BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR AUTHORIZATION TO IMPLEMENT GRID MODERNIZATION COMPONENTS THAT INCLUDE ADVANCED METERING INFRASTRUCTURE AND RECOVER THE ASSOCIATED COSTS THROUGH A RIDER, ISSUANCE OF RELATED ACCOUNTING ORDERS, AND OTHER ASSOCIATED RELIEF,	)	**Case No. 21-00XXX-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

DIRECT TESTIMONY

of

STEPHANIE N. NIEMI

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

June 4, 2021

Case No. 21-00XXX-UT
Direct Testimony
of
Stephanie N. Niemi

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
ADIT	Accumulated Deferred Income Taxes
AMI	Advanced Metering Infrastructure
Commission	New Mexico Public Regulation Commission
FAN	Field Area Network
FERC	Federal Energy Regulatory Commission
FSLIR	Fault Location, Isolation, and Service Restoration
GMR	Grid Modernization Rider
O&M	Operation and Maintenance
PSCo	Public Service Company of Colorado
PUCT	Public Utility Commission of Texas
SPS	Southwestern Public Service Company, a New Mexico corporation
WACC	Weighted Average Cost of Capital
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services

Case No. 21-00XXX-UT
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LIST OF ATTACHMENTS

Attachment	**Description**
SNN-1	Grid Modernization Rider Revenue Requirement – 2022 through 2025 (two-year recovery of legacy meters)
SNN-2	Grid Modernization Rider Revenue Requirement – 2022 through 2025 (ten-year amortization of legacy meters)

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Stephanie N. Niemi. My business address is 1800 Larimer Street, Denver, Colorado 80202.

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

A. I am filing testimony on behalf of Southwestern Public Service Company, a New Mexico corporation ("SPS"), and wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy").

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

A. I am employed by Xcel Energy Services Inc. ("XES"), the service company subsidiary of Xcel Energy, as Manager of Revenue Analysis.

Q. Please briefly outline your responsibilities as Manager of Revenue Analysis.

A. I provide project supervision and technical expertise for jurisdictional cost of service studies, revenue requirement determinations, and related projects for the Xcel Energy Operating Companies.[1]

[1] The Operating Companies are Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation ("PSCo"); and SPS.

Q. Please describe your educational background.

A. I graduated from University of Northern Colorado in 2006 with a Bachelor's degree in Business Administration, with an emphasis in Finance and Management.

Q. Please describe your professional experience.

A. From 2008 through 2015, I worked for a municipal water utility in the Denver area, Denver Water. While at Denver Water, in my progression to a senior level rate analyst, I gained an extensive knowledge of utility operations from long-term financial planning and budgeting through rate design. I was involved in implementing an improved cost-of-service methodology that ensured an equitable distribution of costs, while maintaining predictability and transparency. I performed extensive analysis as Denver Water undertook transitioning to a new, more impartial conservation-based rate design. Throughout these changes to cost-of-service and rate design, I was responsible for communication and outreach to citizens committees, retail and wholesale entities, and the Board of Water Commissioners. In 2015, I joined XES as a Principal Rate Analyst and assumed my current role in May 2020.

Q. Have you filed testimony before any regulatory authorities?

A. Yes. I have filed testimony before New Mexico Public Regulation Commission ("Commission") in Case No. 20-00238-UT, before the Public Utility Commission of Texas in Docket No. 51802, and before the Federal Energy Regulatory Commission ("FERC") in Docket No. ER18-228-000.

II. PURPOSE AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to present SPS's annual revenue requirement associated with the implementation of certain grid modernization projects, which SPS proposes to recover through its proposed Grid Modernization Rider ("GMR"). Specifically, I present the 2022 revenue requirement forecast that contains grid modernization capital in service, as well as, operations and maintenance ("O&M") costs through the end of 2022, which SPS is requesting that the Commission approve in this proceeding. I present current estimates of revenue requirements for 2023 through 2025 for illustrative purposes, to depict the current anticipated scope of annual GMR costs. I also describe how the GMR annual revenue requirement will be updated and adjusted over the course of the GMR, explain what components of revenue requirements SPS is proposing to include in the GMR, and describe the GMR true-up process.

Q. Are you sponsoring any attachments as part of your direct testimony?

A. Yes, I am sponsoring Attachments SNN-1 and SNN-2, which were prepared by me or under my direct supervision. The attachments are as follows:

- Attachment SNN-1: GMR Revenue Requirement – 2022 through 2025, which includes recovery of SPS's legacy meters over two years; and
- Attachment SNN-2: GMR Revenue Requirement – 2022 through 2025, which includes a ten-year amortization of SPS's legacy meters.

Q. What are your recommendations?

A. I recommend that the Commission:

- approve SPS's forecasted 2022 grid modernization revenue requirement to be recovered through the GMR;
- approve cost recovery through the GMR of amounts incurred to support the grid modernization projects that SPS seeks to include in the GMR; and
- approve SPS's proposed rider reconciliation process.

III. GMR REVENUE REQUIREMENT CALCULATION AND TRUE-UP

Q. What is the purpose of this portion of your direct testimony?

A. In this section, I present the anticipated 2022-2025 revenue requirements associated with the implementation of certain grid modernization projects. Specifically, Attachment SNN-1 presents the revenue requirement for 2022-2025 that includes recovery of SPS's remaining investment in its legacy meters over two years, and Attachment SNN-2 presents the revenue requirement for 2022-2025 that includes recovery of SPS's remaining investment in its legacy meters through a regulatory asset amortized over ten years. SPS witness Mark P. Moeller discusses the reasons for these two periods.

Q. Please describe the rider SPS is proposing.

A. SPS's proposed GMR will work similarly to other currently effective riders, such as the Renewable Energy and Energy Efficiency Riders. The significant difference between these riders and the GMR is that the GMR will recover capital costs as well as O&M costs. SPS proposes to implement the rider beginning on January 1, 2022 and to recover costs associated with the grid modernization components through the GMR over the useful lives of the assets. The proposed rider will utilize forecasted information to calculate a projected revenue requirement, which is then charged for the upcoming year. On October 1 of each year, SPS will file the projected revenue requirement and rates with the Commission. Once the year is completed, the projected revenue requirement will be trued-up to actual costs and SPS will file the true-up on August 1 of each year. The true-up will also reconcile projected revenue to actual revenue. Any true-up amounts will be included in the October 1 filing as an adjustment to the projected revenue requirement.

A. Component Costs Included in Revenue Requirement

Q. What component costs are included in the GMR annual revenue requirement?

A. The GMR includes eligible capital investment and O&M costs for grid modernization components that include Advanced Metering Infrastructure ("AMI"), the Field Area Network ("FAN"), and Fault Location, Isolation, and Service Restoration ("FLISR"). SPS witness Richard M.Luth discusses the customer classes subject to the GMR, and SPS witnesses Chad S. Nickell and Michael O. Remington discuss eligible projects and project costs in detail in their direct testimonies. The costs associated with the implementation of AMI, FAN, and FLISR are primarily distribution-related, general and software costs (intangible plant).

Q. What capital investment is SPS including in its forecasted revenue requirement?

A. The capital costs include plant in service, accumulated depreciation, accumulated deferred income taxes ("ADIT"), and depreciation expense.

Q. What O&M costs are included in the GMR?

A. The O&M expenses included in the revenue requirement are external costs not already reflected in SPS's base rates. No internal labor costs have been included at this time, as they are already reflected in base rates.

B. Revenue Requirement Calculation

Q. What are the components of the revenue requirement calculation for SPS's GMR?

A. The GMR annual revenue requirement includes a return on capital investments, equal to SPS's weighted average cost of capital ("WACC"), and the plant-related ownership costs associated with such investments, including depreciation and amortization, ADIT, and income tax expense. Incremental O&M expenses are also included in the GMR annual revenue requirement. The capital costs included in rate base will use a plant ending balance methodology, as the adjustment is calculated using a forecasted test year with a true-up.

Also, the GMR annual revenue requirement will include two additional amounts: (1) a charge for any amounts credited to PSCo, which is providing shared assets that will be used by SPS; and (2) accelerated depreciation or the regulatory asset associated with recovery of SPS's remaining investment in its legacy meters. I describe these two additional amounts later in my direct testimony.

Q. What is SPS proposing to use as the cost of capital in the GMR?

A. The capital recovered in this rider is included in the revenue requirement through the return and depreciation expense components of the revenue requirement. In order to calculate the return component, a WACC is necessary. SPS is proposing to use the WACC approved in its most recently completed rate case. The currently-approved WACC is 7.19%, which was approved in Case No. 19-00170-UT. That WACC is based on a return on equity of 9.45%, a cost of debt of 4.44%, and a capital structure consisting of 54.77% equity and 45.23% debt. To the extent that the approved WACC changes during the GMR horizon, SPS will reflect the currently-approved WACC in the GMR. The WACC is then applied to total rate base to develop the return component.

