

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF EL PASO ELECTRIC)
COMPANY'S APPLICATION FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY FOR A TWO-MW SOLAR)
POWER GENERATION FACILITY AND)
APPROVAL OF A VOLUNTARY)
COMMUNITY SOLAR PROGRAM)**

Case No. 18-00099-UT

NOTICE OF PROCEEDING AND HEARING

NOTICE is hereby given by the New Mexico Public Regulation Commission ("Commission") of the following:

1. On April 24, 2018, El Paso Electric Company ("EPE" or "Company") filed its Application for approval of EPE's New Mexico Solar Community Facility ("NMCSF") and Program. The Application asks the Commission to (A) approve a Certificate of Public Convenience and Necessity ("CCN") for the construction and operation of the NMCSF; (B) approve (contingent upon approval of the CCN) EPE's proposed, voluntary New Mexico Community Solar program and Original Rate No. 40 (contained in Advice Notice No. 256) as just and reasonable and consistent with the public interest; (C) approve the costs of the New Mexico Solar Community Facility and Program for recovery through EPE's Original Rate No. 40; (D) provide that all of the costs of the NMCSF and Program be paid by participating customers and that no costs shall be included in EPE's New Mexico base rates; (E) authorize EPE to supply any un-subscribed energy from the NMCSF to its New Mexico Customers at EPE's Rate 16 avoided cost of energy and to recover those costs through its FPPCAC; and (F) grant such other approvals, authorizations and relief as may be necessary or appropriate.

2. EPE states that it filed the Application in accordance with the New Mexico Renewable Energy Act ("REA"), NMSA 1978, Section 62-16-7(B); Rule 17.9.572.18 of the

New Mexico Administrative Code ("NMAC"); the New Mexico Public Utility Act ("NMPUA"), NMSA 1978, Sections 62-9-1, 62-9-6 and 62-8-7; and Rule 17.1.210.11 NMAC.

3. EPE states that the NMCSF used to supply renewable energy for the Community Solar Program would be a 2.0 MW_{AC} ground-mounted solar photovoltaic ("PV") generating facility to be located near Las Cruces, New Mexico.

4. The Application states that EPE does not seek base rate recovery of the cost of the NMCSF. EPE states that customers who elect to participate in the Program will pay the full cost of the facility, and other Program costs, through the proposed Community Solar tariff. If construction of the proposed facility begins before December 31, 2019 and the facility is in service before December 31, 2023, the NMCSF will qualify for an applicable 30 percent Investment Tax Credit ("ITC") benefit resulting in reduced program costs for program participants. The Community Solar Program will allow New Mexico customers access to additional renewable energy resources that would otherwise not be available to meet individual customers' desire to support or promote renewable energy in general.

5. EPE states that, under its proposal, participating customers would continue to receive a bill for their metered consumption under their applicable retail tariff. Participating customers would also be billed monthly for their subscribed capacity at the tariffed Community Solar Capacity Charge, and credited monthly through a System Generation Credit for the energy produced by their subscribed capacity at the class average generation rate included in the proposed Community Solar Program tariff.

6. Key provisions of the proposed New Mexico Community Solar Program include:

- availability on a first-come, first-served basis to customers without distributed generation that take service under Rate 01, Residential; Rate 02, Small General Service; Rate 04, General Service; and Rate 07, City and County Service;
- a Solar Capacity Subscription Charge of \$18.55 per kW;
- a 10 percent Discounted Solar Capacity Subscription Charge of \$16.52 per kW for qualifying low-income customers for subscriptions up to ten percent of the NMCSF;
- a System Generation Credit for Program participants' subscribed NMCSF generation;
- a minimum 1 kW fixed-capacity subscription, and additional kW's in half kW increments, up to the customer's historic spring peak kW during the previous 12-month period, for a 12 month commitment period;
- no penalty for early Program termination;
- transfer of subscription to new service location within the Company's service territory; and
- solar facility selected by EPE based upon a request for proposals process that invited and considered proposals only for a facility to be purchased and owned by EPE.

7. EPE states that it proposes to treat any unsubscribed energy as a Rate 16 avoided energy cost purchase to be supplied to all customers and reflected in the normal operation of EPE's fuel and purchased power cost adjustment clause ("FPPCAC").

8. EPE states that the estimated capital cost for the project is \$4.52 million, which does not reflect the applicable 30 percent ITC that the NMCSF will be eligible for if construction begins prior to December 31, 2019, and is completed by December 31, 2023. EPE estimates that the annual cost of the facility and Program to be recovered in rates (i.e., the revenue requirement)

will approximate \$872,000 in the Program's first year and will average approximately \$355,000 annually for the remaining 30-year life of the facility, with the cost declining annually as the solar facility depreciates and EPE recovers its investment.

