

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

<b>IN THE MATTER OF SOUTHWESTERN</b>	)	
<b>PUBLIC SERVICE COMPANY'S</b>	)	
<b>APPLICATION REQUESTING: (1)</b>	)	
<b>ACKNOWLEDGEMENT OF ITS FILING</b>	)	
<b>OF THE 2017 ANNUAL RENEWABLE</b>	)	
<b>ENERGY PORTFOLIO REPORT; (2)</b>	)	
<b>APPROVAL OF ITS ANNUAL</b>	)	
<b>RENEWABLE ENERGY PORTFOLIO</b>	)	<b>CASE NO. 18-00201-UT</b>
<b>PROCUREMENT PLAN FOR PLAN</b>	)	
<b>YEAR 2019; (3) APPROVAL OF THE</b>	)	
<b>PROPOSED RATE FOR ITS 2019</b>	)	
<b>RENEWABLE PORTFOLIO STANDARD</b>	)	
<b>RIDER; (4) APPROVAL OF ITS</b>	)	
<b>PROPOSED TREATMENT OF</b>	)	
<b>RENEWABLE ENERGY CERTIFICATES</b>	)	
<b>ASSOCIATED WITH THE SAGAMORE</b>	)	
<b>AND HALE WIND FACILITIES; AND (5)</b>	)	
<b>OTHER ASSOCIATED RELIEF,</b>	)	
	)	
	)	
<b>SOUTHWESTERN PUBLIC SERVICE</b>	)	
<b>COMPANY,</b>	)	
	)	
<b>APPLICANT.</b>		

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**SUPPLEMENTAL DIRECT TESTIMONY**

*of*

**RUTH M. SAKYA**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**September 5, 2018**

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

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
Alternate RPS Cost Recovery Proposal	SPS's proposal to recover the cost of its renewable energy purchased power agreements for which SPS uses the purchased energy to comply with the Renewable Portfolio Standard through SPS's RPS Rider (responsive to Order Expanding Scope)
Caprock	Caprock Wind LP
Commission	New Mexico Public Regulation Commission
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
MW	Megawatt
MWh	Megawatt-hour
Order	Hearing Examiner's Second Procedural Order issued on August 22, 2018
Order Expanding Scope	Order Expanding Scope of Proceeding issued on August 15, 2018
PPA	Purchased Power Agreement
Qualifying Large Customers	Large Customers that Qualify under Section 62-16-4.A(2) of the REA
RCT	Renewable Cost Threshold
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10)
REC	Renewable Energy Certificate
RPS	Renewable Portfolio Standard

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
RPS PPAs	renewable energy PPAs used to satisfy the RPS requirements
Rule 572	Renewable Energy Rule (17.9.572 NMAC)
San Juan	San Juan Mesa Wind Project LLC
SPS	Southwestern Public Service Company, a New Mexico corporation
SunE	SunEdison, LLC

## **LIST OF ATTACHMENTS**

<b><u>Attachment</u></b>	<b><u>Description</u></b>
RMS-S1	Supplemental Version of Attachment RMS-3, Appendix B
RMS-S2	Supplemental Version of Attachment RMS-3, Appendix C
RMS-S3	Supplemental Version of Attachment RMS-4

1 **I. WITNESS IDENTIFICATION AND PURPOSE OF SUPPLEMENTAL**  
2 **TESTIMONY**

4     A.     My name is Ruth M. Sakya. My business address is 1400 Ducale Drive SE, Rio  
5     Rancho, New Mexico 87124.

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

12 A. Yes.

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SPS's renewable energy purchased power agreements ("PPA") used to satisfy the RPS requirements. Throughout my testimony, I refer to these PPAs as the "RPS PPAs" and this proposal as the "Alternate RPS Cost Recovery Proposal."

The Hearing Examiner specified the scope of SPS's supplemental direct testimony in Paragraph D(1)-(7) of the Order. Table RMS-S1 below presents each of the ordered supplemental direct testimony topics and identifies the responsive portions of SPS's supplemental direct testimony.

**Table RMS-S1: Summary of SPS Supplemental Direct Testimony**

<b>Second Procedural Order</b>		<b>Supplemental Direct Testimony Reference</b>
Paragraph D(1)	Revise and supplement, as necessary, SPS's prefiled Direct Testimonies and Attachments to be consistent with SPS's proposal to recover through SPS's Renewable Energy Rider the cost of its PPAs for which it uses the purchased renewable energy to comply with the RPS.	Sakya Supplemental Direct and Attachments, Luth Supplemental Direct and Attachments