Q. How is income tax expense calculated in the GMR revenue requirement?

A. Income tax expense is calculated by starting with the required earnings and then subtracting synchronized interest expense and adding taxable temporary additions/deductions (these are also known as "Schedule M items") to arrive at taxable income. The state and federal income tax rates are then applied to the taxable income to arrive at the current income tax expense. Deferred income tax expense is added to arrive at total tax expense. The federal income tax rate reflects the 21 percent rate effective January 1, 2018, with the enactment of the Tax Cuts and Jobs Act. The state income tax rate reflects the 1.41 percent New Mexico state income tax rate.

Q. How are the GMR costs assigned to the New Mexico retail jurisdiction?

A. For 2022 and subsequent years, SPS is proposing to use the Base Period jurisdictional allocators proposed in Case No. 20-00238-UT. After the costs are quantified, it is necessary to assign or allocate them among SPS's rate jurisdictions. Some are allocated to all three jurisdictions (New Mexico, Texas, Wholesale); some are allocated to just the two retail jurisdictions; and other balances are directly assigned to a single jurisdiction.

The SPS model uses two types of allocators—fundamental and derived. The fundamental allocators, which were developed by Mr. Luth in Case No. 20-00238-UT, include the demand, energy, and customer allocation factors. The other allocators are derived within the cost of service model based on the use of the fundamental allocators. The jurisdictional allocation factors are shown on Attachments SNN-1 and SNN-2.

All distribution capital-related items are direct assigned to New Mexico because the asset is solely benefiting New Mexico customers. All general and intangible capital related items are allocated using the Customer Retail allocation because AMI, FAN, and FLISR do not benefit wholesale customers and are used solely to serve retail customers. Because the wholesale jurisdiction does not benefit from AMI, FAN, and FLISR, the costs associated with those assets are allocated between only the retail jurisdictions served by SPS.

Q. Please describe the additional amounts included in the GMR annual revenue requirement presented in this case.

A. As previously noted, the GMR annual revenue requirement will include two additional amounts: 1) the cost associated with the shared asset owned by PSCo; and 2) the accelerated depreciation or regulatory asset associated with recovery of SPS's remaining investment in its legacy meters. I will discuss each of these in turn.

Q. Please discuss the shared asset cost.

A. As discussed in the Direct Testimony of Mr. Moeller, the AMI head-end software investment is owned by PSCo and recorded on PSCo's books. However, it will be used to support the initiatives of other Xcel Energy operating companies as they roll out AMI and is considered a shared asset. PSCo's costs of the AMI head-end software that will be charged to other Xcel Energy operating companies according to their share of the asset will include book depreciation, tax depreciation, related deferred taxes, removal cost recovery, property taxes, and PSCo's authorized return on investment or carrying costs. When these amounts are charged to the other Xcel Energy operating companies for the use of this asset, the shared asset credit is recorded to FERC Account 922, Administrative Expenses Transferred – Credit. Attachment MPM-3 to Mr. Moeller's direct testimony provides the estimated shared asset costs that are included in the GMR revenue requirement.

Q. Please discuss SPS's proposal to recover the remaining investment in its legacy meters.

A. As discussed by Mr. Moeller, SPS has not fully depreciated its current meters, referred to as "legacy meters," that will be replaced by AMI meters. Therefore, in order to recover the remaining value of these legacy meters, SPS proposes to recover its remaining investment over two years, or, in the alternative, include the remaining investment in a regulatory asset that is amortized over ten years. Mr. Moeller supports SPS's request, and these costs are estimated on Attachment MPM-4 to his direct testimony. As discussed by Mr. Moeller, the plant ending balance of SPS's unrecovered investment in the legacy meters is included in rate base and the annual expense is included in the GMR revenue requirement beginning in 2022.

C. GMR True-Up Process

Q. How will SPS adjust and update the GMR revenue requirement to ensure the GMR recovers the actual amount of eligible costs incurred?

A. The GMR will utilize forecasted information to calculate the next projected calendar year revenue requirement, which is then charged for the upcoming year. SPS proposes to revise its projected revenue requirement annually, with a filing to the Commission on or before October 1 to reflect the forecasted revenue requirement for the upcoming calendar year beginning on January 1. After the conclusion of each year the GMR is effective, an annual true-up will be used to reconcile the projected revenue requirement for the previous year to the actual revenue required for the same year. SPS proposes to make a true-up filing for each GMR year on or before August 1 of the following year. The true-up adjustment from that year would also be included in the subsequent October 1 forecasted revenue requirement.

Q. Can you provide an illustrative example of how this will work?

A. Yes. I will use 2022 as an example of how the true-up will work. For the purpose of this illustration, assume the 2022 projected revenue requirement is $20 million, the actual 2022 revenue requirement is $18 million, and actual 2022 collections are $19 million. Table SNN-2 provides details of this illustrative true-up example:

Table SNN-1
Illustrative Example

2022 Projected Revenue Requirement (A)	$20 million
2022 Actual Revenue Requirement (B)	$18 million
2022 Actual Revenue Collections (C)	$19 million
2022 Revenue Requirement True-Up (B) – (A)	($2 million)
2022 Revenue Collections True-Up (A) – (C)	$1 million
2022 Total True-Up – Over-collection	($1 million)

In this instance, the total true-up adjustment is an over-collection of $1 million. The difference between the projected revenue requirement and the actual revenue requirement is a $2 million over-collection. However, that is offset by the difference in projected collections versus actual collections. The projected rates were set with the goal of collecting $20 million. However, only $19 million was collected due to fewer actual billing determinants compared to the projected billing determinants used to set rates. The difference in billing determinants results in a $1 million under-collection, with the net being a $1 million over-collection.

This example calculation of the true-up of the 2022 GMR would occur in August 2023. The $1 million over-collection would then be included in the October 1, 2023 filing that presents the projected revenue requirement and rates to be charged in 2024. The 2024 revenue requirement would be reduced by the $1 million true-up adjustment from 2022.

Q. Is SPS proposing to include any interest or carrying costs on the true-up adjustment?

A. Yes. SPS is proposing to include a symmetrical carrying cost (interest) on the true-up adjustment balance, both over and under, based on the after tax WACC used to calculate the actual revenue requirement. The carrying cost will be calculated monthly by multiplying the monthly true-up adjustment by the after tax WACC, and then dividing by 12.

Q. Why is it reasonable to permit SPS to include carrying costs at the Commission-approved after-tax WACC?

A. Carrying costs are appropriate due to the timing in the application of the true-up balance to the GMR rates. That is, there will be a somewhat significant lag for the true-up of the GMR revenue requirement. For example, under SPS's proposal, the 2022 true-up will be calculated and reviewed in 2023 and then collected/returned in 2024. This results in a two-year difference between when the true-up is first calculated and when it is included in the GMR rates. Accordingly, reasonable carrying charges (which are symmetrical between SPS and its customers) recognize the time value of money to both SPS and its customers.

Q. How will the revenues from opt-out customers be handled?

A. SPS is proposing to credit back any revenues associated with customers chosing to opt-out of AMI metering in the true-up calculation included in the October 1 filing that presents the projected revenue requirement and rates to be charged in the following calendar year.

D. GMR Revenue Requirement

Q. Has SPS calculated an GMR revenue requirement for purposes of presenting its anticipated GMR costs?

A. Yes. Using the budget presented by Mr. Nickell and Mr. Remington, I have calculated the presently forecasted revenue requirement for each year of the plan. The revenue requirement for each of the years is presented in Attachments SNN-1 and SNN-2 and summarized below on Tables SNN-3 and SNN-4, respectively. At this time, SPS is requesting approval of the 2022 revenue requirement, which includes the shared asset credit and amortization of the deferred amounts as described above. The revenue requirements for the years 2022 through 2025 are provided for illustrative purposes, as SPS will request approval each year on an annual basis.

