

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY’S SUBMITTAL)
OF ENERGY EFFICIENCY POTENTIAL)
STUDY PURSUANT TO FINAL ORDER IN)
CASE NO. 19-00140-UT AND) **CASE NO. 21-00 _____-UT**
CORRESPONDING REQUESTS FOR)
APPROVAL,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT.)

APPLICATION

Southwestern Public Service Company (“SPS”) submits this Energy Efficiency (“EE”) Potential Study and corresponding requests for approval in accordance with the Final Order Adopting Certification of Stipulation in Case No. 19-00140,¹ the New Mexico Efficient Use of Energy Act, (NMSA 1978, Sections 62-17-1 through 62-17-11, “EUEA”), and the New Mexico Public Regulation Commission’s (“Commission”) Energy Efficiency Rule (17.7.2 NMAC, “EE Rule”).

I. EXECUTIVE SUMMARY

Pursuant to the Commission’s final order in SPS’s 2020, 2021, and 2022 Energy Efficiency Plan (“2019 Triennial Plan”) filing, Case No. 19-00140-UT, SPS is submitting

¹ See *In the Matter of Southwestern Public Service Company’s Triennial Energy Efficiency Plan Application Requesting Approval of: (1) SPS’s 2020-2022 Energy Efficiency Plan and Associated Programs; (2) a Financial Incentive for Plan Year 2020; (3) Recovery of the Costs Associated with a Potential Energy Efficiency Study Over a Two-Year Time Period; and (4) Continuation of SPS’s Energy Efficiency Tariff Rider to Recover its Annual Program Costs and Incentives*, Case No. 19-00140-UT, Certification of Stipulation (Jan. 27, 2020) at 51, Decretal Paragraph G, approved by Final Order (Feb. 19, 2020).

the findings of an EE Potential Study and associated proposed modifications to SPS's approved 2019 Triennial Plan. Specifically, in that case the Signatories agreed that the SPS would file with the Commission its findings from the EE Potential Study and any proposed modification to its 2019 Triennial filing. Those modifications included, "i. SPS's new goal under the amended EUEA; ii. SPS revised energy savings target for 2022; iii. Additional measures, products or programs proposed to meet the revised energy savings targets for 2022; and iv. Updates to program level budgets, and associated rate recovery for PY 2022."² In accordance with the Case No. 19-00140 Final Order Adopting Certification of Stipulation, the EUEA and EE Rule, and consistent with the EE Potential Study's findings and recommendations, SPS requests that the Commission:

- (a) approve SPS's proposed revised EE savings goal for plan years ("PY") 2021 through 2025 under EUEA § 62-17-5(H);
- (b) approve revisions to SPS's approved PY 2022 EE program portfolio and associated budgets;
- (c) authorize SPS to apply the Commission's approval of the PY 2022 budget to the entirety of 2022, even if the Commission has not issued a final order in this case by December 31, 2021;
- (d) authorize SPS to recover 4.208 percent of customer bills, but no more than \$75,000 from any individual customer, in accordance with EUEA § 62-17-6(A)(1) and to recover these costs through its EE Rider ("EE Rider");
- (e) approve SPS's proposed methodology to calculate the financial incentive for PYs 2021 and PY 2022;
- (f) approve recovery of a financial incentive for PY 2022 through SPS's EE Rider;

² Case No. 19-00140-UT, Uncontested Stipulation (Sep. 27, 2019) at 8, approved by Final Order (Feb. 19, 2020).

- (g) approve SPS's reconciliation of PY 2020 expenditures and collections;
- (h) authorize SPS to recover costs associated with the completion of an EE Potential Study over a two-year time period beginning in 2022; and
- (i) grant all other approvals, authorizations, and relief that may be required under the EUEA, the EE Rule, and the New Mexico Public Utility Act (NMSA 1978, Sections 62-3-1 et seq., "PUA") for SPS to implement the approved PY 2022 EE program portfolio and EE Rider.

Based on the EE Potential Study, SPS has concluded that the minimum energy savings requirement for the 2021-2025 period under EUEA § 62-17-5(G) is not achievable through the use of those energy efficiency and load management ("EE/LM") resources available to SPS using its best efforts. Therefore, in accordance with EUEA § 62-17-5(H), SPS proposes a revised requirement consistent with the EE Potential Study's findings.

SPS's proposed modifications to its PY 2022 EE program portfolio builds off the PY 2022 portfolio approved as part of SPS's 2019 Triennial Plan and includes changes to rebate levels and participation as a result of the EE Potential Study's findings and recommendations. SPS performed a utility cost test ("UCT") for the proposed programs in PY 2022. The UCT is met if the monetary costs that are borne by the public utility and that are incurred to develop, acquire, and operate energy efficiency or load management resources on a life-cycle basis are less than the avoided monetary costs associated with developing, acquiring, and operating the associated supply-side resources. SPS's

proposed PY 2022 EE program portfolio meets the UCT with an overall UCT ratio of 1.82.

SPS proposes to recover an estimated \$14,534,799 to fund its modified PY 2022 EE programs, through its PY 2022 EE Rider. For an average SPS residential customer (with consumption of 900 kilowatt-hours (“kWh”) per month), the recovery of this amount equals an approximate charge of \$3.54 per month.

SPS requests recovery through the PY 2022 EE Rider of \$250,000 of the total actual cost of the EE Potential Study. SPS will seek recovery of the remaining actual cost of the EE Potential Study in its 2023 EE Rider.

SPS requests approval of its proposed utility incentive mechanism and requests a baseline incentive of 5.90 percent of program expenditures for PY 2021 and 2022. The proposed incentive mechanism ensures satisfactory performance by targeting key performance metrics: (i) actual measured and verified savings achievements (*i.e.*, kWh reductions) used for compliance; and (ii) statutory spending requirements. The proposed annual baseline incentives for PY 2021 and PY 2022 are \$628,586 and 857,553, respectively, and will be subject to a true-up based on actual expenses and savings achieved each year.

SPS proposes a revised PY 2022 EE Rider rate of 4.208 percent— 3.797% for program funding, 0.346% for base incentives, and 0.065% for \$250,000 of the total cost of the EE Potential Study.

II. BACKGROUND

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 PUA, 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 South Buchanan Street, Amarillo, Texas 79101.

3. SPS is a wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), which is a holding company under the Federal Energy Regulatory Commission ("FERC") regulations adopted under the Public Utility Holding Company Act of 2005.³ Xcel Energy is also the parent company of three other rate-regulated utility operating companies,⁴ a regulated natural gas pipeline company, three transmission-only operating companies regulated by the FERC, and a non-profit service company⁵ that was established under the authority of the Securities and Exchange Commission, but which is now under the supervision of the FERC, and other legal entities.

