

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN  
PUBLIC SERVICE COMPANY'S  
APPLICATION REQUESTING: (1)  
ACKNOWLEDGEMENT OF ITS FILING  
OF THE 2018 ANNUAL RENEWABLE  
ENERGY PORTFOLIO REPORT; (2)  
APPROVAL OF ITS ANNUAL  
RENEWABLE ENERGY PORTFOLIO  
PROCUREMENT PLAN FOR PLAN  
YEAR 2020; (3) APPROVAL OF THE  
PROPOSED RATE FOR ITS 2020  
RENEWABLE PORTFOLIO STANDARD  
RIDER; AND (4) OTHER ASSOCIATED  
RELIEF,**

**CASE NO. 19-00134-UT**

**SOUTHWESTERN PUBLIC SERVICE  
COMPANY,**

**APPLICANT.**

## DIRECT TESTIMONY

*of*

**RICHARD M. LUTH**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

November 1, 2019

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## **GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
ETA	Energy Transition Act
kV	kilovolt
kW	kilowatt
kWh	kilowatt-hour
LCC	Large Customer Cap
REA	Renewable Energy Act (Sections 62-16-1 through 62-16-10, NMSA 1978 (2019))
RPS	Renewable Portfolio Standard
Rule 572	Renewable Energy Rule 17.9.572 NMAC
SPS	Southwestern Public Service Company, a New Mexico corporation

## **LIST OF ATTACHMENTS**

<b><u>Attachment</u></b>	<b><u>Description</u></b>
RML-1	2020 RPS Cost Rider Rate
RML-2	RPS Reconciliation Rider Rate
RML-3	Bill Impacts Under Current Rates
RML-4	Proposed RPS Cost Rider Tariff
RML-5	Proposed RPS Reconciliation Rider Tariff
RML-6(CD)	Workpapers

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1                   **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2   **Q. Please state your name and business address.**

3   A. My name is Richard M. Luth. My business address is 790 S. Buchanan Street,  
4       Amarillo, Texas 79101.

5   **Q. On whose behalf are you testifying in this proceeding?**

6   A. I am filing testimony on behalf of Southwestern Public Service Company, a New  
7       Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel  
8       Energy Inc.

9   **Q. By whom are you employed and in what position?**

10   A. I am employed by SPS as Manager, Pricing and Planning in the Regulatory  
11       Administration Department.

12   **Q. Please briefly outline your responsibilities as Manager, Pricing and Planning.**

13   A. I am responsible for the preparation of electric cost allocation studies and the  
14       development and design of retail electric rates and tariffs for SPS. Those  
15       responsibilities include development of rates, terms, and conditions for proposed  
16       service contracts, and the analysis of various other regulatory and business issues  
17       for SPS.

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1   **Q.   Please describe your educational background.**

2   A.   I graduated from Illinois State University in 1983, with a Bachelor of Science in  
3       Accounting.

4   **Q.   Please describe your professional experience.**

5   A.   I have been employed by SPS and its affiliated companies since April 2008. Prior  
6       to that, I had been a Rates Analyst and Economic Analyst with the Illinois  
7       Commerce Commission since October 1990. At the Illinois Commerce  
8       Commission, I reviewed cost-of-service, rates, and other matters involving the  
9       regulation of investor-owned public utilities.

10  **Q.   Have you attended or taken any special courses or seminars relating to**  
11  **public utilities?**

12  A.   Yes. I attended and completed the Edison Electric Institute's Electric Rates  
13       Advanced course. In addition, I have attended numerous courses and seminars  
14       hosted by the Illinois State University Institute for Regulatory Policy Studies.

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1   **Q.    Have you testified or filed testimony before any regulatory authorities?**

2    A.    Yes. I have filed testimony on behalf of SPS in numerous cases before the New  
3           Mexico Public Regulation Commission regarding cost allocation, rate design, and  
4           tariff issues, including SPS's last six base rate cases, which include currently  
5           pending Case No. 19-00170-UT, and previous Case Nos. 17-00255-UT,<sup>1</sup> 16-  
6           00269-UT,<sup>2</sup> 15-00296-UT,<sup>3</sup> 12-00350-UT,<sup>4</sup> 10-00395-UT,<sup>5</sup> and 08-00354-UT.<sup>6</sup> I  
7           have also testified on behalf of SPS in numerous cases before the Public Utility  
8           Commission of Texas on the same issues. Finally, before joining SPS, I testified

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<sup>1</sup> *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates under Advice Notice No. 272, Case No. 17-00255-UT.*

<sup>2</sup> *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates under Advice Notice No. 265, Case No. 16-00269-UT, Final Order Partially Adopting Recommended Decision and Dismissing and Ordering SPS to Re-file Application (Apr. 19, 2017).*

<sup>3</sup> *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates under Advice Notice No. 258, Case No. 15-00296-UT, Final Order Adopting Certification of Stipulation (Aug. 10, 2016).*

<sup>4</sup> *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates under Advice Notice No. 245 and All Associated Approvals, Case No. 12-00350-UT, Final Order Partially Approving Recommended Decision (Mar. 27, 2014).*

<sup>5</sup> *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).*

<sup>6</sup> *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).*

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1           before the Illinois Commerce Commission on numerous occasions on various cost  
2           allocation, rate design, and tariff issues.



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1     **II.   TESTIMONY – SUMMARY, PURPOSE, AND RECOMMENDATIONS**

2     **Q.    What is your assignment in this proceeding?**

3     A.    My testimony supports SPS’s calculation of the 2020 Renewable Portfolio  
4           Standard (“RPS”) Rider rate, the proposed RPS Reconciliation Rider and rate, and  
5           the calculation of the 2019 large customer credit to be issued in 2020.