TABLE SNN-2
NEW MEXICO RETAIL ANNUAL GMR REVENUE REQUIREMENT - TWO-YEAR RECOVERY OF LEGACY METERS

	2022	2023	2024	2025
Rate Base	$25,339,355	$35,541,406	$28,977,374	$27,800,413
Rate of Return on Rate Base	7.19%	7.19%	7.19%	7.19%
Required Earnings	$1,821,900	$2,555,427	$2,083,473	$1,998,850
Total Income Tax Expense	$372,675	$522,721	$426,181	$408,871
Depreciation	$31,929	$766,437	$1,368,101	$1,531,043
O&M	$292,524	$1,067,885	$1,354,969	$813,183
Shared Asset	$124,224	$515,055	$706,806	$883,965
Recovery of Legacy Meter Investment	$9,767,985	$9,767,985	$0	$0
Total Revenue Requirement	$12,411,237	$15,195,510	$5,939,530	$5,635,912

TABLE SNN-3
NEW MEXICO RETAIL ANNUAL GMR REVENUE REQUIREMENT – TEN-YEAR AMORTIZATION OF LEGACY METERS

	2022	2023	2024	2025
Rate Base	$25,339,355	$43,355,794	$44,606,150	$41,475,592
Rate of Return on Rate Base	7.19%	7.19%	7.19%	7.19%
Required Earnings	$1,821,900	$3,117,282	$3,207,182	$2,982,095
Total Income Tax Expense	$372,675	$637,650	$656,039	$609,997
Depreciation	$31,929	$766,437	$1,368,101	$1,531,043
O&M	$292,524	$1,067,885	$1,354,969	$813,183
Shared Asset	$124,224	$515,055	$706,806	$883,965
Recovery of Legacy Meter Investment	$1,953,597	$1,953,597	$1,953,597	$1,953,597
Total Revenue Requirement	$4,596,849	$8,057,906	$9,246,694	$8,773,880

Q. You mentioned earlier that the GMR uses a calendar year Test Year. How is SPS proposing to recover the 2022 revenue requirement?

A. Since Section 62-8-13 authorizes the Commission to suspend a proposed tariff rider within 30 days and requires the Commission to issue a decision within 180 days thereafter, the 2022 revenue requirement is calculated based on the full calendar year. However, SPS will not start billing for the rider until after the applicable GMR tariff is approved by the Commission. In terms of the 2022 true-up calculation, the true-up adjustment will be included in the October 1, 2023 filing to be collected through the 2024 GMR.

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

A. Yes.

VERIFICATION

On this day, June 4, 2021, I, Stephanie N. Niemi, swear and affirm under penalty of perjury under the law of the State of New Mexico, that my testimony contained in Direct Testimony of Stephanie N. Niemi is true and correct.

/s/ Stephanie N. Niemi
STEPHANIE N. NIEMI

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Total Revenue Requirement
2022-25 Forecast

Line No.	Description	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	**Rate Base**								
2	Plant in Service	6,766,481	32,241,855	41,339,680	42,365,340	5,730,678	26,222,334	31,018,716	31,683,022
3	Less: Accumulated Reserve for Depreciation	(104,052)	458,798	2,194,763	4,414,413	(113,400)	243,325	1,550,392	3,081,434
4	Net Plant	6,870,534	31,783,058	39,144,917	37,950,927	5,844,078	25,979,010	29,468,325	28,601,588
5									
6	Accumulated Deferred Income Taxes	(58,531)	(323,027)	(878,932)	(1,574,764)	(40,693)	(205,588)	(490,951)	(801,175)
7									
8	Undepreciated Legacy Meter Balance	19,535,970	9,767,985	-	-	19,535,970	9,767,985	-	-
9									
10	Net Rate Base (ln 4 + ln 6 + ln 8)	26,347,972	41,228,016	38,265,985	36,376,163	25,339,355	35,541,406	28,977,374	27,800,413
11									
12	**Income Tax Expense**								
13	Net Rate Base	26,347,972	41,228,016	38,265,985	36,376,163	25,339,355	35,541,406	28,977,374	27,800,413
14	Rate of Return on Rate Base	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
15	Earnings before Interest	1,894,419	2,964,294	2,751,324	2,615,446	1,821,900	2,555,427	2,083,473	1,998,850
16									
17	Net Rate Base	26,347,972	41,228,016	38,265,985	36,376,163	25,339,355	35,541,406	28,977,374	27,800,413
18	Cost of Debt	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
19	Interest Expense	529,594	828,683	769,146	731,161	509,321	714,382	582,445	558,788
20									
21	Total Additions and Deductions for Taxes	(597,316)	(2,039,556)	(3,160,861)	(3,094,612)	(414,959)	(1,193,194)	(1,441,485)	(1,342,559)
22									
23	State Taxable Amount (ln 15 - ln 19 + ln 21)	767,509	96,055	(1,178,683)	(1,210,327)	897,620	647,851	59,543	97,502
24	State Income Tax Rate	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
25	State Income Taxes	10,822	1,354	(16,619)	(17,066)	12,656	9,135	840	1,375
26									
27	Net Federal Taxable Amount (ln 23 - ln 25)	756,687	94,701	(1,162,063)	(1,193,261)	884,963	638,717	58,703	96,128
28	Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
29	Federal Income Taxes	158,904	19,887	(244,033)	(250,585)	185,842	134,130	12,328	20,187
30									
31	Combined Tax Rate	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
32	Deferred Income Taxes (-ln 21 * ln 31)	132,090	451,025	698,990	684,339	91,764	263,862	318,769	296,892
33									
34	Total Income Taxes (ln 25 + ln 29 + ln 32)	301,816	472,267	438,337	416,689	290,262	407,127	331,936	318,454
35	Tax Gross Up Factor	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
36	Total Income Tax Expense (ln 34 * ln 35)	387,509	606,356	562,792	534,998	372,675	522,721	426,181	408,871
37									
38	**O&M and Depreciation Expenses**								
39	Operations & Maintenance Expense	955,323	3,438,729	4,392,566	3,104,271	416,748	1,582,941	2,061,775	1,697,148
40	Depreciation Expense	41,204	972,562	1,797,000	2,219,650	31,929	766,437	1,368,101	1,531,043

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Line No.	Description	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
41	Amortization Expense	9,767,985	9,767,985	-	-	9,767,985	9,767,985	-	-
42	Total Operating Expense (ln 39 + ln 40)	10,764,512	14,179,276	6,189,565	5,323,921	10,216,662	12,117,362	3,429,876	3,228,191
43									
44	Return on Rate Base (ln 15)	1,894,419	2,964,294	2,751,324	2,615,446	1,821,900	2,555,427	2,083,473	1,998,850
45									
46	GMR Revenue Requirement (ln 36 + ln 42 + ln 44)	13,046,440	17,749,926	9,503,682	8,474,365	12,411,237	15,195,510	5,939,530	5,635,912
47									
48	Previous Year Revenue Credit			-	-			-	-
49	Previous Year Actual Revenue Requirement[1]			17,749,926	9,503,682			15,195,510	5,939,530
50	True-Up Amount ((ln 48 + ln 49) - ln 46)			-	-			-	-
51									
52	Revenue Requirement Forecast with True Up (ln 46 + ln 50)	13,046,440	17,749,926	9,503,682	8,474,365	12,411,237	15,195,510	5,939,530	5,635,912

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Rev. Req. - AMI
2022-25 Forecast

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	Plant in Service									
2	Intangible (Software)	CUST-RET	-	1,635,857	4,886,987	5,037,154	-	511,320	1,527,528	1,574,466
3	Distribution	NM	5,259,704	21,427,373	21,846,416	21,846,416	5,259,704	21,427,373	21,846,416	21,846,416
4	Total Plant in Service		5,259,704	23,063,230	26,733,403	26,883,571	5,259,704	21,938,693	23,373,944	23,420,882
5										
6	Less: Accumulated Reserve for Depreciation less RWIP									
7	Intangible (Software)	CUST-RET	-	111,988	380,359	913,726	-	35,004	118,889	285,604
8	Distribution	NM	(117,650)	158,627	1,228,856	2,321,177	(117,650)	158,627	1,228,856	2,321,177
9	Total Accumulated Depreciation		(117,650)	270,615	1,609,215	3,234,903	(117,650)	193,631	1,347,745	2,606,780
10										
11	Net Plant (ln 4 - ln 9)		5,377,354	22,792,615	25,124,188	23,648,668	5,377,354	21,745,062	22,026,199	20,814,102
12										
13	Accumulated Deferred Income Taxes									
14	Intangible (Software)	CUST-RET	(4,879)	(25,551)	(128,337)	(334,102)	(1,525)	(7,986)	(40,114)	(104,430)
15	Distribution	NM	(32,582)	(142,903)	(274,211)	(364,519)	(32,582)	(142,903)	(274,211)	(364,519)
16	Total Accumulated Deferred Income Taxes		(37,462)	(168,454)	(402,548)	(698,621)	(34,107)	(150,890)	(314,326)	(468,949)
17										
18	Undepreciated Legacy Meter Balance		19,535,970	9,767,985	-	-	19,535,970	9,767,985	-	-
19										
20	**Net Rate Base (ln 11 + ln 16 + ln18)**		**24,875,863**	**32,392,145**	**24,721,640**	**22,950,047**	**24,879,217**	**31,362,157**	**21,711,873**	**20,345,152**
21										
22	**Income Tax Expense**									
23	Net Rate Base		24,875,863	32,392,145	24,721,640	22,950,047	24,879,217	31,362,157	21,711,873	20,345,152
24	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
25	Earnings before Interest		1,788,575	2,328,995	1,777,486	1,650,108	1,788,816	2,254,939	1,561,084	1,462,816
26										
27	Net Rate Base		24,875,863	32,392,145	24,721,640	22,950,047	24,879,217	31,362,157	21,711,873	20,345,152
28	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
29	Interest Expense		500,005	651,082	496,905	461,296	500,072	630,379	436,409	408,938
30										
31	Additions and Deductions for Taxes									
32	Intangible (Software)	CUST-RET	(56,972)	(229,490)	(790,708)	(1,063,976)	(17,808)	(71,732)	(247,152)	(332,568)
33	Distribution	NM	(332,042)	(717,908)	(462,148)	(340,561)	(332,042)	(717,908)	(462,148)	(340,561)
34	Total Additions and Deductions for Taxes		(389,014)	(947,399)	(1,252,856)	(1,404,537)	(349,850)	(789,640)	(709,300)	(673,129)
35										
36	State Taxable Amount (ln 25 - ln 29 + ln 34)		899,556	730,514	27,725	(215,725)	938,894	834,919	415,375	380,750
37	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
38	State Income Taxes		12,684	10,300	391	(3,042)	13,238	11,772	5,857	5,369
39										
40	Net Federal Taxable Amount (ln 36 - ln 38)		886,872	720,214	27,334	(212,683)	925,656	823,147	409,518	375,382
41	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
42	Federal Income Taxes		186,243	151,245	5,740	(44,663)	194,388	172,861	85,999	78,830
43										

