



November 22, 2023

Melanie Sandoval
Records Bureau Chief
Prc.records@prc.nm.gov
New Mexico Public Regulation Commission

*RE: Public Service Company of New Mexico, Grid Modernization Application
Cost-Benefit Analysis
NMPRC Case No. 22-00058-UT*

Dear Ms. Sandoval:

Public Service Company of New Mexico (“PNM”) is filing in the New Mexico Public Regulation Commission’s (“NMPRC” or “Commission”) Case No. 22-00058-UT, the Supplemental Testimony in Support of Cost-Benefit Analysis of PNM witnesses Omni B. Warner, James W. Shields, Mario A. Cervantes, Jonathan C. Hawkins, Eric C. Morgan, and Michael J. Settlage. This Supplemental Testimony supports the Cost-Benefit Analysis for PNM’s proposed Grid Modernization plan and was filed in response to the NMPRC’s May 31, 2023 *Order Regarding Cost Benefit Analysis* and the Hearing Examiner’s July 10, 2023 *Order Staying Proceeding*.

A copy of this information is being provided to the individuals listed on the service list for Case No. 22-00058-UT. If you have any questions regarding this filing, please contact me at 505-241-4733.

Respectfully,

/s/ Carey Salaz

Carey J. Salaz

Director, Regulatory Policy and Case Management

Cc: COS for Case No. 22-00058-UT

GCG#531803

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO’S APPLICATION FOR AUTHORIZATION)
TO IMPLEMENT GRID MODERNIZATION)
COMPONENTS THAT INCLUDE ADVANCED)
METERING INFRASTRUCTURE AND APPLICATION)
TO RECOVER THE ASSOCIATED COSTS THROUGH)
A RIDER, ISSUANCE OF RELATED ACCOUNTING)
ORDERS, AND OTHER ASSOCIATED RELIEF)**

Case No. 22-00058-UT

**SUPPLEMENTAL TESTIMONY
IN SUPPORT OF COST-BENEFIT ANALYSIS
OF
ERIC C. MORGAN**

November 22, 2023

**NMPRC CASE NO. 22-00058-UT
INDEX TO THE SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-
BENEFIT ANALYSIS OF
ERIC C. MORGAN**

**WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO**

I.	INTRODUCTION AND PURPOSE	1
II.	INFORMATION PROVIDED TO BLACK & VEATCH	2
III.	RESULTS OF CBA	5

Self-Verification

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1

I. INTRODUCTION AND PURPOSE

2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 **A.** My name is Eric C. Morgan. I am the Associate Director of Customer Operations
4 for Public Service Company of New Mexico (“PNM” or “Company”). My business
5 address is 414 Silver Ave SW, Albuquerque, New Mexico 87102.

6

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

8 **A.** Yes, I filed Direct Testimony in support of PNM’s Application on October 3, 2022,
9 Rebuttal Testimony on February 8, 2023, and Supplemental Testimony on March
10 8, 2023.

11

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

13 **A.** My testimony supports portions of PNM’s Cost-Benefit Analysis (“CBA”), filed in
14 response to the New Mexico Public Regulation Commission’s (“Commission” or
15 “NMPRC”) May 31st *Order Regarding Cost Benefit Analysis* and the Hearing
16 Examiner’s July 10th *Order Staying Proceeding*.

17

18 Specifically, my testimony describes my role in providing information to Black &
19 Veatch to conduct its CBA in support of PNM’s filing.

20

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1 **II. INFORMATION PROVIDED TO BLACK & VEATCH**

2 **Q. PLEASE EXPLAIN WHAT INFORMATION YOU PROVIDED TO BLACK**
3 **& VEATCH FOR THE CBA.**

4 **A.** The information I provided Black & Veatch for the CBA were costs associated with
5 meter reading and physically fulfilling service orders that require the dispatch of
6 personnel. I also identified the revenue that PNM will realize from the one-time
7 and monthly fees charged to customers who choose to opt out of Advanced
8 Metering Infrastructure (“AMI”), as those fees will help offset the one-time costs
9 for meter changes (assuming opt-out occurs prior to AMI meter swap), as well as
10 the cost of manual meter reads for those customers. While this is not fully a benefit,
11 it does help to offset the costs PNM will incur in order to change the AMI meter
12 and perform these manual reads. As such, these costs are appropriate to consider
13 in a CBA.

