

Pricing Advisory Committee (“PRAC”)

Charter

Version2: August 13, 2024

Mission

The mission of the Pricing Advisory Committee (“PRAC”) is to collectively work with Commission Staff and parties who are intervenors in Public Service of New Mexico (“PNM”) regulatory filings to explore, develop and institute rate design and pricing policy matters that serve to achieve the goal of state mandates on energy policy.

Objectives

The PRAC will conduct the following key activities to accomplish its expected outcome.

- Review cost of service study modifications to ensure costs are appropriately functionalized, classified, and allocated as the cost drivers of PNM change.
- Review prospective rate design modifications, including but not limited to newly designed rate schedules and updates for fairness to customers while balancing the rate design principles of gradualism, cost causation and appropriate allocation methodologies.
- Explore and understand solutions proposed and implemented in other jurisdictions to gather lessons learned and incorporate those into recommendations put forward by the PRAC.
- Ensure a clear understanding of the specific stakeholder issues and needs regarding cost allocation and rate design that the PRAC’s proposals are expected to address.
- Brainstorm and develop alternatives to the proposed changes that address the concerns and needs of the various stakeholders and customer types in PNM’s service territory.
- Identify rate design strategies that send adequate price signals to customers that promote efficient usage of system resources.

Goals and Expected Outcome

The process will be considered a success if:

- PNM and stakeholders each produce proposals and alternatives to the proposals.
- Consensus on the path forward for a proposal is reached prior to the filing of said proposal in a rate case.
- In absence of a consensus, a good faith effort was made to reach consensus such that PNM and Stakeholders feel that all available alternatives were considered on their merits.

Operating Guidelines

Convening of Meetings

- Meetings will be held online.
- There will be at least 4 working group meetings per year, a spring, summer, fall and winter meeting.
- Additional working group meetings to consider specific proposals will be scheduled on an as-needed basis. Separate working committees may be formed to address specific topics and report back to the PRAC with proposals.

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- There will be quarterly update meetings open to all interested parties to gather public input or comment.
- Members of the PRAC will be informed of meetings through email three weeks prior to the meeting.
- Details of the meeting and a meeting invite will be placed on the PRAC website or by email prior to the meeting.

Working Group Meetings

- Working group meetings are open to parties who intervene and represent PNM customers in regulatory filings.
- Meetings will be facilitated by PNM.
- Meetings will end with a clear understanding of expectations for the next meeting.
- Meetings are expected to be two to three hours in length.
- The facilitator will keep a record of meeting attendees, key issues raised, and actions required.
- The meeting will be recorded, and minutes developed to be provided.
- Materials presented at the meeting, the meeting minutes, and the recording of the meeting will be distributed to members and placed on the PRAC website following the meeting.
- A meeting agenda will be forwarded to members of the PRAC and placed on the PRAC website prior to a meeting.

Working Group Meetings Ground Rules

- Participants will speak one at a time and refrain from interrupting others.
- Participants are encouraged to voice questions and comments at any time.
- Participants will wait to be recognized by the facilitator before speaking or will wait for an open question period.
- Participants will ensure that all members who wish to have an opportunity to speak are afforded the chance to do so.

Quarterly Update Meetings

- Quarterly meetings are open to all parties who are interested in issues PNM and the PRAC working groups work on and the outcomes.
- Meetings schedule will be posted on the PRAC website.
- Meetings will be facilitated by PNM.
- Meetings are expected to be no longer than two hours in length.
- The meeting will be recorded.
- Materials presented at the meeting, and the recording of the meeting will be placed on the PRAC website following the meeting.