS FOR THE PREVIOUS PROGRAM YEAR?

A. Yes. TNMP's 2026 plan is designed to meet or exceed a goal of 5.87 MW, which meets the four-tenths of 1% calculation presented in TNMP witness Stacy R. Whitehurst's testimony. Consistent with the statute and the rule, TNMP's goal is not less than the amount of energy efficiency to be acquired for the most recent preceding year, except as adjusted in accordance with 16 TAC § 25.181(u).

Q. DOES PURA, OR THE COMMISSION'S RULES, LIMIT TNMP FROM TRYING TO EXCEED THE AGREED UPON DEMAND REDUCTION GOAL?

A. No. In fact, 16 TAC § 25.181(d) states that utilities are encouraged to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility's energy efficiency goals and 16 TAC § 25.182(e) defines a performance bonus for utilities that exceed the demand and energy reduction goals at a cost that does not exceed the cost caps.

Q. HOW DOES TNMP PLAN TO ALLOCATE ENERGY EFFICIENCY EXPENSES THAT CAN NOT BE DIRECTLY ASSIGNED?

A. The testimony of TNMP witness Stacy R. Whitehurst discusses the allocations of costs to the different rate classes that are participating in TNMP's energy efficiency programs.

Q. ARE TNMP'S 2026 ENERGY EFFICIENCY PROGRAMS DESIGNED TO MEET AN ENERGY GOAL DERIVED FROM A 20% CONSERVATION LOAD FACTOR APPLIED TO THE DEMAND GOAL?

A. Yes. TNMP applied a 20% conservation load factor to the demand goal of 5.87 MW to establish TNMP's energy goal of 10,284 MWh.

Q. ARE TNMP'S 2026 ENERGY EFFICIENCY PROGRAMS ESTABLISHED FOR A GOAL TO ACHIEVE SAVINGS FOR HARD-TO-REACH CUSTOMERS OF AT LEAST 5% OF THE TOTAL DEMAND GOAL?

A. Yes. TNMP's hard-to-reach goal is designed to meet at least 5% of the demand goal (Exhibit SMC-3).

Q. ARE TNMP'S 2026 ENERGY EFFICIENCY PROGRAMS DESIGNED TO REACH ALL CUSTOMER CLASSES?

A. Yes. TNMP's energy efficiency programs provide opportunities for all classes to participate.

Q. ARE TNMP'S 2026 ENERGY EFFICIENCY PROGRAMS DESIGNED TO ALLOCATE 10% OF THE TOTAL PROGRAM BUDGET TO ITS TARGETED LOW-INCOME PROGRAM?

A. Yes. TNMP's energy efficiency portfolio is designed to support at least a 10% allocation of the total program budget to its targeted low-income program (Exhibit SMC-3).

Q. DO THE PROJECTED COSTS OF ADMINISTRATION OF THE PROGRAM EXCEED 15% OF THE TOTAL PROGRAM COSTS?

A. No. As demonstrated in Exhibit SMC-3, the projected cost of administration is 14.97% of the total program costs.

Q. DO THE PROJECTED COSTS OF R&D EXCEED 10% OF THE TOTAL PROGRAM COSTS?

A. No. As demonstrated in Exhibit SMC-3, the projected cost of R&D is 1.28% of the total program costs.

Q. WHAT ARE THE RESEARCH AND DEVELOPMENT ACTIVITIES THAT TNMP PLANS TO UNDERTAKE IN THE 2026 PROGRAM YEAR, INCLUDING PROJECTED BENEFITS OF EACH ACTIVITY?

A. TNMP's 2026 R&D budget is earmarked in the table below. R&D expenses for database development are allocated 40% to admin and 60% to R&D.

Activity	Benefit	Estimated Expense
Development	Ongoing development of a database to house all data specific to all programs, improving program management, reporting, and simplifying EM&V data requests.	$70,000
Development	Conferences, membership, and staff development. Ongoing program, incentive, and new measure analysis.	$15,000
Total		**$85,000**

Q. DOES THE PROJECTED CUMULATIVE COST OF ADMINISTRATION AND R&D EXCEED 20% OF THE TOTAL PROGRAM COSTS?

A. No. As demonstrated in Exhibit SMC-3, the cumulative cost of administration and R&D is 16.25% of the total program costs.

Q. HAS TNMP SET ITS PROJECTED INCENTIVE BUDGET WITH THE OBJECTIVE OF ACHIEVING ITS ENERGY AND DEMAND GOALS AT THE LOWEST REASONABLE COST PER PROGRAM?

A. Yes. In order to achieve its energy and demand goals at the lowest reasonable cost per program, TNMP has worked with the implementers, who have extensive experience in this area, and also compared incentive levels to other ERCOT and non-ERCOT utilities running the same (or similar) programs. TNMP's incentive payments for each customer class do not exceed 100% of avoided cost.

Q. IS TNMP'S 2026 ENERGY EFFICIENCY PORTFOLIO DESIGNED TO MEET THE COST-EFFECTIVENESS STANDARD AS DEFINED IN 16 TAC § 25.181(d), AND ARE EACH OF THE PROGRAMS IN THE PORTFOLIO COST-EFFECTIVE?

A. Yes. All programs that are subject to the cost-effectiveness standard in 16 TAC § 25.181(d) are designed to be in compliance. The incentives are set within the caps established in 16 TAC § 25.182(d)(7). PURA § 39.905(f) and 16 TAC § 25.181(p) require that targeted low-income weatherization programs are consistent with federal weatherization programs and apply a cost-effectiveness standard of evaluation using a savings-to-investment ratio, as opposed to the cost-effectiveness standard in 16 TAC § 25.181(d).

Q. ARE THE COSTS TO BE RECOVERED THROUGH THE EECRF REASONABLE ESTIMATES OF THE COSTS NECESSARY TO PROVIDE ENERGY EFFICIENCY PROGRAMS AND TO MEET THE UTILITY'S GOALS UNDER THE COMMISSION'S RULES?

A. Yes. TNMP's proposed budget is designed to achieve a demand savings of four-tenths of 1% and to meet the other requirements of the rule, taking into account that between the time this budget is filed and when it is implemented, the TRM could be updated, which would affect the savings achieved for the measures included in said update as well as the savings projections in Exhibit SMC-2 (page 20, Table 5).

Q. ARE PROJECTED EM&V EXPENSES FOR PROGRAM YEAR 2025 REVIEW INCLUDED IN THIS FILING?

A. Yes. Projected expenses for program year 2025 review to be expended in 2026 are included as provided by the EM&V contractor in TNMP witness Stacy R. Whitehurst's testimony, Exhibit SRW-13.

VI. RECOMMENDATIONS

Q. WHAT ACTION DO YOU RECOMMEND IN THIS CASE?

A. I recommend approval of TNMP's adjusted Rider EECRF in TNMP witness Stacy R. Whitehurst's testimony, Exhibit SRW-15.

Q. WHEN IS TNMP REQUESTING THE COMMISSION TO MAKE THE RIDER EECRF EFFECTIVE?

A. TNMP requests a March 1, 2026 effective date in accordance with 16 TAC § 25.182(d)(8).

VII. CONCLUSIONS

Q. ARE TNMP'S ESTIMATED EXPENSES ATTRIBUTABLE TO ITS ENERGY EFFICIENCY PROGRAMS REASONABLE AND NECESSARY?

A. Yes. Based on the types of programs offered, TNMP's goal of providing programs for all customers, TNMP's goal of meeting or exceeding 5.87 MW savings for 2026, and the cost-effective 2026 portfolio, TNMP's estimated expenses are reasonable and necessary.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF DENTON §

BEFORE ME, the undersigned authority, on this day personally appeared Stefani M. Case who upon proving her identity to me and by me being duly sworn, deposes and states the following:

"My name is Stefani M. Case. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing testimony and exhibit(s), offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience."

Witness

*****

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 21st day of May, 2025, to certify which witness my hand and seal of office.

NOTARY PUBLIC in and for the
State of Texas

Printed Name: AMY LANDERS

My Commission expires: 9-01-2026

STEFANI M. CASE

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Stefani M. Case is the energy efficiency manager for Texas-New Mexico Power Company (TNMP). Ms. Case has been employed in the electric utility industry since 2009, when she accepted a position as a regulatory affairs research analyst with TNMP. In this capacity, she was responsible for providing support to the regulatory department and preparing compliance reports for energy efficiency.

In 2011, Ms. Case was promoted to energy efficiency project manager, and in 2015 accepted her current position as energy efficiency manager.

Ms. Case holds a Bachelor of Business Administration Degree from Texas State University.

PROCEEDINGS IN WHICH STEFANI M. CASE HAS FILED TESTIMONY

Jurisdiction	Docket No.	Description
Texas	40348	APPLICATION OF TEXAS NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	41496	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	42566	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	44778	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	46002	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	47217	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	48404	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	49586	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	50894	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	52153	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	53637	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	55034	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	56657	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR

Texas-New Mexico Power Company

2025 Energy Efficiency Plan and Report

16 Tex. Admin. Code §§§ 25.181, 25.182, and 25.183

Amended
May 30, 2025

Project No. 57468

Table of Contents

Introduction

Texas-New Mexico Power Company ("TNMP") presents this Energy Efficiency Plan and Report ("EEPR") to comply with 16 Tex. Admin. Code §§§ 25.181, 25.182, and 25.183 ("TAC"), which are the sections of the Energy Efficiency Rule ("EE Rule") implementing Public Utility Regulatory Act ("PURA") § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor-owned electric utility achieve the following minimum goals through market-based standard offer programs ("SOPs"), targeted market transformation programs ("MTPs") or utility self-delivered programs:

"An electric utility shall administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

(A) Beginning with the 2013 program year, until the trigger described in subparagraph (B) of this paragraph is reached, the utility shall acquire a 30% reduction of its annual growth in demand of residential and commercial customers.

(B) If the demand reduction goal to be acquired by a utility under subparagraph (A) of this paragraph is equivalent to at least four-tenths of 1% its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (C) of this paragraph for each subsequent program year.

(C) Once the trigger described in subparagraph (B) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.

(D) Except as adjusted in accordance with subsection (u) of this section, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection."

The EE Rule includes specific requirements related to the implementation of SOPs, MTPs, and utility self-delivered programs that control the manner in which investor-owned electric utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated energy efficiency savings goals. TNMP's EEPR is intended to describe how TNMP intends to meet its statutory savings goals through implementation of energy efficiency programs in a manner that

complies with PURA § 39.905 and the EE Rule. The following section provides a description of the information contained in each of the subsequent sections and appendix.

Energy Efficiency Plan and Report Organization

This EEPR consists of an executive summary, twelve sections, and an appendix.

Executive Summary

- The Executive Summary highlights TNMP's reported achievements for 2024 and TNMP's plans for achieving its 2025 and 2026 projected energy efficiency savings goals.

Energy Efficiency Plan

- Section I describes TNMP's program portfolio. It details how each program will be implemented, discusses related informational and outreach activities, and provides an introduction to any 2025 programs not included in TNMP's previous EEPR.
- Section II presents TNMP's projected energy efficiency savings for the prescribed planning period broken out by program for each customer class.
- Section III describes TNMP's proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section IV documents TNMP's actual weather-adjusted demand savings goals and energy targets for the previous five years (2020-2024).
- Section V compares TNMP's projected energy and demand savings to its reported and verified savings by program for calendar years 2023 and 2024.
- Section VI documents TNMP's incentive and administration expenditures for the previous five years (2020-2024) broken out by program for each customer class.
- Section VII compares TNMP's actual program funding for 2024 compared to its 2025 budget broken out by program for each customer class.
- Section VIII describes the results from TNMP's MTPs.
- Section IX reports on Research & Development and Administration Costs.
- Section X details TNMP's current EECRF, collection, and future filing.
- Section XI reflects TNMP revenue collection through the 2024 EECRF.
- Section XII breaks out the over/under-recovery of energy efficiency program costs.

Acronyms

Glossary

Appendix

- Reported kW and kWh savings broken out by county for each program.

Executive Summary

The Energy Efficiency Plan ("The Plan") details TNMP's plan to achieve the required demand savings reduction, as determined by the Final Order in Docket No. 56657, by December 31, 2025.

The annual demand goal for energy efficiency savings pursuant to 16 TAC § 25.181(e)(1)(C) is calculated by applying the percentage goal to the utility's summer weather-adjusted five-year average peak demand for the combined residential and commercial customers. As shown by the data in **Table 4**, a four-tenths of 1% goal would be 5.87 MW, which is not less than the amount of energy efficiency to be acquired for the most recent preceding year. Therefore, for 2026, TNMP has planned to achieve the goal of 5.87 MW.

The Plan also addresses the corresponding energy savings goal of 10,284 MWh, which is calculated from the demand savings goal using a 20% conservation load factor.

