IN THE MATTER OF THE APPLICATION OF
PUBLIC SERVICE COMPANY OF NEW MEXICO
FOR APPROVAL OF ELECTRIC ENERGY
EFFICIENCY PROGRAMS AND PROGRAM COST
COST TARIFF RIDER PURSUANT TO THE
NEW MEXICO PUBLIC UTILITY AND
EFFICIENT USE OF ENERGY ACTS,

PUBLIC SERVICE COMPANY OF NEW
MEXICO.

Applicant.

PREPARED REBUTTAL TESTIMONY

OF

JOHN J. REYNOLDS

FEBRUARY 6, 2013
Q. Please state your name and occupation.

A. My name is John J. Reynolds. I am employed by the New Mexico Public Regulation Commission ("NMPRC" or "Commission") as a Utility Economist in the Utility Division. I have previously filed Direct Testimony in this case in which my academic credentials, professional background and qualifications were described.

Q. Did you review the Direct Testimony filed by other parties in this case?

A. I have reviewed the testimony filed Maureen Quaid on behalf of the Coalition for Clean Affordable Energy ("CCAE") and portions of the testimony filed by Cynthia D. Bothwell on behalf of the New Mexico Industrial Energy Consumers ("NMIEC").

Q. What is the purpose of your rebuttal testimony?

A. I will respond to CCAE Witness Quaid's recommendations for broad enhancements and improvements to PNM's 2012 Energy Efficiency and Load Management Program Plan ("2012 Plan" or "Plan") and to NMIEC Witness Bothwell's recommendations concerning program participation and development.

Q. What is Staff's response to CCAE Witness Quaid's first recommendation that PNM be directed to expand its proposed Plan in order to generate
further savings thereby creating a “savings cushion” in case some of its programs underperform?

A. Staff opposes CCAE’s recommendation to expand PNM’s 2012 Plan simply to provide a “savings cushion” because it would result in a budget increase beyond the significant increase PNM is seeking and because the incremental cost-effectiveness of such an expansion has not been established. First, PNM is already seeking a 49% increase in its annual budget when comparing its 2012 budget of the 2010 Plan to Year 1 of the its proposed 2012 Plan. Staff’s recommended budget for Year 1 of the 2012 Plan would reduce the budget but it would still represent a 31% increase. Staff knows of no requirement in the Efficient Use of Energy Act (“EUEA”) or the Commission’s Energy Efficiency Rule (“EE Rule” or “Rule”) or of any past practice that calls for the creation of “saving cushion” to increase the certainty that EUEA-mandated savings requirements are achieved. A further undetermined budget increase would place an unnecessary additional burden on PNM’s ratepayers without justification. Additionally, Staff opposes the suggestion that a “savings cushion” must be factored in because some of the programs may underperform. While some programs will likely underperform, no program should ever be projected to underperform. Instead, Staff expects that underperforming programs will at least

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1 See Exhibit JJR-9 in my Direct Testimony. 49% represents the increase in the total budget including profit from its 2012 budget of $17,913,860 for the 2010 Plan to a budget of $26,698,884 for Year 1 of the 2012 Plan.

2 31% represents the increase in the total budget including profit from its 2012 budget of $17,913,860 for the 2010 Plan to a Staff-recommended budget $23,549,058 for Year 1 of the 2012 Plan.
be offset by overperforming programs as the utility shifts and optimizes its allocation of program costs. Second, CCAE provides no criteria about the precise composition of the expansion of the Plan other than to suggest that higher savings can be achieved cost-effectively as demonstrated in a recent major study from the Southwest Energy Efficiency Project ("SWEEP") where CCAE Witness Quaid is employed. While CCAE has requested that PNM perform cost effectiveness analysis to support its recommendation, none was available at the time CCAE’s Direct Testimony was filed and neither Staff nor any other party will have an adequate opportunity to analyze any data PNM may provide in its rebuttal testimony. Further, CCAE explicitly supports all of the programs in PNM’s proposed 2012 Plan\(^3\). Accordingly, CCAE’s recommendation would cause a plan expansion that would result in a further increase in the budget without support or justification. Staff opposes any increase in the budget beyond what Staff has recommended in this case.

