

**IN THE MATTER OF SOUTHWESTERN
PUBLIC SERVICE COMPANY'S TRIENNIAL
ENERGY EFFICIENCY PLAN APPLICATION
REQUESTING APPROVAL OF: (1) SPS'S
2020-2022 ENERGY EFFICIENCY PLAN AND
ASSOCIATED PROGRAMS; (2) A FINANCIAL
INCENTIVE FOR PLAN YEAR 2020; (3)
RECOVERY OF THE COSTS ASSOCIATED
WITH A POTENTIAL ENERGY EFFICIENCY
STUDY OVER A TWO-YEAR TIME PERIOD;
AND (4) CONTINUATION OF SPS'S ENERGY
EFFICIENCY TARIFF RIDER TO RECOVER
ITS ANNUAL PROGRAM COSTS AND
INCENTIVES,**

**SOUTHWESTERN PUBLIC SERVICE
COMPANY,**

APPLICANT.

**SOUTHWESTERN PUBLIC SERVICE
COMPANY,**

APPLICANT.

Southwestern Public Service Company (“SPS”) submits its Application in accordance with the New Mexico Efficient Use of Energy Act, (NMSA 1978, Sections 62-17-1 through 62-17-11, “EUEA”), and New Mexico Public Regulation Commission’s (“Commission”) Energy Efficiency Rule (17.7.2 NMAC, “EE Rule”).

In accordance with the EUEA and EE Rule, SPS requests that the Commission:

- (a) approve SPS's 2020, 2021, and 2022 Energy Efficiency Plan ("Triennial Plan") and associated Energy Efficiency ("EE") programs;

- (b) authorize SPS to apply the Commission's approval of the 2020 Triennial Plan budget to the entirety of 2020, even if the Commission has not issued a final order by December 31, 2019;
- (c) authorize SPS to fund its Triennial Plan program and administrative costs at three percent of customer bills in accordance with Section 17.7.2.8(C)(1) of the EE Rule and Section 62-17-6(A) of the EUEA and to recover these costs through its EE Rider ("EE Rider");
- (d) approve SPS's proposed methodology to calculate the financial incentive for each year of the Triennial Plan;
- (e) approve recovery of a financial incentive for 2020 through SPS's EE Rider;
- (f) approve SPS's proposed reconciliation process for the authorized budget and actual plan year expenditures and collections;
- (g) authorize SPS to recover costs associated with an EE Potential Study over a two-year time period beginning in 2020; and
- (h) grant all other approvals, authorizations, and relief that may be required under the EUEA, the EE Rule, and the New Mexico Public Utility Act (NMSA 1978, Sections 62-3-1 et seq., "PUA") for SPS to implement the approved Triennial Plan and EE Rider.

SPS's Triennial Plan presents the following eight programs that target customers in the Residential (including low-income) and Business Segments:

1. Residential Segment
 - Energy Feedback Program
 - Residential Cooling Program
 - Home Energy Services Program
 - Home Lighting & Recycling Program
 - Heat Pump Water Heater Program
 - School Education Kits Program

- Smart Thermostat EE Program
- 2. Business Segment
 - Business Comprehensive Program
 - Cooling Efficiency
 - Custom Efficiency
 - Large Customer Self-Direct
 - Lighting Efficiency
 - Motor & Drive Efficiency
 - Building Tune-Up

SPS's Triennial Plan also includes a Planning and Research Segment, which is necessary for the successful implementation of the EE programs.

SPS proposes to undertake an EE Potential Study in 2020 to evaluate potential opportunities for SPS's EE programs. The estimated cost of this study is \$500,000, and SPS proposes to collect 50 percent in 2020 and the remaining 50 percent in 2021.

SPS requests approval of its proposed EE budget and authorization to recover the lower of three percent or \$75,000 of customers' bills to fund its EE programs. For 2020, SPS's proposed program budget is \$9,511,304, which includes SPS's 2015 under-collection amortization and 2017-2018 net under-collection. For 2021 and 2022, SPS proposes a budget of \$10,404,002 and requests approval to modify its 2021 and 2022 program budgets based on actual 2019 and 2020 revenues, respectively, and to account for any expenditure overage or underage consistent with the EE Rule.

SPS determined the cost-effectiveness of the Triennial Plan portfolio based on the utility cost test (“UCT”), which is met if the monetary costs that are borne by the public utility and that are incurred to develop, acquire, and operate energy efficiency or load management resources on a life-cycle basis are less than the avoided monetary costs associated with developing, acquiring, and operating the associated supply-side resources. SPS’s Triennial Plan portfolio meets the UCT with an overall UCT ratio of 1.47 in 2020, 1.59 in 2021, and 1.71 in 2022.