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<b>Second Procedural Order</b>		<b>Supplemental Direct Testimony Reference</b>
Paragraph D(2)	For each PPA for which SPS uses the purchased renewable energy to comply with the RPS: a. identify the PPA; b. state the price terms of the PPA; c. state the amount of renewable energy in kWh and/or kW that SPS purchases under the PPA; d. state the dollar amount paid by SPS under the PPA in calendar year 2017; e. state the dollar amount that SPS expects to pay under the PPA in calendar year 2019; and f. state how SPS currently recovers the cost of the PPA, i.e., through its fuel and purchased power cost adjustment clause (FPPCAC), through base rates or otherwise.	Sakya Supplemental Direct, Section II.A. and Section II.B.
Paragraph D(3)	Explain why recovering the cost of PPAs for which SPS uses the renewable energy to comply with the RPS through SPS's Renewable Energy Rider rather than its FPPCAC, would shift cost responsibility from Qualifying Large Customers to "Other Customers" (Other Customers meaning non-Exempt and non-Qualifying Large Customers).	Luth Supplemental Direct, Section II



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<b>Second Procedural Order</b>		<b>Supplemental Direct Testimony Reference</b>
Paragraph D(4)	If the Commission orders SPS to recover through its Renewable Energy Rider the cost of its renewable energy PPAs for which it uses the purchased renewable energy to comply with the RPS, state the estimated amount of such total cost for calendar year 2019 that would be shifted from Qualifying Large Customers to Other Customers.	Luth Supplemental Direct, Section II
Paragraph D(5)	State whether SPS recovers any costs of complying with the RPS through base rates. For each renewable energy resource that SPS uses to comply with the RPS and for which it recovers the cost through base rates (if any): a. identify the renewable energy resource; and b. estimate the cost to be recovered through base rates in calendar year 2019.	Sakya Supplemental Direct, Section II.B.
Paragraph D(6)	State whether SPS recommends recovering the cost of its renewable energy PPAs for which it uses the purchased renewable energy to comply with the RPS through its Renewable Energy Rider rather than its FPPCAC and why or why not.	Sakya Supplemental Direct, Section III
Paragraph D(7)	Explain the procedure that SPS uses to ensure that the cost paid by a Large Qualifying Customer of meeting the RPS does not exceed the Qualifying Large Customer's Cost Cap.	Luth Supplemental Direct, Section II

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1   **Q.    What is the purpose of your supplemental direct testimony?**

2    A.    As noted above, my supplemental direct testimony responds to Paragraph D(1),  
3           D(2), D(5), and D(6) of the Hearing Examiner's Order. In addition, through my  
4           supplemental direct testimony, I will:

- 5           •   present SPS's Alternate RPS Cost Recovery Proposal, which provides for  
6               the recovery of the economic costs of the RPS PPAs— i.e., avoided  
7               costs—through the RPS Rider;<sup>1</sup>
- 8           •   quantify the total dollar impact of the Alternate RPS Cost Recovery  
9               Proposal on SPS's 2019 RPS Rider revenue requirement, the FPPCAC,  
10             and RPS Rider; and
- 11          •   explain SPS's recommendation that the Commission authorize SPS to  
12               continue to recover the RPS PPAs' economic costs (avoided costs)  
13               through the FPPCAC rather than through the RPS Rider.

14   **Q.    Are you the only SPS witness filing supplemental direct testimony in**  
15           **response to the Order Expanding Scope?**

16    A.    No.    SPS witness Richard R. Luth is also providing supplemental direct  
17           testimony. Mr. Luth's supplemental testimony:

- 18          •   provides the calculation of the revised 2019 RPS Rider rate based on the  
19               revised 2019 RPS Rider revenue requirement I calculate;

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<sup>1</sup> The RPS PPAs have three cost components: (1) economic energy costs; (2) uneconomic energy costs (the Sun Edison costs that are above SPS's system avoided energy costs); and (3) the imputed value of the RPS PPA's bundled renewable energy certificates ("REC"). Currently, SPS recovers the RPS PPAs' economic energy costs through its Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC"); SPS recovers the RPS PPAs' uneconomic costs and bundled REC costs through the RPS Rider.

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- 1                   • presents revised bill impact calculations reflecting the impact of the  
2                   Alternate RPS Cost Recovery Proposal;
- 3                   • explains why including the RPS PPAs' economic costs in the RPS Rider  
4                   (as opposed to recovering these costs through the FPPCAC, as is done  
5                   currently) would shift cost responsibility from "Qualifying Large  
6                   Customers" under Section 62-16-4.A(2) of the Renewable Energy Act  
7                   (NMSA 1978, §§ 62-16-1 to 62-16-10) ("REA") to SPS's remaining  
8                   customers;
- 9                   • provides the estimated amount of costs for calendar year 2019 that would  
10                  shift from Qualifying Large Customers to other customers if the  
11                  Commission adopts SPS's Alternate RPS Cost Recovery Proposal; and
- 12                  • explains the procedures SPS uses to ensure Qualifying Large Customers  
13                  do not pay costs in excess of the large customer cap.
- 14   **Q. Please summarize the conclusions reached in your supplemental direct**  
15   **testimony.**
- 16   **A.** As currently designed, SPS collects through the RPS Rider only the uneconomic  
17   costs of the RPS PPAs and the imputed cost value of the RPS PPAs' bundled  
18   RECs—i.e., only those costs over and above what SPS would otherwise incur are  
19   included in the RPS Rider. The economic costs of the RPS PPAs—i.e., the costs  
20   that would have been incurred but for the RPS—are collected through the

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1 FPPCAC.<sup>2</sup> This approach reasonably includes only SPS's RPS compliance costs  
2 in the RPS Rider. This is a just and reasonable approach that has previously been  
3 approved by the Commission.