6     **Q.    Please summarize the conclusions reached in your testimony.**

7     A.    In accordance with the Final Order in Case No. 12-00350-UT,<sup>7</sup> the projected costs  
8           for 2020 result in a 2020 RPS Rider of \$0.000370 per kilowatt-hour (“kWh”) for  
9           all New Mexico retail customers, other than kWh purchased under a voluntary  
10          program for purchasing renewable energy (i.e., Windsource). This rate is  
11          expected to be applicable to the months of May 2020 through December 2020.  
12          As a result of the elimination of the large customer cap (“LCC”) under the Energy  
13          Transition Act (“ETA”), SPS has calculated an additional rate to appropriately  
14          credit customers in 2020 for the true-up of amounts associated with prior periods  
15          when the LCC was in effect. The proposed RPS Reconciliation Rider credit of

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<sup>7</sup> Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company’s Application for Revision of its Retail Electric Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

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1 (\$0.000195) will apply to customers other than eligible Large Customers as  
2 previously defined by Renewable Energy Rule (17.9.572 NMAC) (“Rule 572”)  
3 prior to the ETA.

4 **Q. Do you co-sponsor any sections of the RPS Plan presented by SPS witness**  
5 **Ruth M. Sakya?**

6 A. Yes. I co-sponsor Section II(C) and Appendices B and C, concerning the  
7 proposed 2020 RPS Rider, the proposed RPS Reconciliation Rider and the  
8 estimate of 2019 RPS charges in excess of the LCC (2% of annual charges for  
9 electric service).

10 **Q. Were Attachments RML-1 through RML-6 prepared by you or under your**  
11 **direct supervision and control?**

12 A. Yes.

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1                   **III.    THE EFFECT OF THE ENERGY TRANSITION ACT**

2   **Q.    Does New Mexico Senate Bill 489, the ETA, which took effect in June 2019,**  
3           **affect how SPS determines and administers the RPS Cost Rider?**

4   A.    Yes. As explained in the Direct Testimony of Ms. Sakya, the ETA changed the  
5           inputs to the calculation of the SPS RPS requirement. First, there is no longer a  
6           large customer cap (also known as the LCC). Prior to the ETA, large customers  
7           had been defined as those customers that consume 10 million or more kWh of  
8           electricity per year. As a result, the level of renewable power that SPS must  
9           provide is higher than in recent years. Second, the percentages of the overall  
10          requirement are different from the previous RPS. Third, the share of power  
11          customers voluntarily take under an optional renewable power rate (i.e., the  
12          Windsor program offered by SPS in 2020 and Solar\*Connect beginning in  
13          2021), is not included in the calculation of renewable power requirements.

14               Consistent with the changes in the RPS requirement, the RPS Rider has  
15           the following changes from previous versions:

- 16               • The limit on the percentage or maximum amount that large customers are  
17               charged for the reasonable costs of renewable power is eliminated;

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- 1           • Charges for renewable power costs are no longer applied to the share of  
2           power a customer voluntarily takes under an optional renewable power  
3           rate such as Windsource; and
- 4           • To appropriately credit customers for 2018 RPS Cost Rider billings, a  
5           separate credit rate is necessary.

6   **Q. Has SPS proposed any changes in the current RPS rate rider since it was**  
7   **approved in Case No. 18-00201-UT?**

8   A. Yes. Because the 2020 RPS Rider Rate will not likely be effective until later in  
9       2020, SPS filed *Affidavit of Richard M. Luth and Southwestern Public Service*  
10       *Company's Advice Notice No. 284* on October 14, 2019. If Advice Notice No.  
11       284 is approved, beginning January 1, 2020 SPS will continue to bill customers  
12       using the currently approved RPS Rider Rate of \$0.003888, but will cease  
13       applying the Large Customer Cap and will cease billing the RPS Rider Rate to  
14       kWh purchased under Rate Rider 33 (Windsource).

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**IV. 2020 RPS RIDER RATE CALCULATION**

1   **Q.   Please describe how SPS determined the 2020 RPS Rider rate.**

2   A.   For purposes of rate design, and to allow for a reasonable amount of time for the  
3       review process of this filing to take place, I have assumed that the 2020 RPS  
4       Rider Rate will be effective six months from the date of filing, or May 1, 2020.  
5       The 2020 RPS Rider was developed as follows:

- 6       • First, I estimated the RPS Cost Rider revenue based upon the rate in Advice  
7       Notice No. 284 for the January 1, 2020 through April 30, 2020 period  
8       (Attachment RML-1, line 10).
- 9       • Next, that amount was compared to the 2020 RPS Rider revenue requirement  
10      provided by Ms. Sakya (\$13,806,490) (Attachment RML-1, line 5) to  
11      determine the net amount to be recovered over the remaining eight months of  
12      2020 (Attachment RML-1, line 11).
- 13      • Next, that remaining amount was divided by the projected applicable kWh  
14      sales (excluding projected Windsorce kWh) for the eight month period of  
15      May 1, 2020 through December 31, 2020 to determine the rate to applicable  
16      kWh (Attachment RML-1, line 15).

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1    **Q.     What is SPS's proposed 2020 RPS Rider rate and how does it compare to the**  
2           **2019 RPS Rider rate?**

3    A.     The proposed 2020 RPS Rider rate is \$0.000370 per kWh (Attachment RML-1,  
4           line 15) for all New Mexico customers, compared to the 2019 RPS Rider rate of  
5           \$0.003888 per kWh that was applicable for 2019 and is expected to apply through  
6           April 2020. The lower rate results from:

- 7           1. higher kWh sales that include all large customer kWh, that are no longer  
8           limited by a maximum in annual charges for the reasonable costs of  
9           renewable power (the LCC); and
- 10          2. a relatively high level of revenues projected to be recovered during the  
11           first part of 2020 billed under Advice Notice No. 284 which, as discussed  
12           above, is based upon the currently approved RPS Rider Rate of \$0.003888  
13           that discontinues the LCC and the billing of kWh purchased under Rate  
14           Rider 33 (Windsorce).