Q. What is Staff’s response to CCAE Witness Quaid’s second recommendation that PNM be directed to expand its proposed Commercial Comprehensive Program by adding a new custom measure for on-site Combined Heat and Power ("CHP") systems?

A. Staff opposes CCAE’s recommendation to add a custom measure for on-site CHP systems in the Commercial Comprehensive Program because the

\(^3\) Lines 20-21, Page 3; Direct Testimony of CCAE Witness Quaid.
incentives recommended by CCAE are likely to significantly increase program costs, because it is not supported by an analysis of the incremental cost effectiveness, and because it would be contrary to public interest to have all PNM ratepayers subsidize capital investments in on-site energy generation that is independent from the public utility. First, CCAE proposes to provide incentives of at least $0.06 per kWh savings in the first year. It is therefore reasonable to project that additional program costs will be incurred if there is any participation. Without any projected participation, there is no basis to even consider the proposed CHP custom measure. CCAE argues that the proposed CHP custom measure can be added without increasing the budget of the Commercial Comprehensive as was done in the last energy efficiency (“EE”) and load management (“LM”) approval case for Southwestern Public Service Company (“SPS”). In that case, the Commission approved an uncontested stipulation which provided for a “budget-neutral” addition of a similar CHP custom measure. Staff now understands that SWEEP considers that any change in program costs within the +/-25% window established by the EE Rule does not require any change to a program budget even if such a change in costs is anticipated at the time the program is up for approval as it now is. The Commercial Comprehensive Program has a proposed annual budget of $7,328,103, and it appears to be SWEEP’s position that any suggested change in

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4 See Exhibit MQ-4, Direct Testimony of CCAE Witness Quaid. In this exhibit, CCAE recommends a higher incentive but does not state how much higher.
5 CCAE expects that there will be 1 to 3 CHP projects per year.
6 NMPRC Case No. 11-00400-UT.
the Program that causes projected program costs to increase or decrease by less
than $1,832,026\textsuperscript{7} does not need to be addressed in the budget presented to the
Commission for approval. Staff believes instead that the program costs
associated with the CHP custom measure (or any other proposed enhancement)
should be projected and included in the budget of the Commercial
Comprehensive Program and that the Commission should be presented with a
proposed budget based on the most reasonable assumptions available including
participation projections. In Staff’s view, the flexibility allowed in the EE Rule
to adjust program expenses within a +/-25% window is provided for utilities to
make mid-course funding adjustments based on program performance, not
simply as a means to increase program spending without support or justification.
Second, CCAE provides no information about the incremental cost effectiveness
of adding the CHP custom measure to the Commercial Comprehensive Program.
As it has indicated, CCAE is not in a position to independently establish cost
effectiveness, and PNM’s response to CCAE about this was not available at the
time CCAE filed its Direct Testimony. In any case, PNM’s projections about a
completely new CHP custom measure would likely be based on numerous
uncertain assumptions. Given that the Commission allowed SPS to offer a
similar custom measure about six months ago, Staff finds it prudent to rely on a
future independent evaluation of SPS’ CHP custom measure before the
Commission opines on a larger scale implementation by PNM.

\textsuperscript{7} 25\% of $7,328,103.
Finally, the proposed CHP custom measure is likely to mostly benefit the very largest of PNM’s customers, and Staff would find it necessary to consider whether this custom measure results in PNM’s largest customers reaping benefits that are out of proportion with the EE Rider recoveries from these same large customers. Unless it can be demonstrated that the addition of a CHP custom measure results in a portfolio of programs where the distribution of benefits among ratepayers is in line with the distribution of EE rider recoveries, Staff would be reluctant to support the measure even if Staff’s concerns about the costs of the measure and its cost effectiveness were addressed. The EUEA caps large customer recovery and provides for self-directed programs, and this CCAE-proposed measure may be more appropriate as a self-directed undertaking given the EUEA’s cap on EE rider recoveries from large customers.

Q. What is Staff’s response to CCAE Witness Quaid’s third recommendation that PNM be directed to expand its Residential Lighting Program by adding an incentive of $10/bulb toward the purchase of LED bulbs?