³ 18 C.F.R. Part 366.

⁴ Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; and Public Service Company of Colorado, a Colorado corporation.

⁵ Xcel Energy Services Inc.

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. SPS's EE POTENTIAL STUDY AND REVISED PROPOSED EUEA ENERGY SAVINGS GOAL FOR 2021-2025 PERIOD

5. The EUEA, as amended in 2019, requires public utilities to develop or obtain cost-effective and achievable EE/LM resources in order to reach established energy savings goals. The 2019 EUEA amendment establishes a new goal for periods

beyond 2020. In particular, the amendment requires not less than five percent savings, based on total 2020 retail kWh sales, to be achieved over the period 2021-2025.

6. When preparing its 2019 Triennial Plan, SPS could not calculate its EUEA cumulative energy savings goal for the 2021-2025 period because at that time SPS's 2020 total retail kWh sales, which are used to determine SPS's energy savings goal under the amended EUEA, had not yet been realized or compiled. Nevertheless, SPS acknowledged that it anticipated significant challenges in meeting the amended goal. Therefore, SPS proposed to conduct an EE Potential Study to evaluate its ability to meet the EUEA's full 2025 savings requirements. In the Uncontested Stipulation in Case No. 19-00140-UT, SPS agreed to file by June 1, 2021,⁶ its findings from the EE Potential Study and any proposed modifications to the 2019 Triennial Plan. Specifically, the Hearing Examiner ordered SPS to provide in this filing the following:

- (1) SPS's new goal under the amended EUEA;
- (2) revised energy savings targets for PY 2022;
- (3) any additional measures, products, or programs SPS may propose to meet the revised energy savings targets for 2022; and
- (4) updated program level budgets and associated rate recovery.⁷

7. SPS witness Mark R. Schoenheider describes the EE Potential Study in his direct testimony and presents the study's findings and recommendations. As explained by

⁶ On March 3, 2021, the Commission granted SPS's motion to extend this deadline to July 15, 2021. *See* Case No. 19-00140-UT, Order Granting Unopposed Motion to Extend Deadlines Contained Within Uncontested Stipulation at 1-3 (Mar. 3, 2021).

⁷ Case No. 19-00140-UT, Certification of Stipulation at 51, Decretal Paragraph G.

Mr. Schoenheider, the study modeled two scenarios: (1) a Reference Scenario that is indicative of SPS continuing to operate programs similar to those programs approved in its 2019 Triennial Plan; and (2) a Maximum Scenario that assumes a significant increase in program marketing, incentives, and other activities that remove barriers to adoption of energy efficiency that are within SPS’s control. The EE Potential Study found for SPS that the range of net achievable energy savings in 2021-2025 is between 197,915 megawatt-hours (“MWh”) (net customer; Reference Scenario) and 279,791 MWh (net customer; Maximum Scenario). SPS’s energy savings goal under the EUEA 2019 amendment is approximately 363,077 MWh for the 2021-2025 period.

8. Based on the EE Potential Study, SPS has concluded that it cannot achieve the EUEA’s minimum requirement for the 2021-2025 period under EUEA § 62-17-5(G) through the use of those EE/LM resources available to SPS using its best efforts. Therefore, in accordance with EUEA § 62-17-5(H), SPS is proposing a revised requirement consistent with the findings of the 2021-2025 cumulative Maximum Scenario in the EE Potential Study. The following table shows SPS’s proposed revised energy savings goal relative to both the Reference Scenario, which is calibrated to SPS’s currently approved plan, and the Maximum Scenario.

Year	Proposed Revised Goal Requirement (Customer MWh)	Potential Study – Reference Scenario (Customer MWh)	Potential Study – Maximum Scenario (Customer MWh)
2021-2025	269,769	197,915	279,791

Mr. Schoenheider discusses the basis for SPS's proposed revised EUEA goal requirement in his direct testimony.

9. For PY 2022, SPS proposes an energy savings goal of 56.492 MWh based on a budget of \$14,534,799 including interest.

IV. SPS'S PROPOSED PY 2022 ENERGY EFFICIENCY PROGRAMS

10. In its 2019 Triennial Plan, SPS was approved to offer eight programs in PY 2022 that target customers in the Residential (including low-income) and Business Segments. Additionally, SPS's approved 2019 Triennial Plan included a Planning and Research Segment, which includes a customer education component and is necessary for the successful implementation of the EE programs.

11. SPS's proposed PY 2022 EE program portfolio builds off the PY 2022 portfolio that was approved in SPS's 2019 Triennial Plan and includes changes to rebate levels and participation as a result of the EE Potential Study findings. SPS also incorporated revisions to the Technical Resource Manual ("TRM") that was updated and released in the spring of 2020 by Evergreen Economics.

A. Residential Segment

12. In its 2019 Triennial Plan, SPS received approval to offer seven residential programs in PY 2022. These programs are summarized in the following bullets, each followed by SPS's proposed modifications or additions to the programs.

- Energy Feedback Program – The Energy Feedback program is designed to quantify the effects of informational feedback on energy consumption in approximately 15,000 residential households, consistent with the

Commission's Final Order in Case No. 09-00352-UT.⁸ This program provides educational materials and communication strategies to create a change in energy usage behavior. The purpose of the program is to measure when, how, and why customers change their behavior when provided with feedback on their energy using habits.

- In PY 2021 SPS's program administrator added a new cohort to the program, which consists of 9,015 customers. This cohort has been added to the portfolio forecast.
- Residential Cooling Program – This program offers rebates for the purchase of high efficiency evaporative cooling, air conditioning, and heat pump units. Rebates for evaporative coolers are paid for purchase of new units with an efficiency greater than 85%, installed in new or existing construction, regardless of whether or not the customer is replacing an existing unit. Evaporative cooling technology is well-suited to SPS's service territory, creating an opportunity to drive customers to higher levels of efficiency within this air conditioning category. Air conditioning and heat pump rebates are paid to registered contractors who perform a quality installation in new and existing homes.
 - For PY 2022 SPS is proposing to add standard efficiency evaporative coolers to its measure list.
 - Starting in PY 2022, SPS is proposing to pay rebates directly to customers in existing homes and to builders for in new homes for high efficiency HVAC equipment without quality install.
- Home Energy Services ("HES") Program – Under this program, SPS provides incentives for the installation of a wide range of energy savings measures that reduce customer energy costs. The incentives are paid to energy efficiency service providers on the basis of deemed (*i.e.*, pre-determined) energy savings. The program includes attic insulation, air infiltration reduction, refrigerators (for low-income participants) and duct leakage repairs. The program is delivered via third-party providers interacting directly with customers to perform the home improvements. Both offerings are very cost-effective and the Low-Income HES product

