BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR: (1) REVISION OF ITS RETAIL RATES UNDER ADVICE NOTICE NO. 292; (2) AUTHORIZATION AND APPROVAL TO ABANDON ITS PLANT X UNIT 3 GENERATING STATION; AND (3) OTHER ASSOCIATED RELIEF,	)	**CASE NO. 20-00238-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

DIRECT TESTIMONY

of

WILLIAM A. GRANT

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
A&G	Administrative and General
ADIT	Accumulated Deferred Income Tax
Base Period	October 1, 2019 through September 30, 2020
Carlsbad	Carlsbad Generating Station
CCN	Certificate of Public Convenience and Necessity
Commission	New Mexico Public Regulation Commission
DC	direct current
EPA	Environmental Protection Agency
EEI	Edison Electric Institute
EPE	El Paso Electric
ERCOT	Electric Reliability Council of Texas
FERC	Federal Energy Regulatory Commission
FPPCAC	Fuel and purchased power cost adjustment clause
GI Queue	Requests for interconnecting new generation resources
GSEC	Golden Spread Electric Cooperative
Harrington	Harrington Generating Station
Hinkle Firm	Santa Fe office of Hinkle Shanor LLP

Acronym/Defined Term	Meaning
kV	kilovolt
kW	kilowatt
kWh	kilowatt-hour
LP&L	Lubbock Power & Light
Moore	Moore County Generating Station
MW	megawatt
MWh	megawatt-hour
NAAQS	National Ambient Air Quality Standards
NCF	Net Capacity Factor
NSPM	Northern State Power Company, a Minnesota corporation
NSPW	Northern States Power Company, a Wisconsin corporation
O&M	operation and maintenance
OATT	Open Access Transmission Tariff
Operating Companies	NSPM, NSPW, PSCo, and SPS
Plant X Unit 3	Plant X Unit 3 Generating Station
PNM	Public Service Company of New Mexico
PPA	Purchased Power Agreement

Acronym/Defined Term	Meaning
PSCo	Public Service Company of Colorado, a Colorado corporation
PTC	Production Tax Credit
PUA	Public Utility Act
PUCT	Public Utility Commission of Texas
QF	Qualifying Facility
RFP	Rate Filing Package
ROE	return on equity
RSC	Regional State Committee
RTO	Regional Transmission Organization
Rule 530	17.9.530 NMAC
Sagamore Project	Sagamore Wind Project
SO_2	Sulfur Dioxide
SPP	Southwest Power Pool
SPP Tariff	Open Access Transmission Tariff
SPS	Southwestern Public Service Company, a New Mexico corporation
Staff	Commission Utility Division Staff
TCEQ	Texas Commission on Environmental Quality
Technical Depreciation Update	SPS's New Mexico Technical Update Depreciation Accrual Rate Study

Acronym/Defined Term	Meaning
Test Year	Historical Test Year Period as defined in 17.9.530.7(S) NMAC, consisting of the Base Period and further incorporating all proper adjustments, such as annualizations and known and measurable changes, and also reflects capital additions that SPS has placed in service or expects to place in service during the period October 1, 2019 through February 28, 2021.
Tolk	Tolk Generating Station
total company	Total SPS (before jurisdictional allocation)
WACC	weighted average cost of capital
Winstead Firm	Austin office of Winstead PC
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

Attachment	**Description**
WAG-1(USB)	USB Drive containing working versions of all electronic files, including SPS's jurisdictional cost of service model, the class cost allocation study, schedules, attachments, and workpapers
WAG-2	Total Company Amounts and Jurisdictional Percentages (*Filename:* WAG-2.xlsx)
WAG-3	Summary of Requested Rate Increase (*Filename:* WAG-3.xlsx)
WAG-4	Map of SPS's High-Voltage Transmission System (*Non-native format*)
WAG-5	Prior Commitments (*Filename:* WAG-5.doc)
WAG-6	Total Company Operation and Maintenance Expenses (*Filename:* WAG-6.xlsx)
WAG-7	Contributions and Donations (*Filename:* WAG-7.xlsx)
WAG-8	Summary of Rate Case Expenses (*Filename:* WAG-8.xlsx)
WAG-9	SPP Organizational Chart – 2020 (*Non-native format*)
WAG-10	Summary of Southwest Power Pool's Cost Allocation Methods (*Non-native format*)

Case No. 20-00238-UT
Direct Testimony
of
William A. Grant

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is William A. Grant. My business address is 790 South Buchanan Street, Amarillo, Texas 79101.

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 electric utility subsidiary of Xcel Energy Inc. ("Xcel Energy"). Xcel Energy is a utility holding company that owns several electric and natural gas utility operating companies, a regulated natural gas pipeline company, and three electric transmission companies.[1]

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

A. I am employed by SPS as Regional Vice President, Rates and Regulatory Affairs.

[1] Xcel Energy is the parent company of four utility operating companies: Northern States Power Company, a Minnesota corporation ("NSPM"); Northern States Power Company, a Wisconsin corporation ("NSPW"); Public Service Company of Colorado, a Colorado corporation ("PSCo"); and SPS (collectively, "Operating Companies"). Xcel Energy's natural gas pipeline company is WestGas InterState, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also owns three transmission-only operating companies: Xcel Energy Southwest Transmission Company, LLC; Xcel Energy Transmission Development Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which are regulated by the Federal Energy Regulatory Commission ("FERC").

Q. Please briefly outline your responsibilities as Regional Vice President, Rates and Regulatory Affairs.

A. I am responsible for determining the appropriate planning strategy for SPS. I oversee the activities of the SPS regulatory department to ensure that SPS meets the regulatory requirements of the New Mexico Public Regulation Commission ("Commission") and the Public Utility Commission of Texas ("PUCT") as well as the Federal Energy Regulatory Commission ("FERC"). I oversee SPS's relationships with the state and federal commissions and manage SPS's relationships and policy decisions with respect to the Southwest Power Pool ("SPP"). I also work with generation and transmission planning personnel and coordinate with the SPP on regional policy and cost allocation issues affecting SPS.

Q. Please describe your professional experience.

A. I have over 30 years of experience in both power plant and system operations at Xcel Energy and its predecessors. I have had responsibility for operating several different types of electric generating units ranging from diesel generators, coal-fired steam electric stations, and gas-fired steam units and combustion turbines. I have five years' experience as a System Operator for the SPS transmission control center.

For seven years, I was Director, Power Operations for Xcel Energy Services Inc. ("XES"), where I was responsible for the economic dispatch and analytical support for all of the Xcel Energy Operating Companies, including SPS. For seven years, I was Manager, Transmission Control Center and Wind Integration for SPS. In 2012, I was named Director, Strategic Planning for SPS. I was named Regional Vice President of Regulatory and Strategic Planning in 2017, and I was named Regional Vice President of Rates and Regulatory Affairs in 2020.

Q. Please describe your experience with Regional Transmission Organizations ("RTO").

A. Over my career, I have had extensive experience with RTOs and transmission coordination organizations and have served on a number of committees in SPP and the Western Electricity Coordinating Council. Currently, I serve on the SPP Markets and Operations Policy Committee and the Strategic Planning Committee. I have also served on the Consolidated Balancing Authority Steering Committee and the Operations Reliability Working Group, and I have chaired the wind integration taskforce. Additionally, I am familiar with the Midcontinent Independent System Operator Day 2 Market development and implementation.

Q. Have you testified before any regulatory authorities?

A. Yes. I have testified before the Commission, the PUCT, the Colorado Public Utilities Commission, and the FERC.

II. PURPOSE AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. What is the purpose of your testimony in this proceeding?

A. My testimony supports and provides an overview of SPS's Application and the witnesses supporting SPS's requested relief. In particular, I provide testimony on the following topics:

- an overview of SPS and its operations;
- the new investment that SPS seeks to include in rate base in this proceeding, including the 522 megawatt ("MW") Sagamore Wind Project ("Sagamore Project") that was approved by the Commission in Case No. 17-00044-UT[2];
- the benefits provided by SPS's prudently incurred generation investment;
- SPS's compliance with obligations from prior dockets;
- the reasonableness of SPS's operation and maintenance ("O&M") costs associated with regulatory and general corporate operations;
- the reasonableness of SPS's professional and industry dues, donations, and contributions;

[2] *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Issuance of a Certificate of Public Convenience and Necessity Authorizing Construction and Operation of Wind Generation and Associated Facilities, and Related Ratemaking Principals Including and Allowance for Funds Used During Construction for the Wind Generation and Associated Facilities; and (2) Approval of a Purchased Power Agreement to Obtain Wind-Generated Energy*, Case No. 17-00044-UT, Final Order Adopting Certification of Stipulation with Modifications (Mar. 21, 2018).

- the reasonableness of SPS's rate case expenses;
- the services and related charges SPS receives from SPP;
- the Attachment Z2 regulatory asset;
- the approval of SPS's New Mexico Technical Update Depreciation Accrual Rate Study ("Technical Depreciation Update") and resulting depreciation rates;
- the depreciation of coal-specific assets at SPS's Harrington Generating Station ("Harrington") by December 31, 2024;
- alignment of the remaining depreciable life of the Tolk Generating Station ("Tolk") with the 2032 abandonment date approved in Case No. 19-00170-UT[3];
- the retirement and abandonment of SPS's Plant X Unit 3 Generating Station ("Plant X Unit 3") in 2022 and depreciation of the plant by that date;
- the known and measurable impact of Lubbock Power and Light ("LP&L") moving its transmission load to the Electric Reliability Council of Texas ("ERCOT") in June 2021, including a refund to customers resulting from SPS's settlement with LP&L and a change in the allocation of transmission costs;
- SPS's proposal to offer a voluntary resiliency service tariff for customers who choose to obtain behind-the-meter equipment to maintain service in the event of a disruption; and

[3] *In the Matter of Southwestern Public Service Company's Application for (1) Revision of its Retail Rates Under Advice Notice No. 282; (2) Authorization and Approval to Shorten the Service Life of and Abandon its Tolk Generating Station Units; and (3) Other Related Relief,* Case No. 19-00170-UT, Final Order Adopting Certification of Stipulation (May 20, 2020).

- a summary of the relief that SPS asks the Commission to grant in this case.

Q. Please summarize your testimony.

A. The remainder of my testimony is organized and summarized as follows:

Section III – I provide an overview of the filing and SPS's request for an overall base rate increase of $87,782,544 for the New Mexico retail jurisdiction and introduce the other SPS witnesses supporting SPS's request. My testimony explains that the requested increase is largely driven by the $1,734,569,080 (total company) in new investment that SPS has placed or expects to place into service between October 1, 2019 and February 28, 2021. Other factors driving the requested revenue requirement include a necessary change in depreciation rates as supported by SPS's Technical Depreciation Update and the continuing reduction in SPS's wholesale purchased power sales.

Section IV – I provide a high-level overview of SPS, including its history, its customer base, and its generation and long-term purchased power resources.

Section V – I summarize the $569,598,494 (NM retail) ($1,734,569,080 total company) of capital investment that SPS seeks to recover in rates, including the 522 MW Sagamore Project that was approved by the Commission in Case No.

17-00044-UT. The SPS witnesses supporting the prudence of this capital investment are identified in Section III of my direct testimony.

Section VI – I summarize the obligations that have been undertaken voluntarily or imposed on SPS in prior cases and establish SPS's compliance with those obligations.

Section VII – I support the reasonableness and necessity of the Administrative and General ("A&G") O&M costs in FERC Accounts 901, 902, 903, 904, 905, 908, 910, 912, 916, 921, 923, 924, and 928 that SPS seeks to recover. Those costs relate to customer accounts (FERC Accounts 901 through 905), customer service (FERC Accounts 908 and 910), demonstration and selling expense (FERC Account 912), miscellaneous sales expense (FERC Account 916), office supplies and expenses (FERC Account 921), outside services and consulting attorneys expense (FERC Account 923), property insurance (FERC Account 924), and regulatory expense (FERC Accounts 928 – 928.04).

Section VIII – I support the reasonableness of the professional and industry dues and the donations and contributions that SPS seeks to recover under 17.3.350.10 NMAC.

Section IX – I support SPS's request to recover rate case expenses associated with this case and the remaining unrecovered rate case expenses incurred

in Case No. 19-00170-UT, SPS's request for a one-year amortization of these expenses, and SPS's request for authority to establish a regulatory asset to accrue, with interest, any appellate rate case expenses associated with this case.

Section X – I describe the reasonable and necessary services provided to SPS by SPP and support the recovery of those costs in SPS's base rates.

Section XI – I summarize SPS's request regarding the recovery of and accounting for Attachment Z2 charges imposed by SPP in accordance with the SPP Open Access Transmission Tariff ("OATT") for the period from 2008-2016.

Section XII – I describe SPS's request for approval of new depreciation rates, including SPS's request to fully depreciate the coal-specific assets at Harrington by December 31, 2024 and SPS's request to align the remaining depreciable life of Tolk with the 2032 abandonment date approved in Case No. 19-00170-UT.

Section XIII – I explain SPS's request for Commission approval to retire and abandon SPS's Plant X Unit 3 in 2022 and fully depreciate the plant by that date.

Section XIV – I describe the known and measurable impact of LP&L's decision to depart from SPS's transmission system in June 2021, including SPS's requests to create a regulatory liability regarding funds SPS will provide to

customers as a result of its settlement with LP&L and a regulatory asset regarding the reallocation of transmission costs.

Section XV – I discuss SPS's request for approval of a voluntary resiliency service tariff that allows customers with a need for higher than standard service reliability to acquire behind-the-meter equipment, such as battery storage or back-up generation, to avoid interruptions in service.

Section XVI – I summarize the relief that SPS is asking the Commission to grant in this case.

Q. How were New Mexico retail jurisdictional amounts in your testimony and attachments calculated?

A. Throughout this testimony, I quantify the expense and asset amounts on a New Mexico retail basis based upon the jurisdictional allocation percentages SPS witness Stephanie N. Niemi uses to develop the New Mexico retail revenue requirement in her Attachment SNN-6. Ms. Niemi is responsible for calculating jurisdictional allocation percentages that apply to the various costs components in the cost of service. My staff and I conferred with Ms. Niemi and her staff to determine these New Mexico retail jurisdictional amounts presented in my testimony and attachments. If the percentages used to allocate amounts to the New

Mexico retail jurisdiction change, those new allocation percentages will need to be applied to the total company numbers to derive updated New Mexico retail amounts. Attachment WAG-2 contains the total company numbers and the jurisdictional percentages used to derive the New Mexico retail amounts in my testimony.

Q. Were Attachments WAG-1(USB)[4] through WAG-8 prepared by you or under your direct supervision or control?

A. Yes.

Q. Are Attachments WAG-9 and WAG-10 true and correct copies of the documents you describe in your testimony?

A. Yes.

Q. Do you incorporate the Rate Filing Package ("RFP") schedules that are sponsored or co-sponsored by you into your testimony?

A. Yes. I sponsor RFP Schedules B-7, D (all), G-2, H-2, H-3, H-5, P-12, and Q-2 and incorporate them into my testimony.

[4] Attachment WAG-1(USB) is a USB drive that contains working versions of all electronic files, including SPS's jurisdictional cost of service model, the class cost allocation study, schedules, attachments, and workpapers.

III. OVERVIEW OF APPLICATION AND WITNESSES

A. SPS's Requested Relief

Q. Please summarize SPS's request for rate relief in this case.

A. SPS's Application requests a total base rate increase of $87,782,544 on a New Mexico retail basis. However, SPS projects that its fuel and purchased power costs will decrease by $39,921,431. Attachment WAG-3 provides a summary of SPS's requested rate increase. The requested rate increase is based upon an October 1, 2019 through September 30, 2020 Test Year Period ("Test Year") along with forcasted capital investment for the period October 1, 2020 through February 28, 2021 as allowed under Sections 62-8-7 and 62-6-14 of the Public Utility Act ("PUA"). The information supporting the Test Year revenue requirement has been developed using 17.9.530 NMAC ("Rule 530").

Q. How would the proposed change in base rates affect a typical residential customer?

A. A typical Residential Service customer using an average of 900 kilowatt-hour ("kWh") of energy per month would see a total bill[5] increase of $8.86, or 9.13% per month, compared to the current rates.

[5] Total bill includes base rates, Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC"), Rewable Portfolio Standard rider, and Energy Efficiency rider.

Q. What are the primary factors that have caused SPS to seek rate relief?

A. As SPS witness and President David T. Hudson explains in more detail in his direct testimony, there are four main cost drivers: (1) investment and operating costs for the new Sagamore Project; (2) other investments in infrastructure that were required to support SPS's service area, promote economic development, and maintain and improve operations; (3) the further reduction in wholesale power sales; and (4) the Technical Depreciation Update SPS is presenting in this case, including the requested shorter operating life of Tolk.

Q. Has SPS included rate case expenses in its requested revenue requirement?

A. Yes. Ms. Niemi included in the cost of service approximately $2.7 million of rate case expenses that SPS has incurred or expects to incur in this case and $377,560 in unrecovered actual rate case expenses that SPS incurred in Case No. 19-00170-UT.

B. Presentation of Rate Case Information

Q. What is the Base Period in this case?

A. The Base Period is October 1, 2019 through September 30, 2020. The data presented as the Base Period in this case is unadjusted raw data from the books of SPS, recorded for the Base Period.

Q. What is the Test Year in this case?

A. The Test Year is a Historical Test Year Period as defined in 17.9.530.7(S) NMAC, consisting of the Base Period and further incorporating all proper adjustments, such as annualizations and known and measurable changes. SPS also seeks to recover capital additions that SPS has placed in service or expects to place in service during the period October 1, 2019 through February 28, 2021.

Q. Has SPS made any known and measurable adjustments to its Test Year?

A. Yes. SPS is making several known and measurable adjustments to the information from the Test Year. Ms. Niemi discusses those known and measurable adjustments in her testimony.

Q. What does SPS consider to be a known and measurable adjustment?

A. Generally speaking, SPS considers a known and measurable adjustment to be an adjustment that is certain and quantifiable. Known and measurable adjustments can relate to events occurring both in the Test Year (in-period adjustments) and outside the Test Year (out of period adjustments). For example, SPS has adjusted its Test Year qualified pension expense to reflect the reduction in actuarially-determined qualified pension expense between 2019 and 2020.

C. Introduction of SPS Witnesses

Q. Please introduce the other SPS witnesses in this case and their areas of testimony.

A. In addition to my testimony, the following witnesses provide testimony supporting SPS's requests in this case:

Table WAG-1

Witness	Area of Testimony
David T. Hudson	• Presents an overview of the Company's rate filing and explains the necessity for the requested base rate increase. • Describes SPS's commitments to provide reliable and affordable electricity and make smart investments for the future. • Presents the main factors driving the need for a change in rates, including capital investment to support growth in New Mexico, reductions in wholesale power sales, and retirements of fossil generation assets in response to water shortages and other environmental concerns.
Patricia L. Martin	• Discusses the financial issues that have important implications for the overall financial integrity of SPS, including the significance of Commission decisions on return on equity ("ROE"), capital structure for the Test Year, and associated cost of financing for SPS's utility operations that should be used for setting rates in this case for SPS's New Mexico retail operations. • Presents SPS's capital structure, cost of debt, and overall required rate of return on its investments.

Witness	Area of Testimony
	• Discusses SPS's continuing need for access to capital on reasonable terms and SPS's capital expenditure plans.
Todd Shipman	• Discusses the importance of SPS's credit metrics in accessing capital on reasonable terms. • Explains credit rating agency methodologies for establishing SPS's credit metrics.
Suedeen Kelly	• Supports SPS's ROE request based on quality of service and management and discusses legal precedent that supports adjusting ROE on such a basis.
Dylan W. D'Ascendis	• Presents evidence and provides a recommendation regarding the appropriate cost of equity for SPS. • Provides evidence and analysis regarding the appropriate ROE on SPS's New Mexico jurisdictional rate base.
Bryan R. Davis	• Explains that SPS maintains its books and records in compliance with Generally Accepted Accounting Principles. • Describes SPS's recovery of and accounting treatment of SPP's Attachment Z2 charges for the period from 2008 to 2016.
Mark P. Moeller	• Supports SPS's plant in service balances, including expected plant additions through February 28, 2021, used to determine the Test Year rate base. • Supports SPS's continued use of unblended book accumulated depreciation and discusses the deferred tax adjustment associated with the depreciation unblending adjustment and calculation of Accumulated Deferred Income Tax ("ADIT") normalization.

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Witness	Area of Testimony
	• Introduces the Technical Depreciation Update being presented. Applies proposed depreciation rates to plant balances to develop proposed depreciation expense. • Discusses the accounting treatment of over-recovered amounts related to the decommissioning and dismantling of the Carlsbad Generating Station ("Carlsbad") and Moore County Generating Station ("Moore County").
Dane A. Watson	• Explains the depreciation analysis philosophy. • Discusses the Technical Depreciation Update completed for SPS assets during the Test Year. • Supports and justifies the recommended depreciation rate changes for SPS assets for the Test Year, based on the results of the Technical Depreciation Update.
Naomi Koch	• Supports the amounts of federal and state income tax expense included in SPS's cost of service and the amount of ADIT reflected in SPS's rate base. • Describes the normalization rules prescribed by the Internal Revenue Code and United States Department of the Treasury Regulations, and explains that SPS has calculated its rates consistent with those normalization requirements. • Quantifies the amount of property taxes in the Test Year and explains the adjustments to property taxes including a reach forward for the Sagamore Project.
Michael O. Remington	• Supports the costs, reasonableness, and necessity of Business Systems capital additions for the period of October 1, 2019 through February 28, 2021.

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Witness	Area of Testimony
Casey S. Meeks	• Supports the costs, reasonableness, and necessity of Distribution capital additions for the period from October 1, 2019 through February 28, 2021. • Discusses Distribution O&M expense for the Test Year.
Jarred J. Cooley	• Supports the costs, reasonableness, and necessity of Transmission capital additions for the period of October 1, 2019 through February 28, 2021. • Discusses Transmission O&M expense for the Test Year.
Bennie F. Weeks	• Provides an overview of SPS's resource planning process and evaluation methods. • Discusses the analysis that continues to support SPS's abandonment of Tolk in 2032. • Explains the economic analysis that supports SPS's request to depreciate the coal-specific assets at Harrington by December 31, 2024. • Describes SPS's economic analysis regarding the Sagamore Project. • Discusses SPS's generating capacity.
Mark Lytal	• Supports the costs, reasonableness, and necessity of the production plant capital additions for the period of October 1, 2019 through February 28, 2021, including the Sagamore Project. • Discusses SPS's proposed change in the useful lives of certain generating units. • Discusses and supports the costs of decommissioning and dismantling Carlsbad and Moore County.
Richard L. Belt	• Discusses analyses regarding the water supply at Tolk.

Witness	Area of Testimony
	• Estimates water depletion windows under normal and optimized operating scenarios.
Lawrence A. Bick	• Supports the costs, reasonableness, and necessity of Property Services and Physical Security Services capital additions for the period of October 1, 2019 through February 28, 2021. • Discusses Property Services and Physical Security Services O&M expense for the Test Year.
David A. Low	• Describes SPS's generating facilities and its power plant operation, maintenance, outages, and cost control practices. • Discusses energy supply O&M expense for the Test Year.
Ross L. Baumgarten	• Provides an overview of the legal structure and the business area or operational and managerial structure of Xcel Energy and explains how that structure affects SPS. • Explains the XES affiliate accounting processes and how direct and allocated costs are billed from XES, Operating Companies, and other affiliates to and from SPS based on the Service Agreement. • Explains the operation and administration of XES, including the billings, allocation methods, factors, and statistics. • Provides an organization and accounting overview. • Sponsors the accounting for XES affiliate transactions and the affiliate transactions other than XES. •Discusses labor, labor-related and other overhead charges.

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Witness	Area of Testimony
Richard R. Schrubbe	• Supports SPS's request to recover its reasonable and necessary actuarially determined pension and benefit expense. • Supports SPS's request to recover its active health and welfare costs, which include costs incurred for active health care, miscellaneous benefits, life insurance, and third-party-insured long term disability benefits. • Supports SPS's request to recover the reasonable and necessary costs incurred for workers' compensation benefits. • Supports SPS's request to recover other reasonable and necessary costs associated with benefits, such as the 401(k) match, certain benefit-related consulting costs, and deferred compensation. • Quantifies SPS's prepaid pension asset and supports the request to continue to include that prepaid pension asset in rate base and to earn a return on the asset.
Michael T. Knoll	• Addresses compensation and benefits provided to the employees of SPS and its affiliates, specifically base pay costs, annual incentive program costs, long-term incentive program costs, and supplemental incentive program costs included in the Test Year cost of service. • Supports the reasonableness of the compensation and benefit costs included in SPS's Test Year revenue requirement.
H. Craig Romer	• Provides an overview of SPS's coal procurements under its Coal Supply Agreements with TUCO Inc. for SPS's Harrington and Tolk coal-fired generation stations. • Supports the reasonableness of coal costs included in SPS's base rates.