A. Staff opposes CCAE’s recommendation to have the Commission direct PNM to add an incentive of $10 per LED bulb in its Residential Lighting Program at this time because of the uncertain success of a premature program expansion. CCAE and Staff agree the residential lighting market is rapidly changing. Given the speed at which technology is evolving, LED lighting is likely to become “the
most popular lighting that’s out there.\textsuperscript{8} Staff does not oppose incentives for
LED bulbs; but based on discussions with PNM which included the participation
of CCAE and on the lack of evidence in this case on this topic, the cost
effectiveness of such a rebate has not been established at this time. For example,
PNM offered an incentive for LED bulbs on a pilot basis last summer for 2-3
months to gauge consumer participation. Participation was minimal, and PNM’s
conclusion at that time was that offering such a rebate on a long-term basis was
not cost effective. Should the Commission accept Staff’s recommendation that
the rebate for CFLs in PNM’s 2012 Plan be reduced by 50%, it is reasonable to
expect that a rebate for LEDs will be more effective than it otherwise would
have been. Staff would encourage another PNM pilot of an LED rebate once the
Commission has filed its Final Order concerning the 2012 Plan. If the results of
another pilot suggest improved participation and cost effectiveness with a path
toward overall cost effectiveness, PNM could then seek the Commission’s
approval to expand the Residential Lighting Program with a new incentive for
LED bulbs.

Q. What is Staff’s response to CCAE Witness Quaid’s fourth recommendation
that PNM be directed to maintain a residential new construction program
even though PNM is currently unable to ascertain such a program’s cost
effectiveness?

\textsuperscript{8} LEDs Emerge as a Popular Green Lighting, New York Times, January 22, 2013. Available at
A. Staff opposes CCAE’s recommendation to have the Commission direct PNM to maintain a residential new construction program as a placeholder in the 2012 Plan because Staff has no reason to dispute PNM’s analysis concluding that the ENERGY STAR Homes Program will no longer be cost effective due to a higher incremental cost, lower savings, and lower participation levels. In fact, Staff’s recalculated TRC of 0.85 for this program presented in my Direct Testimony\(^9\) demonstrates that the Commission should approve PNM’s request to phase the program out in 2013. CCAE however recommends that the Commission direct PNM to consider re-designing a residential new construction program that would be cost effective and could be implemented in 2014. PNM has testified it has explored program alternatives but has so far been unable to design a cost effective alternative. PNM further states that it “will continue to research potential energy efficiency programs for new, cost-effective residential construction”\(^{10}\). As CCAE points out, the residential new construction market in New Mexico has been transformed since the ENERGY STAR Homes Program has been implemented by PNM, but further cost ineffective ratepayer support should not be required to maintain this transformation.

Q. Is it necessary for the Commission to refrain from closing this docket until a determination can be reached about a future cost effective residential new construction program can be reached as CCAE recommends?

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\(^9\) Exhibit JIR-9, Direct Testimony of John J. Reynolds.

\(^{10}\) Lines 12-13, Page 9; Direct Testimony of Steven M. Bean.
A. No. There is no reason for the Commission to keep this docket open for an undetermined period until another residential new construction program can be evaluated. PNM has made clear its intent to continue investigating program design alternatives, and there is nothing that would prevent PNM from requesting that the Commission re-open this docket for the express purpose of proposing program additions, expansions, contractions, or modifications. PNM did just that in December 2011 when it filed a motion with the Commission to re-open the previous EE docket seeking the Commission’s approval to continue the ENERGY STAR Homes Program that was set to be discontinued at the end of 2011. The request to continue the ENERGY STAR Homes Program resulted from intervening code implementation changes and a revised projection that the program would be cost effective beyond 2011. Should PNM once again revise its projection and determine that the ENERGY STAR Homes Program will be cost effective beyond its proposed discontinuation date of September 30, 2013, PNM could simply seek to revise its earlier request. Alternatively, should PNM and stakeholders succeed in developing a new cost-effective program, PNM may then seek the Commission’s approval to add the program to its 2012 Plan or possibly expand the Whole House Program (if it is approved by the Commission) with an additional measure as contemplated in CCAE’s recommended program consolidation.\textsuperscript{11}

\textsuperscript{11} Lines 15-16, Page 13; Direct Testimony of Maureen Quaid.
Q. **What is Staff’s response to CCAE Witness Quaid’s fifth recommendation that PNM be directed to expand the number of measures in its Whole House Program that would address insulation and air sealing, enhanced controls for central air conditioning systems, and further lighting improvements?**

