

El Paso Electric

300 Galisteo Street, Suite 206  
Santa Fe, New Mexico 87501  
(505) 982-7391

**HAND-DELIVERED**

**May 1, 2018**

18-00109-UT

FILED IN OFFICE OF

MAY 01 2018

NM PUBLIC REGULATION COMM  
RECORDS MANAGEMENT BUREAU

Ms. Melanie Sandoval  
Records Bureau  
New Mexico Public Regulation Commission  
1120 Paseo de Peralta  
Santa Fe, NM 87501

**Re: El Paso Electric Company's 2018 Annual Renewable Energy Plan Application, Revised Rate No. 38 – RPS Cost Rider Advice Notice No. 257, and Testimony in Support Thereof Pursuant to the Renewable Energy Act and Rule 17.9.572 NMAC**

Dear Ms. Sandoval:

Enclosed please find the original and five (5) copies of El Paso Electric Company's 2018 Annual Renewable Energy Plan Application, Revised Rate No. 38 – RPS Cost Rider Advice Notice No. 257 (Attachment B to Application) and the supporting Direct Testimonies of James Schichtl, Omar Gallegos and Manuel Carrasco.

Also enclosed please find the required filing fees of \$25 for the application and \$1.00 for the advice notice. Please assign a case number and conform and return two (2) copies to our messenger.

Thank you for your assistance in this matter.

Very truly yours,

Nancy B. Burns  
Senior Attorney  
El Paso Electric Company

Enclosures  
cc: Service List

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

APPLICATION FOR APPROVAL OF )  
EL PASO ELECTRIC COMPANY'S )  
2018 RENEWABLE ENERGY PLAN )  
PURSUANT TO THE RENEWABLE )  
ENERGY ACT AND 17.9.572 NMAC, )  
AND REVISED RATE NO. 38 – RPS )  
COST RIDER )

EL PASO ELECTRIC COMPANY, )  
Applicant. )

CASE NO. 18-00109-UT

FILED IN OFFICE OF

MAY 01 2018

NM PUBLIC REGULATION COMM  
RECORDS MANAGEMENT BUREAU

**EL PASO ELECTRIC COMPANY'S APPLICATION FOR  
APPROVAL OF ITS 2018 ANNUAL RENEWABLE ENERGY PLAN,  
REVISED RATE NO. 38 - RPS COST RIDER, AND  
REQUEST FOR RPS WAIVER AND DIVERSITY VARIANCES**

El Paso Electric Company (“EPE” or “Company”) hereby files its application for approval of its 2018 Annual Renewable Energy Plan (“2018 Plan”) (the “Application”). This Application sets forth EPE’s plan for compliance with the New Mexico Renewable Energy Act (“REA” or “Act”) and the New Mexico Public Regulation Commission’s (“NMPRC” or “Commission”) Rule 17.9.572 NMAC, (“Rule 572” or “Rule”). In its Application, EPE explains how the 2018 Plan complies with the REA and the Rule. EPE’s 2018 Plan covers the years 2019 and 2020, proposes revisions to Rate No. 38 – Renewable Portfolio Standard (“RPS”) Cost Rider (“RPS Rider”) to reflect RPS procurement costs for the 2019 Plan Year, and is supported by the testimonies of EPE witnesses James Schichtl, Omar Gallegos, and Manuel Carrasco. EPE’s Advice Notice No. 257, requesting approval of its 1st Revised Rate No. 38 effective January 1, 2019, is being filed concurrently with this Application.

EPE’s 2018 Plan details and incorporates EPE’s procurement actions and estimated costs for Plan Year 2019 and Plan Year 2020, which have already been approved by the Commission, to meet the applicable RPS requirements of the Act. The 2018 Plan also addresses the

Commission's diversity targets detailed in Rule 572 and requests approval of a ten-year extension of the renewable energy credit ("REC") procurement from Camino Real Landfill to Energy Facility at an amended \$30 per REC price (the "CRLEF extension"). The CRLEF extension will allow the facility to continue New Mexico operations and maintain Biomass/Other diversity in EPE's RPS portfolio. In the 2018 Plan, EPE applies the statutory limitations of the Reasonable Cost Threshold ("RCT") and proposes a new RCT analysis to reflect 2019 and 2020 plan year revenue requirement reductions consistent with Rule 572. The 2018 Plan also requests an additional one-year RPS partial waiver and diversity variances similar to those granted by the Commission in NMPRC Case No. 17-00090-UT ("2017 Plan"). EPE requests approval by the Commission of its Application together with all other approvals, authorization and actions that may be required for implementation thereof in accordance with the REA, the Rule and the New Mexico Public Utility Act, NMSA 1978, Section 62-3-1 et seq.

