



P.O. Box 1261  
Amarillo, Texas 79105-1261

June 8, 2015

**VIA HAND DELIVERY**

Ms. Melanie Sandoval, Records Bureau Chief  
New Mexico Public Regulation Commission  
P.E.R.A. Building  
1120 Paseo De Peralta  
Santa Fe, NM 87504-1269

Re: Case No. 15-00139-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 255*

Dear Ms. Sandoval:

In accordance with 17.9.530.9 NMAC, Southwestern Public Service Company ("SPS") submits for filing with the New Mexico Public Regulation Commission ("Commission") an original and five copies of its Application for Revision of its Retail Rates Under Advice Notice No. 255 ("Application") and proposed form of Notice, Advice Notice No. 255 and proposed Rate Schedules, Direct Testimony and Attachments, and a Certificate of Service. Included with this filing is Hinkle Shanor LLP's check in the amount of \$31.00 as payment of the Commission's fee for filing SPS's new or changed Rates, Rules and Forms in accordance with 17.9.210.12(D) NMAC. On May 15, 2015, SPS paid the Commission's application fee of \$25.00 when it filed the Motion for Variance Extending Rate Case Filing Deadline, which resulted in the docketing of this case as Case No. 15-00139-UT.

The proposed rates in Advice Notice No. 255 will become effective on July 8, 2015 unless the Commission suspends the proposed rates by that date in accordance with Sections 62-8-7(B) and (C) of the Public Utility Act. Under the terms of the proposed rates, however, the rates will apply to service rendered on and after the later of: (1) the expiration of the 30-day notice period under Section 62-8-7(B), *i.e.*, July 8, 2015; or (2) the expiration of any suspension period(s) determined by the Commission in this case under Section 62-8-7(C). This applicability provision recognizes that SPS will not actually begin charging the proposed rates until after the Commission has conducted a public hearing concerning the justness and reasonableness of the proposed rates, has

received a recommended decision from the hearing examiner assigned by the Commission to this case, and has issued its final order. Since 2007, SPS has filed a series of four previous base rate cases, and in each of those cases, the Commission suspended the proposed rates for an initial nine-month period commencing on the 30<sup>th</sup> day after SPS filed the proposed tariffs. Thus, it is reasonable for SPS to expect that the Commission will suspend the proposed rates in this case for an initial nine-month period as well. In this regard, SPS's Application requests that, under Section 62-8-7(C), the Commission suspend SPS's proposed rates in Advice Notice No. 255 for an initial period of nine months commencing on July 8, 2015 to allow for a public hearing concerning the justness and reasonableness of the proposed rates.

SPS's current rates for New Mexico retail electric service were approved and authorized by the Commission in the *Final Order Partially Adopting Recommended Decision* in Case No. 12-00350-UT, issued on March 26, 2014. Those rates are no longer just and reasonable and do not allow SPS to recover a reasonable return on its investment in its public utility plant and property that serves SPS's New Mexico retail customers. Further, SPS's rates and revenues, as currently allocated, do not reflect SPS's cost of service for its separate classes of retail electric customers. SPS plans on making significant capital investments to maintain continued reliability, which creates a need for additional revenues for SPS's New Mexico retail services in this case. These matters are fully discussed in SPS's pre-filed direct testimony and attachments.

SPS's rate case filing uses a base period that extends from January 1, 2014 to December 31, 2014, and a future test period that extends from January 1, 2016 through December 31, 2016 ("Test Year"). The Test Year includes capital additions that have been or are expected to be placed in service during the period January 1, 2015 through December 31, 2016, escalation of expenses from the Adjusted Base Period using expense-specific or account-specific escalation rates, expense adjustments for known and anticipated changes, and, in a few instances, expenses based upon SPS's 2016 budget. SPS's filing provides the Rule 530 schedules and the testimony, information, and data specified in 17.1.3.11 through 17.1.3.18 NMAC, including electronic format.

As reflected in these filings, SPS's proposed New Mexico retail Test Year revenue requirement is \$419,320,108. This revenue requirement reflects: (a) an increase of \$31,510,995 in non-fuel base revenue over current non-fuel base revenue, or a 14.43% increase; and (b) a decrease of \$30,109,318 in base fuel revenue as compared to current base fuel revenue, or a 15.09% decrease. In total, including all charges, the \$31,510,995 increase is an overall increase of 7.56%.

Notice of the proposed rate changes will be given as required by 17.1.210, 17.9.530, and 1.2.2.27(C) NMAC, and notice will be served on the persons listed in the Certificate of Service. Documents submitted in support of the proposed rate increase are as follows:



- a. Advice Notice No. 255, as well as the associated rate schedules, rules, and forms (17.1.2.10(B)(1) NMAC);
- b. Proposed Notice to Customers, which is labeled Application Attachment No. 1. The proposed Notice to Customers includes the present rates and proposed rates for each customer class and the anticipated bills to residential customers under the proposed rates and at various usage levels and is provided for informational purposes only and the final rate design approved by the Commission may change the rates ultimately charged to each rate class and for each consumption level from those proposed by SPS (17.1.2.10(B)(2)(a) and (b) NMAC);
- c. Direct Testimony and associated attachments prepared by SPS witnesses Evan D. Evans, Mary P. Schell, Ann E. Bulkley, Gregory J. Robinson, Lisa H. Perkett, Dane A. Watson, Francis W. Seymore, David C. Harkness, Brad Baldrige, John S. Fulton, Alan J. Davidson, David A. Low, Adam R. Dietenberger, Gene H. Wickes, Richard R. Schrubbe, Jill H. Reed, William A. Grant, H. Craig Romer, David G. Horneck, John Mothersole, Arthur P. Freitas, Ian C. Feters, Jannell E. Marks, and Richard M. Luth (17.1.2.10(B)(2)(c) NMAC); and
- d. Rule 530 Schedules A – Q, as modified and supplemented by 17.1.3 NMAC for SPS's use of a future test year.