4 The Alternate RPS Cost Recovery Proposal, which provides for the  
5 recovery of the economic costs of the RPS PPAs through the RPS Rider, would  
6 unreasonably result in cost shifts among customers. The costs that would be  
7 shifted are costs SPS would have incurred anyway even if it weren't using the  
8 PPAs for RPS compliance. Accordingly, SPS recommends the Commission  
9 retain the current cost recovery mechanism, as it is consistent with the REA,  
10 Renewable Energy Rule (17.9.572 NMAC) ("Rule 572"), and prior Commission  
11 orders, and appropriately balances the interests of customers, the environment,  
12 and the public interest.

13 **Q. Were Attachments RMS-S1 through RMS-S3 prepared by you or under your**  
14 **direct supervision or control?**

15 **A. Yes.**

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<sup>2</sup> To comply with the RPS, SPS incurs costs in addition to the costs of the RPS PPAs. Specifically, SPS pays customers participating in Distributed Generation programs incentives for the actual output of the systems. Further, for 2019, SPS expects to incur costs for: (i) registering RECs with Western Renewable Energy Generation Information System; (ii) annual amortizations of the 2013 REC Tracker balance and associated interest; and (iii) reconciliation of the 2017 RPS Rider and associated interest. SPS recovers all of these costs through the RPS Rider. Accordingly, they are not addressed in this supplemental direct testimony.

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**Q. Please describe SPS's general approach to securing renewable resources necessary to satisfy its RPS obligations.**

### A. Background of the RPS PPAs

**Q. Please generally describe the RPS PPAs SPS uses for RPS compliance.**

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**Table RMS-S2: RPS PPA Summary**

PPA	Installed Capacity (Megawatt ("MW"))	2019 Bundled Price	Pricing Terms	Total 2017 Cost	Expected 2019 Megawatt hour ("MWh")	Expected Total 2019 Cost
Caprock Wind	80	\$ 33.35	Fixed Price with Annual Escalator	\$ 9,999,397	321,226	\$ 10,641,958
San Juan Wind	120	\$ 33.91	Fixed Price with Annual Escalator	\$ 12,875,268	395,677	\$ 13,330,039
SunE Solar	50	\$129.17	Stated Annual Price	\$ 11,766,105	109,102	\$ 14,092,657

2 **Q. Earlier you noted that the RPS PPAs have both economic and uneconomic**  
3 **costs. Please describe what you mean by economic and uneconomic costs.**

4 A. SPS is a multi-jurisdictional utility and must balance the interests of not only its  
5 New Mexico retail customers, but its Texas retail customers and its wholesale  
6 customers. Historically, SPS has procured resources to serve all of its customers.  
7 However, state-specific renewable requirements have changed the regulatory  
8 landscape. In order to maintain the benefits of SPS's system-wide planning and  
9 resource acquisition processes, while also procuring resources to meet its RPS  
10 requirements, SPS has segregated the energy costs between economic and  
11 non-economic energy. In other words, SPS identifies those costs that would have  
12 been incurred but for state-specific RPS requirements (the economic energy) and

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1 allocates those costs among SPS's three jurisdictions. SPS has been doing this  
2 since 2008.<sup>3</sup>

3 Similarly, when identifying those costs used to meet RPS compliance  
4 requirements, SPS separates RPS PPA economic costs and recovers those through  
5 the FPPCAC. SPS recovers the remaining costs – the uneconomic costs (those  
6 costs incremental to RPS compliance) and the imputed value of the bundled RECs  
7 – through the RPS Rider.

8 **Q. Are there any other costs associated with the RPS PPAs?**

9 A. Yes. As noted above, the energy and RECs are bundled (i.e., there is no separate  
10 price for the energy and RECs) in the RPS PPAs. Under New Mexico law,  
11 however, the REC component is not considered part of the energy and is  
12 considered a separate commodity. Specifically, in its *Final Order Partially*  
13 *Adopting Recommended Decision* (November 20, 2008) in Case No.  
14 05-00352-UT, the Commission concluded that "...the Legislature intended RECs  
15 to have some value independent from the value or cost of the associated  
16 renewable energy..." (page 8). Accordingly, SPS treats the REC as a cost of  
17 complying with the RPS.

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<sup>3</sup> In Case No. 08-00354-UT, a REC value was imputed to segregate those costs from economic energy. In Case No. 10-00015-UT, a REC value was imputed for the SunE contracts and a calculation was established to segregate the remaining costs between economic and uneconomic energy.

