BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION REQUESTING: (1) ACKNOWLEDGEMENT OF ITS FILING OF THE 2016 ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT; (2) APPROVAL OF ITS ANNUAL RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR PLAN YEAR 2018; (3) APPROVAL OF THE PROPOSED RATE FOR ITS 2018 RENEWABLE PORTFOLIO STANDARD RIDER; (4) APPROVAL OF VARIANCE FROM REQUIREMENTS OF RULE 572.14(C)(1) NMAC; AND (5) OTHER ASSOCIATED RELIEF,	)	**CASE NO. 17-_____-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

DIRECT TESTIMONY

of

RUTH M. SAKYA

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

July 3, 2017

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
2016 RPS Report	SPS's 2016 Annual Renewable Energy Portfolio Report
2018 RPS Plan	SPS's filing for Plan Year 2018 ("Plan Year"), in compliance with Rule 572.14, as well as the 2019 Next Plan Year ("Next Plan Year")
2018 RPS Rider	SPS's proposed 2018 Renewable Portfolio Standard Rate Rider
Commission	New Mexico Public Regulation Commission
DG	Distributed Generation
Exempt Customers	Customers Exempted Pursuant to Section 62-16-4.A(3) of the REA
FERC	Federal Energy Regulatory Commission
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
IRP	Integrated Resource Plan
kWh	Kilowatt hour
MWh	Megawatt-hour
NextEra	NextEra Energy Resources
Next Plan Year	SPS's Filing for Plan Year 2019
Other	Renewable Technologies Other than Wind and Solar
Plan Year	SPS's filing for Plan Year 2018

Acronym/Defined Term	Meaning
PPA	Purchased Power Agreement
PUA	New Mexico Public Utility Act
PUCT	Public Utility Commission of Texas
QF	Qualifying Facility
Qualifying Large Customers	Large Customers that Qualify under Section 62-16-4.A(2) of the REA
RCT	Renewable Cost Threshold
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10)
REC	Renewable Energy Certificate
REC Tracker	Accounting mechanism that was approved by the Commission in prior cases that captures the expenses and revenues associated with RECs
RPS	Renewable Portfolio Standard
Rule 572	New Mexico Public Regulation Commission's Renewable Energy Rule (17.9.572 NMAC)
SPS	Southwestern Public Service Company, a New Mexico corporation
SunE	SunEdison, LLC
WREGIS	Western Renewable Energy Generation Information System
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

Attachment	Description
RMS-1	RPS Rule 572 “Road Map”
RMS-2	SPS’s Annual Renewable Energy Portfolio Report for 2016
RMS-3	SPS’s 2017 Filing of the Annual Renewable Energy Act Plan for 2018 Plan Year and 2019 Next Plan Year
RMS-4	2018 RPS Rider Revenue Requirement and Rate
RMS-5	RCT Calculation
RMS-6	Bill Impacts Under Current Rates
RMS-7	Proposed Tariff
RMS-8(CD)	Workpapers (Provided on CD)

Case No. 17-00_____-UT
Direct Testimony
of
Ruth M. Sakya

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

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

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.[1]

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

A. I am employed by SPS as Manager, Regulatory Policy.

Q. Please briefly outline your responsibilities as Manager, Regulatory Policy.

A. I am responsible for determining the appropriate regulatory policy for SPS. In this role, I direct and prepare comments, testimony, and briefing materials for

[1] Xcel Energy is the parent company of four utility operating companies: Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS. Xcel Energy's natural gas pipeline subsidiary is WestGas InterState, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel 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 either currently regulated by the Federal Energy Regulatory Commission ("FERC") or expected to be regulated by FERC.

policy matters impacting SPS. Among my responsibilities are SPS's renewable energy matters before the New Mexico Public Regulation Commission ("Commission"), including SPS's annual renewable portfolio standard ("RPS") plans and reports and cost recovery under the RPS Rider. In carrying out my responsibilities regarding these renewable energy matters, I have become familiar with the Commission's Renewable Energy Rule[2] ("Rule 572"), the Renewable Energy Act[3] ("REA"), the Public Utility Act[4] ("PUA"), and other statutes and Commission rules affecting renewable energy and ratemaking.

Q. Please describe your educational background.

A. I graduated from the University of Wyoming in 1998 with a Bachelor of Science degree in Finance and, in 2001, with a Master of Science degree in Finance, with an emphasis in Regulatory Economics. I completed the coursework and successfully passed the qualifying exams toward a Ph.D. in Public Affairs from the University of Colorado, Denver.

[2] 17.9.572 NMAC (as revised April 2014).

[3] 1978 NMSA, §§ 62-16-1 through 62-16-10.

[4] 1978 NMSA, §§ 62-3-1 *et seq.*

Q. Please describe your professional experience.

A. I began my career in 1999 as an intern with the Illinois Commerce Commission and in 2000 joined the Public Utility Commission of Texas ("PUCT") as a Senior Policy Analyst. I have held various other positions, including Rate Analyst at a multi-jurisdictional electric and gas utility, and Senior Analyst and then Supervising Analyst with a consulting firm specializing in services to regulatory agencies and municipal entities. In 2004, I accepted a position with Xcel Energy Services Inc. ("XES") as Senior Rate Analyst. In 2007, I accepted a position with XES as Manager, Regulatory Policy. Beginning January 1, 2012, my position as Manager, Regulatory Policy was transferred to SPS, where my job responsibilities continue to be the same as they have been since 2007.

Q. Have you testified or filed testimony before any regulatory authorities?

A. Yes. I have filed testimony with the Commission, the PUCT, and the Colorado Public Utilities Commission in numerous cases, including SPS's prior RPS Plan filings. I have also testified before each of these regulatory authorities regarding, among other things, the topics discussed in this direct testimony.