9. The annual costs include the recovery of EPE's capital costs and the annual expense of operating the facility, including EPE's first-year costs to implement the Program through EPE's customer outreach plan and education. The operating costs also include the annual costs to EPE under the contract with its selected vendor for the construction and operation of the facility. EPE estimates the levelized cost of the contract over the life of the project to be \$78.41 per MWh.

10. The charges described in paragraphs 6 and 7 above are intended to recover the entire annual cost of the project, including the costs EPE incurs under the contract with its selected vendor.

11. The Commission has assigned Case No. 18-00099-UT to this proceeding, and all correspondence, pleadings, inquiries, written comments, or other communications concerning this matter should refer to that case number.

12. The present procedural schedule for this proceeding established in the Procedural Order issued by the Hearing Examiner on May 25, 2018 is as follows:

- a. Any person desiring to become a party to this case must file the original and five copies of a motion for leave to intervene in conformity with Commission Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before September 14, 2018. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record.
- b. Any person desiring to file a protest pursuant to NMSA 1978, 62-9-1.C shall do so on or before September 14, 2018.
- c. The Utility Division Staff ("Staff") shall, and any intervenors may, file direct testimony on or before September 14, 2018.

d. Rebuttal testimony may be filed on or before October 3, 2018.

e. A public hearing will be held on October 17, 2018, starting at 9:00 a.m., and continuing thereafter through October 19, 2018, if necessary, in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

13. In accordance with NMSA 1978, Section 62-9-1.C, the Commission may approve EPE's request for a CCN without formal hearing if no protest is filed within sixty (60) days after EPE completes the publication of notice of the Application in the case.

14. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the Hearing Examiner. Interested persons should contact the Commission at (505) 827-6956 for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

15. The Commission's Rules of Procedure found at 1.2.2 NMAC shall apply to this proceeding unless modified by order of the Commission or the Hearing Examiner. A copy of the rules may be obtained from the offices of the Commission and are available online at the official NMAC website, <http://164.64.110.239/nmac/parts/title01/01.002.0002.htm>.

16. Any interested person may examine the Application together with any exhibits, related papers, and pleadings that may be filed in this case at EPE's offices or the Commission's offices at the following address. In addition, further information may be obtained by contacting either EPE or the Commission.

The address and telephone number of EPE are as follows:

El Paso Electric Company
201 N. Water Street
Las Cruces, NM 88001
Phone (575) 526-5551

The Application, notice, accompanying exhibits, testimonies and workpapers, are also available on EPE's website at <https://www.epelectric.com/nm/residential/new-mexico-community-solar-filing>.

The address, telephone number, and website address of the Commission are as follows:

New Mexico Public Regulation Commission
1120 Paseo de Peralta
P.E.R.A. Building
P.O. Box 1269
Santa Fe, NM 87504
1-888-427-5772
<http://www.nmprc.state.nm.us>

Further information can also be obtained at "Case Lookup EdoCKET" on the Commission's website at www.nmprc.state.nm.us.

17. Anyone filing pleadings, testimony, and other documents in this case may file either in person with the Commission's Record Bureau in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail addressed to: Records Bureau, New Mexico Public Regulation Commission, P.E.R.A. Building, P.O. Box 1269, Santa Fe, New Mexico 87504-1269. The following physical address of the Commission shall be used only for special or hand deliveries: 1120 Paseo de Peralta, Santa Fe, New Mexico 87501. Copies of all filings shall be served on all parties of record and Staff as specified in the most recent Certificate of Service issued in this case. Copies of all filings shall also be e-mailed on the date of filing to the Hearing Examiner at ashley.schannauer@state.nm.us by no later than 5:00 pm Mountain Prevailing Time.

18. Any person filing prepared testimony under Commission Rule 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath.

19. Any interested person may appear at the time and place of the hearing and make a written or oral comment pursuant to the Commission's Rules of Procedure without becoming an

intervenor. Written comments, which shall reference Case No. 18-00099-UT, also may be sent to the Commission at the mailing address provided above. However, pursuant to Commission Rule 1.2.2.23(F) NMAC, comments will not be considered as evidence in the proceeding.

20. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's Procedural Order issued on May 25, 2018.

21. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT (505) 827-4042 AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

Issued at Santa Fe, New Mexico this 25th day of May 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION



Ashley C. Schannauer
Hearing Examiner