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
44	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
45	Deferred Income Taxes (-ln 34 * ln 44)		86,026	209,507	277,055	310,598	77,365	174,620	156,854	148,855
46										
47	Total Income Taxes (ln 38 + ln 42 + ln 45)		284,953	371,052	283,186	262,893	284,991	359,254	248,710	233,054
48	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
49	Total Income Tax Expense (ln 47 * ln 48)		365,859	476,403	363,590	337,535	365,908	461,255	319,325	299,224
50										
51	Operations & Maintenance Expense									
52	Distribution	PISRET-DIST	227,108	1,914,403	1,667,842	495,036	84,286	710,483	618,978	183,720
53	Customer Accounts	CUST-RET	271,844	233,990	159,880	184,932	84,970	73,138	49,974	57,804
54	Customer Accounts (Shared Asset)	NM	124,224	515,055	706,806	883,965	124,224	515,055	706,806	883,965
55	Total Operations & Maintenance Expense		623,176	2,663,448	2,534,528	1,563,934	293,480	1,298,677	1,375,758	1,125,490
56										
57	Depreciation Expense									
58	Intangible (Software)	CUST-RET	-	111,988	268,371	533,367	-	35,004	83,885	166,715
59	Distribution	NM	27,712	643,991	1,081,845	1,092,321	27,712	643,991	1,081,845	1,092,321
60	Total Depreciation Expense		27,712	755,979	1,350,216	1,625,688	27,712	678,995	1,165,730	1,259,036
61										
62	Amortization Expense		9,767,985	9,767,985			9,767,985	9,767,985		
63										
64	Total Operating Expenses (ln 55 + ln 60 + ln 62)		10,418,872	13,187,412	3,884,744	3,189,622	10,089,176	11,745,657	2,541,488	2,384,526
65										
66	Return on Rate Base (ln 25)		1,788,575	2,328,995	1,777,486	1,650,108	1,788,816	2,254,939	1,561,084	1,462,816
67										
68	**Revenue Requirement Forecast (ln 49 + ln 64 + ln 66)**		**12,573,306**	**15,992,811**	**6,025,820**	**5,177,265**	**12,243,900**	**14,461,851**	**4,421,896**	**4,146,566**
69										
70	Previous Year Revenue Credit				-	-			-	-
71	Previous Year Actual Revenue Requirement[1]				12,573,306	15,992,811			12,243,900	14,461,851
72	True-Up Amount ((ln 70 + ln 71) - ln 68)				-	-			-	-
73										
74	Revenue Requirement Forecast with True Up (ln 68 + ln 72)		12,573,306	15,992,811	6,025,820	5,177,265	12,243,900	14,461,851	4,421,896	4,146,566

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Rev. Req. - FLISR
2022-25 Forecast

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	Plant in Service									
2	Distribution	NM	-	2,057,918	4,479,414	4,979,414	-	2,057,918	4,479,414	4,979,414
3	Total Plant in Service		-	2,057,918	4,479,414	4,979,414	-	2,057,918	4,479,414	4,979,414
4										
5	Less: Accumulated Reserve for Depreciation less RWIP									
6	Distribution	NM	-	(13,277)	28,544	154,160	-	(13,277)	28,544	154,160
7	Total Accumulated Depreciation		-	(13,277)	28,544	154,160	-	(13,277)	28,544	154,160
8										
9	Net Plant (ln 3 - ln 7)		-	2,071,195	4,450,871	4,825,255	-	2,071,195	4,450,871	4,825,255
10										
11	Accumulated Deferred Income Taxes									
12	Distribution	NM	-	(9,286)	(40,327)	(84,909)	-	(9,286)	(40,327)	(84,909)
13	Total Accumulated Deferred Income Taxes		-	(9,286)	(40,327)	(84,909)	-	(9,286)	(40,327)	(84,909)
14										
15	**Net Rate Base (ln 9 + ln 13)**		**-**	**2,061,909**	**4,410,544**	**4,740,345**	**-**	**2,061,909**	**4,410,544**	**4,740,345**
16										
17	**Income Tax Expense**									
18	Net Rate Base		-	2,061,909	4,410,544	4,740,345	-	2,061,909	4,410,544	4,740,345
19	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
20	Earnings before Interest		-	148,251	317,118	340,831	-	148,251	317,118	340,831
21										
22	Net Rate Base		-	2,061,909	4,410,544	4,740,345	-	2,061,909	4,410,544	4,740,345
23	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
24	Interest Expense		-	41,444	88,652	95,281	-	41,444	88,652	95,281
25										
26	Additions and Deductions for Taxes									
27	Distribution	NM	-	(90,449)	(197,547)	(205,349)	-	(90,449)	(197,547)	(205,349)
28	Total Additions and Deductions for Taxes		-	(90,449)	(197,547)	(205,349)	-	(90,449)	(197,547)	(205,349)
29										
30	State Taxable Amount (ln 20 - ln 24 + ln 28)		-	16,358	30,919	40,201	-	16,358	30,919	40,201
31	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
32	State Income Taxes		-	231	436	567	-	231	436	567
33										
34	Net Federal Taxable Amount (ln 30 - ln 32)		-	16,127	30,483	39,634	-	16,127	30,483	39,634
35	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
36	Federal Income Taxes		-	3,387	6,402	8,323	-	3,387	6,402	8,323
37										
38	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
39	Deferred Income Taxes (-ln 28 * ln 38)		-	20,002	43,685	45,411	-	20,002	43,685	45,411
40										
41	Total Income Taxes (ln 32 + ln 36 + ln 39)		-	23,619	50,523	54,301	-	23,619	50,523	54,301
42	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
43	Total Income Tax Expense (ln 41 * ln 42)		-	30,325	64,868	69,718	-	30,325	64,868	69,718

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
44										
45	Operations & Maintenance Expense									
46	Distribution	PISRET-DIST	-	241,794	744,369	648,980	-	89,736	276,254	240,853
47	Total Operations & Maintenance Expense		-	241,794	744,369	648,980	-	89,736	276,254	240,853
48										
49	Depreciation Expense									
50	Distribution	NM	-	28,721	91,239	125,616	-	28,721	91,239	125,616
51	Total Depreciation Expense		-	28,721	91,239	125,616	-	28,721	91,239	125,616
52										
53	Total Operating Expenses (ln 47 + ln 51)		-	270,515	835,608	774,596	-	118,457	367,493	366,469
54										
55	Return on Rate Base (ln 20)		-	148,251	317,118	340,831	-	148,251	317,118	340,831
56										
57	**Revenue Requirement (ln 43 + ln 53 + ln 55)**		**-**	**449,092**	**1,217,594**	**1,185,145**	**-**	**297,034**	**749,479**	**777,018**
58										
59	Previous Year Revenue Credit				-	-			-	-
60	Previous Year Actual Revenue Requirement[1]				-	449,092			-	297,034
61	True-Up Amount ((ln 59 + ln 60) - ln 57)				-	-			-	-
62										
63	Revenue Requirement Forecast with True Up (ln 57 + ln 61)		-	449,092	1,217,594	1,185,145	-	297,034	749,479	777,018

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Rev. Req. - FAN
2022-25 Forecast