The goals, budgets, and implementation plans included in The Plan are designed to: 1) comply with requirements of the EE Rule; 2) incorporate results and recommendations included in the Investor Owned Utilities (IOUs) Energy Efficiency Report Program Year 2023 by the Evaluation, Measurement and Verification ("EM&V") contractor; 3) consider lessons learned regarding energy efficiency service providers; 4) evaluate other ERCOT distribution utilities' results; 5) reflect the effects of economic factors; and 6) enable customer participation in the various energy efficiency programs.

The Energy Efficiency Report demonstrates TNMP's successful 2024 implementation of its energy efficiency portfolio of SOPs and MTPs, as required by PURA § 39.905. These programs met and exceeded TNMP's efficiency savings goals by procuring 16.991 MW in demand savings and 15,724 MWh in energy savings. The 2024 TNMP portfolio included the Residential and Hard-to-Reach Standard Offer Programs, High-Performance Homes Market Transformation Program, as well as the SCORE/City Smart, Commercial Solutions, and Small Business Market Transformation Programs, the Load Management Programs and Low-Income Weatherization Program.

A summary of annual goals and budgets is presented in **Table 1**.

Table 1: Summary of Goals, Projected Savings, and Projected Budgets[1]

Calendar Year	0.4% Peak Demand Goal	Peak Demand (MW) Goal[2]	Energy (MWh) Goal	Projected Demand Savings (MW)	Projected Energy Savings (MWh)	Projected Budget (000's)
2025	5.58	5.58	9,776	21.444	17,143	$6,624
2026	5.87	5.87	10,284	17.465	14,784	$6,657

In order to obtain the 2025 goal, TNMP proposes to implement the following standard offer and market transformation programs:

- COMPASS for Small Business MTP
- COMPASS for Schools/Government MTP
- COMPASS for Large Commercial MTP
- Winter Load Management SOP
- Summer Load Management SOP
- High-Performance Homes MTP
- Residential SOP
- Residential Load Management SOP Pilot
- Hard-to-Reach SOP
- Low-Income Weatherization SOP

Energy Efficiency Plan

I. 2025 Program Portfolio

A. 2025 Portfolio

TNMP plans to implement ten SOPs and MTPs. These programs have been structured to comply with the rules governing program design and evaluation in 16 TAC § 25.181(h), (i), (j), and (k). Each of these programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. TNMP anticipates that targeted outreach to a broad range of service provider types will be necessary in order to meet the savings goals

[1] 0.4% Peak Demand Goal numbers are calculated from Table 4; Peak Demand Goal was established in Docket No.56657; Projected Savings are from Table 5; and Projected Budget from Table 6. All MW and MWh figures in this Table are given "at Meter."

[2] Includes the effects of industrial opt-outs, as defined in 16 TAC § 25.181(u).

required by PURA § 39.905 on a continuing basis. **Table 2** summarizes the programs and target markets.

Table 2: 2025 Energy Efficiency Program Portfolio

Programs	Target Market	Application
COMPASS for Small Business MTP	Commercial <200kW	Retrofit; New Construction
COMPASS for Schools/Government MTP	Schools, Government	Retrofit; New Construction
COMPASS for Large Commercial MTP	Commercial >200kW	Retrofit; New Construction
Winter Load Management SOP	Commercial	Load Management
Summer Load Management SOP	Commercial	Load Management
High-Performance Homes MTP	Residential	New Construction
Residential SOP	Residential	Retrofit
Residential Load Management SOP Pilot	Residential	Load Management
Hard-to-Reach SOP	Residential Income-qualified	Retrofit
Low-Income Weatherization Program SOP	Residential Income-qualified	Retrofit

TNMP maintains a website containing links to the program manuals, the requirements for project participation, and forms required for project submission at tnmp.com/energy-efficiency. This website will be the primary method of communication used to provide potential project sponsors ("Project Sponsors") for the energy efficiency projects with program updates and information.

B. 2025 Existing Programs

COMPASS for Small Business MTP ("Small Business MTP")

Program Design

The Small Business MTP encounters additional barriers common to smaller commercial customers. Since these customers do not typically engage in energy efficiency projects, the contractor community does not market to them as actively as larger customers. As a result, many small commercial customers do not participate, and thus do not benefit from energy efficiency programs.

Implementation Process

Beginning in 2025, TNMP contracted with Frontier Energy, Inc. as the implementer to provide energy efficiency services and solutions for the Small Business MTP. Under this program, TNMP helps small commercial customers that do not have the in-house capacity or expertise to 1) identify, evaluate, and undertake efficiency improvements to their completion; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage energy savings to finance projects within their financial planning processes. Small-sized customers (<200 kW) tend to implement smaller projects with lower savings, which creates program cost-effectiveness challenges. The Small Business MTP provides the direct support, tools, and training necessary to help small commercial customers complete projects.

Outreach Activities

The program targets small commercial customers based on premise demand. All commercial customer premises with a peak annual billing demand less than 200 kW are eligible for the program. TNMP leverages contractors and direct outreach to reach these customers.

COMPASS for Schools/Government MTP ("Schools/Government MTP")

Program Design

TNMP implemented the energy-smart schools and cities market transformation program in 2008, as envisioned by Texas 79th Legislature's Senate Bill 712 and approved by the Public Utility Commission of Texas ("Commission" or "PUCT").

The Schools/Government MTP provides energy efficiency and demand reduction solutions for school and local government customers. The program is designed to help educate and assist these customers in lowering their energy use by facilitating the integration of energy efficiency into their short and long-term planning, budgeting, and operational practices.

Implementation Process

Beginning in 2025, TNMP contracted with Frontier Energy, Inc. as the implementer to offer participation to school districts and government entities in its service territory. The program facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

Outreach Activities

TNMP markets the availability of this program in the following manner:

- Conducts direct-to-customer outreach;
- Works with external engineering design, architecture, and construction contractors to connect their customers with program offerings and services;
- Facilitate customer training and program kickoff event at the start of each program year;
- Promote the programs through internal resources (i.e. employees, designers, and customer liaisons);
- Attends appropriate industry-related meetings to generate awareness and interest.

COMPASS for Large Commercial MTP ("Large Commercial MTP")

Program Design

TNMP began implementing a large commercial MTP in 2010 as a part of the energy-smart schools and cities MTP, as envisioned by Texas 79th Legislature's Senate Bill 712 and approved by the PUCT. TNMP's Large Commercial MTP targets commercial customers (other than local government entities and schools) who do not have the in-house capacity or expertise to 1) identify, evaluate, and undertake efficiency improvements; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage their energy savings to finance projects. Incentives are paid to TNMP customers or third-party contractors for eligible energy efficiency measures that are installed in new or retrofit applications resulting in savings as defined by the Texas Technical Reference Manual ("TRM").

Implementation Process

Beginning in 2025, TNMP contracted with Frontier Energy, Inc. as implementer to target commercial customers meeting the program participation parameters. The Large Commercial MTP facilitates the identification of demand and energy savings opportunities, general operating characteristics, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

The Large Commercial MTP provides energy efficiency and demand reduction solutions to TNMP's larger commercial customers.

Outreach Activities

TNMP markets the availability of this program in the following manner:

- Conducts direct-to-customer outreach;
- Works with external engineering design, architecture, and construction contractors to connect their customers with program offerings and services;
- Facilitate customer training and program kickoff event at the start of each program year;
- Promote the programs through internal resources (i.e. employees, designers, and customer liaisons);
- Attends appropriate industry-related meetings to generate awareness and interest.

Winter Load Management SOP ("WLM")

Program Description

The TNMP Winter Load Management SOP ("WLM") was launched in December of 2021 as the Interim Load Management Pilot Program with an operating period of December 1, 2021-February 28, 2022 in accordance with Senate Bill 3[3], which, among other things, requires the Commission to "allow a transmission and distribution utility to design and operate a load management program for nonresidential customers to be used where the independent organization certified under [PURA] Section 39.151 for the ERCOT power region has declared a level 2 Emergency or higher level of emergency or has otherwise directed the transmission and distribution utility to shed load."[4] A subsequent Winter Load Management Pilot Program operated from December 1, 2022-February 28, 2023 under the energy efficiency portfolio in accordance with 16 TAC § 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. In 2023, the pilot became a full program and continues to operate during the winter peak period from December 1-February 28/29. Participants must be available to curtail up-to 24 hours a day, seven days a week. Incentives are based on verified curtailed demand savings that occur as a result of calls to request curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments based on verified demand savings.

[3] 87th Leg., R.S., S.B. 3 (2021).
[4] 87th Leg., R.S., S.B. 3 (2021).

Implementation Process

Implementation of this program is directly through customers and third-party entities representing customers at distribution level within the TNMP service territory. In 2025, the program continues to initiate a maximum number of five curtailments, including one annual Scheduled Curtailment of one-to-two hours duration and a maximum of four Unscheduled Curtailments of one-to-four hours duration each. TNMP coordinates communication about the program as well as curtailment information with ERCOT.

Outreach Activities

TNMP markets the availability of the program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential participants interested and informed; and
- Maintains program information on the company website.

Summer Load Management SOP ("SLM")

Program Description

The TNMP Summer Load Management SOP ("SLM"), formerly the Load Management SOP, was launched in 2009 in accordance with 16 TAC § 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. The program has been renamed to avoid confusion with the Winter Load Management Program. SLM is designed to reduce demand during the summer peak period from June 1-September 30. Participants must be available to curtail weekdays from 1:00-7:00 pm CDT, excluding weekends and federal holidays. Incentives are based on verified demand savings that occur at TNMP distribution sites, or at eligible institutional customers' sites, as a result of calls for curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments based on verified demand savings.

Implementation Process

Implementation of this program will be directly through customers and third-party entities representing customers at distribution level within the TNMP service territory. In 2025, the program will continue to initiate a maximum number of five curtailments, including one annual Scheduled

Curtailment of one-to-two hours duration and a maximum of four Unscheduled Curtailments of one-to-four hours duration each.

Outreach Activities

TNMP plans to market the availability of the program in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential participants interested and informed; and
- Maintains program information on the company website.

High-Performance Homes MTP ("HPH MTP")

Program Design

The High-Performance Homes MTP promotes the construction and certification of new ENERGY STAR® certified and High-Performance qualified homes. This voluntary program provides financial incentives and other types of assistance to production and custom homebuilders who construct homes within the TNMP service territory that meet defined specifications. To be eligible for participation, homes must achieve at least a five percent (5%) kWh savings over the Texas Baseline Reference Home (TBRH) established by the PUCT in the TRM for Program Year 2025. The Rater's primary responsibility is to work with homebuilders to facilitate the construction of ENERGY STAR® certified and High-Performance homes that meet the performance requirements for the program.

Implementation Process

TNMP continues its contract with ICF Resources, LLC ("ICF") to implement the HPH MTP, whereby any eligible builder may submit an application for a home meeting the requirements. The program information on TNMP's website reflects eligibility requirements.

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Contracts with third-party implementer to conduct outreach and planning activities;
- Utilizes mass electronic mail (e-mail) notifications to keep potential builders interested and informed;
- Maintains a website with detailed builder eligibility, incentives, and process; and
- Participates in statewide outreach activities, as may be available.

Residential SOP ("RES SOP")

Program Design

The RES SOP targets residential customers whose maximum demand is less than 100 kW. Incentives are paid to Project Sponsors for certain eligible measures installed in retrofit applications which provide verifiable demand and energy savings, as defined in the TRM.

Implementation Process

TNMP continues implementation of its RES SOP whereby any eligible Project Sponsor may submit an application to participate. The program information on TNMP's website is updated to reflect participating Project Sponsors and incentive amounts that are available.

Eligible measures include, but are not limited to:

- Attic insulation
- Central HVAC replacement
- Duct Sealing
- LEDs
- Advanced Power Strips

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains a website with detailed project eligibility, end-use measures, incentives, procedures, and application forms;
- Participates in statewide outreach activities as may be available; and
- Conducts ongoing meetings as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

Hard-To-Reach SOP ("HTR SOP")

Program Design

The HTR SOP targets low-income customers, defined as a household income at or below 200% of the federal poverty guidelines, or who meet certain other qualifications. Incentives are paid to

Project Sponsors for eligible measures installed in retrofit applications which provide verifiable demand and energy savings, as defined in the TRM.

Implementation Process

TNMP continues implementation of its HTR SOP, whereby any eligible Project Sponsor may submit an application to participate. The program information on TNMP's website is updated to reflect participating Project Sponsors and the program database reflects incentive amounts that are available.