II. ASSIGNMENT AND RECOMMENDATIONS

Q. What is your assignment in this proceeding?

A. My testimony will:

- provide an overview of SPS's RPS requirements under the REA and Rule 572 and of SPS's filing for Plan Year 2018 ("Plan Year"), in compliance with Rule 572.14, as well as the 2019 Next Plan Year ("Next Plan Year") (the filing is referred to herein as the "2018 RPS Plan");
- acknowledge the separate and concurrent filing of SPS's 2016 Annual Renewable Energy Portfolio Report ("2016 RPS Report") in accordance with Rule 572.19;
- present SPS's 2018 RPS Plan, which includes SPS's plan for the Plan Year, including the information and analysis required by Rule 572, and, for information purposes, similar information for the Next Plan Year;
- present SPS's Reasonable Cost Threshold ("RCT") calculation and SPS's requested variance from certain requirements of Rule 572 related to the RCT calculation;
- present SPS's Plan Year and Next Plan Year projected costs and SPS's request to recover the Plan Year costs, including reconciliation of the 2016 RPS Rider, through SPS's proposed 2018 Renewable Portfolio Standard Rate Rider ("2018 RPS Rider");
- present SPS's 2018 RPS Rider rate; and
- address SPS's compliance with prior Commission orders.

Q. Please summarize the conclusions reached in your testimony.

A. SPS presents its 2018 RPS Plan in compliance with the REA and Rule 572. Specifically:

- SPS's 2018 RPS Plan presents the continuation of previously-approved resources and programs. No additional resource acquisitions are presented due to RCT constraints.
- The 2018 projected costs are reasonable and consistent with prior Commission orders.
- SPS has complied with all prior Commission directives in SPS's RPS filings.

Q. Were Attachments RMS-1 through RMS-7, and certain workpapers contained in Attachment RMS-8(CD), prepared by you or under your direct supervision and control?

A. Yes.

Q. Are the referenced documents included in Attachment RMS-8(CD) true and correct copies of the referenced documents?

A. Yes.

III. OVERVIEW OF THE REA AND RULE 572

Q. Please describe the renewable energy requirements under the REA.

A. Section 62-16-4 of the REA establishes the following renewable energy requirements, as a percentage of New Mexico retail sales, for SPS and other investor-owned utilities in New Mexico: (i) 15 percent beginning in 2015; and (ii) 20 percent in 2020. The underlying renewable energy used to satisfy these requirements must be delivered to New Mexico retail customers, with a preference (all else being equal) for generation located in New Mexico.

Q. What limitations does the REA include regarding a utility's proposed acquisition of renewable resources to meet the RPS?

A. Section 62-16-4 of the REA provides that if a public utility finds that in any given year the cost of renewable energy that would need to be procured or generated for purposes of compliance with the RPS would be greater than the RCT, the public utility is not required to incur that cost. In effect, the RCT is a benchmark that balances: (i) the interests of customers to be protected from undue cost increases caused by the RPS; against (ii) the potential benefits of the renewable resources.

Q. Does Rule 572 specify the types of renewable resources that must be acquired to meet the RPS requirements?

A. Yes. Rule 572.11 requires the acquisition of specific renewable resource types (*i.e.*, a diversified renewable energy portfolio). The minimum diversity requirements are as follows:

- 30 percent wind;
- 20 percent solar;
- 5 percent other technologies, such as biomass, hydro, or geothermal ("Other"); and
- 3 percent Distributed Generation ("DG").

The remainder of the requirement can be filled with any renewable resource, although new acquisitions must represent the most cost-effective resource as required under Rule 572.13(C).

Q. How does the RCT impact a utility's RPS requirement?

A. If the utility's renewable energy plan revenue requirement exceeds the RCT, then no new renewable energy procurement is required and the utility is not required to request a variance (or waiver) from meeting Rule 572's requirements (Rule 572.12(A)). Similarly, if the RCT is not exceeded, but the cost of additional renewable energy resources that would need to be procured or generated for

purposes of compliance with the RPS would be greater than the RCT, then the public utility is not required to incur that cost, but must seek a variance from the Commission pursuant to Rule 572.12(D).

Q. Does the 2018 RPS Plan meet the REA and Rule 572 requirements?

A. In essence, SPS's filing demonstrates that the 2018 RPS Plan will meet the overall RPS requirements of the REA and Rule 572, but the 2018 RPS Plan will not fully satisfy all of the individual diversity requirements.

As it relates to the specific data and analysis requirements of Rule 572, please refer to Attachment RMS-1, which: (1) provides an outline of the Rule 572 requirements; and (2) identifies where in the 2018 RPS Plan the requirements are addressed. In addition, SPS has served all parties required by Rule 572.14(D) and posted a copy of the filing on its website as required by Rule 572.14(D) at:

http://www.xcelenergy.com/company/rates_and_regulations/filings/new_mexico_renewable_porfolio_standard.

Q. Did SPS comply with all requirements for its 2016 RPS Report as set forth in Rule 572?

A. Yes. SPS has separately filed its RPS Report for 2016. For ease of reference, I have provided a copy as Attachment RMS-2.

IV. SPS's 2018 RPS PLAN

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

A. In accordance with Rule 572.14, I present SPS's calculation of its Plan Year (2018) and Next Plan Year (2019) RPS compliance requirements and discuss SPS's Plan Year and Next Plan Year compliance with the overall RPS requirement, diversity requirement, and resource acquisitions. The 2018 RPS Plan is Attachment RMS-3 to my testimony.

Q. Please describe SPS's 2018 RPS Plan.

A. The 2018 RPS Plan contains the following: (1) a description and schedule demonstrating that SPS will acquire sufficient renewable resources to satisfy its overall RPS requirement for the Plan Year and Next Plan Year; (2) a discussion about SPS's partial compliance with the RPS diversity requirements; (3) a description of SPS's proposed mechanism for cost recovery of its 2018 renewable energy and other RPS-related costs; (4) a comparison of the 2018 RPS Plan to the Integrated Resource Plan ("IRP"); and (5) a discussion regarding non-wind

renewable energy viability in SPS's service area, in compliance with prior orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT.[5]

Q. Is SPS proposing any new procurements of additional renewable resources for the Plan Year?

A. No. As discussed in more detail below, SPS has enough renewable resources to meet the overall Plan Year RPS requirement and wind diversity requirement (*see* Attachment RMS-3, Appendix A), but it will not have sufficient resources to meet the full amount of the solar, DG, or other diversity requirements. However, based on SPS's RCT calculations, SPS's RPS revenue requirement will significantly exceed the RCT. Thus, SPS is not required to procure additional solar, Other, or DG resources to meet Rule 572's diversity requirements. Accordingly, Rule 572.14(B)(8) and (9) are not applicable to this filing.