SPS requests approval of its proposed utility incentive mechanism and requests a baseline incentive of 6.26 percent of program expenditures for 2020 through 2022. The proposed incentive mechanism ensures satisfactory performance by targeting key performance metrics: (i) actual measured and verified savings achievements (*i.e.*, kWh reductions) used for compliance; and (ii) statutory spending requirements. The proposed annual baseline incentive for 2020 is \$595,408 and will be subject to a true-up based on actual expenses and savings achieved each year. SPS proposes a revised tariff rider rate of 3.199 percent that will recover the three percent funding for the proposed Triennial Plan, the incentive, the EE Potential Study, and the 2017 - 2018 Plan year overage.

II. BACKGROUND

1. SPS is a New Mexico corporation principally engaged in generating, transmitting, distributing, and selling electrical energy to the public in portions of New Mexico and Texas. SPS is a public utility as defined in the PUA, which provides electric

service to the public within New Mexico pursuant to the rules, regulations, and tariffs on file with and approved by the Commission.

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

3. SPS is a wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), which is a holding company under the Federal Energy Regulatory Commission ("FERC") regulations adopted under the Public Utility Holding Company Act of 2005.¹ Xcel Energy is also the parent company of three other rate-regulated utility operating companies,² a regulated natural gas pipeline company, three transmission-only operating companies regulated by the FERC, and a non-profit service company³ that was established under the authority of the Securities and Exchange Commission, but which is now under the supervision of the FERC, and other legal entities.

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

¹ 18 C.F.R. Part 366.

² Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; and Public Service Company of Colorado, a Colorado corporation.

³ Xcel Energy Services Inc.

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III. SPS's TRIENNIAL PLAN AND PROPOSED ENERGY EFFICIENCY PROGRAMS

5. SPS's Triennial Plan portfolio of EE programs and measures is based on SPS's Commission-approved 2016 Plan. SPS's Triennial Plan presents eight programs that target customers in the Residential (including low-income) and Business Segments. Additionally, SPS's Triennial Plan includes a Planning and Research Segment, which is necessary for the successful implementation of the EE programs and includes a customer

education component. SPS's Triennial Plan proposes that the following programs be implemented upon Commission approval:

Residential Segment

- a. Feedback
- b. Energy Residential Cooling
- c. Home Energy Services (including Low-Income HES program)
- d. Home Lighting & Recycling
- e. Heat Pump Water Heaters
- f. School Education Kits
- g. Smart Thermostat

Business Segment

- a. Business Comprehensive:
 - Cooling Efficiency
 - Custom Efficiency
 - Large Customer Self-Direct
 - Lighting Efficiency
 - Motor & Drive Efficiency
 - Building Tune-Up

6. SPS proposes to modify its current EE portfolio for the Residential Segment program by adding a Heat Pump Water Heater Program, removing the Saver's Switch Program, and modifying its Smart Thermostat Program. For the Business Segment, SPS proposes to eliminate the Computer Efficiency product and proposes to eliminate the Business Interruptible Credit Option Program after Plan Year 2019.

7. SPS proposes to undertake an Energy Efficiency Potential Study in 2020 to analyze and identify the available opportunity for energy efficient programs to reduce electricity in SPS's service area. The estimated cost of this study is \$500,000, and SPS proposes to collect 50 percent of the cost in 2020 and the remaining 50 percent in 2021.

8. For the Triennial Plan years 2020-2022, SPS proposes energy savings goals of 36.886 (Plan Year 2020), 40.135 (Plan Year 2021), and 40.052 GWh (Plan Year 2022) (net customer) based on budgets of \$9,511,304 including interest for Plan Year 2020 and \$10,404,002 for Plan Years 2021 and 2022.

9. Interested parties, including the Commission's Utility Division Staff ("Staff"), large customers, environmental advocates, and low-income advocates, were invited to provide input into the Triennial Plan and SPS considered that input in developing the plan. SPS held its first Public Participation Meeting on February 18, 2019 via web conference and gave an overview of its Triennial Plan, proposed programs, goals, and budgets. Participating attendees included representatives from Staff, Southwest Energy Efficiency Project ("SWEEP"), New Mexico Gas Company ("NMGC"), El Paso Electric Company ("EPE"), and Public Service Company of New Mexico ("PNM"). SPS held its second public participation meeting via web conference on April 22, 2019. Participating attendees included representatives from Staff, SWEEP, market actors, Vote Solar, NMGC, EPE, and PNM. SPS provided final savings from 2018, discussed measures and products SPS reviewed, and requested additional non-binding feedback from stakeholders on the programs proposed by SPS.