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1   **Q.     Please describe how SPS determines the RPS PPAs' economic costs.**

2   A.     In the case of the Caprock and San Juan PPAs, the energy costs are determined by  
3           multiplying the PPAs' projected MWh production by the applicable year contract  
4           costs less the Commission-established wind REC price (currently, \$1.35/MWh for  
5           San Juan and Caprock).<sup>4</sup> For the SunE PPAs, the economic energy cost is the  
6           total cost of the New Mexico retail jurisdictional share of all energy purchased  
7           under the PPAs at prices at or below SPS's actual system avoided energy cost less  
8           the Commission-established solar REC price (currently, \$10.00/MWh).<sup>5</sup>

9   **Q.     Has the Commission reviewed the RPS PPAs and approved SPS's current**  
10       **cost recovery methodology?**

11   A.     Yes. The Caprock and San Juan PPAs were originally approved in Case Nos.  
12           04-00334-UT and 05-00354-UT, respectively. The SunE PPAs were originally  
13           approved in Case No. 10-00015-UT. SPS's RPS Rider was established by the

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<sup>4</sup> *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 234, Case No. 10-00395-UT, Final Order Adopting Amended Certification of Stipulation (Dec. 28, 2011).*

<sup>5</sup> *In the Matter of Southwestern Public Service Company's ("SPS") Application to the New Mexico Public Regulation Commission for a Final Order Granting: (1) Approval of SPS's Solar Purchase Agreements with Sune SPS1, LLC Through Sune SPS5, LLC; (2) Authorization for SPS to Recover All Reasonable Costs of the Solar PPAs; (3) Authorization to Recover Costs Associated With the Solar Deferral Variance; (4) Acceptance of SPS's Report in Compliance With the Commission's Order in Case No. 09-00258-UT; and (5) All Other Approvals, Authorizations, or Variances Required for SPS's Performance and Cost Recovery Under the Solar PPAs, Case No. 10-00015-UT, Final Order Approving Recommended Decision (Sep. 14, 2010).*



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1 Commission in Case No. 12-00350-UT. Appendix C to Attachment RMS-2 to  
2 my direct testimony identifies the RPS PPAs, the existing RPS PPA cost recovery  
3 mechanism, and each case number in which the RPS PPAs have been reviewed by  
4 the Commission.

5 **B. SPS's Proposed RPS Cost Recovery Methodology**

6 **Q. In this proceeding, how has SPS proposed to recover its RPS PPA-related**  
7 **costs?**

8 A. SPS has proposed to continue recovering the costs of the RPS PPAs through the  
9 FPPCAC and the RPS Rider. Specifically, the economic costs (i.e., avoided  
10 costs) will be recovered through the FPPCAC and the RPS-specific compliance  
11 costs (e.g., the RECs and uneconomic energy) will be recovered through the RPS  
12 Rider. No RPS-related costs are recovered through base rates. Tables RMS-S3  
13 and RMS-S4 below identify the RPS PPAs' costs for calendar years 2017 and  
14 2019, respectively.

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**Table RMS-S3: 2017 PPA Costs**

<b>PPA</b>	<b>NM Allocation Economic Energy (FPPCAC)</b>	<b>NM Uneconomic Energy (RPS Rider)</b>	<b>RECs (RPS Rider)</b>	<b>Total NM Cost</b>	<b>All Other Jurisdictions Economic Energy</b>	<b>Total Cost</b>
Caprock Wind	\$2,218,786	N/A	\$ 343,394	\$2,562,180	\$7,437,217	\$9,999,397
San Juan Wind	\$2,858,694	N/A	\$ 434,432	\$3,293,126	\$9,582,142	\$12,875,268
SunE Solar	\$ 720,921	\$ 7,590,985	\$1,019,368	\$9,331,274	\$2,434,831	\$11,766,105

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**Table RMS-S4: 2019 PPA Costs**

<b>PPA</b>	<b>NM Allocation Economic Energy (FPPCAC)</b>	<b>NM Uneconomic Energy (RPS Rider)</b>	<b>RECs (RPS Rider)</b>	<b>Total NM Cost</b>	<b>All Other Jurisdictions Economic Energy</b>	<b>Total Cost</b>
Caprock Wind	\$2,321,431	N/A	\$ 362,726	\$ 2,684,157	\$7,957,801	\$10,641,958
San Juan Wind	\$2,909,513	N/A	\$ 446,796	\$ 3,356,309	\$9,973,730	\$13,330,039
SunE Solar	\$ 615,321	\$10,277,016	\$1,091,016	\$11,983,353	\$2,109,304	\$14,092,657

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**III. ALTERNATE RPS COST RECOVERY PROPOSAL**

**Q. Please describe SPS's alternate proposal.**

A. In Compliance with the Commission's Order Expanding Scope and the Hearing Examiner's Second Procedural Order, SPS's Alternate RPS Cost Recovery Proposal:

- calculates the New Mexico retail share of the economic portion of the RPS PPAs;
- removes those costs from the FPPCAC; and
- includes the costs as part of the RPS Rider revenue requirement.