Eligible measures include, but are not limited to:

- Attic insulation
- Central HVAC replacement
- Duct Sealing
- LEDs
- Advanced Power Strips
- Air Infiltration

Outreach Activities

TNMP markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential Project Sponsors interested and informed;
- Maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Participates in statewide outreach activities, as may be available; and
- Conducts ongoing meetings as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

Low-Income Weatherization SOP ("LIW")

Program Design

Each unbundled transmission and distribution utility shall include in its energy efficiency plan a targeted low-income energy efficiency program as described by PURA § 39.903(f)(2). The LIW program targets TNMP's low-income residential customers who: a) meet the Department of Energy's income eligibility guidelines, defined as at or below 200% of the federal poverty level, or

who meet certain other qualifications; b) are connected to TNMP's electric system; and c) have been qualified through the Service Providers guidelines. Effective in 2011, S.B. 1434 required that no less than 10% of the total energy efficiency portfolio budget be expended on Low-Income Weatherization.

Implementation Process

TNMP continues to contract with Frontier Energy, Inc. ("Frontier") to provide marketing and education to agencies for single-family and multifamily homes. Frontier contracts with the agencies (i.e. low-income advocates) to provide weatherization services to eligible single-family and multifamily residential TNMP customers. In 2023, Frontier also began acting as an agency managing a contractor to serve customers in an area where there is no agency performing weatherization.

The agencies select measures to be installed based on the savings-to-investment ratio, which evaluates cost-effectiveness using the present value of the measure's lifetime energy savings divided by the installation costs. Agencies receive payment for the measure installation costs, audit fees, and an administrative fee of 8%. Energy savings are defined in the TRM.

Eligible measures include, but are not limited to:

- Attic insulation
- Central HVAC replacement
- Air infiltration
- Solar screens
- Wall insulation
- Smart thermostats

Additionally, TNMP contracts with EnerChoice LLC ("EnerChoice") to reach the multifamily market through a competitive bidding process. EnerChoice issues a request for proposal through which service providers identify potential multifamily projects and submit bids for heating, ventilation, and air conditioning (HVAC) system change outs.

Outreach Activities

Low-income advocates throughout TNMP's service territory will be called upon through phone calls and emails to participate. Database training and updates to policies and procedures will take place annually, or as needed.

C. 2025 New Programs

Residential Load Management SOP Pilot ("RLMP")[5]

Program Design

The TNMP Residential Load Management SOP Pilot ("RLMP"), may launch in 2025 in accordance with 16 TAC § 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to enroll load management devices that enable voluntary curtailment of electric demand during peak demand periods in return for incentive payments. Incentives are based on enrollment and participation. Project Sponsors are responsible for ensuring load control devices in participating residences. The program is designed to reduce demand during the summer peak period from June 1-September 30, weekdays from 1:00-7:00 pm CDT, excluding weekends and federal holidays.

Implementation Process

TNMP is in the process of contracting with EnergyHub, Inc. for implementation of this program through their DR platform for program dispatch and management.

Outreach Activities

TNMP plans to market the availability of the program in the following manner:

- Leverage device manufacturer partnerships to target potential BYOD enrollees through digital platforms.
- Maintain program information on the company website.

D. Research & Development

R&D costs for the 2025 portfolio include the ongoing development of a tracking system that supports implementation and reporting to manage TNMP's energy efficiency portfolio. Additionally, R&D costs include completing the development of TEPRI's low-income verification tool which simplifies the determination of eligibility for low-income qualification and participation.

E. Customer Classes

Customer classes targeted by TNMP's energy efficiency programs are the Commercial, Hard-to-Reach, and Residential classes.

[5] Program template to be addressed in forthcoming EEIP.

The annual demand goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and considering 16 TAC § 25.181, which states that no less than 5% of the utility's total demand goal should be achieved through programs for hard-to-reach customers. **Table 3** summarizes the number of customers in each of the eligible customer classes, which was used to allocate funding on an equitable basis.

It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the market, the potential interest that a customer class may have toward a specific program, and the overriding objective of meeting the legislative goal. TNMP will offer a portfolio of Standard Offer and Market Transformation Programs that will be available to all customer classes.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers[6]
Commercial	44,417
Residential	163,507
Hard-to-Reach	71,080
Total	**279,004**

II. Projected Energy Efficiency Savings and Goals

The modified PURA § 39.905, effective September 1, 2011, changed the calculation used to determine TNMP's goal, stating that for an electric utility whose amount of energy efficiency to be acquired under this subsection is equivalent to at least four-tenths of 1% of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous calendar year, the minimum goal shall not be less than four-tenths of 1% of the utility's summer weather-adjusted peak demand for residential and commercial customers, adjusted for distribution industrial opt-out, by December 31 of each subsequent year; and the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year.

[6] Customer count takes into account 346 qualifying industrial customers who have opted out of paying the energy efficiency cost recovery factor and thus out of being eligible to participate in TNMP's energy efficiency programs per 16 TAC § 25.181(u).

As shown in the data in **Table 4**, a four-tenths of 1% goal will be 5.87 MW for 2026. For 2025, TNMP has planned to achieve a goal of 5.58 MW,[7] and for 2026 TNMP is planning to achieve a goal of 5.87 MW.

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. **Table 5** presents the projected demand and energy savings broken out by program for each customer class for 2025 and 2026. Projected savings for 2025 and 2026 reflect the budget allocations designed to meet TNMP's goals required by PURA § 39.905.

[7] Goal defined in Docket No. 56657.

Table 4: Annual Growth in Demand and Energy Consumption

	Peak Demand (MW) @ Source					Energy Consumption (MWh) @ Meter						Peak Demand (MW) @ Source		Peak Demand (MW) For Goal @ Meter		
	Total System		Residential & Commercial			Total System		Residential & Commercial				Residential & Commercial		Residential & Commercial		
Calendar Year	Actual	Weather Adjusted	Actual	Weather Adjusted	Opt-Out	Actual	Weather Adjusted	Actual	Weather Adjusted	Opt-Out	Net	Unadjusted Load	0.4% Peak Unadjusted Demand	T&D Loss Factor %	Adjusted Load	0.4% Peak Demand
(a)	(b)[8]	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)[9]	(o)	(p)	(q)
2020	2,038	2,006	1,453	1,421	-52	11,433,155	11,459,453	6,575,549	6,601,848	-483,838	6,118,010	1,369	5.53	5.28%	1,300	5.2
2021	2,009	2,074	1,464	1,528	-33	11,802,912	11,804,111	6,562,989	6,564,188	-277,454	6,286,734	1,495	5.64	5.30%	1,420	5.3
2022	2,228	2,151	1,647	1,570	-51	13,871,390	13,623,562	7,933,519	7,685,691	-443,815	7,241,876	1,519	5.75	5.96%	1,434	5.45
2023	2,304	2,198	1,703	1,597	-59	15,994,832	15,788,508	8,618,773	8,412,448	-569,651	7,842,796	1,538	5.89	5.56%	1,457	5.58
2024	2,681	2,665	1,914	1,899	-81	17,082,233	17,013,415	8,800,382	8,734,784	-479,342	8,255,442	1,817	6.19	5.29%	1,726	5.87

[8] The columns (b) and (m) represent actual ERCOT settlement data for TNMP's service territory for the coincident peak for each year that was included in the four coincident peaks approved by the Commission for the ERCOT wholesale transmission matrix.

[9] Deemed actual distribution loss factors used in the ERCOT settlement process which are calculated from the distribution loss coefficients submitted by DSPs and the ERCOT actual load + deemed actual transmission loss factors used in the ERCOT settlement process which are calculated based upon a linear interpolation or extrapolation using the on-peak and off-peak TLFs corresponding to the actual ERCOT system load (http://www.ercot.com/mktinfo/data_agg).

Table 5: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)[10]

	2025	
	Demand Goal (kW)	**Energy Goal (kWh)**
Commercial	**3,002**	**9,728,434**
COMPASS for Small Business MTP	925	2,247,602
COMPASS for Schools/Governments MTP	1,000	3,240,651
COMPASS for Large Commercial MTP	1,077	4,240,181
Commercial Load Management	**10,625**	**10,625**
Winter Load Management SOP	1,875	1,875
Summer Load Management SOP	8,750	8,750
Residential	**2,433**	**5,167,959**
High-Performance Homes MTP	933	1,785,159
Residential SOP	1,500	3,382,800
Residential Load Management	**4,028**	**12,085**
Residential Load Management SOP Pilot	4,028	12,085
Hard-to-Reach	**1,356**	**2,223,916**
Hard-to-Reach SOP	760	1,029,900
Low Income Weatherization SOP	596	1,194,016
Total Annual Projected Savings	**21,444**	**17,143,019**
	2026	
	Demand Goal (kW)	**Energy Goal (kWh)**
Commercial	**3,093**	**6,657,640**
COMPASS for Small Business MTP	852	1,292,612
COMPASS for Schools/Governments MTP	1,098	2,997,114
COMPASS for Large Commercial MTP	1,144	2,367,914
Commercial Load Management	**10,625**	**10,625**
Winter Load Management SOP	1,875	1,875
Summer Load Management SOP	8,750	8,750
Residential	**2,497**	**6,106,762**
High-Performance Homes MTP	985	2,565,264
Residential SOP	1,512	3,541,498
REP Smart Thermostat SOP Pilot	TBD	TBD
Hard-to-Reach	**1,250**	**2,009,379**
Hard-to-Reach SOP	740	1,001,157
Low Income Weatherization SOP	510	1,008,222
Total Annual Projected Savings	**17,465**	**14,784,406**

[10] The projected savings in Table 5 for 2025 are based on the Statements of Work in place for 2025. The projected savings in Table 5 for 2026 are based on the actual costs from 2024 used to estimate future achievement assuming that achievement of savings would be from the exact same measure-mix as in 2024. Historically, program funds are evaluated and reallocated as necessary among programs throughout the year, so it is highly likely that the actuals will differ from the projections.

III. Program Budgets

Table 6 presents total proposed budget allocations required to achieve the projected demand and energy savings shown in **Table 5**. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy in 16 TAC § 25.181, allocation of demand goals among customer classes, and the incentive levels by customer class. The budget allocations presented in **Table 6** below are broken down by customer class, program, and the different budget categories: incentive payments, administration, research and development ("R&D") and EM&V.

TNMP's budget projections are designed to exceed the goal as encouraged by 16 TAC § 25.181(d), while staying within the cost caps established by 16 TAC § 25.182(d)(7). TNMP uses a historical estimate to project achievements, which does not account for other variables that would lower savings, in an attempt to still meet the goal. 16 TAC § 25.181(d) encourages TNMP to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility's energy efficiency goals while staying within the cost caps. TNMP's budget is designed to meet or exceed the goal established by Docket No. 56657 while remaining within the required cost caps.

Table 6: Proposed Annual Budget Broken Out by Program for Each Customer Class

2025	Incentives	Admin	Total Budget	EM&V
Commercial	**2,100,000**	**341,198**	**2,441,198**	
COMPASS for Small Business MTP	700,000	113,733	813,733	
COMPASS for Schools/Governments MTP	700,000	113,733	813,733	
COMPASS for Large Commercial MTP	700,000	113,733	813,733	
Load Management	**425,000**	**69,052**	**494,052**	
Winter Load Management SOP	75,000	12,186	87,186	
Summer Load Management SOP	350,000	56,866	406,866	
Residential	**1,750,000**	**284,332**	**2,034,332**	
High-Performance Homes MTP	550,000	89,361	639,361	
Residential SOP	1,200,000	194,970	1,394,970	
Residential Load Management	**200,000**	**32,495**	**232,495**	
Residential Load Management SOP Pilot	200,000	32,495	232,495	
Hard-to-Reach	**1,150,000**	**186,846**	**1,336,846**	
Hard-to-Reach SOP	500,000	81,238	581,238	
Low-Income Weatherization SOP	650,000	105,609	755,609	
Research & Development		**85,000**	**85,000**	
Total Budgets by Category	**5,625,000**	**998,923**	**6,623,923**	**57,178**
2026	**Incentives**	**Admin**	**Total Budget**	**EM&V**
Commercial	**2,100,000**	**375,449**	**2,475,449**	
COMPASS for Small Business MTP	700,000	125,150	825,150	
COMPASS for Schools/Governments MTP	700,000	125,150	825,150	
COMPASS for Large Commercial MTP	700,000	125,150	825,150	
Load Management	**425,000**	**75,984**	**500,984**	
Winter Load Management SOP	75,000	13,409	88,409	
Summer Load Management SOP	350,000	62,575	412,575	
Residential	**1,850,000**	**330,752**	**2,180,752**	
High-Performance Homes MTP	550,000	98,332	648,332	
Residential SOP	1,200,000	214,542	1,414,542	
REP Smart Thermostat SOP Pilot	100,000	17,879	117,879	
Hard-to-Reach	**1,200,000**	**214,542**	**1,414,542**	
Hard-to-Reach SOP	550,000	98,332	648,332	
Low-Income Weatherization SOP	650,000	116,210	766,210	
Research & Development		**85,000**		
Total Budgets by Category	**5,575,000**	**1,081,727**	**6,656,727**	**57,178**

IV. Historical Demand Savings Goals and Energy Targets for Previous Five Years

This section documents TNMP's actual demand goals and energy targets for the previous five years (2020-2024).