The central issue addressed in this Application is EPE's solution to meeting REA and Rule requirements in the context of the RCT, which aims to constrain cost increases of RPS compliance at a maximum of 3% of customer bills. In order to avoid exceeding the RCT while complying with RPS requirements, EPE requests a partial waiver from the 2020 Total RPS because, as EPE demonstrates in testimony, procurement of additional renewable resources sufficient to meet the 2020 Total RPS would exceed the RCT. EPE also requests variances to the Commission's 2020 Wind and Biomass/Other diversity targets because of RCT limitations, technical constraints, and unavailability of these resources at reasonable costs for 2020. The waiver and variances requested by EPE in this Application are similar to those already granted by the Commission in the 2017 Plan, including a partial waiver of 2019 Total RPS and variances to 2019 Wind and Biomass/Other diversity targets.

Understanding the requested waiver and variances requires recognition that the approved method for calculating the RCT has changed and that EPE's existing procurements and costs were approved in prior procurement cases using the earlier calculation method. In developing its 2018 Plan, EPE calculated the applicable RCT and cost cap for large non-governmental customers, using the current RCT methodology described in current Rule 572 and approved by the Commission in Case Nos. 15-00117-UT, 16-00109-UT, and 17-00090-UT. Using the current RCT calculation method, existing procurements and costs exceed the RCT, and any new or additional procurement or costs would cause EPE to further exceed the RCT. The waiver and variances requested in this Application are necessary to avoid that result. The 2018 Plan also requests approval of a new RCT analysis, which incorporates base rate savings attributable to the treatment of RPS energy in EPE's most recent rate proceeding, Case No. 15-00127-UT. The proposed RCT analysis results in EPE's compliance costs of 4.31% of plan year total revenues in 2019 and 3.89% of plan year total revenues in 2020.

In its 2018 Plan, EPE continues to rely upon its previously-approved procurements for RPS compliance in 2019 and 2020. Pursuant to the partial waiver and variances authorized by the Commission, EPE will meet the RPS and partial diversity standards for Plan Year 2019 with its existing renewable energy resources. EPE will not meet the full Plan Year 2020 RPS requirement of 20 percent of retail jurisdictional energy or its full diversity requirements for Wind and Biomass/Other resources absent the partial waiver and variances requested in the 2018 Plan, because of the RCT limitations, technical constraints, and unavailability of resources at a reasonable cost for 2020.

EPE's commitment to meeting REA and Rule requirements goes beyond avoiding exceeding the RCT, and EPE has taken substantial steps to support renewable resources without attributing all such costs to the RCT. EPE has added additional solar resources outside the RPS

process, which it has applied toward its RPS requirements at no cost to the RCT. For instance, EPE has a system resource purchase of 50 megawatts (“MW”) of solar energy and RECs, and has voluntarily used New Mexico allocated RECs from the power purchase agreement to supplement its RPS compliance, at no additional cost to New Mexico customers. EPE also has been granted a certificate of public convenience and necessity for a 5 MW solar resource to be located on Holloman Air Force Base and any RECs from that facility also will supplement RPS compliance at no additional cost to New Mexico customers. The facility is expected to begin operation in 2018. EPE continues to consider renewable resources when it evaluates its system needs and resources to meet future load growth.

#### **RENEWABLE ENERGY ACT PLAN REQUIREMENTS**

The Act and Rule require utilities to file annual REA plans detailing the means by which the utility will meet upcoming yearly RPS requirements. Utilities are also required to file annual reports and to document the procurement of renewable energy resources through RECs. EPE has separately filed its Rule 572 NMAC 2017 Annual Report concurrently with this filing.