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1                   **V.   RPS RECONCILIATION RIDER AND RATE**

2   **Q.    Why is SPS proposing a new rider that addresses RPS costs and revenue in**  
3       **addition to the RPS Cost Rider that has been applicable since 2014?**

4   A.   As discussed above, SPS is proposing an RPS Reconciliation Rider to  
5       appropriately credit customers in 2020 for the true-up of amounts associated with  
6       prior periods when the Large Customer Cap was in effect. The proposed RPS  
7       Reconciliation Rider will apply to customers other than Large Customers as  
8       previously defined by Rule 572 prior to the ETA.

9   **Q.    Please describe the reconciliation of the 2018 RPS Rider.**

10 A.   As discussed in Ms. Sakya's direct testimony and as indicated in Attachment  
11       RMS-2, Appendix E to Ms. Sakya's direct testimony, 2018 RPS Cost Rider  
12       revenue totaled \$19,665,379 compared to \$17,365,476 in RPS Costs, for an over-  
13       recovery of \$2,299,903. These amounts, as well as 2018 Rider interest, are also  
14       provided in Attachment RMS-4, page 1 to Ms. Sakya's direct testimony.

15 **Q.    Please summarize amounts included in the RPS Reconciliation Rider.**

16 A.   The net amount of charges to be refunded to customers is \$932,888. That amount  
17       consists of:

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- 1           1. the \$2,299,903 over-recovery of costs recoverable through the 2018 RPS  
2           Rider; minus  
3           2. interest on RPS Rider balances during 2018 totaling \$20,278; minus  
4           3. an estimate of 2019 RPS Rider charges in excess of the LCC, which totals  
5           \$1,346,737 to be credited to large customers in 2020.

6   **Q. Please describe the 2019 costs charged in excess of the LCC.**

7   A. The RPS Reconciliation Rider also includes 2019 costs charged in excess of the  
8   LCC because large customers will be credited in 2020 for the excess 2019 RPS  
9   charges. That difference should be recovered from remaining customers because  
10   former large customers under the pre-ETA RPS Cost Rider should not be charged  
11   in 2020 for LCC credits to them from the 2019 RPS Cost Rider.

12   **Q. Why will credits be provided in 2020 for 2019 RPS billings to large**  
13   **customers?**

14   A. It is expected that, in many cases, in 2019 as in prior years, large customers will  
15   not reach the annual maximum \$113,192 amount they can be charged, but will be  
16   billed for more than 2% of annual charges for electric service. That will occur  
17   because the RPS Cost Rider will continue to be applied to large customers until  
18   the annual charges for electric service are known at the end of the year and the 2%



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1 level can be determined. Since the amount charged for electric service in 2019  
2 will not be known until 2020, the RPS billings to large customers in 2019 over the  
3 2% limit will be credited in 2020. As a result, 2020 revenue for renewable power  
4 costs will be reduced by the credits to large customers for the 2019 RPS Rider. It  
5 is inconsistent to charge large customers for credits provided in 2020 based upon  
6 2019 RPS Cost Rider charges when the LCC was in effect, making the RPS  
7 Reconciliation Rider the appropriate method to recognize large customer credits  
8 provided in 2020.

9 **Q. How did you determine the \$1,346,737 estimate of 2019 LCC credits to be**  
10 **issued in 2020?**

11 A. I reviewed 2019 billings through August for customers that had the LCC applied  
12 in 2018. I then added an estimate for additional billings through December 2019.  
13 In total, I estimated \$4,111,897 that would be charged to large customers in 2019,  
14 and estimated a maximum of \$2,765,160 that should be billed to large customers  
15 under the pre-ETA LCC. The difference between \$4,111,897 in charges, and  
16 \$2,765,160 in RPS costs applicable to pre-ETA large customers equals  
17 \$1,346,737. The actual difference, which can be determined in 2020 after 2019 is

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1 completed, will be credited to large customers after the actual difference is  
2 determined.

3 **Q. Did SPS reconcile the 2017 RPS Rider in Case No. 18-00201-UT?**

4 A. Yes.

5 **Q. What rate design methodology did SPS use to reconcile the 2017 RPS Rider**  
6 **in Case No. 18-00201-UT?**

7 A. The 2017 over-recovery was part of the amount recovered through the 2019 RPS  
8 Rider.

9 **Q. Does SPS need to change the methodology it used in Case No. 18-00201-UT**  
10 **in order to reconcile the 2018 RPS Rider in this filing?**

11 A. Yes. The 2017 reconciliation in Case No. 18-00201-UT was based, in part, upon  
12 the LCC. The LCC meant that a large customer would not be charged more than  
13 the lesser of 2% of the total annual charges for electric power or an annual  
14 maximum of \$99,000 adjusted for inflation, which was \$110,785 in 2018. As a  
15 result, large customers did not participate in the reconciliations of previous over-  
16 or under-recovery balances because the level of billing to those customers was  
17 already determined.

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1   **Q.    Please illustrate what you mean by large customers did not contribute to an**  
2       **over-recovery of RPS costs.**

3    A.    LCC RPS kWh totaled 100,663,714 in 2018, which was 16.4% of the  
4           615,267,872 RPS Requirement in 2018.<sup>8</sup> After credits for 2018 billings in excess  
5           of the LCC were completed in 2019, LCC customers were charged \$2,078,193  
6           under the RPS Cost Rider in 2018, which was 11.93% of \$17,422,310<sup>9</sup> in RPS  
7           Cost Rider revenue in 2018, net of the estimated amount for LCC refunds  
8           included in the rate.

9           In contrast, customers that did not qualify for the LCC were charged  
10          \$0.004609 per kWh for the RPS Cost Rider on 3,430,694,386 kWh for a total of  
11          \$15,812,070. Their 83.6%<sup>10</sup> share of 2018 RPS costs was \$12,753,644;<sup>11</sup> which  
12          resulted in the over-recovery. Had LCC customers been charged a full 16.4%

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<sup>8</sup> Southwestern Public Service Company Annual Renewable Energy Portfolio Report For 2018, Appendix F, line no. 14 ÷ line 15.