[5] Case No. 04-00334-UT, *In the Matter of Southwestern Public Service Company's 2003 Annual Portfolio Report and 2004 Annual Portfolio Procurement Plan Pursuant to the Renewable Energy Act (Laws 2004, Chapter 65),* Final Order (Dec. 21, 2004); Case No. 05-00354-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Energy Portfolio Report for 2004, its Application for Approval of the 2005 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Renewable Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 20, 2005); and Case NO. 06-00360-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Portfolio Report for 2005, its Application for Approval of the 2006 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 21, 2006).

Similarly, for the Next Plan Year, SPS currently has enough resources to meet the overall RPS requirement, as well as the wind diversity requirement. Furthermore, SPS will meet the majority of the diversity requirements for solar and DG. However, similar to the Plan Year, SPS projects its Next Plan Year renewable energy plan revenue requirement will exceed the RCT. Thus, SPS is not required to procure additional solar, Other or DG resources to meet Rule 572's diversity requirements.

A. Plan Year and Next Plan Year RPS Requirements

Q. What are SPS's Plan Year and Next Plan Year RPS requirements?

A. As discussed above, the REA and Rule 572.7 require SPS to supply, during the Plan Year and Next Plan Year, no less than 15 percent of SPS's New Mexico retail energy sales by renewable energy. *See* Rule 572.10(B)(2) and (F). Based on SPS's projected Plan Year and Next Plan Year Total Retail Sales, as determined and adjusted under Rule 572.7(L), SPS's overall RPS requirement for the Plan Year and Next Plan Year are 555,302 megawatt-hour ("MWh") and 577,948 MWh, respectively.

Q. Please briefly explain how the RPS requirement is calculated.

A. The RPS is based on "Plan Year Total Retail Sales," which Rule 572.7(L) defines as projected weather-adjusted retail energy sales, in kilowatt hours ("kWh"), adjusted for projected energy efficiency reductions, and further reduced by energy sales to: (i) large customers that qualify under Section 62-16-4.A(2) of the REA ("Qualifying Large Customers"), and (ii) customers exempted pursuant to Section 62-16-4.A(3) of the REA ("Exempt Customers"). The applicable plan year Total Retail Sales are then multiplied by the RPS percentage to determine the utility's RPS requirements for the applicable plan year. SPS does not have any Exempt Customers.

1. Adjusted Retail Energy Sales

Q. How did SPS determine its projected Plan Year and Next Plan Year New Mexico retail energy sales?

A. As part of its normal course of business, SPS projects monthly energy (kWh) sales on an annual basis. XES's Forecasting Department provides total billed retail sales, by month, for each New Mexico retail rate class. SPS's sales forecast is developed using industry standard multiple regression modeling techniques and includes appropriate adjustments to account for energy efficiency and load

management programs, new load growth, and customers switching between rate classes.

Q. Do the projected Plan Year and Next Plan Year retail energy sales assume normal weather conditions?

A. Yes. Normal daily weather conditions were based on the average of the last 30 years of historical heating-degree days and cooling-degree days.

Q. What are SPS's projected Plan Year and Next Plan Year overall New Mexico retail energy sales?

A. SPS's Plan Year and Next Plan Year New Mexico retail sales, for all customer classes, are projected to be 5,396,067,094 kWh and 5,483,282,909 kWh, respectively. Please refer to Attachment RMS-3, Appendix A, page 3, line 13.

2. Adjustment for Qualifying Large Customers and Exempt Customer Energy Sales

Q. To calculate its RPS requirement, did SPS make any further adjustments to its annual Plan Year and Next Plan Year retail energy sales?

A. Yes. To calculate the applicable Plan Year Total Retail Energy Sales, Rule 572.7(L) requires SPS to reduce its overall New Mexico retail energy sales by energy sales to: (1) Qualifying Large Customers and (2) Exempt Customers. As defined by the REA, a Qualifying Large Customer is a nongovernmental customer

at a single location or facility with consumption exceeding 10 million kWh per year. SPS projects that 45 customers will qualify for the Large Customer Adjustment in both the Plan Year and Next Plan Year. *See* Rule 572.7(M). As noted earlier, SPS has no Exempt Customers.

Q. How were the adjustments associated with SPS's Qualifying Large Customer kWh sales determined for the Plan Year and Next Plan Year?

A. The adjustments for Qualifying Large Customer kWh sales for the Plan Year and Next Plan Year were determined based on a multi-step process. First, SPS determined its projected *overall* large customer kWh sales by taking the billing determinants of the customers identified as exceeding 10 million kWh in calendar year 2016, which is the most recent calendar year for which SPS has historical data.

Q. What are the overall projected large customer kWh sales?

A. SPS projects overall large customer sales of 2,231,084,798 kWh in the Plan Year and Next Plan Year (Attachment RMS-3, Appendix A, page 3, line 14).

Q. What was the next step in determining the Qualifying Large Customer adjustment to SPS's kWh sales?

A. The overall projected large customer sales were subtracted from the same year's overall projected annual New Mexico retail energy sales to determine SPS's annual "Adjusted Retail Sales." The resulting amounts were then multiplied by 15 percent (the RPS percentage requirement for the Plan Year and Next Plan Year) to establish an RPS requirement for customers other than Qualifying Large Customers for each year (Attachment RMS-3, Appendix A, page 3, lines 13 through 17).

Q. Please explain the additional steps required to determine the Qualifying Large Customer adjustment.

A. The next step is to calculate compliance cost by dividing the total annual recoverable cost by the annual kWh (*see* Attachment RMS-3, Appendix A, page 3, line 6), resulting in an average renewable cost of $.023286 per kWh for the Plan year and $.020869 per kWh for the Next Plan Year.