The Act requires the annual REA Plan to include: 1) the cost of procurement of any new renewable energy resources in the next calendar year required to comply with the portfolio standard; 2) testimony and exhibits that demonstrate that the proposed procurement is reasonable as to the terms and conditions including price, availability, dispatchability, and renewable energy certificate values and diversity of renewable energy resource; or 3) demonstration that the plan is otherwise in the public interest. As noted above, compliance with the Act and Rule must be balanced against the RCT so that the cost to consumers of adding renewable resources does not exceed the 3 percent threshold established by the Commission. If costs of additional procurement would exceed the RCT, the utility is not required to incur those costs under the Act and Rule.

## **EPE'S 2018 REA PLAN**

EPE's 2018 Plan includes procurement actions, partial waiver and variances previously approved by the Commission, as well as the requested CRLEF extension and proposed RCT analysis submitted for approval herein. The requested partial waiver of the statutory RPS percentage for Plan Year 2020 and variance from the Rule's fully diversified portfolio targets are necessary for EPE to avoid exceeding the RCT. Based on EPE's forecasted energy requirements for New Mexico, EPE projects that it will need RECs for 236,279,513 kilowatt-hours ("kWh") to meet its statutory RPS requirements for 2019 and RECs for 315,982,487 kWh for 2020. EPE projects that the cap for large non-government customers will result in a reduction to its RPS obligations in both 2019 and 2020. Pursuant to the Rule, EPE is requesting a partial waiver from compliance with the 2020 Total RPS.

EPE's 2018 Plan also addresses the Commission's Rule 572 diversity targets in 2019 and 2020. These diversity targets are subject to the same RCT standard as are the other REA requirements, and EPE is not required to meet the full diversity targets if doing so would require EPE to incur costs in excess of the RCT when there are technical constraints or when such resources are not available at reasonable cost. Based on these standards, the Commission has already granted EPE a variance for its 2019 Wind and Biomass/Other diversity amounts due to RCT limitations, technical constraints with EPE's biomass supplier, and unavailability of alternatives at reasonable cost. The present Application requests similar variances based on demonstration that the variances are required for Plan Year 2020 from the full Wind diversity amount of 30 percent of the RPS and from the full Biomass/Other diversity amount of 5 percent of the RPS. Even with the requested variances, however, EPE will still maintain a diversified portfolio and will continue to evaluate more renewable resources outside the RPS to meet its overall system needs.

EPE's 2018 Plan additionally requests revision of its Rate No. 38 – RPS Cost Rider to recover RPS procurement costs for the 2019 Plan Year. RPS Rider was approved and implemented, effective January 1, 2018, pursuant to the Commission's Final Order in Case No. 17-00090-UT. The proposed revisions reflect 2019 plan year costs, including a 2 percent cap for large non-government customers, and would revise the current rate of \$0.009952 per kWh to \$0.010154 per kWh, effective in 2019, for recovery of total, estimated 2019 plan year cost of \$15,982,266.

### **TESTIMONY AND EXHIBITS IN SUPPORT OF 2018 PLAN**

EPE's 2018 Plan is detailed in the Direct Testimonies and Exhibits of James Schichtl, Omar Gallegos, and Manuel Carrasco.

EPE witness Schichtl introduces EPE's witnesses and discusses RPS issues from a regulatory policy perspective, including issues addressed in the Final Order in Case No. 17-00090-UT ("2017 Plan") that impact EPE's current plan filing. Mr. Schichtl provides an overview of EPE's existing waivers and variances from its 2018 and 2019 plan year RPS and diversity requirements. He also describes and discusses EPE's proposed RCT analysis and approved RPS Rider for recovery of EPE's Commission-approved RPS procurement costs. Finally, Mr. Schichtl presents updated information on EPE's REC purchase programs for customer-installed Distributed Generation (DG) systems.

Calculations of the RPS requirements are presented in the testimony of EPE witness Gallegos. Mr. Gallegos addresses EPE's current and proposed renewable energy resources for EPE's 2019 and 2020 RPS and diversity standards in 2019 and 2020. Mr. Gallegos also supports the requested CRLEF extension and cost, and he explains the associated costs of EPE's previously approved procurement actions. Mr. Gallegos addresses EPE's request for a waiver from the 2020 Total RPS, pursuant to Rule 572, because any additional costs will exceed the

RCT. Mr. Gallegos also addresses the need for variances in 2020 to the Commission's Wind and Biomass/Other resource diversity targets. Finally, Mr. Gallegos supports EPE's ongoing initiatives to investigate and evaluate procurement of additional renewable resources.

