

PNM and MIS-LEADERSHIP

By Gary Vaughn, NMSEA President

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On Dec 11, the PNM PR machine sent out a 3 page “PNM Price Increase Fact Sheet” stating that PNM was requesting a 12% increase in electric prices, but that “the bottom line increase to PNM customer bills will be about 7.7%”. Elsewhere in that same document PNM states that “What this means for the average residential (*customer*) using 600 kWh per month is an increase of \$9.75 per month on their bill, from \$70.26 to \$80.01”. If you bother to do the math, that works out to a whopping 13.9% increase. On page 29 of VP Ortiz’ formal PRC 2014 Rate Case testimony, he states “the residential class will see a full 17% increase in basic rates”. Turns out that PNM’s small business companies will also see a 17% rate increase, as will PNM’s irrigation-class customers. So who are you supposed to believe? PNM 12% or PNM 7.7% or PNM 13.9% or PNM 17%? Seems like some of those PNM numbers are intended to mislead you.

The PNM Price Increase Fact Sheet states that “The bill increase includes an increase in the fixed customer charge, which also helps to reduce the energy usage portion of the bill. For residential customers the fixed charge will change from \$5.00 to \$12.80 per month”.

Apparently that means that PNM would have increased residential rates even more without this fixed charge surcharge. Using PNM’s average residential bill of \$70.26, the added \$7.80 per month fixed surcharge amounts to an 11% increase on top of the 17% usage rate increase. This just points to the fact that all of the PNM increases quoted in the first section above are (intentionally) misleading.

The PNM Price Increase Fact Sheet states that “The balance of our [*Rate Case*] request is related to declining energy sales driven by the New Mexico economy, improved appliance efficiency, and PNM’s own Energy Efficiency programs”.

When the economy turns down everyone suffers. Modern appliances can do more work with less electricity. PNM knows years ahead what the impact on energy usage will be when it meets NM’s energy efficiency targets. So why should PNM be immune to economic and efficiency “trends” that are obvious to everyone else? Why is PNM immune to the law of supply and demand which rules every other business in New Mexico? PNM is forced to charge more because the NM economy is depressed? What kind of misleading argument is that?

PNM recovers all its costs plus a cool 10% profit for every penny it spends on implementing NM’s energy efficiency mandates. There’s a separate fixed charge, called an energy efficiency rate rider, on your PNM bill which is dedicated to paying for PNM’s energy efficiency programs. That charge will be going up too. Did PNM mention that?

The PNM Price Increase Fact Sheet states that rooftop solar customers will see:

- 1) “the DG Interconnection Fee of \$6.00/kW of installed capacity”
- 2) “Changes in the banking option”
- 3) “All other program elements provided to rooftop solar customer will continue”

But what about the changes in the amount that PNM will pay net-metered customers?

And what about the changes to the REC payment program, and PNM’s plan to take customers’ “excess” REC credits for free?

Statement #2 above is clearly leaves out important information.

Statement #3 above isn’t just misleading, it’s wrong.

In a 12/12/14 Albuquerque Journal article, PNM VP Ortiz is quoted as stating that “even with the new interconnection charge, [*PV customer savings*] would only be shaved, [by about 3 cents per kilowatt hour]”. But the actual calculated cost to a typical PV customer of the \$6.00 per every 1000W of PV interconnection charge turns out to be a **minimum** of 4 cents per kilowatt hour. Where did that big difference come from? Should you believe PNM’s number or the actual calculation? Seems like PNM’s 3 cents per kilowatt hour number is misleading.

In a January 20, 2015 letter, PNM “assured” its residential PV customers that they would not be affected by the 2014 Rate Case proposal. Of course that’s not really true.

1) A PV customer’s contract doesn’t deal with electricity rates, or rate riders, or increases in fixed fees. Existing PV customers will see all of those PNM bill increases, and several of those increases will mean that their bill will go up even if

they don't change how many kWhs they use or generate. That means that a PV customer who is financially "net-zero" now, won't be financially net-zero after the new rules take effect. Everyone will pay PNM more.