**Q. How does the Alternate RPS Cost Recovery Proposal affect the 2019 RPS Rider revenue requirement?**

A. As shown on Attachment RMS-S1, the Alternate RPS Cost Recovery Proposal shifts recovery of \$5,846,265 (\$5,230,944 wind energy costs and \$615,321 solar economic energy costs) from the FPPCAC to the RPS Rider. This increases the 2019 RPS Rider revenue requirement to \$24,117,607 as shown on Attachment RMS-S3. In addition to the \$5.8 million increase for the cost shift, there is a \$0.5 million increase to account for projected refunds due to large industrial customers for prior-year billings in excess of two percent of the customer's annual billings (line 24). The calculation appears on Attachment RML-S1 to Mr. Luth's

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1 supplemental direct testimony. Mr. Luth also estimates that approximately 41%  
2 (\$2.4 million) of the expected \$5.8 million increase to SPS's 2019 RPS Rider  
3 revenue requirement that would have been charged to Qualifying Large  
4 Customers through the FPPCAC will be shifted through the RPS Rider to  
5 customers who are not subject to the large customer cap. Finally, Mr. Luth also  
6 presents the revised 2019 RPS Rider rate as well as the revised bill impact  
7 information.

8 **Q. What is SPS's recommendation?**

9 A. For the reasons discussed in my testimony, SPS recommends the Commission  
10 retain its current cost recovery methodology. Consistent with the objectives of  
11 the REA and Rule 572, the existing cost recovery mechanism accurately captures  
12 the costs of the RPS, while ensuring customers are charged fairly for economic  
13 system costs. Otherwise, there will be a cost shift from large industrial customers  
14 to small customers such as residential, small commercial, municipals, irrigation  
15 and schools.

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1           **IV. DIRECT TESTIMONY AND ATTACHMENT UPDATES**

2   **Q.   Have you revised or prepared supplemental versions of all attachments to**  
3       **your direct testimony to be consistent with the Alternate RPS Cost Recovery**  
4       **Proposal discussed above?**

5   A.   No. I have prepared supplemental versions of Attachments RMS-3, Appendix B,  
6       RMS-3, Appendix C, and RMS-4 to my direct testimony (*see* Attachments  
7       RMS-S1, RMS-S2, and RMS-S4). However, I did not prepare supplemental  
8       versions of Attachments RMS-1, RMS-2, the remaining Appendices to RMS-3  
9       and RMS-5 because no changes to these attachments were necessary for them to  
10      reflect changes based on the Alternate RPS Cost Recovery Proposal.

11 **Q.   Have you updated the RCT calculation presented in your direct testimony to**  
12 **account for the costs shifted to the RPS Rider under the Alternate RPS Cost**  
13 **Recovery Proposal?**

14 A.   No. As indicated in my direct testimony, SPS is well over the RCT. A shift in  
15      costs from the FPPCAC to the RPS Rider would increase the amount SPS is over  
16      the RCT by approximately \$6 million in 2019. Accordingly, updating the RCT  
17      calculation is unnecessary. Of course, an increase in RCT overage also would

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1           delay SPS having the headroom to add more renewable resources for RPS  
2           compliance.

3   **Q.   Does this conclude your prefiled supplemental direct testimony?**

4   A.   Yes.

VERIFICATION

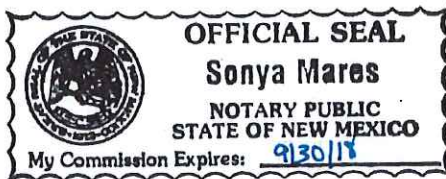
STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF SANTA FE            )

Ruth M. Sakya, first being sworn on her oath, states:

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

Ruth M. Sakya  
RUTH M. SAKYA

SUBSCRIBED AND SWORN TO before me this 5<sup>th</sup> day of Sept. 2018.



Sonya Mares  
Notary Public of the State of New Mexico  
My Commission Expires: 9/30/18

Southwestern Public Service Company  
Supplemental Appendix B: Summary of Projected Renewable Costs and Recovery Mechanism  
For the Year 2019

