

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 2016 ANNUAL RENEWABLE)	
ENERGY PORTFOLIO REPORT; (2))	
APPROVAL OF ITS ANNUAL)	
RENEWABLE ENERGY PORTFOLIO)	
PROCUREMENT PLAN FOR PLAN)	CASE NO. 17-_____ -UT
YEAR 2018; (3) APPROVAL OF THE)	
PROPOSED RATE FOR ITS 2018)	
RENEWABLE PORTFOLIO STANDARD)	
RIDER; (4) APPROVAL OF VARIANCE)	
FROM REQUIREMENTS OF RULE)	
572.14(C)(1) NMAC; AND (5) OTHER)	
ASSOCIATED RELIEF,)	
)	
SOUTHWESTERN PUBLIC SERVICE)	
COMPANY,)	
)	
APPLICANT.)	

APPLICATION

In accordance with the Renewable Energy Act (1978 NMSA, §§ 62-16-1 to 62-16-10 NMSA 1978 – “REA”), the New Mexico Public Regulation Commission’s (“Commission or NMPRC”) Rule 572 (which governs Renewable Energy for Electric Utilities - 17.9.572 NMAC), and the Commission’s Orders in Southwestern Public Service Company’s (“SPS”) previous Renewable Portfolio Standard (“RPS”) cases, SPS requests the Commission enter a final order that:

(a) acknowledges, pursuant to 17.9.572.19 NMAC, SPS's concurrent filing of its 2016 Annual Renewable Energy Portfolio Report ("2016 RPS Report");

(b) approves SPS's 2018 Annual Renewable Energy Act Plan ("2018 RPS Plan")¹ for the 2018 Plan Year and 2019 Next Plan Year² under Rule 572.14, with the exception of Rule 572.14(C)(1), and prior Commission Orders related to SPS's 2018 Plan Year and 2019 Next Plan Year RPS requirements;

(c) approves SPS's request for a variance pursuant to Rule 572.21 from complying with all of the requirements of Rule 572.14(C)(1) for this filing;

(d) approves SPS's proposed rate for its 2018 RPS Rider,³ which includes, without limitation, recovery of SPS's RPS-related costs⁴ over a 12-month period beginning January 1, 2018; and

(e) grants all other approvals, authorizations, and relief that may be required for SPS to implement its 2018 RPS Plan.

¹ The 2018 RPS Plan is provided in the Direct Testimony of Ruth M. Sakya at Attachment RMS-3.

² In accordance with 17.9.572.14 NMAC, SPS is submitting its 2019 Next Plan Year for informational purposes only.

³ See Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

⁴ SPS's RPS-related costs include: (i) SPS's 2018 RPS Plan Year compliance costs; (ii) the reconciliation of SPS's 2016 RPS Rider, including interest; (iii) the annual amortization amounts for the 2012 and 2013 Renewable Energy Certificate ("REC") Tracker reconciliation balances, previously approved in Case Nos. 15-00208-UT and 16-00183-UT, respectively, including interest; and (iv) refunds to Qualifying Large Customers resulting from 2015 payments made by Qualifying Large Customers in excess of the statutory cap stated in Rule 572.7(M) and returned in 2016.

This Application states the following matters:

I. Jurisdiction and Affected Parties

1. SPS is a New Mexico corporation principally engaged in generating, transmitting, distributing, and selling electrical energy to the public in portions of New Mexico and Texas. SPS is a public utility as defined in the Public Utility Act, which provides electric service to the public within New Mexico pursuant to the rules, regulations, and tariffs on file with and approved by the Commission.

2. SPS's principal office in New Mexico is located at 111 E. Fifth Street, Roswell, New Mexico 88201. SPS's principal corporate office is located at 790 S. Buchanan, Amarillo, Texas 79101.

3. SPS is a wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), which is a holding company under Federal Energy Regulation Commission ("FERC") regulations adopted under the Public Utility Holding Company Act of 2005.⁵ Xcel Energy is a utility holding company that owns several electric and natural gas utility operating companies, a regulated natural gas pipeline company, and three electric transmission companies.⁶

⁵ 18 C.F.R. Part 366.