Table 7: Historical Demand and Energy Savings Goals and Achievements (at the Meter)[11]

Calendar Year	Actual Demand Goal (MW)	Actual Energy Goal (MWh)	Actual Demand Reduction (MW)	Actual Energy Savings (MWh)
2024[12]	5.45	9,548	16.991	15,724
2023	5.44	9,531	16.152	16,580
2022	5.44	9,531	13.689	18,057
2021	5.44	9,531	11.631	18,924
2020	5.44	9,531	12.469	16,802

[11] Actual demand reduction at source for 2024 is 5.29 MW using the T&D loss factor from 2024 in Table 4. The calculation is as follows: 16.991 MW at meter * (1/(1-5.29% line losses)) = 17.940 MW at source.
[12] Savings reported have been verified by EM&V.

V. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2024 and 2023 (at Meter)

2024	Projected Savings		Reported and Verified Savings[13]	
	kW	kWh	kW	kWh
Commercial	**2,155**	**8,867,875**	**2,903**	**6,522,155**
Small Business MTP	600	1,392,875	506	767,427
SCORE/CitySmart MTP	680	2,880,000	1,193	3,262,518
Commercial Solutions MTP	875	4,595,000	1,204	2,492,210
Load Management	**11,500**	**11,500**	**9,879**	**9,879**
Winter Load Management SOP	1,500	1,500	2,635	2,635
Summer Load Management SOP	10,000	10,000	7,244	7,244
Residential	**1,790**	**3,901,177**	**2,907**	**7,062,558**
High-Performance Homes MTP	532	1,453,177	973	2,532,559
Residential SOP	1,258	2,448,000	1,934	4,529,999
Hard-to-Reach	**971**	**1,667,943**	**1,302**	**2,129,044**
Hard-to-Reach SOP	473	817,000	714	966,589
Low-Income Weatherization SOP	498	850,943	588	1,162,456
Total Annual Goals	**16,416**	**14,448,495**	**16,991**	**15,723,649**
2023	**Projected Savings**		**Reported and Verified Savings [14]**	
	kW	**kWh**	**kW**	**kWh**
Commercial	**2,319**	**7,636,809**	**2,221**	**9,164,407**
Small Business MTP	677	1,583,189	738	1,410,639
SCORE/CitySmart MTP	828	2,652,259	546	1,460,002
Commercial Solutions MTP	814	3,401,361	937	6,293,766
Load Management SOP	**7,598**	**7,598**	**10,278**	**12,966**
Winter Load Management SOP Pilot	1,500	1,500	2,688	5,376
Summer Load Management SOP	6,098	6,098	7,590	7,590
Residential	**2,190**	**4,447,008**	**2,535**	**5,303,075**
High-Performance Homes MTP	509	1,068,630	598	1,455,438
Residential SOP	1,681	3,378,378	1,937	3,847,637
Hard-to-Reach	**921**	**1,392,891**	**1,117**	**2,099,396**
Hard-to-Reach SOP	476	797,363	573	995,926
Low-Income Weatherization SOP	445	595,527	544	1,103,469
Total Annual Goals	**13,027**	**13,484,306**	**16,152**	**16,579,844**

[13] Program savings have been verified with EM&V.
[14] Program savings have been verified with EM&V.

VI. Historical Program Expenditures

This section documents TNMP's incentive, administration, R&D, and EM&V[15] expenditures for the previous five years (2020-2024) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administration Expenditures for 2020 through 2024[16]

	2024				2023				2022				2021				2020		
	Incent.	Admin	R&D	EM&V	Incent.	Admin	R&D	EM&V	Incent.	Admin	R&D	EM&V	Incent.	Admin	R&D	EM&V	Incent.	Admin	EM&V
Commercial	**1,617,066**	**233,609**	**39,714**	**29,194**	**1,522,713**	**215,301**	**43,738**	**21,344**	**1,762,370**	**203,389**	**27,455**	**28,149**	**1,786,562**	**162,057**	**25,294**	**34,502**	**1,645,202**	**157,802**	**28,886**
Small Business MTP	351,914	**50,839**	**8,643**	3,815	334,343	47,274	9,604	5,277	393,407	45,402	6,129	5,232	413,956	37,536	5,861	4,439	320,816	30,857	6,920
SCORE/CitySmart MTP	634,876	**91,717**	**15,592**	10,993	450,923	63,757	12,952	7,318	411,563	47,497	6,412	9,044	513,468	46,559	7,270	12,240	467,912	45,005	7,952
Commercial Solutions MTP	630,276	**91,053**	**15,479**	14,386	737,447	104,270	21,182	8,749	737,316	85,091	11,486	11,169	671,468	60,886	9,507	13,617	665,417	64,002	10,641
Load Management	**295,190**	**42,645**	**7,250**	**6,376**	**304,871**	**43,107**	**8,757**	**4,521**											
Winter Load Management SOP	72,638	**10,494**	**1,784**	3,180	58,927	8,332	1,693	2,265											
Summer Load Management SOP	222,552	**32,151**	**5,466**	3,196	245,944	34,775	7,064	2,256	220,083	25,399	3,429	2,704	187,669	17,077	2,657	4,207	191,057	17,937	3,374
Residential	**1,689,989**	**334,229**	**41,505**	**11,955**	**1,655,718**	**269,658**	**47,558**	**16,454**	**1,552,134**	**288,295**	**24,180**	**17,081**	**1,896,857**	**286,359**	**26,856**	**16,186**	**1,825,252**	**265,595**	**21,448**
High-Performance Homes MTP	461,055	**66,606**	**11,323**	3,934	352,563	49,850	10,127	5,343	381,855	44,069	5,949	3,572	450,633	40,861	6,380	3,806	411,670	38,931	8,368
Residential SOP	1,228,934	**267,623**	**30,182**	8,020	1,303,155	219,808	37,431	11,112	1,170,278	244,227	18,231	13,510	1,446,224	245,498	20,476	12,379	1,410,582	226,664	13,080
Hard-to-Reach	**1,022,787**	**222,731**	**25,119**	**9,653**	**866,759**	**138,824**	**24,896**	**10,256**	**842,887**	**185,364**	**13,131**	**11,946**	**891,069**	**170,723**	**12,616**	**5,295**	**817,737**	**143,690**	**7,989**
Hard-to-Reach SOP	423,522	**92,230**	**10,401**	4,793	376,313	63,474	10,809	5,600	351,765	72,891	5,480	6,048	350,936	59,572	4,969	2,860	401,849	64,572	4,240
Low-Income Weatherization SOP	599,266	**130,501**	**14,718**	4,860	490,446	75,350	14,087	4,656	491,122	112,473	7,651	5,898	540,133	111,152	7,647	2,434	415,889	79,118	3,749
Total Annual Expenditures	**4,625,032**	**833,213**	**113,588**	**57,178**	**4,350,060**	**666,890**	**124,950**	**52,575**	**4,157,391**	**677,049**	**64,766**	**57,176**	**4,574,488**	**619,140**	**64,766**	**55,983**	**4,288,191**	**567,088**	**58,323**

[15] EM&V actual expenditures are allocated based on allocation factors provided by the EM&V contractor.

[16] 2024 budget found at Table 10 in the current EEPR; 2023 budget as defined in Project No.56003; 2022 budget as defined in Project No.54470; 2021 budget defined in Project No. 52949; 2020 budget defined in Project No.51672.

VII. Program Funding for Calendar Year 2024

As shown in **Table 10**, TNMP spent a total of $5,571,833, not including EM&V costs, on all of its energy efficiency programs in 2024 to meet the Commission and PURA's mandated budget. The total forecasted budget for 2024 was $5,483,535.

Funds for achieving the energy efficiency goal will be collected in each utility's EECRF. Each utility shall track its energy efficiency expenditures separately from other expenditures and report these in their annual energy efficiency report.

For all program expenditures that decreased from the total projected budget by more than 10%, the funds were not fully subscribed in the program. For all program expenditures that increased from the total projected budget by 10%, the funds not spent in other programs in the same customer class were reallocated so they could be spent to reach TNMP's savings goal.

Actual spend in the Small Business MTP changed by -29% due to a lack of participation from contractors and challenges engaging small businesses with projects outside of "no cost" measures.

Actual spend in Winter Load Management SOP changed by 23% due to over-achievement of the participating sites. Because of the under-spend in Small Business MPT, there were funds available to allocate under the commercial cap to pay for the additional savings.

Actual spend in High-Performance Homes MTP changed by 33% due to a large number of homes in the pipeline. TNMP was able to commit to processing additional homes under the residential cap.

Actual spend in HTR SOP changed by 21% due to the participation of multifamily projects. When possible, TNMP will commit to serving the entire property, and there were funds available under the residential cap.

The Research & Development spend changed by -13% due to the TEPRI tool development timeline moving to span 2024 & 2025.

Table 10: Program Funding for Calendar Year 2024

	Total Projected Budget	Total # of Premises	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)[17]	Actual Funds Expended (R&D)	Total Funds Expended	Funds Remaining	% change
Commercial	**1,963,540**	**114**	**1,617,066**	**233,609**	**39,714**	**1,890,389**	**73,151**	**-15%**
Small Business MTP	577,512	25	351,914	50,839	8,643	411,396	166,116	-29%
SCORE/CitySmart MTP	693,014	49	634,876	91,717	15,592	742,185	-49,171	7%
Commercial Solutions MTP	693,014	40	630,276	91,053	15,479	736,808	-43,793	6%
Load Management	**473,560**	**142**	**295,190**	**42,645**	**7,250**	**345,084**	**128,476**	**-13%**
Winter Load Management SOP	69,301	20	72,638	10,494	1,784	84,916	-15,614	23%
Summer Load Management SOP	404,258	122	222,552	32,151	5,466	260,168	144,090	-36%
Residential	**1,790,287**	**3,042**	**1,689,989**	**334,229**	**41,505**	**2,065,723**	**-275,436**	**43%**
High-Performance Homes MTP	404,258	796	461,055	66,606	11,323	538,984	-134,726	33%
Residential SOP	1,386,028	2,246	1,228,934	267,623	30,182	1,526,738	-140,710	10%
Hard-to-Reach	**1,126,148**	**827**	**1,022,787**	**222,731**	**25,119**	**1,270,637**	**-144,489**	**29%**
Hard-to-Reach SOP	433,134	577	423,522	92,230	10,401	526,153	-93,019	21%
Low-Income Weatherization SOP	693,014	250	599,266	130,501	14,718	744,484	-51,470	7%
Research & Development	**130,000**				113,588		16,412	-13%
Total Annual Expenditures	**5,483,535**	**4,125**	**4,625,032**	**833,213**	**113,588**	**5,571,833**	**-201,885**	**31%**
EM&V						**52,575**		

[17] Excludes EM&V and municipal rate case expenses

TNMP's 2024 targeted low-income program met the requirements in the EE Rule, whereby "annual expenditures for the targeted low-income energy efficiency program are not less than 10% of the utilities energy efficiency budget for the program year" as detailed in **Table 11** below:

Table 11: Meeting Low-Income Weatherization Expenditure Requirement

Total Expenditures	LIW Expenditures	% of Expenditures
5,571,833	744,484	13.36%

VIII. Market Transformation Program Results

Small Business MTP

TNMP retained CLEAResult in 2013 to broaden participation in the commercial sector to include more small business customers. The Small Business MTP is a program designed to offer contractor and customer education on energy efficiency technologies, equip participating contractors with the tools they need to succeed in generating revenue from projects in the small business market, and offer substantial incentive rates needed to move small (≤200 kW peak demand) businesses to install energy-efficient products such as high-efficiency lighting and refrigeration measures. In 2019, air infiltration was included as a "no cost" measure and made up over half of the savings achieved. Customers leveraged "no cost" measures including a "no cost" high-performance a/c tune-up added in 2021, as small businesses still did not have much money to spend on other measures due to the effects of COVID-19. The program overcomes market barriers by providing incentives to help pay for energy efficiency upgrades. In addition, the Small Business MTP connects customers with participating contractors that are qualified to provide design and installation services for energy-efficient technologies and any additional technical support as needed to make the customer comfortable with the implementation of efficiency measures in their facilities.

The program design is a contractor direct install model enabling market transformation at the contractor and customer level. The program is based on contractor engagement and furthermore provides a Proposal Generation Software Application ("Proposal App") to empower participating contractors and to streamline program participation. The Proposal App enables participating contractors to perform facility surveys for eligible measures, generate and submit Customer Proposals, and obtain electronic customer signatures. The program focuses on educating and

training participating contractors to provide customer support and will provide direct customer assistance as needed.