SPS then divided the Large Capped Customer maximum dollars by the compliance cost per kWh to determine the RPS kWh for Qualifying Large Customers, projected to be 80,554,339 kWh for the Plan Year and 90,118,274

kWh for the Next Plan Year (Attachment RMS-3, Appendix A, page 3, line 10). These applicable Qualifying Large Customer sales were then added back into the RPS calculation to determine SPS's total RPS requirements for the Plan Year and Next Plan Year (Attachment RMS-3, Appendix A, page 3, lines 18 and 19).

B. Calculation of Qualifying Large Customer Cap Sales

Q. Please describe the Qualifying Large Customer Cap sales.

A. For Qualifying Large Customers, the REA provides that the maximum costs associated with the RPS that can be charged to an eligible large customer cannot exceed a certain threshold of these customers' bills. *See* Section 62-16-4(A)(2).

Q. For which years were Qualifying Large Customer cap sales calculated?

A. SPS calculated the Qualifying Large Customer Cap sales for the Plan Year and Next Plan Year.

Q. Please describe the process of calculating the Qualifying Large Customer Cap Sales anticipated for the Plan Year and the Next Plan Year.

A. SPS began the calculation with the billing determinants of the customers identified as exceeding 10 million kWh in the calendar year 2016, the most recent calendar year for which SPS has historical data. The applicable base rates as approved in Case No. 15-00296-UT (SPS's most recently completed base rate

case), the Energy Efficiency Tariff Rider approved in Case No. 16-00110-UT, and an estimated fuel factor were then applied to these billing determinants to calculate each individual large customer's total non-renewable electric charges.

Next, SPS calculated annual estimates of each large customer's renewable billings. For 2018, SPS calculated these billings based on the 2018 RPS Rider rates discussed in Section VII below. For 2019, SPS utilized the 2018 information.

Finally, SPS calculated the cap on renewable billings for each customer as the lesser of two percent of the customer's total base rate revenue or $110,785 in 2018, and, the lesser of two percent or $112,427 in 2019 ($99,000 as of January 1, 2011, adjusted for inflation using a compounded average annual change in inflation factor of 1.4824 percent). The large customer cap was then compared to the total renewable billings (*see* Rule 572.7(M)).

C. Plan Year

Q. What renewable resources does SPS expect to use to meet its Plan Year RPS requirements?

A. In the Plan Year, SPS will continue to purchase both energy and RECs from the: (1) Caprock Wind LP; and (2) San Juan Mesa Wind Project LLC wind facilities.

In addition, SPS expects to receive additional wind RECs from the Mesalands Qualifying Facility ("QF"), although since Mesalands is a QF and does not have a long-term contract with SPS, Mesalands is not included in any forecast for wind RECs in this case. SPS also estimates that it will purchase approximately 108,556 MWh and 14,017 MWh of energy and RECs through the SunEdison, LLP ("SunE") Purchased Power Agreements ("PPAs") and its DG programs, respectively.

Q. Does SPS project that it will meet the 15 percent overall RPS requirement for the Plan Year?

A. Yes. SPS will have sufficient RECs to meet its Plan Year renewable energy requirement. SPS expects to retire banked wind and DG RECs and also solar and DG RECs generated in the Plan Year.

Q. Will SPS fully meet its diversity requirements in the Plan Year?

A. No. Based on current projections, SPS will be able to meet 98 percent of its solar requirement, 0 percent of its Other requirement, and 84 percent of its DG requirement in the Plan Year. SPS projects it will need an additional 2,504 MWh

of solar, 27,765 MWh of Other, and 2,642 MWh of DG.[6] SPS will retire a sufficient number of wind RECs to meet its diversity shortfalls.

Q. Is SPS proposing to acquire additional resources in this proceeding?

A. No. As explained earlier, there is no headroom under the RCT to acquire additional resources.

Q. Is SPS proposing to open additional tiers under its DG programs?

A. No, due to the lack of headroom under the RCT.

D. Next Plan Year

Q. Please describe the compliance requirements for the Next Plan Year.

A. In the Next Plan Year, SPS's projects its overall RPS requirement, as adjusted for qualifying large customer reductions, to be 577,948 MWh (Attachment RMS-3, Appendix A, page 2, lines 1-9). The projected diversity requirements are as provided in Attachment RMS-3, Appendix A, page 2.

[6] In Case No. 13-00222-UT, the Commission ruled that because SPS's RPS revenue requirement will exceed the RCT, a waiver is not needed for the Rule 572 diversity requirements and SPS is not required to procure additional renewable resources. *See* 2013 RPS Order at Finding of Fact Paragraph No. 9.

Q. What renewable resources does SPS expect to use to meet its Next Plan Year requirements?

A. Similar to the Plan Year, in the Next Plan Year, SPS expects to continue to purchase both energy and RECs from the: (1) Caprock Wind LP; and (2) San Juan Mesa Wind Project LLC wind facilities. In addition, SPS expects to purchase additional wind RECs from the Mesalands QF in the Next Plan Year, as well as energy and RECs through the SunE PPAs and its DG programs, respectively.

Q. Does SPS project that it will meet its 15 percent overall RPS requirements in the Next Plan Year?

A. Yes. SPS will have sufficient RECs to meet its Next Plan Year renewable energy requirement. SPS expects to retire banked wind RECs, as well as wind, solar, and DG RECs generated during that year for compliance with the RPS requirements.

Q. Does SPS expect to meet its Next Plan Year diversity requirements?

A. No. SPS projects it will need an additional 9,866 MWh of solar, 28,897 MWh of Other, and 3,393 MWh of DG. However, given the lack of estimated headroom under the RCT, procuring additional resources to meet the diversity requirements would require SPS to incur costs in excess of the RCT. Accordingly, SPS is not

seeking to add resources at this time, although SPS will continue to evaluate its RCT position to determine if additional acquisitions are possible.