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Witness	Area of Testimony
Stephanie N. Niemi	• Presents SPS's total company and New Mexico retail jurisdictional revenue requirement and sponsors various schedules that support those revenue requirements. • Discusses the various components of the cost of service and the adjustments made to those components, including rate base, operating revenues, O&M expense, A&G expense, taxes other than income taxes, income tax expense, and capital structure. • Supports the jurisdictional and functional allocation used in this proceeding.
John Goodenough	• Explains SPS's weather normalization methodology and adjustments to both sales and demand that have been affected by abnormal weather during the Base Period.
Mario G. Martinez	• Desribes SPS's load research function and information used for cost allocation and rate design.
Richard M. Luth	• Explains the development of the annual revenues by rate class for the historical Test Year. • Explains and supports the demand and energy allocation factors for allocating costs among SPS's New Mexico retail, Texas retail, and wholesale jurisdictions. • Summarizes how the functions involved in providing electric service are reflected in costs and how they serve as the starting point for the Class Cost of Service Study in which costs are assigned to the various New Mexico retail rate classes. • Discusses and supports the allocation of Test Year costs among the New Mexico retail customer classes.

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Witness	Area of Testimony
	• Describes the specific relief that SPS is requesting of the Commission regarding the issues in the Rate Design phase. • Describes SPS's proposed distribution of the revenue requirement among the rate classes and present the proof of revenue for the proposed rates. • Explains how SPS has designed the rates necessary to recover the revenue requirement. • Describes the proposed revisions to SPS's New Mexico retail rate tariffs.

IV. SPS OVERVIEW

Q. Please generally describe SPS's high voltage system and interconnections with other systems.

A. SPS is uniquely located relative to the electrical grids of North America. It is a member of the SPP RTO and is synchronously connected to the eastern grid through interconnections with Mid-Kansas Electric Company, Public Service Company of Oklahoma, Sunflower Electric Power Corporation, and AEP Texas Inc. The seven primary interconnections with the SPP are a 230 kilovolt ("kV") transmission power line to Elk City, Oklahoma; a 345 kV transmission power line to Oklaunion, Texas; a 345 kV transmission power line between Amarillo, Texas and Holcomb, Kansas; a 115 kV transmission line between Texas County, Oklahoma and Liberal, Kansas; and two 345 kV lines to Woodward, Oklahoma (two connected to the north part of the system and the other at TUCO, near Lubbock, Texas). SPS is also connected to the western grid through three high-voltage direct-current ("DC") back-to-back converters, or DC ties: (1) through interconnections with Public Service Company of New Mexico ("PNM") at Clovis, New Mexico; (2) through interconnections with El Paso Electric Company ("EPE") and PNM at Artesia, New Mexico; and (3) through interconnections with Public Service Company of Colorado ("PSCo") at Lamar, Colorado. Although SPS operates adjacent to the

Electric Reliability Council of Texas ("ERCOT") grid, it has no direct interconnections with ERCOT transmission owners. Attachment WAG-4 is a map of SPS's high-voltage transmission system.

Q. Please describe SPS's generating resources.

A. SPS's generation peak in the Test Year was 4,118 MW. During the Test Year, SPS had 478 MW of company owned wind capacity, increasing to 1,000 MW in December 2020 with the completion of the Sagamore Project. SPS had installed net thermal generating capacity of 4,335 MW, with approximately 48% of this thermal capacity from coal-fired generation and 52% from natural gas generation. During the Test Year, 32.2% of SPS's system energy needs were served by wind and solar generation, 19.9% by coal-fired generation and 47.5% by natural gas generation. SPS also purchases firm power and energy under long-term purchased power contracts.

As part of their power purchases, SPS and its Xcel Energy affiliates have been very active in renewable energy development. According to the American Wind Energy Association, Xcel Energy has been the largest utility wind provider in 12 of the last 15 years. Table WAG-2 lists each intermittent renewable generator with whom SPS has a long-term purchase power agreement ("PPA"), the location of the generating facility, the nameplate capacity of the facility, and the year in

which SPS began or will begin purchasing renewable intermittent energy from that facility. As of 2020, SPS is purchasing 1,640 MW of energy from wind and solar production facilities.

Table WAG-2

Facility	Location	Nameplate Capacity(MW)	Start Year
Caprock	Quay Co, New Mexico	80	2004
San Juan Mesa	Chaves Co, New Mexico	120	2005
Wildorado	Oldham Co, Texas	161	2007
Sun Edison	Lea/Eddy Co, New Mexico	50	2011
Spinning Spur	Oldham Co, Texas	161	2012
Palo Duro	Hansford Co, Texas	249	2014
Mammoth Plains	Dewey/Blaine Co, Oklahoma	199	2015
Roosevelt	Roosevelt Co, New Mexico	250	2015
Roswell Solar	Chaves Co., New Mexico	70	2016
Chaves County Solar	Chaves Co., New Mexico	70	2016
Bonita (Lorenzo)	Crosby Co., Texas	80	2018
Bonita (WildCat Ranch)	Cochran Co., Texas	150	2018

In addition, SPS currently purchases intermittent renewable energy at avoided cost from numerous Qualifying Facility ("QF") wind generation facilities in the Texas Panhandle. Counting the intermittent renewable energy purchased

through long-term PPAs, the intermittent renewable energy received from QFs, the 478 MW from the Hale Wind Project, and the 522 MW from the Sagamore Wind Project, SPS's system resources will include over 2,900 MW of intermittent renewable energy for its customers.

Q. Does SPS also make wholesale sales?

A. Yes. Historically, wholesale power sales and transmission services, which are regulated by FERC pursuant to the Federal Power Act, have been a significant business segment for SPS. However, SPS's wholesale sales have steadily declined in recent years as a result of agreements that SPS entered into with its wholesale customers during the period from 2007 through 2010.[6] SPS's agreement to serve 70 MW of Tri-County Electric Cooperative's load, which is managed by GSEC, terminated in June 2020.

Q. Do the reductions in wholesale sales volumes affect SPS's retail customers?

A. Yes. Those reductions affect SPS's retail customers in three ways. First, reducing wholesale sales frees up lower-cost generating resources that can be used to serve retail customers, which has the effect of lowering the system average fuel costs paid

[6] Golden Spread Electric Cooperative, Inc. ("GSEC") ceased all purchases of wholesale power from SPS on June 1, 2017, and sales to the four New Mexico electric cooperatives declined by 80 MW on June 1, 2017. SPS's contract with West Texas Municipal Power Authority expired on May 31, 2019.

by retail customers. In fact, SPS's customers have been benefiting from the lower system-average fuel costs caused by the 70 MW reduction in GSEC's purchases since that reduction took effect on June 1, 2020.

Second, the reduction in wholesale sales also enables SPS to avoid or defer the need to either construct or acquire new generating resources to serve these wholesale loads. This benefits SPS's retail customers because new generation generally has significantly higher investment costs than older, depreciated generation resources.

Finally, the reduction in wholesale sales means that more of SPS's costs will be allocated to the New Mexico and Texas retail jurisdictions. In this case, SPS has adjusted the jurisdictional allocators to reflect the departure of 70 MW of Tri-County Electric Cooperative load managed by GSEC in June 2020, which has the effect of shifting costs to the retail jurisdictions.

V. RECOVERY OF CAPITAL INVESTMENT

A. Requested Capital Additions

Q. What amount of new capital investment does SPS seek to recover in this case?

A. SPS seeks to begin recovering approximately $569.6 million, on a New Mexico retail basis, of new capital investment that SPS either placed in service or expects to place in service during the 17-month period from October 1, 2019 through February 28, 2021.[7] These capital investments were prudently incurred to construct the Sagamore Project for the benefit of SPS's customers, support and promote economic development within SPS's service area, and maintain and improve SPS's operations.

Q. Please summarize the capital investment SPS placed into service during the Test Year (October 1, 2019 through September 30, 2020) and the SPS witnesses that support the reasonableness and necessity of this investment.

A. During the Test Year, SPS placed in service, on a New Mexico retail basis:

- approximately $15.1 million of production plant investment during the Test Year. Mr. Lytal and Mr. Moeller support those capital additions;

[7] As permitted under Section 62-6-14 of the PUA and Commission precedent, SPS has included investments that it will place in service during the five-month period from October 1, 2020 through February 28, 2021.

- approximately $60.2 million of transmission investment during the Test Year. Mr. Cooley, Mr. Lytal, and Mr. Moeller support those capital additions;

- approximately $68.4 million of distribution investment during the Test Year. Mr. Meeks and Mr. Moeller support those capital additions; and

- approximately $16.5 million of general plant investment during the Test Year. Mr. Remington, Mr. Bick, Mr. Lytal, Mr. Cooley, Mr. Meeks, and Mr. Moeller support those capital additions.

Q. Is SPS seeking to include in rate base any other investment during the Test Year in this case?

A. Yes. SPS is seeking Commission approval to include $5.2 million (New Mexico retail) of intangible plant investment placed in service during the Test Year. Mr. Remington, Mr. Meeks, and Mr. Moeller support those capital additions.

Q. Please summarize the capital investment SPS placed into service or expects to place into service for the period October 1, 2020 through February 28, 2021 and the SPS witnesses supporting the reasonableness and necessity of this investment.

A. During the period October 1, 2020 through February 28, 2021, SPS has either placed into service or expects to place into service, on a New Mexico retail basis, the following investment:

- approximately $279.5 million in production plant projects. Mr. Lytal and Mr. Moeller support those capital additions;
- approximately $65.8 million in transmission plant projects. Mr. Cooley, Mr. Lytal, and Mr. Moeller support those capital additions;
- approximately $45.9 million in distribution plant projects. Mr. Meeks and Mr. Moeller support those capital additions; and
- approximately $9.2 million in general plant projects. Mr. Remington, Mr. Bick, Mr. Lytal, Mr. Cooley, Mr. Meeks, and Mr. Moeller support those capital additions.

Q. Is SPS seeking to include in rate base any other investment during the period October 1, 2020 through February 28, 2021?

A. Yes. Approximately $3.7 million (New Mexico retail) is attributable to intangible plant projects that SPS placed in service or expects to place in service October 1, 2020 through February 28, 2021. Mr. Remington and Mr. Moeller support those capital additions.

Q. Please summarize the new capital investment by function and by time period.

A. Table WAG-4 (next page) contains a summary of the amount placed in service on a Total Company basis, and Table WAG-5 (next page) contains a summary of the amount placed in service on a New Mexico retail basis.

Table WAG-4
Total Company Amount Placed in Service

Function	Additions to Plant in Service October 1, 2019 – September 30, 2020	Expected Additions to Plant in Service October 1, 2020 – February 28, 2021	Total Requested Additions to Plant in Service
Production	$48,771,180	$854,713,641	$903,484,821
Transmission	$246,424,312	$253,826,125	$500,250,437
Distribution	$130,469,854	$85,367,535	$215,837,389
General	$54,968,215	$30,578,323	$85,546,538
Intangible	$17,345,806	$12,104,090	$29,449,896
Total	$497,979,366	$1,236,589,713	$1,734,569,080

Table WAG-5
New Mexico Retail Amount Placed in Service

Function	Additions to Plant in Service October 1, 2020 - September 30, 2020	Expected Additions to Plant in Service October 1, 2020 – February 28, 2021	Total Requested Additions to Plant in Service
Production	$15,053,476	$279,544,438	$294,597,914
Transmission	$60,232,564	$65,842,047	$126,074,610
Distribution	$68,423,634	$45,889,678	$114,313,312
General	$16,524,744	$9,192,566	$25,717,310
Intangible	$5,227,446	$3,667,902	$8,895,348
Total	$165,461,863	$404,136,631	$569,598,494

Q. Of the $1.73 billion total company capital investment identified in Table WAG-4, what is the dollar amount that SPS has invested within the State of New Mexico?

A. Of the total company capital investment identified above, SPS has invested approximately $1.16 billion within the State of New Mexico.

Q. Please describe the Sagamore Project that SPS has recently placed into service.

A. The Sagamore Project, which was approved by the Commission in Case No. 17-00044-UT, is a 522 MW wind generating plant with associated facilities located in Roosevelt County, New Mexico. The cost of the Sagamore Project totaled approximately $858 million (total company), and it began commercial operations in December 2020. Mr. Lytal discusses the Sagamore Project in more detail as well as the cost controls and processes SPS utilizes to ensure that its capital investments are reasonable, necessary, and prudently incurred.

Q. Will New Mexico customers benefit from the Sagamore Project?

A. Yes. The Sagamore Project will enable SPS to take advantage of the federal Production Tax Credits ("PTC") associated with the facility for the benefit of SPS's customers. More specifically, following the Initial Period,[8] SPS will credit

[8] "Initial Period" is defined as the shorter of 30 days after commercial operation or the period from commercial operations until the first day of the Rate Case Suspension Period as defined in Section IV(D)(1) of the *Notice of Signatories Concurrence in Final Order Adopting Certification of Stipulation with Modification* in Case No. 17-00044-UT.

customers, through eligible fuel expense, with the New Mexico retail portion of the PTCs, including an income tax gross-up, associated with generation from the Sagamore Project. As part of the modified unanimous comprehensive stipulation reached in Case No. 17-00044-UT, SPS also agreed to provide New Mexico retail customers with various cost protection measures, including a combined cost cap of $1,675 per kW for the Hale and Sagamore Projects, and assurance that New Mexico retail customers will receive a minimum production guarantee up to the level of the 48% net capacity factor ("NCF") beginning with the first full calendar year after commercial operation. More specifically, SPS agreed that if the level of production is determined to be less than a 48% NCF, SPS would calculate the amount of cost that was not avoided and make customers whole as if the facility had generated at a 48% NCF. SPS has also agreed to perform an analysis, as specified in the stipulation, to ensure that there is no net cost for customers for the first ten years of the operation of the wind facilities. These protections, coupled with the other benefits included in the stipulation, ensure that New Mexico customers will benefit from the Sagamore Project.

Q. Will the Sagamore Project provide benefits to the State of New Mexico?

A. Yes. As explained by Mr. Hudson, construction and operation of the Sagamore Project has created jobs in New Mexico and will generate approximately

$44 million in gross receipts tax revenue, $89 million in lease payments to landowners, and $101 million in property tax revenue over its 25-year life.

Q. Please describe SPS's decision timeline regarding the Sagamore Project.

A. As explained in Case No. 17-00044-UT, SPS planned to place the Sagamore Project in service by December 31, 2020. SPS had to decide by August 27, 2019 whether to proceed with the project.

Q. Was SPS able to construct the Sagamore and Hale Projects within the combined cost cap established in Case No. 17-00044-UT?

A. Yes. Though SPS faced significant challenges during construction of the Sagamore Project, including delays in obtaining materials and labor shortages due to the Covid-19 pandemic, SPS was able to control its costs and budget to complete the project within the combined cost cap established in Case No. 17-00044-UT.

Q. Were SPP interconnection costs for the Sagamore Project higher than SPS initially projected?

A. Yes, but as I explained above, SPS was able to complete the project within the applicable cost cap.

Q. Please describe the SPP transmission interconnection process.

A. It is the responsibility of the SPP to manage and study requests for interconnecting new generation resources ("GI Queue") to determine the need and costs of any new transmission network upgrades to accommodate interconnection to the transmission grid. The SPP interconnection study process continues to be overwhelmed by numerous requests, which have created a backlog in processing and studying new generator applications. For example, if a proposed generator resource was submitted into the SPP GI Queue this year, the final interconnection costs would not be known for a minimum of five years and possibly longer. The significant number of projects included in the GI Queue has also resulted in increased transmission interconnection costs.

Q. Please explain how the SPP transmission interconnection process impacted SPS's plans regarding the Sagamore Project.

A. When SPS was determining whether to proceed with the Sagamore Project in early 2019, the SPP had determined that a 345 kV transmission line would be required to serve the project due to the large number of projects included in the SPP interconnection queue. Constructing a 345 kV transmission line would have resulted in significantly increased costs that would have detrimentally impacted the economic viability of the project.

Q. How did SPS resolve the issues related to the SPP transmission interconnection process?

A. SPS negotiated with the parties who had projects listed in the queue ahead of the Sagamore Project. SPS was able to reach a resolution that allowed SPS to reduce the transmission interconnection costs associated with the Sagamore Project.

Q. Was it necessary for SPS to resolve issues related to the SPP interconnection process in order to economically construct the Sagamore Project?

A. Yes. If SPS had not resolved issues relating to the SPP interconnection process, the transmission interconnection costs would have rendered the project uneconomic.

Q. Prior to proceeding with the construction of the Sagamore Project, did SPS analyze whether the project would remain economic despite the increased costs resulting from the SPP interconnection process?

A. Yes. As explained by Ms. Weeks, SPS performed an economic analysis to determine whether it should proceed with construction of the Sagamore Project. That analysis demonstrated that the project remained economic and provides benefits to SPS and its customers.

Q. Does SPS's inclusion of the Sagamore Project in this case comply with the capital cost cap established in Case No. 17-00044-UT?

A. Yes. The amount SPS is requesting to include in rate base for the Sagamore Project is $281,675,390 on a New Mexico retail basis ($858,376,190 total company). The total cost for the Hale and Sagamore investment that will be placed in service by February 28, 2021 will be approximately $1,562 per kW on a total company basis, which is well below the $1,675 per kW cost cap adopted in Case No. 17-00044-UT.

Q. Has SPS complied with the requirements established in Case No. 17-00044-UT with regard to depreciation?

A. Yes. In Case No. 19-00170-UT, SPS conducted a full depreciation study for all assets, including the Hale Wind Project. According to Section XI of the Modified Unanimous Comprehensive Stipulation in Case No. 17-00044-UT, the depreciation rate established for the Hale Wind Project in Case No. 19-00170-UT will apply to the Sagamore Project in the current case.

B. Available Generating Capacity

Q. Please summarize the Commission's treatment of SPS's available generating capacity in its last litigated rate case.

A. In SPS's last litigated base rate case, Case No. 17-00255-UT, the Hearing Examiner recommended, and the Commission adopted, a disallowance of the return on 5% of

SPS's generation, based on the belief that some portion of SPS's generating capacity was not fully used and useful. In this case, SPS seeks to fully recover a return of and on its generating capacity because all of SPS's generation is used and useful; the generating fleet is necessary for SPS to provide safe and reliable service to customers.

Q. Does the current demand for power services warrant full recovery of SPS's available generating capacity?

A. Yes. All of SPS's available generating capacity benefits SPS's customers and should be recovered in rates. As Mr. Hudson explains in his direct testimony, SPS's existing capacity is playing an important role in SPS's ability to timely respond to retail load growth in its New Mexico service area.

Q. From the perspective of SPS's New Mexico retail customers, if SPS were to retire units, which units would be the best to retire?

A. SPS would retire the oldest and most inefficient units first.

Q. Should the SPP 12% planning reserve margin requirement be used to determine whether SPS's system has capacity that exceeds the generation needed to appropriately and cost-effectively serve its customers?

A. No. In her direct testimony, Ms. Weeks explains problems with using the planning reserve margin requirement to evaluate whether SPS has sufficient capacity to

appropriately and cost-effectively serve its customers. I would further emphasize that: (1) the planning reserve requirement is a *minimum* requirement, not a maximum or a target; (2) while SPS must exceed that minimum threshold, that threshold does not dictate all of SPS's planning, because SPS makes plans and decisions to prudently provide energy to customers (not just have capacity) and to meet Renewable Portfolio Standards requirements; (3) SPS has worked within SPP to reduce that minimum requirement and to maximize credit SPS receives for its renewable resources; and (4) given the features of SPS's service territory and system, meeting the SPP minimum requirement would not ensure reliable service for customers, much less cost-effective energy.

Q. What is the basis for establishing the SPP planning capacity reserve margin?

A. SPP performs a loss-of-load-expectation study for the SPP area and determines what level of reserves would be required to meet the industry standard of loss of load due to generation capacity and deliverability.

Q. What is the history of the SPP recommended planning reserves?

A. Until a couple of years ago, SPP's criteria required companies to maintain 13.6% reserve capacity to meet the region-wide reserve requirement. The results of the market implementation, as well as improvements in the transmission system, have allowed for the reduction of this requirement to 12% planning reserves. As I

mentioned earlier, SPS successfully advocated that SPP lower the reserve margin to 12%, which saves customers money by reducing the amount of required capacity. The SPP will study the reserve margin requirement every two years to determine whether it is adequate to meet the industry standard of loss of load one day every ten years.

Q. What other changes to the accreditation of capacity affected the SPP reserve calculation?

A. Although Ms. Weeks testifies that none of SPS's renewable energy was purchased for the purpose of meeting capacity requirements, SPS, among others, successfully advocated that SPP give more capacity credit to renewable resources. This change resulted in significant increases in the net planning capability of renewable resources. For wind, the percentage of accredited capacity went from around 5 to 7% to more than double and is now around 15% of the nameplate capacity. The change for solar facilities was even more significant, as the accredited capacity went from below 10% of nameplate to as much as 70%. Increasing the amount of net planning capability for renewable resources provides an additional benefit at no cost to load served by renewable facilities and, as a result, saves money for customers. Ms. Weeks discusses in detail the impacts of SPP's net planning capability of renewable resources on SPS's reserve margin.

Q. Do SPP criteria specifically require a 12% planning reserve margin?

A. No. The 12% is not a specific requirement, or a target, or a maximum. Instead, it is the *minimum* requirement to reach the region-wide requirement. Furthermore, in some situations, carrying only the required reserves would be detrimental to the load (i.e., customers) in a specific area.

Q. Can you further explain why the impact of carrying just 12% reserves on the SPS system would be detrimental to load in the SPS area?

A. Yes. In the SPS area specifically, there are three reasons why carrying just 12% reserves would be a detriment to the load in the area:

(1) the location of the SPS area in relation to the rest of the eastern interconnection;

(2) the amount of the 12% requirement as compared to the SPS load and the size of the largest units in the SPS area; and

(3) market impacts and the reduction of revenue that benefits SPS customers as a result of the units in the SPS portfolio.

Q. Why is the location of the SPS system, and the location of SPS's generating resources within the system, important in evaluating SPS's generating capacity?

A. Because of SPS's location within the SPP and the existing transmission constraints, it is important to consider the need for generation in particular areas and not just the total capacity of SPS's generating fleet. SPS is on the furthest, most remote

southwestern edge of the eastern interconnection, and design of the transmission system depends on the placement of SPS's generation resources. For example, generation located in New Mexico or the southern part of SPS's system reduces the flow into the southernmost area of the system and therefore balances resource planning with the necessary transmission build out. Planning a transmission system without regard for the location of system resources would lead to an expensive and unnecessary transmission build-out.

And although the transmission capability between the SPS area and the rest of the SPP footprint has been greatly improved, SPS is still affected more than other utilities when one or more of the 345 kV tie lines into the SPS system is out of service. Because of the location of the SPS system and the location of the SPS generation facilities within the SPS area, it is very likely that new transmission would be required if SPS was forced to reduce the amount of generation within the area. The impact of reducing the SPS generation fleet on the transmission system would have to be extensively studied.

Q. Can you provide a specific, recent example of a situation where the location of SPS's generation resources positively impacted system reliability?

A. Yes. During the winter storm that occurred in November 2020, SPS had no ability to import power because of the impact of the storm to Oklahoma area where the

majority of the SPS tie lines are connected. Therefore, SPS was fully dependent on its own generation fleet. If SPS only had 12% planning reserves available during that time period, it would not have been able to provide reliable service to its customers.

Q What amount of reserves reflects the 12% planning reserve requirement and how does that impact the SPS system?

A. SPS's forecasted planning load in 2021 is 4,158 MW, which requires a 12% reserve margin of 499 MW. The SPS fleet has two coal units at Tolk, each of which are rated at approximately 540 MW, and one combined cycle that is 480 MW. If a forced outage occurred at either of the two largest coal units, SPS would not have enough resources to meet its load obligation, much less supply the daily operating reserve requirement, which is a subset of the planning reserve requirement. If an outage occurred at he combined cycle, SPS would essentially be right at the minimum. On any given year during the peak months, there are some forced outages as well as reductions of capacity due to equipment failure, which would compound the issue above. That would expose the SPS load to the market prices associated with a resource shortage and an inability to meet the must-offer requirement of offering enough reserves to meet the load forecast plus the daily operation reserve requirement, which usually runs around an additional 80 MW.