The pleadings, documents, and discovery requests and responses, and all the communications and notices filed in this case should be addressed to:

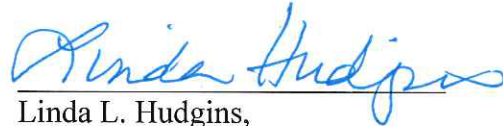
Evan D. Evans  
Regional Vice President, Rates and  
Regulatory Affairs  
Linda L. Hudgins  
Manager, Rate Cases  
SOUTHWESTERN PUBLIC SERVICE  
COMPANY  
P.O. Box 1261  
Amarillo, Texas 79105-1261  
*or*  
600 South Tyler Street, 29<sup>th</sup> Floor  
Amarillo, Texas 79101  
(806) 378-2919  
(806) 378-2820 (Fax)  
evan.d.evans@xcelenergy.com  
linda.l.hudgins@xcelenergy.com

Stephen Fogel  
XCEL ENERGY SERVICES INC.  
816 Congress Ave., Suite 1650  
Austin, Texas 78701-2471  
(512) 478-7267  
(512) 478-9232 (Fax)  
stephen.e.fogel@xcelenergy.com

HINKLE SHANOR LLP  
Jeffrey L. Fornaciari  
Dana S. Hardy  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
505.982.4554  
jfornciari@hinklelawfirm.com  
dhardy@hinklelawfirm.com

Please conform and return the extra copy of the Application and Advice Notice No. 255 for our files. If you have any questions, please contact me at (806) 378-2709.

Yours very truly,



Linda L. Hudgins,  
Manager Rate Cases

Enclosures

**Southwestern Public Service Company**  
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**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN  
PUBLIC SERVICE COMPANY'S  
APPLICATION FOR REVISION OF ITS  
RETAIL RATES UNDER ADVICE  
NOTICE NO. 255,  
  
SOUTHWESTERN PUBLIC SERVICE  
COMPANY,  
  
APPLICANT.**

**CASE NO. 15-00139-UT**

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
APPLICATION FOR AUTHORITY TO CHANGE RATES AND FOR  
OTHER APPROVALS AND AUTHORIZATIONS  
AND  
REQUEST TO SUSPEND RATES FOR AN INITIAL PERIOD OF NINE  
MONTHS**

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**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

<b>IN THE MATTER OF SOUTHWESTERN</b>	)	
<b>PUBLIC SERVICE COMPANY'S</b>	)	
<b>APPLICATION FOR REVISION OF ITS</b>	)	
<b>RETAIL RATES UNDER ADVICE</b>	)	<b>CASE NO. 15-00139-UT</b>
<b>NOTICE NO. 255,</b>	)	
	)	
<b>SOUTHWESTERN PUBLIC SERVICE</b>	)	
<b>COMPANY,</b>	)	
	)	
<b>APPLICANT.</b>	)	

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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
APPLICATION FOR AUTHORITY TO CHANGE RATES AND FOR  
OTHER APPROVALS AND AUTHORIZATIONS  
AND  
REQUEST TO SUSPEND RATES FOR AN INITIAL PERIOD OF NINE  
MONTHS**

**I. Statement of Requested Relief**

1. Southwestern Public Service Company ("SPS") seeks authority to change its base rates and requests certain other approvals. SPS's specific requests are as follows:

- (a) authorize SPS to increase its base rate charges for the New Mexico retail jurisdiction by a net amount of \$1,401,677, a 0.34% percent increase over current revenue, using a base period of January 1, 2014 through December 31, 2014 ("Base Period"),<sup>1</sup> a calendar

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<sup>1</sup> On May 27, 2015, the Commission granted SPS's request for a variance from Rules 17.1.3.7(B) NMAC and 17.9.530.7(F) NMAC and extended the deadline for SPS to file its general rate case using a Base Period ending December 31, 2014, until June 26, 2015.



year 2016 test year (“Test Year”), a New Mexico retail base rate revenue requirement of \$419,320,108, a return on common equity of 10.25 percent, and a weighted average cost of capital (“WACC”) of 8.10 percent. The net increase in base rate revenue reflects: (a) an increase of \$31,510,995 in non-fuel base revenue over current non-fuel base revenue, or a 14.43% increase; and (b) a decrease of \$30,109,318 in base fuel revenue as compared to current base fuel revenue, or a 15.09% decrease. The decrease in base fuel revenue of \$30,109,318 will result in a corresponding increase in revenue collected through SPS’s fuel and purchased power cost adjustment clause (“FPPCAC”). Consequently, in total, including all charges such as the FPPCAC, the overall revenue increase is \$31,510,995, or an increase of 7.56%. As part of this approval, SPS further requests that the New Mexico Public Regulation Commission (“Commission”):