EPE witness Carrasco presents the RCT evaluation and calculations for 2019 and 2020 as required by Rule 572, as well as EPE's proposed RCT analysis. Mr. Carrasco explains that meeting the full 2020 Total RPS would require additional costs that exceed the RCT. Mr. Carrasco also presents the large non-governmental cap calculations for 2019 and 2020, which result in a reduction to the RPS requirement in both plan years. Finally, Mr. Carrasco presents EPE's calculation of its revised RPS Cost Rider.

EPE's proposed form of Notice contains a statement of typical bill impacts by rate class based on EPE's requested 2019 Plan and requested 2019 plan year procurement costs. EPE's proposed Notice is attached hereto (Attachment A).

EPE's Advice Notice No. 257, Table of Contents, and 1st Revised Rate No. 38 - Renewable Portfolio Standard ("RPS") Cost Rider is attached hereto (Attachment B)

#### **REQUESTED APPROVALS FOR EPE'S 2018 PROCUREMENT PLAN**

EPE requests that the Commission approve EPE's 2018 Plan as presented, which relies upon existing previously-approved procurements and the CRLEF extension, for RPS compliance in 2019 and 2020.

EPE requests approval of its proposed RCT analysis to reflect reduced compliance costs for existing procurements under the RCT.

EPE requests approval to revise the RPS Rider to recover approved procurement costs for the 2019 Plan Year, effective January 1, 2019.

EPE further requests, to the extent necessary, a partial waiver of the full RPS obligation in Plan Year 2020 because of the RCT limitation, and requests, to the extent necessary, variances



from its Wind and Biomass/Other diversity requirements for Plan Year 2020 due to RCT limitations, technical constraints, and unavailability of these at reasonable cost for 2020.

**SERVICE OF PLEADINGS**

Service of all notices, pleadings and other documents related to this Application should be made as follows:

Maritza Perez  
El Paso Electric Company  
100 N. Stanton Street  
El Paso, Texas 79901-1442  
Post Office Box 982  
El Paso, Texas 79960-0982  
(915) 543-2057

Nancy B. Burns  
Senior Attorney  
New Mexico Bar No. 7538  
El Paso Electric Company  
300 Galisteo Street, Suite 206  
Santa Fe, New Mexico 87501  
Telephone (505) 982-7391  
[nancy.burns@epelectric.com](mailto:nancy.burns@epelectric.com)

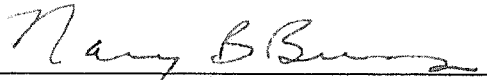
In addition to service on the above, EPE requests electronic service of all pleadings and documents as follows: [maritza.perez@epelectric.com](mailto:maritza.perez@epelectric.com), [nancy.burns@epelectric.com](mailto:nancy.burns@epelectric.com), [carol@thejonesfirm.com](mailto:carol@thejonesfirm.com), and [patricia.griego@epelectric.com](mailto:patricia.griego@epelectric.com).

**CONCLUSION**

EPE's 2018 Plan complies with the requirements of the REA and Rule 572. EPE requests that the Commission approve EPE's 2018 Plan and requests, to the extent necessary, approval of a one-year partial waiver from 2020 Total RPS and variances to 2020 Wind and Biomass/Other diversity targets. EPE further requests the Commission find: that EPE's 2018 Plan, as described above and detailed in the supporting testimonies and exhibits, is reasonable and complies with the REA and Rule 572; that the 2018 Plan and associated costs shall be

approved; and that EPE be authorized to revise the RPS Cost Rider to recover costs that are consistent with the approved 2018 Plan, effective January 1, 2019.