Line No.	Description	(A) = (B) + (C)	(B)	(C)	(D)	(E) = (C) + (D)
		Total Cost	System Fuel <sup>1</sup>	RPS Rider	NM Retail Allocation - Fuel	Total NM Retail Allocation
1	<b>Wind</b>					
2	Energy Only (San Juan, Caprock)	\$ 23,162,475	\$ 23,162,475	\$ -	\$ 5,230,944	\$ 5,230,944
2.5	<i>Move NM Portion to RPS</i>			5,230,944	(5,230,944)	\$ -
3	RECs (San Juan, Caprock, Less Wholesale Transfers)	809,522	-	809,522	-	809,522
4	<i>Total Wind (L2 + L2.5 + L3)</i>	\$ 23,971,997	\$ 23,162,475	\$ 6,040,466	\$ -	\$ 6,040,466
5	<b>Solar (SunE PPAs)</b>					
6	Economic Energy	\$ 2,724,625	\$ 2,724,625	\$ -	\$ 615,321	\$ 615,321
6.5	<i>Move NM Portion to RPS</i>			615,321	(615,321)	
7	Uneconomic Energy	10,277,016	-	10,277,016	-	10,277,016
8	RECs	1,091,016	-	1,091,016	-	1,091,016
9	<i>Total Solar (L6+L6.5+L7 + L8)</i>	\$ 14,092,657	\$ 2,724,625	\$ 11,983,353	\$ -	\$ 11,983,353
10	<b>DG</b>					
11	Incentives & Administration	\$ 2,315,141	\$ -	\$ 2,315,141	\$ -	\$ 2,315,141
12	Total DG	\$ 2,315,141	\$ -	\$ 2,315,141	\$ -	\$ 2,315,141
13	<b>WREGIS</b>					
14	Registration Costs	\$ 8,500	\$ -	\$ 8,500	\$ -	\$ 8,500
15	Total WREGIS	\$ 8,500	\$ -	\$ 8,500	\$ -	\$ 8,500
16	<b>Refund for Costs Charged in Excess of the Large Customer Cap</b>					
17	Annual Refund (Applied as a Reduction to Revenue)	\$ 2,497,581	\$ -	\$ 2,497,581	\$ -	\$ 2,497,581
18	Total Refunds	\$ 2,497,581	\$ -	\$ 2,497,581	\$ -	\$ 2,497,581
19	<b>Total Renewable Energy Costs (L4 + L9 + L12 + L15 + L18)</b>	\$ 42,885,875	\$ 25,887,100	\$ 22,845,041	\$ -	\$ 22,845,041
20	<i>Original Filing:</i>					
21	<i>Total Renewable Energy Costs</i>	\$ 42,377,821	\$ 25,887,100	\$ 16,490,722	\$ 5,846,265	\$ 22,336,987
22	<i>Difference</i>			6,354,319		
23	<i>Move from FPPCAC to RPS Rider</i>			5,846,265		
24	<i>Increase to LCC Refund</i>			508,054		
25	<i>Total Difference</i>			\$ 6,354,319		

<sup>1</sup> Represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.



Southwestern Public Service Company  
Supplemental Appendix B: Summary of Projected Renewable Costs and Recovery Mechanism  
For the Year 2020

Line No.	Description	(A) = (B) + (C)	(B)	(C)	(D)	(E) = (C) + (D)
		Total Cost	System Fuel <sup>1</sup>	RPS Rider	NM Retail Allocation - Fuel	Total NM Retail Allocation
1	<b>Wind</b>					
2	Energy Only (San Juan, Caprock)	\$ 23,833,645	\$ 23,833,645	\$ -	\$ 5,382,519	\$ 5,382,519
2.5	<i>Move NM Portion to RPS</i>			5,382,519	(5,382,519)	
3	RECs (San Juan, Caprock, Less Wholesale Transfers)	828,538	-	828,538	-	828,538
4	<i>Total Wind (L2+L2.5+ L3)</i>	\$ 24,662,182	\$ 23,833,645	\$ 6,211,057	\$ -	\$ 6,211,057
5	<b>Solar (SunE PPAs)</b>					
6	Economic Energy	\$ 2,477,021	\$ 2,477,021	\$ -	\$ 559,403	\$ 559,403
6.5	<i>Move NM Portion to RPS</i>			559,403	(559,403)	
7	Uneconomic Energy	10,962,630	-	10,962,630	-	10,962,630
8	RECs	1,088,848	-	1,088,848	-	1,088,848
9	<i>Total Solar (L6+L6.5+L7 + L8)</i>	\$ 14,528,499	\$ 2,477,021	\$ 12,610,881	\$ -	\$ 12,610,881
10	<b>DG</b>					
11	Incentives & Administration	\$ 2,303,744	\$ -	\$ 2,303,744	\$ -	\$ 2,303,744
12	Total DG	\$ 2,303,744	\$ -	\$ 2,303,744	\$ -	\$ 2,303,744
13	<b>WREGIS</b>					
14	Registration Costs	\$ 8,500	\$ -	\$ 8,500	\$ -	\$ 8,500
15	Total WREGIS	\$ 8,500	\$ -	\$ 8,500	\$ -	\$ 8,500
16	<b>Refund for Costs Charged in Excess of the Large Customer Cap</b>					
17	Annual Refund (Applied as a Reduction to Revenue)	\$ 2,497,581	\$ -	\$ 2,497,581	\$ -	\$ 2,497,581
18	Total Refund	\$ 2,497,581	\$ -	\$ 2,497,581	\$ -	\$ 2,497,581
19	<b>Total Renewable Energy Costs (L4 + L9 + L12 + L15 + L18)</b>	\$ 44,000,507	\$ 26,310,665	\$ 23,631,763	\$ -	\$ 23,631,763
20	<i>Original Filing:</i>					
21	<i>Total Renewable Energy Costs</i>	\$ 43,492,453	\$ 26,310,665	\$ 17,181,787	\$ 5,941,922	\$ 23,123,709
22	<i>Difference</i>			6,449,976		
23	<i>Move from FPPCAC to RPS Rider</i>			5,941,922		
24	<i>Increase to LCC Refund</i>			508,054		
25	<i>Total Difference</i>			\$ 6,449,976		

<sup>1</sup> Represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.