- (i) approve SPS’s request to include in rate base the new capital investment SPS expects to close to plant in service for the period from January 1, 2015 through December 31, 2016;
- (ii) approve a decrease in the level of fuel and purchased power costs included in base rates (“Base Fuel”) from \$0.031374

per kilowatt-hour (“kWh”) to \$0.026479 per kWh effective as of the date the new base rates in this case take effective;

- (iii) approve the reconciliation of SPS’s FPPCAC expenses and revenues for the period October 1, 2014 through March 31, 2015;
  - (iv) approve SPS’s proposed depreciation rates and practices;
  - (v) approve SPS’s Transmission and Distribution System Loss Evaluation Study conducted for the period of July 1, 2012 – June 30, 2013 and the resulting demand and energy loss factors;
  - (vi) approve SPS’s recovery of its rate case expenses incurred in conjunction with this case; and
  - (vii) approve SPS’s proposed cost allocation and rate design, and its proposed changes to SPS’s rule tariffs and rate tariffs as shown in Advice Notice No. 255;
- (b) suspend SPS’s proposed rates for an initial period of nine months commencing on July 8, 2015 and set a public hearing concerning the justness and reasonableness of SPS’s proposed rates; and
- (c) accept SPS’s proposal to complete its Smart Meter pilot project in Texas and to evaluate that project in to determine potential uses of Smart Meters for retail service in New Mexico, and to provide a report to the Commission later in this case.

## **II. Jurisdiction and Affected Parties**

2. SPS is a public utility in New Mexico as defined in Section 62-3-3(G) of the New Mexico Public Utility Act (“PUA”)<sup>2</sup> and is subject to the Commission’s jurisdiction under the PUA.

3. SPS files this Application in accordance with the PUA and Commission Rule 17.1.2.10 NMAC (Utility Applications for New Rates), Rule 17.1.210 NMAC (Schedule of Rates, Rules, and Forms, “Rule 210”), Rule 17.1.3 NMAC (Future Test Year Period Filing Requirements in Support of Rate Schedules for Investor-Owned Utilities, “Rule 3”), Rule 17.3.340 NMAC (Utility Financial Accounting and Reporting General-Authorization of Depreciation Practices, “Rule 340”), Rule 17.9.530 (Filing Requirements in Support of Rate Schedules For Investor-Owned Electric Utilities, “Rule 530”), and Rule 17.9.550 (Fuel and Purchased Power Cost Adjustment Clauses for Electric Utilities, “Rule 550”).

4. SPS serves retail electric customers in New Mexico and Texas, and serves wholesale electric customers as well. The Commission regulates SPS’s New Mexico retail operations. The Public Utility Commission of Texas regulates SPS’s Texas retail operations. The Federal Energy Regulatory Commission (“FERC”) regulates SPS’s wholesale power sales and SPS’S transmission of electricity in interstate commerce.

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<sup>2</sup> Articles 1 through 4, 6, and 8 through 13 of Chapter 62 NMSA 1978. See § 62-13-1 NMSA 1978.

5. SPS's principal office in New Mexico is located at 111 East Fifth Street, Roswell, New Mexico 88201, and its principal corporate office is located at Tyler and Sixth Street, Post Office Box 1261, Amarillo, Texas 79170.

6. SPS, a New Mexico corporation, is a wholly owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), which is a holding company under FERC regulations adopted under the Public Utility Holding Company Act of 2005.<sup>3</sup> Xcel Energy is also the parent company of three other rate-regulated utility operating companies,<sup>4</sup> a non-profit service company that was established under the authority of the Securities and Exchange Commission, but which is now under the supervision of the FERC,<sup>5</sup> and other legal entities.<sup>6</sup>

7. This Application affects SPS and all of its New Mexico retail customers (all rate classes and rate schedules).

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<sup>3</sup> 18 C.F.R. Part 366.

<sup>4</sup> Those companies are Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; and Public Service Company of Colorado, a Colorado corporation.

<sup>5</sup> Xcel Energy Services Inc.

<sup>6</sup> The other legal entities include, but are not limited to, two transmission-only entities that are regulated by FERC. Those transmission-only entities are Xcel Energy Southwest Transmission Company, LLC and Xcel Energy Transmission Development Company, LLC.

### **III. Authorized Representatives and Service of Documents on SPS**

8. SPS's authorized representatives for this case are:

Evan D. Evans  
Regional Vice President, Rates and  
Regulatory Affairs  
Linda L. Hudgins  
Manager, Rate Cases  
SOUTHWESTERN PUBLIC SERVICE  
COMPANY  
P.O. Box 1261  
Amarillo, Texas 79105-1261  
*or*  
600 South Tyler Street, 29<sup>th</sup> Floor  
Amarillo, Texas 79101  
(806) 378-2919  
(806) 378-2820 (Fax)  
evan.d.evans@xcelenergy.com  
linda.l.hudgins@xcelenergy.com

Stephen Fogel  
XCEL ENERGY SERVICES INC.  
816 Congress Ave., Suite 1650  
Austin, Texas 78701-2471  
(512) 478-7267  
(512) 478-9232 (Fax)  
stephen.e.fogel@xcelenergy.com

HINKLE SHANOR LLP  
Jeffrey L. Fornaciari  
Dana S. Hardy  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
505.982.4554  
505.982.8623 (Fax)  
jfornciari@hinklelawfirm.com  
dhardy@hinklelawfirm.com

SPS requests that all documents (motions, orders, discovery requests, etc.) be served on its authorized representatives.