⁶ Xcel Energy is the parent company of four wholly-owned electric utility operating companies: Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS. Xcel Energy's natural gas pipeline subsidiary is WestGas InterState, Inc. Through its subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also has three transmission-only operating companies: Xcel Energy Southwest Transmission Company, LLC; Xcel Energy Transmission Development Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which are either currently regulated by the FERC or expected to be regulated by FERC.

II. Authorized Representatives and Service of Documents

4. The following corporate representatives and attorneys of SPS should receive all notices, pleadings, discovery requests and responses, and all other documents related to this case:

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III. Notice

5. SPS has prepared the proposed form of Notice to Customers that is attached to the Application, and will serve that Notice and a copy of the RPS filing on the Commission's Utility Division Staff, the New Mexico Attorney General, all parties in

SPS's most recent completed general rate case (Case No. 15-00296-UT), and any renewable resource providers who have requested notice from the Commission, as required by Rule 572.14(D). SPS will also provide notice to customers and the general public as required by 17.1.2.10(C)(1) and (2) NMAC. The proposed form of Notice is attached as Application Exhibit A.

6. A copy of SPS's 2017 RPS Plan approved in Case No. 16-00183-UT, and its proposed 2018 RPS Plan as required by Rule 572.14(D) are also posted on SPS's website at:

http://www.xcelenergy.com/company/rates_and_regulations/filings/new_mexico_renewable_portfolio_standard

IV. Description of SPS's 2017 RPS Filing for the 2018 Plan Year and 2019 Next Plan Year

A. 2016 RPS Report

7. In accordance with Section 62-16-4(D) of the REA, Rule 572.19, and the Final Order in Case No. 05-00271-UT,⁷ SPS's 2016 RPS Report discusses and describes: (a) SPS's renewable energy resource procurements in 2016, including its compliance with the overall RPS requirements and the portfolio diversification requirements under Rule 572; (b) SPS's voluntary renewable energy tariff (*i.e.*, Windsource program activities) for 2016; (c) the approved cost recovery mechanisms for SPS's 2016 RPS-related costs, including an accounting of all collected and deferred amounts; and (d) the

⁷ Case No. 05-00271-UT, *Petition of Southwestern Public Service Company for the Approval of Renewable Energy Cost Recovery Methodology in Accordance with the Renewable Energy Act*, Final

development and implementation of markets for New Mexico RECs. Pursuant to 17.9.572.19 NMAC, SPS's 2016 RPS Report is being filed concurrent with its 2017 RPS filing.

B. Annual Renewable Energy Act Plan for the 2018 Plan Year and 2019 Next Plan Year

8. SPS's 2017 RPS filing for the 2018 Plan Year and 2019 Next Plan Year (Informational) provides the information required by Section 62-16-4(D) of the REA and Rule 572.14.B(1)-(11) related to SPS's compliance with its RPS requirements for the 2018 Plan Year and 2019 Next Plan Year, and the other matters specified in the REA and Rule 572.

9. Specifically, SPS's 2018 RPS Plan and supporting testimony discuss and describe SPS's: (a) procurement of renewable energy resources, and the reasons why SPS will not be able to fully satisfy its diversity requirements for solar, "Other" renewable technologies, or Distributed Generation ("DG") for 2018 and 2019; (b) projected renewable energy purchase amounts and the costs for compliance with its 2018 and 2019 RPS requirements; (c) calculation of the large customer adjustment for purposes of determining the 2018 RPS procurement requirements, as defined in Section 62-16-4(A)(2) of the REA; (d) determination that no new renewable procurements can be acquired or procured for the 2018 Plan Year based on the Reasonable Cost Threshold ("RCT") analyses presented herein; (e) methodology for calculating certain RPS-related

costs included in the 2018 RPS Rider revenue requirement and the RCT; (f) 2018 Plan Year and 2019 Next Plan Year sales and revenue data used in calculating the RPS and RCT; and (g) satisfaction of the requirements of prior Commission orders.