Southwestern Public Service Company  
Supplemental Appendix C: Details of RPS Cost Projections  
For the Plan Year 2019

Line No.	Description	\$/MWh	MWh	Total Cost	NM Retail Fuel*	RPS Rider
1	<b>Wind Energy (Excludes RECs)</b>					
2	San Juan	\$ 32.56	395,677	\$ 12,883,243.12	\$ 2,909,512.98	\$ -
3	Caprock	\$ 32.00	321,226	\$ 10,279,232.00	\$ 2,321,430.92	\$ -
3.5	<i>Move NM Portion to RPS</i>				\$ (5,230,943.89)	\$ 5,230,943.89
4						
5	<b>Wind RECs (Less Wholesale Transfers)</b>					
6	San Juan	\$ 1.35	330,960	\$ 446,795.58	\$ -	\$ 446,795.58
7	Caprock	\$ 1.35	268,686	\$ 362,726.06	\$ -	\$ 362,726.06
8						
9	<b>Solar (SunE PPAs)</b>					
10	Economic Energy	\$ 24.97	109,102	\$ 2,724,624.72	\$ 615,321.07	\$ -
10.5	<i>Move NM Portion to RPS</i>				\$ (615,321.07)	\$ 615,321.07
11	Uneconomic Energy	\$ 94.20	109,102	\$ 10,277,015.91	\$ -	\$ 10,277,015.91
12	RECs	\$ 10.00	109,102	\$ 1,091,016.25	\$ -	\$ 1,091,016.25
13						
14	<b>DG</b>					
15	Projected Payments			\$ 2,315,140.76	\$ -	\$ 2,315,140.76
16						
17	<b>WREGIS Registration Costs</b>			\$ 8,500.00	\$ -	\$ 8,500.00
18						
19	<b>Refund for Billings in Excess of the Large Customer Cap**</b>			\$ 2,497,581.07	\$ -	\$ 2,497,581.07

\* 22.5837% allocation factor (based on 2017 actual allocation). 2019 allocation factor expected to increase due to decrease in wholesale load.

\*\* Reduction to Revenue.

Southwestern Public Service Company  
Supplemental Appendix C: Details of RPS Cost Projections  
For the Next Plan Year 2020

Line No.	Description	\$/MWh	MWh	Total Cost	NM Retail Fuel*	RPS Rider
1	<b>Wind Energy (Excludes RECs)</b>					
2	San Juan	\$ 33.41	396,649	\$ 13,252,043.09	\$ 2,992,801.66	\$ -
3	Caprock	\$ 32.83	322,315	\$ 10,581,601.45	\$ 2,389,717.13	\$ -
3.5	<i>Move NM Portion to RPS</i>				\$ (5,382,518.78)	\$ 5,382,518.78
4						
5	<b>Wind RECs (Less Wholesale Transfers)</b>					
6	San Juan	\$ 1.35	338,593	\$ 457,100.42	\$ -	\$ 457,100.42
7	Caprock	\$ 1.35	275,139	\$ 371,437.52	\$ -	\$ 371,437.52
8						
9	<b>Solar (SunE PPAs)</b>					
10	Economic Energy	\$ 22.75	108,885	\$ 2,477,020.61	\$ 559,402.90	\$ -
10.5	<i>Move NM Portion to RPS</i>				\$ (559,402.90)	\$ 559,402.90
11	Uneconomic Energy	\$ 100.68	108,885	\$ 10,962,630.01	\$ -	\$ 10,962,630.01
12	RECs	\$ 10.00	108,885	\$ 1,088,847.98	\$ -	\$ 1,088,847.98
13						
14	<b>DG</b>					
15	Projected Payments			\$ 2,303,744.47	\$ -	\$ 2,303,744.47
16						
17	<b>WREGIS Registration Costs</b>			\$ 8,500.00	\$ -	\$ 8,500.00
18						
19	<b>Refund for Billings in Excess of the Large Customer Cap**</b>			\$ 2,497,581.07	\$ -	\$ 2,497,581.07

\* 22.5837% allocation factor (based on 2017 actual allocation). 2020 allocation factor expected to increase due to decrease in wholesale load.

\*\* Reduction to Revenue.