14
15 **Q. WHAT GRID MODERNIZATION PROGRAMS DOES THE DATA YOU**
16 **PROVIDED TO BLACK & VEATCH SUPPORT?**

17 **A.** The data I provided was specific to the AMI program within the grid modernization
18 application.

19
20 **Q. WHEN YOU SAY YOU PROVIDED COSTS, WERE THOSE THE COSTS**
21 **PNM DEVELOPED IN 2021 AND FILED IN 2022 AS PART OF ITS**
22 **APPLICATION?**

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1 **A.** Yes. I provided the same costs that were included in PNM’s Grid Modernization
2 application, Case No. 22-00058-UT, filed in 2022. Where the costs were related to
3 dispatching personnel to fulfill service orders, I used costs specific to each of the
4 pay levels based on employee classifications of the required personnel. I also
5 factored in incremental benefits, such as reduced work-related injuries and claims
6 related to those injuries as a result of fewer instances of personnel needing to be
7 dispatched to a customer’s service address.

8

9 **Q.** **HAVE THE COSTS OF METERING READING INCREASED SINCE PNM**
10 **FIRST PROJECTED ITS COSTS IN 2021 AND HOW DOES THAT**
11 **AFFECT THE CBA?**

12 **A.** Yes, meter reading costs have increased. Specifically, costs are approximately 15%
13 higher than identified in the previous filing. The main reason is that the cost to
14 perform meter reading (i.e., wages) have increased. These increased costs are based
15 on actual costs incurred from January through July 2023. PNM has to pay higher
16 wages to both attract and then retain the personnel necessary to read meters. That
17 is consistent with my understanding of the labor market nationally, but – more
18 importantly – this directly reflects my experience over the last two years in working
19 to maintain staffing to read meters. This increase is also consistent with the U.S.
20 Bureau of Labor Statistics Consumer Price Index Inflation Calculator.¹ Depending

¹ Available at https://www.bls.gov/data/inflation_calculator.htm.

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1 on which month you select in each of 2021 and 2023, that calculator shows the
2 value of \$1 in 2021 to be 9-18% lower in 2023. In other words, the U.S. Bureau of
3 Labor Statistics believes it costs 9-18% more in 2023 to get the same value in the
4 labor market as in 2021. Again, that is consistent with my experience managing a
5 labor force of meter readers in that time period.

6
7 Moreover, the costs have increased because PNM's customer count has increased.
8 Specifically, PNM has 1.4% more customers and 3.1% more meters now than it
9 had in 2021.

10
11 However, these increased costs do not directly affect the CBA. As noted in my
12 prior Q&A, I provided the same costs to Black & Veatch that were included in
13 PNM's Grid Modernization application, Case No. 22-00058-UT, filed in 2022.
14 Having said that, the fact that actual costs have increased demonstrates the
15 conservative nature of the CBA. Because PNM is using the costs established in
16 2021 prior to the filing of the Grid Modernization application—and those costs
17 have increased—means that PNM's CBA is likely conservative in determining the
18 overall benefits to customers. For example, avoided costs (benefits) were based
19 largely on 2021 estimates, meaning that if the incurred increases were used to
20 determine avoided costs (benefits), the benefit-cost ratio would actually improve.

21

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1 **Q. DOES AN INCREASED NUMBER OF CUSTOMERS MEAN THAT PNM**
2 **WILL ALSO REALIZE GREATER BENEFITS AS A RESULT OF**
3 **IMPLEMENTING AMI?**

4 **A.** Yes, potentially. PNM’s projected savings as a result of replacing legacy meters
5 with AMI was predicated on replacing meters for a certain number of customers.
6 As those customer numbers increase, so do the incremental benefits associated
7 with AMI.