### **IV. Effective Date of Rate Change and Request to Suspend Rates for an Initial Period of Nine Months**

9. In conjunction with filing this Application, SPS has filed Advice Notice No. 255, and associated rate schedules. Under PUA §§ 62-8-7(B) and (C), the proposed rates in Advice Notice No. 255 will become effective on July 8, 2015 unless the Commission suspends the proposed rates by that date. Under the terms of the proposed rates, however, the rates apply to service rendered on and after the later of: (a) the expiration of the 30-day notice period under PUA § 62-8-7(B), *i.e.*, July 8, 2015; or (b)

the expiration of any suspension period(s) under PUA § 62-8-7(C) determined by the Commission in this case. This applicability provision recognizes that SPS will not actually begin charging the proposed rates until after the Commission has conducted a public hearing concerning the justness and reasonableness of the proposed rates, has received a recommended decision from the hearing examiner assigned by the Commission to this case, and has issued a final order.

10. Since 2007, SPS has filed a series of four base rate cases, and in each of those cases, the Commission suspended the proposed rates for an initial nine-month period commencing on the 30<sup>th</sup> day after SPS filed the proposed tariffs.<sup>7</sup> Thus, it is reasonable for SPS to expect that the Commission will suspend the proposed rates in this case for an initial nine-month period as well.

11. Moreover, it is reasonable that the Commission conduct a public hearing on SPS's proposed rates so that the Commission, Staff, and Intervenors will have an opportunity to review SPS's Application and supporting information, and to conduct discovery.

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<sup>7</sup> See *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Case No. 12-00350-UT, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014); *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 234*, Case No. 10-00395-UT, Final Order Adopting Amended Certification of Stipulation (Dec. 28, 2011); *In the Matter of the Application of Southwestern Public Service Company for Revision of its Retail Electric Rates Pursuant to Advice Notice Nos. 217, 218 and 219 and Request for Expedited Interim Relief Authorizing Recovery of Capacity Related Costs Associated With the New Hobbs Generating Station*, Case No. 08-00354-UT, Final Order Conditionally Approving Stipulation (Jul. 14, 2009); *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice Nos. 208 and 209 and All Associated Approvals*, Case No. 07-00319-UT, Final Order Partially Approving Recommended Decision (Aug. 26, 2008).



12. Consequently, SPS requests that, under PUA § 62-8-7(C), the Commission suspend the proposed rates in Advice Notice No. 255 for an initial period of nine months commencing on July 8, 2015 to allow for a public hearing concerning the justness and reasonableness of SPS's proposed rates.

## **V. Notice**

13. SPS's Proposed Notice to Customers is provided as Application Attachment No. 1. The proposed Notice to Customers includes the present rates and proposed rates for each customer class and the anticipated bills to residential customers under the proposed rates and at various usage levels, and is provided for informational purposes only because the final rate design approved by the Commission may change the rates ultimately charged to each rate class and for each consumption level from those proposed by SPS (17.1.2.10(B)(2)(a) and (b) NMAC).

14. In compliance with Rule 210.11(B), SPS will serve copies of this Application and the associated Advice Notice No. 255, rate filing package, and supporting testimony on the Commission Utility Division Staff ("Staff"), the New Mexico Attorney General, and all of the other parties to and counsel of record in SPS's last base rate case, Case No. 12-00350-UT.

15. In compliance with Rule 210.11(C), SPS states that anticipated changes in annual revenues resulting from the proposed rate changes as set forth in this Application, the number of customers in each rate class affected or likely to be affected and the impact

on customers at a class average of consumption within each class are described in the Proposed Notice to Customers.

16. In accordance with Rule 530.9, SPS is concurrently filing with the Commission its letter of transmittal notifying the Commission that the tendered rate schedules will supersede and change SPS's current filed rate schedules and states the date on which SPS proposes to change its rates.

## **VI. Supporting Documentation**

17. In accordance with 17.1.2.10(B) NMAC and the applicable subsections identified below, SPS states the following:

(a) SPS is submitting the listed documents along with this Application:

- (i) Advice Notice No. 255, as well as the associated rate schedules, rules, and forms (17.1.2.10(B)(1) NMAC);
- (ii) Proposed Notice to Customers as noted earlier in Section V of this Application (17.1.2.10(B)(2)(a) and (b) NMAC);
- (iii) Direct Testimony and associated attachments prepared by SPS witnesses Evan D. Evans, Mary P. Schell, Ann E. Bulkley, Gregory J. Robinson, Lisa H. Perkett, Dane A. Watson, Francis W. Seymore, David C. Harkness, Brad Baldrige, John S. Fulton, Alan J. Davidson, David A. Low, Adam R. Dietenberger, Gene H. Wickes, Richard R. Schrubbe, Jill H. Reed, William A. Grant, H. Craig Romer, David G. Horneck, John Mothersole, Arthur P. Freitas, Ian C. Feters, Jannell E. Marks, and Richard M. Luth (17.1.2.10(B)(2)(c) NMAC);
- (iv) The Rule 530 rate filing package, as modified by Rule 3 NMAC for SPS's use of a future test year; and