⁸ Case No. 09-00352-UT, *In the Matter of Southwestern Public Service Company's Application for Approval of its 2010/2011 Energy Efficiency and Load Management Plan and Associated Programs, Requested Variances, and Cost Recovery Tariff Rider*, Final Order Adopting Certification of Stipulation (Mar. 15, 2011).

specifically ensures that all customer segments have the ability to participate in SPS programs. Multi-family buildings are also eligible to participate in the program. The residential portions of these buildings are serviced through the HES program while the non-residential spaces are serviced through the Business Comprehensive program. Additionally, Income-qualified customers, will receive an offer through mail informing them of their eligibility to receive a free Energy Savings Kit. A customer is qualified by being identified as receiving energy assistance through federal Low-Income Home Energy Assistance Program (LIHEAP). If the customer chooses to receive a kit, they will send their response to the third-party implementer. Customers will receive a kit within six to eight weeks.

- Starting in PY 2022, SPS is proposing to offer advanced power strips to its measure list in both the residential and Low-Income Home Energy Services (“Low-Income HES”) offerings.
- Home Lighting & Recycling Program – This program provides incentives for customers to purchase energy efficient LEDs through participating retailers. Participating retailers may include home improvement, mass merchandisers and hardware store locations. Customers will be able to recycle used Compact Florescent Lights (“CFLs”) at select retail partner locations.
- Heat Pump Water Heaters – This program provides rebates for the purchase of high-efficiency electric heat pump water heaters. Customers can purchase these units through local home improvement stores or heating, ventilating, and air conditioning contractors.
 - Starting in PY 2022, SPS is proposing that home builders also be eligible for incentives when installing high-efficiency electric heat pump water heater in their new homes.
- School Education Kits Program – The School Education Kits Program provides free kits to fifth grade classrooms in SPS’s New Mexico service area. These kits include energy efficiency educational materials and products, including four LEDs, one low-flow showerhead, a kitchen and bathroom aerator, and an LED nightlight, which are distributed along with curriculum. This program provides value beyond the direct installation of measures included in the kits by creating awareness of energy efficiency with students, teachers, and parents.

- Starting in PY 2022, SPS proposes to offer specialty bulb kits to participating schools for additional incentive and savings. These kits include 5-watt, 3-way, globe, 15-Watt, 8-Watt bulbs and two LED nightlights.
- Starting in PY 2022, SPS proposes to add EE power strips to its measure list.
- Smart Thermostat EE Program – This program utilizes the new ENERGY STAR Connected Thermostat specification. Thermostats meeting the Energy Star performance standard will be rebated as long as they are compatible with Xcel Energy’s demand response management system. SPS will offer a \$50 rebate for all thermostats that meet the program criteria.
 - If approved, SPS would rebrand the Smart Thermostat EE Program to the Residential Thermostat Rewards Program that would offer residential customers the opportunity to participate in a new Demand Management (“DM”) offering coupled with EE savings. This program will provide customers with three enrollment options including a \$50 incentive for purchasing and installing a qualifying ENERGY STAR rated smart thermostat in their home. The second option consists of a one-time \$25 bill credit for signing up in SPS’s residential heating or cooling DR offerings through a Bring Your Own Thermostat (“BYOT”) structure. Customers can receive both incentives if they meet equipment qualifications. SPS is also proposing a third option which includes a \$25 bill credit to customers who have a free ENERGYSTAR rated smart thermostat direct installed and enrolled in the DM portfolio of this offering.

13. In addition to the above-described Residential Segment program revisions,

SPS also proposes to add the following program to its PY 2022 portfolio:

- Refrigerator Recycling Program – If approved, the Refrigerator Recycling program will offer incentives single-family residential customers who recycle working refrigerators and freezers. Rebates would also be offered to encourage residential customers to remove secondary refrigerators from the customers home (i.e. garage or basement equipment that is not the residences primary means of refrigeration). The program also proposes to offer free pick-up and disposal of operable room air conditioners and dehumidifiers, but no financial incentive will be offered.

- SPS proposes to include this offering in PY 2022 following several years out of the market.

B. Business Segment

14. In its 2019 Triennial Plan, SPS received approval to offer one business program with six products in its PY 2022 portfolio. This program and SPS's proposed modifications are described below. SPS is not requesting to add or remove any products or programs to this segment.

- Business Comprehensive Program – This program includes the bundling of the following products: Cooling Efficiency, Custom Efficiency, Large Customer Self-Direct, Lighting Efficiency, Motor & Drive Efficiency, and Building Tune-Up.
 - **Cooling Efficiency:** Provides rebates for purchasing air conditioning equipment that exceeds standard efficiency equipment. This product also includes rebates for particular commercial refrigeration equipment.
 - **Custom Efficiency:** Offers customized rebates based on an engineering analysis of specific customer projects. This product is for technologies and strategies that are either too new or too complex for SPS to have a prescriptive rebate.
 - **Large Customer Self-Direct:** Customers using over 7,000 MWh per year may choose to administer their own energy efficiency projects to receive either a bill credit or exemption from a portion of the charges under the EE Rider.
 - **Lighting Efficiency:** This product provides prescriptive rebates for the most common energy efficiency upgrades to lighting systems.
 - SPS proposes to add direct linear retrofit kits to its measure list for the program.
 - SPS proposes to add direct install Type B LED linear tubes to its measure list for the program.

- **Motor & Drive Efficiency:** This product offers prescriptive rebates for the most common energy efficiency upgrades for motors and variable speed drives. This product also includes rebates for pump-off controllers used in oil and gas operations and rebates for particular compressed air equipment.
- **Building Tune-Up:** This product features a scaled-down recommissioning-style offering aimed at lower-cost efficiency improvements for small- to mid-sized business customers.

C. Planning and Research Segment

15. In its 2019 Triennial Plan, SPS received approval to offer five Planning and Research Segment programs or functions. SPS is not requesting to add, remove, or modify any aspect of the approved Planning and Research Segment. The following components are included within the Planning and Research Segment:

- **Consumer Education:** This program includes activities to increase residential customer awareness of the benefits of energy efficiency and conservation. Examples of activities include advertising through local newspapers, third-party websites⁹, newsletters, bill inserts, and radio. The messaging includes targeted communications to address seasonal energy usage challenges.
- **Market Research:** This activity focuses on market research to provide information for SPS to use in its decision-making process concerning EE program design, planning, and delivery.
- **Measurement and Verification (“M&V”):** This activity is responsible for managing and coordinating the overall M&V Plan for SPS and working with the Commission’s Independent Program Evaluator, Evergreen, to ensure compliance with the EUEA and the EE Rule. In addition, each direct savings program budget includes Evergreen’s estimated budget that will be needed to conduct program-specific M&V.