Southwestern Public Service Company  
Supplemental RPS Rider Revenue Requirement Calculation  
For Calendar Year 2019

		(A)	(B)	(C)
Line No.	Description	Total Costs	2019 Revenue Requirement	Reference/Notes
1	REC Tracker Reconciliations:			
2	2013 REC Tracker*	\$ 220,536.30	\$ 63,010.37	42 mo amort, beginning 1/17 (\$220,536.30/42)*12
3	Projected REC Tracker Interest (2013 Tracker)*	\$ 17,367.23	\$ 4,962.07	Based on 2018 Customer Deposit Interest Rate
4	2017 RPS Rider Reconciliation (Collect Under-Recovery)	\$ 1,135,751.95	\$ 1,135,751.95	Report Appendix E (Attachment RMS-2)
5	2017 Rider Interest	\$ 68,842.29	\$ 68,842.29	Monthly interest (Cust. Dep. Rate), 1/2017-12/2017
6	2019 Projected Annual Costs:			
7	DG (Incentive, Admin, and Marketing)	\$ 2,315,140.76	\$ 2,315,140.76	Attachment RMS-3, Appendices B & C
8	WREGIS	8,500.00	8,500.00	Attachment RMS-3, Appendices B & C
9	SunE RECs (at \$10/MWh)	1,091,016.25	1,091,016.25	Attachment RMS-3, Appendices B & C
10	SunE Uneconomic Costs	10,277,015.91	10,277,015.91	Attachment RMS-3, Appendices B & C
10.5	SunE Economic Costs	615,321.07	615,321.07	
11	Wind RECs (at \$1.35/MWh)	809,521.64	809,521.64	Attachment RMS-3, Appendices B & C
11.5	Wind Energy	5,230,943.89	5,230,943.89	
12	Total Annual Costs (Sum L7:L11.5)	\$ 20,347,459.52	\$ 20,347,459.52	
13				
14	<b>RPS Rider 2019 Revenue Requirement</b>			
15	<b>(+L2+L3+L4+L5+L12)</b>	<b>\$ 21,789,957.30</b>	<b>\$ 21,620,026.20</b>	
16	2019 Refunds to Qualifying Large Customers for Amounts Paid in Excess of REA Cap	\$ 2,497,581.07	\$ 2,497,581.07	Attachment RML-3, page 3
17				
18	<b>Total RPS Rider 2019 Revenue Requirement (L14+L16)</b>	<b>\$ 24,287,538.37</b>	<b>\$ 24,117,607.27</b>	
19	<i>Original Filing:</i>			
20	Total RPS Rider 2019 Revenue Requirement		\$ 17,763,288.33	
21	Difference		\$ 6,354,318.94	
22	Move from FPPCAC to RPS Rider		5,846,265	
23	Increase to LCC Refund		508,054	
24	Total Difference		\$ 6,354,319	

\*Total costs for historic amounts reflect the initial balances. The revenue requirement reflects the annual collections of amortized balances.

Southwestern Public Service Company  
Supplemental RPS Rider Revenue Requirement Calculation - Projected  
For Calendar Year 2020

Line No.	Description	(A)			(B)			(C)		
		Total Costs			2020 Revenue Requirement			Reference/Notes		
1	REC Tracker Reconciliations:									
2	2013 REC Tracker	\$	220,536.30	\$	31,505.19			42 mo amort, beginning 1/17 (\$220,536.30/42)*6		
3	Projected REC Tracker Interest (2013 Tracker)*	\$	17,367.23	\$	2,481.03			Based on 2018 Customer Deposit Interest Rate		
4	Projected 2018 RPS Rider Reconciliation	\$	1,135,751.95	\$	1,135,751.95			Assumed to be the same as 2019		
5	2018 Rider Interest	\$	68,842.29	\$	68,842.29			Assumed to be the same as 2019		
6	2020 Projected Annual Costs:									
7	DG (Incentive, Admin, and Marketing)	\$	2,303,744.47	\$	2,303,744.47			Attachment RMS-3, Appendices B & C		
8	WREGIS		8,500.00		8,500.00			Attachment RMS-3, Appendices B & C		
9	SunE RECs (at \$10/MWh)		1,088,847.98		1,088,847.98			Attachment RMS-3, Appendices B & C		
10	SunE Uneconomic Costs		10,962,630.01		10,962,630.01			Attachment RMS-3, Appendices B & C		
10.5	SunE Economic Costs		559,402.90		559,402.90					
11	Wind RECs (at \$1.35/MWh)		828,537.94		828,537.94			Attachment RMS-3, Appendices B & C		
11.5	Wind Energy		5,382,518.78		5,382,518.78					
12	Total Annual Costs (Sum L7:L11.5)	\$	21,134,182.09	\$	21,134,182.09					
13										
14	<b>RPS Rider 2020 Revenue Requirement</b>									
15	(+L2+L3+L4+L5+L12)	\$	22,576,679.86	\$	22,372,762.55					
16	2020 Refunds to Qualifying Large Customers for									
17	Amounts Paid in Excess of REA Cap	\$	2,497,581.07	\$	2,497,581.07			Assumed to be the same as 2019		
18	<b>Total RPS Rider 2020 Revenue Requirement</b>									
	(L14+L16)	\$	25,074,260.93	\$	24,870,343.62					
19	Original Filing:									
20	Total RPS Rider 2019 Revenue Requirement			\$	18,420,367.96					
21	Difference			\$	6,449,975.66					
22	Move from FPPCAC to RPS Rider				5,941,922					
23	Increase to LCC Refund				508,054					
24				\$	6,449,976					

\*Total costs for historic amounts reflect the initial balances. The revenue requirement reflects the annual collections of amortized balances.