Respectfully submitted,



Nancy B. Burns  
Senior Attorney  
New Mexico Bar No. 7538  
El Paso Electric Company  
300 Galisteo Street, Suite 206  
Santa Fe, New Mexico 87501  
Telephone (505) 982-7391  
[nancy.burns@epelectric.com](mailto:nancy.burns@epelectric.com)

**ATTORNEY FOR  
EL PASO ELECTRIC COMPANY**

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

APPLICATION FOR APPROVAL OF )  
 EL PASO ELECTRIC COMPANY'S )  
 2018 RENEWABLE ENERGY PLAN )  
 PURSUANT TO THE RENEWABLE )  
 ENERGY ACT AND 17.9.572 NMAC, )  
 AND REVISED RATE NO. 38 – RPS )  
 COST RIDER )  
 )  
 EL PASO ELECTRIC COMPANY, )  
 Applicant. )  
 \_\_\_\_\_ )

CASE NO. 18-00 \_\_\_\_ -UT

**NOTICE TO EPE CUSTOMERS**

NOTICE is hereby given of the following matters pertaining to the above captioned case pending before the New Mexico Public Regulation Commission ("Commission" or "NMPRC"):

On May 1, 2018, El Paso Electric Company ("EPE" or "Company") filed its 2018 Annual Renewable Energy Plan ("2018 Plan") for its renewable energy compliance with the New Mexico Renewable Energy Act ("REA" or "Act") and the Commission's Rule 17.9.572 NMAC, Renewable Energy as a Source of Electricity ("Rule 572" or "Rule"). EPE's 2018 Plan covers the years 2019 and 2020. EPE states that its 2018 Plan details the previously approved actions and estimated costs for Plan Years 2019 and 2020 to meet the applicable Renewable Energy Portfolio Standard ("RPS") requirements of the Act. EPE additionally states its 2018 Plan requests approval of an extension of the renewable energy credit ("REC") procurement from Camino Real Landfill to Energy Facility at an amended \$30 per REC price which EPE negotiated with the pending, new owner of biogas facility to continue its New Mexico operation.

EPE requests that the Commission approve its 2018 Plan and additionally seeks the following:

- (A) A partial waiver from meeting the full RPS percentage for Plan Year 2020, pursuant

to the REA and Rule, based upon EPE's calculation that the cost to procure additional renewable resources would exceed the reasonable cost threshold ("RCT").

(B) Wind and Biomass/Other diversity variances for Plan Year 2020 from the wind diversity amounts of 30% of RPS and the Biomass/Other diversity amounts of 5% of RPS because EPE states that it cannot meet the minimum percentage amounts because of RCT limitations, technical constraints, and unavailability of these resources at reasonable cost for 2020.

(C) Approval of a reasonable cost threshold ("RCT") analysis authorizing EPE to incorporate base rate savings attributable to the treatment of RPS energy in EPE's most recent rate proceeding, Case No. 15-00127-UT, into plan year compliance costs under the RCT.

(D) Revisions to Rate No. 38 - Renewable Portfolio Standard ("RPS") Cost Rider that was approved in Case No. 17-00090-UT to recover Commission-approved, procurement plan costs.

1. EPE proposes revisions to recover \$15.982 million of authorized RPS costs in 2019 through the RPS Cost Rider, at a rate of \$0.010154 per kWh except as indicated below. This represents an increase of 0.6% in RPS costs over the authorized amount of \$15.892 million in 2018, and a 2.0% increase in the rate over the authorized 2018 rate of \$0.009952. This rate is applicable for retail service to all customers served under the following rate schedules; Residential Service, Small Commercial Service, General Service, Irrigation Service, City and County Service, Water and Sewage Pumping Service, Large Power Service, Military Research and Development, Street Lighting Service, Private Area Lighting Service, Seasonal Agricultural Processing Service, Outdoor Recreational Lighting Service, State University Service and Interruptible Service.

2. Large non-governmental customers with energy purchases exceeding 10 million kWh annually will be billed 2 percent (%) of pre-tax retail charges.
3. The following Table shows typical RPS bill impacts for the Residential rate class. These impacts are subject to change by the Commission based upon its findings in this case.