Q. Have SPS's customers received other benefits from SPS's generation position?

A. Yes. First, if SPS reduced its reserves to 12%, there are times when SPS would not be able to carry the operating reserves necessary to cover the load requirement. SPS currently self-supplies most of its reserves, which has the effect of reducing the amount paid by SPS customers as compared to buying reserves from the market. The cost of reserves in the market runs about $1.3 million a year, which is almost totally offset by SPS self-supplying these reserves and the credit coming back to customers. SPS also sells excess reserves into the market, which provides an additional $13,979,544 (total company) of net benefit to SPS's customers as a credit.[9] Another major benefit to SPS New Mexico customers that would be impacted by a reduced capacity position is the $38,632,934 in off-system sales that SPS shared with New Mexico retail customers during the Test Year. Of the approximately $22,332,900 (total company) of margins shared with SPS customers, $6,195,382, or about a fourth, came from sales of ancillary services to the market above the SPS requirement, which would be greatly impacted by a reduction of SPS fleet position. If SPS was denied full recovery of its generation investment, then it should retain for itself the revenues and savings associated with that generation. In

[9] The credit is provided to New Mexico retail customers through SPS's FPPCAC and is based on a fuel allocator.

other words, if generation is removed from rate base on the theory that it is not serving customers, then customers should not retain the benefits associated with that generation. If shareholders are to bear the costs, then they should also receive the associated economic benefits.

Q. Is there evidence that New Mexico retail load is growing into SPS's available capacity?

A. Yes. Even considering the impacts of COVID-19, the oil and gas development in the New Mexico portion of the Permian Basin is still growing. In addition, SPS is aware of more load growth that its customers soon expect, but that SPS has not incorporated into its own load projections. In her direct testimony, Ms. Weeks explains that SPS's actual loads have consistently exceeded its forecasts. Therefore, it should be expected that continued load growth will absorb even more of SPS's capacity.

Q. Have any SPS customers expressed a concern about SPS's ability to serve this new and growing load?

A. Yes, customers with business operations in SPS's service territory have expressed concern about SPS's ability to serve the needs of the growing load demands in the SPS area, and they seek reassurance that supply will be there to serve new and growing load when considering where to invest and expand their operations.

VI. COMMITMENTS FROM PRIOR CASES

Q. Has SPS complied, or is SPS in the process of complying, with the Commission's final orders issued during the preceding five-year period?

A. Yes. In addition to the requirements I discussed above regarding the Hale and Sagamore Projects, over the last five years (2016-2020), various reporting and program obligations have been imposed on SPS by the Commission in a variety of cases. SPS's cases during the past five years have included: (1) annual renewable energy procurement filings; (2) energy efficiency program filings; (3) securities and related financial filings; (4) PPA approval filings; (5) commission investigations; (6) certification of generation and transmission facilities; (7) customer complaint cases; (8) FPPCAC filings; and (9) rate cases. Compliance matters, commitments, and obligations from prior cases are detailed in Attachment WAG-5 to my testimony.

Q. Has SPS complied with the commitments it made in Case No. 19-00170-UT?

A. Yes. As set out in Attachment WAG-5, SPS has complied with, or is in the process of complying with, the requirements of the Uncontested Comprehensive Stipulation that was approved by the Commission in Case No. 19-00170-UT.

VII. O&M EXPENSES FOR REGULATORY AND GENERAL CORPORATE OPERATIONS

Q. What issues do you address in this section of your testimony?

A. In this section of my testimony, I discuss and support the reasonableness and necessity of the O&M expenses associated with regulatory and general corporate operations for the Test Year. In particular, I sponsor services and costs related to the following areas:

- Customer Account Expenses:
  - Supervision (FERC Account 901)
  - Meter Reading (FERC Account 902)
  - Customer Records and Collection (FERC Account 903)
  - Uncollectible Expenses (FERC Account 904)
  - Miscellaneous and Customer Account Expenses (FERC Account 905)
- Customer Service Expenses (FERC Accounts 908 and 910)
- Demonstration and Selling Expense (FERC Account 912)
- Miscellaneous Sales Expense (FERC Account 916)
- A&G Expenses:
  - Office Supplies and Expenses (FERC Account 921)
  - Outside Services Employed (FERC Account 923)

- Property Insurance (FERC Account 924)
- Regulatory Commission Expense (FERC Accounts 928 - 928.04)

These costs include labor, materials, and other non-fuel O&M costs as reflected in Attachment WAG-6.

Q. Do other SPS witnesses also support these expenses?

A. Yes. Mr. Baumgarten, Mr. Knoll, and Mr. Schrubbe provide testimony regarding labor and associated costs. Mr. Meeks supports a portion of the FERC Account 903 expenses.

Q. What types of charges are included in the FERC accounts that you sponsor?

A. These FERC accounts include O&M expenses composed of both native SPS costs and affiliate charges. Native SPS costs are those costs incurred directly by SPS to provide electric service to its customers. These costs include labor, materials, and other non-fuel O&M costs. For example, the salaries of SPS employees are native costs. In addition, SPS receives services provided by XES, a centralized service company, which are in addition to, and not duplicative of, the services that SPS employees provide. XES provides these services "at cost," or without profit. Finally, O&M expenses also include charges to SPS from other Operating Companies or affiliated interests. Similar to the charges from XES, these services are charged to SPS "at cost" and generally involve emergency services, such as

storm restoration activities. Mr. Baumgarten provides additional details regarding the methodology of charging affiliate costs to SPS from XES and other affiliated interests.

Q. What types of costs are associated with FERC Accounts 901 through 903?

A. FERC Accounts 901 through 903 include costs associated with customer accounts, such as: customer account supervision, which includes the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities; meter reading; and customer records and collection, which includes the cost of labor and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Q. What types of costs are associated with FERC Account 904, Uncollectible Expenses?

A. This account includes billed commodity revenue for electric service that is considered uncollectible from customers. Commodity revenue refers to the revenue billed to SPS's customers for the cost of utility service, including all regulated charges to customers, such as riders. This definition represents virtually all of SPS's billed retail customer revenue. It does not include comparatively minor ancillary charges such as damage claims.

Q. What types of costs are associated with FERC Account 905, Miscellaneous Customer Account Expenses?

A. This account includes the cost of labor, materials, and expenses associated with customer accounts that are not included in other accounts.

Q. What types of costs are associated with FERC Accounts 908 and 910, Customer Service Expenses?

A. The costs recorded in FERC Account 908 are incurred to comply with energy efficiency and load management standards in both New Mexico and Texas, and for system management purposes. The costs recorded in FERC Account 910 include expenses incurred in connection with customer service and informational activities that are not included in other customer information expense accounts.

Q. What types of costs are associated with FERC Account 912, Demonstration and Selling Expense?

A. The costs included in FERC Account 912 are associated with labor and materials for demonstrations and sales. As Ms. Niemi notes in her testimony, image and promotional advertising have been excluded from the cost of service because the Commission has determined that those types of costs are not recoverable. However, other costs in FERC Account 912 are recoverable, and SPS is seeking to recover those costs in this account.

Q. What types of costs are associated with FERC Account 916, Miscellaneous Sales Expense?

A. FERC Account 916 includes the cost of labor, materials, and expenses incurred in connection with sales activities, except merchandising, that are not included in other sales expense accounts.

Q. What types of costs are associated with FERC Account 921, Office Supplies and Expenses?

A. The costs recorded in FERC Account 921 include office supplies and expenses associated with SPS's operations that are not included in other FERC Accounts. These items include expenses for office equipment, office supplies, materials, postage, printing, and communications services.

Q. What types of costs are associated with FERC Account 923, Outside Services Employed?

A. The costs included in FERC Account 923 are associated with the fees and expenses of consultants that are not specific to a particular operating function or other FERC accounts. These expenses include the fees and costs for contract accountants, auditors, appraisers, and engineering consultants, as well as the supervision fees and expenses paid under contracts for general management services.

Q. What types of costs are associated with FERC Account 924, Property Insurance?

A. FERC Account 924 includes expenses for property insurance, which covers damage to SPS property such as buildings and substations, excluding transmission and distribution lines.

Q. What types of costs are associated with FERC Accounts 928 – 928.04, Regulatory Commission Expense?

A. The costs included in FERC Accounts 928 are those expenses incurred by SPS related to formal cases before regulatory commissions, including the Commission, the PUCT, and FERC, as well as fees assessed by regulatory bodies, including those for the administration of the Federal Power Act.

Q. How are O&M activities associated with Regulatory and General Corporate Operations identified and funded?

A. Preliminary budgets are developed at the department level based on current operating conditions, activity levels, and estimates of future business needs. These preliminary budgets are then used to develop an over-all budget for SPS. O&M expenditures are controlled by senior management who monitor and review the O&M trends and operating conditions on a frequent basis to ensure that expenditures are reasonable, necessary, and properly directed.

Q. What efforts do SPS and XES take to control O&M costs on an on-going basis?

A. Both SPS and XES strive to control O&M costs, while maintaining the safety and reliability of SPS's system and providing effective and efficient customer service. The O&M budgeting and monitoring processes ensure that cost controls are in place to operate within reasonable limits. During each fiscal year, there is on-going monitoring and management of expenses. Furthermore, management recognizes that O&M cost control is a dynamic process, not an annual or periodic exercise. For that reason, senior management frequently meets to discuss O&M spending levels.

Q. Does the procurement process also control O&M costs?

A. Yes. SPS and XES utilize a procurement process for materials and supplies as well as for a majority of their service contracts. Depending upon the product to be purchased or the service to be performed, the procurement group, working with the appropriate work group, either utilizes a bid process or a negotiated supplier agreement to obtain the product or service. This procurement process ensures that SPS receives a quality product or service at a reasonable price.

Q. Are the services and associated O&M costs you sponsor necessary and reasonable for SPS's operations?

A. Yes. The regulatory and general corporate operations services discussed above are essential to SPS's operations and include labor, materials, and other non-fuel O&M costs. Mr. Knoll and Mr. Schrubbe support the reasonableness of the labor costs, and Mr. Baumgarten provides testimony supporting the methodology of billings for labor and labor overheads.

In addition, the associated Test Year costs are reasonable, reflect the types of costs all utilities incur, and are representative of the costs SPS will experience in the future. Moreover, the services provided by XES and other affiliated interests to SPS are provided at cost, are necessary to provide electric utility service, and would have to be self-supplied by SPS if not provided by these companies.

Q. Do SPS's New Mexico retail customers benefit from the services associated with the specific O&M costs you discuss?

A. Yes. These services allow SPS to provide essential services to its New Mexico retail customers in an efficient manner. These services are provided through a centralized organizational approach that reduces costs and enables the Operating Companies to benefit from economies of scale, resource sharing during peak

workloads, and historical knowledge that enables employees to respond quickly and with better insights to ensure that the best overall work product is delivered. The centralized organization allows each of the Operating Companies to benefit from the direct experience of the others, leading to improved skills and work practices. In addition, the expenses are reasonable because the costs of the services are managed, reviewed and minimized.

VIII. PROFESSIONAL AND INDUSTRY DUES, DONATIONS, AND CONTRIBUTIONS

Q. Has SPS included expenses for professional and industry dues, donations, and contributions in its requested Test Year revenue requirement?

A. Yes. In accordance with 17.3.350.10 NMAC, SPS is seeking to recover the reasonable costs of certain membership dues, donations, and contributions. These costs, which total $264,190 for the New Mexico retail jurisdiction, are shown on Attachment WAG-7.

Q. Do the Commission's rules provide for the inclusion of SPS's professional and industry dues, donations, and contributions in SPS's cost of service?

A. Yes. The professional and industry dues, donations, and contributions that SPS seeks to recover are within the scope of 17.3.350.10 NMAC, which expressly authorizes utilities to recover dues paid to professional or trade associations that contribute to the professional education and standing of employees as well as other reasonable donations and contributions. Paragraph C of 17.3.350.10 NMAC states that contributions, donations, dues, subscription, and membership fees *other than for dues to professional or trade associations and subscriptions to publications* will not be included in the determination of cost of service unless a utility affirmatively demonstrates that such expenditures are reasonable. Thus, 17.3.350.10 NMAC

creates a presumption that dues to professional or trade associations are reasonable and should be recovered in the cost of service and allows for the inclusion of other contributions and donations if the utility establishes they are reasonable.

As discussed below, SPS's membership dues, donations, and contributions are reasonable, benefit SPS's New Mexico retail customers and SPS, and are recoverable.

A. Professional and Industry Dues

Q. What types of professional and industry dues has SPS included in the cost of service?

A. SPS seeks to recover professional dues that have been paid to professional and trade associations in the total amount of $228,088. As shown on Attachment WAG-7, these dues include the following categories and amounts: (1) Professional Organizations - $56,720; (2) Business/Economic Organizations - $12,580; and (3) Industry Organizations - $158,757.

Q. What do these professional and industry dues include?

A. As detailed in Attachment WAG-7, SPS seeks to recover membership dues that include licensing fees for engineers, attorneys, accountants, land surveyors, and notaries, among others. These expenses contribute to the professional standing and

education of SPS's employees, benefit SPS and its New Mexico retail customers, and are recoverable under 17.3.350.10 NMAC.

Q. What types of organizations are included in the "Professional Organizations" category?

A. These organizations include entities that license and certify the engineers, architects, attorneys, accountants, financial analysts, appraisers, notaries, and other employees who perform work for SPS. Many of these organizations also provide resources, education, and training that benefits those employees.

Q. What types of organizations are included in the "Business/Economic Organizations" category?

A. This category includes chambers of commerce and related economic development organizations in SPS's service area. Membership in these organizations contributes to the education and professional standing of SPS's employees by providing opportunities for them to regularly communicate with business and civic leaders and obtain information regarding community concerns and interests. This knowledge allows SPS to better serve its New Mexico retail customers. These organizations also promote economic development, which is in the interest of the communities that SPS serves.

Q. What types of organizations are included in the "Industry Organizations" category?

A. Organizations included in this category provide resources, education, and training for the employees who perform work on behalf of SPS. For example, Edison Electric Institute ("EEI") is the trade association that represents all U.S. investor-owned electric companies. EEI provides essential conferences and forums on issues such as electric reliability, grid enhancements, and cyber and physical security. EEI also provides industry training courses on regulatory compliance and other issues affecting electric utilities.

Q. Does SPS seek to recover any professional or industry dues that support lobbying activities?

A. No. Although the EEI performs some lobbying activities in addition to providing education and resources that benefit SPS's employees, SPS has removed the portion of dues attributed to lobbying activities from the cost of service.

Q. Do all of the membership dues that SPS seeks to recover contribute to the professional education and standing of SPS's employees?

A. Yes. The organizations to which SPS has paid dues provide resources, education, training, and information that contributes to the professional education and standing of SPS's employees.

Q. Do the membership dues that SPS seeks to recover benefit SPS's New Mexico retail customers?

A. Yes. It is in the best interest of SPS's New Mexico retail customers for SPS to ensure that its employees are appropriately credentialed and trained and that employees have access to the information they need to perform their jobs to the best of their ability.

Q. Are the membership dues that SPS seeks to recover reasonable?

A. Yes. Considering the many benefits provided by the organizations discussed above, the membership dues that SPS seeks to recover are reasonable.

B. Donations and Contributions

Q. Does SPS regularly make significant donations to charitable, educational, and cultural organizations within its service area?

A. Yes. SPS regularly contributes to organizations that benefit the communities in which SPS operates, including, among others, youth sports programs, educational programs, and organizations that support the arts.

Q. Does SPS seek to recover all of the donations and contributions it has made to organizations within its service area?

A. No. SPS seeks to recover a small portion of its donations and contributions.

Q. What types of donations and contributions has SPS included in the cost of service?

A. SPS seeks to recover donations and contributions to community and economic development organizations in SPS's service area in the total amount of $36,103. As shown on Attachment WAG-7, these donations and contributions consist of the following categories and amounts: (1) Community - $10,160; and (2) Economic Development - $25,942.

Q. Please describe the organizations that are included in the "Community" category.

A. The organizations included in this category support and benefit communities in SPS's service area through various activities and services.

Q. Please describe the organizations that are included in the "Economic Development" category.

A. This category includes organizations that promote economic development in SPS's service area, such as chambers of commerce and other related entities. SPS's contributions to these organizations differ from the membership dues discussed above because they relate primarily to event sponsorships.

Q. Do these donations and contributions benefit SPS's New Mexico retail customers?

A. Yes. SPS's donations and contributions to Community organizations benefit SPS's New Mexico retail customers by providing service and other support for their communities.

The programs and organizations that receive Economic Development contributions have missions that assist existing businesses, encourage the expansion of existing commercial and industrial customers, attract new businesses, and stimulate economic development in eastern New Mexico. The organizations that receive Economic Development contributions also promote the development of a workforce that will be needed to meet the employment needs of the growing economy.

Because these donations and contributions are reasonable and benefit SPS and its New Mexico retail customers, SPS is entitled to recover them under 17.3.350.10 NMAC.

Q. Has SPS made these donations and contributions solely to maintain corporate good will or good corporate citizenship?

A. Although it is important for SPS to maintain corporate good will and good corporate citizenship, that is not the only reason SPS has contributed to the organizations

discussed above. Rather, the organizations to which SPS has donated support the communities that supply SPS's workforce. It is important for SPS and other employers in eastern New Mexico to have access to educated and capable employees, and these organizations promote that goal.

Q. Are these donations and contributions reasonable?

A. Yes. Considering the many benefits provided by these organizations, the donations and contributions that SPS seeks to recover are reasonable.

IX. RATE CASE EXPENSES

Q. What is the purpose of this section of your testimony?

A. In this section of my testimony, I discuss the reasonableness, necessity, and recoverability of SPS's rate case expenses. These expenses include: (1) the fees and expenses of both outside counsel and consultants who performed work on the current rate case and other litigation matters for SPS; and (2) expenses incurred by SPS personnel associated with the current rate case and prior rate-related matters.

Q. Are New Mexico utilities allowed to recover rate case expenses through rates?

A. Yes. Although I am not an attorney, it is my understanding that New Mexico law requires recovery of expenses that are necessary in providing utility service that benefits customers and that are prudently incurred.[10] Accordingly, along with its other reasonable and prudent operating expenses, a utility is generally allowed the opportunity to recover its rate case expenses through its service rates.[11]

[10] *Zia Natural Gas Co. v. New Mexico Public Util. Comm'n*, 2000-NMSC-011, ¶ 13, 128 N.M. 728, 998 P.2d 564 (stating that "the Commission has an *obligation* to allow a utility expenses that are necessary in providing service, that benefit ratepayers, and that are prudently incurred" (emphasis added)); *see In re Rates and Charges of Mountain States Tel. & Tel. Co.*, 1982-NMSC-127, ¶¶ 15-16, 99 N.M. 1, 653 P.2d 501.

[11] *West Ohio Gas Co. v. Public Commission*, 294 U.S. 63, 73 (1935); *In re Petition of PNM Gas Services, PNM Gas Services v. New Mexico Pub. Util. Comm'n*, 2000-NMSC-12 at ¶¶ 68, 129 N.M. 1, 24, 1 P.3d 383, 406 ("*PNM Gas Services")*.

Q. Has the New Mexico Supreme Court recognized that rate case proceedings are necessary in providing utility services and that those proceedings benefit customers?

A. Yes. In *PNM Gas Services*, the New Mexico Supreme Court expressly recognized that rate case proceedings are necessary in providing utility service and that such proceedings benefit customers:

> Because rate proceedings are a part of the normal course of business for a utility and because rate proceedings, by establishing just and reasonable rates, are conducted for the benefit of both ratepayers and shareholders, it is widely accepted that rate case expenses are one aspect of a utility's operating costs and are recoverable in a general rate proceeding.[12]

Therefore, as long as the rate case expenses are prudently incurred, those expenses are recoverable.[13]

Q. Are particular evidentiary standards applicable to the recovery of rate case expenses?

A. Yes. Absent evidence to the contrary, a utility's operating expenses are generally presumed to have been made in good faith and with reasonable judgment, and

[12] *In re PNM Gas Servs.*, 2000-NMSC-012, ¶ 68, 129 N.M. 1, 1 P.3d 383.

[13] *Id.* ¶ 77, 1 P.3d at 409-410 (holding that the Commission could not deny recovery of rate case expenses in their entirety when the utility presented evidence that it had incurred such expenses).

recovery is therefore allowed in rates.[14] In New Mexico, however, rate case expenses do not benefit from this presumption, and a utility must demonstrate that its rate case expenses are reasonable.[15]

Q. Does the absence of a presumption of reasonableness preclude the use of estimated rate case expenses?

A. No. In *PNM Gas Services*, the New Mexico Supreme Court recognized that a utility may estimate its rate case expenses in lieu of providing actual expenses, provided that it demonstrates the estimates are reasonable.[16]

Q. Did the Supreme Court provide any guidance regarding proof of reasonableness?

A. Yes, the Court noted that it did not intend to preclude the use of actual expenses as a measure of the reasonableness of the utility's estimate and that the Commission could order the utility to produce evidence of actual expenses for that purpose. The Court added that the Commission could also utilize its own expertise and experience with expenses generally incurred by utilities in comparable proceedings,

[14] *West Ohio Gas Co.*, 294 U.S. at 73*; PNM Gas Services*, 2000-NMSC-12 at ¶ 72, 129 N.M. at 25, 1 P.3d at 407; *see, also*, 1 A.J.G. Priest, *Principles of Public Utility Regulation* 50 (Michie 1969) (expenses should not be disallowed unless shown to be excessive, unwarranted, or incurred in bad faith and agency must allow expenses that are fair and reasonable expenses of operation).

[15] NMSA 1978, § 62-13-3; *PNM Gas Services*, 2000-NMSC-12 at ¶¶ 70-77, 129 N.M. at 25-26, 1 P.3d at 407-408.

[16] *PNM Gas Services*, 2000-NMSC-12 at ¶¶ 70-75, 129 N.M. 25-26, 1 303 P.3d 407-408.

referring by comparison to a case involving an award of attorney fees. The Court further explained that the Commission cannot deny recovery altogether in the face of irrefutable evidence that the utility had incurred substantial, even though unquantifiable, rate case expenses.[17]

Q. What criteria have you used to evaluate the reasonableness of SPS's rate case expenses?

A. My evaluation of the reasonableness of SPS's requested rate case expenses is based on: (1) my prior experience in preparing, presenting, and managing utility rate cases; (2) my understanding of the complexity of the issues in rate cases and the need for specialized technical expertise and legal assistance; and (3) my experience and involvement in the selection of the consultants and outside attorneys, and defining and overseeing their performance of services.

A. Rate Case Expenses in this Case

Q. Will SPS incur rate case expenses to prepare and prosecute this rate case?

A. Yes. SPS proposes to recover in this case the rate case expenses incurred to prepare the rate case filing as well as the costs it will incur to pursue this base rate case before the Commission and, if necessary, on appeal.

[17] *Id.* at ¶¶ 76-77, FN 7, 8, 129 N.M. 26-27, 1 303 P.3d 408-409 (citing *Calderon v. Navarette*, 1990-NMSC-098, 111 N.M. 1, 800 P.2d 1058).

Q. How has SPS managed its current rate case?

A. SPS has reasonably managed its current base rate case by using a mix of internal resources, outside counsel, and external consultants to develop, file, and litigate its requests in this case, with an eye toward keeping expenses at a reasonable level.

As to internal resources, SPS's lead counsel for this case, Mr. William DuBois, is an experienced public utility lawyer who understands the details of a rate filing. SPS is also relying on two additional internal, experienced public utility lawyers, Ms. Zoë Lees and Mr. Mark Walker. Additionally, SPS has appropriately relied on its own employees to provide testimony and support for the proceedings in their respective areas of subject matter expertise.

For outside counsel, SPS has engaged the Santa Fe office of Hinkle Shanor LLP (the "Hinkle Firm"), Winstead, P.C. (the "Winstead Firm"); and Eversheds Sutherland. In addition, Amy Shelhamer, of the Amarillo firm of Courtney, Countiss, Brian & Bailey L.L.P., has been engaged. The Hinkle Firm, the Winstead Firm, Eversheds Sutherland, and Ms. Shelhamer all have deep experience in handling public utility matters and rate cases. These lawyers are highly regarded and well qualified to handle their case responsibilities. The work has been staffed in a reasonable manner with appropriately experienced lawyers who charge reasonable fees for their services, and these attorneys have experience that allows

them to understand SPS and efficiently perform the necessary work with a minimum amount of research.

Duplication of work is avoided through the attorney work assignment process. Witnesses are in many cases matched with attorneys who have experience in the subject matter fields of the witness, so that the case preparation process is streamlined as much as reasonably possible. Younger and less experienced lawyers are also used in an appropriate way for legal tasks, including time-intensive discovery and research matters.