10. SPS's Triennial Plan portfolio meets the UCT as defined by Section 62-17-4(K) of the EUEA with an overall UCT ratio of 1.47 in 2020, 1.59 in 2021, and

1.71 in 2022. Each program included in the Triennial Plan, with the exception of the School Education Kits program, has an individual UCT greater than 1.0.

11. The Triennial Plan and associated programs are designed to give all customers in the targeted customer classes the opportunity to participate in the programs and obtain the benefits of increased energy efficiency and other economic benefits.

12. The Triennial Plan filing includes SPS's request to recover an annual incentive and requests a base incentive of 6.26 percent of program expenditures for 2020 through 2022. The proposed incentive mechanism ensures satisfactory performance by targeting key performance metrics: (i) actual measured and verified savings achievements (*i.e.*, kWh reductions) used for compliance; and (ii) statutory spending requirements. In this regard, the proposed incentive mechanism is evidence-based, cost-based, and utility specific. The proposed annual base incentive for 2020 is \$595,408 and will be subject to a true-up based on actual expenses and savings achieved each year.

13. During the pendency of this case and until the Commission enters a final order approving SPS's Triennial Plan and associated programs, SPS will continue, without modification, the portfolio of EE programs that the Commission approved in Case No. 16-00110-UT and to recover EE program and associated costs under the EE Rider currently in effect.

IV. SPS's ENERGY EFFICIENCY PROGRAM COST TARIFF RIDER

14. In accordance with Section 62-17-6(A) of the EUEA and 17.7.2.13 NMAC, SPS proposes to recover its prudent and reasonable program costs associated with its Triennial Plan through a Commission-approved tariff rider (*i.e.*, EE Rider) that will apply to all New Mexico retail rate schedules over a 12-month period beginning on January 1, 2020. The proposed EE Rider rate is intended to recover SPS's 2020 program and administrative costs under the Triennial Plan, exclusive of any incentive recovery.⁴ Accordingly, any charge for incentive recovery will be a separate charge under the EE Rider.

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

16. Based on Section 62-17-6(A) of the EUEA, funding for EE/LM program costs are set at three percent of billed revenue under SPS's current rates, excluding gross receipts tax and franchise fees. SPS's proposed EE Rider is applicable to all of SPS's New Mexico retail rate schedules, subject to the statutory cap and exemptions. SPS's

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

Plan Year program costs are estimated to be \$9,511,304 in 2020 and \$10,404,002 in 2021 and 2022 and will be recovered through SPS's EE Rider.

17. In addition to program and administrative costs, SPS proposes to include in the 2020 EE Rider: (a) an estimate of the 2020 base financial incentive; (b) a reconciliation of the second year of a two-year amortization of 2017 over-collections of \$636,215 and all of SPS's 2017 and 2018 net under-collections of \$1,011,043 per the EE Rule; (c) cost recovery for the Energy Efficiency Potential Study; and (d) the final installment of 2015 under-collections per the Commission-approved 2016 Stipulation in the amount of \$536,634.

18. Because the EE Rule sets a three-year cycle for EUEA plan filing, SPS proposes to modify its 2021 and 2022 program budgets based on actual 2019 and 2020 revenues, respectively, and to account for any overage or underage in accordance with the EE Rule.

19. In accordance with Section 62-17-6(A) of the EUEA and 17.7.2.13(B) NMAC, SPS proposes to recover its projected 2020, 2021, and 2022 incentives through the EE Rider.

20. The proposed 2020 EE Rider will remain in place until the effective date of the next Commission-approved tariff rider and is designed to recover 2020 program costs and incentives as approved under SPS's Triennial Plan.

IV. MISCELLANEOUS MATTERS

21. In support of SPS's Application and the Triennial Plan, SPS is concurrently filing the direct testimony of the following witnesses:

(a) Ruth M. Sakya, whose testimony: (i) summarizes SPS's requests for relief; (ii) provides an overview of SPS; (iii) introduces SPS's other witnesses; (iv) describes the compliance requirements under the EUEA, EE Rule, relevant Court precedent, and SPS's compliance with these applicable standards; (v) explains how SPS's requested financial incentive is consistent with the EUEA and EE Rule; (vi) explains SPS's plan to commission an EE Potential Study to investigate and quantify the achievable savings in SPS's service area; (vii) explains SPS's annual tariff rider and reconciliation proposal; (viii) discusses the application of interest to the EE Rider over/under collections; and (ix) discusses certain obligations related to SPS's prior EE cases.