⁹ Third-party websites may include websites for community organizations, program sponsors, or partner contractors.

- Planning & Administration: This function ensures compliance with all EUEA and EE Rule requirements. Specifically, this group is responsible for the coordination and preparation of the various New Mexico EE regulatory filings. These activities include the preparation of testimony, the annual plans and reports, discovery responses, rulemaking comments, benefit-cost analyses for every program, and tracking and reporting of EE expenditures and savings achievements. Additionally, any outside consultants and external legal service fees related to EE regulatory activities are included in this budget.
- Product Development: This activity identifies, assesses, and develops new EE programs, including engineering support and technical assumptions, and also supports the modification of current programs.

D. PY 2022 Program Selection and Budgeting Process

16. As noted above, SPS used the Commission-approved PY 2022 portfolio of programs as a basis to build upon for its updated PY 2022 portfolio. SPS incorporated the measure-level changes to its technical assumptions stemming from Evergreen Economics' updated TRM. SPS then added measures and adjusted rebate levels and participation forecast to transition to the EE Potential Study's maximum achievable scenario.

17. SPS's proposed PY 2022 EE program portfolio is designed to give all customers in the targeted customer classes the opportunity to participate in the programs and obtain the benefits of increased energy efficiency and other economic benefits.

18. During the pendency of this case and until the Commission enters a final order approving SPS's proposed revisions to its PY 2022 EE program portfolio, SPS will continue, without modification, the portfolio of EE programs that the Commission

approved in Case No. 19-00140-UT and to recover EE program and associated costs under the EE Rider currently in effect.

V. PUBLIC PARTICIPATION

19. In the Uncontested Stipulation in Case No. 19-00140, the parties agreed to, and the Commission approved, a stipulation that required SPS to engage with stakeholders during the EE Potential Study process and hold semi-annual roundtable discussions to review measure lists, key assumptions about measures, and preliminary results. SPS held three roundtable discussions during the development of the EE Potential Study, which occurred on July 24, 2020, February 11, 2021 and May 31, 2021. Guidehouse, who was retained by SPS to conduct the EE Potential Study, was also available at these roundtable meetings to provide updates and answer questions regarding the EE Potential Study. These roundtable discussions provided SPS an avenue to address its current PY portfolio and solicit feedback, as well as update interested stakeholders on savings progress, solicit program recommendations, program evaluations—i.e., whether program recommendations are viable.

VI. COST-EFFECTIVENESS TEST ASSUMPTIONS AND CALCULATIONS

20. SPS's proposed PY 2022 EE program portfolio meets the UCT as defined by EUEA § 62-17-4(K). All of the proposed Residential Segment programs—with the exception of the Refrigerator Recycling and Residential Thermostat Rewards programs—pass the UCT at the program level, with an overall UCT of 2.81 in PY 2022. All of the proposed Business Segment programs pass the UCT at the program level, with an overall

UCT of 1.46 in PY 2022. When reasonable and necessary Planning and Research Segment costs are included, SPS's proposed PY 2022 EE program portfolio remains cost-effective, with an overall with a UCT ratio of 1.82. Accordingly, SPS's proposed PY 2022 budgeted expenses should be approved.

VII. INCENTIVE MECHANISM FOR PY 2022

21. SPS achieved 39.420 GWh (net customer) in 2019, which is 10 GWh over SPS approved energy goal of 29.444 GWh (net customer). SPS met its required 5% Low-Income spend requirement in 2019, spending \$2,002,428 or 20% of the total portfolio spend on Low-Income programs. Based on these inputs, SPS is allowed to earn and recover a maximum incentive of \$707,504 for PY 2019. Attachment MRS-5 to Mr. Schoenheider's direct testimony provides a copy of the PY 2019 incentive calculator. Similarly, SPS achieved 46.980 GWh (net customer) in PY 2020, which is 10 GWh over SPS approved energy goal of 36.885 GWh (net customer) while spending \$9,515,057 on program related costs. As a result, SPS is allowed to earn and recover an incentive of \$685,084 for PY 2020. SPS has provided a copy of the PY 2020 incentive mechanism in Attachment MRS-6 to Mr. Schoenheider's direct testimony. SPS witness Justin H. Adams discusses the PY 2019 and PY 2020 incentive reconciliations and describes the PY 2021 and 2022 base incentives that SPS is requesting in its updated EE Rider.

22. The incentive mechanism approved as part of SPS's 2019 Triennial Plan utilizes a sliding scale of achievement allowing SPS to earn a base incentive of 5.90% of actual spend if it meets a base incentive goal of 30 GWh net customer each year of the

Plan—i.e., 2020-2022. For every GWh achieved in excess of this base goal, SPS will incrementally achieve an additional 0.075% before capping out the incentive at 7.24% of actual spend, SPS’s current after-tax weighted average cost of capital (“WACC”).¹⁰

23. In this case, SPS is proposing to utilize the same incentive mechanism that was approved in its 2019 Triennial Plan. However, SPS has recalibrated the mechanism to account for changes in incremental savings goal targets that SPS must achieve in order to earn an incentive. Please refer to Attachment MRS-7 to Mr. Schoenheider’s direct testimony for a copy of the proposed PY 2022 incentive. With SPS’s proposed PY 2022 savings target and forecast spend updated in the revised mechanism, SPS is requesting to include a base incentive of \$857,553 in its EE Rider calculation for PY 2022.

24. The proposed incentive mechanism ensures satisfactory performance by targeting key performance metrics: (i) actual measured and verified savings achievements (i.e., kWh reductions) used for compliance; and (ii) statutory spending requirements. In this regard, the proposed incentive mechanism is evidence-based, cost-based, and utility specific.

25. SPS’s request to recover an annual incentive and requests a base incentive of 5.90 percent of program expenditures for 2021 through 2022. The proposed annual base incentives for PY 2021 and PY 2022 are \$628,586 and \$857,553, respectively, and will be subject to a true-up based on actual expenses and savings achieved each year.

¹⁰ See Case No. 17-00255-UT, *In the Matter of Southwestern Public Service Company’s Application for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 272*, New Final Order on Partial Mandate from the New Mexico Supreme Court (Mar. 6, 2019).