In 2024, TNMP projected acquisition of 600 kW demand savings from this program. TNMP is reporting 506 kW. This includes 27 premises in eight counties.

SCORE/CitySmart MTP

TNMP retained CLEAResult to offer the SCORE/CitySmart MTP in 2009 to schools and local government sectors. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2024 SCORE/CitySmart MTP continued to offer non-cash incentives such as building energy analysis (benchmarking), energy master planning seminars, technical assistance, communications support, and monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

The SCORE/CitySmart MTP has created change that can be tracked among partners, service providers, engineers, designers, and architects. This change has been achieved by assisting participants to identify energy efficiency opportunities, make informed financial decisions, successfully install energy-saving projects in their facilities, and communication support to promote accomplishments. The SCORE/CitySmart MTP has enrolled participants that had previously been unable to participate due to various barriers including lack of time, resources, and knowledge to complete the application process. The program has been effective in educating participants about more cost-effective and energy-efficient technologies.

Tracking Success

Lack of resourcing that is dedicated to energy efficiency is a significant barrier to participation. Many participants note they lack the time, staff, funding and procurement process to implement efficiency improvements, as well as the awareness of and familiarity with energy-efficient technologies. Given the monetary and non-monetary barriers present in the marketplace, both resource acquisition and market transformation programs are needed.

In 2024, TNMP projected acquisition of 680 kW demand savings from this program. TNMP is reporting 1,193 kW, including participation by 76 premises in seven counties.

Commercial Solutions MTP

TNMP retained CLEAResult to offer the Commercial Solutions component in 2009 to broaden program participation in commercial sectors. In 2012, TNMP separated the CS MTP from the SCORE/CitySmart MTP. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between the finance and facilities departments, the lack of firsthand experience with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs. The 2024 CS MTP provided non-cash incentives such as technical assistance and communications support, as well as monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

Tracking Success

The CS MTP has created change that can be tracked among partners, service providers, engineers, designers, and architects. This change has been achieved by assisting participants to identify energy efficiency opportunities, make informed financial decisions, successfully install energy-saving projects in their facilities and provide communication support to promote accomplishments. Furthermore, the CS MTP has enrolled participants that had previously been unable to participate due to various barriers including lack of time, resources and knowledge to complete the application process. The program has been effective in educating participants about more cost-effective and energy-efficient technologies for their facilities. The service provider component has been an integral part of developing long-term relationships and impact in the marketplace.

In 2024, TNMP projected acquisition of 875 kW demand savings from this program. TNMP is reporting 1,203 kW. This included 48 premises in sixteen counties.

High-Performance Homes MTP

The primary objective of the High-Performance Homes program has been to achieve peak demand reductions and/or energy savings through increased sales of ENERGY STAR® certified and High-

Performance qualified homes. Additionally, the program is designed to condition the market so that consumers are aware of and demand ENERGY STAR® certified and High-Performance qualified homes, and that builders have the technical capacity to supply them.

TNMP continues to contract with ICF to implement the program. Pursuant with 16 TAC § 25.181, as part of the 2015 HPH MTP, ICF completed a baseline study of the residential new construction market. The primary objective of this study was to analyze and demonstrate standard construction practices that do not meet the current statewide energy code. The results of the study augmented the HPH MTP by quantifying the current new home construction market, and results have been used to generate a TBRH to be used in conjunction with the 2015 IECC code to incentivize builders to comply with a higher efficiency baseline.

In 2024, TNMP incentivized 796 homes, resulting in 973 kW of reduced demand and 2,532,559 kWh of energy savings.

Low-Income Weatherization SOP

In 2024, TNMP partnered with three agencies and two implementers to provide services of the targeted low-income weatherization program.

The 2024 program exceeded the required 10% spend of the total energy efficiency budget, resulting in a savings of 588 kW and 1,162,456 kWh in eight counties.

IX. Research & Development and Administration Cost Reporting

Research & Development ("R&D")

R&D costs for the 2024 portfolio included the ongoing development of a tracking system that supports implementation and reporting to manage TNMP's energy efficiency portfolio. Additionally, R&D costs include the preliminary development of TEPRI's low-income verification tool which simplifies the determination of eligibility for low-income qualification and participation.

Administration Costs

Administration costs for the 2024 portfolio include, but are not limited to, outsourced program administration, marketing, energy efficiency employees' payroll, Electric Utility Marketing

Mangers of Texas ("EUMMOT"), costs associated with regulatory filings, and EM&V administration outside of the actual cost associated with the EM&V contractor.

Generally, such costs benefit the entire portfolio with costs being directly assigned, where possible, to the specific program requiring such costs. Any costs (or portions thereof) which are not directly assignable to a specific program are allocated among the programs in proportion to the program incentive costs.

X. Current Energy Efficiency Cost Recovery Factor ("EECRF")

TNMP filed its Application for Approval of an Energy Efficiency Cost Recovery Factor on May 31, 2024. The application and supporting documents are available for download from the PUCT Interchange under Docket No. 56657. Rates charged per class are billed per kWh monthly:

- Residential Service = $0.001273
- Secondary Service Less than or Equal to 5kW = $(0.001871)
- Secondary Service Greater than 5kW = $0.000961
- Primary Service = $0.000224
- Lighting = $(0.000007)

The EECRF was filed, approved, and is being collected from January 1 through December 31, 2025. Rates went into effect March 1, 2025. TNMP will be filing for 2025 EECRF recovery by June 1, 2025.

XI. Revenue Collected through EECRF (2024)

Revenue Collected

TNMP collected $7,610,774 from January 1, 2024 through December 31, 2024.

XII. Over/Under-Recovery of Energy Efficiency Program Costs

TNMP had an over-recovery of $992,009[18] for the 2024 program year, including its rate case expenses of $50,693.40 for processing Docket No. 56657. TNMP will true-up this amount, by rate class, in the 2026 EECRF filing.

[18] Over-recovery amount includes a true-up to the EM&V projected costs collected through rates as approved in Docket No. 56657.

Acronyms

C&I	Commercial and Industrial
CCET	Center for the Commercialization of Electric Technologies
DR	Demand Response
DSM	Demand Side Management
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2009
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2009
EE Rule	Energy Efficiency Rule, 16 Tex. Admin. Code § 25.181 and § 25.183
EM&V	Evaluation, Measurement and Verification
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools Conserving Resources
SOP	Standard Offer Program

Glossary

Please refer to 16 TAC § 25.181(c) for a full list of definitions.

Appendix

Reported Demand and Energy Reduction by County 2024

Small Business MTP			
County	**# of Premises**	**kW**	**kWh**
Bosque	2	7	27,541
Brazoria	7	161	231,624
Denton	6	9	34,193
Fannin	1	3	10,617
Galveston	5	174	266,982
Hamilton	1	22	28,574
Somervell	2	81	104,015
Young	1	50	63,880
Totals	**25**	**506**	**767,427**

SCORE/CitySmart MTP			
County	**# of Premises**	**kW**	**kWh**
Bosque	9	27	123,303
Brazoria	1	27	64,866
Collin	7	98	146,835
Coryell	9	469	643,596
Denton	3	40	65,439
Galveston	13	309	1,891,050
Hamilton	7	211	290,120
Totals	**49**	**1,181**	**3,225,209**
EM&V Adjusted		**1,193**	**3,262,518**

Commercial Solutions MTP			
County	**# of Premises**	**kW**	**kWh**
Brazoria	6	42	290,594
Collin	1	7	8,135
Coryell	1	36	148,766
Denton	6	829	1,194,234
Fannin	3	14	23,424
Galveston	9	133	326,515
Grayson	3	24	27,862
Hill	1	5	20,316
Hunt	1	6	6,114
Lamar	1	8	27,061
Lee	1	9	35,830
Montague	1	2	3,997
Pecos	2	3	14,040
Red River	1	2	6,534
Somervell	1	48	320,260
Young	2	35	37,722
Totals	**40**	**1,203**	**2,491,404**
EM&V Adjusted		**1,204**	**2,492,210**

Summer Load Management SOP			
County	**# of Premises**	**kW**	**kWh**
Bosque	8	2,005	2,005
Brazoria	22	2,253	2,253
Collin	2	21	21
Coryell	2	95	95
Denton	10	262	262
Fannin	1	4	4
Galveston	58	2,500	2,500
Hamilton	2	-	-
Hill	1	1	1
Hunt	1	-	-
Montague	1	-	-
Pecos	2	8	8
RAINS	1	5	5

Red River	1	-	-
Reeves	4	63	63
WINKLER	5	11	11
Young	1	16	16
Totals	**122**	**7,244**	**7,244**

Winter Load Management SOP			
County	**# of Premises**	**kW**	**kWh**
Brazoria	7	1,328	1,328
Galveston	13	1,307	1,307
Totals	**20**	**2,635**	**2,635**

High-Performance Homes MTP			
County	**# of Premises**	**kW**	**kWh**
Brazoria	287	287	790,655
Collin	33	44	105,542
Cooke	2	1	4,343
Galveston	443	618	1,567,790
Grayson	31	22	64,229
Totals	**796**	**973**	**2,532,559**

Residential SOP			
County	**# of Premises**	**kW**	**kWh**
Bosque	2	5	10,407
Brazoria	163	126	289,965
Collin	1	0	1,803
Coryell	30	62	135,707
Denton	1173	924	2,084,384
Galveston	858	794	1,974,222
Reeves	2	4	7,221
Terrell	1	1	1,295
Young	16	18	24,994
Totals	**2246**	**1,934**	**4,529,999**

Hard-to-Reach SOP			
County	**# of Premises**	**kW**	**kWh**
Brazoria	5	9	16,949

Coryell	29	50	113,714
Denton	330	352	385,545
Galveston	67	116	219,462
Somervell	10	22	48,242
Young	136	165	182,677
Totals	**577**	**714**	**966,589**

Low-Income Weatherization SOP			
County	**# of Premises**	**kW**	**kWh**
Brazoria	1	4	7,725
Coryell	26	21	35,377
Denton	176	484	974,443
Galveston	5	29	53,615
Hunt	4	3	5,798
Lamar	29	24	40,989
Pecos	3	18	35,091
Red River	6	5	9,418
Totals	**250**	**588**	**1,162,456**
EM&V Adjusted		**588**	**1,162,469**

Underserved Counties[19]

Residential
Cooke
Eastland
Erath
Franklin
Hill
Hood
Johnson
Lamar
McLennan
Stephens
Van Zandt

[19] In each of these counties less than 10% of TNMP residential customers were served in 2024.

TEXAS-NEW MEXICO POWER COMPANY
ENERGY EFFICIENCY COST RECOVERY FACTOR FILING
2026 FORECASTED ENERGY EFFICIENCY COSTS
25.182(d)(10)(A)

Line No.	EE Program	Incentive	Admin	Total	Projected kW	Projected kWh
1	**Commercial**	**2,100,000**	**375,449**	**2,475,449**	**3,093**	**6,657,640**
2	COMPASS for Small Business MTP	700,000	125,150	825,150	852	1,292,612
3	COMPASS for Schools/Governments MTP	700,000	125,150	825,150	1,098	2,997,114
4	COMPASS for Large Commercial MTP	700,000	125,150	825,150	1,143	2,367,914
5	**Load Management**	**425,000**	**75,984**	**500,984**	**10,625**	**10,625**
6	Winter Load Management	75,000	13,409	88,409	1,875	1,875
7	Summer Load Management	350,000	62,575	412,575	8,750	8,750
8	**Residential**	**1,850,000**	**330,752**	**2,180,752**	**2,497**	**6,106,762**
9	High-Performance Homes MTP	550,000	98,332	648,332	985	2,565,264
10	Residential SOP	1,200,000	214,542	1,414,542	1,512	3,541,498
11	REP Smart Thermostat Pilot	100,000	17,879	117,879	TBD	TBD
12	**Hard-to-Reach**	**1,200,000**	**214,542**	**1,414,542**	**1,250**	**2,009,379**
13	Hard-to-Reach SOP	550,000	98,332	648,332	740	1,001,157
14	Low-Income Weatherization	650,000	116,210	766,210	510	1,008,222.00
15	**Research and Development**		**85,000**			
16	**Admin**		**996,727**			
17	**TOTALS**	**5,575,000**	1,081,727	**6,656,727**	**17,465**	**14,784,406**
18	**Goals**				**5,870**	**10,284,240**
19						
20	**Allocation of Budget**	**83.75%**	**16.25%**	**100.00%**		
21	Admin		14.97%			
22	R&D		1.28%			
23						
24	HTR savings		7.16%			
25	Low Income Percentage		11.51%			

TEXAS-NEW MEXICO POWER COMPANY
ENERGY EFFICIENCY COST RECOVERY FACTOR FILING
TNMP'S ADMINISTRATION COSTS, INCLUDING EM&V COSTS AND EECRF EXPENSES
25.182(d)(10)(I)