(b) Mark R. Schoenheider, whose testimony: (i) explains that SPS's proposed savings goals for the Triennial Plan are achievable and reasonable; (ii) describes the process used by SPS to evaluate, select, and design its proposed portfolio of Residential and Business energy efficiency programs to meet its proposed Triennial Plan goals; (iii) explains the UCT assumptions and calculations used to evaluate the cost-effectiveness of each program; (iv) explains the reasonableness and necessity of the Planning and Research Segment costs to achieve the goals of the EUEA; (v) provides the background and justification for the measurement and verification of SPS's EE programs; (vi)

discusses the EE Potential Study; and (vii) presents SPS's proposal for and the reasonableness of the incentive mechanism for SPS's EE efforts for program years 2020-2022.

(c) Aleah K. Beedy, whose testimony supports and addresses: (a) the calculation of SPS's 2020 EE Rider and projected customer bill impacts; (b) recovery through the EE Rider of an incentive for spending and savings achieved as a result of SPS's EE programs; and (c) recovery through the EE Rider of the cost of an EE Potential Study recovered over a two-year period (Plan Years 2020 and 2021).

22. SPS will serve a copy of this Application, the Triennial Plan, and the supporting direct testimony on the parties to SPS's most recent electric rate case (Case No. 17-00255-UT) and SPS's most recently approved energy efficiency and load management plan filing (Case No. 17-00159-UT).

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

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

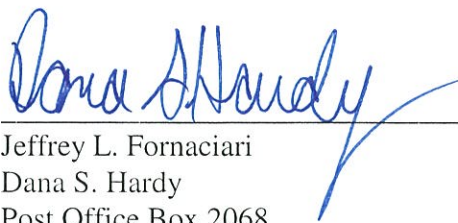
(b) a copy of SPS's proposed Advice Notice, Table of Contents, and EE Rider (Exhibit B).

WHEREFORE, SPS requests that the Commission:

- (a) approve SPS's Triennial Plan and associated EE programs;
- (b) authorize SPS to apply the Commission's approval of the 2020 Triennial Plan budget to the entirety of 2020, even if the Commission has not issued a final order by December 31, 2019;
- (c) authorize SPS to fund its Triennial Plan program and administrative costs at three percent of customer bills in accordance with Section 17.7.2.8(C)(1) of the EE Rule and Section 62-17-6(A) of the EUEA and to recover these costs through its EE Rider;
- (d) approve SPS's proposed methodology to calculate the financial incentive for each year of the Triennial Plan;
- (e) approve recovery of a financial incentive for 2020 through SPS's EE Rider;
- (f) approve SPS's proposed reconciliation process for the authorized budget and actual plan year expenditures and collections;
- (g) authorize SPS to recover costs associated with an EE Potential Study over a two-year time period beginning in 2020; and
- (h) grant all other approvals, authorizations, and relief that may be required under the EUEA, the EE Rule, and the PUA for SPS to implement the approved Triennial Plan and EE Rider.

Respectfully submitted,

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EXHIBIT A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S TRIENNIAL)
ENERGY EFFICIENCY PLAN APPLICATION)
REQUESTING APPROVAL OF: (1) SPS'S)
2020-2022 ENERGY EFFICIENCY PLAN AND)
ASSOCIATED PROGRAMS; (2) A FINANCIAL)
INCENTIVE FOR PLAN YEAR 2020; (3))
RECOVERY OF THE COSTS ASSOCIATED) CASE NO. 19-00____-UT
WITH A POTENTIAL ENERGY EFFICIENCY)
STUDY OVER A TWO-YEAR TIME PERIOD;)
AND (4) CONTINUATION OF SPS'S ENERGY)
EFFICIENCY TARIFF RIDER TO RECOVER)
ITS ANNUAL PROGRAM COSTS AND)
INCENTIVES,)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
APPLICANT.)
_____)

NOTICE TO CUSTOMERS

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

1. On May 15, 2019, Southwestern Public Service Company ("SPS") filed its application for approval of its Triennial Energy Efficiency Plan ("Triennial Plan") for Plan Years 2020, 2021, and 2022 and approval of, and authorization to recover its 2020 Plan costs through a proposed Energy Efficiency tariff rider ("EE Rider"). SPS's Application requests that the Commission issue an order granting the following relief:

- (a) approve SPS's Triennial Plan and associated Energy Efficiency ("EE") programs;
- (b) authorize SPS to apply the Commission's approval of the 2020 Triennial Plan budget to the entirety of 2020, even if the Commission has not issued a final order by December 31, 2019;
- (c) authorize SPS to fund its Triennial Plan program and administrative costs at three percent of customer bills in accordance with Section

17.7.2.8(C)(1) of the EE Rule and Section 62-17-6(A) of the EUEA and to recover these costs through its EE Rider;

- (d) approve SPS's proposed methodology to calculate the financial incentive for each year of the Triennial Plan;
- (e) approve recovery of a financial incentive for 2020 through SPS's EE Rider;
- (f) approve SPS's proposed reconciliation process for the authorized budget and actual plan year expenditures and collections;
- (g) authorize SPS to recover costs associated with an EE Potential Study over a two-year time period beginning in 2020; and
- (h) grant all other approvals, authorizations, and relief that may be required under the EUEA, the EE Rule, and the New Mexico Public Utility Act (NMSA 1978, Sections 62-3-1 et seq., "PUA") for SPS to implement the approved Triennial Plan and EE Rider.

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

3. The Efficient Use of Energy Act ("EUEA") allows a utility that undertakes cost-effective energy efficiency programs to recover its prudent and reasonable costs, along with Commission-approved incentives for demand-side resources through an approved tariff rider or in base rates. Accordingly, SPS proposes to recover \$9,511,304 in program and administrative costs for 2020, subject to future reconciliation of actual expenditures and collections.

4. SPS proposes to calculate the 2020 EE Rider based on three percent of total customer bills, or \$75,000 per customer per calendar year, whichever is lower, in accordance with the EUEA and the Commission's Energy Efficiency Rule. SPS has: increased this budget by \$636,215 in compliance with the Commission's Final Order in Case No. 18-00139-UT; reduced this budget by \$1,011,043 in accordance with 17.7.2.8(E) NMAC; and further reduced this budget by \$536,634 to account for the final year of 2015 under-collection amortization per the Uncontested Stipulation in Case No. 16-00110-UT. SPS proposes to implement the 2020 EE Rider on the later of January 1, 2020 or the first full billing month following Commission approval of the Triennial Plan and SPS's filing of the advice notice.

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

Residential Service

| | Winter Months | | Summer Months | |
|-------------------|---------------|----------|---------------|----------|
| Consumption Level | Present | Proposed | Present | Proposed |
| 0 kWh | \$9.04 | \$9.03 | \$9.04 | \$9.03 |
| 250 kWh | \$32.61 | \$32.59 | \$34.51 | \$34.49 |
| 500 kWh | \$56.19 | \$56.16 | \$59.99 | \$59.95 |
| 750 kWh | \$79.77 | \$79.72 | \$85.46 | \$85.41 |
| 900 kWh | \$93.92 | \$93.86 | \$100.75 | \$100.68 |
| 1000 kWh | \$103.35 | \$103.28 | \$110.94 | \$110.87 |
| 2000 kWh | \$197.66 | \$197.53 | \$212.84 | \$212.70 |

Small General Service

| | Winter Months | | Summer Months | |
|-------------------|---------------|----------|---------------|----------|
| Consumption Level | Present | Proposed | Present | Proposed |
| 0 kWh | \$14.87 | \$14.86 | \$14.87 | \$14.86 |
| 250 kWh | \$34.44 | \$34.42 | \$35.51 | \$35.49 |
| 500 kWh | \$54.02 | \$53.98 | \$56.15 | \$56.12 |
| 750 kWh | \$73.59 | \$73.54 | \$76.79 | \$76.74 |
| 1000 kWh | \$93.17 | \$93.10 | \$97.44 | \$97.37 |
| 2000 kWh | \$171.46 | \$171.35 | \$180.00 | \$179.88 |

Secondary General Service

| | Winter Months | | Summer Months | |
|-------------------|---------------|------------|---------------|------------|
| Consumption Level | Present | Proposed | Present | Proposed |
| 12 kW; 1500kWh | \$269.12 | \$268.94 | \$307.41 | \$307.21 |
| 35 kW; 7500 kWh | \$827.81 | \$827.26 | \$939.49 | \$938.87 |
| 35 kW; 15000 kWh | \$1,068.96 | \$1,068.25 | \$1,180.64 | \$1,179.86 |
| 100 kW; 30000 kWh | \$2,584.95 | \$2,583.25 | \$2,904.05 | \$2,902.14 |