8

9

III. RESULTS OF CBA

10 **Q. ARE THE RESULTS OF THE CBA CONSISTENT WITH THE DATA YOU**
11 **PROVIDED AND THE INCREMENTAL BENEFITS YOU MIGHT HAVE**
12 **EXPECTED?**

13 **A.** Yes, one example is the avoided cost for Information Technology related to
14 manually read meters. The avoided cost is estimated at \$2,676,680. This cost
15 includes 1) the ongoing monthly maintenance for 10 years for the meter reading
16 system of \$1,491,680; 2) upgrading the system in 10 years for \$150,000, and 3)
17 new hardware that requires upgrading due to moving to a new Windows platform
18 every 4 years in the amount of \$1,035,000, if upgraded twice in a 10-year period.
19 For me, these recurring maintenance and upgrade expenses related to software
20 required to manually read meters is one of the “hidden” costs of manually reading
21 meters. It seems to me that it is a big improvement to pay for software associated
22 with AMI meters that actually enables increased efficiency and automation.

**SUPPLEMENTAL TESTIMONY IN SUPPORT OF COST-BENEFIT ANALYSIS
OF ERIC C. MORGAN
NMPRC CASE NO. 22-00058-UT**

1 **Q. ARE THERE OTHER CUSTOMER BENEFITS NOT CURRENTLY**
2 **QUANTIFIED THAT ARE NOT CAPTURED IN THE CBA SPECIFIC TO**
3 **METER READS?**

4 **A.** Yes, another customer benefit is the ability of AMI to consistently collect meter
5 reads. The AMI will have the ability to capture 99% of the readings on a daily
6 basis. This in turn will reduce the number of estimated bills a customer could
7 receive related to access or weather-related events, which now prevent meter
8 readers from collecting a read. Unread meters result in PNM having to issue an
9 estimated bill, delaying issuance of a bill, or issuing no bill at all. All of these
10 scenarios have a negative impact on customers and customer satisfaction. AMI
11 should nearly eliminate that issue.

12

13 **Q. DO THE RESULTS ALTER ANY OF YOUR TESTIMONY THAT PNM**
14 **MUST MOVE FORWARD WITH THE GRID MODERNIZATION**
15 **PROJECTS?**

16 **A.** No, they do not alter any of my prior testimony.

17

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 **A.** Yes, it does.

GCG#531798

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO'S APPLICATION FOR AUTHORIZATION)
TO IMPLEMENT GRID MODERNIZATION)
COMPONENTS THAT INCLUDE ADVANCED)
METERING INFRASTRUCTURE AND APPLICATION)
TO RECOVER THE ASSOCIATED COSTS THROUGH)
A RIDER, ISSUANCE OF RELATED ACCOUNTING)
ORDERS, AND OTHER ASSOCIATED RELIEF)**

Case No. 22-00058-UT

SELF AFFIRMATION

ERIC MORGAN, Associate Director of Customer Operations for Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **Supplemental Testimony in Support of Cost Benefit Analysis of Eric Morgan** and it is true and accurate based on my own personal knowledge and belief.

DATED this 22nd day of November, 2023.

/s/ Eric Morgan
ERIC MORGAN

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO’S APPLICATION FOR AUTHORIZATION)
TO IMPLEMENT GRID MODERNIZATION)
COMPONENTS THAT INCLUDE ADVANCED)
METERING INFRASTRUCTURE AND APPLICATION TO) Case No. 22-00058-UT
RECOVER THE ASSOCIATED COSTS THROUGH A)
RIDER, ISSUANCE OF RELATED ACCOUNTING)
ORDERS, AND OTHER ASSOCIATED RELIEF)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant)
)
_____)**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of **Public Service Company of New Mexico’s Supplemental Testimony in Support of Cost Benefit Analysis of Eric Morgan** was emailed to the parties listed below on November 22, 2023:

PRC Records Management	Prc.records@prc.nm.gov;
Christopher Ryan, Hearing Examiner	Christopher.Ryan@prc.nm.gov;
Ana Kippenbrock, Law Clerk	Ana.Kippenbrock@prc.nm.gov;
Judith Amer	Judith.amer@prc.nm.gov;
Arthur O’Donnell	Arthur.O'Donnell@prc.nm.gov;
ABCWUA	
Andrew K. Harriger	akharriger@sawvel.com;
Charles W. Kolberg	ckolberg@abcwua.org;
Dahl Harris	dahlharris@hotmail.com;
Keith W. Herrmann	kherrmann@stelznerlaw.com;
Nann W. Winter	nwinter@stelznerlaw.com;
BAKER PRO SE	
Daniel Baker	dtbaker61@gmail.com;
BERNALILLO COUNTY	
Amanda Edwards-Adrian/Emma Douglas	AE@Jalblaw.com;
Jeffrey H. Albright	JA@Jalblaw.com;
Natalia Sanchez Downey	ndowney@bernco.gov;
BRUNO PRO SE	
William Bruno	wbruno@gmail.com;
City of Albuquerque	
Julie Park	jenniferlucero@cabq.gov;
Jennifer Lucero	jpark@cabq.gov;
Larry Blank	lb@tahoeconomics.com;

CCAЕ	
Cara Lynch	Lynch.Cara.NM@gmail.com;
Charles de Saillan	desaillan.ccae@gmail.com;
IBEW	
Justin Lesky	Jlesky@leskylawoffice.com;
NM AREA	
Brian Andrews	bandrews@consultbai.com;
James Dauphinais	jdauphinais@consultbai.com;
Katrina Reid	office@thegouldlawfirm.com;
Kelly Gould	kelly@thegouldlawfirm.com;
Peter Gould	peter@thegouldlawfirm.com;
NMAG	
Andrea Crane	ctcolumbia@aol.com;
Courtney Lane	clane@synapse-energy.com;
Gideon Elliot	gelliot@nmag.gov;
Jack Smith	JSmith@synapse-energy.com;
Keven Gedko	kgedko@nmag.gov;
Maria Oropeza	Moropeza@nmag.gov;
Nicole Teupell	Nteupell@nmag.gov;
NMPRC Utility Staff	
Bradford Borman	bradford.borman@prc.nm.gov;
Ed Rilkoff	ed.rilkoff@prc.nm.gov;
Elisha Leyba-Tercero	elisha.leyba-tercero@prc.nm.gov;
Jack Sidler	jack.sidler@prc.nm.gov;
Jonah Mauldin	Jonah.Mauldin@prc.nm.gov;
Marc Tupler	Marc.tupler@prc.nm.gov;
NMUS	
Arthur Firstenberg	bearstar@fastmail.fm;
Kathleen Burke	kathleenmariaburke@yahoo.com;
PNM	
Carey Salaz	carey.salaz@pnm.com;
Debrea Terwilliger	dterwilliger@wbklaw.com;
John Verheul	John.Verheul@pnmresources.com;
Mark Fenton	mark.fenton@pnm.com;
Raymond L. Gifford	rgifford@wbklaw.com;
Richard Alvidrez	ralvidrez@mstlaw.com;
Stacey Goodwin	stacey.goodwin@pnmresources.com;
Vecinos United	
Andres Valdez	Vecinosunited2@gmail.com;
Walmart, Inc.	
Andrew D. Teague	Andrew.Teague@walmart.com;
Randy S. Bartell	rbartell@montand.com;
Sharon T. Shaheen	sshahen@montand.com;
Steve W. Chriss	Stephen.Chriss@walmart.com;

WRA	
Caitlin Evans	caitlin.evans@westernresources.org;
Clare Valentine	clare.valentine@westernresources.org;
Cydney Beadles	cydney.beadles@westernresources.org;

Dated this 22nd day of November, 2023.

By: /s/Carey Salaz
Carey Salaz, Director
PNM Regulatory Policy & Case Management
Public Service Company of New Mexico