Similarly, the external witnesses and outside consultants are all necessary and experienced, and they have been delegated responsibilities that could not be performed efficiently by internal resources. The use of outside consultants to support certain rate case issues is common and helps defray overall costs when their services are not needed on a day-to-day basis to operate the utility. The roles and responsibilities of the consultants are listed in Attachment WAG-8 to my direct testimony.

Q. To the extent possible, does SPS seek to limit the number of witnesses, consultants, and counsel who will provide assistance?

A. Yes. In identifying the witnesses, consultants, and counsel who will provide assistance, SPS considers how to best address issues and questions that have been

raised in prior proceedings. In addition, SPS is the only Commission-regulated utility that operates within an RTO and an organized market, and it also operates in three jurisdictions (New Mexico, Texas, and FERC). SPS must present testimony to explain issues related to these unique circumstances.

Q. Is it reasonable and necessary for SPS to retain outside legal counsel?

A. Yes. All of the investor-owned electric utilities in New Mexico use outside legal counsel for rate cases because rate case work is highly specialized and requires additional resources.

As the Commission is aware, the utility has the burden of proof. This necessarily requires the utility to prepare direct and rebuttal testimony sufficient to satisfy this burden and demonstrate the reasonableness and need for the rate relief requested. Although the Commission's rate filing package instructions and required schedules provide the utility with a road map for its filing, the possible issues in a rate case are numerous, are sometimes hard to anticipate until well into the litigation, and in many cases are driven by intervening parties. In addition, the utility must have the resources required to timely respond to discovery, which is often voluminous and complex.

Additionally, outside counsel with rate case experience provide both good practice skills and a substantive knowledge of the industry as well as familiarity

with accounting, operations, development, and finance issues, among other related issues. Typical issues that must be addressed in rate proceedings include O&M expenses (and adjustments thereto), construction and decisional prudence, ROE, capital structure, cost of debt, employee compensation, pensions, depreciation, federal income taxes, ad valorem taxes, cash working capital, cost allocation, and rate design. These issues, as well as many other issues and sub-issues, are complex and are often the subject of intense litigation.

Q. Was it reasonable for SPS to select the Hinkle Firm, the Winstead Firm, Eversheds Sutherland, and Ms. Shelhamer as outside counsel?

A. Yes. These firms and attorneys have extensive experience and the resources necessary to efficiently and professionally handle all the requirements of a rate case. In addition, these law firms often represent other utilities that have rate cases before the Commission, other state regulatory commissions, the FERC, or other state agencies, so the firms understand not only the substantive issues involved, but how to prepare and prosecute a rate case without learning how to litigate these types of cases from scratch. Furthermore, many of the attorneys associated with these firms have experience representing other large electric utilities. As a result, SPS enjoys access to attorneys that have deep and immediate knowledge of a wide breath of

regulatory issues that could affect the utility. SPS's outside counsel can also provide immediate and sound advice to SPS without performing the extensive research that some other firms might have to undertake.

Q. Is it reasonable for SPS to employ outside consultants for this case?

A. Yes. Even though SPS relies heavily on internal resources, which defrays costs for external resources, it is common for electric utilities to employ outside experts and non-testifying consultants to support and prepare portions of rate cases filed at the Commission. There are many subjects germane to the rate case for which expertise is not necessarily found within the utility's employees. This is true of many, if not all, utilities in New Mexico and across the country. Those subjects for which it was reasonable and necessary for SPS to obtain outside assistance include ROE, depreciation study, and the accounting opinion required by Rule 530, Schedule Q-6.

Q. Has SPS been able to realize other efficiencies and economies through the engagement of these consultants and outside legal counsel?

A. Yes. In February 2021, SPS will file a general rate case with respect to its retail operations in Texas. All of the consultants listed in Attachment WAG-8 are also assisting SPS with the Texas case. Although each case involves unique facts and circumstances, the contemporaneous engagements for two cases allow efficiencies

that would not be realized were the consultants engaged for this case alone. In addition, Mr. Watson provided testimony in Case Nos. 12-00350-UT,[18] 15-00296-UT,[19] and 19-00170-UT, and Ms. Kelly and Mr. Shipman provided testimony in Case No. 19-00170-UT. Accordingly, these witnesses haves prior knowledge and understanding of the issues addressed in the current rate case.

As for legal counsel, aside from their experience and qualifications, the attorneys representing SPS in this case will also represent SPS in its pending Texas rate case. Their assignments in this case include working with the same witnesses and the same issues for which they are responsible in Texas, thereby enabling SPS to realize efficiencies and economies in both consulting and legal expenses.

Q. Are the billing rates, budget projections, and terms of engagement for the consulting services reasonable in your opinion?

A. Yes. SPS (or, in some instances, XES) has professional services agreements with each of the consultants or their firms engaged for this case. These agreements detail the scope of work to be performed by the consultant, the applicable billing rates, and the maximum authorized contract amounts for the scheduled work. Change

[18] *In the Matter of Southwestern Public Service Company's Application for Revision of Its Retail Electric Rates Under Advice Notice No. 245*, Case No. 12-00350-UT.

[19] *In the Matter of Southwestern Public Service Company's Application for Revision of Its Retail Rates Under Advice Notice No. 256*, Case No. 15-00296-UT.

orders must be submitted and approved before the contract limits can be exceeded. The agreements include rigorous terms and conditions intended to control costs, assure quality, on-time performance, and protect the interests of SPS.

Based on my review of the professional services agreements, it is my opinion that SPS has reasonably and prudently engaged each of the consultants and firms to provide services needed for this case, and their rates and charges are reasonable in light of their expertise and experience.

Q. Are the outside counsel billing rates reasonable in your opinion?

A. Yes. Based upon my experience with rate proceedings in both New Mexico and Texas, the hourly billing rates for the attorneys are reasonable in light of the lawyer's experience and expertise.

Q. Are the miscellaneous expenses reasonable in your opinion?

A. Yes. All of the witnesses and the majority of the attorneys participating in this case reside out of state and may be required to travel to Santa Fe to participate in hearings and prehearing conferences and meetings, depending on the public health orders in effect at the time. Rate case filings are voluminous, and during the course of the case, SPS will likely be reproducing thousands of copies of discovery materials for distribution to Commission Utility Division Staff ("Staff") and intervenors. SPS will be publishing and mailing notices to its customers. At key points in the case,

temporary employees may be needed to produce and distribute case materials and provide other logistical support. Implementing new rates at the conclusion of the case will involve substantial reprogramming of billing and accounting systems.

Q. With regard to this case, what amount of rate case expenses is SPS seeking to recover?

A. SPS seeks to recover approximately $2.7 million in rate case expenses. This amount assumes a fully litigated case with a hearing, post-hearing briefing, exceptions and replies to exceptions, and motions for rehearing and replies. Please refer to Attachment WAG-8 for a summary of these rate case expenses by consultant, law firm, and expense category. The expense category includes various items of out-of-pocket expenses directly attributable to the rate case.

Q. Does SPS's request include the expense for services of SPS or XES employees who are participating in the case?

A. No. The requested rate case expenses do not include the time (and associated compensation and benefits expenses) for the services provided by SPS or XES employees, except for overtime charges for hourly employees. However, the employees' miscellaneous out-of-pocket expenses directly incurred in connection with the rate case, such as travel expenses, are included within rate case expenses.

Q. Is SPS seeking to recover legal expenses associated with an appeal of the Commission's final order in this case?

A. Not in this case, but SPS requests authority to establish a regulatory asset to accrue expenses if there is an appeal. Based on past experience, it is reasonable for SPS to expect that if this case is fully litigated before the Commission—that is, not resolved through a unanimous or unopposed settlement approved by the Commission—one of the parties to the case will appeal the Commission's final order to the New Mexico Supreme Court. The expenses associated with an appeal are an extension of the rate case expenses associated with the rate case. Thus, SPS should be allowed to recover those appellate rate case expenses. Consequently, SPS requests authority to establish a regulatory asset to accrue, with interest at its weighted average cost of capital ("WACC") established in this case, any appellate rate case expenses incurred as part of an appeal of this case. In a later case, SPS would seek recovery of those costs.

Q. How do SPS's rate case expenses compare to the rate case expenses of New Mexico's other investor-owned electric utilities?

A. Rate cases for a particular utility often develop patterns that thwart comparisons to the cases of other utilities. Each utility tends to have unique, ongoing issues that

progress from case to case; the number of intervenors, their interests, and the intensity of their participation vary significantly among utilities; and the composition of the Staff teams assigned to the different utilities also varies. In essence, no two utilities would likely chart the same course.

With that preface, I did review rate case expense requests in the most recent rate cases filed by New Mexico's other two investor-owned electric utilities, PNM and EPE.

Q. What allowances for rate cases expenses did those utilities request?

A. In Case No. 16-00276-UT, PNM requested an allowance of $2,670,000 for rate case expenses. PNM presented a future test year period, and fifteen witnesses filed direct testimony. The case was resolved through a "black box" settlement.

In Case No. 20-00104-UT, which is currently pending, EPE has presented a historical test year period and direct testimony by sixteen witnesses. EPE requests an allowance for rate case expense of $2,401,500.

There are obvious differences between this case and the cases of the other utilities. SPS, for example, is filing testimony by more witnesses, particularly to address issues raised in recent SPS proceedings. SPS's estimated expenses for this case are, however, within the range of the expenses estimated by EPE and PNM.

Q. Is SPS willing to submit its actual rate case expenses as this case progresses as a gauge to evaluate the reasonableness of its estimated expenses?

A. Yes. I caution, however, that much of the actual rate case expense is incurred in the later stages of the case, just before, during, and after the public hearing. Thus, a great portion of the actual expenses will not be known at the time this case proceeds to hearing.

B. Unrecovered Rate Case Expenses Incurred in Case No. 19-00170-UT

Q. Does the Uncontested Comprehensive Stipulation that was approved by the Commission in Case No. 19-00170-UT authorize SPS to seek recovery of its unrecovered actual rate case expenses?

A. Yes. Section V of the Stipulation states that the approved base rate increase included $1.2 million in rate case expenses and that SPS would track its actual rate case expenses and record any difference from the $1.2 million as a regulatory asset or liability. The regulatory asset or liability would then be addressed in SPS's next base rate case, subject to a prudence review.

Q. What is the amount of actual rate case expenses that SPS incurred in Case No. 19-00170-UT?

A. SPS incurred actual rate case expenses in the amount of $1,577,560.

Q. Does SPS seek to recover the difference between the $1.2 million in estimated rate case expenses and the actual rate case expenses?

A. Yes. SPS seeks to recover $377,560 in actual rate case expenses incurred in Case No. 19-00170-UT.

Q. What are the primary reasons that the actual rate case expenses exceeded the $1.2 million estimated in the Stipulation?

A. Because the hearing in Case No. 19-00170-UT was scheduled in early 2020, a significant amount of preparation occurred in late 2019, prior to negotiation of the Stipulation. In addition, SPS incurred expenses in relation to the Commission's post-settlement review process, including the multi-day hearing on the Stipulation.

Q. Notwithstanding the additional costs associated with the post-settlement review process, were SPS's actual rate case expenses lower than they would have been if the case had been fully litigated?

A. Yes. If Case No. 19-00170-UT had been fully litigated, SPS would have incurred significantly greater expenses as a result of a two-week hearing, post-hearing briefs, and the filing of exceptions.

Q. Did SPS subject the rate case expenses in Case No. 19-00170-UT to a similar process and analysis as the rate case expenses SPS expects to incur in this case?

A. Yes. As I explained in my direct and rebuttal testimony in Case No. 19-00170-UT, SPS sought to maximize efficiencies and reduce its rate case expenses and followed a similar process to the one I described above.

Q. Are the additional rate case expenses that SPS incurred in Case No. 19-00170-UT reasonable?

A. Yes. For the reasons discussed above, the additional rate case expenses incurred in Case No. 19-00170-UT are reasonable.

C. Rate Case Expense Recovery Mechanism

Q. How does SPS propose to recover rate case expenses approved in this case?

A. SPS is requesting a one-year amortization of its rate case expenses.

Q. Is SPS's request to recover its rate case expenses over a one-year amortization period reasonable?

A. Yes. A one-year amortization period is reasonable because SPS remains in a significant multi-year capital spending cycle, and during that time SPS will place numerous capital projects in service, which will make it necessary for SPS to file frequent rate cases. These frequent filings are required to enable SPS to maintain

sufficient investment ratings to obtain access to capital markets. To avoid overlapping amortization periods created by successive rate cases, a one-year amortization period is appropriate for rate case expense recovery.

Q. If the Commission determines that rate case expenses should be recovered over a longer period, how does SPS propose to treat these costs?

A. If the Commission spreads SPS's recovery of its rate case expenses over a period of longer than one year, SPS request that the amounts that cannot be recovered during the first year should be included in rate base.

Q. Are the rate case expenses that SPS seeks to recover reasonable and necessary?

A. Yes. In my opinion, the rate case expenses requested by SPS are reasonable and should be recovered over a one-year amortization period.

X. SOUTHWEST POWER POOL SERVICES

Q. Please describe SPP and the services it provides to its members.

A. SPP, which is a FERC-approved RTO, is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has more than 92 members that include electric cooperatives, federal agencies, independent power producers, independent electric transmission companies, investor-owned electric utilities, marketers, municipal utilities, state authorities, and contract participants.

As an RTO, SPP provides several services to its members, including:

- reliability coordination;
- tariff administration;
- regional scheduling;
- transmission expansion planning;
- market operation;
- contingency reserve sharing;
- generation interconnection studies;
- scheduling authority function;
- compliance;
- training; and
- outage coordination.

Q. How are SPP's policies, rules, and tariffs developed?

A. SPP is a member-driven organization. As a result, various committees exist within SPP to develop policy, rules, and tariff provisions related to a wide variety of topics. The primary role of SPP stakeholder committees and working groups is to drive major initiatives that improve or enhance SPP operations. The stakeholder process also focuses on planning for the future. The various committees and working groups provide recommendations to the SPP independent Board of Directors on technical issues. The committees are further composed of working groups, steering committees, and task forces. The committees and groups are made up of representatives of SPP members, including SPS. An organizational chart of SPP's committees and working groups is attached to my testimony as Attachment WAG-9.

Q. Do state retail rate regulators have a role in the SPP member-driven process?

A. Yes. The Regional State Committee ("RSC") is composed of retail regulators across the SPP footprint and has its own working group, the Cost Allocation Working Group, which is made up of staff members of the retail regulatory authorities. The RSC actively engages in a broad range of issues where SPP has ceded authority, including transmission planning and cost allocation, resource

adequacy, allocation of transmission rights, and market evolution issues. For example, the RSC determines: (1) the approach for resource adequacy across the entire region and with respect to transmission planning; (2) whether transmission upgrades for remote resources will be included in the regional transmission planning process; and (3) the role of transmission owners in proposing transmission upgrades in the regional planning process.

Q. Have the services that SPS receives from SPP changed since SPS's last rate case, Case No. 19-00170-UT?

A. No. As a member of SPP, SPS continues to receive the same services that the Commission reviewed in SPS's last case.

Q. How are the costs associated with new transmission infrastructure within SPP allocated to SPS?

A. SPP costs have been allocated to SPS based on four different allocation methods: (1) Pre-2005; (2) Original Base Plan Funding; (3) the Balanced Portfolio; and (4) the Highway/Byway (Current Base Plan Funding). A matrix showing the effects of these methods during the Test Year is shown in Attachment WAG-10. These same allocation methodologies were reviewed and approved by the Commission in Case No. 19-00170-UT.

Q. How does SPP administer these cost allocations and collect the revenue for the regional transmission funding?

A. SPP administers the process through Attachment J of the SPP OATT and recovers the revenue through the resulting Schedule 11 charges under the SPP OATT. SPP collects both the zonal and any regionally-allocated costs under Schedule 11. SPP then distributes this revenue to the Transmission Owners.

Q. How is SPS charged for the transmission planning function performed by SPP?

A. SPS is located in Zone 11. As such, the retail customers of SPS are assessed Schedule 11 charges for their share of regional transmission projects and their share of transmission system projects in Zone 11. Ms. Niemi discusses specific Schedule 11 charges assessed by SPP to SPS in the Test Year.

Q. What is the SPP administrative fee?

A. The SPP applies the administrative fee to all transmission service customers to cover its expenses for several of the services it provides under its OATT, such as reliability coordination, tariff administration, and seams agreements. The fee is set annually by the SPP Board of Directors based on the next year's expected budget, including reconciliation from the previous year's over-or-under-collection. The fee

is assessed based upon transmission services purchased or provided pursuant to the SPP Tariff. The SPP administrative fee is recorded in FERC Accounts 561.4, 561.8, and 575.7.

Q. How does SPP collect these administrative fees?

A. SPP collects these fees through Schedule 1-A of its OATT.

Q. What administrative fee is SPS using in its Test Year?

A. In December of 2018, the SPP Board of Directors approved the 2019 Administrative Fee of $0.394 per megawatt hour ("MWh"). In December of 2019, the SPP Board of Directors approved the 2020 Administrative Fee of $0.430 per MWh. Because the Test Year is October 1, 2019 through September 30, 2020, both the administrative fees for 2019 (for October 1, 2019 – December 31, 2019) and 2020 (for January 1, 2020 – September 30, 2020) were used for Test Year purposes.

Q. Are the new transmission investment amounts charged by SPP and the SPP administrative fee a reasonable and necessary cost of providing service?

A. Yes, the transmission investment has allowed SPS to reliably serve its customers while gaining greater access to economic market resources to serve SPS customers. The administrative fee, which covers the transmission planning cost and operating the SPP Integrated Market, has been beneficial to SPS customers.

XI. ATTACHMENT Z2 REGULATORY ASSET

Q. Please describe SPS's request with respect to the recovery of amounts paid to SPP for Attachment Z2 charges for the 2008 through 2016 time period ("Attachment Z2 Historical Period").

A. As discussed in Mr. Davis's direct testimony, SPS proposes to continue to recover from customers the amounts billed for the Attachment Z2 Historical Period as originally approved in Case No. 17-00255-UT and to defer, as a regulatory asset or liability, any differences between $2,602,450 (the amount assigned to New Mexico and approved in Case No. 17-00255-UT) and the New Mexico retail share of the final amount billed by SPP, excluding interest.[20]

[20] SPS will also incur Attachment Z2 charges going forward, but those amounts are included within the normal Schedule 11 charges. The amounts I am discussing in this section of my testimony are only the Attachment Z2 charges attributable to the period from 2008-2016.

XII. DEPRECIATION RATES AND RELATED EXPENSE

Q. Please summarize SPS's depreciation request in this case.

A. Consistent with the obligation imposed in Case No. 17-00044-UT, SPS presented a complete depreciation study that addressed all depreciable assets in Case No. 19-00170-UT. In this case, SPS is providing a Technical Depreciation Update, which provides updated information. The Technical Depreciation Update is sponsored by Mr. Watson, and proposed depreciation rates are discussed by Mr. Moeller. I will discuss SPS's requests related to depreciation of the coal-specific assets at Harrington and alignment of the depreciable service life of Tolk with the plant's approved 2032 abandonment date.

A. Depreciation of the Coal-Specific Assets at the Harrington Generating Station

Q. What do you discuss in this section of your testimony?

A. I explain and support SPS's request to fully depreciate the coal-specific assets at Harrington by December 31, 2024 to comply with ambient air quality standards.

Q. Do any other witnesses address this issue?

A. Yes. Mr. Lytal describes the coal-specific assets that SPS seeks to depreciate by December 31, 2024, and Ms. Weeks discusses the economic analysis that SPS performed to evaluate its options regarding Harrington and determine that SPS's

proposed action is in the best interest of SPS and its customers. Mr. Watson's Technical Depreciation Update includes the coal-specific assets, and Mr. Moeller discusses depreciation rates.

Q. Please briefly describe Harrington Station.

A. Harrington consists of three coal-powered steam turbine units, located in Potter County, Texas with a total net capacity of 1,021 MW. Harrington Unit 1 ("HA1") has a net capacity of 340 MW and a current retirement date of 2036; Harrington Unit 2 ("HA2") has a net capacity of 355 MW and a current retirement date of 2038; and Harrington Unit 3 ("HA3") has a net capacity of 355 MW and a current retirement date of 2040. All three of the plant's boilers were designed to burn both coal and natural gas.

Q. What factors led SPS to study alternative operations at Harrington?

A. The Clean Air Act requires the Environmental Protection Agency ("EPA") to set National Ambient Air Quality Standards ("NAAQS") (40 CFR part 50) for pollutants considered harmful to public health and the environment. The EPA has set NAAQS for six principal pollutants, including Sulfur Dioxide ("SO_2"). The primary SO_2 standard sets a limit of 75 parts per billion (ppb), calculated using the 99^{th} percentile of 1-hour daily maximum concentrations, averaged over 3 years.

Harrington Station emits approximately 99% of the SO_2 emissions in Potter County.

In December 2016, the Texas Commission on Environmental Quality ("TCEQ") installed an SO_2 monitor in the vicinity of Harrington Station to collect ambient air quality data. The average reading over three years exceeds the primary standard limit of 75 ppb. Thus, SPS was required to develop an implementation plan to comply with the standard and show that Harrington will achieve compliance with the NAAQS by 2025. SPS presented its plan for complying with the emissions standard to the TCEQ, and an Agreed Order was finalized in October 2020.

Q. What does the Agreed Order require of SPS?

A. The Agreed Order requires SPS to cease coal operations at Harrington by December 31, 2024. Pursuant to the Agreed Order, at this time SPS plans to convert Harrington from coal to natural gas.

Q. Why isn't SPS seeking authorization to depreciate the remaining assets at Harrington?

A. In its discussions with TCEQ, SPS evaluated the potential conversion of Harrington's fuel supply from coal to natural gas to comply with ambient air quality standards and determined that the plant could be converted. In that scenario, the assets that are not coal-specific would remain in service.

Q. Is SPS proposing to recover any costs associated with the conversion in this case?

A. No. In this case, SPS is only seeking authorization to fully depreciate the coal-specific assets at Harrington by December 31, 2024.

Q. Is SPS's request to fully depreciate the coal-specific assets at Harrington by December 31, 2024 reasonable?

A. Yes. Harrington has provided service to SPS's customers for over 40 years, and conversion of the plant's fuel source will allow SPS to continue to operate the units for the benefit of SPS's customers until the end of their currently approved service lives in 2036, 2038, and 2040, respectively. As Ms. Weeks explains, the proposed conversion provides an economic solution to address the air quality issues in the region. The conversion is also cost-effective because the plant's boilers were designed to burn both coal and natural gas. Converting Harrington's fuel supply from coal to natural gas will provide environmental benefits and allow SPS to comply with the Agreed Order. As a result, SPS requests authorization to fully depreciate the coal-specific assets at Harrington by December 31, 2024.

B. Depreciable Service Life of the Tolk Generating Station

Q. Please briefly describe the Tolk Generating Station Units.

A. Tolk Unit 1 began commercial operation in 1982, and Tolk Unit 2 began commercial operation in 1985. The Tolk units originally had 35-year approved service lives in New Mexico. Under those originally approved service lives, Tolk Unit 1 would have been retired in 2017, and Tolk Unit 2 would have been retired in 2020. In subsequent rate cases, however, the service lives of both units were extended from 35 years to 60 years. Thus, before the parties reached agreement on a 2032 retirement date in Case No. 19-00170-UT, Tolk Unit 1 was scheduled to retire in 2042, and Tolk Unit 2 was scheduled to retire in 2045.

Q. Please summarize SPS's request with respect to Tolk.

A. In Case No. 19-00170-UT, the Commission approved a stipulation that authorized SPS to retire and abandon Tolk in 2032 and determine Tolk's depreciation rates based on a remaining useful life through December 31, 2037. The stipulation further provided that in SPS's next base rate case, the signatories would not oppose full application of depreciation rates associated with the 2032 abandonment date.

In accordance with the stipulation, SPS seeks authorization to determine Tolk's depreciation rates based on a remaining useful life through December 31,

2032. Mr. Watson, Mr. Lytal, Ms. Weeks, Mr. Belt, and Mr. Cooley also present information related to SPS's request.

Q. Is SPS still committed to retiring Tolk in 2032?

A. Yes.

Q. How does SPS plan to operate Tolk until it is retired?

A. In order to maximize the value of the 1,080 MW of Tolk summer capacity to meet customer demand plus a planning reserve margin and to preserve groundwater, beginning in 2021 SPS will offer the Tolk units into the market during the four on-peak months based primarily on economic dispatch principles. During the eight off-peak months, the units will be offline unless called upon by SPP to run because of operational conditions.