Residential Typical Bill Comparison by kWh Level (Summer)

kWh	Current Base & Fuel Rates			Proposed Base & Fuel Rates			Percent Impact		
	Base plus	RPS Rider	Total	Base plus	RPS Rider	Total	Base plus	RPS Rider	Total
	Fuel			Fuel			Fuel		
0	\$ 6.73	\$ -	\$ 6.73	\$ 6.73	\$ -	\$ 6.73	0.0%	0.0%	0.0%
100	16.37	1.00	17.37	16.37	1.02	17.39	0.0%	2.0%	0.1%
250	30.84	2.49	33.32	30.84	2.54	33.37	0.0%	2.0%	0.2%
500	54.94	4.98	59.92	54.94	5.08	60.02	0.0%	2.0%	0.2%
750	81.66	7.46	89.12	81.66	7.62	89.28	0.0%	2.0%	0.2%
1000	110.12	9.95	120.07	110.12	10.15	120.27	0.0%	2.0%	0.2%
2000	223.95	19.90	243.85	223.95	20.31	244.25	0.0%	2.0%	0.2%

Residential Typical Bill Comparison by kWh Level (Winter)

kWh	Current Base & Fuel Rates			Proposed Base & Fuel Rates			Percent Impact		
	Base plus	RPS Rider	Total	Base plus	RPS Rider	Total	Base plus	RPS Rider	Total
	Fuel			Fuel			Fuel		
0	\$ 6.73	\$ -	\$ 6.73	\$ 6.73	\$ -	\$ 6.73	0.0%	0.0%	0.0%
100	15.69	1.00	16.69	15.69	1.02	16.71	0.0%	2.0%	0.1%
250	29.14	2.49	31.63	29.14	2.54	31.68	0.0%	2.0%	0.2%
500	51.55	4.98	56.52	51.55	5.08	56.62	0.0%	2.0%	0.2%
750	73.95	7.46	81.42	73.95	7.62	81.57	0.0%	2.0%	0.2%
1000	96.36	9.95	106.31	96.36	10.15	106.52	0.0%	2.0%	0.2%
2000	186.00	19.90	205.90	186.00	20.31	206.30	0.0%	2.0%	0.2%

This case has been docketed as Case No. 18-00\_\_\_\_-UT, and any inquiries should be referred to that number.

Any interested person may inspect EPE's Application through the *Case Lookup EdoCKET* on the Commission's Website at <http://164.64.85.108/> and in person at the following places:

El Paso Electric Company  
201 N. Water Street  
Las Cruces, NM 88001

Public Regulation Commission  
Records Department  
1120 Paseo de Peralta, Room 406  
Santa Fe, NM 87504

Phone (575) 526-5551

The procedural schedule for this case is as follows:

1. Any person desiring to intervene in the proceeding must file a Motion to Intervene pursuant to 1.2.2.23 NMAC on or before July \_\_, 2018.
2. The Commission's Utility Division Staff shall, and any intervenor may, file direct testimony on or before August \_\_, 2018.
3. Any rebuttal testimony shall be filed on or before August \_\_, 2018.
4. Any person whose testimony has been filed shall attend the hearing and submit to examination under oath.
5. A public hearing to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding is set to commence at 9:30 a.m. on September \_\_, 2018 and continue if necessary through September \_\_, 2018. The Hearing will be held in the Ground Floor Board Room of the P.E.R.A. Building at 1120 Paseo de Peralta in Santa Fe, New Mexico. The hearing may be vacated if deemed not required under NMSA 1978, § 62-9-1(C) (2005); in such case, the Commission will take public comment and dispose of the Application at an Open Meeting.

Any interested person should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled.

Any interested person may appear at the public hearing and give a written or oral comment pursuant to the Commission's Utility Division Rules of Procedure 1.2.2.23(F) NMAC without becoming an intervenor. Comments will not be considered as evidence in this case. Interested persons may also file written comments, which shall make reference to NMPRC Case No. 16-00109-UT, at the following address:

New Mexico Public Regulation Commission  
Records Department  
1120 Paseo de Peralta  
PO Box 1269  
Santa Fe, New Mexico 87501-1269

The Commission's Utility Division Procedures 1.2.2 NMAC apply to this case, except as modified by Order of the Commission or the Hearing Examiner, and they are available at the Commission's Website at [http://164.64.110.239/nmac/\\_titles.htm](http://164.64.110.239/nmac/_titles.htm).