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	Plant in Service									
2	General	CUST-RET	1,506,777	7,120,708	10,126,863	10,502,355	470,974	2,225,723	3,165,358	3,282,726
3	Total Plant in Service		1,506,777	7,120,708	10,126,863	10,502,355	470,974	2,225,723	3,165,358	3,282,726
4										
5	Less: Accumulated Reserve for Depreciation less RWIP									
6	General	CUST-RET	13,598	201,460	557,005	1,025,351	4,250	62,970	174,103	320,494
7	Total Accumulated Depreciation		13,598	201,460	557,005	1,025,351	4,250	62,970	174,103	320,494
8										
9	Net Plant (ln 3 - ln 7)		1,493,179	6,919,248	9,569,858	9,477,004	466,724	2,162,753	2,991,255	2,962,232
10										
11	Accumulated Deferred Income Taxes									
12	General	CUST-RET	(21,070)	(145,286)	(436,056)	(791,234)	(6,586)	(45,412)	(136,298)	(247,316)
13	Total Accumulated Deferred Income Taxes		(21,070)	(145,286)	(436,056)	(791,234)	(6,586)	(45,412)	(136,298)	(247,316)
14										
15	**Net Rate Base (ln 9 + ln 13)**		**1,472,110**	**6,773,962**	**9,133,802**	**8,685,770**	**460,138**	**2,117,340**	**2,854,957**	**2,714,915**
16										
17	**Income Tax Expense**									
18	Net Rate Base		1,472,110	6,773,962	9,133,802	8,685,770	460,138	2,117,340	2,854,957	2,714,915
19	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
20	Earnings before Interest		105,845	487,048	656,720	624,507	33,084	152,237	205,271	195,202
21										
22	Net Rate Base		1,472,110	6,773,962	9,133,802	8,685,770	460,138	2,117,340	2,854,957	2,714,915
23	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
24	Interest Expense		29,589	136,157	183,589	174,584	9,249	42,559	57,385	54,570
25										
26	Additions and Deductions for Taxes									
27	General	CUST-RET	(208,302)	(1,001,708)	(1,710,458)	(1,484,726)	(65,109)	(313,104)	(534,639)	(464,081)
28	Total Additions and Deductions for Taxes		(208,302)	(1,001,708)	(1,710,458)	(1,484,726)	(65,109)	(313,104)	(534,639)	(464,081)
29										
30	State Taxable Amount (ln 20 - ln 24 + ln 28)		(132,047)	(650,817)	(1,237,327)	(1,034,803)	(41,274)	(203,426)	(386,752)	(323,449)
31	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
32	State Income Taxes		(1,862)	(9,177)	(17,446)	(14,591)	(582)	(2,868)	(5,453)	(4,561)
33										
34	Net Federal Taxable Amount (ln 30 - ln 32)		(130,185)	(641,641)	(1,219,880)	(1,020,212)	(40,692)	(200,558)	(381,299)	(318,888)
35	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
36	Federal Income Taxes		(27,339)	(134,745)	(256,175)	(214,245)	(8,545)	(42,117)	(80,073)	(66,967)
37										
38	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
39	Deferred Income Taxes (-ln 28 * ln 38)		46,064	221,517	378,249	328,331	14,398	69,240	118,229	102,627
40										
41	Total Income Taxes (ln 32 + ln 36 + ln 39)		16,863	77,596	104,628	99,495	5,271	24,254	32,704	31,099
42	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
43	Total Income Tax Expense (ln 41 * ln 42)		21,651	99,627	134,334	127,745	6,767	31,141	41,989	39,929

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
44										
45	Operations & Maintenance Expense									
46	Distribution	PISRET-DIST	332,147	474,351	1,053,068	891,357	123,268	176,044	390,820	330,805
47	A&G	CUST-RET	-	59,136	60,600	-	-	18,484	18,942	-
48	Total Operations & Maintenance Expense		332,147	533,487	1,113,668	891,357	123,268	194,528	409,762	330,805
49										
50	Depreciation Expense									
51	General	CUST-RET	13,492	187,862	355,545	468,346	4,217	58,720	111,133	146,391
52	Total Depreciation Expense		13,492	187,862	355,545	468,346	4,217	58,720	111,133	146,391
53										
54	Total Operating Expenses (ln 48 + ln 52)		345,639	721,349	1,469,213	1,359,703	127,485	253,248	520,895	477,196
55										
56	Return on Rate Base (ln 20)		105,845	487,048	656,720	624,507	33,084	152,237	205,271	195,202
57										
58	**Revenue Requirement (ln 43 + ln 54 + ln 56)**		**473,135**	**1,308,024**	**2,260,268**	**2,111,954**	**167,337**	**436,625**	**768,155**	**712,328**
59										
60	Previous Year Revenue Credit				-	-			-	-
61	Previous Year Actual Revenue Requirement[1]				473,135	1,308,024			167,337	436,625
62	True-Up Amount ((ln 60 + ln 61) - ln 58)				-	-			-	-
63										
64	Revenue Requirement Forecast with True Up (ln 58 + ln 62)		473,135	1,308,024	2,260,268	2,111,954	167,337	436,625	768,155	712,328

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Cost of Capital
2022-25 Forecast

Line No.		From NM Case No. 19-00170-UT 2022	2023	2024	2025	From NM Case No. 20-00238-UT 2022	2023	2024	2025
1	Cost of Long Term Debt	4.44%	4.44%	4.44%	4.44%	4.31%	4.31%	4.31%	4.31%
2	Cost of Common Equity	9.45%	9.45%	9.45%	9.45%	10.35%	10.35%	10.35%	10.35%
3									
4	Ratio of Long Term Debt	45.23%	45.23%	45.23%	45.23%	45.28%	45.28%	45.28%	45.28%
5	Ratio of Common Equity	54.77%	54.77%	54.77%	54.77%	54.72%	54.72%	54.72%	54.72%
6									
7	Weighted Cost of Long-Term Debt	2.01%	2.01%	2.01%	2.01%	1.95%	1.95%	1.95%	1.95%
8	Weighted Cost of Common Equity	5.18%	5.18%	5.18%	5.18%	5.66%	5.66%	5.66%	5.66%
9	Return on Rate Base	7.19%	7.19%	7.19%	7.19%	7.61%	7.61%	7.61%	7.61%
10									
11	State Tax Rate	1.41%	1.41%	1.41%	1.41%	2.08%	2.08%	2.08%	2.08%
12	Federal Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
13	Combined Tax Rate	22.11%	22.11%	22.11%	22.11%	22.64%	22.64%	22.64%	22.64%
14	Tax Gross-Up Factor	1.283926	1.283926	1.283926	1.283926	1.292656	1.292656	1.292656	1.292656

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

NM Case No. 20-00238-UT
12 Months Ending September 2020, Base Period
SPS - 801 - Jur Alloc Factors (1yr)

Jurisdictional Allocator	Total	SPS Electric Wholesale	SPS NM Electric Retail	SPS TX Electric Retail
12CP-PROD	100.00%	13.05%	29.88%	57.07%
12CP-TRAN	100.00%	36.03%	22.03%	41.94%
CUST-ADJ	100.00%	33.33%	33.33%	33.33%
CUST-AVG	100.00%	0.00%	31.26%	68.74%
CUST-H/S	100.00%		80.31%	19.69%
CUST-RET	100.00%		31.26%	68.74%
CUST-YE	100.00%	33.33%	33.33%	33.33%
DEPOSITS	100.00%		26.58%	73.42%
ENERGY	100.00%	9.60%	31.51%	58.88%
LABOR	100.00%	12.09%	28.90%	59.01%
LABXAG	100.00%	12.18%	29.12%	58.70%
MET-YE	100.00%	33.33%	33.33%	33.33%
NCP-DIST	100.00%	2.06%		97.94%
NM	100.00%		100.00%	
PIS-DIST	100.00%	0.11%	37.07%	62.82%
PIS-GEN	100.00%	11.98%	29.16%	58.86%
PIS-NET	100.00%	20.50%	28.45%	51.05%
PIS-PROD	100.00%	12.25%	30.26%	57.49%
PIS-PTD	100.00%	19.61%	28.29%	52.10%
PIS-TRAN	100.00%	34.71%	22.62%	42.67%
PISRET-DIST	100.00%		37.11%	62.89%
PISRET-PROD	100.00%		34.48%	65.52%
PISRET-PTD	100.00%		35.19%	64.81%
PISRET-TRAN	100.00%		34.65%	65.35%
RETAIL-ENERGY	100.00%		34.86%	65.14%
RETAIL-PROD	100.00%		34.36%	65.64%
RETAIL-TRAN	100.00%		34.44%	65.56%
TX	100.00%			100.00%
WHLS	100.00%	100.00%		

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (two-year recovery of legacy meters)