Primary General Service

| | Winter Months | | Summer Months | |
|-------------------|---------------|------------|---------------|------------|
| Consumption Level | Present | Proposed | Present | Proposed |
| 12kW; 1500 kWh | \$256.03 | \$255.86 | \$290.98 | \$290.78 |
| 35 kW; 7500 kWh | \$779.92 | \$779.41 | \$881.85 | \$881.27 |
| 35 kW; 1500 kWh | \$1,016.77 | \$1,016.10 | \$1,118.69 | \$1,117.95 |
| 100 kW; 30000 kWh | \$2,435.55 | \$2,433.96 | \$2,726.76 | \$2,724.97 |

Large General Service Transmission (69 kV)*

| Consumption Level | Winter Months | | Summer Months | |
|-----------------------|---------------|--------------|---------------|--------------|
| | Present | Proposed | Present | Proposed |
| 800 kW; 500000 kWh | \$23,677.40 | \$23,661.81 | \$25,230.54 | \$25,213.92 |
| 1500 kW; 1000000 kWh | \$42,193.68 | \$42,165.89 | \$45,164.05 | \$45,134.31 |
| 6100 kW; 4000000 kWh | \$166,683.86 | \$166,574.10 | \$178,763.38 | \$178,645.66 |
| 12200 kW; 8000000 kWh | \$328,077.68 | \$328,077.68 | \$351,472.40 | \$351,472.40 |

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

6. SPS's Application also includes a request for an annual incentive for its 2020 Plan Year that is based on a percentage of spend. SPS proposes to recover its projected 2020 incentive through a separate charge under its approved 2020 Energy Efficiency Rider concurrent with its Triennial program cost recovery, subject to reconciliation in 2021.

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

8. For illustrative purposes, SPS has calculated the following annual incentive and associated rate for 2020 based on projected program costs and the value of energy estimated to be saved over the lifetime of the measures installed through its annual energy portfolio:

| Year | Financial Incentive (\$) | Financial Incentive Percentage of Bill (<i>incremental to the program cost funding level</i>) |
|------|--------------------------|--|
| 2020 | \$595,408 | 0.127% |

9. SPS's Application also includes a request to recover the costs to perform an EE Potential Study, in accordance with Section 62-17-6(C) of the EUEA and 17.7.2.13(C) NMAC. SPS proposes to recover 50% of the costs in 2020 and 50% of the costs in 2021.

10. For illustrative purposes, SPS has calculated the 2020 bill impact, if SPS's proposed Energy Efficiency Potential Study is approved, at 0.072%.

11. If SPS's Application is approved, SPS will implement an Energy Efficiency charge of 3.199%, which is comprised of: (1) 3.000% for SPS's 2020 Energy Efficiency Plan costs; (2) 0.127% for SPS's 2020 energy efficiency incentive; and (3) 0.072% for SPS's proposed Energy Efficiency Potential Study.

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

13. The Commission has assigned Case No. 19-00____-UT to this case and all inquiries or written comments concerning this case should refer to that case number.

14. By order issued in this case on _____, 2019, the Hearing Examiner has established the following procedural schedule and requirements for this case:

- A. Any person desiring to intervene to become a party ("intervenor") to this case must file a motion for leave in conformity with NMPRC Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before _____, 2019.
- B. A settlement meeting between and among the parties to this case shall be held on _____ at a location to be determined.
- C. Staff shall, and any intervenor may, file direct testimony on or before _____, 2019 alternatively, a stipulation may be filed on or before _____, 2019.
- D. Any rebuttal testimony or testimony in support of a stipulation shall be filed on or before _____, 2019.
- E. A public hearing will be held beginning at _____ on _____, 2019, commencing at _____.m. MST and continuing as necessary on _____, 2019 at the Commission's offices in the P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, for purposes of hearing and receiving testimony, exhibits, arguments, and any other appropriate matters relevant to this proceeding.

15. Interested persons should contact the Commission for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled.

16. Unless otherwise ordered or approved by the Hearing Examiner, at the public hearing in this case, only pre-filed prepared written testimony, in question and answer form and verified by the witness for a party, and examination of witnesses on such pre-filed testimony shall be accepted, received in evidence, and considered along with other relevant and otherwise admissible exhibits.

17. The procedural dates and requirements provided herein are subject to further Order of the Commission or Hearing Examiner.

