

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF CENTRAL NEW)	
MEXICO ELECTRIC COOPERATIVE, INC. FOR A)	
VARIANCE FROM THE METHODOLOGY REQUIRED BY)	
RULE 17.9.540.16 NMAC, DEBT COST ADJUSTMENT)	
CLAUSE)	Case No. 18-00064-UT
)	
CENTRAL NEW MEXICO ELECTRIC COOPERATIVE, INC.)	
)	
Applicant)	

SECOND NOTICE TO COOPERATIVE MEMBERS

NOTICE is given by the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) of the following:

Central New Mexico Electric Cooperative, Inc. (“CNM or Cooperative”) filed its Petition for a Variance from the Debt Cost Adjustment Clause (“Petition”) required methodology. CNM’s Petition seeks to calculate the debt cost adjustment on an annual basis instead of the quarterly calculation methodology required by Commission Rule 17.9.540.16 NMAC (“Rule 540.16”).

As a not-for-profit, member-owned rural electric cooperative, CNM must recover from its members, all of its costs of conducting business including the cost of borrowing funds to construct, operate and maintain the utility system. CNM must also credit back to its members any amount that it collects in excess of the actual cost of debt. The Debt Cost Adjustment Clause is a mechanism to allow a cooperative to collect or refund to its members the amounts that its current cost of debt varies from the base cost of debt. The base cost of debt is a component

of a cooperative members' rates. This calculation process occurs quarterly through the procedures set forth in the Commission's Rule 540.16.

CNM alleges using a calendar quarter to determine the debt cost adjustment is not fair and equitable to all of the CNM members because of the large variations in electricity sales that result from the large, seasonal irrigation customer class. The current methodology results in the irrigation class receiving an unbalanced benefit when credits are to be given, and they could receive an unbalanced cost when additional costs must be collected. To fix this "unbalanced" distribution, CNM proposes to use an annual fixed factor based upon twelve-months annualized energy consumption and interest expense data for calculating the debt cost adjustment.

CNM says their proposed approach eliminates any unfairness that results from the seasonal load changes in usage, and that CNM's proposal would not change any rate charged to any member. The impact of the proposed methodology is that each customer class will receive a refund or be assessed an additional charge to cover the cost of debt based upon its proportionate share of the overall sales of CNM during a calendar year, instead of using sales during a calendar quarter.

The present procedural schedule established by the Hearing Examiner for this proceeding 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

1.2.2.23 NMAC by August 31, 2018. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record;

b. Any testimony by Commission Staff shall, and any testimony by Intervenors may, be filed by September 17, 2018;

c. Any rebuttal testimony shall be filed by September 28, 2018;

d. A public hearing will be held beginning October 22, 2018 at 9:30 A.M. in the Ground Floor Hearing Room of the P.E.R.A. Building at 1120 Paseo de Peralta, Santa Fe, New Mexico, and continue thereafter if necessary, to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

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 for confirmation of the hearing date, time, and place because hearings are occasionally rescheduled.

The Commission's Rules of Procedure 1.2.2 NMAC shall apply except as modified by order of the Commission or the Hearing Examiner. These Rules of Procedure may be obtained from the Commission or are available online at the official NMAC website, <http://www.nmcpr.state.nm.us/nmac/>.

Any interested person may obtain further information about this case and may examine the Petition, together with any exhibits and supporting testimony filed in this case, by contacting CNM at the following addresses and telephone numbers: CNM, Member Services, 301 North Summit, PO Box 157, Moriarty, NM 87036 Telephone: 505-832-4483; or the Commission at the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, NM 87504-1269, Telephone: 505-827-6968. Further information may be obtained at the Commission's Case Lookup E-docket website, <http://www.nmprc.state.nm.us/> or at CNM's website, <http://www.cnmec.org/>.

Any interested person may appear at the time and place of hearing and make a written or oral comment as allowed under 1.2.2.23(F) NMAC without becoming an Intervenor. Interested persons may also send written comments which shall reference Case No. 18-00064-UT to the Commission at the address set out above. However, comments governed by this paragraph will not be considered as evidence in this case.

Any person filing pleadings may file in person or by mail at the Commission's address set out above and shall serve copies on all parties of record, Staff, and the Hearing Examiner at Elizabeth.Hurst@state.nm.us on the date of filing. All documents emailed to the Hearing Examiner shall include versions in Microsoft Word or other native formats if available.

Any person whose testimony has been pre-filed shall attend the hearing and submit to examination under oath. If you file documents in person, the location for filing is the Commission's address listed above. If you file documents by mail, send them to P.O. Box 1269, Santa Fe, NM 87504-1269.

Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at 1-888-427-5772 as soon as possible prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this 9th day of July, 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION

Elizabeth C. Hurst, Hearing Examiner