- (v) Operating results and financial data that were prepared in the normal course of business for the three years preceding the Base Period, which is required under 17.1.3.13 NMAC. This data is provided electronically in Attachment GJR-4 to Mr. Robinson's Direct Testimony;
- (b) The direct testimony of SPS witnesses Ms. Perkett, Mr. Watson, and Mr. Seymore describe the proposed changes to depreciation rates based on SPS's new depreciation and demolition (17.1.2.10(B)(2)(c)(i) NMAC);
- (c) The direct testimony of SPS witnesses Evans and Schell describe extraordinary events or circumstances that materially alter SPS's operating or financial circumstances since the filing of its last rate case (17.1.2.10(B)(2)(c)(ii) NMAC); and
- (d) The direct testimony of SPS witness Evans identifies and concisely discusses SPS's compliance with the Commission's final orders in cases that were decided during the preceding five years (17.1.2.10(B)(2)(d) NMAC).

## **VII. Summary of Proposed Rate Changes**

18. SPS's current rates for New Mexico retail electric service were approved and authorized by the Commission in the Case No. 12-00350-UT Final Order are no longer just and reasonable and do not allow SPS to recover a reasonable return on its investment in its public utility plant and property that serve SPS's New Mexico retail customers. Further, SPS's rates and authorized revenues, as currently allocated, do not adequately reflect SPS's cost of service for its separate classes of New Mexico retail electric customers. These matters are fully discussed and supported in SPS's pre-filed testimony and rate filing package. SPS's proposed rates for the Test Year will allow SPS to recover its revenue requirement and, therefore, the proposed rates are just and reasonable and should be approved by the Commission.

19. As explained in this filing, SPS plans on making significant capital investments to maintain continued reliability of electric service to its customers in the foreseeable future, which creates a need for additional revenues for SPS's New Mexico retail services in this case.

20. In this rate case, SPS uses a Base Period of January 1, 2014 through December 31, 2014, and the Test Year is calendar year 2016. SPS developed its Test Year data by starting with the Base Period data, adjusting that data through normalizations and annualizations to produce an Adjusted Base Period, and then providing linkage data to show how the Adjusted Base Period data was adjusted to produce the Test Year revenue requirement through escalation factors applied to costs, known and anticipated adjustments to costs, and use of SPS's 2016 budget for capital additions and some other components of the revenue requirement.

21. SPS also proposes to implement modified depreciation rates that are based on SPS's new depreciation and demolition studies filed in this case.

## **VIII. Smart Meters**

22. In response to the Commission's discussion of the use of Smart Meters by electric utilities in New Mexico, SPS witness Evans' testimony describes and discusses SPS's Smart Meter pilot project in Texas and explains SPS's plan to evaluate that project in order to determine potential uses of Smart Meters for retail service in New Mexico.

## **IX. Technical Conferences and Rerunning Supporting Programs**

23. In accordance with Rule 3 and Rule 530, SPS proposes to hold a series of technical conferences to answer questions Staff and Intervenors may have about SPS's testimony and supporting documentation, including the details of the electronic files for its jurisdictional cost of service model, its class cost of service study model, its model for forecasting Test Year fuel and purchased power costs (PLEXOS<sup>®</sup>), and other models and software SPS has relied upon for this case. SPS will ask the hearing examiner appointed by the Commission to include dates for technical conferences in the procedural schedule established for this case. In addition, for programs that are not downloadable to fully functional and executable spreadsheets, SPS will rerun such supporting programs for input changes reasonably required by Staff or Intervenors to enable these parties to capture the effect of such proposed input changes on the Test Year jurisdictional cost of service model, as required by Rule 3.11(b).

## **X. Conclusion and Prayer for Relief**

For the reasons set out in this Application and the accompanying testimony, rate filing package schedules, workpapers, transmittal letter, and other documentation, SPS respectfully requests that the Commission:

- (1) grant the relief set out in Section I to this Application as explained in more detail in this Application;

- (2) suspend the proposed rates for a period of nine months commencing on July 8, 2015 and set a public hearing concerning the justness and reasonableness of SPS's proposed rates;
- (3) grant all approvals, authorizations, variances, and other relief that are necessary for SPS to implement the New Mexico retail rates set forth in Advice Notice No. 255 and associated rate and rule schedules
- (4) grant all other approvals, authorizations, and variances that the Commission determines are necessary for SPS to effectuate and implement the relief granted in this case; and
- (5) grant SPS such other relief to which it is entitled.