18. Any interested person may appear at the time and place of hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. All such comments will not be considered as evidence in this case. Written comments, which shall reference NMPRC Case No. 19-00____-UT, also may be sent to the Commission at the following address:

New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo de Peralta
P.O. Box 1269
Santa Fe, NM 87504-1269
Telephone: 1-888-427-5772

19. Any interested person may examine SPS's Application and supporting documents at the offices of SPS, 111 E. Fifth Street, Roswell, New Mexico, telephone (505) 625-5499 and 790 S. Buchanan Street, Amarillo, Texas, telephone (806) 378-2115 or at the offices of the Commission, at the address set out in Paragraph 16 above.

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

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

21. Any person filing pleadings, testimony, and other documents in this case may file either in person at the Commission's docketing office in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail to the Commission's address at P.O. Box 1269, Santa Fe, New Mexico 87504-1269, and shall serve copies thereof on all parties of record and Staff in the way(s) specified on the Certificate of Service for this case. All filings shall be e-mailed on the date they are filed with the Commission and shall also be e-mailed on the same date to the Hearing Examiner at _____@state.nm.us. Additionally, all documents e-mailed to the Hearing Examiner shall include versions created in Word or other native format.

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

ISSUED at Santa Fe, New Mexico on this ____ day of _____ 2019.

NEW MEXICO PUBLIC REGULATION COMMISSION

Hearing Examiner

SOUTHWESTERN PUBLIC SERVICE COMPANY

ADVICE NOTICE NO. 281

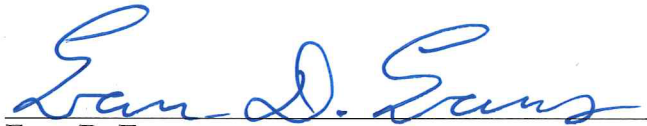
May 15, 2019

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

Southwestern Public Service Company ("SPS") hereby gives notice to the public and the Commission of the filing and publishing of the following changes in its Energy Efficiency Rider rates effective June 14, 2019.

| Rate No. | Title of Sheet | Canceling Rate No. | Effective Date |
|--------------------|--|---------------------------|-----------------------|
| Ninety- Ninth Rev. | Table of Contents – Electric Rate Schedules | Ninety- Eighth Rev. | June 14, 2019 |
| Sixteenth Rev. 44 | Energy Efficiency Rider | Fifteenth Rev. 44 | June 14, 2019 |

SOUTHWESTERN PUBLIC SERVICE COMPANY



Evan D. Evans
Director - Regulatory and Pricing Analysis
Southwestern Public Service Company

SOUTHWESTERN PUBLIC SERVICE COMPANY


Exhibit B
Page 2 of 6
Case No. 19-00___-UT

**NINETY- NINTH REVISED TABLE OF CONTENTS
CANCELING NINETY- EIGHTH REVISED TABLE OF CONTENTS
ELECTRIC RATE SCHEDULES**

X
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Page 1 of 3

| <u>Rate No.</u> | <u>Tariff No.</u> | <u>Title</u> | <u>Territory</u> |
|---------------------|-----------------------|--|--|
| | | | Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari |
| 1 | 1018.19 | Residential Service | |
| 3 | 2002.23 | Irrigation Power Service | |
| 4 | 3018.33 | Purchases from Qualifying Facility | |
| 6 | 3110.20 | Small General Service | |
| 13 | 4106.19 | Primary General Service | |
| 14 | 5027.14 | Municipal Street Lighting Service | |
| 16 | 6016.19 | Large Municipal and School Service | |
| 26 | 7004.10 | Miscellaneous Service Charges | |
| 27 | 4107.8 | SLCA Integrated Projects Energy Rider | Cannon AFB, Clovis |
| 28 | 5118.9 | Area Lighting Service | |
| 31 | 7201.2 | Photovoltaic Water Pumping Systems | |

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| 281 | X |
| Advice Notice No. | |
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| DIRECTOR - REGULATORY AND PRICING ANALYSIS | |