VIII. SPS's ENERGY EFFICIENCY PROGRAM COST TARIFF RIDER

26. In accordance with Section 62-17-6(A) of the EUEA and 17.7.2.13 NMAC, SPS proposes to recover its prudent and reasonable program costs associated with its Triennial Plan through a Commission-approved tariff rider (*i.e.*, EE Rider) that will apply to all New Mexico retail rate schedules over a 12-month period beginning on January 1, 2022. The proposed EE Rider rate is intended to recover SPS's 2022 program and administrative costs, exclusive of any incentive recovery.¹¹ Accordingly, any charge for incentive recovery will be a separate charge under the EE Rider.

27. Consistent with the EUEA and EE Rule, SPS proposes to reconcile authorized EE expenditures and collections, including utility incentive amounts, on an annual basis and report this annual reconciliation, as well as plan year and expected plan budget adjustments, in its Annual Report filed with the Commission. SPS proposes to annually file an advice notice, amended tariff, and supporting documentation regarding the annual incentive reconciliation.

28. Based on Section 62-17-6(A) of the EUEA, funding for EE/LM program costs are set at 4.208 percent of billed revenue under SPS's current rates, excluding gross receipts tax and franchise fees, but no more than \$75,000 from any individual customer to fund SPS's PY 2022 EE programs, consistent with Section 62-17-6(A)(1) of the EUEA. SPS's proposed EE Rider is applicable to all of SPS's New Mexico retail rate schedules, subject to the statutory cap and exemptions.

¹¹ Section 62-17-4(I) of the EUEA defines program costs as exclusive of any charges for incentives or the removal of regulatory disincentives.

29. SPS proposes to recover \$14,534,799 through its PY 2022 EE Rider, which reflects SPS's proposed PY 2022 EE program and administrative cost budget adjusted for the reconciliation of PY 2020 over-collections equaling \$1,727,016, per the EE Rule.

30. In addition to program and administrative costs, which account for 3.797 percent of the proposed funding level, SPS proposes to include in the proposed PY 2022 EE Rider: (i) an estimate of the PY 2021 and PY 2022 financial incentive, including a reconciliation of PY 2019 and PY 2020 incentives, which result in an estimated incremental total impact (above the 3.797 percent funding level) of 0.346 percent; and (ii) cost recovery of \$250,000 of the total cost of EE Potential Study, which result in an estimated incremental total impact (above the 3.797 percent funding level) of 0.065 percent.

31. In accordance with Section 62-17-6(A) of the EUEA and 17.7.2.13(B) NMAC, SPS proposes to recover its projected PY 2021 and PY 2022 incentives through the EE Rider.

32. The proposed PY 2022 EE Rider will remain in place until the effective date of the next Commission-approved tariff rider and is designed to recover PY 2022 program costs and incentives as approved in this case.

IX. MISCELLANEOUS MATTERS

33. In support of SPS's Application, SPS is concurrently filing the direct testimony of the following witnesses:

(a) Mark R. Schoenheider, whose testimony provides the following: (i) a summary of SPS's request for relief in this case; (ii) an introduction of SPS's other witnesses in the case; (iii) a description of SPS; (iv) a description of the compliance requirements under the EUEA, the Commission's EE Rule, and SPS's compliance with these applicable standards; (v) a description of the EE Potential Study and its conclusions; (vi) SPS's proposed EE savings goal for the years 2021 through 2025; (vii) a description of SPS's PY 2022 EE programs approved in the 2019 Triennial Plan as well as SPS's proposed changes to these programs, consistent with the recommendations of the EE Potential Study, and associated budgets; (viii) an explanation of the EUEA's use of the UCT to evaluate the cost-effectiveness of SPS's PY 2022 EE programs as modified; (ix) a description of the M&V process and expected costs associated with this process in PY 2022; and (x) SPS's proposal for a revised incentive calculation for SPS's EE efforts for PY 2022, including a description of the proposed incentive calculation changes and support for the reasonableness of the incentive calculation for PY 2022.

(b) Justin H. Adams, whose testimony supports and addresses: (i) the total kWh sales to New Mexico customers classes used to determine SPS's proposed EE savings goal under the EUEA, as amended in 2019; (ii) the calculation of SPS's PY 2022 EE Rider and projected customer bill impacts; (iii) recovery through the PY 2022 EE Rider of an incentive for spending and savings achieved as a result of SPS's PY 2022 EE programs; and (iv) recovery through the PY 2022 EE Rider of \$250,000 of the total

actual cost of completing the EE Potential Study ordered in the Certification of Stipulation of SPS's 2019 Triennial Plan.

34. SPS will serve a copy of this Application, and the supporting direct testimonies on the parties to SPS's most recent electric rate case (Case No. 19-00170-UT) and SPS's most recently approved energy efficiency and load management plan filing (Case No. 19-00140-UT).

35. Pursuant to the requirements of 17.1.2.10 NMAC, *Application for New Rates*, SPS is attaching the following documents to the Application:

(a) SPS's Proposed Notice to Customers, which will be published in newspapers of general circulation in SPS's service area and mailed to all SPS New Mexico retail customers (Exhibit A); and

(b) a copy of SPS's proposed Advice Notice, Table of Contents, and EE Rider (Exhibit B).

WHEREFORE, SPS requests that the Commission:

- (a) approve SPS's proposed revised EE savings goal for PY 2021 through 2025 under EUEA § 62-17-5(H);
- (b) approve revisions to SPS's approved PY 2022 EE program portfolio and associated budgets;
- (c) authorize SPS to apply the Commission's approval of the PY 2022 budget to the entirety of 2022, even if the Commission has not issued a final order in this case by December 31, 2021;
- (d) authorize SPS to recover 4.208 percent of customer bills in accordance with EUEA § 62-17-6(A)(1), but no more than \$75,000 from any individual customer, in accordance with EUEA § 62-17-6(A)(1) and to recover these costs through its EE Rider;

- (e) approve SPS's proposed methodology to calculate the financial incentive for PY 2021 and PY 2022;
- (f) approve recovery of a financial incentive for PY 2022 through SPS's EE Rider;
- (g) approve SPS's reconciliation of PY 2020 expenditures and collections;
- (h) authorize SPS to recover costs associated with the completion of an EE Potential Study over a two-year time period beginning in 2022; and
- (i) grant all other approvals, authorizations, and relief that may be required under the EUEA, the EE Rule, and PUA for SPS to implement the approved PY 2022 EE program portfolio and EE Rider.