Respectfully submitted,

By: \_\_\_\_\_



Stephen Fogel  
XCEL ENERGY SERVICES INC.  
816 Congress Ave., Ste. 1650  
Austin, Texas 78701-2471  
806-640-6621 office  
512-478-9232 fax  
stephen.e.fogel@xcelenergy.com

HINKLE SHANOR LLP  
Jeffrey L. Fornaciari  
Dana S. Hardy  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
505.982.4554  
jfornciari@hinklelawfirm.com  
dhardy@hinklelawfirm.com

ATTORNEYS FOR SOUTHWESTERN PUBLIC SERVICE COMPANY



**APPLICATION ATTACHMENT 1**

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN )  
PUBLIC SERVICE COMPANY'S )  
APPLICATION FOR REVISION OF ITS )  
RETAIL RATES UNDER ADVICE )  
NOTICE NO. 255, )  
SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
APPLICANT. )**

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**CASE NO. 15-00139-UT**

**PROPOSED NOTICE TO CUSTOMERS**

NOTICE is hereby given by the New Mexico Public Regulation Commission (“Commission”) of the following:

1. On June 8, 2015, Southwestern Public Company (“SPS”), doing business as Xcel Energy, filed its Application requesting Commission approval for revised New Mexico retail electric rates under Advice Notice No. 255 and for other approvals and authorizations described in the Application. In accordance with Rule 17.1.2.10(B)(2) NMAC of the Commission’s Utilities General Provisions-Utility Applications, SPS is providing the following information concerning the Application.

2. SPS’s Application requests that the Commission suspend the proposed rates in Advice Notice No. 255 for an initial period of nine months commencing on July 8, 2015 to allow for a public hearing concerning the justness and reasonableness of SPS’s proposed rates. Because the proposed rates in Advice Notice No. 255 will become effective on July 8, 2015 unless suspended by the Commission, SPS proposes that the rates be applicable to service

rendered on and after the later of: (1) the expiration of the 30-day notice period under Section 62-8-7(B) NMSA 1978; or (2) the expiration of any suspension period(s) determined by the Commission in this case under Section 62-8-7(C) NMSA 1978.

3. SPS's rate case filing uses a base period of January 1, 2014 through December 31, 2014 and a test period of January 1, 2016 through December 31, 2016 ("Test Year").

4. SPS's proposed Test Year revenue requirement is \$419,320,108. This revenue requirement reflects: (a) an increase of \$31,510,995 in non-fuel base revenue over current non-fuel base revenue, or a 14.43% increase; and (b) a decrease of \$30,109,318 in base fuel revenue as compared to current base fuel revenue, or a 15.09% decrease. In total, including all charges, the \$31,510,995 is an overall increase of 7.56%.

5. The proposed rate changes will affect all retail customer classifications.

6. Listed below are the present and proposed rates for each customer class proposed by SPS.

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
<b>Residential Service Rate</b>			
Service Availability Charge	\$7.90	\$9.50	20.3%
Energy Charge (per kWh)			
Winter (October – May)	\$0.086958	\$0.090781	4.4%
Summer (June – September)	\$0.096390	\$0.100170	3.9%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	(\$0.005004)	-	100.0%

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
Estimate of bills for the following levels of consumption during the Winter months (October – May)			
0 kWh	\$8.15	\$9.80	20.3%
250 kWh	\$30.41	\$34.34	12.9%
500 kWh	\$52.67	\$58.88	11.8%
750 kWh	\$74.93	\$83.42	11.3%
1,000 kWh	\$97.19	\$107.96	11.1%
2,000 kWh	\$186.23	\$206.11	10.7%
Estimate of bills for the following levels of consumption during the Summer months (June – September)			
0 kWh	\$8.15	\$9.80	20.3%
250 kWh	\$32.85	\$36.77	11.9%
500 kWh	\$57.54	\$63.73	10.7%
750 kWh	\$82.23	\$90.69	10.3%
1,000 kWh	\$106.93	\$117.65	10.0%
2,000 kWh	\$205.70	\$225.49	9.6%
<b>Residential Heating Service</b>			
Service Availability Charge	\$7.90	\$9.50	20.3%
Energy Charge (per kWh)			
Winter (October – May)	\$0.067712	\$0.072893	7.7%
Summer (June – September)	\$0.096390	\$0.100170	3.9%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	(\$0.005004)	-	100.0%
Estimate of bills for the following levels of consumption during the Winter months (October – May)			
0 kWh	\$8.15	\$9.80	20.3%
250 kWh	\$25.45	\$29.73	16.8%
500 kWh	\$42.74	\$49.65	16.2%
750 kWh	\$60.04	\$69.57	15.9%
1,000 kWh	\$77.33	\$89.49	15.7%
2,000 kWh	\$146.51	\$169.18	15.5%

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
Estimate of bills for the following levels of consumption during the Summer months (June – September)			
0 kWh	\$8.15	\$9.80	20.3%
250 kWh	\$32.85	\$36.77	11.9%
500 kWh	\$57.54	\$63.73	10.7%
750 kWh	\$82.23	\$90.69	10.3%
1,000 kWh	\$106.93	\$117.65	10.0%
2,000 kWh	\$205.70	\$225.49	9.6%
<b>Small General Service Rate</b>			
Service Availability Charge	\$14.40	\$14.40	-
Energy Charge (per kWh)			
Winter (October – May)	\$0.070605	\$0.073126	3.6%
Summer (June – September)	\$0.077162	\$0.084623	9.7%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	
Fuel and Purchased Power Adjustment	(\$0.005004)	-	100.0%
Winter (October – May)			
1,000 kWh	\$87.02	\$94.79	8.9%
2,000 kWh	\$159.19	\$174.72	9.8%
Summer (June – September)			
1,000 kWh	\$93.79	\$106.66	13.7%
2,000 kWh	\$172.72	\$198.45	14.9%
<b>Primary General Service Rate</b>			
Service Availability Charge	\$75.00	\$54.90	-26.8%
Demand Charge (per kW)			
Winter (October – May)	\$11.50	\$13.32	15.8%
Summer (June – September)	\$13.91	\$15.93	14.5%
Energy Charge (per kWh)	\$0.034569	\$0.030071	-13.0%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	(\$0.004929)	-	100.0%