10. SPS requests authorization to collect an estimated \$19.4 million in RPS procurement and other RPS-related costs over a 12-month period, beginning January 1, 2018, through its RPS Rider approved in Case No. 12-00350-UT. SPS will calculate the 2018 RPS Rider using a kilowatt-hour (“kWh”) based rate calculated at \$0.004609 per kWh that will apply to all of SPS’s New Mexico retail rate classes, subject to the large customer cap under the REA and Rule 572.

11. Accordingly, SPS’s 2016 RPS Report and 2018 RPS Plan satisfy the requirements of Section 62-16-4(D), Rule 572, and prior Commission orders, and SPS’s filing demonstrates that its 2018 RPS Plan is in the public interest.

C. Compliance with prior Commission Orders

12. The Final Orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT required SPS to evaluate non-wind renewable resources available in SPS’s service area until the Commission determines that SPS’s renewable energy portfolio satisfies the diversity requirement of the REA. In compliance with those orders, SPS’s 2018 RPS Plan provides its evaluation of non-wind renewable resources available in SPS’s New Mexico service territory.

13. In Case No. 13-00222-UT, the Commission required SPS in its future annual filings to: (i) apply (commencing with the 2015 Plan Year) the large customer

adjustment pursuant to Rule 572 in effect as of the date of the RPS filing; (ii) file RPS filings to include the RCT methodology in effect at the time of the filing; (iii) not enter into any contracts to procure further renewable resources until its surplus RECs are retired against its RPS requirement or explicitly authorized to expire by the Commission; and (iv) annually recalculate the costs of all procurements, including previously approved procurements, under the (then) new revenue requirements methodology in Rule 572.14(C). SPS has complied with these requirements as a part of its 2018 RPS Plan.

14. In the Final Order in Case No. 15-00208-UT, the Commission approved a Recommended Decision, which among other items, authorized SPS to modify its DG tariffs to align the payment methodology for excess energy with the Southwest Power Pool's Integrated Marketplace, and required SPS to provide in its annual report the prior year's information showing the monthly excess generation, the average estimated price paid, the actual price, and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G to the 2016 RPS Report.

15. In the Final Order in Case No. 16-00183-UT, the Commission approved a Recommended Decision, which among other items, required SPS to discuss with NextEra Energy Resources the possibility of purchasing solar RECs outside the purchased power agreements' purchase options, and report the status of such negotiations in its 2017 RPS filing. SPS has fulfilled this obligation, which is discussed in more detail in the direct testimony of Ms. Ruth M. Sakya.

V. Miscellaneous Matters

16. In support of its Application, SPS is concurrently filing the direct testimony of Ruth M. Sakya, whose testimony:

- a. provides an overview of SPS's RPS requirements under the REA and Rule 572, and SPS's filing for the 2018 Plan Year, in compliance with Rule 572.14, as well as the 2019 Next Plan Year;
- b. acknowledges the separate and concurrent filing of SPS's 2016 RPS Report in accordance with Rule 572.19;
- c. presents SPS's 2018 RPS Plan, including the information and analysis required by Rule 572 for the 2018 Plan Year, and, for information purposes, similar information for the 2019 Next Plan Year;
- d. presents SPS's RCT calculation and SPS's requested variance from certain requirements of Rule 572 related to the RCT calculation;
- e. presents SPS's Plan Year and Next Plan Year projected costs and SPS's request to recover the Plan Year costs, including reconciliation of the 2016 RPS Rider, through SPS's proposed 2018 RPS Rider;
- f. presents SPS's 2018 RPS Rider rate; and
- g. addresses SPS's compliance with prior Commission orders.

VI. Relief Requested


For the reasons stated above, SPS respectfully requests that the Commission enter a final order that:

- (A) acknowledges SPS's concurrent filing of its 2016 RPS Report;
- (B) approves SPS's 2018 RPS Plan and all components therein;
- (C) approves SPS's request for a variance from complying with the requirements of Rule 572.14(C)(1);
- (D) approves SPS's proposed rate for its 2018 RPS Rider;

- (E) determines SPS's 2018 RPS Plan complies with the annual filing requirements of Rule 572.14 and applicable prior Commission orders; and
- (F) grants all other approvals, authorizations, and actions that may be required for SPS to implement its 2018 RPS Plan under the REA, Rule 572, and the PUA.

Respectfully submitted,

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