

147 FERC ¶ 61,151
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 27, 2014

In Reply Refer To:
Public Service Company
of New Mexico
Docket Nos. ER14-1632-000 and
ER14-1633-000

Public Service Company of New Mexico
Attention: Michael L. Edwards
Director, Federal Regulatory Policy
414 Silver Ave., SW
Albuquerque, NM 87102

Dear Mr. Edwards:

1. On April 1, 2014, Public Service Company of New Mexico (PNM) submitted proposed revisions to reflect changes to the real power loss factor consistent with the Annual Real Power Loss Factor Calculation Process that was accepted as part of PNM's Open Access Transmission Tariff (OATT) under a Commission-approved uncontested settlement.¹ Under the settlement, the parties agreed to a process for an annual review and for the establishment of a real power loss factor for PNM based on measured data, as set forth in Attachment A to the settlement.² Consistent with that process, PNM proposes revisions to its OATT in Docket No. ER14-1632-000, along with proposed revisions to a grandfathered agreement (GFA) with Western Area Power Administration (Western) in Docket No. ER14-1633-000. These revisions are accepted, effective June 1, 2014, subject to refund and the outcome of a separate proceeding established to address PNM's proposed OATT formula rate in Docket No. ER13-685-000, *et al.*,³ as discussed below.

¹ *Public Service Company of New Mexico*, 142 FERC ¶ 61,004 (2013).

² *Public Service Company of New Mexico*, 140 FERC ¶ 63,008, at P 13 (2012).

³ *Public Service Company of New Mexico*, 142 FERC ¶ 61,168 (2012), *on reh'g.*, 143 FERC ¶ 61,227 (2013).

2. The Annual Real Power Loss Factor Calculation Process specifies the formula to be used to calculate the real power loss factor. It also provides that PNM will file any revised real power loss factor with the Commission on April 1 of each year and request an effective date of June 1. PNM explains that the revised real power loss factor reflected in its OATT is 3.27 percent, whereas the real power loss factor for its customer, Navopache Electric Cooperative, Inc. (Navopache), is 3.28 percent. PNM also states that the real power loss factor for its customers, the City of Gallup, New Mexico and the City of Aztec, New Mexico is 3.27 percent, and the real power loss factor in the GFA with Western is 3.27 percent. PNM explains that the real power loss factor will apply to the rates resulting in a separate proceeding that addresses PNM's proposed OATT formula rate in Docket No. ER13-685-000, *et al.* PNM requests that the Commission allow the revisions to the OATT and the GFA to become effective June 1, 2014.

3. Notice of PNM's filings was published in the *Federal Register*, 79 Fed. Reg. 19,324 (2014), with interventions and protests due on or before April 22, 2014. A timely motion to intervene was filed by Incorporated County of Los Alamos, New Mexico in Docket No. ER14-1632-000. A timely motion to intervene and protest was filed by Navopache in both of the above-captioned dockets. Western submitted a motion to intervene out-of-time in both of the above-captioned dockets.

4. Navopache explains that, in the separate proceeding before the Commission addressing PNM's proposed OATT formula rate in Docket No. ER13-685-000, *et al.*, Navopache protested PNM's proposed method for assigning costs associated with third party transmission costs and the extent to which Navopache benefits from third party transmission service. Specifically, Navopache states that it has argued among other things that because it does not benefit from or use the PNM system for some of its loads, PNM is precluded from assigning the costs of transmission used to serve others to Navopache and that there are inappropriate or duplicative PNM charges that are not just and reasonable. Navopache states that if the Commission ultimately agrees with Navopache's assertions in Docket No. ER13-685-000, *et al.*, PNM will be required to decrease the associated losses in PNM's calculation of Navopache's real power loss factor in this proceeding. Navopache therefore requests that the Commission make its acceptance of PNM's revised real power loss factor subject to refund and subject to further adjustment pending the outcome of the proceeding in Docket No. ER13-685-000, *et al.*, and that the Commission establish a refund effective date under Federal Power Act section 206 to be contemporaneous with such order.

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), the Commission will grant Western's late-filed motion to intervene given its interest in the

proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

6. We accept PNM's proposed revisions, effective June 1, 2014, subject to refund and the outcome of the proceeding in Docket No. ER13-685-000, *et al.* The proposed revisions to the OATT and the GFA are consistent with the existing Annual Real Power Loss Factor Calculation Process approved by the Commission. However, we agree with Navopache that the real power loss factor proposed here could be impacted by the outcome of the proceeding in Docket No. ER13-685-000, *et al.* Accordingly, our acceptance of the revisions proposed here is subject to refund and the outcome of the proceeding in Docket No. ER13-685-000, *et al.*⁴ However, we decline to institute a section 206 proceeding to establish a refund effective date. As the Commission found in its order setting PNM's proposed OATT formula rate in Docket No. ER13-685-000, *et al.*, for hearing and settlement judge procedures, because the true-up mechanism under PNM's proposed formula rate ensures that PNM's charges reflect actual cost, no section 206 proceeding is necessary to establish a refund effective date.⁵

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ In its order setting PNM's proposed OATT formula rate for hearing and settlement judge procedures in Docket No. ER13-685-000, the Commission suspended PNM's proposed formula rate for five months, to become effective August 2, 2013, subject to refund. *Public Service Company of New Mexico*, 142 FERC ¶ 61,168 at P 21.

⁵ *Id.* P 22.