Anyone filing pleadings, documents, or testimony in this case shall serve copies thereof on all parties of record and Staff via email and first class U.S mail. Any such filings shall also be sent to the Hearing Examiner by email at \_\_\_\_\_. All pleadings shall be emailed on the date they are filed with the Commission.

Any person with a disability requiring special assistance to participate in this proceeding should contact the Commission at 1-888-427-5772 at least 24 hours prior to the hearing.

The procedural dates and requirements provided herein are subject to further order of the Commission or Hearing Examiner.

**I S S U E D** at Santa Fe, New Mexico this \_\_\_ day of June, 2018.

**NEW MEXICO PUBLIC REGULATION COMMISSION**

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**Hearing Examiner**

EL PASO ELECTRIC COMPANY

ADVICE NOTICE NO. 257

X

PAGE 1 OF 1

NEW MEXICO PUBLIC REGULATION COMMISSION  
OF THE STATE OF NEW MEXICO


El Paso Electric Company (EPE) hereby gives notice to the public and the Commission of the filing and publishing of the following changes in its Rates, which are attached hereto:

RATES

Rate Number	Title of Rate	Cancelling Rate Number	Date Effective
1 <sup>st</sup> Revised Rate No. 38	Renewable Portfolio Standard (RPS) Cost Rider	Original Rate No. 38	01/01/2019

X

Advice Notice No. 257

Signature/Title   
James Schichtl  
Vice President-Regulatory Affairs




EL PASO ELECTRIC COMPANY  
REVISED TABLE OF CONTENTS

RATE SCHEDULES

PAGE 1 OF 2

<u>Rate Schedule Number</u>	<u>Title</u>
11 <sup>th</sup> Revised Rate 1	Residential Service Rate
13 <sup>th</sup> Revised Rate 3	Small General Service Rate
13 <sup>th</sup> Revised Rate 4	General Service Rate
14 <sup>th</sup> Revised Rate 5	Irrigation Service Rate
10 <sup>th</sup> Revised Rate 7	City and County Service Rate
11 <sup>th</sup> Revised Rate 8	Water, Sewage, Storm Sewage Pumping or Sewage Disposal Rate
11 <sup>th</sup> Revised Rate 9	Large Power Service Rate
13 <sup>th</sup> Revised Rate 10	Military Research and Development Power Rate
12 <sup>th</sup> Revised Rate 11	Street Lighting Service Rate
12 <sup>th</sup> Revised Rate 12	Private Area Lighting Rate
8 <sup>th</sup> Revised Rate 15	Miscellaneous Service Charges
36 <sup>th</sup> Revised Rate 16	Purchased Power Service
9 <sup>th</sup> Revised Rate 17	Efficient Use of Energy Recovery Factor (EUERF)
19 <sup>th</sup> Revised Rate 18	FPPCAC
10 <sup>th</sup> Revised Rate 19	Seasonal Agriculture Processing Service Rate
10 <sup>th</sup> Revised Rate 21	Supplementary Power Service Cogeneration and Small Power Production Facilities
10 <sup>th</sup> Revised Rate 22	Backup Power Service Cogeneration and Small Power Production Facilities

Advice Notice No. 257

Signature/Title   
James Schichtl  
Vice President – Regulatory Affairs

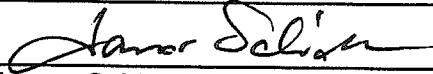
**EL PASO ELECTRIC COMPANY**  
**REVISED TABLE OF CONTENTS**

**RATE SCHEDULES**

**PAGE 2 OF 2**

10 <sup>th</sup> Revised Rate 23	Maintenance Power Service Cogeneration and Small Power Production Facilities	
10 <sup>th</sup> Revised Rate 24	Curtailable Power Service Cogeneration and Small Power Production Facilities	
8 <sup>th</sup> Revised Rate 25	Outdoor Recreational Lighting Service Rate	
7 <sup>th</sup> Revised Rate 26	State University Service Rate	
5 <sup>th</sup> Revised Rate 29	Noticed Interruptible Service for Rate Large Power Service	
6 <sup>th</sup> Revised Rate 30	Load Retention Rate	
Original Rate 31	Economic Development Rate	
3 <sup>rd</sup> Revised Rate 32	Voluntary Renewable Energy Rate	
5 <sup>th</sup> Revised Rate 33	Small System Renewable Energy Certificate Purchase	
4 <sup>th</sup> Revised Rate 34	Medium System Renewable Energy Certificate Purchase	
2 <sup>nd</sup> Revised Rate 35	Large System Renewable Energy Certificate Purchase	
Original Rate 37	eSmart Thermostat Program Rate	
1 <sup>st</sup> Revised Rate 38	Renewable Portfolio Standard (RPS) Cost Rider	X
Original Rate 39	Economic Development Rate	
Original Rate 40	Community Solar Rate	
Original Rate 41	Federal Tax Credit Factor (FTCF)	