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
Winter			
1,500 kWh plus 12 kW demand	\$272.41	\$274.87	0.9%
7,500 kWh plus 35 kW demand	\$755.68	\$804.02	6.4%
15,000 kWh plus 35 kW demand	\$1,018.54	\$1,070.21	5.1%
30,000 kWh plus 100 kW demand	\$2,315.74	\$2,496.18	7.8%
Summer			
1,500 kWh plus 12 kW demand	\$302.25	\$307.19	1.6%
7,500 kWh plus 35 kW demand	\$842.74	\$898.30	6.6%
15,000 kWh plus 35 kW demand	\$1,105.60	\$1,164.49	5.3%
30,000 kWh plus 100 kW demand	\$2,564.48	\$2,765.56	7.8%
<b>Secondary General Service</b>			
Service Availability Charge	\$23.60	\$27.10	14.8%
Demand Charge (per kW)			
Winter (October – May)	\$12.76	\$13.99	9.6%
Summer (June – September)	\$15.44	\$17.46	13.1%
Energy Charge (per kWh)	\$0.037140	\$0.031507	-15.2%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	(\$0.005004)	-	100.0%
Winter (October – May)			
1,500 kWh plus 12 kW demand	\$238.83	\$256.70	7.5%
7,500 kWh plus 35 kW demand	\$767.47	\$810.64	5.6%
15,000 kWh plus 35 kW demand	\$1,049.65	\$1,087.95	3.6%
30,000 kWh plus 100 kW demand	\$2,470.02	\$2,581.10	4.5%
Summer (June – September)			
1,500 kWh plus 12 kW demand	\$272.02	\$299.68	10.2%
7,500 kWh plus 35 kW demand	\$864.28	\$935.99	8.3%
15,000 kWh plus 35 kW demand	\$1,146.46	\$1,213.30	5.8%
30,000 kWh plus 100 kW demand	\$2,746.62	\$2,939.24	7.0%

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
<b>Municipal Street Light Service Rate</b>			
7,000 lumen, MV	\$11.87	\$13.17	11.0%
20,000 lumen, MV	\$17.10	\$18.97	10.9%
35,000 lumen, MV	\$24.88	\$27.60	10.9%
50,000 lumen, MV	\$30.43	\$33.76	10.9%
15,000 lumen, HPS	\$11.14	\$12.36	11.0%
27,500 lumen, HPS	\$13.70	\$15.19	10.9%
50,000 lumen, HPS	\$17.50	\$19.41	10.9%
<b>Large Municipal and School Service</b>			
Service Availability Charge	\$23.00	\$27.10	17.8%
Demand Charge (per kW)			
Winter (October – May)	\$8.81	\$10.37	17.7%
Summer (June – September)	\$10.89	\$12.91	18.5%
Energy Rate (per kWh)	\$0.037852	\$0.033815	-10.7%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	\$(0.005004)	-	100.0%
<b>Winter (October – May)</b>			
10,000 kWh plus 30 kW demand	\$680.11	\$742.62	9.2%
20,000 kWh plus 45 kW demand	\$1,200.08	\$1,296.73	8.1%
30,000 kWh plus 75 kW demand	\$1,856.45	\$2,011.38	8.3%
<b>Summer (June – September)</b>			
10,000 kWh plus 30 kW demand	\$744.51	\$821.26	10.3%
20,000 kWh plus 45 kW demand	\$1,296.69	\$1,414.70	9.1%
30,000 kWh plus 75 kW demand	\$2,017.46	\$2,207.99	9.4%
<b>Small Municipal and School Service</b>			
Service Availability Charge	\$14.40	\$14.50	0.7%
Energy Charge (per kWh)			
Winter (October – May)	\$0.061864	\$0.063927	3.3%
Summer (June – September)	\$0.067103	\$0.072573	8.2%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	\$(0.005004)	-	100.0%



	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
Winter (October – May)			
500 kWh	\$46.43	\$50.18	8.1%
1,000 kWh	\$78.00	\$85.40	9.5%
2,000 kWh	\$141.14	\$155.84	10.4%
Summer (June – September)			
500 kWh	\$49.14	\$54.64	11.2%
1,000 kWh	\$83.41	\$94.32	13.1%
2,000 kWh	\$151.96	\$173.68	14.3%
<b>Irrigation Power Service</b>			
Service Availability Charge	\$22.30	\$26.50	18.8%
Demand Charge (per kW)			
Winter (October – May)	\$1.32	\$1.56	18.2%
Summer (June – September)	\$1.65	\$2.25	36.4%
Energy Charge (per kWh)	\$0.073402	\$0.075203	2.5%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	\$(0.005004)	-	100.0%
<b>Area Lighting Rate</b>			
7,000 lumen, MV	\$11.87	\$13.12	10.5%
15,000 lumen, HPS	\$11.14	\$12.32	10.6%
27,500 lumen, HPS	\$13.70	\$15.15	10.6%
50,000 lumen, HPS	\$17.50	\$19.35	10.6%
140,000 lumen, HPS	\$30.25	\$33.44	10.5%
14,000 lumen, MH	\$12.37	\$13.68	10.6%
20,500 lumen, MH	\$14.53	\$16.06	10.5%
36,000 lumen, MH	\$16.92	\$18.71	10.6%
110,000 lumen, MH	\$31.85	\$35.21	10.5%