E. Other Rule 572 Requirements

Q. How does SPS's RPS Plan fit in the context of the IRP (572.14(B)(10) NMAC)?

A. In its most-recently Commission-accepted IRP (Case No. 15-00217-UT), SPS assumed full compliance with the RPS requirements of the REA and Rule 572, while recognizing not only the existing RCT constraints, including the RCT's relationship to natural gas prices. As a result of SPS's excess RCT position, SPS does not propose to acquire additional renewable resources, resulting in a slightly different resource mix than presented in the 2015 IRP.

Q. Is the 2018 RPS Plan in the public interest?

A. Yes. SPS's 2018 RPS Plan balances New Mexico's goals for renewable energy development, not only as a whole, but also through the use of diverse renewable generation sources with customer protections through the cost limitations resulting from the RCT. As I discussed, SPS is able to meet its overall RPS requirement, the wind diversity requirement, and the majority of the solar and DG diversity requirements. In the next section of my testimony, I further explain

SPS's RCT calculation and requested variance from a portion of Rule 572 related to Plan Year requirement offsets. In Section VI, I present SPS's projected Plan Year and Next Plan Year costs and the requested cost recovery through the RPS Rider.

V. RCT CALCULATION AND REQUEST FOR VARIANCE FOR COMPLYING WITH RULE 572.14(C)(1)

A. RCT Calculation

Q. Has SPS calculated the RCT for the Plan Year and Next Plan Year?

A. In part. As I will explain in more detail below, consistent with the variance granted by the Commission in Case No. 16-00183-UT, SPS again seeks a variance from the analysis related to the revenue requirement offsets. SPS has calculated an RCT, which provides the available revenue compared to the net RPS-related costs (*i.e.*, incremental costs less avoided fuel and purchased power costs) for both Plan Year and Next Plan Year.

Q. Please describe the RCT results.

A. In both the Plan Year and Next Plan Year, SPS is in an excess-RCT position, as shown in the table below. Please refer to Attachment RMS-5 for the detailed calculations.

Table RMS-1: RCT Calculation

Description	2018	2019
Available Revenue		
Non-capped Customer Revenue Available for Renewables	$ 7,722,496	$ 7,860,817
Plus Qualifying Large Customer Renewable Billings	1,875,763	1,880,689
Total RCT	$ 9,598,259	$ 9,741,506
Revenue Requirement		
Proposed Annual Revenue Requirement	$ 19,422,640	$ 17,344,739
RCT Calculation		
Over/(Under) RCT ($)	$ 9,824,381	$ 7,603,233
Projected RCT Percent	7.49%	6.57%

B. Variance Request

Q. Is SPS seeking approval of a variance in its 2017 RPS filing?

A. Yes. SPS is seeking approval of a variance from the requirements of Rule 572.14(C)(1). Specifically SPS seeks to be relieved of the required analyses related to the adjustments to its Plan Year revenue requirements.

Q. What does Rule 572.14(C)(1) require?

A. Rule 572.14(C)(1) states:

> Revenue requirement adjustments shall include net avoided fuel and purchased power costs, cost savings resulting from

> environmental credits (if not already included in the net avoided fuel costs) pursuant to compliance rules in effect during the plan year, and costs savings or increases for capacity, generation, transmission, or distribution, operation and maintenance expense, back-up and load following generation, off-system sales opportunity impacts, or other facilities and improvements or functions that may be required and that can be shown to result in actual reductions or increases in plan year revenue requirements to be collected from ratepayers.

As it relates to SPS's variance request, SPS seeks to be relieved of analyses related to all factors except for net avoided fuel and purchased power costs.

Q. Why is SPS seeking a variance from portions of Rule 572.14(C)(1)?

A. Based on the magnitude of SPS's Plan Year revenue requirement compared to the available revenue and the limited potential for revenue requirement offsets under the Rule, it would be unproductive and unavailing to apply the potential revenue requirement adjustments under Rule 572.14(C)(1). As Table RMS-1 demonstrates, SPS estimates it is approximately $9.8 million over the RCT for the Plan Year. Thus, not only would the revenue requirement offsets need to total approximately $9.8 million to allow the revenue requirement to break even, they would need to exceed $9.8 million to provide sufficient headroom to acquire additional renewable resources. I find it virtually impossible that the Plan Year revenue requirement adjustments would reach this amount.

Moreover in past cases, there has been no agreement among the parties relative to what adjustments should be applied and how to appropriately calculate the offsets, though the parties agreed that SPS was in an RCT-excess position.[7] Thus, rather than litigating the applicability of each item under Rule 572.14(C)(1), whether the offsets are appropriate, and the magnitude/calculation of those offsets, these matters should be reserved for future proceedings when any potential offsets will be determinative of SPS's potential acquisition of additional resources.

Q. Table RMS-1 shows that SPS's Plan Year and Next Plan Year RPS revenue requirements exceed the RCT even considering potential RPS revenue requirement adjustments. Please elaborate further.

A. SPS's base RCT calculations show that SPS will exceed the RCT by approximately $9.8 million in 2018 and $7.6 million in 2019 (Attachment RMS-5,

[7] Case No. 13-00222-UT, *In the Matter of Southwestern Public Service Company's Application Regarding its: (1) 2012 Annual Renewable Portfolio Report; (2) its 2013 Annual Renewable Energy Portfolio Procurement Plan; and (3) Associated Requests for Waivers, Clarification, and Relief*, Final Order Partially Adopting Recommended Decision (Dec. 18, 2013); Case No. 14-00198-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2013 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2015; and (3) Other Associated Relief*, Final Order (Dec. 10, 2014); and Case No. 15-00208-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2014 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2016; and (3) Other Associated Relief*, Final Order (Dec. 16, 2015).

line 15). Even when combined, the revenue requirement offsets and credits would not be sufficient to alleviate the RCT problem.

For example, in Case No. 15-00208-UT, SPS's 2017 Next Plan Year (at the time) RCT analysis showed a maximum revenue requirement offset of $194,893. (*See* Attachment ICF-6, page 3.) The Commission's Utility Division Staff disagreed with this calculation because of the inclusion of avoided capacity, among other items, and believed no avoided capacity should be included as an offset. However, even assuming this approach had a consensus, the revenue requirement offsets would not come close to providing the headroom necessary to acquire additional renewable resources.