<sup>9</sup> Southwestern Public Service Company Annual Renewable Energy Portfolio Report For 2018, Appendix E, column (C), Revenue, line no. 7 + line 14.

<sup>10</sup> (100% - 16.4% LCC RPS Requirement in 2018).

<sup>11</sup> Southwestern Public Service Company Annual Renewable Energy Portfolio Report For 2018, Appendix E, column (B) Actual Costs, (line no. 7 + line no. 14) x 83.6%.

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1 share of 2018 RPS costs, the total would have been \$2,501,911;<sup>12</sup> or \$423,718  
2 more, which would have resulted in a greater total over-recovery.

3 **Q. What has changed to require different handling of the 2018 RPS over-**  
4 **recovery compared to 2017?**

5 A. The elimination of the LCC with the ETA requires a separate credit to be  
6 provided to customers that did not qualify for the 2018 LCC. As explained  
7 previously, 2018 LCC customers did not contribute to the 2018 over-recovery  
8 because the amount charged to those customers was limited, or capped. If the  
9 2018 over-recovery is included with all other RPS costs and revenue to determine  
10 a 2020 RPS Cost Rider rate to be applied to all customers, then the 2020 rate  
11 charged to former LCC customers would be unreasonably low, and the credit to  
12 customers that did not qualify for the LCC in 2018 would be inadequate.

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<sup>12</sup> Southwestern Public Service Company Annual Renewable Energy Portfolio Report For 2018, Appendix E, column (B) Actual Costs, (line no. 7 + line no. 14) x 16.4%.

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1   **Q.    Under SPS’s proposal, will the RPS Reconciliation Rider apply to Large**  
2       **Customers, as defined prior to the ETA?**

3    A.    No. Consistent with how prior RPS Cost Rider reconciliations operated with the  
4       LCC in effect, SPS proposes to exclude large customers from the reconciliation of  
5       the 2018 RPS Cost Rider because of the limit on the level of RPS costs charged to  
6       LCC customers in 2018. In order to achieve that result, and in consideration of  
7       the elimination of the LCC in 2020, SPS proposes that the RPS Reconciliation  
8       Rider credit apply only to customers that did not qualify for the 2018 LCC, and  
9       would not have qualified for the LCC in 2020.

10   **Q.    Does this method ensure that the reconciliation is dispersed to the correct**  
11       **rate classes in the correct amounts?**

12   A.    Yes. The LCC applied to the 2018 RPS, and as previously explained, the over-  
13       recovery resulted from billings to customers that did not qualify for the LCC. It is  
14       therefore appropriate that the RPS Reconciliation Rider apply only to customers  
15       that would not qualify for the 2018 LCC in 2020.

16   **Q.    What is the reconciliation rate?**

17   A.    The 2020 rate for the reconciliation of the 2018 RPS Cost Rider is a credit of  
18       \$0.000195 per kWh. The credit is based upon the net true-up of amounts

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1 associated with prior periods (\$932,887.85) divided by projected kWh sales to  
2 customers other than Large Customers, from May 1, 2020 through December 31,  
3 2020. Please refer to Attachment RML-2.

4 **Q. What is the typical bill impact for each customer class, considering both the**  
5 **proposed 2020 RPS Rider and the proposed RPS Reconciliation Rider?**

6 A. The typical bill impacts for each customer class over the course of the year are  
7 shown below. Please refer to Attachment RML-3 for the complete bill impact.

- 8 • The total bill to a Residential customer using 750 kWh per month would  
9 be charged \$74.85 under the proposed 2020 RPS Rider, compared to  
10 \$76.76 under the 2019 RPS Rider (a decrease of 2.49% of total bill).
- 11 • A Small General Service customer using 1,000 kWh per month would be  
12 charged \$86.17 over the course of the year under the proposed Rider,  
13 compared to \$88.73 under the 2019 rider (a decrease of 2.89% of total  
14 bill).
- 15 • A Secondary General Service customer using 15,000 kWh of energy and  
16 35 kilowatt (“kW”) of demand a month would be charged \$956.94 under  
17 the proposed rider, compared to \$995.28 under the 2019 rider (a decrease  
18 of 3.85% of total bill).
- 19 • An Irrigation Service customer using 7,500 kWh of energy and 35 kW of  
20 demand a month would be charged \$584.39 under the proposed rider,  
21 compared to \$603.56 under the 2019 rider (a decrease of 3.18% of total  
22 bill).
- 23 • A Primary General Service customer using 15,000 kWh of energy and 35  
24 kW of demand a month would be charged \$921.94 under the proposed

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- 1 rider, compared to \$960.29 under the 2019 rider (a decrease of 3.99% of  
2 total bill).
- 3 • A Large General Service - Transmission 69 kilovolt (“kV”) customer  
4 using 4,000,000 kWh of energy and 6,100 kW of demand a month would  
5 be charged \$153,169.68 under the proposed rider, compared to  
6 \$149,733.36 under the 2019 rider (an increase of 2.29% of total bill).<sup>13</sup>
- 7 • A Large General Service - Transmission 115+ kV customer using  
8 4,000,000 kWh of energy and 6,300 kW of demand a month would be  
9 charged \$152,575.20 under the proposed rider, compared to \$149,127.00  
10 under the 2019 rider (an increase of 2.31% of total bill).<sup>14</sup>
- 11 • A Large Municipal and School Service customer using 20,000 kWh of  
12 energy and 45 kW of demand a month would be charged \$1,086.71 under  
13 the proposed rider, compared to \$1,137.85 under the 2019 rider (a  
14 decrease of 4.49% of total bill).
- 15 • A Small Municipal and School Service customer using 1,000 kWh of  
16 energy per month would be charged \$75.52 under the proposed rider,  
17 compared to \$78.08 under the 2019 rider (a decrease of 3.28% of total  
18 bill).