A. **Staff opposes CCAE’s recommendation to have the Commission direct PNM to provide very specific additional measures in its proposed Whole House Program at this time and without any supporting analysis about the incremental cost effectiveness of these additional measures. With respect to CCAE’s recommendation that PNM offer incentives for air sealing and insulation based on a home audit, it has not been demonstrated that such a measure is incrementally cost effective. Further, Staff understands that PNM has analyzed such a potential measure and found it to be cost ineffective. With respect to CCAE’s recommendation that PNM add “Western Cooling Control” for refrigerated air conditioning systems, information provided by CCAE suggests that such a measure was found to be cost effective in California and Nevada. Staff is unaware of any analysis about the cost effectiveness of this measure in PNM’s service territory. With respect to CCAE’s recommendation that PNM enhance the Whole House Program with further lighting options such as specialty CFLs and LED bulbs, CCAE does not propose any guidelines for the installation of these more expensive bulbs nor does CCAE suggest increasing the Co-Payment sufficiently for PNM to support the higher costs of these bulbs.**
Should a future pilot measure offering rebates for LEDs prove to be more successful, PNM may find it cost effective to include the installation of LEDs in the Whole House Program.

Q. What is Staff’s response to CCAE Witness Quaid’s sixth recommendation that PNM be directed to expand the number of kits provided through the Student Efficiency Kits Program beyond 4,500 kits per year?

A. Staff opposes CCAE’s recommendation to have the Commission direct PNM to distribute more than 4,500 kits per year through the proposed Student Efficiency Kits Program. The comparison CCAE makes with the School Education Kits Program implemented by Southwestern Public Service Company (“SPS”) incorrectly suggests that PNM’s plans to distribute kits are inadequate in relation to the number of customers in its service territory. However, CCAE’s analysis is flawed because it fails to acknowledge the existence of PNM’s Easy Savings Kits Program which PNM proposes to continue in its 2012 Plan. While PNM is targeting low income customers instead of students with its Easy Savings Kits Program, PNM plans to distribute 6,000 kits annually to low income customers, and these kits are similar to the 4,500 kits PNM plans to distribute annually to students through the proposed Student Efficiency Kits Program. SPS has no kit distribution program other than its School Education Kits Program. In sum, PNM plans to distribute 10,500 efficiency kits to the community annually through two programs while SPS plans to distribute 2,500 kits annually through
a single program. CCAE states that “PNM has more than four times as many customers as SPS”\textsuperscript{12}. Staff’s analysis suggests that each utility’s efficiency kit distribution plans are commensurate with each utility’s customer base. For these reasons, Staff does not recommend that the Commission direct PNM to distribute more kits each year through its Student Efficiency Kits Program simply to match or approach the rate at which SPS distributes kits through its School Education Kits Program without any consideration of the additional kits PNM plans to distribute through its Easy Savings Kits Program.

With respect to CCAE’s recommendation that PNM adjust its projected gross and net savings for each efficiency kit distributed through the proposed Student Efficiency Kits Program based on the savings projected by SPS for their School Education Kits Program, Staff knows of no reason for PNM to adjust its projected gross or net savings at this point\textsuperscript{13}. While the efficiency kits distributed by PNM and SPS may be similar, they are not necessarily identical. Staff notes that the third party contractors for these programs are different from each other and differences between the kits distributed by PNM and SPS may justify different projected savings per kit. CCAE further suggests that PNM understates projected savings by using a net-to-gross (“NTG”) ratio of 80%

\textsuperscript{12} Lines 2-3, Page 15; Direct Testimony of Maureen Quaid.
\textsuperscript{13} CCAE incorrectly states that SPS projects 242 kWh/year of gross savings for each kit distributed through its School Education Kits Program. Staff instead understands that SPS projects 216 kWh/year of gross savings per kit and that 242 kWh/year of savings are per kW (not per kit). Therefore, the difference in savings per kit is far less pronounced than CCAE’s comparison suggests. See Lines 4-8, Page 15; Direct Testimony of CCAE Witness Quaid.
while SPS uses a NTG of 100%\textsuperscript{14}. This may again be explained by a difference between the two kits, and there is no evidence that demonstrates why PNM should mimic SPS’s projections for a similar program. As CCAE indicates, savings from the kits distributed by PNM will be evaluated by the statewide independent evaluator and the evaluated savings can be used by PNM for the development of their next EE and LM plan. Because the establishment of over-optimistic savings assumptions without a foundation increases the risk of ratepayer funding of cost ineffective programs, no basis exists to support CCAE’s recommendation to change projected savings assumptions for the proposed Student Efficiency Kits Program before the savings are independently evaluated.