Q. What is driving the RCT results?

A. The primary driver of the RCT overage is low natural gas prices. More discretely, the primary drivers of the RCT overage in the Plan Year ($9.8 million) are: (1) the SunE PPA uneconomic costs, resulting from low natural gas prices (approximately 51% or $5.02 million); (2) prior year under-collections, which are influenced by natural gas prices (approximately 14% or $1.35 million); and (3) refunds to large customers subject to the Large Customer Cap, which are also influenced by natural gas prices (approximately 11% or $1.12 million). These

three items represent $7.50 million or approximately 76% of the RCT overage. While low natural gas prices are beneficial to customers through a reduction to overall system costs, they also increase the incremental uneconomic costs of the SunE PPAs and fill the majority of the RCT.

Q. Rule 572.21 allows a variance, but requires seven criteria to be addressed. Please describe the criteria.

A. The first two criteria require SPS to, "identify the section of this rule for which the exemption or variance is requested" and "describe the situation that necessitates the exemption or variance." My discussion above meets these two criteria – SPS is seeking a variance from the offset provisions of Rule 572.14(C)(1) as the calculations and the impact of the potential RPS revenue requirement adjustments will not allow SPS's RPS revenue requirement to fall below the RCT.

Q. Criteria 3 asks, "what is the effect of complying with this rule on the public utility and its customers if the exemption or variance is not granted?"

A. The effect will be that SPS and other parties will perform and evaluate RPS revenue requirement adjustments that will yield the same result – SPS's RCT will still be significantly exceeded and SPS will still be unable to acquire additional

renewable resources. If SPS includes the required RPS revenue requirement adjustment calculations in this filing, the complexity of the case will be significantly increased. SPS, the Staff and other parties will then be required to expend time and resources addressing and litigating matters that will not change the outcome of the proceeding. In short, such an approach will be inefficient and require resources from SPS, Staff and other parties that could otherwise be used to achieve more useful objectives for customers.

Q. Criteria 4 asks SPS to, "define the result the request will have if granted?"

A. As described above, administrative efficiencies will be gained if the variance is granted because the magnitude of the RCT-excess makes it virtually impossible that SPS would be in a position to acquire additional resources.

Q. Criteria 5 asks SPS to, "state how the exemption or variance will be consistent with the purposes of this rule."

A. Because the RCT is exceeded even when possible RPS revenue requirement offsets are considered, Rule 572.12(A) does not require SPS to procure additional RPS resources. This provision is consistent with Section 62-16-4 of the REA, which provides that if a public utility finds that in any given year the cost of renewable energy that would need to be procured or generated for purposes of

compliance with the RPS would be greater than the RCT, the public utility is not required to incur that cost. Thus, granting the requested variance is consistent with the Rule and the REA because SPS would avoid performing unnecessary work when it is not required to procure additional renewable resources.

Q. Criteria 6 and 7 ask SPS to: (1) state why no other reasonable alternative is preferable; and (2) why the variance is in the public interest?

A. There are really two options – perform the calculations and address them in the RPS Filing or not undertake this work. The latter approach avoids an unnecessary and unproductive dispute and also avoids significant resources, time, and effort from multiple parties and the Commission to address. As I stated above, using the time and resources that would be required to respond to an unnecessary dispute on other activities is more efficient, preferable and in the best interest of customers.

VI. PROJECTED COSTS AND RECOVERY

A. Plan Year and Next Plan Year Costs

Q. Please describe SPS's Plan Year and Next Plan Year RPS-related costs.

A. In the Plan Year and Next Plan Year, SPS expects to incur costs for the following items:

1. Wind energy costs from the San Juan, Caprock, and Mesalands wind facilities. These costs are allocated among SPS's three jurisdictions and recovered through fuel. Because Mesalands is a QF without a long-term contract, SPS's 2018 Plan excludes the Mesalands energy (kWh) and costs.

2. Wind REC costs from the San Juan and Caprock wind facilities. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

3. Solar economic energy costs from the SunE PPAs. These costs are allocated among SPS's three jurisdictions and recovered through fuel.

4. Solar uneconomic energy costs from the SunE PPAs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

5. Solar RECs from the SunE PPAs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

6. DG program and administrative costs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

7. Western Renewable Energy Generation Information System ("WREGIS") costs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

8. Refunds to Qualifying Large Customers for amounts paid in excess of the REA caps. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

Q. What are the Plan Year and Next Plan Year estimated costs?

A. Both the Plan Year and Next Plan Year cost estimates, both for economic energy and incremental RPS costs, are summarized in Attachment RMS-3, Appendix B. In total, projected Plan Year renewable energy costs are $41,398,769 (total company) and projected Next Plan Year costs are $42,055,549 (total company) (pages 1 and 2, respectively, column A, line 24). Of the total cost, $21,887,952 (Plan Year) and $22,298,187 (Next Plan Year) are assigned to New Mexico retail customers (pages 1 and 2, respectively, column E, line 24). Of the amount assigned to New Mexico retail customers, $5,451,845 will be recovered through fuel (page 1, column D, line 24) and $16,436,107 (page 1, column C, line 24) through the RPS Rider for the Plan Year and $5,520,737 (page 2, column D, line 24) will be recovered through fuel and $16,777,450 (page 2, column C, line 24) through the RPS Rider for 2019.

Q. How were the Plan Year and Next Plan Year costs estimated?

A. The Plan Year and Next Plan Year costs, for each of the eight components described above, were projected as follows (the detailed calculations are provided in Attachment RMS-3, Appendix C):

1. Wind Energy Costs: Projected MWh production multiplied by the applicable year contract costs less the Commission-established wind REC price (currently, $1.35/MWh) (lines 1-3);

2. Wind RECs: Projected MWh production, less wholesale transfers, multiplied by the Commission-established wind REC price (currently, $1.35/MWh) (lines 5-7);

3. Solar Economic Energy: Projected MWh production multiplied by the economic costs on a $/MWh basis (as a part of the total applicable year contract costs) (line 10);

4. Solar Uneconomic Energy: Projected MWh production multiplied by the uneconomic costs on a $/MWh basis (as a part of the total applicable year contract costs) (line 11);

5. Solar RECs: Projected MWh production multiplied by the Commission-established solar REC price (currently, $10.00/MWh) (line 12);

6. DG Expenses: Currently-installed DG program production, adjusted for annual degradation, multiplied by applicable incentive payments (line 15);

7. WREGIS: Plan Year and Next Plan Year transactions multiplied by cost per transactions (line 17); and

8. Qualifying Large Customer Cap Refunds: Projected refunds due to large customers for prior-year billings in excess of 2 percent of the customer's total base rate revenue (line 19).