Respectfully submitted,

/s/ Zoë E. Lees
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Attorneys for Southwestern Public Service
Company

EXHIBIT A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S SUBMITTAL)
OF ENERGY EFFICIENCY POTENTIAL)
STUDY PURSUANT TO FINAL ORDER IN)
CASE NO. 19-00140-UT AND)
CORRESPONDING REQUESTS FOR)
APPROVAL,)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
APPLICANT.)
CASE NO. 21-00_____-UT

NOTICE TO CUSTOMERS

NOTICE is given by the New Mexico Public Regulation Commission ("Commission") of the following:

1. On July 15, 2021, Southwestern Public Service Company ("SPS") submitted its Energy Efficiency Potential Study ("EE Potential Study") filing pursuant to the Final Order in Case No. 19-00140-UT, which includes requests for approval of its modified Energy Efficiency Plan for Plan Year ("PY") 2022 and for approval of, and authorization to, recover its 2022 Plan costs through a proposed Energy Efficiency tariff rider ("EE Rider"). Specifically, SPS's filing requests that the Commission issue an order granting the following relief:

- (a) approve SPS's proposed revised energy efficiency ("EE") savings goal for PYs 2021 through 2025 Section 62-17-5(H) of the New Mexico Efficient Use of Energy Act, (NMSA 1978, Sections 62-17-1 through 62-17-11, "EUEA");
- (b) approve revisions to SPS's approved PY 2022 EE program portfolio and associated budgets;
- (c) authorize SPS to apply the Commission's approval of the PY 2022 budget to the entirety of 2022, even if the Commission has not issued a final order in this case by December 31, 2021;
- (d) authorize SPS to recover 4.208 percent of customer bills, but no more than \$75,000 from any individual customer, in accordance with EUEA § 62-17-6(A)(1) and to recover these costs through its EE Rider;

- (e) approve SPS's proposed methodology to calculate the financial incentive for PYs 2021 and PY 2022;
- (f) approve recovery of a financial incentive for PY 2022 through SPS's EE Rider;
- (g) approve SPS's reconciliation of PY 2020 expenditures and collections;
- (h) authorize SPS to recover costs associated with the completion of an EE Potential Study over a two-year time period beginning in 2022; and
- (i) grant all other approvals, authorizations, and relief that may be required under the EUEA, the Commission's Energy Efficiency Rule (17.7.2 NMAC, "EE Rule"), and the New Mexico Public Utility Act (NMSA 1978, Sections 62-3-1 et seq., "PUA") for SPS to implement the approved PY 2022 EE program portfolio and EE Rider.

2. SPS's modified 2022 Plan proposes seven (7) Residential Segment (including Low-Income) programs, one (1) Business Segment program, and a Planning and Research Segment.

3. The EUEA allows a utility that undertakes cost-effective energy efficiency programs to recover its prudent and reasonable costs, along with Commission-approved incentives for demand-side resources through an approved tariff rider or in base rates. Accordingly, SPS proposes to recover \$14,534,799 in program and administrative costs budgeted for PY 2022, subject to future reconciliation of actual expenditures and collections. SPS has included in the proposed PY 2022 program and administrative cost budget the reconciliation of PY 2020 over-collections equaling \$1,727,016, per the Commission's EE Rule.

4. SPS proposes to calculate the 2022 EE Rider based on a range of three to five percent of total customer bills, or \$75,000 per customer per calendar year, whichever is lower, in accordance with the EUEA and the Commission's EE Rule. SPS proposes to implement the 2022 EE Rider on the later of January 1, 2022 or the first full billing month following Commission approval of this docket and SPS's filing of the advice notice.

5. The EE Rider rates are assessed on a percentage-of-bill basis. The following tables compare the present bill and anticipated bill for a customer receiving service under each affected customer class and for the indicated levels of consumption:

Residential Service

Consumption Level	Winter Months		Summer Months	
	Present	Proposed	Present	Proposed
0 kWh	\$9.90	\$10.00	\$9.90	\$10.00
250 kWh	\$32.75	\$33.09	\$36.15	\$36.53
500 kWh	\$55.59	\$56.18	\$62.40	\$63.06
750 kWh	\$78.44	\$79.27	\$88.65	\$89.59
900 kWh	\$92.15	\$93.12	\$104.40	\$105.50
1000 kWh	\$101.28	\$102.36	\$114.90	\$116.11
2000 kWh	\$192.67	\$194.71	\$219.90	\$222.23

Small General Service

Consumption Level	Winter Months		Summer Months	
	Present	Proposed	Present	Proposed
0 kWh	\$15.78	\$15.94	\$15.78	\$15.94
250 kWh	\$34.67	\$35.03	\$37.28	\$37.67
500 kWh	\$53.56	\$54.12	\$58.78	\$59.40
750 kWh	\$72.45	\$73.21	\$80.28	\$81.13
1000 kWh	\$91.34	\$92.30	\$101.79	\$102.86
2000 kWh	\$166.89	\$168.66	\$187.80	\$189.78

Secondary General Service

Consumption Level	Winter Months		Summer Months	
	Present	Proposed	Present	Proposed
12 kW; 1500kWh	\$275.21	\$278.13	\$315.18	\$318.52
35 kW; 7500 kWh	\$834.041	\$842.86	\$950.61	\$960.67
35 kW; 15000 kWh	\$1,054.37	\$1,065.53	\$1,170.95	\$1,183.33
100 kW; 30000 kWh	\$2,576.17	\$2,603.43	\$2,909.24	\$2,940.02

Primary General Service

Consumption Level	Winter Months		Summer Months	
	Present	Proposed	Present	Proposed
12kW; 1500 kWh	\$265.60	\$264.24	\$303.96	\$307.17
35 kW; 7500 kWh	\$780.33	\$788.09	\$892.21	\$901.65
35 kW; 1500 kWh	\$964.23	\$973.83	\$1,076.11	\$1,087.50
100 kW; 30000 kWh	\$2,370.94	\$2,394.53	\$2,690.60	\$2,719.07

Large General Service Transmission (69 kV) *

Consumption Level	Winter Months		Summer Months	
	Present	Proposed	Present	Proposed
800 kW; 500000 kWh	\$21,505.88	\$21,733.41	\$23,262.99	\$23,509.12
1500 kW; 1000000 kWh	\$39,277.96	\$39,693.53	\$42,638.44	\$43,089.57
6100 kW; 4000000 kWh	\$154,748.05	\$156,320.36	\$168,414.00	\$169,573.22
12200 kW; 8000000 kWh	\$305,265.86	\$305,265.86	\$331,771.58	\$331,771.58

* Section 17.7.2.8(C)(1) of the Energy Efficiency Rule establishes funding for program costs for investor-owned electric utilities at three percent of customer bills or \$75,000 per year, whichever is less.

6. SPS’s Application also includes a request for an annual incentive for PYs 2021 and 2022 that is based on a percentage of spend. SPS proposes to recover its projected PYs 2021 and 2022 incentives through a separate charge under its approved PY 2022 EE concurrent with its PY 2022 program cost recovery, subject to reconciliation in 2023.