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<sup>13</sup> Assumes LCC that was in effect before Advice Notice 284 goes into effect on January 1, 2020. Advice Notice 284 eliminates the 2019 LCC.

<sup>14</sup> Also assumes LCC that was in effect before Advice Notice 284 goes into effect on January 1, 2020. Advice Notice 284 eliminates the 2019 LCC.

Case No. 19-00134-UT  
Direct Testimony  
of  
Richard M. Luth

1   **Q.    Have you provided drafts of the revised RPS Cost Rider and the proposed**  
2       **RPS Reconciliation Rider?**

3    A.    Yes.  Attachment RML-4 is a copy of the revised tariff reflecting the proposed  
4       2020 RPS Cost Rider rate.  Attachment RML-5 is a copy of the proposed RPS  
5       Reconciliation Rider.  SPS has filed an advice notice and tariffs with its  
6       Application.

7   **Q.    Does this conclude your pre-filed direct testimony?**

8    A.    Yes.



**VERIFICATION**

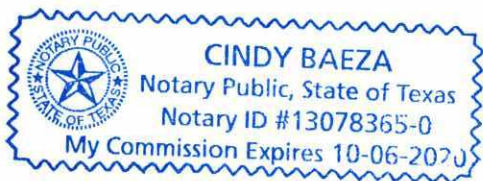
STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF POTTER            )


RICHARD M. LUTH, first being sworn on his oath, states:

I am the witness identified in the preceding direct testimony. I have read the direct testimony and the accompanying attachment(s) and am familiar with their contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.

  
\_\_\_\_\_  
RICHARD M. LUTH

SUBSCRIBED AND SWORN TO before me this 24 day of October, 2019 by  
RICHARD M. LUTH.



  
\_\_\_\_\_  
Notary Public of the State of Texas  
My Commission Expires: 10-06-2020

**Southwestern Public Service Company**  
**RPS Cost Rider**  
**Cost Allocation and Rate Design**

Line No.	Based on May 1 Effective Date	
1	Gross Total kWh (Jan - Dec)	9,407,693,953
2	Less Windsource kWh (Jan - Dec)	(4,122,000)
3	Net Total kWh (Jan - Dec)	<u>9,403,571,953</u>
4	Recoverable Renewable Energy Costs - 2020	
5	(RMS-4, P1, L15)	\$ 13,806,490
6	Current RPS Rate Rider	\$ 0.003888
7	Projected kWh	2,936,257,358
8	Less Windsource kWh	(1,374,000)
9	Net kWh (Jan - Apr)	<u>2,934,883,358</u>
10	Projected January through April 2020 RPS Revenue (Line No. 6 x Line No. 9)	\$ 11,410,826
11	Net Remaining Recoverable Costs	\$ 2,395,663
12	Projected kWh during Remaining Recovery Period (May - December 2020)	6,471,436,596
13	Less Windsource kWh	(2,748,000)
14	Net kWh	<u>6,468,688,596</u>
15	Unit Cost \$/kWh (Line No. 11 ÷ Line No. 14)	\$ 0.000370

**Southwestern Public Service Company**  
**RPS Reconciliation Rider**  
**Cost Allocation and Rate Design**

<b>Line No.</b>		<b>Based on May 1 Effective Date</b>	
1	Gross Total kWh	6,471,436,596	
2	Large Customer kWh*	(1,692,609,679)	
3	Net Total kWh	<u>4,778,826,917</u>	
4	2018 Reconciliation Credited in 2020		
5	(RMS-4, P1, L4)	\$ (932,888)	
6	Unit Credit \$/kWh (L5/L3)	\$ (0.000195)	
7	Net RPS Rider Rate for Non-Large Customers	\$ 0.000175	

\* - Represents large customer volume estimated for January through April 2020.  
Return of 2018 Over-Recovery and 2019 costs charged in excess of the large customer cap must be treated differently due to elimination of large customer caps in 2020. See the direct testimony of Richard M. Luth.

# Southwestern Public Service Company

Bill Comparison Summary  
Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including Proposed 2020 RPS Rider and Reconciliation	
	\$	% Change	\$	% Change	\$	% Change	\$	% Change
<b><u>Residential Service (Summer)</u></b>								
0 kWh	\$	8.78	\$	8.78	\$	8.78	\$	8.78
250 kWh	\$	34.06	\$	33.10	\$	33.10	\$	33.10
500 kWh	\$	59.33	\$	57.42	\$	57.42	\$	57.42
750 kWh	\$	84.61	\$	81.74	\$	81.74	\$	81.74
1,000 kWh	\$	109.89	\$	106.05	\$	106.05	\$	106.05
2,000 kWh	\$	211.00	\$	203.33	\$	203.33	\$	203.33
<b><u>Residential Service (Non-Summer)</u></b>								
0 kWh	\$	8.78	\$	8.78	\$	8.78	\$	8.78
250 kWh	\$	30.13	\$	29.65	\$	29.65	\$	29.65
500 kWh	\$	51.49	\$	50.53	\$	50.53	\$	50.53
750 kWh	\$	72.84	\$	71.40	\$	71.40	\$	71.40
1,000 kWh	\$	94.19	\$	92.28	\$	92.28	\$	92.28
2,000 kWh	\$	179.61	\$	175.77	\$	175.77	\$	175.77
<b><u>Residential Service Annualized</u></b>								
0 kWh	\$	8.78	\$	8.78	\$	8.78	\$	8.78
250 kWh	\$	31.44	\$	30.80	\$	30.80	\$	30.80
500 kWh	\$	54.10	\$	52.83	\$	52.83	\$	52.83
750 kWh	\$	76.76	\$	74.85	\$	74.85	\$	74.85
1,000 kWh	\$	99.42	\$	96.87	\$	96.87	\$	96.87
2,000 kWh	\$	190.07	\$	184.96	\$	184.96	\$	184.96