SPS is in the process of installing synchronous condenser equipment at Tolk to provide critical network voltage support and power stability as SPS uses increasing amounts of renewable energy on its system. The generators will be detached from the steam turbines and used as synchronous generators. Because the synchronous condensers are expected to operate after 2032, SPS only proposes to fully depreciate the Tolk assets that will no longer be used to generate electricity after that date. Mr. Cooley provides additional information regarding the synchronous condensers in his direct testimony.

Q. Is SPS providing analyses to demonstrate that a 2032 retirement date remains appropriate?

A. Yes. Ms. Weeks discusses SPS's additional analysis that continues to support a 2032 retirement date for Tolk. Mr. Belt provides an updated water study that also continues to support a 2032 retirement date.

Q. Please summarize your conclusions regarding Tolk.

A. For the reasons explained above and by Mr. Lytal, Mr. Belt, Mr. Cooley, and Ms. Weeks, a 2032 retirement date remains appropriate and is in the best interest of SPS and its customers. Accordingly, SPS should be permitted to align Tolk's depreciable service life with the approved 2032 retirement date.

XIII. RETIREMENT AND ABANDONMENT OF PLANT X UNIT 3

Q. What will you discuss in this section of your testimony?

A. I will explain and support SPS's requests to retire and abandon Plant X Unit 3 in 2022.

Q. Do any other witnesses discuss SPS's request to retire and abandon Plant X Unit 3?

A. Yes. Mr. Lytal discusses the status of Plant X Unit 3 and the capital expenditures that would be required to maintain and operate the unit until the end of its current service life.

Q. Does SPS also propose to fully depreciate the plant by December 31, 2022?

A. Yes. As explained by Mr. Moeller and Mr. Watson, SPS proposes to fully depreciate Plant X Unit 3 by the proposed abandonment date.

Q. Please describe Plant X Unit 3.

A. Plant X Unit 3 is a gas-fired steam boiler unit located in Lamb County, Texas that has a net capacity of 93 MW. Plant X Unit 3 began commercial operation in 1955 and had an initial approved service life of 40 years.

Q. What is the current approved service life of Plant X Unit 3?

A. The current approved service life of Plant X Unit 3 is set to expire in 2024, which results in a service life of 69 years.

Q. Why does SPS propose to retire and abandon Plant X Unit 3 effective December 31, 2022?

A. As explained below and by Mr. Lytal, SPS would be required to make significant capital investment to maintain and operate Plant X Unit 3 until the end of its current service life in 2024. Those expendures would outweigh the benefits of operating the plant.

Q. What standard applies to an application to abandon facilities used to provide utility service?

A. I am not an attorney, but it is my understanding that abandonment of utility facilities is governed by NMSA 1978 § 62-9-5, which provides as follows:

> No utility shall abandon all or any portion of its facilities subject to the jurisdiction of the commission, or any service rendered by means of such facilities, without first obtaining the permission and approval of the commission. The commission shall grant such permission and approval, after notice and hearing, upon finding that the continuation of service is unwarranted or that the present and future public convenience and necessity do not otherwise require the continuation of the service or use of the facility; . . . In considering the present and future public service and convenience and necessity, the commission shall specifically consider the

impact of the proposed abandonment of service on all consumers served in this state, directly or indirectly, by the facilities sought to be abandoned.

In prior cases, including SPS's application to abandon the Carlsbad Generating Facility,[21] the Commission has also applied the *Commuters' Committee* four-factor test to determine whether the public convenience and necessity requires that a utility facility continue operating:

1. the extent of the carrier's loss on the particular branch or portion of the service, and the relation of that loss to the carrier's operation as a whole;

2. the use of the service by the public and the prospects as to future use;

3. a balancing of the carrier's loss with the inconvenience and hardship to the public upon discontinuance of the service; and

4. the availability and adequacy of service to be substituted.[22]

Q. Does SPS's request to retire and abandon Plant X Unit 3 satisfy these criteria?

A. Yes. As I will explain below, SPS's request to retire and abandon this unit satisfies the *Commuters' Committee* factors.

[21] *In the Matter of the Application of Southwestern Public Service Company's Application Requesting Approval to Retire and Abandon its Carlsbad Generating Station*, Case No. 17-00089-UT, Final Order Adopting Recommended Decision at 4 (Dec. 7, 2017).

[22] Case No. 17-00089-UT, Recommended Decision at 9 (citing *Commuters' Committee v. Pennsylvania Public Utility Comm'n*, 88 A.2d 420, 424 (Pa. Super. 1952)).

Q. Are any other provisions of the PUA relevant to SPS's requests regarding this unit?

A. Yes. Section 62-9-4 of the PUA authorizes the Commission to modify the time period that a Certificate of Public Convenience and Necessity ("CCN") remains in effect.

Q. Would retirement of Plant X Unit 3 satisfy the applicable *Commuters' Committee* standards?

A. Yes. The first factor refers to the "extent of the carrier's loss on the particular branch or portion of the service, and the relation of that loss to the carrier's operation as a whole." As I understand the *Commuters' Committee* factors, the first factor refers to the amount it would cost the utility to maintain the facility in service. As discussed by Mr. Lytal, SPS performed an initial analysis in January 2020 that showed SPS would need to expend approximately $4.5 million to repair the Plant X Unit 3 boiler, although that repair alone would not be sufficient to allow the unit to run reliably and efficiently. SPS also determined that it would need to incur approximately $625,000 of incremental O&M costs if Plant X Unit 3 was returned to service. Based on that initial analysis, SPS decided it would not be cost-effective to restore the unit to service.

In preparation for its request to abandon and retire Plant X Unit 3, SPS performed an additional analysis in December 2020 to determine whether retiring the unit remained more cost-effective than returning the unit to service. That analysis concluded that SPS would be required to expend approximately $10.5 million to complete the repairs that would be necessary for the unit to run reliably and efficiently. In addition, SPS concluded that it would need to incur nearly $1 million of incremental O&M costs if the unit were returned to service. These amounts are significant, especially considering that the unit has a relatively high heat rate (i.e., is relatively inefficient). It burns more natural gas to produce a kilowatt-hour of electricity as compared to other more efficient units. Accordingly, SPS's analyses confirmed that it would not be cost-effective to return Plant X Unit 3 to service.

Q. Please address the second factor, which refers to "use of the service by the public and the prospects as to future use."

A. As I noted in the previous answer, significant investment would be needed to make future use possible. Such investment is not merited given the age and efficiency of the unit.

Q. The third *Commuters' Committee* factor refers to a "balancing of the carrier's loss with the inconvenience and hardship to the public upon discontinuance of the service." How should the Commission view that balance?

A. This factor weighs heavily in favor of retirement for the reasons I have discussed previously. The public will experience little or no inconvenience and hardship from the retirement of the unit because it would require significant investment to keep in service, and replacing the unit with other generation resources will better ensure that SPS customers will continue to have safe and reliable service.

Q. Please address the last factor, which is the "availability and adequacy of service to be substituted."

A. SPP has other generating resources it can dispatch, and if SPS needs additional energy to serve load, it can purchase that energy in the SPP Integrated Marketplace. Thus, substitute service is readily available.

Q. In your opinion, is it in the best interest of SPS and its New Mexico retail customers for SPS to retire and abandon Plant X Unit 3 in 2022?

A. Yes. As discussed above and by Mr. Lytal, the costs of operating the unit outweigh the benefits, and retiring the plant in 2022 will not have a negative impact on SPS's ability to serve customers. As a result, it is in the best interest of SPS and its New

Mexico retail customers for SPS to retire and abandon Plant X Unit 3 in 2022, and SPS should be authorized to fully depreciate the plant by that date.

XIV. KNOWN AND MEASURABLE IMPACT OF LP&L DISCONNECTING FROM SPS'S TRANSMISSION SYSTEM

Q. What will you discuss in this section of your testimony?

A. I will explain the known and measurable impact of LP&L's departure from SPS's transmission system as of June 1, 2021, which affects the allocation of transmission costs.

Q. What is LP&L and what is its relationship to SPS?

A. LP&L is a municipally-owned electric utility that serves approximately 640 MW of peak load almost entirely within the City of Lubbock, Texas. Although LP&L was a wholesale customer of SPS in the past, SPS no longer provides wholesale service to LP&L. LP&L has, however, remained a transmission customer of SPS.

Q. Please briefly describe LP&L's planned transition from SPP to ERCOT.

A. In September 2017, LP&L filed an application at the PUCT for approval to connect approximately 470 MW of its total load, and a large portion of its system serving that load, to ERCOT on June 1, 2021. The PUCT approved LP&L's application, subject to a settlement agreement, in March 2018. Thereafter, LP&L and a transmission service provider filed at the PUCT several applications for CCNs to construct the various transmission lines necessary to integrate LP&L's affected

load and system into ERCOT. All of those CCN applications have now been approved by the PUCT, and LP&L and the transmission service provider are currently constructing the necessary transmission facilities. LP&L is required by the PUCT to file quarterly status reports on the progress of the transition, and as of September 15, 2020, those reports indicate that the June 1, 2021 target date remains.

Q. What does the settlement agreement require with respect to SPS?

A. The settlement agreement requires LP&L to make a $24 million payment to SPS on June 1, 2021, when LP&L integrates its load with ERCOT.

Q. How does SPS propose to treat the settlement payment?

A. SPS proposes to record a regulatory liability regarding the payment and credit the payment to its customers over a five-year amortization period.

Q. What amount of the settlement payment will be allocated to SPS's New Mexico retail customers?

A. Based on the allocators in this case, approximately $5.8 million of the $24 million settlement payment will be credited to SPS's New Mexico retail customers over the proposed five-year amortization period. The New Mexico retail amortization is $1.16 million as discussed in Ms. Niemi's testimony.

Q. Why does SPS propose to amortize the credit to customers over a five-year period?

A. The settlement amount was based on the cost impact of LP&L leaving SPS's transmission system over a period of five years, so crediting customers over a period of five years aligns with the impact of the re-allocated cost.

Q. How will LP&L's departure from SPS's transmission system affect the allocation of transmission costs?

A. As discussed by Mr. Luth, LP&L's departure from SPS's transmission system will have the effect of increasing the transmission costs that are allocated to SPS's New Mexico retail customers.

Q. How does SPS propose to treat this change in the allocation of transmission costs?

A. SPS proposes to record and accrue a regulatory asset to account for the increased transmission costs that will be allocated to SPS's New Mexico retail customers as a result of LP&L's departure and recover those costs in SPS's next base rate case.

Q. If LP&L's transmission load does not transition to ERCOT until June 1, 2021, why is SPS proposing to create a regulatory asset in this case?

A. The impact of LP&L's departure on SPS and its New Mexico retail customers is a known and measurable change. Because SPS proposes to credit its New Mexico

retail customers as a result of SPS's settlement with LP&L, it is just and reasonable for SPS to also address in this case the known and measurable impact of the change in the allocation of transmission costs.

Q. Does SPS expect to incur costs as a result of LP&L's disconnection from the SPS transmission system?

A. SPS may incur costs associated with LP&L's disconnection from the SPS transmission system, but the amount of those costs has not been determined.

Q. How does SPS propose to treat any costs that it incurs as a result of LP&L's disconnection from the SPS transmission system?

A. SPS would reduce the amount of the regulatory asset discussed above to account for those costs.

Q. Is SPS's proposed accounting treatment of LP&L's departure just and reasonable?

A. Yes. For the reasons discussed above, SPS's proposal balances the interests of SPS and its customers.

XV. RESILIENCY SERVICE TARIFF

Q. What will you discuss in this section of your testimony?

A. I will discuss SPS's proposal to implement a voluntary resiliency service tariff that allows customers to acquire behind-the-meter equipment, such as battery storage or back-up generation, to avoid interruptions in service.

Q. Will other witnesses address this topic?

A. Yes. Mr. Luth describes the proposed resiliency service tariff in his direct testimony.

Q. Please explain the concept of resiliency as it applies to the electric system.

A. In the electric system, resiliency refers to the ability to recover from or adjust to disruptions in the supply of electricity. The concept of resiliency in the electric system is becoming more relevant as customers seek to navigate the risks of weather events or other significant disruptions. Resiliency strategies are designed to address anticipated severe electric disruptions to day-to-day life or a customer's operations by investing in critical infrastructure and systems to sustain the customer during electric disruption, and to hasten recovery. One of the most critical objectives of a resiliency strategy is ensuring a secure power supply for critical infrastructure. Installing on-site energy generation, battery storage, and/or control

equipment can allow a critical site or a customer's critical loads to operate independently from the electric grid in the event of an emergency resulting in an extended grid outage. These resources may also provide customer benefits during times of normal grid operation.

Q. Please describe SPS's proposed resiliency service.

A. SPS proposes to support customer resiliency through Company ownership, installation, operation, and maintenance of behind-the-meter equipment, such as battery storage, back-up generation, and switching and control equipment.

Q. What benefits will the resiliency service provide to customers?

A. The proposed service will allow customers to obtain combinations of equipment that meet their specific resiliency and reliability needs. Customers will pay for their requested equipment through an on-bill charge that recovers the revenue requirement of the assets requested by each customer. Because costs are recovered through dedicated customer charges, the service does not rely on subsidization from non-participating customers.

Q. What types of customers would benefit from the proposed resiliency service?

A. Customers have their own needs and unique circumstances, but various types of customers would benefit from resiliency sevice. For example, some communities,

either through governmental initiatives or public private partnerships, may wish to establish "resiliency centers" to maintain stable functioning during and immediately following a major disruption or weather event. These resiliency centers could include existing structures, services, and/or facilities considered crucial to the community (e.g., first responder facilities, wastewater treatment facilities, evacuation and shelter areas, communications, and traffic safety infrastructure). Commercial and industrial customers are also increasingly considering resiliency options in order to meet both their reliability and power quality needs, often while also meeting sustainability objectives. These commercial and industrial customers often have sophisticated operations that do not tolerate grid outages, such as oil and gas production or manufacturing, or serve essential community functions, such as healthcare or education. Each customer is unique, but these customers are generally seeking increased resiliency at a reasonable price, with a desire to maximize the potential for resiliency assets to save money, and to rely on a trusted provider to help them achieve these goals.

Q. Would there be any requirement that customers take service under the resiliency service tariff?

A. No, the proposed service is entirely optional.

Q. Would the proposed resiliency service tariff benefit SPS and its customers?

A. Yes. The proposed tariff would allow SPS to provide a service that is not currently available and would allow customers to pursue options to increase reliability based on their individualized needs.

XVI. SPS'S REQUESTS FOR RELIEF

Q. What relief is SPS requesting from the Commission in this case?

A. SPS requests that the Commission:

(1) authorize SPS to increase its base rate charges for the New Mexico retail jurisdiction by $87,782,544, a 27.17% percent increase over current base rate revenue (including revenue from miscellaneous services), using a Test Year of October 1, 2019 through September 30, 2020, a New Mexico retail base rate revenue requirement of $410,824,970, a return on common equity of 10.35%, and a WACC of 7.61%;

(2) approve SPS's request to include in rate base the new capital investment SPS has placed in service through the end of the Test Year and the capital additions that SPS has placed or will place in service through February 28, 2021, which is five months after the end of the Test Year;

(3) allow SPS to fully recover a return on its generation investment;

(4) approve new depreciation rates for SPS consistent with SPS's Technical Depreciation Update;

(5) approve SPS's request to determine depreciation rates for Tolk based on a remaining useful life through December 31, 2032;

(6) authorize SPS to fully depreciate the coal-specific assets at Harrington by December 31, 2024;

(7) approve SPS's recovery of and accounting for Attachment Z2 charges imposed by SPP in accordance with the SPP OATT for the period from 2008-2016;

(8) approve SPS's request to retire and abandon Plant X Unit 3 in 2022 and fully depreciate the plant by that date;

(9) approve SPS's recovery of its rate case expenses incurred in conjunction with this case and its actual unrecovered rate case expenses incurred in relation to Case No. 19-00170-UT;

(10) authorize SPS to establish a regulatory asset to accrue, with interest at its WACC established in this case, its appellate rate case expenses, if any, associated with the Commission's order in this case on appeal;

(11) authorize SPS to record a regulatory liability regarding funds SPS will provide to customers as a result of SPS's settlement with LP&L arising from LP&L moving its transmission load to ERCOT in June 2020 and a regulatory asset regarding the resulting reallocation of transmission costs;

(12) approve SPS's proposed accounting treatment of the over-recovery of costs for the Carlsbad Generation Station and the Moore County Plant;

(13) approve SPS's proposed cost allocation, revenue distribution, and rate design, and its proposed changes to SPS's rule tariffs and rate tariffs as shown in Advice Notice No. 292, including SPS's proposed resiliency service tariff;

(14) suspend SPS's proposed rates for, at most, a period of no more than nine months commencing on February 3, 2021 and set a public hearing concerning the justness and reasonableness of SPS's proposed rates; and,

(15) grant all approvals, authorizations, variances, and other relief that are necessary for SPS to implement the New Mexico retail rates set forth in Advice Notice No. 292 and associated rate and rule schedules, and to effectuate and implement the relief granted in this case.

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

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR: (1) REVISION OF ITS RETAIL RATES UNDER ADVICE NOTICE NO. 292; (2) AUTHORIZATION AND APPROVAL TO ABANDON ITS PLANT X UNIT 3 GENERATING STATION; AND (3) OTHER ASSOCIATED RELIEF,	)	**CASE NO. 20-00238-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

VERIFICATION

On this day, January 3, 2021, I, William A. Grant, swear and affirm under penalty of perjury under the law of the State of New Mexico, that my testimony contained in Direct Testimony of William A. Grant is true and correct.

/s/ William A. Grant
WILLIAM A. GRANT

USB Drive containing working versions of all electronic files,
including SPS's jurisdictional cost of service model,
the class cost allocation study,
schedules, attachments, and workpapers

Attachment WAG-1(USB) is provided in
electronic format in

Attachment WAG-1(USB) to the
Direct Testimony of William A. Grant

Southwestern Public Service Company

Total Company Amounts and Jurisdictional Percentages

Witness	Description	Page No.	Line No.	Total Company Amount	Number Scale	Allocator (Name)	TY Allocator (%)	NM Amount
Grant	Section II - SPS's New Captial Investment	7	16	$ 1,734,569,080	dollars	(1)		$ 569,598,494
Grant	Section V - Capital Investment (Test Year)	28	4	$ 1,735	million	(1)		$ 569.6
Grant	Section V - Production Plant Investment (Test Year)	28	15	$ 48.8	million	(1)		$ 15.1
Grant	Section V - Transmission Investment (Test Year)	29	1	$ 246.4	million	(1)		$ 60.2
Grant	Section V - Distribution Investment (Test Year)	29	4	$ 130.5	million	(1)		$ 68.4
Grant	Section V - General Plant Investment (Test Year)	29	6	$ 55.0	million	LABXAG	30.06%	$ 16.5
Grant	Section V - Intangible Plant Investment (Test Year)	29	11	$ 17.3	million	(1)		$ 5.2
Grant	Section V - Production Plant Investment (Oct 1, 2020 - Feb 28, 2021)	30	1	$ 854.7	million	(1)		$ 279.5
Grant	Section V - Transmission Investment (Oct 1, 2020 - Feb 28, 2021)	30	3	$ 253.8	million	(1)		$ 65.8
Grant	Section V - Distribution Investment (Oct 1, 2020 - Feb 28, 2021)	30	4	$ 85.4	million	(1)		$ 45.9
Grant	Section V - General Plant Investment (Oct 1, 2020 - Feb 28, 2021)	30	7	$ 30.6	million	LABXAG	30.06%	$ 9.2
Grant	Section V - Intangible Plant Investment (Oct 1, 2020 - Feb 28, 2021)	30	10	$ 12.1	million	(1)		$ 3.7
Grant	Section V - Production Plant Additions during Test Year	31	Tables WAG-4,5	$ 48,771,180	dollars	(1)		$ 15,053,476
Grant	Section V - Production Plant Additions Oct 1, 2020 - Feb 28, 2021	31	Tables WAG-4,5	$ 854,713,641	dollars	(1)		$ 279,544,438
Grant	Section V - Total Production Plant Additions	31	Tables WAG-4,5	$ 903,484,821	dollars	(1)		$ 294,597,914
Grant	Section V - Transmission Additions during Test Year	31	Tables WAG-4,5	$ 246,424,312	dollars	(1)		$ 60,232,564
Grant	Section V - Transmission Additions Oct 1, 2020 - Feb 28, 2021	31	Tables WAG-4,5	$ 253,826,125	dollars	(1)		$ 65,842,047
Grant	Section V - Total Transmission Additions	31	Tables WAG-4,5	$ 500,250,437	dollars	(1)		$ 126,074,610
Grant	Section V - Distribution Additions during Test Year	31	Tables WAG-4,5	$ 130,469,854	dollars	(1)		$ 68,423,634
Grant	Section V - Distribution Additions Oct 1, 2020 - Feb 28, 2021	31	Tables WAG-4,5	$ 85,367,535	dollars	(1)		$ 45,889,678
Grant	Section V - Total Distribution Additions	31	Tables WAG-4,5	$ 215,837,389	dollars	(1)		$ 114,313,312
Grant	Section V - General Plant Additions during Test Year	31	Tables WAG-4,5	$ 54,968,215	dollars	LABXAG	30.06%	$ 16,524,744
Grant	Section V - General Plant Additions Oct 1, 2020 - Feb 28, 2021	31	Tables WAG-4,5	$ 30,578,323	dollars	LABXAG	30.06%	$ 9,192,566
Grant	Section V - Total General Plant Additions	31	Tables WAG-4,5	$ 85,546,538	dollars	(1)		$ 25,717,310
Grant	Section V - Intangible Plant Additions during Test Year	31	Tables WAG-4,5	$ 17,345,806	dollars	(1)		$ 5,227,446
Grant	Section V - Intangible Plant Additions Oct 1, 2020 - Feb 28, 2021	31	Tables WAG-4,5	$ 12,104,090	dollars	(1)		$ 3,667,902
Grant	Section V - Total Intangible Plant Additions	31	Tables WAG-4,5	$ 29,449,896	dollars	(1)		$ 8,895,348
Grant	Section V - Sagamore Project	32	10	$ 858	million	(1)		$ 282
Grant	Section V - Sagamore Project	37	4	$ 858,376,190	dollars	(1)		$ 281,675,390
Grant	Section XIV - LP&L's Payment for Planned Move from SPP to ERCOT	103	14	$ (24)	million	12CP-TRAN	24.24%	$ (5.8)

(1) Derived by allocating each functional class as described below.
Production Assets allocated using 12CP-PROD (30.73%), other than Sagamore which is allocated using ENERGY (32.81%).
Transmission Assets primarily allocated using 12CP-TRAN (24.24%). Radial Line assets direct assigned.
Distribution Assets direct assigned according to location.
General Plant allocated using LABXAG (30.06%).
Intangible Plant primarily allocated using LABXAG (30.06%) with a few projects allocated by CUST-RET (31.26%).

Southwestern Public Service Company

Summary of Proposed Rate Increase

Line No.	Description	(1) Test Year Current Revenue ($)	(2) Rate Case Impacts ($)	(3) Proposed Revenues ($)	(4) Net Revenue Increase ($)	(5) Net Percent Increase (%)	(6) Source
1	**Base Rate Revenue**	$ 323,042,427	$ 87,782,544	$ 410,824,971	87,782,544	27.17%	Stephanie N. Niemi/Richard M. Luth
4	**Fuel and Purchased Power Revenue**	124,666,476	(39,921,431)	84,745,045	(39,921,431)	-32.02%	
	Other Revenues						
5	**Energy Efficiency Rider**[1]	12,269,169	-	12,269,169	-		Richard M. Luth
6	**RPS Rider**[2]	16,140,703	-	16,140,703	-		Richard M. Luth
7	**Total Revenue**	**$ 476,118,775**		**$ 523,979,887**	**$ 47,861,113**	**10.05%**	

[1] The Energy Efficiency Rider is set by the Commission in other cases. For the purposes of this illustration, the 2020 percentage is applied to the estimate of Test Year billings subject to EE charges, net of large customer maximums.

[2] The RPS Rider is set by the Commission in other cases. For the purposes of this illustration, charges approved in Case No. 20-00143 are applied to the estimated Test Year billings subject to the RPS Cost Rider.