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
<b>Large General Service – Transmission Sub</b>			
Service Availability Charge	\$1,311.30	\$689.00	-47.5%
Demand Charge (per kW)			
Winter (October – May)	\$7.80	\$9.42	20.8%
Summer (June – September)	\$9.42	\$10.33	9.7%
Energy Charge (per kWh)	\$0.033369	\$0.029084	-12.8%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
<b>Large General Service – Trans Backbone</b>			
Service Availability Charge	\$1,311.30	\$689.00	-47.5%
Demand Charge (per kW)			
Winter (October – May)	\$7.55	\$9.37	24.1%
Summer (June – September)	\$9.13	\$10.28	12.6%
Energy Charge (per kWh)	\$0.033122	\$0.028893	-12.8%
Energy Efficiency Rider (% of Bill)	3.209%	3.209%	-
RPS Cost Rider (per kWh)	\$0.004318	\$0.004318	-
Fuel and Purchased Power Adjustment	(\$0.004237)	-	100.0%

7. New Mexico gross receipts tax is not included in the present or proposed bill estimates. Franchise fees charged by governmental entities are not included in the present or proposed rates, and a specific franchise fee is collected as a separate line item from those customers subject to that fee. These proposed rates apply to all rate classes but would affect only those customers utilizing the services indicated.

8. The proposed changes in rates stated by class and by consumption levels are for informational purposes only and the final rate design may vary the rates ultimately charged to each class and for each consumption level.

9. Further information regarding this case may be obtained by contacting SPS or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 15-00139-UT to this filing and inquiries should refer to that case number.

10. Any person desiring to become a party to this case must file, by hand delivery or regular mail at the following address, a Motion for Leave to Intervene, which shall reference Case No. 15-00139-UT, in conformity with 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before the date ordered by the Commission:

New Mexico Public Regulation Commission  
ATTN: Records Division  
P.E.R.A. Building  
1120 Paseo de Peralta  
Santa Fe, New Mexico 87501  
*or*  
P.O. Box 1269  
Santa Fe, New Mexico 87504-1269

11. The present procedural schedule established by the Commission for this proceeding is as follows:

- a. Any person desiring to become a party to this case must file a Motion for Leave to Intervene in conformity with 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before \_\_\_\_\_.
- b. A settlement conference is scheduled on \_\_\_\_\_, 2015.
- c. The Commission Staff shall, and any Intervenors may, file direct testimony on or before \_\_\_\_\_.
- d. Rebuttal testimony may be filed on or before \_\_\_\_\_.
- e. A public hearing will be held beginning \_\_\_\_\_ at \_\_\_\_\_ a.m. at the offices of the Commission, P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, to hear and receive testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

12. The procedural dates and requirements currently set in this case are subject to further Order of the Commission or the Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time and place, since hearings are occasionally rescheduled.

13. Any interested person may examine the rate filings together with any exhibits and related papers that may be filed in this case at the offices of SPS, 111 E. Fifth Street, Roswell, New Mexico, telephone (505) 625-5499, and 600 S. Tyler, Amarillo, Texas, telephone (806) 378-2868, or at the office of the Commission's offices, P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, telephone 1-888-427-5772.

14. The Commission's Rules of Procedure, 1.2.2.1 NMAC, *et seq.*, shall apply to this proceeding unless modified by order of the Commission or the Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission.

15. Any interested person may appear at the time and place of hearing and make a written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an Intervenor. Interested persons may also send written comments, which shall reference Case No. 15-00139-UT, at the address set out in Paragraph 11 above. However, comments governed by this paragraph will not be considered as evidence in this case.

16. Further information concerning this case may be obtained by contacting:

Southwestern Public Service Company  
Linda L. Hudgins, Rate Case Manager  
Regulatory Administration  
P.O. Box 1261  
Amarillo, Texas 79105  
Telephone: (806) 378-2709

or the

New Mexico Public Regulation Commission  
P.E.R.A. Building  
1120 Paseo De Peralta  
Santa Fe, New Mexico 87504-1269  
Telephone: 1-888-427-5772

17. Anyone filing pleadings or pre-filed testimony will serve copies through U.S. mail and electronically on all parties of record, Commission Staff, and the Hearing Examiner. Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath. No person shall testify at the hearing unless that person has pre-filed testimony in accordance with this Order. Documents which are mailed to Commission shall be sent to the Commission at the address set out in Paragraph 10.

18. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission as soon as possible prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

NEW MEXICO PUBLIC REGULATION COMMISSION

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