Summary for CCOSS
2022-25 Forecast

Line		SPS Total Company				NM Retail			
No.	**Description**	**2022**	**2023**	**2024**	**2025**	**2022**	**2023**	**2024**	**2025**
1	AGIS Revenue Requirement								
2	AMI	12,573,306	15,992,811	6,025,820	5,177,265	12,243,900	14,461,851	4,421,896	4,146,566
3	FAN	473,135	1,308,024	2,260,268	2,111,954	167,337	436,625	768,155	712,328
4	FLISR	-	449,092	1,217,594	1,185,145	-	297,034	749,479	777,018
5	**Total Revenue Requirement**	**13,046,440**	**17,749,926**	**9,503,682**	**8,474,365**	**12,411,237**	**15,195,510**	**5,939,530**	**5,635,912**

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Total Revenue Requirement
2022-25 Forecast

Line No.	Description	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	**Rate Base**								
2	Plant in Service	6,766,481	32,241,855	41,339,680	42,365,340	5,730,678	26,222,334	31,018,716	31,683,022
3	Less: Accumulated Reserve for Depreciation	(104,052)	458,798	2,194,763	4,414,413	(113,400)	243,325	1,550,392	3,081,434
4	Net Plant	6,870,534	31,783,058	39,144,917	37,950,927	5,844,078	25,979,010	29,468,325	28,601,588
5									
6	Accumulated Deferred Income Taxes	(58,531)	(323,027)	(878,932)	(1,574,764)	(40,693)	(205,588)	(490,951)	(801,175)
7									
8	Undepreciated Legacy Meter Balance	19,535,970	17,582,373	15,628,776	13,675,179	19,535,970	17,582,373	15,628,776	13,675,179
9									
10	Net Rate Base (ln 4 + ln 6 + ln 8)	26,347,972	49,042,404	53,894,761	50,051,342	25,339,355	43,355,794	44,606,150	41,475,592
11									
12	**Income Tax Expense**								
13	Net Rate Base	26,347,972	49,042,404	53,894,761	50,051,342	25,339,355	43,355,794	44,606,150	41,475,592
14	Rate of Return on Rate Base	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
15	Earnings before Interest	1,894,419	3,526,149	3,875,033	3,598,691	1,821,900	3,117,282	3,207,182	2,982,095
16									
17	Net Rate Base	26,347,972	49,042,404	53,894,761	50,051,342	25,339,355	43,355,794	44,606,150	41,475,592
18	Cost of Debt	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
19	Interest Expense	529,594	985,752	1,083,285	1,006,032	509,321	871,451	896,584	833,659
20									
21	Total Additions and Deductions for Taxes	(597,316)	(2,039,556)	(3,160,861)	(3,094,612)	(414,959)	(1,193,194)	(1,441,485)	(1,342,559)
22									
23	State Taxable Amount (ln 15 - ln 19 + ln 21)	767,509	500,841	(369,112)	(501,953)	897,620	1,052,637	869,113	805,877
24	State Income Tax Rate	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
25	State Income Taxes	10,822	7,062	(5,204)	(7,078)	12,656	14,842	12,254	11,363
26									
27	Net Federal Taxable Amount (ln 23 - ln 25)	756,687	493,779	(363,907)	(494,875)	884,963	1,037,794	856,859	794,514
28	Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
29	Federal Income Taxes	158,904	103,694	(76,421)	(103,924)	185,842	217,937	179,940	166,848
30									
31	Combined Tax Rate	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
32	Deferred Income Taxes (-ln 21 * ln 31)	132,090	451,025	698,990	684,339	91,764	263,862	318,769	296,892
33									
34	Total Income Taxes (ln 25 + ln 29 + ln 32)	301,816	561,781	617,364	573,338	290,262	496,641	510,963	475,103
35	Tax Gross Up Factor	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
36	Total Income Tax Expense (ln 34 * ln 35)	387,509	721,285	792,650	736,124	372,675	637,650	656,039	609,997
37									
38	**O&M and Depreciation Expenses**								
39	Operations & Maintenance Expense	955,323	3,438,729	4,392,566	3,104,271	416,748	1,582,941	2,061,775	1,697,148
40	Depreciation Expense	41,204	972,562	1,797,000	2,219,650	31,929	766,437	1,368,101	1,531,043

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Line		SPS Total Company				NM Retail			
No.	Description	2022	2023	2024	2025	2022	2023	2024	2025
41	Amortization Expense	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597
42	Total Operating Expense (ln 39 + ln 40)	2,950,124	6,364,888	8,143,162	7,277,518	2,402,274	4,302,974	5,383,473	5,181,788
43									
44	Return on Rate Base (ln 15)	1,894,419	3,526,149	3,875,033	3,598,691	1,821,900	3,117,282	3,207,182	2,982,095
45									
46	AGIS Revenue Requirement (ln 36 + ln 42 + ln 44)	5,232,053	10,612,322	12,810,846	11,612,333	4,596,849	8,057,906	9,246,694	8,773,880
47									
48	Previous Year Revenue Credit			-	-			-	-
49	Previous Year Actual Revenue Requirement[1]			10,612,322	12,810,846			8,057,906	9,246,694
50	True-Up Amount ((ln 48 + ln 49) - ln 46)			-	-			-	-
51									
52	Revenue Requirement Forecast with True Up (ln 46 + ln 50)	5,232,053	10,612,322	12,810,846	11,612,333	4,596,849	8,057,906	9,246,694	8,773,880

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Rev. Req. - AMI
2022-25 Forecast

			SPS Total Company				NM Retail			
Line No.	**Description**	**Allocator**	**2022**	**2023**	**2024**	**2025**	**2022**	**2023**	**2024**	**2025**
1	Plant in Service									
2	Intangible (Software)	CUST-RET	-	1,635,857	4,886,987	5,037,154	-	511,320	1,527,528	1,574,466
3	Distribution	NM	5,259,704	21,427,373	21,846,416	21,846,416	5,259,704	21,427,373	21,846,416	21,846,416
4	Total Plant in Service		5,259,704	23,063,230	26,733,403	26,883,571	5,259,704	21,938,693	23,373,944	23,420,882
5										
6	Less: Accumulated Reserve for Depreciation less RWIP									
7	Intangible (Software)	CUST-RET	-	111,988	380,359	913,726	-	35,004	118,889	285,604
8	Distribution	NM	(117,650)	158,627	1,228,856	2,321,177	(117,650)	158,627	1,228,856	2,321,177
9	Total Accumulated Depreciation		(117,650)	270,615	1,609,215	3,234,903	(117,650)	193,631	1,347,745	2,606,780
10										
11	Net Plant (ln 4 - ln 9)		5,377,354	22,792,615	25,124,188	23,648,668	5,377,354	21,745,062	22,026,199	20,814,102
12										
13	Accumulated Deferred Income Taxes									
14	Intangible (Software)	CUST-RET	(4,879)	(25,551)	(128,337)	(334,102)	(1,525)	(7,986)	(40,114)	(104,430)
15	Distribution	NM	(32,582)	(142,903)	(274,211)	(364,519)	(32,582)	(142,903)	(274,211)	(364,519)
16	Total Accumulated Deferred Income Taxes		(37,462)	(168,454)	(402,548)	(698,621)	(34,107)	(150,890)	(314,326)	(468,949)
17										
18	Undepreciated Legacy Meter Balance		19,535,970	17,582,373	15,628,776	13,675,179	19,535,970	17,582,373	15,628,776	13,675,179
19										
20	**Net Rate Base (ln 11 + ln 16 + ln18)**		**24,875,863**	**40,206,533**	**40,350,416**	**36,625,226**	**24,879,217**	**39,176,545**	**37,340,649**	**34,020,331**
21										
22	**Income Tax Expense**									
23	Net Rate Base		24,875,863	40,206,533	40,350,416	36,625,226	24,879,217	39,176,545	37,340,649	34,020,331
24	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
25	Earnings before Interest		1,788,575	2,890,850	2,901,195	2,633,354	1,788,816	2,816,794	2,684,793	2,446,062
26										
27	Net Rate Base		24,875,863	40,206,533	40,350,416	36,625,226	24,879,217	39,176,545	37,340,649	34,020,331
28	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
29	Interest Expense		500,005	808,151	811,043	736,167	500,072	787,449	750,547	683,809
30										
31	Additions and Deductions for Taxes									
32	Intangible (Software)	CUST-RET	(56,972)	(229,490)	(790,708)	(1,063,976)	(17,808)	(71,732)	(247,152)	(332,568)
33	Distribution	NM	(332,042)	(717,908)	(462,148)	(340,561)	(332,042)	(717,908)	(462,148)	(340,561)
34	Total Additions and Deductions for Taxes		(389,014)	(947,399)	(1,252,856)	(1,404,537)	(349,850)	(789,640)	(709,300)	(673,129)
35										
36	State Taxable Amount (ln 25 - ln 29 + ln 34)		899,556	1,135,300	837,295	492,650	938,894	1,239,705	1,224,946	1,089,125
37	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
38	State Income Taxes		12,684	16,008	11,806	6,946	13,238	17,480	17,272	15,357
39										
40	Net Federal Taxable Amount (ln 36 - ln 38)		886,872	1,119,292	825,490	485,703	925,656	1,222,225	1,207,674	1,073,768
41	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
42	Federal Income Taxes		186,243	235,051	173,353	101,998	194,388	256,667	253,611	225,491
43										