Southwestern Public Service Company

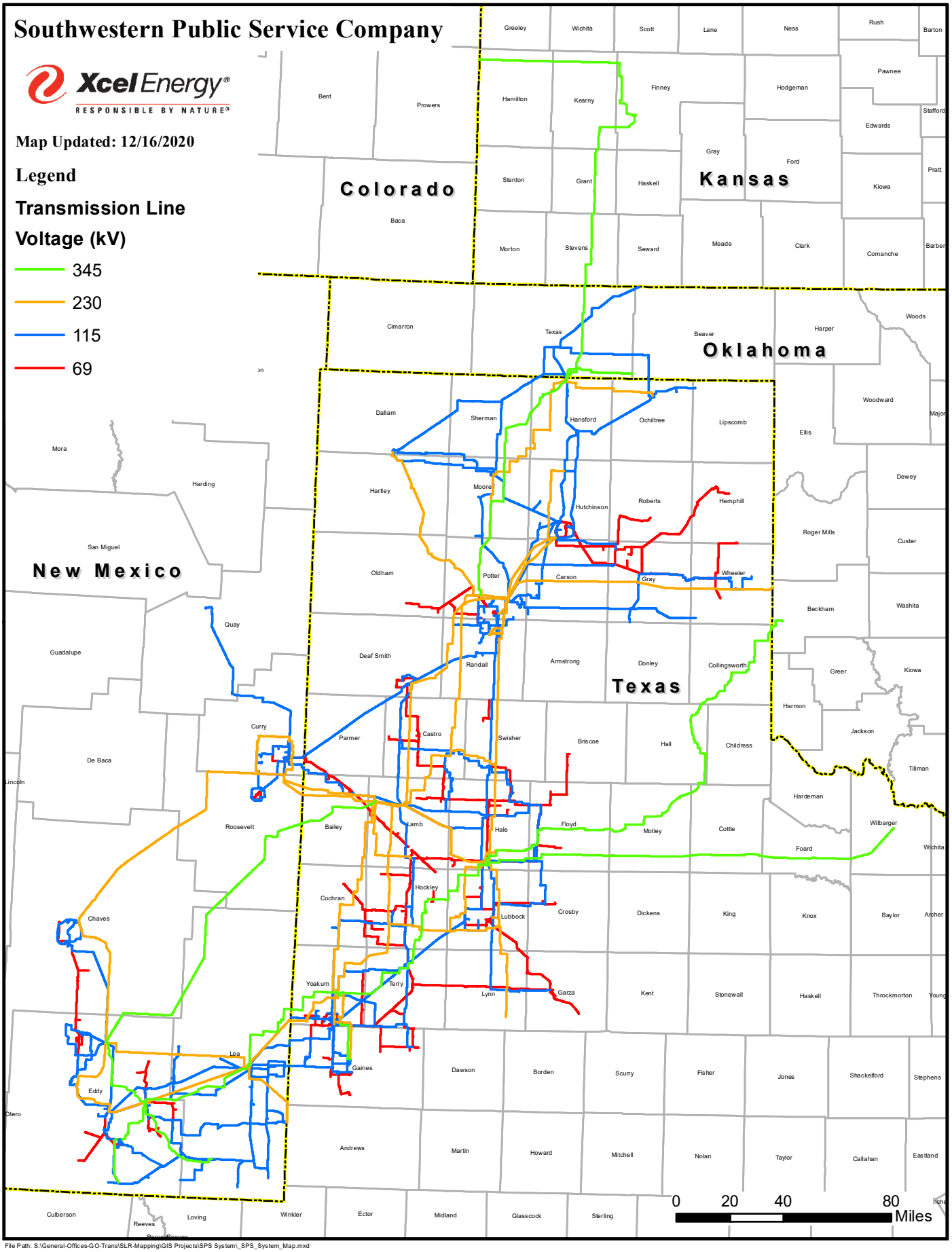
Xcel Energy®
RESPONSIBLE BY NATURE®

Map Updated: 12/16/2020

Legend

Transmission Line Voltage (kV)

- 345
- 230
- 115
- 69



File Path: S:\General-Offices-GO-Trans\SLR-Mapping\GIS Projects\SPS System_SPS_System_Map.mxd

SPS Prior Case Commitments in accordance with 17.1.2.10(B)(2)(d) NMAC

RATE CASES

Case No. 16-00269-UT

The Commission's Final Order required SPS to:

- Re-file a complete rate case application and supporting testimony. SPS complied with this requirement by filing Case No. 17-00255-UT.

Case No. 17-00255-UT

The Commission's Final Order required SPS to:

- File a new advice notice and revised rates to become effective upon Staff's approval within ten days of filing. SPS complied with this requirement.
- In a new Advice Notice, cancel Rates Nos. 59, 67, 50, 60, and 61. SPS complied with this requirement.
- Amortize its non-protected excess ADIT over five years and its ADIT related to the net operating loss over 44 years. SPS is complying with these requirements.
- Implement a 15-year amortization period for a new group of large software systems. SPS is complying with this requirement.
- Revise its voltage class adjustment factors to calculate monthly FPPCAC factors. SPS has complied with this requirement.
- Upon the effective date of new rates, credit New Mexico retail customers with 100% of SPS's off-system sales. SPS has complied with this requirement.
- In SPS's next RPS case, propose to recover through its Renewable Energy Rider the cost of renewable energy PPAs that it uses to comply with the RPS. SPS complied with this requirement in Case No. 18-00201-UT.
- Prior to filing its next base rate case, meet with interested parties regarding the allocation of radial line costs and report on the results of this meeting in SPS's next base rate case filing. SPS has complied with this requirement.
- In SPS's next base rate case, report information regarding its Experimental Time of Use rates. SPS has complied with this requirement.

- In SPS's next base rate case filing, propose Time of Use Rates or explain why SPS does not propose permanent Time of Use Rates. SPS has complied with this requirement.
- Prior to filing its next base rate case, perform a New Mexico-specific study that analyzes: the reasonably determinable embedded and incremental costs to serve new interconnected customers; the reasonably determinable benefits to the utility system provided by new interconnected customers during each three-year period after which the new interconnected customer rate riders take effect; if applicable, whether the unavailability factors used in Rates 59 and 67 should be updated; if applicable, whether other changes should be made to cancelled Rates 59 and 67, including potential adjustments to the T&D Standby Charges. SPS has not proposed distributed generation standby rates.
- Within three months of issuance of the Final Order, meet with Staff and parties to discuss the depth of analysis and detail to include in the study described in the above paragraph and report on the results of this meeting in SPS's next base rate case filing. Participants shall consider the merits of SPS conducting a value of solar study and ELCC study to comply with Section 62-13-13.2. SPS has not proposed distributed generation standby rates.
- Within three months of issuance of the Final Order, meet with AG witness Crane to discuss Ms. Crane's criticisms and attempt to mitigate them in SPS's next base rate case filing, and report on those discussions in SPS's next base rate case filing. SPS has complied with this requirement.

The Commission's New Final Order on Partial Mandate from the New Mexico Supreme Court required SPS to:

- Within five days of issuance of the New Final Order on Partial Mandate: file a new advice notice and revised rates consistent with the order; file a motion to dismiss SPS's appeal of the Commission's Final Order in Case No. 18-00016-UT; and file a motion to dismiss SPS's appeal of the Commission's Final Order in Case No. 16-00269-UT. SPS complied with these requirements.

Case No. 19-00170-UT

The Final Order Adopting Certification of Stipulation provided the following:

- SPS would implement a $31 million increase in non-fuel base rate revenues for New Mexico retail service for consumption occurring on and after the date of the Commission's final order.

- SPS would amortize $1.2 million in rate case expenses over a one-year period, and track actual rate case expense and record any difference from the $1.2 million in a regulatory asset or liability that will be reviewed for prudence in SPS's next rate case.

- SPS will not recover, nor seek recovery in future cases, of any amounts associated with the rate proceeding docketed as Case No. 16-00269-UT.

- SPS's generation unit overhaul adjustment will be determined based on a four-year average.

- SPS will apply a Z2 annual amortization amount of $520,490 assigned to the New Mexico jurisdiction and will continue to maintain a regulatory asset or liability to record any differences between the amount assigned to the New Mexico jurisdiction and the New Mexico retail share of the final amount billed by SPP, excluding interest.

- The abandonment date for Tolk will be set at December 31, 2032, but Tolk's depreciation rates for this case will be calculated based on a remaining useful life through December 31, 2037. The Signatories agreed not to oppose the full application of depreciation rates associated with the 2032 abandonment date in SPS's next base rate case.

- SPS must submit by June 2021 a robust Tolk Analysis that has been reviewed by an independent third party of Tolk abandonment and potential means of replacement.

- Revise certain tariffs, including amendment of SPS's LGS-T tariff to include refunds to customers who paid for or provided CIAC for line extensions when those lines are subsequently used to provide service to other customers.

- SPS has complied or will comply with these requirements.

FINANCING CASES

Case No. 16-00125-UT. SPS's Application for Authority to Issue Securities ($400 Million FMB) and enter into rate hedging agreements

SPS was ordered to:

- Report each credit agreement that it enters into pursuant to the approvals and authorizations granted herein in its annual informational financing report filed in accordance with 17.1.2.8 NMAC, and in that filing, SPS shall include a cross-reference to this Order. On April 30, 2017, SPS made this filing as part of its Annual Report.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS priced $400 Million FMB during 2016 and the transaction issued through the period ending December 31, 2016. SPS filed the required report on November 9, 2016.

Case No. 17-00100-UT. SPS's Application for Authority to Issue Securities ($550 Million FMB), recover certain refunding costs, and enter into rate hedging agreements

SPS was ordered to:

- Report each credit agreement that it enters into pursuant to the approvals and authorizations granted herein in its annual informational financing report filed in accordance with 17.1.2.8 NMAC. On April 30, 2018, SPS made this filing as part of its Annual Report.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS priced $450 Million FMB on August 2, 2017, and the transaction closed on August 9, 2017. SPS filed the required report on November 7, 2017.

Case No. 18-00232-UT. SPS's Application for Authority to Issue Securities ($300 Million FMB), recover certain refunding costs, enter into rate hedging agreements, extend authorization to issue notes under revolving credit agreements, and increase the maximum amount of notes issuable under its credit agreement to $600,000,000

SPS was ordered to:

- File final documents following the close of the securities transactions and identify every change from the documents presented with SPS's Application. SPS filed the required documents on November 15, 2018.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; the terms and conditions of the transactions; and hedging activities and the impacts of those activities. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS priced $300 Million FMB on October 29, 2018, and the transaction closed on November 5, 2018. SPS filed the required report on January 16, 2019.

Case No. 19-00038-UT. SPS's Application for Authority to Issue Securities ($400 Million FMB), recover certain refunding costs, and enter into rate hedging agreements

SPS was ordered to:

- File final documents following the close of the securities transactions and identify every change from the documents presented with SPS's Application. SPS will file the required documents after the transaction closes. SPS filed the required report on July 3, 2019.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; the terms and conditions of the transactions, and hedging activities and the impacts of those activities. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS will file the required report within 90 days after the transaction closes. SPS filed the required report on September 9, 2019.

Case No. 20-00052-UT. SPS's Application for Authority to Issue Securities ($350 Million FMB), recover certain refunding costs, and enter into rate hedging agreements

- File final documents following the close of the securities transactions and identify every change from the documents presented with SPS's Application. SPS filed the required report on June 4, 2020.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; the terms and conditions of the transactions, and hedging activities and the impacts of those activities. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS filed the required report on August 14, 2020.

ENERGY EFFICIENCY CASES

Case No. 16-00110-UT. SPS's 2017 EE/LM Plan

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements.

- Within 60 days of issuance of the Final Order, file a modified 2017 EE/LM Plan incorporating all approved changes in red-lined format. SPS complied with this requirement by filing its modified 2017 EE/LM Plan on January 9, 2017.
- Within 10 days of issuance of the Final Order, file an advice notice to implement the approved 2017 EE rider and commence collections in the first full billing month after filing the advice notice, but not before January 1, 2017, provided there are at least 10 business days for the Signatories to review the advice notice prior to collection in the first full billing month after filing the advice notice. If the Signatories do not have 10 business days to review the advice notice prior to the first full billing month, SPS shall implement the proposed 2017 EE Rider in the second full billing month after filing the advice notice. SPS complied with this requirement by filing Advice Notice No. 266 on November 18, 2016.
- Review the Residential Cooling Program to determine whether there are instances of customers switching from evaporative cooling to central air conditioning when choosing to participate in the Program and propose restrictions to prevent rebating of technology switching by customers if it is occurring. SPS discussed this issue in Case No. 17-00159-UT and Case No. 19-00140-UT.
- Section 1.1(a) of the Stipulation in Case No. 16-00110-UT required SPS to review the potential to add participants to the Energy Feedback Program for plan year 2018. SPS conducted this review in 2016.
- Section 1.1(e) of the Stipulation required SPS to investigate 'strategic energy management' enhancements for capturing savings from business operational improvements. SPS has complied with this requirement.
- Sections 2.1 and 2.2 of the Stipulation required SPS to make a yearly filing seeking approval of the creation of a regulatory asset or liability caused by the differential between collection and spending levels and approval of a yearly reconciliation of the incentive earned by SPS for the 2017 program year versus collections. The Stipulation required SPS to make a limited filing with the Commission in 2018 to request a regulatory liability and reconciliation of the

incentive earned by SPS for the 2017 program year. SPS complied with these requirements by filing Case Nos. 17-00159-UT and 18-00139-UT.

Case No. 17-00159-UT. SPS's 2018 EE/LM Plan

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements.

- Within 10 days of issuance of the Final Order, file an advice notice to commence collection of program costs under the proposed EE rider in the first full month after filing the advice notice. SPS complied with this requirement by filing Advice Notice No. 269 on December 14, 2017.
- Within 60 days of issuance of the Final Order, file a modified 2018 EE/LM Plan incorporating all approved changes in red-lined format. SPS had not filed an EE/LM Plan and, therefore, did not file a modified plan.
- Subsection 1.7 of the Stipulation required SPS to address the merits of using a particular WACC in its next EE/LM filing in 2019. This requirement was rendered moot by the 2017 amendment to Rule 17.7.2 NMAC.

Case No. 18-00139-UT. Regarding SPS's Petition Seeking Commission Determination of an Appropriate Energy Efficiency and Load Management Filing

SPS was ordered to:

- Include in its May 2019 triennial EE/LM filing all necessary information and requests for approval required by Sections 2.1 and 2.2 of the Stipulation in Case No. 16-00110-UT. SPS has complied with this requirement in Case No. 19-00140-UT.
- Prior to SPS's May 2019 triennial EE/LM filing, SPS will book in the 2017 plan year balancing account the estimated under-spend amount as a regulatory liability and apply the appropriate amounts to its 2019 and 2020 plan year budgets, subject to the Commission's review, reconciliation, approval, and or modification. SPS has complied with this requirement.
- Prior to SPS's May 2019 triennial EE/LM filing, the Signatories to the stipulation in Case No. 16-00110-UT are instructed to attempt to agree on how to address and resolve, going forward, the inconsistency between the Stipulation and the amendments to the EE Rule, subject to Commission approval in the May 2019

case. The parties to the Stipulation discussed these issues but given the number of cases and other business of the parties, no resolution was reached.

Case No. 19-00140-UT. Regarding SPS's Triennial Energy Efficiency Plan Application Requesting Approval of SPS's 2020-2022 Energy Efficiency Plan and Associated Programs; Recovery of a Financial Incentive for Plan Year 2020; Recovery of the Costs Associated with a Potential Energy Efficiency Study; and Continuation of SPS's Energy Efficiency Tariff Rider.

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements:

- File an advice notice to implement the approved 2020 EE rider within ten days of Commission approval of the Stipulation, and to commence collections in the first full billing month after filing the notice, provided that the Signatories have ten business days to review the advice notice. SPS complied with this requirement.
- File a modified 2020 Triennial Plan within 60 days of Commission approval of the Stipulation incorporating all approved changes in legislative format. SPS complied with this requirement.
- File with the Commission findings from the EE potential Study and any proposed modifications to its 2019 Triennial Filing by June 1, 2021; the filing will include: (1) SPS's new goal under the amended EUEA; (2) revised energy savings targets for PY 2022; (3) any additional measures, products, or programs SPS may propose to meet revised energy savings targets for 2022; and (4) updated program level budgets and associated rate recovery. SPS will comply with this requirement.

RENEWABLE PORTFOLIO STANDARD ("RPS") CASES

Case No. 16-00183-UT Regarding SPS's 2015 Annual RPS Report; the 2017 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- File an advice notice within 10 days of the order to revise the RPS Rider to commence collection of its 2017 RPS-related costs. SPS complied with this requirement by filing Advice Notice No. 263.
- Discuss with NextEra the possibility of purchasing solar RECs outside the NextEra PPA's purchase option and report to the Commission the status of those negotiations in SPS's 2017 RPS filing. SPS complied with this requirement in its 2017 RPS filing, Case No. 17-00161-UT, filed on July 3, 2017.

Case No. 17-00161-UT Regarding SPS's 2016 Annual RPS Report; the 2018 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- File an advice notice within 10 days of the order to revise the RPS Rider to commence collection of SPS's 2018 RPS-related costs. SPS complied with this requirement by filing Advice Notice No. 270 on December 14, 2017.
- Provide the Rule 572.14(C)(1) revenue requirement analyses in its 2019 RPS Plan filing. SPS complied with this requirement in Case No. 18-00201-UT.
- In its 2018 RPS filing, show that, when calculating the RPS, that the large customer adjustment has been calculated consistent with previous Commission's decisions, specifically the Final Order in Case No. 17-00129-UT. SPS complied with this requirement in Case No. 18-00201-UT.

Case No. 17-00294-UT. Regarding SPS's Request for Approval of Extension of WindSource PPA

The Final Order Approving Certification of Stipulation provided:

- SPS is authorized to execute a two-year extension of the Texico PPA consistent with the terms and conditions of the Stipulation, Commission rules, and any applicable provisions of prior orders. SPS will comply with this requirement.

- SPS is authorized to continue the use of its FPPCAC to flow through the costs and revenues associated with the PPA extension and to reconcile any imbalances between Windsource costs and revenues consistent with the terms and conditions of the Stipulation, Commission rules, and any applicable provisions of prior orders. SPS will comply with this requirement.
- As part of its filing for a new voluntary renewable energy program, SPS shall address potential cross-subsidies related to the recovery of costs of the proposed new voluntary program. SPS has complied with this requirement in Case No. 18-00308-UT.

Case No. 18-00201-UT Regarding SPS's 2017 Annual RPS Report; the 2019 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- Obtain Commission approval before changing any terms of the Caprock, San Juan, and SunEdison PPAs. SPS will comply with this requirement.
- When SPS files a Renewable Energy Act plan and the plan projects that SPS will not procure RECs beyond its RPS compliance requirement in the plan year, SPS shall, beginning in that plan year, recover all of its RPS compliance costs through its RPS Cost Rider and use gross cost to calculate the Large Customer Adjustment. Until that time, SPS may continue to recover its economic RPS compliance costs through its FPPCAC and use net cost to calculate the Large Customer Adjustment. SPS has complied with this requirement.
- Retire the RECs associated with the Sagamore and Hale wind facilities for RPS compliance as needed; and sell Sagamore and Hale RECs not used for RPS compliance or to offset any greenhouse gas standards and allocate the proceeds as credits to SPS's New Mexico retail customers through SPS's FPPCAC. SPS will comply with these requirements.
- In future RPS cases, SPS shall update information regarding distributed generation REC purchase programs. SPS will comply with this requirement.

Case No. 19-00134-UT. Regarding SPS's Application for Acknowledgment of its Filing of the 2018 Annual Renewable Energy Portfolio Report; Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2020; Approval of the Proposed Rate for its 2020 Renewable Portfolio Standard Rider and Associated Relief.

The Final Order Adopting Recommended Decision provided:

- Approval of SPS's Annual Renewable Energy Portfolio Report for 2018
- Approval of SPS's Renewable Energy Act Plan for the 2020 Plan Year and 2021 Next Plan Year.
- Approval of SPS's proposed Seventh Revised Rate No. 170 contained in Advice Notice No. 285.
- Approval of SPS's Original Rate No. 77 contained in Advice Notice No. 285.
- Approval of SPS's requests for variances from provisions of 17.9.572 NMAC: 17.9.572.10 and 14(B)(1) and (3) (Large Customer Adjustment); 17.9.572.14(C) (Calculation of RCT); and 17.9.572.11 (Diversification Requirements for Renewable Energy Portfolio).
- Approval of SPS's request to be relieved from the following requirements: Application of the Large Customer Adjustment beginning in 2015 (Case No. 13-00222-UT); Prohibition on SPS making further procurements until retiring surplus RECs or receiving authorization from PRC (Case No. 13-00222-UT); Requirement that SPS recover all RPS compliance costs through RPS Cost Rider and use gross cost to calculate Large Customer adjustment when SPS ceases procuring RECs beyond its RPS compliance requirement (Case No. 18-00201-UT); Requirement that SPS evaluate non-wind renewable energy resources until PRC determination that SPS's portfolio satisfies diversification requirements of REA (Case Nos. 04-0034-UT; 05-00354-UT; and 06-00360-UT).
- Approval of SPS's request to register REC's associated with wind energy generation from the Hale Wind Facility with ERCOT.
- SPS has complied with the requirements of the Final Order.

Case No. 20-00143-UT Regarding SPS's 2021 Annual Renewable Energy Portfolio Procurement Plan; Proposed 2021 Renewable Portfolio Standard Cost and Reconciliation Riders; Application for an RPS Incentive; and Associated Relief

The Final Order Adopting Recommended Decision with Modification provided:

- Approval of SPS's Annual Renewable Energy Portfolio Report for 2019
- Approval of SPS's Renewable Energy Act Plan for the 2021 Plan Year and 2022 Next Plan Year.
- SPS would file a new advice notice that complies with the terms of the Final Order.

- SPS has complied or will comply with the requirements of the Final Order.

CERTIFICATE OF CONVENIENCE AND NECESSITY CASES

Case No. 16-00126-UT. Regarding SPS's Request for a CCN for the Hobbs to China Draw Transmission Line

SPS was ordered to file:

- Copies of all final construction permits received within two weeks of receipt. SPS filed copies of the construction permits on September 20, 2017.
- The actual costs of the Proposed Project as soon as they become available. SPS filed the required information on September 28, 2018.
- Notice of the dates that the Proposed Project is placed in service. SPS filed the required information on September 28, 2018.

Case No. 17-00044-UT. Regarding SPS's Request for a CCN for Wind Generation Facilities

The Final Order Adopting Certification of Stipulation with Modification required SPS to comply with the following requirements.

- File copies of all construction and required environmental permits received for Hale within two weeks of receipt of the final permit for Hale, and all construction and required environmental permits received for Sagamore within two weeks of receipt of the final permit for Sagamore. SPS shall make the filings under Case No. 17-00044-UT and serve all Signatories by e-mail. SPS has complied with this requirement.
- SPS shall file the actual costs of each Wind Facility as soon as the actual costs are available. SPS shall make the filings under Case No. 17-00044-UT and serve all Signatories by e-mail. SPS will comply with this requirement.
- Within five business days of the date each Wind Facility is declared in commercial operation, SPS shall file a notice of that Wind Facility's commercial operation date. SPS shall make the filings under Case No. 17-00044-UT and serve all Signatories by e-mail. SPS has complied with this requirement.
- Comply with the terms of the Stipulation regarding the sale of energy generated by the Wind Facilities and the crediting of Production Tax Credits. SPS is complying with this requirement.

- File historic test year rate cases to include the Wind Facilities in rates and propose specific ratemaking provisions established by the Stipulation for the Wind Facilities. SPS has complied with this requirement.
- For New Mexico retail ratemaking purposes, the gross plant-in-service amount combined for the Hale and Sagamore projects to be included in SPS's rate base in the initial rate cases for the projects will not exceed $1,675 per kW installed (total company). SPS has complied with this requirement.
- Provide customers with a guaranteed level of generation as described in the Stipulation and make an annual informational filing by May 15th showing the production level for the prior year and the amount of any credit or recapture. SPS is complying with this requirement.
- Track net savings for customers for the first ten years of each Wind Facility's operation in the manner described in the Stipulation and compensate customers for net costs. SPS will make an annual informational filing by May 15th showing the calculation of net savings for the prior calendar year. SPS is complying with this requirement.
- Credit New Mexico retail customers with the value of 100% of the New Mexico retail portion of the PTCs related to the actual output generated by turbines placed in service at the Wind Facilities after December 31, 2020 through SPS's FPPCAC. SPS is complying with this requirement.
- For the first base rate case SPS files to include each facility in rates and subsequent rate cases in which final orders are issued before December 31, 2025, include in rate base the end-of-test-year balance of any unused PTCs, up to $630 million. SPS is complying with this requirement.
- Allocate costs of the Wind Facilities using an energy allocator. SPS has complied with this requirement.
- In the first SPS base rate case that seeks to recover the costs of Hale through rates, file a complete deprecation study that covers all of SPS's depreciable assets, including Hale. SPS has complied with this requirement.
- Address the sale of RECs created by production from Hale and Sagamore in SPS's 2018 RPS case. SPS complied with this requirement in Case No. 18-00201-UT.
- The New Mexico retail jurisdictional portion of the margins from any off-system sales of generation from the Hale and Sagamore projects will be provided 100% to customers. SPS is complying with this requirement.