2) When existing 8 year PNM PV contracts expire, PNM will impose the new rules, so it won't be long before ALL PV system owners will be forced to pay PNM thru the nose.

3) When an existing PNM residential PV customer with a pre-2010 REC contract sells their home, the contract doesn't transfer. That means that the new owner will immediately face all the proposed extra fees & changes to net metering & REC rules. Later contracts do transfer, but the 8 year clock continues to count down. That means that an existing customer's PV system will be worth much less than it was worth under the old contract. That means that this PNM plan will actually reduce the market value of the home. Pretty neat trick, que no?

PNM executives strongly oppose "subsidies" for PNM's residential, small business and solar PV customers, but strongly support "incentives" for PNM and PNM's large business and corporate customers. "Such incentives are critical to attract more business to New Mexico, said PNM spokeswoman Susan Sponar" in an Albuquerque Journal article on 12/21/14. Yet in his formal PRC rate case testimony, PNM VP Ortiz responds to a question from the PRC this way: "Do you believe that PNM's rates are an impediment to economic development in New Mexico?" "NO, I DO NOT." So should you believe PNM or PNM? One of those statements seems to be misleading.

The PNM PR machine is constantly claiming that PNM is "investing" in renewable energy. The fact is that PNM has never acquired any significant amount of renewable energy unless it was forced to do so by a NM State mandate. And PNM has always added the minimum amount of renewable energy possible.

PNM is "entitled" to recover all of its costs plus a cool 10% profit for every penny it spends on implementing NM's renewable energy mandates. By any standard business definition of "investing", PNM has never actually invested in renewable energy. Those PNM PR campaigns are mostly misleading.

As predicted, PNM allies in the NM State Legislature are proposing to eliminate the NM RPS requirement for 20% RE by 2020, and they also want to reduce the "cost cap" which limits how much utilities can spend to meet RPS requirements. That would mean there'll be far less RE in NM's future.

The PNM PR machine is constantly claiming that PNM is "investing" in protecting the environment, cutting pollution and reducing greenhouse gas emissions. The fact is that PNM has never added any significant environmental protections or pollution controls unless it was forced to do so by a Federal or NM State law or statute. PNM has fought most of those pollution control laws and statutes in court. When it is finally forced to install pollution control equipment or adopt measures to protect the environment, PNM always attempts to install the minimum amount and lowest quality of air, water and solid waste pollution controls possible.

PNM is "entitled" to recover all of its costs plus a cool 10% profit for every penny it spends on cleaning up its act. By any standard business definition of "investing", PNM has never actually invested in protecting the environment. Those PNM PR campaigns are mostly misleading.

The PNM PR machine is constantly claiming that PNM is "investing" in promoting energy efficiency. The fact is that PNM has never implemented any significant energy efficiency programs unless it was forced to do so by a NM State statute. Energy efficiency initiatives that have been in use by other utilities and electrical co-ops are still "out of bounds" for PNM. Smart meters for residential and small business customers? Time of use rates? Electric vehicle charging "deals". No way! And PNM continues to use and invest its customers' money in ancient generating plants with horrible efficiency ratings. PNM is "entitled" to recover all of its costs plus a cool 10% profit for every penny it spends on its State-mandated energy efficiency programs. Now PNM wants to increase electricity rates to inoculate itself against growing energy efficiency trends and (OMG!) LED light bulbs. By any standard business definition of "investing", PNM has never actually invested in energy efficiency. Those PNM PR campaigns are mostly misleading.

In the recent PRC San Juan Generating Station Settlement case hearings, it was revealed that PNM had understated the future cost for its favored proposal by \$367 million due to a PNM "bookkeeping error". Looks like PNM's SJGS plan will end up costing PNM ratepayers \$1 billion more than expected. Yes, folks, that's a "B".

Who can take PNM executives & "spokespersons" seriously after serial misleadership like this?