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
44	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
45	Deferred Income Taxes (-ln 34 * ln 44)		86,026	209,507	277,055	310,598	77,365	174,620	156,854	148,855
46										
47	Total Income Taxes (ln 38 + ln 42 + ln 45)		284,953	460,566	462,214	419,542	284,991	448,767	427,737	389,703
48	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
49	Total Income Tax Expense (ln 47 * ln 48)		365,859	591,333	593,449	538,661	365,908	576,184	549,183	500,350
50										
51	Operations & Maintenance Expense									
52	Distribution	PISRET-DIST	227,108	1,914,403	1,667,842	495,036	84,286	710,483	618,978	183,720
53	Customer Accounts	CUST-RET	271,844	233,990	159,880	184,932	84,970	73,138	49,974	57,804
54	Customer Accounts (Shared Asset)	NM	124,224	515,055	706,806	883,965	124,224	515,055	706,806	883,965
55	Total Operations & Maintenance Expense		623,176	2,663,448	2,534,528	1,563,934	293,480	1,298,677	1,375,758	1,125,490
56										
57	Depreciation Expense									
58	Intangible (Software)	CUST-RET	-	111,988	268,371	533,367	-	35,004	83,885	166,715
59	Distribution	NM	27,712	643,991	1,081,845	1,092,321	27,712	643,991	1,081,845	1,092,321
60	Total Depreciation Expense		27,712	755,979	1,350,216	1,625,688	27,712	678,995	1,165,730	1,259,036
61										
62	Amortization Expense		1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597	1,953,597
63										
64	Total Operating Expenses (ln 55 + ln 60 + ln 62)		2,604,484	5,373,024	5,838,341	5,143,219	2,274,788	3,931,269	4,495,085	4,338,123
65										
66	Return on Rate Base (ln 25)		1,788,575	2,890,850	2,901,195	2,633,354	1,788,816	2,816,794	2,684,793	2,446,062
67										
68	**Revenue Requirement (ln 49 + ln 64 + ln 66)**		**4,758,918**	**8,855,206**	**9,332,985**	**8,315,233**	**4,429,512**	**7,324,247**	**7,729,061**	**7,284,534**
69										
70	Previous Year Revenue Credit				-	-			-	-
71	Previous Year Actual Revenue Requirement[1]				4,758,918	8,855,206			4,429,512	7,324,247
72	True-Up Amount ((ln 70 + ln 71) - ln 68)				-	-			-	-
73										
74	Revenue Requirement Forecast with True Up (ln 68 + ln 72)		4,758,918	8,855,206	9,332,985	8,315,233	4,429,512	7,324,247	7,729,061	7,284,534

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Rev. Req. - FLISR
2022-25 Forecast

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	Plant in Service									
2	Distribution	NM	-	2,057,918	4,479,414	4,979,414	-	2,057,918	4,479,414	4,979,414
3	Total Plant in Service		-	2,057,918	4,479,414	4,979,414	-	2,057,918	4,479,414	4,979,414
4										
5	Less: Accumulated Reserve for Depreciation less RWIP									
6	Distribution	NM	-	(13,277)	28,544	154,160	-	(13,277)	28,544	154,160
7	Total Accumulated Depreciation		-	(13,277)	28,544	154,160	-	(13,277)	28,544	154,160
8										
9	Net Plant (ln 3 - ln 7)		-	2,071,195	4,450,871	4,825,255	-	2,071,195	4,450,871	4,825,255
10										
11	Accumulated Deferred Income Taxes									
12	Distribution	NM	-	(9,286)	(40,327)	(84,909)	-	(9,286)	(40,327)	(84,909)
13	Total Accumulated Deferred Income Taxes		-	(9,286)	(40,327)	(84,909)	-	(9,286)	(40,327)	(84,909)
14										
15	**Net Rate Base (ln 9 + ln 13)**		**-**	**2,061,909**	**4,410,544**	**4,740,345**	**-**	**2,061,909**	**4,410,544**	**4,740,345**
16										
17	**Income Tax Expense**									
18	Net Rate Base		-	2,061,909	4,410,544	4,740,345	-	2,061,909	4,410,544	4,740,345
19	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
20	Earnings before Interest		-	148,251	317,118	340,831	-	148,251	317,118	340,831
21										
22	Net Rate Base		-	2,061,909	4,410,544	4,740,345	-	2,061,909	4,410,544	4,740,345
23	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
24	Interest Expense		-	41,444	88,652	95,281	-	41,444	88,652	95,281
25										
26	Additions and Deductions for Taxes									
27	Distribution	NM	-	(90,449)	(197,547)	(205,349)	-	(90,449)	(197,547)	(205,349)
28	Total Additions and Deductions for Taxes		-	(90,449)	(197,547)	(205,349)	-	(90,449)	(197,547)	(205,349)
29										
30	State Taxable Amount (ln 20 - ln 24 + ln 28)		-	16,358	30,919	40,201	-	16,358	30,919	40,201
31	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
32	State Income Taxes		-	231	436	567	-	231	436	567
33										
34	Net Federal Taxable Amount (ln 30 - ln 32)		-	16,127	30,483	39,634	-	16,127	30,483	39,634
35	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
36	Federal Income Taxes		-	3,387	6,402	8,323	-	3,387	6,402	8,323
37										
38	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
39	Deferred Income Taxes (-ln 28 * ln 38)		-	20,002	43,685	45,411	-	20,002	43,685	45,411
40										
41	Total Income Taxes (ln 32 + ln 36 + ln 39)		-	23,619	50,523	54,301	-	23,619	50,523	54,301
42	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Line			SPS Total Company				NM Retail			
No.	Description	Allocator	2022	2023	2024	2025	2022	2023	2024	2025
43	Total Income Tax Expense (ln 41 * ln 42)		-	30,325	64,868	69,718	-	30,325	64,868	69,718
44										
45	Operations & Maintenance Expense									
46	Distribution	PISRET-DIST	-	241,794	744,369	648,980	-	89,736	276,254	240,853
47	Total Operations & Maintenance Expense		-	241,794	744,369	648,980	-	89,736	276,254	240,853
48										
49	Depreciation Expense									
50	Distribution	NM	-	28,721	91,239	125,616	-	28,721	91,239	125,616
51	Total Depreciation Expense		-	28,721	91,239	125,616	-	28,721	91,239	125,616
52										
53	Total Operating Expenses (ln 47 + ln 51)		-	270,515	835,608	774,596	-	118,457	367,493	366,469
54										
55	Return on Rate Base (ln 20)		-	148,251	317,118	340,831	-	148,251	317,118	340,831
56										
57	**Revenue Requirement (ln 43 + ln 53 + ln 55)**		**-**	**449,092**	**1,217,594**	**1,185,145**	**-**	**297,034**	**749,479**	**777,018**
58										
59	Previous Year Revenue Credit				-	-			-	-
60	Previous Year Actual Revenue Requirement[1]				-	449,092			-	297,034
61	True-Up Amount ((ln 59 + ln 60) - ln 57)				-	-			-	-
62										
63	Revenue Requirement Forecast with True Up (ln 57 + ln 61)		-	449,092	1,217,594	1,185,145	-	297,034	749,479	777,018

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Rev. Req. - FAN
2022-25 Forecast