- Meet with customers should SPS decide to cancel or reduce the size of one or both of the Wind Facilities prior to operation. SPS has not cancelled or reduced the size of the Wind Facilities.

Case No. 17-00143-UT. Regarding SPS's Request for a CCN for Lea County Transmission Line

SPS was ordered to file:

- Copies of all final construction permits and environmental permits within 30 days of receipt. SPS will comply with this requirement.
- The actual costs of the Proposed Project as soon as they become available. SPS will comply with this requirement.
- Notice of the dates that the Proposed Project is placed in service. SPS will comply with this requirement.

Case No. 17-00089-UT. Regarding SPS's Request for Approval to Retire and Abandon the Carlsbad Generating Station

SPS was ordered to:

- Abandon and decertify the Carlsbad Generating Station ("CGS"). SPS has complied with this requirement.
- After SPS dismantles the CGS, file a report with the Commission identifying and justifying all expenses incurred if the net cost of removal exceeds $150,000 (New Mexico retail). The CGS has been dismantled, and the cost of removal did not exceed $150,000 (New Mexico retail).
- Explain all CGS-related costs SPS may seek to recover in a future rate case that will be filed after dismantling is complete. SPS has complied with this requirement.

Case No. 19-00157-UT. Regarding SPS's Request for a CCN, Location Approval, Right-of-Way Width Approval, and AFUDC Accrual for the Eddy County to Kiowa Transmission Line

SPS was ordered to file:

- Copies of all final construction permits and environmental permits within two weeks of receipt. SPS will comply with this requirement.
- The actual costs of the Proposed Project as soon as they become available. SPS will comply with this requirement.
- Notice of the dates that the Proposed Project is placed in service. SPS will comply with this requirement.

Case No. 20-00085-UT. Regarding SPS's Request for a CCN, Location Approval, Right-of-Way Width Approval, and AFUDC Accrual for the Roadrunner to Phantom to China Draw Transmission Line

SPS was ordered to file:

- Copies of all final construction permits and environmental permits within two weeks of receiving the final permit. SPS will comply with this requirement.
- The actual costs of the Proposed Project as soon as they become available. SPS will comply with this requirement.
- Notice of the dates that the Proposed Project is placed in service. SPS will comply with this requirement.

OTHER CASES

Case No. 16-00252-UT. Regarding SPS's Eighth Revised Rule No. 16 and Application of Policy on Contribution in Aid of Construction

SPS was ordered to:

- Retain and manage documentation pertaining to all cost estimates provided to suburban developers who make line extension requests. SPS has complied with this requirement.

Case No. 16-00263-UT. Regarding SPS's Application for Approval of Modification of Cost Recovery Methodology Under its Fuel and Purchased Power Cost Adjustment Clause

SPS was ordered to:

- Recover FPPCAC costs from New Mexico retail customers based on loss-adjusted sales. SPS has complied with this requirement.
- Work with Staff and the parties to develop additional work papers and calculations that SPS will file with its monthly FPPCAC reports. SPS has been filing an additional work paper with its monthly FPPCAC reports that shows how the loss-adjusted FPPCAC allocator was derived.
- File its monthly FPPCAC reports from other jurisdictions at the time they are filed in the other jurisdictions. SPS has complied with this requirement.
- Include with its annual FPPCAC report a separate report that provides detailed calculations showing SPS's fuel and purchased power costs for all jurisdictions for the prior calendar year. SPS has complied with this requirement.
- In its next general rate case filing, justify SPS's sharing of non-firm off system sales between customers and SPS on a 90%-10% basis. SPS complied with this requirement in Case No. 17-00255-UT.

Case No. 17-00104-UT Regarding SPS's Application for Revision of Rate No. 26 Under Advice Notice No. 268 and Request for Waivers

SPS was ordered to:

- File an Advice Notice removing its Optional Credit Card Charge from Rate No. 26 of its tariff within ten days of the Commission's Final Order. SPS complied with this requirement.

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
	Production			
1	500	Operation Supervision and Engineering	$ 3,479,339	$ 1,069,106
2	501.35	Coal Non-Mine; Non-Freight	33,361,562	10,947,567
3	507.7	Coal Ash Sales	94,518	31,016
4	502	Steam Expenses	11,359,090	3,490,340
5	505	Electric Expenses	9,335,877	2,868,661
6	506	Miscellaneous Steam Power Expenses	12,953,786	3,980,347
7	507	Rents	4,521,223	1,389,249
8	509	Steam Operation SO2 Allowance Expense	-	-
9	510	Maintenance Supervision and Engineering	579,638	178,107
10	511	Maintenance of Structures	4,283,276	1,316,134
11	512	Maintenance of Boiler Plant	17,168,511	5,633,832
12	513	Maintenance of Electric Plant	8,443,902	2,770,859
13	514	Maintenance of Miscellaneous Steam Plant	10,046,276	3,086,948
14	546	Operation Supervision and Engineering	479,948	150,570
15	548	Generation Expenses	283,222	87,026
16	549	Misc Other Power Generation Expenses	9,109,828	2,976,817
17	550	Rents	5,889,382	1,920,702
18	551	Maintenance Supervision and Engineering	468,558	143,975
19	552	Maintenance of Structures	316,098	97,128
20	553	Maintenance of Generating and Electric Equipment	5,987,285	1,931,581
21	554	Maintenance of Misc Other Power Generation Plant	4,144,122	1,359,070
22	556	System Control and Load Dispatching	1,209,269	371,576
23	557	Purchased Power Other	1,319,343	441,717
24	**Total Production O&M Expense**		**$ 144,834,052**	**$ 46,242,328**

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
	Transmission			
25	560	Operation Supervision and Engineering	$ 8,429,849	$ 2,093,757
26	561.1	Load Dispatch - Reliability	(170,029)	(41,221)
27	561.2	Load Dispatch - Monitor and Operate Trans. System	3,401,279	824,590
28	561.4	Scheduling, System Control and Dispatching Services	4,702,582	1,271,258
29	561.5	Reliability, Planning and Standards Development	35,018	8,490
30	561.6	Transmission Service Studies	34,917	8,465
31	561.7	Generation Interconnection Studies	23,849	5,782
32	561.8	Reliability Planning and Standards Development Services	3,221,212	963,289
33	562	Station Expenses	1,548,254	384,546
34	563	Overhead Line Expenses	442,401	109,881
35	564	Underground Line Expenses	-	-
36	565	Transmission of Elec By Others	288,806	70,017
37	565	Wheeling Meter Charges	391,050	-
38	565	Wheeling Miscellaneous	35,240	8,543
39	565	Wheeling Schedule 11	106,286,672	37,146,779
40	565	Wheeling Schedule 11 - Wholesale	31,231,118	-
41	565	Wheeling Schedule 12	2,224,452	777,437
42	565	Wheeling Schedule 12 - Wholesale	538,968	-
43	565	Wheeling Schedule 1 - Wholesale	504,926	-
44	565	Wheeling Schedule 2	69,152	24,168
45	565	Wheeling Schedule 2 - Wholesale	20,132	-
46	565	Wheeling Schedule 9	8,201,216	2,866,293
47	565	Wheeling Schedule 9 - Wholesale	25,866,440	-
48	565	Z2 Direct Assigned Upgrade Charge	249,444	86,962
49	565	Z2 Direct Assigned Upgrade Charge - Wholesale	17,766	-
50	566	Misc Transmission Expenses	3,241,880	805,199
51	567	Rents	2,146,864	533,226
52	568	Maintenance Supervision and Engineering	-	-
53	570	Maintenance of Station Equipment	1,345,024	334,069
54	571	Maintenance of Overhead Lines	902,988	224,279
55	**Sub-Total Total Transmission O&M Expenses**		**$ 205,231,470**	**$ 48,505,810**
56	**Regional Market Expenses**			
57	575	Operation Supervision	$ 160,378	$ 52,628
58	575	Day-Ahead and Real-Time Market Administration	312,292	102,478
59	575	Ancillary Services Market Administration	14,773	4,848
60	575	Market Monitoring and Compliance	27,675	9,081
61	575	Market Admin, Monitoring, and Compliance Services	8,158,155	2,204,755
62	575	Regional Market Rents	49,736	16,321
63	**Total Regional Market Expenses**		**$ 8,723,009**	**$ 2,390,111**
64	**Total Transmission O&M Expenses**		**$ 213,954,479**	**$ 50,895,922**

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
65	**Distribution**			
66	580	Operation Supervision and Engineering	$ 4,083,691	$ 1,471,703
67	581	Load Dispatching	326,676	124,027
68	582	Station Expenses	1,008,922	383,050
69	583	Overhead Line Expenses	896,658	857,599
70	584	Underground Line Expenses	663,984	236,792
71	585	Street Lighting and Signal Systems Expenses	607,411	230,611
72	586	Meter Expenses	2,242,784	1,005,727
73	587	Customer Installations Expenses	629,268	238,910
74	588	Misc Distribution Expense	9,998,513	2,968,634
75	589	Rents	3,139,096	1,079,187
76	590	Maintenance Supervision and Engineering	28,574	10,849
77	591	Maintenance of Structures	(71)	3
78	592	Maintenance of Station Equipment	668,741	253,896
79	593	Maintenance of Overhead Lines	6,337,535	2,566,736
80	594	Maintenance of Underground Lines	101,569	15,682
81	595	Maintenance of Line Transformers	-	-
82	596	Maintenance of Street Lighting and Signal Systems	282,248	147,745
83	597	Maintenance of Meters	24,865	9,440
84	598	Maintenance of Misc Distribution Plant	17,891	12
85	**Total Distribution O&M Expenses**		**$ 31,058,354**	**$ 11,600,604**
86	**Customer Accounts**			
87	**901**	**Supervision**	**$ 28,774**	**$ 8,994**
88	**902**	**Meter Reading Expenses**	**4,920,322**	**1,537,920**
89	**903**	**Customer Records and Collection Expenses**	**7,705,766**	**2,408,552**
90	**904**	**Uncollectible Expenses**	**5,497,465**	**1,718,345**
91	**904**	**Uncollectible Expenses Misc**	**324,063**	**101,293**
92	**905**	**Customer Acct - Misc**	**136,841**	**42,772**
93	**DEPINT**	**Customer Deposit Interest Expense**	**126,563**	**15,689**
94	**Total Customer Accounts Expense**		**$ 18,739,793**	**$ 5,833,564**
95	**Customer Service**			
96	**908**	**Customer Asst Expense**	**$ 2,342,346**	**$ 732,135**
97	**908**	**Historical EE Amortization**	**-**	**-**
98	**908**	**SaversSwitch**	**667,409**	**-**
99	909	Informational and Instructional Advertising Expense	292,042	91,284
100	**910**	**Miscellaneous Customer Service Expense**	**98,844**	**30,896**
101	**Total Customer Service Expense**		**$ 3,400,642**	**$ 854,315**

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
102	**Sales**			
103	**912**	**Demonstration and Selling Expense-Economic Development**	**$ 284,818**	**$ 89,024**
104	**916**	**Misc Sales Expense**	**8,598**	**2,687**
105	**Total Sales Expense**		**$ 293,415**	**$ 91,711**
106	**Administrative and General Expenses**			
107	920	Administrative and General Salaries	$ 33,814,014	$ 10,165,291
108	**921**	**Office Supplies and Expenses**	**19,848,518**	**5,966,933**
109	922	Administrative Expenses Transferred-Credit	(22,762,323)	(6,842,892)
110	**923**	**Outside Services Employed**	**6,190,128**	**1,860,899**
111	**924**	**Property Insurance**	**3,738,738**	**1,133,506**
112	925	Injuries and Damages	7,941,830	2,387,502
113	926	Employee Pensions and Benefits	29,060,743	8,736,346
114	926.30	Deferred Pension Expense	1,132,943	-
115	**928**	**Regulatory Commission Expense**	**40**	**12**
116	928	Regulatory Commission Expense -TX	1,195,043	-
117	**928**	**Regulatory Commission Expense - NM**	**5,372,336**	**5,372,336**
118	928.02	Regulatory Commission Expense - Wholesale	1,949,917	-
119	928	Regulatory Commission Expense - Misc	(83,949)	(29,799)
120	929	Duplicate Charges-Credit	(1,162,226)	(348,553)
121	930	Misc General Expenses	1,280,946	384,157
122	931	A&G Rents	14,067,307	4,418,551
123	935	Maintenance of General Plant	47,251	14,214
124		**Recoverable Contributions, Dues, and Donations**	**264,190**	**264,190**
125	**Total Administrative and General Expenses**		**$ 101,895,444**	**$ 33,482,692**
126	**Total Operations and Maintenance Expense**		**$ 514,176,179**	**$ 149,001,136**

FERC O&M Accounts

FERC Account	FERC Account Title	Description of Costs Included in FERC Account
901	Supervision	Includes the cost of labor and expense incurred in the general direction and supervision of customer accounting and collection activities.
902	Meter Reading Expense	Includes the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.
903	Customer Records and Collection Expenses	Includes the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders credit investigations, billing and accounting, collections and complaints.
904	Uncollectible Expenses	Charged with amounts sufficient to provide for losses from uncollectible utility revenues.
905	Customer Acct – Misc.	Includes the cost of labor, materials used and expenses incurred not provided for in other accounts.
908	Customer Asst. Expense	Includes the cost of labor, materials used and expenses incurred in providing instructions or assistance to customers, the object of which is to encourage safe, efficient and economical use of the utility's service.
910	Miscellaneous Customer Service Expense	Includes the cost of labor, materials used and expenses incurred in connection with customer service and informational activities that are not includible in other customer information expense accounts.

FERC Account	FERC Account Title	Description of Costs Included in FERC Account
912	Demonstration and Selling Expense – Economic Development	Includes the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.
916	Miscellaneous Sales Expense	Includes the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.
921	Office Supplies and Expenses	Includes office supplies and expenses incurred in connection with the general administration of the utility's operations that are assignable to specific administrative or general departments and are not specifically provided for in other accounts.
923	Outside Services Employed	Includes the fees and expenses of professional consultants and others for general services that are not applicable to a particular operating function or to other accounts.
924	Property Insurance	The cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It also includes the cost of labor and related supplies and expenses incurred in property insurance activities.
928	Regulatory Commission Expense	Includes all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commission or other regulatory bodies,

FERC Account	FERC Account Title	Description of Costs Included in FERC Account
		or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

Southwestern Public Service Company

Contributions and Donations

Total Requested Contributions

Line No.	Description		Total Requested New Mexico Retail Amount
1	Total Community & Economic Development Contributions	$	36,103
2	Total Professional/Industry Association and Chamber Dues	$	228,088
3	**Total Requested Contributions**	**$**	**264,190**

Southwestern Public Service Company

Contributions and Donations

Summary of Educational, Youth, and Economic Development Contributions

Line No.	Description		Total Requested New Mexico Retail Amount
1	Community Contributions		10,160
2	Economic Development Contributions	$	25,942
3	**Total Contributions and Donations**	**$**	**36,103**

Southwestern Public Service Company

Contributions and Donations

Summary of Community Service Contributions and Donations

Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico*	Total Requested New Mexico Amount	Brief Purpose of Organization
1	426.1	Assurance Home	$ 1,000.00	100%	1,000.00	100%	$ 1,000.00	A home for abandoned or abused teenagers in Roswell. $1000 contribution for Chromebooks due to remote learning.
2	426.1	Assurance Home Fundraiser	1,000.00	100%	1,000.00	100%	1,000.00	A home for abandoned or abused teenagers in Roswell. Sponsorship of their annual fundraiser.
3	426.1	Big Brothers Big Sisters	1,000.00	100%	1,000.00	100%	1,000.00	Organization that matches kids from single parent homes with a mentor (brother or sister) in Roswell. Sponsor their annual fundraiser
4	426.1	Down Syndrome Foundation	515.00	100%	515.00	100%	515.00	Sponsor their annual fundraiser and walk held in Roswell
5	426.1	Historical Society for Southeast	3,000.00	100%	3,000.00	100%	3,000.00	The Historical Society for Southeast's mission is to assemble, preserve and interpret the history of Southeast New Mexico and to promote a great interest, understanding and appreciation of the area's past.
6	426.1	Junior Diabetes Research Foundation (JDRF) International	4,000.00	30%	1,218.63	31.26%	380.94	JDRF is a nonprofit 501 organization that funds type 1 diabetes research, provides a broad array of community and activist services to the T1D population and actively advocates for regulation favorable to medical research and approval of new and improved treatment modalities - 2020 contribution for Xcel Energy Team Ride
7	426.1	Joe Mugia	500.00	24%	120.77	31.26%	37.75	Sponsor Women in Science Endeavors ("WISE") event - purchase of t-shirts
8	426.1	Leadership New Mexico	515.00	100%	515.00	100%	515.00	Organization that develops leaders across New Mexico. Sponsor receptions in Roswell.
9	426.1	Leadership New Mexico	515.00	100%	515.00	100%	515.00	Organization that develops leaders across New Mexico. Sponsor receptions in Hobbs.
10	426.1	Main Street Roswell	1,000.00	100%	1,000.00	100%	1,000.00	Sponsor UFO Festival and Walking tour promotion.
11	426.1	NM Hospitality Association	575.00	100%	575.00	100%	575.00	New Mexico Hospitality Association is a nonprofit (501c6) that is focused on serving its members and all segments of the hospitality industry. The association delivers decades of combined experience to lead public policy and workforce development strategy for a more prosperous economy. Tourism & hospitality is one of the state's strongest private industries.
12	426.1	Ovarian Cancer Research Foundation	1,000.00	100%	1,000.00	31.26%	312.60	Sponsorship to the Ovarian Cancer Research Foundation
13	426.1	United Way	309.00	100%	309.00	100%	309.00	Sponsorship to gather diapers for needy families in the Clovis and Portales area
14	Total Community Service Contributions /Donations		**$ 14,929.00**		**$ 11,768.40**		**$ 10,160.30**	

Southwestern Public Service Company

Contributions and Donations

Summary of Economic Development Contributions and Donations

Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
1	426.1	Artesia Chamber of Commerce	250.00	100%	250.00	100%	250.00	Sponsor Balloons and Tunes Elementary School Balloon Launch
2	426.1	Carlsbad Chamber of Commerce	1,500.88	100%	1,500.88	100%	1,500.88	December to Remember Carlsbad Chamber sponsorship
3	426.1	Carlsbad Chamber of Commerce	1,600.00	100%	1,600.00	100%	1,600.00	Carlsbad Chamber of Commerce lunch and reception Sponsorship
4	426.1	Carlsbad Department of Development	3,000.00	100%	3,000.00	100%	3,000.00	2020 membership dues
5	426.1	Clovis Industrial Development Corp.	4,000.00	100%	4,000.00	100%	4,000.00	Annual dues
6	426.1	Economic Development Corp of Lea County	8,600.00	50%	4,331.33	100%	4,331.33	Gold Sponsorship
7	426.1	Economic Development Corporation	2,500.00	100%	2,500.00	100%	2,500.00	2019 energyplex conference sponsorship
8	426.1	Eunice Chamber of Commerce	200.00	100%	200.00	100%	200.00	July 4th celebration event sponsorship
9	426.1	Hobbs Hispanic Chamber of Commerce	1,500.00	100%	1,500.00	100%	1,500.00	2020 Corporate Sponsorship
10	426.1	Roswell Chamber of Commerce	560.00	100%	560.00	100%	560.00	Sponsorship for Rise with Roswell event
11	426.1	Roswell Chamber of Commerce	500.00	100%	500.00	100%	500.00	Participate in Leadership Roswell
12	426.1	Roswell Chaves County Economic Development	5,000.00	100%	5,000.00	100%	5,000.00	Annual dues and contributions
13	426.1	Roswell Hispano Chamber of Commerce	1,000.00	100.00%	1,000.00	100%	1,000.00	2019 Events Sponsorship
14	**Total Economic Development Contributions/Donations**		**$ 30,210.88**		**$ 25,942.21**		**$ 25,942.21**	

Southwestern Public Service Company

Contributions and Distributions

Membership Dues

Line No.	FERC Acct	Category	Total Requested New Mexico Retail Amount
1	Various	Professional Organizations	$ 56,720
2	Various	Business/Economic Organizations	12,580
3	Various	Industry Organizations	$ 158,787
4	**Total Membership Dues**		**$ 228,088**