NINETY- NINTH REVISED TABLE OF CONTENTS
CANCELING NINETY- EIGHTH REVISED TABLE OF CONTENTS
ELECTRIC RATE SCHEDULES

X
X

Page 2 of 3


| <u>Rate No.</u> | <u>Tariff No.</u> | <u>Title</u> | <u>Territory</u> |
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| | | | Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari |
| 33 | 7202.3 | Renewable Energy Rate Rider | |
| 34 | 4110.7 | Large General Service - Transmission | |
| 39 | 1017.6 | Residential Heating Service | |
| 40 | 4060.6 | Secondary General Service | |
| 42 | 6018.6 | Small Municipal and School Service | |
| 44 | 7203.16 | Energy Efficiency Rider | |
| 48 | 1022.1 | Residential Controlled Air Conditioning and Water Heating Rider | |
| 49 | 3009.1 | Commercial and Industrial Controlled Air Conditioning Rider | |
| 52 | 5004.7 | Small Solar Distributed Generation Program | |
| 53 | 5005.7 | Medium Solar Distributed Generation Program | |
| 54 | 5006.6 | Large Solar Distributed Generation Program | |

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281

X

Advice Notice No.



DIRECTOR - REGULATORY AND PRICING
ANALYSIS

NINETY- NINTH REVISED TABLE OF CONTENTS
CANCELING NINETY- EIGHTH REVISED TABLE OF CONTENTS
ELECTRIC RATE SCHEDULES

X
X


Page 3 of 3

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|---------------------|-----------------------|---|--|
| | | | Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal, Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari |
| 57 | 5009.3 | Small SDG-REC Purchase Program | |
| 58 | 5010.3 | Medium SDG-REC Purchase Program | |
| 62 | 5014.3 | 3 rd Party Small Solar Distributed Generation Program | |
| 63 | 5015.3 | 3 rd Party Medium Solar Distributed Generation Program | |
| 64 | 5016.2 | 3 rd Party Large Solar Distributed Generation Program | |
| 65 | 5017.2 | 3 rd Party Small Biomass Distributed Generation Program | |
| 66 | 5018.2 | 3 rd Party Medium Biomass Distributed Generation Program | |
| 70 | 7204.5 | Renewable Portfolio Cost Rider | |
| 72 | 7107.3 | Fuel and Purchased Power Cost Adjustment Clause | |
| 73 | 4030.2 | General Service – Experimental Time of Use Rate | |
| 75 | 7207 | Residential Smart Thermostat Pilot | |

281

X

Advice Notice No.



DIRECTOR - REGULATORY AND PRICING
ANALYSIS

SOUTHWESTERN PUBLIC SERVICE COMPANY

Exhibit B
Page 5 of 6
Case No. 19-00__-UT

**SIXTEENTH REVISED RATE NO. 44
CANCELING FIFTHTEENTH REVISED RATE NO. 44**

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ENERGY EFFICIENCY RIDER

Tariff No. 7203.16

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Page 1 of 2

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

TERRITORY: Area served by the Company in New Mexico.

RIDER: For the 2020 Plan Year, there shall be included on each non-exempt customer's bill an Energy Efficiency charge, which shall be calculated by multiplying all of the Company's utility charges (including the service availability charge, energy charge, the fuel and purchased power cost adjustment clause charge, and where applicable, the demand charge and other authorized charges), except gross-receipt taxes and franchise fees, by a percentage equal to 3.267 percent. The 3.199 % is comprised of: (1) 3.0% for SPS's 2020 Energy Efficiency Plan costs, (2) 0.127 % for SPS's 2020 energy efficiency incentive and (3) 0.072% for SPS's Energy Efficiency Potential Study.

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

ANNUAL RECONCILIATION OF AUTHORIZED ENERGY EFFICIENCY INCENTIVES:

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

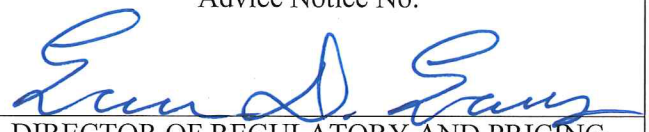
In support of the reconciliation of the difference between Energy Efficiency Rider collections for incentive(s) and the actual incentive(s) earned SPS will also provide: (1) an Advice Notice and the proposed Energy Efficiency Rider to allow the amounts to be reconciled; and (2) affidavits, exhibits,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

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

281

X

Advice Notice No.



DIRECTOR OF REGULATORY AND PRICING
ANALYSIS

SOUTHWESTERN PUBLIC SERVICE COMPANY

Exhibit B
Page 6 of 6
Case No. 19-00___-UT

**SIXTEENTH REVISED RATE NO. 44
CANCELING FIFTHTEENTH REVISED RATE NO. 44**

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ENERGY EFFICIENCY RIDER

Tariff No. 7203.16

X

Page 2 of 2

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

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

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

281

X

Advice Notice No.


DIRECTOR OF REGULATORY AND PRICING
ANALYSIS