7. Consistent with the EUEA and EE Rule, SPS proposes to reconcile authorized EE expenditures and collections, including utility incentive amounts, on an annual basis and report this annual reconciliation, as well as plan year and expected plan budget adjustments, in its Annual Report filed with the Commission. SPS proposes to annually file an advice notice, amended tariff, and supporting documentation regarding the annual incentive reconciliation.

8. For illustrative purposes, SPS has calculated the following annual incentive and associated rate for PYs 2021 and 2022 based on projected program costs and the value of energy estimated to be saved over the lifetime of the measures installed through its annual energy portfolio:

Year	Financial Incentive (\$)	Financial Incentive Percentage of Bill <i>(incremental to the program cost funding level)</i>
2021	\$628,586	0.146%
2022	\$857,553	0.200%

9. SPS’s Application also includes a request to recover the costs to perform an EE Potential Study, in accordance with Section 62-17-6(C) of the EUEA and 17.7.2.13(C) NMAC. SPS proposes to recover \$250,000 of the costs in 2022 and the remaining actual costs in 2023.

10. For illustrative purposes, SPS has calculated the 2022 bill impact of the EE Potential Study 0.065%.

11. If SPS’s Application is approved, SPS will implement a PY EE Rider charge of 4.208%, which is comprised of: (1) 3.797% for SPS’s 2022 EE Plan costs; (2) 0.346% for SPS’s PYs 2021 and 2022 energy efficiency incentive; and (3) 0.065% for SPS’s EE Potential Study.

12. SPS's proposed rate changes are for informational purposes only and the final rate design may vary the rates ultimately charged to each class.

13. The Commission has assigned Case No. 21-00 _____-UT to this case and all inquiries or written comments concerning this case should refer to that case number.

14. By order issued in this case on _____, 2021, the Hearing Examiner has established the following procedural schedule and requirements for this case:

- A. Any person desiring to intervene to become a party ("intervenor") to this case must file a motion for leave in conformity with NMPRC Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before _____, 2021. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record.
- B. A settlement meeting between and among the parties to this case shall be held on _____ at a location to be determined.
- C. The Commission's Utility Division Staff shall, and any intervenor may, file direct testimony on or before _____, 2021 alternatively, a stipulation may be filed on or before _____, 2021.
- D. Any rebuttal testimony or testimony in support of a stipulation shall be filed on or before _____, 2021.
- E. A public hearing will be held beginning at _____ on _____, 2021, commencing at _____ m. MST and continuing as necessary through _____, 2021. The hearing may be held in person or via videoconferencing, depending on the pandemic restrictions in effect at the time.

15. The Commission's Rules of Procedure found at 1.2.2 NMAC will apply to this case unless modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and are available online at the official NMAC website <http://www.srca.nm.gov/nmac-home/>.

16. Any interested person may appear at the time and place of hearing and make oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Public comments should be limited to 3 minutes per speaker. All such comments will not be considered as evidence in this case.

17. Interested persons may also submit written comments, which shall reference NMPRC Case No. 21-_____-UT, to the Commission via its Records Bureau's email address at prc.records@state.nm.us. However, as noted above, pursuant to 1.2.2.23(F) NMAC, comments will not be considered as evidence in this proceeding.

18. Any interested person may examine SPS's Application exhibits and related papers filed in this case on the Commission's website at <https://edocket.nmprc.state.nm.us>; or at the offices of SPS, 111 E. Fifth Street, Roswell, New Mexico, telephone (505) 625-5499 and 790 S. Buchanan Street, Amarillo, Texas, telephone (806) 378-2416.

20. Further information concerning this case may be obtained by contacting the Commission above or by contacting:

Southwestern Public Service Company
Jeff Comer, Regulatory Case Specialist
790 S. Buchanan,
Amarillo, Texas 79101
806.378-2416

21. Anyone filing pleadings, documents or testimony in this case shall serve copies thereof on all parties of record and the Commission Staff via e-mail as required by the Commission or the Hearing Examiner. Any such filings shall also be sent to the Hearing Examiner at _____ and shall include versions created in Microsoft Word if available. Any such filings shall be e-mailed on the date they are filed with the Commission.

22. Anyone filing pleadings, testimony, and other documents in this case shall, until further notice, comply with the Commission's Electronic Filing Policy, as amended from time to time. This includes electronic filings by emailing in pdf format, with electronic signatures, to prc.records@state.nm.us within regular business of the due date in order to be considered as being timely filed. Documents received after regular business hours will be considered as being filed the next business day. Regular business hours are from 8:00 A.M. to 5:00 P.M. MT.

23. 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 at (505) 690-4191 for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

24. Any person filing prepared testimony under 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath. No person shall testify at the hearing unless that person has pre-filed testimony.

25. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's _____ 2021 Procedural Order.

26. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico on this ____ day of _____ 2021.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

ADVICE NOTICE NO. 299

July 15, 2021

**NEW MEXICO PUBLIC REGULATION COMMISSION
OF THE STATE OF NEW MEXICO**

Southwestern Public Service Company hereby gives notice to the public and the Commission of the filing of its Energy Efficiency Rider with an effective date of August 14, 2021.

Rate No.	Title of Sheet	Canceling Rate No.	Effective Date
One Hundred Fifteenth Rev	Table of Contents – Electric Rate Schedules	One Hundred Fourteenth	August 14, 2021
Seventeenth Rev 44	Energy Efficiency Rider	Sixteenth Rev 44	August 14, 2021

SOUTHWESTERN PUBLIC SERVICE COMPANY

/s/ William A. Grant

William A. Grant

Regional Vice President – Rates & Regulatory Affairs

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

**ONE HUNDRED FIFTEENTH REVISED TABLE OF CONTENTS
 CANCELING ONE HUNDRED FOURTEENTH REVISED TABLE OF CONTENTS
 ELECTRIC RATE SCHEDULES**

X
X

<u>Rate No.</u>	<u>Title</u>	<u>Territory</u>
		Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
1	Residential Service	
3	Irrigation Power Service	
4	Purchases from Qualifying Facility	
6	Small General Service	
13	Primary General Service	
14	Municipal Street Lighting Service	
16	Large Municipal and School Service	
26	Miscellaneous Service Charges	
27	SLCA Integrated Projects Energy Rider	Cannon AFB, Clovis
28	Area Lighting Service	
31	Photovoltaic Water Pumping Systems	

299	X
Advice Notice No.	
<i>/s/ William A. Grant</i>	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

ONE HUNDRED FIFTEENTH REVISED TABLE OF CONTENTS X
CANCELING ONE HUNDRED FOURTEENTH REVISED TABLE OF CONTENTS X
ELECTRIC RATE SCHEDULES