### Bill Comparison Summary

#### Typical Monthly Bills by Rate Class

# Southwestern Public Service Company

Bill Comparison Summary

Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		\$ Change	% Change
	Rider					
<b><u>Small General Service (Summer)</u></b>						
0 kWh	\$	14.87	\$	14.87	\$ -	0.00%
250 kWh	\$	34.70	\$	33.74	\$ (0.96)	-2.77%
500 kWh	\$	54.54	\$	52.62	\$ (1.92)	-3.52%
750 kWh	\$	74.37	\$	71.49	\$ (2.88)	-3.87%
1,000 kWh	\$	94.20	\$	90.37	\$ (3.83)	-4.07%
2,000 kWh	\$	173.53	\$	165.87	\$ (7.66)	-4.41%
<b><u>Small General Service (Non-Summer)</u></b>						
0 kWh	\$	14.87	\$	14.87	\$ -	0.00%
250 kWh	\$	32.65	\$	32.17	\$ (0.48)	-1.47%
500 kWh	\$	50.43	\$	49.47	\$ (0.96)	-1.90%
750 kWh	\$	68.21	\$	66.77	\$ (1.44)	-2.11%
1,000 kWh	\$	85.99	\$	84.07	\$ (1.92)	-2.23%
2,000 kWh	\$	157.10	\$	153.27	\$ (3.83)	-2.44%
<b><u>Small General Service Annualized</u></b>						
0 kWh	\$	14.87	\$	14.87	\$ -	0.00%
250 kWh	\$	33.33	\$	32.69	\$ (0.64)	-1.92%
500 kWh	\$	51.80	\$	50.52	\$ (1.28)	-2.47%
750 kWh	\$	70.26	\$	68.34	\$ (1.92)	-2.73%
1,000 kWh	\$	88.73	\$	86.17	\$ (2.56)	-2.89%
2,000 kWh	\$	162.58	\$	157.47	\$ (5.11)	-3.14%

**Southwestern Public Service Company**  
 Bill Comparison Summary  
 Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including Proposed 2020 RPS Rider and Reconciliation	
	\$	%	\$	%	\$	%	\$	%
<b><u>Secondary General Service (Summer)</u></b>								
1,500 kWh and 12 kW	\$ 278.73		\$ 272.98		\$ (5.75)		\$ (5.75)	-2.06%
7,500 kWh and 35 kW	\$ 851.31		\$ 822.56		\$ (28.75)		\$ (28.75)	-3.38%
15,000 kWh and 35 kW	\$ 1,065.88		\$ 1,008.37		\$ (57.51)		\$ (57.51)	-5.40%
30,000 kWh and 100 kW	\$ 2,628.06		\$ 2,513.03		\$ (115.03)		\$ (115.03)	-4.38%
<b><u>Secondary General Service (Non-Summer)</u></b>								
1,500 kWh and 12 kW	\$ 242.43		\$ 239.55		\$ (2.88)		\$ (2.88)	-1.19%
7,500 kWh and 35 kW	\$ 745.41		\$ 731.03		\$ (14.38)		\$ (14.38)	-1.93%
15,000 kWh and 35 kW	\$ 959.98		\$ 931.22		\$ (28.76)		\$ (28.76)	-3.00%
30,000 kWh and 100 kW	\$ 2,325.49		\$ 2,267.96		\$ (57.53)		\$ (57.53)	-2.47%
<b><u>Secondary General Service Annualized</u></b>								
1,500 kWh and 12 kW	\$ 254.53		\$ 250.69		\$ (3.84)		\$ (3.84)	-1.51%
7,500 kWh and 35 kW	\$ 780.71		\$ 761.54		\$ (19.17)		\$ (19.17)	-2.46%
15,000 kWh and 35 kW	\$ 995.28		\$ 956.94		\$ (38.34)		\$ (38.34)	-3.85%
30,000 kWh and 100 kW	\$ 2,426.35		\$ 2,349.65		\$ (76.70)		\$ (76.70)	-3.16%

**Southwestern Public Service Company**  
 Bill Comparison Summary  
 Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		\$ Change	% Change
	Rider					
<b><u>Irrigation Service (Summer)</u></b>						
1,500 kWh and 12 kW	\$	151.99	\$	146.24	\$ (5.75)	-3.78%
7,500 kWh and 35 kW	\$	612.23	\$	583.48	\$ (28.75)	-4.70%
15,000 kWh and 35 kW	\$	1,133.80	\$	1,076.28	\$ (57.52)	-5.07%
30,000 kWh and 100 kW	\$	2,298.42	\$	2,183.39	\$ (115.03)	-5.00%
<b><u>Irrigation Service (Non-Summer)</u></b>						
1,500 kWh and 12 kW	\$	147.53	\$	142.65	\$ (4.88)	-3.31%
7,500 kWh and 35 kW	\$	599.22	\$	584.84	\$ (14.38)	-2.40%
15,000 kWh and 35 kW	\$	1,120.79	\$	1,072.03	\$ (48.76)	-4.35%
30,000 kWh and 100 kW	\$	2,261.25	\$	2,163.72	\$ (97.53)	-4.31%
<b><u>Irrigation Service Annualized</u></b>						
1,500 kWh and 12 kW	\$	149.02	\$	143.85	\$ (5.17)	-3.47%
7,500 kWh and 35 kW	\$	603.56	\$	584.39	\$ (19.17)	-3.18%
15,000 kWh and 35 kW	\$	1,125.13	\$	1,073.45	\$ (51.68)	-4.59%
30,000 kWh and 100 kW	\$	2,273.64	\$	2,170.28	\$ (103.36)	-4.55%