Q. What is Staff’s response to CCAE Witness Quaid’s seventh recommendation that PNM be directed to increase the budget of the Residential Stay Cool Program by $100,000 in order add incentives for quality installation, proper equipment sizing, and enhanced equipment controls?

A. As with respect to CCAE’s similar recommended expansion of PNM’s proposed new Whole House Program, Staff opposes CCAE’s recommendation to have the

\textsuperscript{14} A NTG of 100% infers that 100% of the participation and savings from a program’s measures are a direct result of the program and therefore that the measures would not have been implemented in the absence of the program. Any NTG below 100% quantifies the extent to which the measures would have been implemented in the absence of a program. For example, a NTG of 80% indicates that 20% of the savings would have been realized even in the absence of the program.
Commission direct PNM to expand the Residential Stay Cool Program by incentivizing specific measures without timely and further supporting analysis about the incremental cost effectiveness of these additional measures in New Mexico. CCAE is recommending that PNM provide incentives in the Residential Stay Cool Program for quality installation, proper sizing of central air conditioning equipment, and that PNM add “Western Cooling Control” for central air conditioning systems, and provide contractor training for quality installation and proper sizing. Specifically, CCAE is proposing that the program budget be increased by $100,000 with $40,000 for contractor training and $60,000 for incentives for quality installation and proper equipment sizing. It is premature for the Commission to direct PNM to expand the Residential Stay Cool Program in the absence of further analysis.

CCAE also recommends that PNM continue to consider tiered incentives for central air conditioning systems even though PNM’s analysis suggests that this would be a cost ineffective measure. CCAE states that tiered incentives for central conditioning systems exist in the region and suggests different incentive levels based on the efficiency of the equipment. Staff concurs with CCAE that PNM should consider expanding the Whole House Program and the Residential Stay Cool Programs with such tiered incentives if and when it finds this expansion may be incrementally cost effective.
Q. What is Staff’s response to CCAE Witness Quaid’s final recommendation that PNM be directed by the Commission to increase the projected savings of its proposed new Home Energy Reports Program?

A. Staff opposes CCAE’s recommendation to have the Commission direct PNM to increase PNM’s projected savings generated by its proposed new Home Energy Reports Program. Staff has already testified about the Commission’s earlier finding that PNM should not implement a behavioral program until SPS’s similar behavioral pilot program which began in March 2012 is independently evaluated. I have also testified about how PNM relied on its 3rd party implementer, OPower, to project the savings the Home Energy Reports Program will generate and about a study provided by PNM which suggests its projected savings, while conservative, are within the range of savings actually evaluated in other states. At the risk of nay saying this program’s benefits, Staff suggests it is reasonable to expect that evaluated savings from this behavioral program may be closer to the low end of the expected range. The relatively temperate climate in PNM’s service territory and its limited air conditioning load suggest less space cooling savings potential than, for example, Arizona or Nevada. Space heating savings potential may likewise be less in PNM’s service territory than in Northern California or Colorado. I have also expressed concern about the potential double counting of savings for a program which cross-promotes other programs and may elicit participation in these other programs. In light of these factors, the accretive nature of projected savings from PNM’s Home Energy
Reports Program has not been established nor has it been demonstrated that savings will approach or equal the evaluated savings from similar behavioral programs in the region. As it does with many of its programs, PNM relies on its 3rd party implementer for a determination of reasonable projected savings. It would be unreasonable at this time to replace these projections with CCAE’s recommended projected savings based on evaluated savings from similar behavioral programs in the region before the independent evaluation of any New Mexico utility’s behavioral program.

Q. Please address CCAE’s recommendations concerning PNM’s proposed programs in the 2012 Plan that target low income customers.