Advice Notice No. 257

Signature/Title   
James Schichtl  
Vice President – Regulatory Affairs

**EL PASO ELECTRIC COMPANY**

**1<sup>st</sup> REVISED RATE NO. 38**

X

**RENEWABLE PORTFOLIO STANDARD (RPS) COST RIDER**

Page 1 of 1

**APPLICABILITY:**

This Rider is applicable to bills for electric service provided under all of EPE's retail rate schedules. This Rider is established to recover Renewable Portfolio Standard ("RPS") costs. This Rider is applicable to all customer classes consistent with the New Mexico Public Regulation Commission (NMPRC) Rule 17.9.572.7(M) NMAC, and the limitations of NMSA 1978, Section 62-16-4(A)(2) applicable to certain nongovernmental customers. This Rider is not applicable to customers exempt from charges for renewable energy procurements pursuant to NMSA 1978, Section 62-16-4(A)(3). X

**TERRITORY:**

Areas served by the Company in Dona Ana, Sierra, Otero and Luna Counties.

**MONTHLY RATES:**

	Rate
All Retail Rate Schedules, per kWh, except for customers subject to Large Customer Cap	\$0.010154
Customers Subject to Large Customer Cap	2% of Pre-Tax Charges

X  
X

**STATUTORY CAP ON BILLING FOR CERTAIN LARGE CUSTOMERS:**

NMPRC Rule 17.9.572.7(M) NMAC limits billed amounts for additional costs associated with RPS procurement for non-governmental customers with consumption exceeding 10 million kWh per year at a single location of facility.

**RECONCILIATION FILING:**

X

This Rider shall be adjusted to reconcile a prior plan year's RPS Cost Rider collections with actual RPS costs. Any over-recovery of the previously approved RPS costs will represent a credit to and reduction of the approved Rider in a subsequent plan year and any under-recovery of the previously approved renewable energy costs will represent a charge in addition to the approved Rider in a subsequent plan year. The annual reconciliation will also evaluate cost recovery from qualifying large customers pursuant to NMPRC Rule 17.9.572.7(M) NMAC. X  
X  
X  
X  
X

Advice Notice No. 257

Signature/Title *James Schichtl*  
James Schichtl  
Vice President – Regulatory Affairs

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

APPLICATION FOR APPROVAL OF )  
EL PASO ELECTRIC COMPANY'S )  
2018 RENEWABLE ENERGY PLAN )  
PURSUANT TO THE RENEWABLE )  
ENERGY ACT AND 17.9.572 NMAC, )  
AND REVISED RATE NO. 38 – RPS )  
COST RIDER )  
EL PASO ELECTRIC COMPANY, )  
Applicant. )  
\_\_\_\_\_ )

CASE NO. 18-00 109 -UT

FILED IN OFFICE OF

MAY 01 2018

NM PUBLIC REGULATION COMM  
RECORDS MANAGEMENT BUREAU

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that El Paso Electric Company's Application for Approval of its 2018 Annual Renewable Energy Plan, Revised Rate No. 38 – RPS Cost Rider, Request for RPS Waiver and Diversity Variances and Supporting Testimonies of Witnesses, Schichtl, Gallegos, and Carrasco was emailed, mailed first class, or hand-delivered on May 1, 2018, to each of the following:

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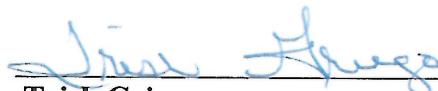
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DATED this 1<sup>st</sup> day of May, 2018.

  
\_\_\_\_\_  
Trish Griego  
Legal Assistant