2024	Costs	Breakdown
Total Administrative Costs within the Cost Caps	833,213	
Admin		782,520
EECRF TNMP Expenses		50,693
Total Administrative Costs outside of the Cost Caps	57,178	
EM&V Costs		57,178
EECRF Municipal Expenses		-

EXHIBIT SMC-5
Filed Under
Confidential Cover

EXHIBIT SMC-6
Filed Under
Confidential Cover

TEXAS-NEW MEXICO POWER COMPANY
ENERGY EFFICIENCY COST RECOVERY FACTOR FILING
INCENTIVE COSTS PER KW AND KWH COMPARED TO OTHER UTILITIES IN TEXAS*
25.182(d)(11)(I)

Utility	kW Achieved	kWh Achieved	Total Incentive $	$/kW	$/kWh
AEP Texas	69,342	64,796,757	$ 16,424,001	$ 237	$ 0.25
CenterPoint	233,032	229,003,152	$ 41,785,535	$ 179	$ 0.18
Entergy	26,313	46,307,674	$ 7,624,056	$ 290	$ 0.16
EPE	18,949	16,060,150	$ 2,276,728	$ 120	$ 0.14
Oncor	224,332	196,624,283	$ 52,707,737	$ 235	$ 0.27
SWEPCO	11,191	23,364,810	$ 3,738,000	$ 334	$ 0.16
TNMP	*16,991*	*15,723,649*	*$ 4,625,032*	*$ 272*	*$ 0.29*
Xcel	8,672	13,740,733	$ 3,805,000	$ 439	$ 0.28

*As filed in 2025 EEPRs Docket No. 57468

TEXAS-NEW MEXICO POWER COMPANY
ENERGY EFFICIENCY COST RECOVERY FACTOR
TNMP'S 2024 NET BENEFITS AND COST-EFFECTIVENESS BY PROGRAM, BY MEASURE, INCLUDING EULs
25.181(d), 25.182(d)(1)(G), 25.182(d)(1)(A)