**Southwestern Public Service Company**  
Bill Comparison Summary  
Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including Proposed 2020 RPS Rider and Reconciliation	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b><u>Primary General Service (Summer)</u></b>										
1,500 kWh and 12 kW	\$	312.11	\$	306.36	\$	(5.75)	\$	(5.75)	\$	-1.84%
7,500 kWh and 35 kW	\$	829.16	\$	800.40	\$	(28.76)	\$	(28.76)	\$	-3.47%
15,000 kWh and 35 kW	\$	1,023.90	\$	966.39	\$	(57.51)	\$	(57.51)	\$	-5.62%
30,000 kWh and 100 kW	\$	2,434.33	\$	2,319.30	\$	(115.03)	\$	(115.03)	\$	-4.73%
<b><u>Primary General Service (Non-Summer)</u></b>										
1,500 kWh and 12 kW	\$	279.40	\$	276.52	\$	(2.88)	\$	(2.88)	\$	-1.03%
7,500 kWh and 35 kW	\$	733.74	\$	719.36	\$	(14.38)	\$	(14.38)	\$	-1.96%
15,000 kWh and 35 kW	\$	928.48	\$	899.72	\$	(28.76)	\$	(28.76)	\$	-3.10%
30,000 kWh and 100 kW	\$	2,161.71	\$	2,104.18	\$	(57.53)	\$	(57.53)	\$	-2.66%
<b><u>Primary General Service Annualized</u></b>										
1,500 kWh and 12 kW	\$	290.30	\$	286.47	\$	(3.83)	\$	(3.83)	\$	-1.32%
7,500 kWh and 35 kW	\$	765.55	\$	746.37	\$	(19.18)	\$	(19.18)	\$	-2.51%
15,000 kWh and 35 kW	\$	960.29	\$	921.94	\$	(38.35)	\$	(38.35)	\$	-3.99%
30,000 kWh and 100 kW	\$	2,252.58	\$	2,175.89	\$	(76.69)	\$	(76.69)	\$	-3.40%

# Southwestern Public Service Company

Bill Comparison Summary  
Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation	
<u>Large General Service - Transmission 69 kV (Summer)</u>										
500,000 kWh and 800 kW	\$	22,974.95	\$	21,057.79	\$	(1,917.16)	\$	(1,917.16)	\$	-8.34%
1,000,000 kWh and 1,500 kW	\$	40,179.65	\$	39,773.90	\$	(405.75)	\$	(405.75)	\$	-1.01%
4,000,000 kWh and 6,100 kW	\$	157,272.35	\$	155,716.93	\$	(1,555.42)	\$	(1,555.42)	\$	-0.99%
8,000,000 kWh and 12,200 kW	\$	313,034.65	\$	309,953.42	\$	(3,081.23)	\$	(3,081.23)	\$	-0.98%
<u>Large General Service - Transmission 69 kV (Non-Summer)</u>										
500,000 kWh and 800 kW	\$	21,520.95	\$	20,562.11	\$	(958.84)	\$	(958.84)	\$	-4.46%
1,000,000 kWh and 1,500 kW	\$	37,398.88	\$	38,864.12	\$	1,465.24	\$	1,465.24	\$	3.92%
4,000,000 kWh and 6,100 kW	\$	145,963.87	\$	151,896.05	\$	5,932.18	\$	5,932.18	\$	4.06%
8,000,000 kWh and 12,200 kW	\$	290,417.69	\$	302,311.66	\$	11,893.97	\$	11,893.97	\$	4.10%
<u>Large General Service - Transmission 69 kV Annualized</u>										
500,000 kWh and 800 kW	\$	22,005.62	\$	20,727.34	\$	(1,278.28)	\$	(1,278.28)	\$	-5.81%
1,000,000 kWh and 1,500 kW	\$	38,325.80	\$	39,167.38	\$	841.58	\$	841.58	\$	2.20%
4,000,000 kWh and 6,100 kW	\$	149,733.36	\$	153,169.68	\$	3,436.32	\$	3,436.32	\$	2.29%
8,000,000 kWh and 12,200 kW	\$	297,956.68	\$	304,858.91	\$	6,902.23	\$	6,902.23	\$	2.32%

**Southwestern Public Service Company**  
 Bill Comparison Summary  
 Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		\$ Change	% Change	
	Rider						
<b><u>Large General Service - Trans 115+ kV (Summer)</u></b>							
500,000 kWh and 800 kW	\$	22,645.01	\$	20,727.86	\$	(1,917.15)	-8.47%
1,000,000 kWh and 1,500 kW	\$	40,590.45	\$	40,176.65	\$	(413.80)	-1.02%
4,000,000 kWh and 6,300 kW	\$	156,780.45	\$	155,234.67	\$	(1,545.78)	-0.99%
8,000,000 kWh and 13,000 kW	\$	316,255.72	\$	313,111.33	\$	(3,144.39)	-0.99%
<b><u>Large General Service - Trans 115+ kV (Non-Summer)</u></b>							
500,000 kWh and 800 kW	\$	21,215.79	\$	20,256.96	\$	(958.83)	-4.52%
1,000,000 kWh and 1,500 kW	\$	37,674.85	\$	39,134.68	\$	1,459.83	3.87%
4,000,000 kWh and 6,300 kW	\$	145,300.28	\$	151,245.47	\$	5,945.19	4.09%
8,000,000 kWh and 13,000 kW	\$	292,566.47	\$	304,418.31	\$	11,851.84	4.05%
<b><u>Large General Service - Trans 115+ kV Annualized</u></b>							
500,000 kWh and 800 kW	\$	21,692.20	\$	20,413.93	\$	(1,278.27)	-5.89%
1,000,000 kWh and 1,500 kW	\$	38,646.72	\$	39,482.00	\$	835.28	2.16%
4,000,000 kWh and 6,300 kW	\$	149,127.00	\$	152,575.20	\$	3,448.20	2.31%
8,000,000 kWh and 13,000 kW	\$	300,462.89	\$	307,315.98	\$	6,853.09	2.28%