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
1	Plant in Service									
2	General	CUST-RET	1,506,777	7,120,708	10,126,863	10,502,355	470,974	2,225,723	3,165,358	3,282,726
3	Total Plant in Service		1,506,777	7,120,708	10,126,863	10,502,355	470,974	2,225,723	3,165,358	3,282,726
4										
5	Less: Accumulated Reserve for Depreciation less RWIP									
6	General	CUST-RET	13,598	201,460	557,005	1,025,351	4,250	62,970	174,103	320,494
7	Total Accumulated Depreciation		13,598	201,460	557,005	1,025,351	4,250	62,970	174,103	320,494
8										
9	Net Plant (ln 3 - ln 7)		1,493,179	6,919,248	9,569,858	9,477,004	466,724	2,162,753	2,991,255	2,962,232
10										
11	Accumulated Deferred Income Taxes									
12	General	CUST-RET	(21,070)	(145,286)	(436,056)	(791,234)	(6,586)	(45,412)	(136,298)	(247,316)
13	Total Accumulated Deferred Income Taxes		(21,070)	(145,286)	(436,056)	(791,234)	(6,586)	(45,412)	(136,298)	(247,316)
14										
15	**Net Rate Base (ln 9 + ln 13)**		**1,472,110**	**6,773,962**	**9,133,802**	**8,685,770**	**460,138**	**2,117,340**	**2,854,957**	**2,714,915**
16										
17	**Income Tax Expense**									
18	Net Rate Base		1,472,110	6,773,962	9,133,802	8,685,770	460,138	2,117,340	2,854,957	2,714,915
19	Rate of Return on Rate Base		7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
20	Earnings before Interest		105,845	487,048	656,720	624,507	33,084	152,237	205,271	195,202
21										
22	Net Rate Base		1,472,110	6,773,962	9,133,802	8,685,770	460,138	2,117,340	2,854,957	2,714,915
23	Cost of Debt		2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
24	Interest Expense		29,589	136,157	183,589	174,584	9,249	42,559	57,385	54,570
25										
26	Additions and Deductions for Taxes									
27	General	CUST-RET	(208,302)	(1,001,708)	(1,710,458)	(1,484,726)	(65,109)	(313,104)	(534,639)	(464,081)
28	Total Additions and Deductions for Taxes		(208,302)	(1,001,708)	(1,710,458)	(1,484,726)	(65,109)	(313,104)	(534,639)	(464,081)
29										
30	State Taxable Amount (ln 20 - ln 24 + ln 28)		(132,047)	(650,817)	(1,237,327)	(1,034,803)	(41,274)	(203,426)	(386,752)	(323,449)
31	State Income Tax Rate		1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
32	State Income Taxes		(1,862)	(9,177)	(17,446)	(14,591)	(582)	(2,868)	(5,453)	(4,561)
33										
34	Net Federal Taxable Amount (ln 30 - ln 32)		(130,185)	(641,641)	(1,219,880)	(1,020,212)	(40,692)	(200,558)	(381,299)	(318,888)
35	Federal Income Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
36	Federal Income Taxes		(27,339)	(134,745)	(256,175)	(214,245)	(8,545)	(42,117)	(80,073)	(66,967)
37										
38	Combined Tax Rate		22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%	22.11%
39	Deferred Income Taxes (-ln 28 * ln 38)		46,064	221,517	378,249	328,331	14,398	69,240	118,229	102,627
40										
41	Total Income Taxes (ln 32 + ln 36 + ln 39)		16,863	77,596	104,628	99,495	5,271	24,254	32,704	31,099
42	Tax Gross Up Factor		1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393	1.28393
43	Total Income Tax Expense (ln 41 * ln 42)		21,651	99,627	134,334	127,745	6,767	31,141	41,989	39,929

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Line No.	Description	Allocator	SPS Total Company 2022	SPS Total Company 2023	SPS Total Company 2024	SPS Total Company 2025	NM Retail 2022	NM Retail 2023	NM Retail 2024	NM Retail 2025
44										
45	Operations & Maintenance Expense									
46	Distribution	PISRET-DIST	332,147	474,351	1,053,068	891,357	123,268	176,044	390,820	330,805
47	A&G	CUST-RET	-	59,136	60,600	-	-	18,484	18,942	-
48	Total Operations & Maintenance Expense		332,147	533,487	1,113,668	891,357	123,268	194,528	409,762	330,805
49										
50	Depreciation Expense									
51	General	CUST-RET	13,492	187,862	355,545	468,346	4,217	58,720	111,133	146,391
52	Total Depreciation Expense		13,492	187,862	355,545	468,346	4,217	58,720	111,133	146,391
53										
54	Total Operating Expenses (ln 48 + ln 52)		345,639	721,349	1,469,213	1,359,703	127,485	253,248	520,895	477,196
55										
56	Return on Rate Base (ln 20)		105,845	487,048	656,720	624,507	33,084	152,237	205,271	195,202
57										
58	**Revenue Requirement (ln 43 + ln 54 + ln 56)**		**473,135**	**1,308,024**	**2,260,268**	**2,111,954**	**167,337**	**436,625**	**768,155**	**712,328**
59										
60	Previous Year Revenue Credit				-	-			-	-
61	Previous Year Actual Revenue Requirement[1]				473,135	1,308,024			167,337	436,625
62	True-Up Amount ((ln 60 + ln 61) - ln 58)				-	-			-	-
63										
64	Revenue Requirement Forecast with True Up (ln 58 + ln 62)		473,135	1,308,024	2,260,268	2,111,954	167,337	436,625	768,155	712,328

[1]The first true-up will occur in the 2024 revenue requirement projection representing the true-up from 2022.

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Cost of Capital
2022-25 Forecast

Line No.		From NM Case No. 19-00170-UT 2022	2023	2024	2025	From NM Case No. 20-00238-UT 2022	2023	2024	2025
1	Cost of Long Term Debt	4.44%	4.44%	4.44%	4.44%	4.31%	4.31%	4.31%	4.31%
2	Cost of Common Equity	9.45%	9.45%	9.45%	9.45%	10.35%	10.35%	10.35%	10.35%
3									
4	Ratio of Long Term Debt	45.23%	45.23%	45.23%	45.23%	45.28%	45.28%	45.28%	45.28%
5	Ratio of Common Equity	54.77%	54.77%	54.77%	54.77%	54.72%	54.72%	54.72%	54.72%
6									
7	Weighted Cost of Long-Term Debt	2.01%	2.01%	2.01%	2.01%	1.95%	1.95%	1.95%	1.95%
8	Weighted Cost of Common Equity	5.18%	5.18%	5.18%	5.18%	5.66%	5.66%	5.66%	5.66%
9	Return on Rate Base	7.19%	7.19%	7.19%	7.19%	7.61%	7.61%	7.61%	7.61%
10									
11	State Tax Rate	1.41%	1.41%	1.41%	1.41%	2.08%	2.08%	2.08%	2.08%
12	Federal Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
13	Combined Tax Rate	22.11%	22.11%	22.11%	22.11%	22.64%	22.64%	22.64%	22.64%
14	Tax Gross-Up Factor	1.283926	1.283926	1.283926	1.283926	1.292656	1.292656	1.292656	1.292656

Southwestern Pubic Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

NM Case No. 20-00238-UT
12 Months Ending September 2020, Base Period
SPS - 801 - Jur Alloc Factors (1yr)

Jurisdictional Allocator	Total	SPS Electric Wholesale	SPS NM Electric Retail	SPS TX Electric Retail
12CP-PROD	100.00%	13.05%	29.88%	57.07%
12CP-TRAN	100.00%	36.03%	22.03%	41.94%
CUST-ADJ	100.00%	33.33%	33.33%	33.33%
CUST-AVG	100.00%	0.00%	31.26%	68.74%
CUST-H/S	100.00%		80.31%	19.69%
CUST-RET	100.00%		31.26%	68.74%
CUST-YE	100.00%	33.33%	33.33%	33.33%
DEPOSITS	100.00%		26.58%	73.42%
ENERGY	100.00%	9.60%	31.51%	58.88%
LABOR	100.00%	12.09%	28.90%	59.01%
LABXAG	100.00%	12.18%	29.12%	58.70%
MET-YE	100.00%	33.33%	33.33%	33.33%
NCP-DIST	100.00%	2.06%		97.94%
NM	100.00%		100.00%	
PIS-DIST	100.00%	0.11%	37.07%	62.82%
PIS-GEN	100.00%	11.98%	29.16%	58.86%
PIS-NET	100.00%	20.50%	28.45%	51.05%
PIS-PROD	100.00%	12.25%	30.26%	57.49%
PIS-PTD	100.00%	19.61%	28.29%	52.10%
PIS-TRAN	100.00%	34.71%	22.62%	42.67%
PISRET-DIST	100.00%		37.11%	62.89%
PISRET-PROD	100.00%		34.48%	65.52%
PISRET-PTD	100.00%		35.19%	64.81%
PISRET-TRAN	100.00%		34.65%	65.35%
RETAIL-ENERGY	100.00%		34.86%	65.14%
RETAIL-PROD	100.00%		34.36%	65.64%
RETAIL-TRAN	100.00%		34.44%	65.56%
TX	100.00%			100.00%
WHLS	100.00%	100.00%		

Southwestern Public Service Company

Grid Modernization Rider Revenue Requirement
2022 through 2025 (ten-year amortization of legacy meters)

Summary for CCOSS
2022-25 Forecast

Line		SPS Total Company				NM Retail			
No.	Description	2022	2023	2024	2025	2022	2023	2024	2025
1	AGIS Revenue Requirement								
2	AMI	4,758,918	8,855,206	9,332,985	8,315,233	4,429,512	7,324,247	7,729,061	7,284,534
3	FAN	473,135	1,308,024	2,260,268	2,111,954	167,337	436,625	768,155	712,328
4	FLISR	-	449,092	1,217,594	1,185,145	-	297,034	749,479	777,018
5	**Total Revenue Requirement**	**5,232,053**	**10,612,322**	**12,810,846**	**11,612,333**	**4,596,849**	**8,057,906**	**9,246,694**	**8,773,880**