Program (list custom measure here if necessary)	Measure (Select from Drop Down Menu)	kW	kWh	Incentives	EUL	Total Admin for Bonus (Excluding Bonus; including cost paid for EECRF)	Total Admin for CE (Including Bonus; excluding cost paid for EECRF)	Total Program Cost for Bonus (Excluding Bonus; including cost paid for EECRF)	Total Program Cost for CE (Including Bonus; excluding cost paid for EECRF)	PV (Avoided Capacity Cost)	PV (Avoided Energy Cost)	PV Avd Capacity Cost * kW	PV Avoided Energy Cost * kWh	Total Avoided Cost	Net Benefits	Ben-Cost Ratio
2024 TNMP - Small Business	**N/A**	**505.70**	**767,427**	**$ 351,914.30**		**$ 63,297**	**$ 152,428**	**$ 415,212**	**$ 504,343**	**$ 3,692**	**$ 6.136**	**$ 400,443**	**$ 998,986**	**$ 1,399,429**	**$ 895,086**	**2.77**
	Air Infiltration - Door Sweep	59.54	82,314	$ 99,369.72	11.0	$ 17,873	$ 43,041	$ 117,243	$ 142,411	$ 798	$ 1.326	$ 47,505	$ 109,153	$ 156,657	$ 14,247	1.10
	Air Infiltration - Weather Strip	420.64	586,128	$ 193,641.55	11.0	$ 34,850	$ 83,875	$ 228,473	$ 277,519	$ 798	$ 1.326	$ 335,613	$ 777,235	$ 1,112,848	$ 835,329	4.01
	Incentive Adjustment	-	-	$ 4,178.90	0.0	$ 752	$ 1,810	$ 4,931	$ 5,989	$ -	$ -	$ -	$ -	$ -	$ (5,989)	0.00
	Lighting - 9 year EUL	24.55	97,283	$ 53,951.07	9.0	$ 9,704	$ 23,368	$ 63,655	$ 77,319	$ 687	$ 1.142	$ 16,863	$ 111,061	$ 127,924	$ 50,604	1.65
	Lighting - 15 year EUL	0.09	364	$ 197.78	15.0	$ 36	$ 86	$ 233	$ 285	$ 986	$ 1.638	$ 89	$ 596	$ 685	$ 402	2.42
	Tune Up - Split AC	0.88	1,337	$ 573.29	5.0	$ 103	$ 248	$ 676	$ 822	$ 424	$ 0.704	$ 373	$ 942	$ 1,315	$ 493	1.60
2024 TNMP - SCORE/CitySmart	**N/A**	**1,193.34**	**3,262,518**	**$ 634,875.71**		**$ 118,298**	**$ 279,977**	**$ 753,174**	**$ 914,853**	**$ 15,555**	**$ 26**	**$ 759,838**	**$ 4,853,991**	**$ 5,613,829**	**$ 4,698,976**	**6.14**
	Chiller - Air Cooled - Screw	92.46	275,682	$ 79,836.39	20.0	$ 14,876	$ 35,208	$ 94,712	$ 115,044	$ 1,168	$ 1.942	$ 108,020	$ 535,290	$ 643,310	$ 528,266	5.59
	Chiller - Air Cooled - Scroll	65.05	428,522	$ 83,058.11	20.0	$ 15,476	$ 36,628	$ 98,535	$ 119,686	$ 1,168	$ 1.942	$ 75,997	$ 832,058	$ 908,055	$ 788,369	7.59
	Chiller - Water Cooled - Centrifugal	19.98	428,664	$ 63,629.03	25.0	$ 11,483	$ 27,178	$ 73,113	$ 88,807	$ 1,306	$ 2.171	$ 26,098	$ 930,582	$ 956,679	$ 867,872	10.77
	Chiller - Water Cooled - Screw	40.70	426,022	$ 71,773.90	20.0	$ 13,374	$ 31,652	$ 85,148	$ 103,426	$ 1,168	$ 1.942	$ 47,547	$ 827,204	$ 874,751	$ 771,325	8.46
	Cool Roofs	7.21	46,305	$ 8,514.78	15.0	$ 1,587	$ 3,755	$ 10,101	$ 12,270	$ 986	$ 1.638	$ 7,107	$ 75,858	$ 82,965	$ 70,695	6.76
	Exterior NC Fixture Total	3.31	22,578	$ 3,564.62	15.0	$ 664	$ 1,572	$ 4,229	$ 5,137	$ 986	$ 1.638	$ 3,263	$ 36,988	$ 40,251	$ 35,114	7.84
	HVAC DX AC	34.04	41,799	$ 17,584.29	15.0	$ 3,277	$ 7,755	$ 20,861	$ 25,339	$ 986	$ 1.638	$ 33,553	$ 68,476	$ 102,029	$ 76,690	4.03
	HVAC DX HP	2.97	5,182	$ 1,960.81	15.0	$ 365	$ 865	$ 2,326	$ 2,826	$ 986	$ 1.638	$ 2,928	$ 8,489	$ 11,417	$ 8,591	4.04
	Integral LED Corn Lamps	6.90	47,036	$ 5,384.23	15.0	$ 1,003	$ 2,374	$ 6,387	$ 7,759	$ 986	$ 1.638	$ 6,801	$ 77,056	$ 83,857	$ 76,098	10.81
	Integral LED Lamps	0.42	2,291	$ 387.46	9.0	$ 72	$ 171	$ 460	$ 558	$ 687	$ 1.142	$ 288	$ 2,615	$ 2,904	$ 2,346	5.20
	Interior NC Fixture Total	61.66	202,909	$ 45,464.57	14.0	$ 8,472	$ 20,050	$ 53,936	$ 65,514	$ 941	$ 1.567	$ 58,122	$ 317,883	$ 376,004	$ 310,490	5.74
	LED Fixtures	20.45	113,044	$ 22,751.71	15.0	$ 4,239	$ 10,033	$ 26,991	$ 32,785	$ 986	$ 1.638	$ 20,157	$ 185,192	$ 205,349	$ 172,564	6.26
	LED Tubes	13.01	54,626	$ 10,823.33	15.0	$ 2,017	$ 4,773	$ 12,840	$ 15,596	$ 986	$ 1.638	$ 12,824	$ 89,490	$ 102,314	$ 86,717	6.56
	Tune Up - Packaged AC	683.45	939,987	$ 175,588.27	5.0	$ 32,718	$ 77,434	$ 208,306	$ 255,022	$ 424	$ 0.704	$ 289,669	$ 662,137	$ 951,805	$ 698,783	3.76
	Tune Up - Packaged Heat Pump	9.39	18,141	$ 3,198.20	5.0	$ 596	$ 1,410	$ 3,794	$ 4,609	$ 424	$ 0.704	$ 3,980	$ 12,779	$ 16,759	$ 12,150	3.64
	Tune Up - Split AC	120.12	172,421	$ 31,156.02	5.0	$ 8,079	$ 19,120	$ 51,435	$ 62,476	$ 424	$ 0.704	$ 50,911	$ 121,455	$ 172,366	$ 109,890	2.76
	Interior NC Fixture Total	*13.34*	*44,963*	$ -	*14.0*	$ -	$ -	$ -	$ -	*$ 943*	*$ 1.567*	*$ 12,578*	*$ 70,440*	*$ 83,018*	*$ 83,018*	*#DIV/0!*
	Exterior NC Fixture Total	*(1.13)*	*(7,679)*	$ -	*15.0*	$ -	$ -	$ -	$ -							
	LED Fixtures	*(0.01)*	*25*	$ -	*15.0*	$ -	$ -	$ -	$ -							
2024 TNMP - Commercial Solutions	**N/A**	**1,204.02**	**2,492,210**	**$ 630,275.91**		**$ 120,919**	**$ 282,174**	**$ 751,195**	**$ 912,450**	**$ 16,679**	**$ 28**	**$ 686,945**	**$ 3,131,646**	**$ 3,818,591**	**$ 2,906,141**	**4.18**
	Chiller - Water Cooled - Centrifugal	2.46	171,290	$ 30,077.60	25.0	$ 5,770	$ 13,466	$ 35,848	$ 43,543	$ 1,306	$ 2.171	$ 3,213	$ 371,851	$ 375,065	$ 331,521	8.61
	Custom - Other - ENERGY STAR Electric Griddles	0.39	2,050	$ 471.81	12.0	$ 91	$ 211	$ 562	$ 685	$ 849	$ 1.411	$ 331	$ 2,892	$ 3,223	$ 2,540	4.72
	ECM Evaporator Fan Motors	1.57	11,247	$ 2,295.03	15.0	$ 440	$ 1,027	$ 2,735	$ 3,323	$ 986	$ 1.638	$ 1,546	$ 18,425	$ 19,971	$ 16,648	6.01
	Electronic Defrost Controls	3.85	7,539	$ 2,314.97	10.0	$ 444	$ 1,036	$ 2,759	$ 3,351	$ 744	$ 1.236	$ 2,867	$ 3,139	$ 6,006	$ 2,655	1.79
	Evaporator Fan Controls	0.36	3,119	$ 595.52	16.0	$ 114	$ 267	$ 710	$ 862	$ 1,026	$ 1.706	$ 364	$ 5,321	$ 5,685	$ 4,823	6.59
	Exterior NC Fixture Total	0.86	5,259	$ 1,195.27	15.0	$ 229	$ 535	$ 1,425	$ 1,730	$ 986	$ 1.638	$ 848	$ 8,615	$ 9,463	$ 7,733	5.47
	HVAC DX AC	91.05	194,081	$ 90,946.56	15.0	$ 17,448	$ 40,717	$ 108,395	$ 131,663	$ 986	$ 1.638	$ 89,748	$ 317,949	$ 407,696	$ 276,033	3.10
	HVAC DX HP	1.38	2,184	$ 1,252.97	15.0	$ 240	$ 561	$ 1,493	$ 1,814	$ 986	$ 1.638	$ 1,360	$ 3,578	$ 4,938	$ 3,124	2.72
	Integral LED Lamps	0.96	5,566	$ 934.61	9.0	$ 179	$ 418	$ 1,114	$ 1,353	$ 687	$ 1.142	$ 659	$ 6,354	$ 7,014	$ 5,661	5.18
	Interior NC Fixture Total	19.88	77,383	$ 21,774.87	14.0	$ 4,178	$ 9,749	$ 25,952	$ 31,523	$ 941	$ 1.567	$ 18,739	$ 121,210	$ 139,949	$ 108,446	4.44
	Kitchen Demand Control Ventilation	5.45	24,180	$ 4,974.62	15.0	$ 954	$ 2,227	$ 5,929	$ 7,202	$ 986	$ 1.638	$ 5,401	$ 39,612	$ 45,013	$ 33,811	5.97
	LED Fixtures	81.77	145,395	$ 92,799.12	15.0	$ 17,804	$ 41,546	$ 110,603	$ 134,345	$ 986	$ 1.638	$ 80,600	$ 565,835	$ 646,436	$ 512,091	4.81
	LED Tubes	86.18	474,229	$ 81,373.47	15.0	$ 15,612	$ 36,431	$ 96,985	$ 117,804	$ 986	$ 1.638	$ 84,947	$ 776,895	$ 861,842	$ 744,038	7.32
	Lighting Controls	1.12	4,665	$ 1,260.26	10.0	$ 242	$ 564	$ 1,502	$ 1,824	$ 744	$ 1.236	$ 833	$ 5,768	$ 6,601	$ 4,777	3.62
	Smart Thermostats	27.60	99,996	$ 22,119.79	11.0	$ 4,244	$ 9,903	$ 26,363	$ 32,023	$ 798	$ 1.326	$ 22,021	$ 79,558	$ 101,579	$ 69,556	3.17
	Tune Up - Packaged AC	778.41	933,766	$ 214,889.68	5.0	$ 41,227	$ 96,206	$ 256,116	$ 311,096	$ 424	$ 0.704	$ 329,916	$ 657,754	$ 987,670	$ 676,575	3.17
	Tune Up - Split AC	98.25	142,375	$ 54,848.54	5.0	$ 10,523	$ 24,556	$ 65,371	$ 79,404	$ 424	$ 0.704	$ 41,642	$ 100,290	$ 141,932	$ 62,528	1.79
	Zero-Energy Doors	5.70	32,080	$ 6,151.22	12.0	$ 1,180	$ 2,754	$ 7,331	$ 8,905	$ 849	$ 1.411	$ 5,141	$ 45,258	$ 48,398	$ 39,493	5.43
	HVAC DX AC	*0.38*	*806*	$ -	*15.0*	$ -	$ -	$ -	$ -	*$ 986*	*$ 1.638*	*$ 769*	*$ 1,320*	*$ 2,089*	*$ 2,089*	*#DIV/0!*
2024 Winter Load Management	**N/A**	**2,635.00**	**2,635**	**$ 72,638.17**		**$ 15,457**	**$ 34,368**	**$ 88,095**	**$ 107,006**	**$ 95**	**$ 0**	**$ 249,115**	**$ 414**	**$ 249,529**	**$ 142,523**	**2.33**
	2024 Winter Load Management	2,635.00	2,635	$ 72,638.17	1.0	$ 15,457	$ 34,368	$ 88,095	$ 107,006	$ 94.54	$ 0.157	$ 249,115	$ 414	$ 249,529	$ 142,523	$ 2.33
2024 TNMP Hard-to-Reach Standard Offer Program	**N/A**	**714.32**	**966,589**	**$ 423,521.67**		**$ 107,425**	**$ 221,400**	**$ 530,946**	**$ 644,922**	**$ 5,862**	**$ 10**	**$ 728,542**	**$ 1,663,340**	**$ 2,391,882**	**$ 1,746,960**	**3.71**
	R-AdvPowStrip	7.63	47,977	$ 7,398.33	10.0	$ 1,877	$ 3,868	$ 9,275	$ 11,266	743.94	$ 1.236	$ 5,675	$ 59,319	$ 64,994	$ 53,728	5.77
	R-AirInf	355.21	588,730	$ 140,963.95	11.0	$ 35,755	$ 73,690	$ 176,719	$ 214,654	797.86	$ 1.326	$ 283,410	$ 515,476	$ 798,885	$ 584,231	3.72
	R-Ceilingins	269.99	397,135	$ 229,525.93	25.0	$ 58,218	$ 119,987	$ 287,744	$ 349,513	1306.19	$ 2.171	$ 352,657	$ 862,136	$ 1,214,793	$ 865,280	3.48
	R-DuctEffAir	72.00	95,709	$ 37,538.59	18.0	$ 9,522	$ 19,624	$ 47,060	$ 57,162	1101.33	$ 1.830	$ 79,296	$ 175,187	$ 254,483	$ 197,321	4.45
	R-EarlyBirdBonus	-	-	$ 2,810.58	0.0	$ 713	$ 1,469	$ 3,523	$ 4,280	0.00	$ -	$ -	$ -	$ -	$ (4,280)	0.00
	R-LED	1.05	7,697	$ 1,851.84	20.0	$ 470	$ 968	$ 2,322	$ 2,820	1168.29	$ 1.942	$ 1,229	$ 14,944	$ 16,173	$ 13,353	5.74
	R-LEShwhd	8.44	29,341	$ 3,432.67	10.0	$ 871	$ 1,794	$ 4,303	$ 5,227	743.94	$ 1.236	$ 6,275	$ 36,278	$ 42,553	$ 37,326	8.14
2024 TNMP Residential Standard Offer Program	**N/A**	**1,934.36**	**4,529,999**	**$ 1,228,933.73**		**$ 305,826**	**$ 635,285**	**$ 1,534,760**	**$ 1,864,219**	**$ 9,914**	**$ 16**	**$ 1,961,950**	**$ 7,012,330**	**$ 8,974,280**	**$ 7,110,062**	**4.81**
	R-AdvPowStrip	9.15	63,593	$ 8,530.49	10.0	$ 2,123	$ 4,410	$ 10,653	$ 12,940	$ 744	$ 1.236	$ 6,810	$ 78,678	$ 85,488	$ 72,497	6.60
	R-APS	0.04	296	$ 30.11	10.0	$ 7	$ 16	$ 38	$ 46	$ 744	$ 1.236	$ 28	$ 366	$ 395	$ 349	8.64
	R-Ceilingins	1,133.32	2,144,688	$ 882,468.62	25.0	$ 219,607	$ 456,183	$ 1,102,075	$ 1,338,652	$ 1,306	$ 2.171	$ 1,480,331	$ 4,655,877	$ 6,136,209	$ 4,797,557	4.58
	R-CentAC2	60.22	146,753	$ 45,856.80	18.0	$ 11,412	$ 23,705	$ 57,268	$ 69,562	$ 1,101	$ 1.830	$ 66,321	$ 268,620	$ 334,941	$ 265,379	4.82
	R-CentHP2	57.10	105,801	$ 16,937.53	15.0	$ 4,215	$ 8,756	$ 21,153	$ 25,693	$ 986	$ 1.638	$ 56,282	$ 173,326	$ 229,608	$ 203,915	8.94
	R-DuctEffAir	11.13	17,023	$ 4,320.95	18.0	$ 1,075	$ 2,234	$ 5,396	$ 6,555	$ 1,101	$ 1.830	$ 12,258	$ 33,159	$ 43,417	$ 36,862	6.62
	R-EarlyBirdBonus	-	-	$ 5,721.12	0.0	$ 1,424	$ 2,957	$ 7,145	$ 8,679	$ -	$ -	$ -	$ -	$ -	$ (8,679)	0.00
	R-FaucetAerr	10.23	30,072	$ 5,989.61	10.0	$ 1,491	$ 3,096	$ 7,480	$ 9,086	$ 744	$ 1.236	$ 7,608	$ 37,182	$ 44,791	$ 35,705	4.93
	R-LEShwhd	173.30	607,293	$ 63,303.71	10.0	$ 15,753	$ 32,724	$ 79,057	$ 96,028	$ 744	$ 1.236	$ 128,926	$ 750,870	$ 879,797	$ 783,769	9.16
	R-SmtTstat	-	1,507	$ 50.19	11.0	$ 12	$ 26	$ 63	$ 76	$ 798	$ 1.326	$ -	$ 1,998	$ 1,998	$ 1,922	26.25
	R-SmtTstatDown	-	30,550	$ 4,140.29	11.0	$ 1,050	$ 2,140	$ 5,171	$ 6,281	$ 798	$ 1.326	$ -	$ 40,510	$ 40,510	$ 34,230	6.45
	Tune Up - Split AC	393.46	1,011,211	$ 157,020.39	5.0	$ 39,075	$ 81,170	$ 196,096	$ 238,190	$ 424	$ 0.704	$ 166,761	$ 712,308	$ 879,069	$ 640,878	3.69
	Tune Up - Split Heat Pump	86.41	571,212	$ 84,563.92	5.0	$ 8,601	$ 17,867	$ 43,165	$ 52,431	$ 424	$ 0.704	$ 36,623	$ 253,486	$ 298,109	$ 245,678	5.69
2024 TNMP Targeted Low Income Program	**N/A**	**588.08**	**1,162,469**	**$ 599,265.60**		**$ 150,080**	**$ 310,937**	**$ 749,345**	**$ 910,203**	**$ 9,515**	**$ 16**	**$ 594,082**	**$ 1,907,507**	**$ 2,501,589**	**$ 1,591,386**	**2.75**
	R-AdminFee	-	-	$ 19,469.00	0.0	$ 4,876	$ 10,102	$ 24,345	$ 29,571	$ -	$ -	$ -	$ -	$ -	$ (29,571)	0.00
	R-AdvPowStrip	2.10	15,977	$ 3,653.49	10.0	$ 915	$ 1,896	$ 4,568	$ 5,549	744	$ 1.236	$ 1,559	$ 19,755	$ 21,314	$ 15,765	3.84
	R-AirInf	3.98	4,175	$ 2,699.97	11.0	$ 676	$ 1,401	$ 3,376	$ 4,101	798	$ 1.326	$ 3,175	$ 5,536	$ 8,711	$ 4,610	2.12
	R-Assess	-	-	$ 25,594.49	0.0	$ 6,410	$ 13,280	$ 32,004	$ 38,875	$ -	$ -	$ -	$ -	$ -	$ (38,875)	0.00
	R-Ceilingins	45.77	68,693	$ 129,880.81	25.0	$ 32,527	$ 67,390	$ 162,408	$ 197,273	$ 1,306	$ 2.171	$ 59,786	$ 149,124	$ 208,910	$ 11,639	1.06
	R-CentHP	44.67	79,140	$ 53,048.59	15.0	$ 13,285	$ 27,525	$ 66,334	$ 80,574	$ 986	$ 1.638	$ 44,027	$ 129,649	$ 173,676	$ 93,102	2.16
	R-CentHP2	482.81	887,877	$ 336,434.09	15.0	$ 84,256	$ 174,564	$ 420,690	$ 510,998	$ 986	$ 1.638	$ 475,906	$ 1,454,543	$ 1,930,449	$ 1,419,451	3.78
	R-DownSmtTstat	-	6,409	$ 1,003.71	11.0	$ 251	$ 521	$ 1,255	$ 1,524	$ 798	$ 1.326	$ -	$ 8,498	$ 8,498	$ 6,974	5.57
	R-DuctEff	8.70	14,814	$ 23,762.75	18.0	$ 5,951	$ 12,330	$ 29,714	$ 36,092	$ 1,101	$ 1.830	$ 9,582	$ 27,116	$ 36,698	$ 605	1.02
	R-OtherCost	-	-	$ 3,312.23	0.0	$ 850	$ 1,719	$ 4,142	$ 5,031	$ -	$ -	$ -	$ -	$ -	$ (5,031)	0.00
	R-SmtTstat	-	85,058	$ -	11.0	$ -	$ -	$ -	$ -	798	$ 1.326	$ -	$ 112,764	$ 112,764	$ 112,764	#DIV/0
	R-WHPipeins	0.04	334	$ 406.50	13.0	$ 102	$ 211	$ 508	$ 617	$ 897	$ 1.491	$ 36	$ 498	$ 534	$ (84)	0.86
	R-DuctEff	*0.01*	*13*	$ -	*18.0*	$ -	$ -	$ -	$ -	*$ 1,101*	*$ 1.830*	*$ 11*	*$ 24*	*$ 35*	*$ 35*	*#DIV/0!*
Portfolio Total		**16,991.41**	**15,723,649**	**$ 4,625,031.74**		**$ 1,003,979**	**$ 2,212,328**	**$ 5,629,010**	**$ 6,837,359**			**$ 7,274,283**	**$ 24,746,548**	**$ 32,020,831**	**$ 25,183,472**	**4.68**

P.U.C. DOCKET NO. 58140

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST THE ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF
STACY R. WHITEHURST

ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY

MAY 30, 2025

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is Stacy R. Whitehurst. I serve as Vice President of Regulatory Affairs at Texas-New Mexico Power Company (TNMP). My business address is 577 N. Garden Ridge Blvd., Lewisville, Texas 75067.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of TNMP.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. Exhibit SRW-1 describes my background and experience, including proceedings for which I have provided testimony.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE VICE PRESIDENT OF REGULATORY AFFAIRS.

A. As the Vice President of Regulatory Affairs, I report directly to the President of TNMP. I am in charge of certain aspects of TNMP's advanced metering system, billing, Retail Electric Provider (REP) Relations, and all regulatory activities for TNMP, which include certificate of convenience and necessity applications, compliance filings, complaints, rulemakings, and contested cases. Additionally, TNMP's Energy Efficiency group is within my responsibilities.