A. Subject to the establishment of an appropriate cost sharing arrangement as spelled out in my Direct Testimony, Staff concurs with CCAE’s support of the Low Income Home Efficiency Program. New Mexico Gas Company (“NMGC”) may collaborate by necessity because Staff is recommending a cost sharing agreement be established during Year 1 of the 2012 Plan. Any collaboration with MFA should be the purview of PNM and its 3rd party implementer for this program. PNM should also be given the opportunity to analyze whether the addition of specialty CFLs is incrementally cost effective before it decides on implementing this recommendation from CCAE.

As I indicated in my Direct Testimony, Staff recommends that the Commission not approve the Low Income Refrigerator and CFL Replacement Program and
the Community CFL Program. Staff does not concur with CCAE’s support of these two programs. Instead, Staff finds that the targeted participants of the Low Income Refrigerator and CFL Replacement Program can be reached with the new Low Income Home Efficiency Program while those of the Community CFL Program can be reached with the expanded Market Transformation Program.

Subject to the establishment of an appropriate cost sharing arrangement as set forth in my Direct Testimony, Staff concurs with CCAE’s support of the Easy Savings Kits Program targeted to low income customers.

Q. Please address CCAE’s recommendations concerning PNM’s expanded Market Transformation Program.

A. Staff concurs with CCAE’s support of PNM’s Market Transformation Program except that Staff opposes CCAE’s support for the measurement and crediting of savings related to compliance with building codes.

Q. What is Staff’s response to NMIEC’s conclusion that PNM has not developed a portfolio of energy efficiency and load management programs that allows the Commission to meet the EUEA requirement that it find that every customer class should have the opportunity to participate and benefit from the portfolio of programs before it approves the Plan?

A. No customer class is inherently prevented from participating in and benefitting from PNM’s proposed programs. While NMIEC Witness Bothwell states that
"PNM has not demonstrated that its 2012 Plan meets this basic [statutory] requirement," NMIEC fails to specify any customer class that is prevented from participating in the EE and LM programs of PNM’s proposed 2012 Plan.

Q. Are PNM’s proposed programs which target low income customers getting more support as NMIEC Witness Bothwell advocates they should?

A. Yes. The Year 1 budget for the low income programs in PNM’s 2012 Plan totals $1,631,216 and is more than double the 2012 budget of $797,714 for PNM’s low income programs in the 2010 Plan. Even Staff’s recommendation with respect to the low income programs in PNM’s 2012 Plan, if accepted by the Commission, would result in a 94% increase in the budget for low income programs.

Q. What is Staff’s response to NMIEC’s recommendation that the Commission should require PNM “to find appropriate approaches” for the participation of all customer groups in the development of energy efficiency programs?

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15 Lines 26-27, Page 18; Direct Testimony of Cynthia D. Bothwell.
16 See Exhibit JR-9 in my Direct Testimony. The three low income programs of the 2010 Plan budgeted for 2012 are the Low Income Refrigerator and CFL Replacement Program ($463,450), the Community CFL Program ($21,763), and the Easy Savings Kits Program ($312,501) have a total budget of $797,714. The four low income programs proposed for the 2012 Plan have Year 1 budgets of $131,142 (Refrigerator and CFL Replacement), $1,163,837 (Home Efficiency), $10,584 (Community CFL), and $325,653 (Easy Savings Kits). The total Year 1 low income budget proposed by PNM is therefore $1,631,216.
17 See Exhibit JR-9 in my Direct Testimony. Staff recommends Commission approval of only two of PNM’s proposed low income programs: the Home Efficiency Program with a Year 1 budget of $1,218,190 and the Easy Savings Kits Program with a Year 1 budget of $325,653. Staff therefore proposes a total Year 1 budget for low income customers of $1,543,843.
A. NMIEC’s recommendation is vague and NMIEC’s suggestion that PNM’s approach with respect to the development of EE programs has heretofore been inappropriate is unsubstantiated. As I stated in my Direct Testimony, the public participation process followed by PNM for the development of its proposed 2012 Plan was described by PNM Witness Bean as required by the EE Rule18. While Staff would welcome broader participation in PNM’s public participation process, it is unclear that participation has so far been too narrow and Staff fails to discern any concrete recommendation offered by NMIEC requiring Commission action.

Q. What is Staff’s response to NMIEC’s recommendation that the Commission should require PNM to break down program adoption by rate class and to examine any inequities in opportunities to participate between rate classes?