<u>Rate No.</u>	<u>Title</u>	<u>Territory</u>
		Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
33	Renewable Energy Rate Rider	
34	Large General Service - Transmission	
39	Residential Heating Service	
40	Secondary General Service	
42	Small Municipal and School Service	
44	Energy Efficiency Rider	X
52	Small Solar Distributed Generation Program	
53	Medium Solar Distributed Generation Program	
54	Large Solar Distributed Generation Program	
57	Small SDG-REC Purchase Program	
58	Medium SDG-REC Purchase Program	
62	3 rd Party Small Solar Distributed Generation Program	

299	X
Advice Notice No.	
/s/ William A. Grant	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

ONE HUNDRED FIFTEENTH REVISED TABLE OF CONTENTS X
CANCELING ONE HUNDRED FOURTEENTH REVISED TABLE OF CONTENTS X
ELECTRIC RATE SCHEDULES

Page 3 of 4

<u>Rate No.</u>	<u>Title</u>	<u>Territory</u>
		Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
63	3 rd Party Medium Solar Distributed Generation Program	
64	3 rd Party Large Solar Distributed Generation Program	
65	3 rd Party Small Biomass Distributed Generation Program	
66	3 rd Party Medium Biomass Distributed Generation Program	
70	Renewable Portfolio Cost Rider	
72	Fuel and Purchased Power Cost Adjustment Clause	
73	General Service – Time of Use Rate	
76	Solar*Connect Community Rate Rider	
77	RPS Reconciliation Rider	
78	Electric Vehicle Infrastructure Rider	
79	Electric Vehicle Charging Equipment Rider	
80	Electric Vehicle Charging Optimization Credit	
81	Public Electric Vehicle Charging Service	
82	Resiliency Service	

299	X
Advice Notice No.	
<i>/s/ William A. Grant</i>	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

**ONE HUNDRED FIFTEENTH REVISED TABLE OF CONTENTS
CANCELING ONE HUNDRED FOURTEENTH REVISED TABLE OF CONTENTS
ELECTRIC RATE SCHEDULES**

**X
X**

Page 4 of 4

<u>No.</u>	<u>Title</u>	<u>Territory</u>
		Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
83	Grid Modernization Rider	
84	Renewable Performance Rider	

299	X
Advice Notice No.	
<i>/s/ William A. Grant</i>	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTEENTH REVISED RATE NO. 44
CANCELING SIXTEENTH REVISED RATE NO. 44

X
X

ENERGY EFFICIENCY RIDER

X

Page 1 of 2

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

TERRITORY: Area served by the Company in New Mexico.

RIDER: For the 2022 Plan Year, there shall be included on each non-exempt customer’s bill an Energy Efficiency charge, which shall be calculated by multiplying all of the Company’s utility charges (including the service availability charge, energy charge, the fuel and purchased power cost adjustment clause charge, and where applicable, the demand charge and other authorized charges), except gross-receipt taxes and franchise fees, by a percentage equal to 4.208 percent. The 4.208% is comprised of: (1) 3.797% for SPS’s 2022 Energy Efficiency Plan costs, (2) 0.346% for SPS’s 2021 and 2022 energy efficiency incentive, and (3) 0.065% for \$250,000 of the EE Potential Study.

X
X
X
X

For customer accounts granted exemption for self-direct programs as described below, the Energy Efficiency Rider percentage shall be reduced by seventy percent.

ANNUAL RECONCILIATION OF AUTHORIZED ENERGY EFFICIENCY INCENTIVES:
Upon the filing of SPS’s annual application and annual report in compliance with the Commission’s Energy Efficiency Rule (17.7.2 NMAC), SPS will also file the calculation of incentives earned as authorized by Sections 62-17-5(F) and 62-17-6(A) of the Efficient Use of Energy Act; and revenue received through the Energy Efficiency Rider for collection of incentives. SPS is authorized to reconcile the difference between Energy Efficiency Rider collections for incentive(s) and the actual incentive(s) earned

In support of the reconciliation of the difference between Energy Efficiency Rider collections for incentive(s) and the actual incentive(s) earned SPS will also provide: (1) an Advice Notice and the proposed Energy Efficiency Rider to allow the amounts to be reconciled; and (2) affidavits, exhibits, and/or other support for the Advice Notice and the amount to be reconciled.

INTEREST ON OVER AND UNDER RECOVERY: In accordance with section 62-13-13 NMSA 1978 of the Public Utility Act, SPS will use the interest rate set by the NMPRC each January used for calculating interest on customer deposits, to calculate the monthly carrying charges on the over or under recovery balance.

299

X

Advice Notice No.

/s/ William A. Grant

REGIONAL VICE PRESIDENT – RATES &
REGULATORY AFFAIRS

EXHIBIT B

SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTEENTH REVISED RATE NO. 44
CANCELING SIXTEENTH REVISED RATE NO. 44

X
X

ENERGY EFFICIENCY RIDER

X

Page 2 of 2

STATUTORY CAPS: Funding for program costs for investor-owned electric utilities shall be three percent of customer bills, excluding gross receipts taxes and franchise and right-of-way access fees, or seventy-five thousand dollars (\$75,000) per customer per calendar year, whichever is less, for customer classes with the opportunity to participate. Customer means a utility customer at a single, contiguous field, location or facility, regardless of the number of meters at that field, location or facility.

DETERMINATION OF ENERGY EFFICIENCY RIDER EXEMPTION: As described in 17.7.2.11 NMAC, a large customer shall receive an exemption from paying seventy percent of the Energy Efficiency Rider if the customer demonstrates to the reasonable satisfaction of the utility or self-direct program administrator that it has exhausted all cost-effective energy efficiency measures in its facility (or group if facilities are aggregated in order to qualify). A determination of exemption shall be valid for 24 months. After the 24 months, a customer may request approval for exemption again by demonstrating that it has exhausted all cost-effective energy efficiency measures in its facility or facilities.

CREDITS FOR SELF-DIRECT PROGRAMS: Credits for self-direct programs may be used to offset up to seventy percent of the tariff rider until the credit is exhausted. Any credit that is not fully utilized in the year it is received shall carry over to subsequent years. Credits will be granted if the customer demonstrates to the reasonable satisfaction of the utility or self-direct program administrator that it has implemented a self-direct energy efficiency program and demonstrated its actual costs.

Effective Date:

299

X

Advice Notice No.

/s/ William A. Grant

REGIONAL VICE PRESIDENT – RATES &
REGULATORY AFFAIRS