Q. HAVE YOU PREPARED ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits SRW-1 through SRW-16, which are attached to my testimony. Each of these exhibits was prepared by me or under my direction and control. The information contained in these exhibits is true and correct to the best of my knowledge and belief.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to: 1) establish TNMP's 2026 energy efficiency goal; 2) describe and support TNMP's 2024 energy efficiency bonus calculation; 3) describe, identify, and support the allocation of each component of the 2026 Energy Efficiency Cost Recovery Factor (EECRF) to individual rate classes; 4) support the development of the

proposed 2026 EECRF rates; and 5) request recovery of expenses related to processing Docket No. 56657 at the Commission.

Q. PLEASE SUMMARIZE TNMP'S REQUEST WITH REGARD TO ENERGY EFFICIENCY EXPENSE LEVELS AND COST RECOVERY.

A. TNMP requests collection of reasonable forecasted expenses to implement energy efficiency programs for program year 2026,[1] as well as costs associated for a statewide evaluation, measurement, and verification program (EM&V),[2] approval and collection of its 2024 energy efficiency performance bonus,[3] adjustment for the over/under recovery associated with TNMP's 2024 programs,[4] interest related to the over/under recovery,[5] and collection and recovery of rate case expenses associated with the 2024 EECRF filing,[6] Docket No. 56657.[7]

Q. PLEASE DESCRIBE THE REQUIREMENTS OF A UTILITY'S EECRF APPLICATION AND WHICH TNMP WITNESS WILL COVER EACH.

A. In accordance with 16 TAC § 25.182(d), TNMP's application to adjust an EECRF includes testimony and schedules, in Excel format with formulas intact, showing the following, by retail rate class, for the prior program year and the program year for which the proposed EECRF will be collected as appropriate. The table below identifies which subject(s) each witnesses' testimony will cover:

Subject	***Witness***
the utility's forecasted energy efficiency costs;	Case
the actual base rate recovery of energy efficiency costs, adjusted for load changes in load subsequent to the last base rate proceeding, with supporting calculations;	Whitehurst
the energy efficiency performance bonus amount that it calculates to have earned for the prior year;	Whitehurst

[1] Tex. Util. Code § 39.905(b)(1) (West 2016 & Supp. 2017) (PURA), 16 Tex. Admin. Code ("TAC") § 25.182(d)(1)(A).

[2] PURA §§ 39.905(b)(6), 39.905(b)(1), and 16 TAC § 25.182(d)(1)(A).

[3] PURA § 39.905(b)(2), 16 TAC §§ 25.182(h), 25.182(e).

[4] PURA § 39.905(b)(1), 16 TAC § 25.182(d)(1)(A).

[5] 16 TAC § 25.182(d)(1)(A).

[6] PURA § 39.905(b)(1), 16 TAC § 25.181(d)(3).

[7] *Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief,* Docket No. 56677, Order (October 24, 2024).

Subject	*Witness*
any adjustment for past over- or under-recovery of energy efficiency revenues, including interest;	Whitehurst
information concerning the calculation of billing determinants for the most recent year and for the year in which the EECRF is expected to be in effect;	Whitehurst
the direct assignment and allocation of energy efficiency costs to the utility's eligible rate classes, including any portion of energy efficiency costs included in base rates;	Whitehurst
information concerning calculations related to the EECRF cost caps;	Whitehurst
the incentive payments by the utility, by program, including a list of each energy efficiency administrator and/or service provider receiving more than 5% of the utility's overall incentive payments and the percentage of the utility's incentives received by those providers;	Case
the utility's administrative costs, including any affiliate costs and EECRF proceeding expenses and an explanation of both;	Seamster; Whitehurst
the actual EECRF revenues by rate class for any period for which the utility calculates an under- or over-recovery of EECRF costs;	Whitehurst
the utility's bidding and engagement process for contracting with energy efficiency service providers;	Case
the estimated useful life used for each measure in each program, or a link to the information if publicly available;	Case
that the costs are less than or equal to the benefits of the programs, as calculated in subsection (d) of this section;	Case
the program portfolio was implemented in accordance with recommendations made by the commission's EM&V contractor and approved by the commission and the EM&V contractor has found no material deficiencies in the utility's administration of its portfolio of energy efficiency programs;	Case
if a utility is in an area in which customer choice is offered and is subject to the requirements of PURA §39.905(f), the utility met its targeted low-income energy efficiency requirements;	Case
existing market conditions in the utility's service territory affected its ability to implement one or more of its energy efficiency programs or affected its costs;	Case
the utility's costs incurred and achievements accomplished in the previous year or estimated for the year the requested EECRF will be in effect are consistent with the utility's energy efficiency program costs and achievements in previous years notwithstanding any recommendations or comments by the EM&V contractor;	Case
changed circumstances in the utility's service area since the commission approved the utility's budget for the implementation year that affect the ability of the utility to implement any of its energy efficiency programs or its energy efficiency costs;	Case
the number of energy efficiency service providers operating in the utility's service territory affects the ability of the utility to implement any of its energy efficiency programs or its energy efficiency costs;	Case
customer participation in the utility's prior years' energy efficiency programs affects customer participation in the utility's energy	Case

Subject	Witness
efficiency programs in previous years or its proposed programs underlying its EECRF request and the extent to which program costs were expended to generate more participation or transform the market for the utility's programs;	
the utility's energy efficiency costs for the previous year or estimated for the year the requested EECRF will be in effect are comparable to costs in other markets with similar conditions;	Case
that the utility has set its incentive payments with the objective of achieving its energy and demand goals at the lowest reasonable cost per program.	Case

III. ANNUAL ENERGY EFFICIENCY GOAL

Q. WHAT OPTIONS DO PURA § 39.905 AND 16 TAC § 25.181 PROVIDE REGARDING GOAL COMPLIANCE?

A. Both PURA § 39.905 and 16 TAC § 25.181 provide two distinct options for compliance with the energy efficiency requirement. The first is that the utility achieve a 30 percent reduction of the electric utility's annual growth in demand of residential and commercial customers.[8] A separate operative standard applies to any electric utility whose amount of energy efficiency to be acquired is equivalent to at least four-tenths of 1% of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous calendar year. In such case, the utility shall thereafter acquire four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers from the previous program year.[9]

Q. HAS TNMP REACHED THE "TRIGGER" THAT REQUIRES ITS GOAL TO BE SET ON THE BASIS OF FOUR-TENTHS OF 1% OF PREVIOUS PROGRAM YEAR SUMMER PEAK DEMAND?

Yes. In the Final Order in Docket No. 56657, Conclusion of Law Nos.10 states:

> 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 PURA § 39.905(a)(3)(B) and 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3)(B)[10]

Q. WHAT DO 16 TAC §§ 25.181(e)(1)(B) AND (e)(1)(C) AND (e)(3)(B) STATE?

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[8] PURA § 39.905(a)(3)(A) and 16 TAC § 25.181(e)(1)(A).

[9] PURA § 39.905(a)(3)(B) and 16 TAC §§ 25.181(e)(1)(C), and 25.181(e)(1)(D).

[10] *Application of Texas-New Mexico Power Company for Approval to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 56657, Order (October 24, 2024).

A. 16 TAC § 25.181(e)(1)(B) states:

> If the demand reduction goal to be acquired by a utility under subparagraph (A) of this paragraph is equivalent to at least four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility shall meet the energy efficiency goal described in subparagraph (C) of this paragraph for each subsequent program year.

16 TAC § 25.181(e)(1)(C) states:

> Once the trigger described in subparagraph (B) of this paragraph is reached, the utility shall acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.

16 TAC § 25.181(e)(3)(B) states:

> The demand goal for energy-efficiency savings for a year under paragraph (1)(A) of this subsection is calculated by applying the percentage goal to the average growth in peak demand, calculated in accordance with subparagraph (A) of this paragraph. The annual demand goal for energy efficiency savings under paragraph (1)(C) of this subsection is calculated by applying the percentage goal to the utility's summer weather-adjusted five-year average peak demand for the combined residential and commercial customers. This annual peak demand goal at the source is then converted to an equivalent goal at the meter by applying reasonable line loss factors.

Q. PLEASE EXPLAIN HOW TNMP CALCULATED THE FOUR-TENTHS OF 1% OF TNMP'S SUMMER WEATHER-ADJUSTED PEAK.

A. From ERCOT's website, TNMP downloaded the deemed actual distribution loss factors used in the ERCOT settlement process, which are calculated from the distribution loss coefficients submitted by TNMP. Next, TNMP downloaded from ERCOT's website the ERCOT actual load and the deemed actual transmission loss factors used in the ERCOT settlement process, which are calculated based upon a linear interpolation or extrapolation using the on-peak and off-peak transmission loss factors corresponding to the actual ERCOT system load. This is the methodology that was used in TNMP's most recent rate case, Docket No. 48401.[11] The summary of these calculations is reflected in the table below.

[11] *Application of Texas-New Mexico Power Company to Change Rates*, Docket No. 48401, Order (Dec. 20, 2018).

Table 1

Calendar Year	Peak Demand (MW) @ Source				Peak Demand (MW) For Goal		
	Total System		Residential & Commercial		Residential & Commercial		
	Actual	Weather Adjusted	Actual	Weather Adjusted	Loss Factor %	Adjusted Load	0.4% Peak Demand
(a)	(b)	(c)	(d)	(e)	(n)	(o)	(p)
2020	2,038	2,006	1,453	1,421	5.28%	1,346	
2021	2,009	2,074	1,464	1,528	5.30%	1,451	
2022	2,228	2,151	1,647	1,570	5.96%	1,482	
2023	2,304	2,198	1,703	1,597	5.56%	1,513	
2024	2,681	2,665	1,914	1,899	5.29%	1,803	6.08

Q. WHAT IS TNMP'S PEAK DEMAND CALCULATED ACCORDING TO 16 TAC § 25.181(e)(1)(C) PRIOR TO CALCULATING INDUSTRIAL OPT-OUTS?

A. TNMP's five-year average weather and loss adjusted peak demand for residential and non-residential customers calculated in accordance to 16 TAC § 25.181(e)(1)(C) is 1,519 MW, before any adjustment is made for industrial opt-outs.

Table 2

Calendar Year	Weather Adjusted (MW)
2020	1,346
2021	1,451
2022	1,482
2023	1,513
2024	1,803
5-year average	**1,519**

Q. WHY IS TNMP USING A FIVE-YEAR AVERAGE IN THIS CALCULATION?

A. In accordance with 16 TAC § 25.181(e)(3)(B), the annual demand goal under 16 TAC § 25.181(e)(1)(C) is calculated by applying the percentage goal to TNMP's summer weather-adjusted **five-year average peak demand** for the combined residential and commercial customers. (Emphasis added)

Q. IS TNMP'S WEATHER ADJUSTMENT IN MAKING THE ABOVE CALCULATIONS BASED ON WEATHER DATA FOR THE MOST RECENT TEN YEARS PURSUANT TO 16 TAC § 25.181(e)(3)(A)?

A. Yes. For each year that must be normalized, TNMP is using the ten prior years for the weather normalization.

Q. WHAT IS TNMP'S 2026 GOAL UNDER 16 TAC § 25.181(e)(1)(C) BEFORE REMOVING ANY IMPACT FOR INDUSTRIAL OPT-OUTS?

A. TNMP's goal under 16 TAC § 25.181(e)(1)(C), before removing any impact for opt-out, is 6.08 MW.

Q. ARE UTILITIES REQUIRED TO ADJUST THEIR DEMAND GOALS TO ALLOW CERTAIN INDUSTRIAL CUSTOMERS TO OPT-OUT OF PARTICIPATION IN ENERGY EFFICIENCY?

A. Yes. Pursuant to 16 TAC § 25.181(u), an industrial customer taking electric service at distribution voltage has the choice of opting-out any accounts by providing specific information, including a description of the industrial process ongoing at such accounts, to the utilities.

Q. HAS TNMP RECEIVED ANY INDUSTRIAL OPT-OUTS?

A. Yes. In accordance with the above referenced subsection (u), TNMP has received notices from industrial customers taking electric service at distribution voltage that are eligible for opting out of TNMP's energy efficiency programs and the energy efficiency cost recovery factor. 16 TAC § 25.181(u) requires TNMP's demand reduction goal be adjusted to remove any load that is lost as a result of this subsection. TNMP has identified the customers and their peak demand and consumption. A non-confidential summary of the demand and billing determinants that will need to be removed from TNMP's goal and the rate design are shown in the table below:

Table 3

Calendar Year	Opt-Out MW	Opt-Out MWh
2020	-52	(483,838)
2021	-33	(277,454)
2022	-51	(443,815)
2023	-59	(569,651)
2024	-81	(479,342)

Q. PLEASE EXPLAIN HOW TNMP'S GOAL FOR PROGRAM YEAR 2026 SHOULD BE ADJUSTED FOR INDUSTRIAL OPT-OUTS.