B. Other Costs

Q. Please describe the other costs included in the 2018 RPS Rider revenue requirement.

A. Consistent with prior Commission approvals, the following costs have also been included:

- Annual amortizations of the 2012-2013 REC Tracker balances and associated interest; and
- Reconciliation of the 2016 RPS Rider and associated interest.

SPS had no REC sales margins for 2016.

C. Cost Recovery Standards

Q. What are the standards for RPS-related cost recovery?

A. The REA 62-16-6A provides that "a public utility that procures or generates renewable energy shall recover, through the rate-making process, the reasonable costs of complying with the renewable portfolio standard. Costs that are consistent with commission approval of procurement plans or transitional procurement plans shall be deemed to be reasonable."

Q. Are the costs you described above incurred consistent with the Commission's prior approvals?

A. Yes. The costs incurred are based on Commission-approved RPS Plans from prior SPS RPS cases.

D. Cost Recovery

Q. How will the Plan Year and Next Plan Year costs be recovered?

A. The costs will be recovered through a combination of fuel and the RPS Rider. Specifically, economic wind and solar energy costs will be allocated among and collected from SPS's New Mexico retail, Texas retail, and FERC customers on a proportional basis through the fuel and purchased power cost adjustment clause ("FPPCAC"). The remaining costs will be collected through SPS's Plan Year and Next Plan Year RPS Riders.

Q. Does SPS currently have an RPS Rider in effect?

A. Yes. In Case No. 12-00350-UT the Commission approved SPS's RPS Rider and authorized recovery of costs for calendar year 2014. In Case Nos. 14-00198-UT, 15-00208-UT, and 16-00183-UT the Commission approved SPS's 2015, 2016 and 2017 RPS Rider revenue requirements, resulting rates, and cost recovery. Similarly, in this case, I have prepared a 2018 RPS Rider revenue requirement

and in Section VII of my testimony provide the resulting rate. I have provided an estimated 2019 revenue requirement for use in calculating the 2019 RPS requirement and RCT. SPS will present its 2019 RPS Rider revenue requirement, for Commission approval, in its next RPS filing.

Q. What is SPS's 2018 RPS Rider revenue requirement?

A. As detailed in Attachment RMS-4, page 1, SPS's proposed 2018 revenue requirement is approximately $19.4 million (column B, line 21). In addition to the 2018 projected costs of $19,144,245 (column B, lines 5-14, and 19), SPS is continuing to amortize previously deferred balances of its 2012 and 2013 REC Trackers (column B, lines 1-4).

Q. Did the Commission authorize SPS to recover previously deferred balances of its REC Trackers through the RPS Rider?

A. Yes. In Case No. 15-00208-UT, the Commission approved the 2016 RPS Rider, which included the net 2012 REC Tracker reconciliation balance. In Case No. 16-00183-UT, the Commission approved the 2017 RPS Rider, which included the 2013 REC Tracker reconciliation balance with interest.

Q. Have you determined the 2018 RPS Rider rate?

A. Yes. Using the 2018 RPS Rider revenue requirement, I calculated the 2018 RPS Rider rate. I discuss this further in Section VII of my testimony and the calculation is further illustrated in my Attachment RMS-4, pages 3-5.

E. 2016 RPS Rider Reconciliation

Q. Please describe the 2016 RPS Rider reconciliation.

A. *See* Attachment RMS-2, Appendix E for the detailed reconciliation. The 2016 RPS Rider included not only a projection of 2016 RPS costs (column A, lines 18-24), but recovery of Commission-approved uncollected costs which had been deferred and placed into regulatory assets. The prior period costs had been deferred over several years, and thus the costs were amortized over various periods to mitigate customer bill impacts (column A, lines 1-16) (*i.e.,* only a portion of the deferred costs was collected in prior years).

Because the costs were projected, it was first necessary to determine the actual costs, which are presented in column B. The difference between the projected and actual costs was $2.5 million. The material differences can be attributed to the following:

- The SunE PPAs were more uneconomic than forecasted (line 22 - $338,993); and

- SPS owed qualifying large customers $2.1 million for costs paid in 2015 in excess of the statutory cap (calculated in 2016), but because the magnitude of the refunds was unknown given the change in rate design, no amounts were projected (line 26 - $2,078,900).

Next, the revenues received from the 2016 RPS Rider (column C - $12,952,084) were compared to the actual costs (column B - $15,630,160) to determine the line item over- or under-recoveries (column D). When the actual costs were compared to actual revenues, the net result is an under-collection of $2,678,076 (column D, line 28). Consistent with the treatment in Case No. 12-00350-UT and past RPS proceedings, SPS applied the net balance to the 2018 RPS Rider revenue requirement.

Q. Please explain the refund to Qualifying Large Customers.

A. As I've explained, pursuant to the REA, Qualifying Large Customers are capped at the lower of 2 percent of their annual electric bills or $99,000, adjusted for inflation. The 2016 refund was the result of the 2015 payments made by Qualifying Large Customers in excess of the statutory cap, but which could not be calculated until 2016.

Q. Has SPS historically paid refunds to Qualifying Large Customers?

A. Yes. Historically, the refunds paid to Qualifying Large Customers were significantly greater, due to the way the refunds were historically calculated and paid. That is, prior to Commission approval of the 2014 RPS Rider (effective April, 2014), RPS costs were collected through base rates and the FPPCAC. On an after-the-fact basis, SPS would calculate the refunds due to Qualifying Large Customers, make a one-time refund, and account for payments through regulatory assets for future collection. However, with the approval of the RPS Rider and associated changes to SPS's billing practices, the refund amount has been significantly reduced.