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
1	500	National Council of Examiners for Engineering and Surveying	$ 350.00	100%	$ 350.00	31.26%	$ 109.41	The National Council of Examiners for Engineering and Surveying is a national non-profit organization composed of engineering and land surveying licensing boards representing all U.S. states and territories.
2	500	Project Management Institute	328.00	100%	328.00	31.26%	102.53	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
3	506	American Society of Mechanical Engineers (ASME)	841.00	44.64%	375.45	31.26%	117.37	The American Society of Mechanical Engineers is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
4	507	Project Management Institute	225.00	3.37%	7.59	31.26	237.26	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
5	510	Electric Power Research Institute	189,020.16	18.54%	35,052.09	31.26%	10,957.28	The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.
6	551	Electric Power Research Institute	189,020.16	4.96%	9,377.15	31.26%	2,931.30	The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.
7	556	North American Electric Reliability Corporation	430.00	100.00%	430.00	31.26%	134.42	The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
8	557	North American Energy Market Association	2,000.00	21.41%	428.17	31.26%	133.85	The North American Energy Markets Association (NAEMA) is an independent, nonprofit trade association representing entities involved in the buying and selling of energy or in providing services to the energy industry. Members work together to promote an informed, efficient and open energy marketplace throughout North America. NAEMA has over 140 members with operations in 48 states and numerous Canadian provinces. NAEMA members own and operate over 700,000 megawatts of generating capacity and serve over 150 million electric and gas customers.
9	560	American Society of Civil Engineers	1,276.29	83.81%	1,069.71	31.26%	334.39	The American Society of Civil Engineers (ASCE) is a tax-exempt professional body founded in 1852 to represent members of the civil engineering profession worldwide.
10	560	Board of Professional Engineers and Professional land Surveyors	630.25	83.11%	523.81	31.26%	163.74	The National Council of Examiners for Engineering and Surveying is a national non-profit organization composed of engineering and land surveying licensing boards representing all U.S. states and territories.
11	560	Institute of Electrical and Electronics Engineers	8,886.27	44.67%	3,969.24	31.26%	1,240.78	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
12	560	International Right of Way Association	755.00	100.00%	755.00	31.26%	236.01	The International Right of Way Association is a professional member organization comprised of global infrastructure real estate practitioners. Since its inception as a not-for-profit association in 1934, IRWA has served professionals who acquire, manage and transfer the land rights needed for building and maintaining energy and transportation infrastructure.
13	560	National Council of Examiners for Engineering and Surveying	1,550.00	100.00%	1,550.00	31.26%	484.53	The National Council of Examiners for Engineering and Surveying is a national non-profit organization composed of engineering and land surveying licensing boards representing all U.S. states and territories.
14	560	New Mexico Board of Licensure for Professional Engineers	873.84	100.00%	873.84	100%	873.84	New Mexico Board of Licensure for Professional Engineers establish and administer requirements for the licensure of engineers and surveyors who perform work in New Mexico in accordance with the New Mexico Engineering and Surveying Practice Act.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
15	560	New Mexico State Board of Licensure for PEPS	1,160.00	100.00%	1,160.00	100%	1,160.00	New Mexico State Board of Licensure for PEPS establish and administer requirements for the licensure of engineers and surveyors who perform work in New Mexico in accordance with the New Mexico Engineering and Surveying Practice Act.
16	560	North American Transmission Forum	147,894.75	30.47%	45,057.32	31.26%	14,084.92	The North American Transmission Forum (NATF) is built on the principle that the open and candid exchange of information among its members is the key to improving the reliability of the transmission systems in the U.S. and Canada.
17	560	Project Management Institute	1,420.00	63.62%	903.38	31.26%	282.40	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
18	560	Utilities Tech Council	1,720.00	100.00%	1,720.00	31.26%	537.67	The Utilities Technology Council (UTC) is a global association focused on the intersection of telecommunications and utility infrastructure. UTC gives voice to the men and women in the utility workforce who create and maintain critical communications systems that help keep the lights and the water flowing. We represent the hands-on folks in the field and control rooms responding to storms, deploying new technologies, and securing energy and water infrastructure from all kinds of threats. UTC sits at the nexus between the energy and telecommunications industries, which are rapidly converging and becoming more interdependent.
19	561.2	Institute of Electrical and Electronics Engineers	243.00	100.00%	243.00	31.26	7,596.18	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
20	580	American Society of Civil Engineers	883.04	41.69%	368.18	31.26%	115.09	The American Society of Civil Engineers (ASCE) is a tax-exempt professional body founded in 1852 to represent members of the civil engineering profession worldwide.
21	580	CPE Solutions LLC	582.00	100.00%	582.00	31.26%	181.93	CPE Solutions is proud to be your source for high-quality Continuing Professional Education (CPE). We have been an industry leader for over 23 years and an invaluable resource to thousands of CPAs nationwide. We offer over 400 online interactive CPA CPE courses and webinars.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
22	580	Institute of Electrical and Electronics Engineers	4,018.64	42.63%	1,713.27	31.26%	535.57	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
23	580	National Society of Professional Engineers	325.91	100.00%	325.91	31.26%	101.88	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
24	588	Institute of Electrical and Electronics Engineers	1,055.00	100.00%	1,055.00	31.26%	329.79	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
25	588	National Society of Professional Engineers	1,435.20	100.00%	1,435.20	31.26%	448.64	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
26	908	Association of Energy Engineers	690.00	100.00%	690.00	31.26%	215.69	The Association of Energy Engineers, founded in 1977, is a nonprofit professional society of over 16, members in 9 countries. AEE offers a full array of informational outreach programs including seminars, conferences, journals, books, and certification programs.
27	908	Permian Basin Petroleum Association	350.00	100.00%	350.00	31.26%	109.41	Permian Basin Petroleum Association to advocate for safe and responsible oil and gas development and to provide education on safety, legislation, regulation, and support services for the industry.
28	921	American Institute of Certified Public Accountants	2,933.60	14.58%	427.74	31.26%	133.71	The AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations.
29	921	American Society for Industrial Security	970.00	48.76%	472.98	31.26%	147.85	Founded in 1955, ASIS International is a global community of security practitioners, each of whom has a role in the protection of assets - people, property, and/or information.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
30	921	American Society of Safety Professionals	1,725.00	34.02%	586.80	31.26%	183.43	The American Society of Safety Professionals is the world's oldest safety society. With 35, occupational safety, health and environmental professional members who manage, supervise, research and consult on safety, health, and the environment in all industries, government and education. ASSE is a nonprofit organization
31	921	American Welding Society	696.00	100.00%	696.00	31.26%	217.57	The American Welding Society was founded in 1919 as a non-profit organization to advance the science, technology and application of welding and allied joining and cutting processes, including brazing, soldering and thermal spraying.
32	921	Americas SAP User Group	6,050.00	8.72%	527.84	31.26%	165.00	For 25 years, our members have been at the forefront of digital transformation, and they have always had the company of fellow visionaries and pioneers who understood the potential of SAP technology and the path ahead. We are the collaborators, drivers, and inventors that move the industry forward.
33	921	Association of Corporate Citizenship Professionals	13,125.00	12.99%	1,705.23	31.26%	533.05	The Association of Corporate Citizenship Professionals is the membership association for companies with a commitment to corporate citizenship, and a career-long resource for purpose-driven professionals. ACCP advances the field of corporate citizenship and serves as a strategic resource for its community of impact-minded professionals so that they can do the most good—in their companies, their communities, and around the world.
34	921	Association of Corporate Counsel	6,135.00	12.98%	796.50	31.26%	248.99	The Association of Corporate Counsel (ACC) is a global bar association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other private-sector organizations through information, education, networking opportunities and advocacy initiatives.
35	921	Board of Certified Safety Professionals	2,290.00	34.54%	791.04	31.26%	247.28	The Board of Certified Safety Professionals is recognized as the leader in high quality credentialing for safety, health, and environmental practitioners in order to enhance the safety of people, property, and the environment. BCSP:
36	921	Boston College	12,000.00	12.97%	1,556.48	31.26%	486.56	The Boston College Center for Corporate Citizenship offers a broad and objective perspective on the role of business in the 21st century.
37	921	Business Ethics Leadership Alliance	25,000.00	12.98%	3,245.72	31.26%	1,014.61	The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
38	921	C200	2,850.00	12.87%	366.82	31.26%	114.67	C200's mission to inspire, educate, celebrate and advance current and future women entrepreneurs and corporate leaders.
39	921	Commercial Real Estate for Women (Crew) Network	5,000.00	14.63%	731.33	31.26%	228.61	Commercial Real Estate Women Network is a professional association for women in the real estate profession. There are various chapters of CREW throughout the United States which create programming focused on business networking, social and educational programs and the advancement of women in commercial real estate.
40	921	Edison Electric Institute	28,769.00	15.76%	4,532.76	31.26%	1,416.94	The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.
41	921	Ethisphere LLC	5,397.50	12.95%	699.05	31.26%	218.52	The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust, and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights from our Ethics Quotient, and works with the world's largest companies to enhance culture capital with the insights from our culture assessment data set, which is grounded in our 8 Pillars of Ethical Culture.
42	921	Gartner	100,116.00	12.95%	12,960.59	31.26%	4,051.48	Gartner, Inc, officially known as Gartner, is a global research and advisory firm providing information, advice, and tools for leaders in IT, finance, HR, customer service and support, communications, legal and compliance, marketing, sales, and supply chain functions.
43	921	Information Systems Audit and Control Association	3,420.00	12.95%	442.77	31.26%	138.41	As an independent, nonprofit, global association, ISACA engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems.
44	921	Institute for Workplace Equality	5,500.00	13.61%	748.56	31.26%	234.00	The Institute for Workplace Equality is a national nonprofit employer association based in Washington, DC. The Institute trains and educates federal contractors in understanding and complying with their affirmative action and equal employment opportunity obligations.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
45	921	Institute of Electrical and Electronics Engineers	1,307.00	64.77%	846.49	31.26%	264.61	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
46	921	National Association of Business Political Action Committees	4,800.00	13.03%	625.23	31.26%	195.45	The National Association of Business Political Action Committees (NABPAC) was founded in 1977 and is the sole national organization dedicated to promoting, defending and professionalizing PACs and political action professionals.
47	921	National Coal Transportation Association	1,850.00	26.41%	488.57	31.26%	152.73	The mission of the NCTA is to provide education and facilitation for the resolution of coal transportation issues in order to serve the needs of the general public, industry, and all modes of transportation. This is accomplished through the sponsoring of educational fora and providing opportunities for the lawful exchange of ideas and knowledge with all elements of the coal transportation infrastructure.
48	921	National Society of Professional Engineers	1,196.00	100.00%	1,196.00	31.26%	373.87	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
49	921	New Mexico Board of Licensure for Professional Engineers	158.88	100.00%	158.88	100%	158.88	New Mexico Board of Licensure for Professional Engineers establish and administer requirements for the licensure of engineers and surveyors who perform work in New Mexico in accordance with the New Mexico Engineering and Surveying Practice Act.
50	921	New Mexico State Bar	4,267.00	12.96%	553.13	100%	553.13	The State Bar of New Mexico is a professional membership organization of attorneys licensed to practice law in New Mexico that administers requirements regarding the practice of law in New Mexico
51	921	Project Management Institute	3,308.16	16.38%	541.89	31.26%	169.39	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.

Southwestern Public Service Company

Contributions and Donations

Summary of Professional Dues

Line No.	FERC ACCT	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
52	921	Sander Resources LLC	10,000.00	6.95%	695.00	31.26%	217.26	Sander Resources LLC assists with the adoption of policy initiatives within regulatory agencies and its implementation by companies who must meet the requirements.
53	921	Society of Corporate Secretaries & Governance Professionals	2,887.55	12.95%	373.80	31.26%	116.85	Society of Corporate Secretaries & Governance Professionals comprised principally of corporate secretaries and business executives in governance, ethics and compliance functions at public, private and not-for-profit organizations. Members are responsible for supporting their board of directors and executive management in matters such as board practices, compliance, regulation and legal matters, shareholder relations and subsidiary management.
54	921	The Executive Leadership Council	6,500.00	12.91%	839.26	31.26%	262.35	The Executive Leadership Council (ELC) is a national organization comprising current and former Black CEOs and senior executives at Fortune 1000 and Global 500 companies. For more than 33 years, The ELC has worked to build an inclusive business leadership pipeline. We open channels of opportunity for the development of Black executives to positively impact business and our communities.
55	921	The Institute of Internal Auditors	16,430.00	14.00%	2,300.00	31.26%	718.98	The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.
56		**Total Professional Dues**	**$ 832,645.20**		**$ 150,599.77**		**$ 56,720.09**	

Southwestern Public Service Company

Contributions and Donations

Summary of Business/Economic Dues

Line No.	FERC Account	Description[(1)]	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount
1	426.4	Artesia Chamber of Commerce	550.00	100%	550.00	100%	550.00
2	426.4	Carlsbad Chamber of Commerce	510.00	100%	510.00	100%	510.00
3	426.4	Clovis/Curry County Chamber of Commerce	5,245.00	100%	5,245.00	100%	5,245.00
4	426.4	Hobbs Chamber of Commerce	550.00	100%	550.00	100%	550.00
5	426.4	Jal Chamber of Commerce	125.00	100%	125.00	100%	125.00
6	426.4	Roswell Chamber of Commerce	2,500.00	100%	2,500.00	100%	2,500.00
7	426.4	Roswell Hispano Chamber of Commerce	2,000.00	100%	2,000.00	100%	2,000.00
8	426.4	Tucumcari Chamber of Commerce	500.00	100%	500.00	100%	500.00
9	426.5	Eunice Chamber of Commerce	600.00	100%	600.00	100%	600
10		**Total Business & Economic Development Contributions**	**$ 12,580.00**		**$ 12,580.00**		**$ 12,580.00**

[(1)]Chamber of Commerce Organizations assist associated city or cities and counties with improving economic opportunities, emphasizing growth, building strong communities, encouraging membership, and promoting key issues of communities.

Southwestern Public Service Company

Contributions and Donations

Summary of Industry Organization Dues

Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
1	930.2	American Coal Users' Group	$ 320.00	100%	$ 320.00	31.26%	$ 100.03	The CUG provides value to our members by providing resources to members that will encourage safety, reliability, education, innovation, awareness, and a sense of community as it relates to the use of coal.
2	930.2	American Gas Association	9,530.00	13%	1,237.05	31.26%	386.70	The American Gas Association, founded in 1918, is an American trade organization representing over 200 natural gas supply companies and others with an interest in the manufacturing of gas appliances as well as the production of gas.
3	930.2	American Renewable Energy Institution	50,000.00	15%	7,364.85	31.26%	2,302.25	American Renewable Energy Institute (AREI), is to advance the rapid implementation of Renewable Energy and Energy Efficiency at the speed and scale necessary to provide solutions of both the environmental and economic crises currently facing humankind and the planet.
4	930.2	American Wind Energy Association	118,749.98	15%	17,369.21	31.26%	5,429.62	The American Wind Energy Association is a Washington, D.C.-based national trade association formed in 1974, representing wind power project developers, equipment suppliers, service providers, parts manufacturers, utilities, researchers, and others involved in the wind industry.
5	930.2	American Wind Wildlife Institute	46,250.00	16%	7,387.33	31.26%	2,309.28	The American Wind and Wildlife Institute is a U.S. nonprofit organization that seeks to encourage the development of wind energy while preserving wildlife and habitats that are at risk from the operation and development of wind farms.
6	930.2	Association of Edison Illuminating Companies	20,175.00	13%	2,619.30	31.26%	818.79	AEIC is one of the oldest organizations in the electric energy industry. AEIC encourages research and the exchange of technical information and best practices through a committee structure, staffed with experts from management of member companies. AEIC committees exchange information, ideas and solutions to succeed in the ever-changing electric industry. AEIC also provides highly-valued literature including white papers on various topics, load research manuals and publications and underground cable specifications and guides. Since those early meetings, the organization has kept its eyes directed toward the future, expanding its membership internationally, and focusing its energies on finding solutions to problems of mutual concern to electric utilities, worldwide.

Southwestern Public Service Company

Contributions and Donations

Summary of Industry Organization Dues

Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
7	930.2	Center for Energy Workforce Development	25,000.00	14%	3,590.78	31.26%	1,122.48	Center for Energy Workforce Development (CEWD) is a non-profit consortium of electric, natural gas and nuclear utilities and their associations—American Gas Association, American Public Power Association, Distribution Contractors Association, Edison Electric Institute, National Rural Electric Cooperative Association, and Nuclear Energy Institute. CEWD was formed to help utilities work together to develop solutions to the coming workforce shortage in the utility industry. It is the first partnership between utilities, their associations, contractors, and unions to focus on the need to build a skilled workforce pipeline that will meet future industry needs.
8	930.2	CHWMEG, Inc.	115,052.00	16%	17,882.51	31.26%	5,590.07	CHWMEG, Inc. is a non-profit trade association representing over 690 participating entities. CHWMEG conducts comprehensive reviews of waste vendors, recycling vendors, e-scrap processors and spent material processors worldwide. CHWMEG members receive high quality, detailed, objective information concerning potential business risk at reviewed facilities.
9	930.2	Edison Electric Institute	1,756,377.46	15%	258,015.73	31.26%	80,655.72	The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.
10	930.2	Electric Power Research Institute	838,593.74	19%	162,799.93	31.26%	50,891.26	The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.
11	930.2	Environmental Initiative	10,000.00	15%	1,548.82	31.26%	484.16	Environmental Initiative is a nonprofit organization working with business, nonprofit, government and community leaders to address complex and systemic issues. We Facilitate conversations addressing environmental, economic, and public health issues between diverse stakeholders as we work toward social equity and environmental health. We Take action and implement on-the-ground projects to improve our air, land, and water for all beings. They Plan and host events for environmental leaders from businesses, nonprofits, government and most-impacted communities to share information, network and learn from one another.

Southwestern Public Service Company

Contributions and Donations

Summary of Industry Organization Dues

Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
12	930.2	Keystone Policy Center	20,000.00	13%	2,590.70	31.26%	809.85	Keystone Policy Center is a trusted non-profit organization founded in 1975 to drive actionable, shared solutions to contentious agriculture, environment, energy, education, and public health issues. Keystone is recognized by public, private, and civic-sector leaders throughout the United States for independent, collaborative problem-solving approaches that offer a proven blueprint for progress and collective impact.
13	930.2	MJ Bradley & Associates	10,000.00	13%	1,295.35	31.26%	404.93	M.J. Bradley & Associates provides strategic and technical advisory services to address critical energy and environmental matters including: energy policy, regulatory compliance, emission markets, energy efficiency, renewable energy, and advanced technologies.
14	930.2	North American Electric Reliability Corporation	438.34	100%	438.34	31.26%	137.03	The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America.
15	930.2	The Business Council	25,000.00	13%	3,245.72	31.26%	1,014.61	The Business Council is an association of the Chief Executive Officers of the world's most important business enterprises. Membership is by invitation only.
16	930.2	The Climate Registry	12,000.00	16%	1,890.68	31.26%	591.03	The Climate Registry (TCR) is making global warming history. Our mission is to empower our generation to reduce its carbon footprint by helping organizations measure, track and manage their greenhouse gas (GHG) emissions inventories. TCR operates the only voluntary carbon reporting program that is backed by U.S. state governments, provides hands-on support and service, and that generates transparent, consistent, and credible data needed to make reductions. TCR's expertise is also utilized internationally to develop and implement GHG reporting and management programs outside of North America.
17	930.2	Utilities Tech Council	1,720.00	100%	1,720.00	31.26%	537.67	The Utilities Tech Council serves critical infrastructure providers around the world by focusing on Information and Communications Technology. Through advocacy, education and collaboration, the Utilities Tech Council delivers exceptional value for today's decisions and tomorrow's planning.

Southwestern Public Service Company

Contributions and Donations

Summary of Industry Organization Dues

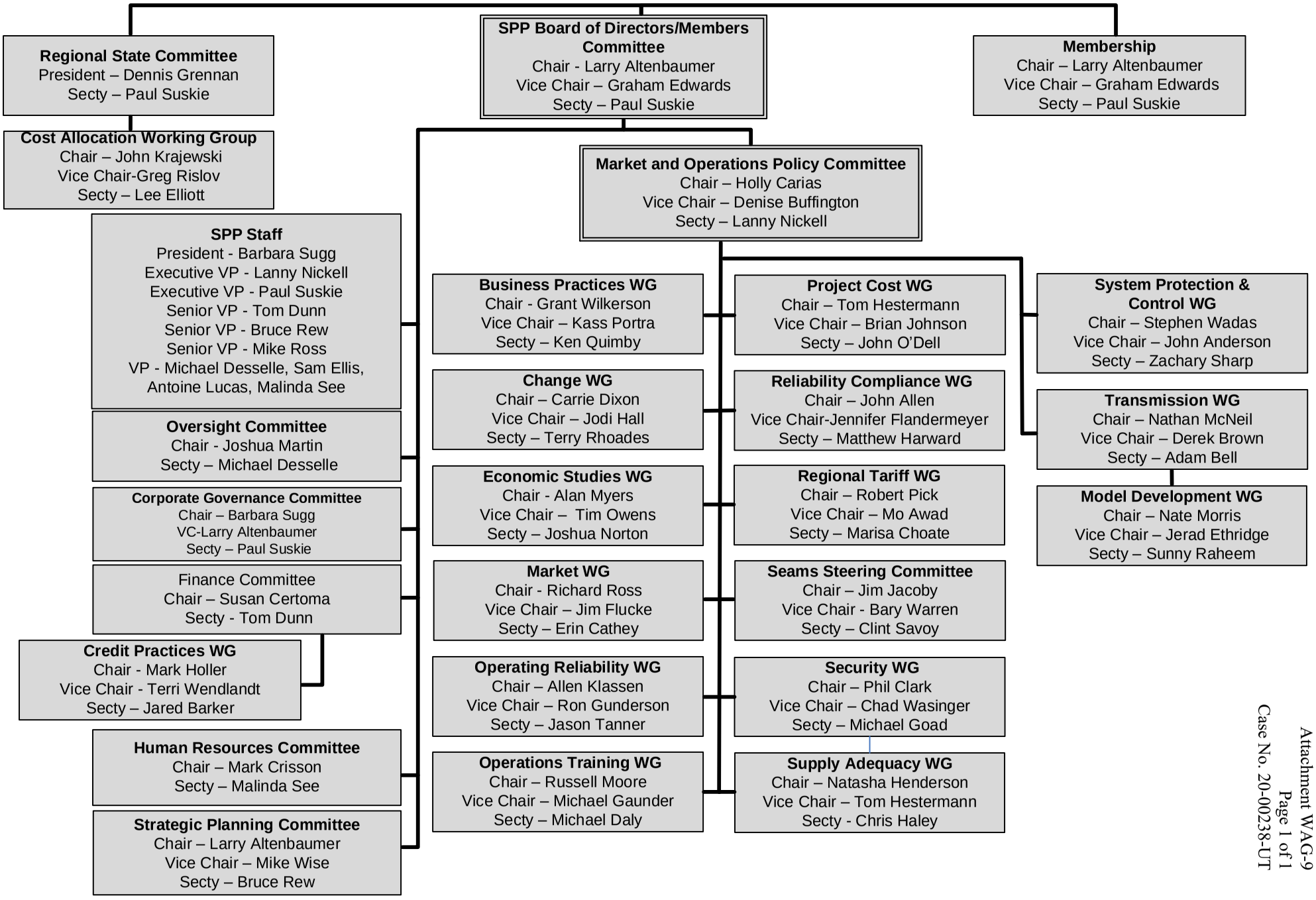
Line No.	FERC ACCT	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico	Total Requested New Mexico Amount	Brief Purpose of Organization
18	930.2	Utility Tech Council	8,695.53	13%	1,148.07	31.26%	358.89	The Utilities Technology Council (UTC) is a global association focused on the intersection of telecommunications and utility infrastructure. UTC gives voice to the men and women in the utility workforce who create and maintain critical communications systems that help keep the lights and the water flowing. We represent the hands-on folks in the field and control rooms responding to storms, deploying new technologies, and securing energy and water infrastructure from all kinds of threats. UTC sits at the nexus between the energy and telecommunications industries, which are rapidly converging and becoming more interdependent.
19	930.2	Utility Variable-Generation Integration Group	2,833.05	100%	2,833.05	31.26%	885.61	The Utility Variable-Generation Integration Group (UVIG) is the leading source of global expertise for wind and solar operations and power system integration.
20	930.2	World Resources Institute	75,000.00	15%	11,574.97	31.26%	3,618.34	The World Resources Institute is a global research non-profit organization established in 1982 with funding from the MacArthur Foundation under the leadership of James Gustave Speth. WRI's activities are focused on seven areas: food, forests, water, energy, cities, climate and ocean.
21	426.1	Center For Energy Workforce	7,500.00	14%	1,084.93	31.26%	339.15	The CEWD is a non-profit consortium of electric, natural gas, and nuclear utilities and their associations - Edison Electric Institute, American Gas Association, American Public Power Association, Nuclear Energy Institute, and National Rural Electric Cooperative Association. CEWD was formed to help utilities work together to develop solutions to the coming workforce shortage in the utility industry. It is the first partnership between utilities, their associations, contractors, and unions to focus on the need to build a skilled workforce pipeline that will meet future industry needs.
22		**Total Industry Organization Dues**	**$ 3,153,235.10**		**$ 507,957.32**		**$ 158,787.46**	

Southwestern Public Service Company

Summary of Rate Case Expenses

Line No.	Category	Estimated
	Consultants	
1	**Alliance Consulting** Dane A. Watson, Witness	$ 16,354
2	**ScottMadden, Inc.** Dylan W. D'Ascendis, Witness	130,290
3	**Willis Towers Watson** 2020 General Industry Salary Budget Survey, Knoll Direct	27,500
4	**Jenner & Block LLP** Suedeen Kelly, Witness	68,000
5	**Utility Credit Consultancy, LLC** Todd A. Shipman, Witness	40,000
6	**Deloitte and Touche** Independent Accountants' Review Report	150,000
7	**Total Consultants**	**$ 432,144**
	Outside Legal Counsel	
8	Eversheds Sutherland (US) LLP	$ 1,100,000
9	Hinkle Law Firm	444,600
10	Courtney, Countiss, Brian & Bailey, L.L.P.	140,000
11	Winstead	350,000
12	**Total Legal Counsel**	**$ 2,034,600**
	Miscellaneous Expenses	
13	Temporary Employees/Over Time	$ 15,000
14	Printing & Supplies	20,000
15	Employee Travel Expenses & Hearing Expenses	125,000
16	FedEx, Postage	25,000
17	Other Miscellaneous	50,000
18	**Total Miscellaneous**	**$ 235,000**
19	**Total Rate Case Expenses**	**$ 2,701,744**

Group Organizational Chart



Updated 07/15/20

Attachment WAG-9
Page 1 of 1
Case No. 20-00238-UT

Summary of SPP Cost Allocation Methods						
Date Range	**Upgrade Type**	**Zonal**	**Regional**	**Customer**	**Sponsor**	**Comments**
Pre-2005	Pre-BPF Needs	100%				Before Regional Cost Sharing
	Other	100%				
Traditional Base Plan Funding NTC Issue Date Before June 19, 2010	Sponsored				100%	
	Reliability	67%	33%			Based on Need-By Date - Zonal on MW-Mi beneficiary %
	Generation Interconnection			100%		
	NITS Service Upgrade costs covered by Safe Harbor limit	67%	33%			Zonal on MW-Mi
	NITS Service Upgrade costs *NOT* covered by Safe Harbor limit			100%		Safe Harbor Limit: E&C Cost <=$180,000/MW Requested
	PtP Service Upgrade costs that do not qualify for Base Plan Funding			100%		costs in excess of access charges
Balanced Portfolio	Balanced Portfolio		100%			
	Sponsored				100%	
Base Plan Funding (Highway Byway NTC) Issue Date of June 19, 2010 or later	Reliability/Economic Updgrade Voltage greater than or equal to 300 kV	0%	100%			
	Reliability/Economic Updgrade Voltage greater than or equal to 100 kV and under 300 kV	67%	33%			
	Reliability/Economic Updgrade Voltage under 100 kV	100%	0%			
	Upgrades related to delivery of power from Wind projects outside TSR Customer's Load Zone and less than 300kV		67%	33%		Effective in 2009
	Upgrades related to delivery of power from Wind projects greater than or equal to 300kV		100%			
	NITS Service Upgrade costs covered by Safe Harbor limit	*Voltage Dependent:* =>300kV=100% Regional, 100kV to 299kV=33% Regional+67% Zonal, <100kV=100% Zonal				"Highway/Byway" method, upgrade =>300kV 100% Regional in all cases
	NITS Service Upgrade costs *NOT* covered by Safe Harbor limit or do not qualify for Base Plan Funding			100%		
	PIP Service Upgrade costs that do not qualify for Base Plan Funding			100%		
	Generation Interconnection			100%		