A. Staff supports NMIEC’s recommendation that the Commission should direct PNM to provide more granular information for each program showing participation, program budgets and costs, as well as projected energy and demand savings by rate class. PNM should be directed to provide this program participation and cost information annually in the utility annual report about energy efficiency and load management starting with the report to be filed in 2014 for the calendar year 2013. PNM should be further directed to provide

18 Appendix B of Exhibit SMB-1 of the Direct Testimony of PNM Witness Bean provides a list of invitees to PNM’s EE Public Advisory Group with an indication of participation at various stages of the process. Staff notes that NMIEC was invited but did not participate at any stage.
program budget and projected energy and demand savings information by rate class starting with PNM’s next Application for Commission approval of a proposed EE and LM program plan. Staff’s Exhibit JJR-1Rebut is a table that compares PNM’s projected retail electric revenues by rate class, its projected EE rider recoveries by rate class, and Year 1 budgets by program for the 2012 Plan. The information provided by PNM should be sufficient to allow the sum of program budgets to be reasonably broken by rate class. Based on this information, PNM should also be directed to demonstrate that the breakdown of PNM’s overall EE/LM budget by rate class is commensurate with the relative share of EE rider recoveries by rate class thus providing for equitable opportunities to participate and benefit among rate classes.

Q. What is Staff’s response to NMIEC’s recommendation that, if PNM’s Commercial Comprehensive Program is wholly rejected by the Commission, the Commission should then require PNM to work directly with its commercial and industrial customers to develop alternative program(s) to replace the rejected Commercial Comprehensive Program?

A. In the event that the Commission wholly rejects PNM’s proposed Commercial Comprehensive Program, contrary to Staff’s position on this program, Staff instead recommends that the Commission direct PNM to reconvene its EE Public Advisory Group for the limited purpose of developing alternative program(s) to meet the needs of PNM’s non-residential ratepayers. Upon the
completed development of such program(s), PNM should request the
Commission's approval to include the program(s) in its 2012 Plan. Staff opposes
any development activity that is restricted only to commercial and industrial
customers in order to prevent possible inequity in program participation among
all rate classes.

Q. Does this conclude your testimony?

A. Yes.
## Distribution of EE Rider Recoveries and Program Budgets

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<th>Projected Annual (June 2013 - May 2014)</th>
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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF )
PUBLIC SERVICE COMPANY OF NEW MEXICO )
FOR APPROVAL OF ELECTRIC ENERGY )
EFFICIENCY PROGRAMS AND PROGRAM COST )
COST TARIFF RIDER PURSUANT TO THE )
NEW MEXICO PUBLIC UTILITY AND )
EFFICIENT USE OF ENERGY ACTS, )

PUBLIC SERVICE COMPANY OF NEW )
MEXICO. )

Applicant. )

________________________________________

STATE OF NEW MEXICO )   ss.
COUNTY OF SANTA FE )

I, JOHN J. REYNOLDS, do hereby swear, depose and state as follows:

I hereby attest that I have read the foregoing PREPARED REBUTTAL
TESTIMONY OF JOHN J. REYNOLDS, and the statements contained therein are true
and accurate to the best of my knowledge and information.

John J. Reynolds
6 February, 2013
DATE

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 6
day of February 2013.

My Commission Expires:

1-24-16
BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR APPROVAL OF ELECTRIC
ENERGY EFFICIENCY PROGRAMS AND
PROGRAM COST TARIFF RIDER
PURSUANT TO THE NEW MEXICO
PUBLIC UTILITY AND EFFICIENT USE OF
ENERGY ACTS,

PUBLIC SERVICE COMPANY OF NEW MEXICO,

APPLICANT.

Case No. 12-00317-UT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prepared Rebuttal Testimony of John J. Reynolds, filed February 6, 2013, was sent by electronic mail to the individuals listed below.

Benjamin Phillips
Mark Fenton
Rebecca Dempsey
Peter Gould
Thomas Domme
Mary Homan
Steven Michel
Charles Noble
Carmela Starace
Jami Porter Lara
Lewis Campbell
Jay Kumar
Anastasia Stevens
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James and Nichol Brown
6104 Bancroft Ct., NE
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DATED this 6th day of February, 2013.

NEW MEXICO PUBLIC REGULATION COMMISSION

Elizabeth Ramirez, Legal Assistant