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Rider	\$ Change	% Change
	2019 RPS Rider	2019 RPS Rider	2019 RPS Rider	2019 RPS Rider			
<b><u>Large Municipal and School Service (Summer)</u></b>							
10,000 kWh and 30 kW	\$	718.58	\$	680.24	\$	(38.34)	-5.34%
20,000 kWh and 45 kW	\$	1,213.13	\$	1,136.44	\$	(76.69)	-6.32%
30,000 kWh and 75 kW	\$	1,904.09	\$	1,789.06	\$	(115.03)	-6.04%
<b><u>Large Municipal and School Service (Non-Summer)</u></b>							
10,000 kWh and 30 kW	\$	643.30	\$	624.13	\$	(19.17)	-2.98%
20,000 kWh and 45 kW	\$	1,100.21	\$	1,061.85	\$	(38.36)	-3.49%
30,000 kWh and 75 kW	\$	1,715.88	\$	1,658.35	\$	(57.53)	-3.35%
<b><u>Large Municipal and School Service Annualized</u></b>							
10,000 kWh and 30 kW	\$	668.39	\$	642.83	\$	(25.56)	-3.82%
20,000 kWh and 45 kW	\$	1,137.85	\$	1,086.71	\$	(51.14)	-4.49%
30,000 kWh and 75 kW	\$	1,778.62	\$	1,701.92	\$	(76.70)	-4.31%

# Southwestern Public Service Company

Bill Comparison Summary  
Typical Monthly Bills by Rate Class

Description	Bills Including Proposed 2020 RPS Rider and Reconciliation		Bills Including 2019 RPS Rider		Bills Including Proposed 2020 RPS Rider and Reconciliation	
	2019 RPS Rider	Rider	\$ Change	% Change	2019 RPS Rider	Rider
<u>Small Municipal and School Service (Summer)</u>						
500 kWh	\$ 49.78	\$ 47.86	\$ (1.92)	-3.86%		
1,000 kWh	\$ 82.26	\$ 78.43	\$ (3.83)	-4.66%		
2,000 kWh	\$ 147.23	\$ 139.56	\$ (7.67)	-5.21%		
<u>Small Municipal and School Service (Non-Summer)</u>						
500 kWh	\$ 46.64	\$ 45.68	\$ (0.96)	-2.06%		
1,000 kWh	\$ 75.99	\$ 74.07	\$ (1.92)	-2.53%		
2,000 kWh	\$ 134.68	\$ 130.84	\$ (3.84)	-2.85%		
<u>Small Municipal and School Service Annualized</u>						
500 kWh	\$ 47.69	\$ 46.41	\$ (1.28)	-2.68%		
1,000 kWh	\$ 78.08	\$ 75.52	\$ (2.56)	-3.28%		
2,000 kWh	\$ 138.86	\$ 133.75	\$ (5.11)	-3.68%		

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SEVENTH REVISED RATE NO. 70**  
**CANCELING SIXTH REVISED RATE NO. 70**

**X**  
**X**

**RPS COST RIDER**

**Tariff No. 7204.7**

**X**

Page 1 of 1

**APPLICABLE:** This rate rider is applicable to bills for electric service provided under all of SPS's retail rate schedules.

**TERRITORY:** Area served by Company in New Mexico.

**RATE:** The rate is applied to each kWh used per month to each customer class listed below other than kWh purchased under Rate Rider 33 or Rate Rider 76.

**X**

**CUSTOMER CLASS:**

**\$/kWh**

Residential Service, Residential Heating Service,  
Small General Service, Small Municipal and School Service,  
Municipal Street Lighting Service, Area Lighting Service

\$0.000370

**X**

Secondary General Service, Irrigation Power Service,  
Large Municipal and School Service

\$0.000370

**X**

Primary General Service

\$0.000370

**X**

Large General Service – Transmission

\$0.000370

**X**

Renewable energy costs recovered through this rider are approved for recovery by the Commission. Company will reconcile costs previously approved for recovery through this Rider. Over-recovery of previously approved renewable energy costs will represent a credit to and reduction of approved renewable energy costs recoverable over a future period, and under-recovery of previously approved renewable energy costs will represent a charge in addition to approved renewable energy costs recoverable over a future period.

285

**X**

Advice Notice No.

**DIRECTOR, REGULATORY PRICING &  
ANALYSIS**

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**ORIGINAL RATE NO. 77**

**X**

**RPS RECONCILIATION RIDER**

**Tariff No. 7209**

**X**

Page 1 of 1

**APPLICABLE:** This rate rider is applicable to bills for electric service provided under all of SPS's retail rate schedules, excluding customers previously considered Large Qualifying Customers as defined by Section 62-16-4A(2) of the Renewable Energy Act, or those customers that would meet that definition while this rider is in effect.

**TERRITORY:** Area served by Company in New Mexico.

**RATE:** \$(0.000195) per kWh in each billing period.

Renewable energy costs recovered or credited through this rider are approved for recovery by the New Mexico Public Regulation Commission. Company will reconcile costs previously approved for recovery through this Rider. Over-recovery of previously approved renewable energy costs will represent a credit to and reduction of approved renewable energy costs recoverable over a future period, and under-recovery of previously approved renewable energy costs will represent a charge in addition to approved renewable energy costs recoverable over a future period.

285

**X**

Advice Notice No.

**DIRECTOR, REGULATORY PRICING &  
ANALYSIS**

**CASE NO. 19-00134-UT**

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
APPLICATION REQUESTING: (1) ACKNOWLEDGEMENT OF ITS FILING OF  
THE 2018 ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT; (2) APPROVAL  
OF ITS ANNUAL RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR  
PLAN YEAR 2020; (3) APPROVAL OF THE PROPOSED RATE FOR ITS 2020  
RENEWABLE PORTFOLIO STANDARD RIDER; AND (4) OTHER ASSOCIATED RELIEF.

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