Q. Please explain the changes to the billing practices.

A. Because the RPS-related charges are now isolated in one billing mechanism (the RPS Rider), SPS is able to stop billing Qualifying Large Customers the RPS Rider when they reach the "hard cap" of the inflation-adjusted $99,000. However, the 2 percent cap cannot be calculated until after the end of the calendar year, and thus, additional refunds must be calculated the following year (*i.e.*, the refund for the 2 percent cap amounts that occurred in 2015 cannot be calculated until 2016). The difference between the actual amounts billed (that is, the

amounts billed until the hard cap) and the total cap, for 2015, is $2,078,900. It is this amount – the difference between the hard cap and the 2 percent cap – that is reflected in line 26 of the 2016 RPS Rider Reconciliation.

Q. Has SPS addressed the under-recovery associated with the 2 percent refunds?

A. Yes. In Case No. 16-00183-UT, the Commission approved SPS's 2017 revenue requirement and RPS Rider (to be reconciled in 2018, for the 2019 revenue requirement), which incorporated the refunds to Qualifying Large Customers and should accordingly reduce the under-recovery balances associated with the 2 percent refund. However, because the 2015 Qualifying Large Customer 2 percent refunds were not included in the 2016 revenue requirement or rate design, SPS was under-collected again for 2016.

Q. What is the net 2016 RPS Rider reconciliation balance?

A. For 2016, SPS under-recovered its costs by $2.678 million (Attachment RMS-2, Appendix E, line 28).

VII. 2018 RPS RIDER RATE CALCULATION

Q. Please describe how SPS determined the 2018 RPS Rider rate.

A. Using the methodology established in Case No. 12-00350-UT, SPS first divided the 2018 RPS Rider revenue requirement ($17,211,860; Attachment RMS-4, page 1, column B, line 17) by its projected eligible kWh sales for the Plan Year to determine a single rate per kWh for all New Mexico retail customers (page 3, column B, line 18).

While SPS can stop billings to qualifying customers at the hard cap (the inflation-adjusted dollar amount based on the REA), additional steps are needed for customers who qualify for the 2 percent cap, which is lower than the applicable hard cap dollar amount ($110,785 in 2018 and $112,427 in 2019). Using the initially calculated rate (page 3, column B, line 18), SPS determines the maximum amount Qualifying Large Customers should be charged (page 4, line 46, "Cap for Billings on Renewable Costs ($110,785)"); the amount Qualifying Large Customers will pay, taking into consideration the hard cap (page 4, line 46, "2018 Estimated Charges"), and calculates the estimated 2018 refund (page 4, line 46, "2018 Estimated Refunds Owed to Large Customers"). In other words, the difference between the hard cap and 2 percent cap is the estimated 2018

refund to Qualifying Large Customers ($2,210,779). The refund amount ($2,210,779) is then added to the 2018 revenue requirement (page 1, line 19). Finally, the rate is recalculated to provide a more current reflection of the 2018 refunds and recovery of the refunds (page 5).

Under this approach SPS is able to, on a real-time basis, reflect the appropriate level of RPS-costs attributable to Qualifying Large Customers, and on a timely basis, reconcile the appropriate costs attributable to these specific customer refunds. Any over- or under-recovery will be incorporated in the 2018 RPS Rider reconciliation, which is applied in the 2020 RPS Rider. In addition, SPS can more closely align the time period the costs are incurred with recovery from customers incurring the costs and benefiting from the renewable energy.

Q. What is SPS's proposed 2018 RPS Rider rate and how does it compare to the 2017 RPS Rider rate?

A. The proposed 2018 RPS Rider rate is $0.004609 per kWh (RMS-4, page 5, line 18) for all New Mexico customers, compared to the the 2017 RPS Rider rate of $0.003769 per kWh. The higher rate is due to a combination of slightly higher expected costs applied to lower forecasted kWh sales. The higher projected costs

are due to primarily to the SunEdison uneconomic cost projections and large customer refund projections.

Q. What impact will the 2018 RPS Rider have on an average residential customer's monthly bill of 750 kWh?

A. A customer using 750 kWh per month would be charged $3.46 per month under the proposed 2018 RPS Rider, compared to $2.83 under the currently existing RPS Rider (please refer to Attachment RMS-6, for customer bill impacts under the rates currently in effect). Attachment RMS-7 is a copy of the revised tariff reflecting the proposed rider rate. SPS has filed an advice notice and tariff with its Application.

VIII. COMPLIANCE WITH PRIOR COMMISSION ORDERS

Q. Is SPS under a continuing obligation to comply with any Commission orders related to Rule 572 renewable energy requirements?

A. Yes. The Final Orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT require SPS to evaluate non-wind renewable resources available in SPS's service area until the Commission determines that SPS's renewable energy portfolio satisfies the diversity requirement of the REA. In compliance with those orders, Section III of SPS's 2018 RPS Plan provides its evaluation of non-wind renewable resources available in SPS's New Mexico service territory.

Q. Did the Commission require SPS to take any action in Case No. 13-00222-UT?

A. Yes. The 2013 Final Order[8] required:

a. commencing with the 2015 Plan Year, SPS must apply the large customer adjustment pursuant to Rule 572 in effect as of the date of the RPS filing;

b. SPS is to apply the RTC methodology in effect at the time of the RPS filing;

[8] Case No. 13-00222-UT, *In the Matter of Southwestern Public Service Company's Application Regarding: (1) its 2012 Annual Renewable Portfolio Report; (2) its 2013 Annual Renewable Energy Portfolio Procurement Plan; and (3) Associated Requests for Waivers, Clarification, and Relief,* Final Order (Dec. 18, 2013)("2013 Final Order") Finding of Fact Paragraph No. 7.

c. SPS shall not make further procurements until its surplus RECs are retired against its RPS requirement or explicitly authorized to expire by the Commission; and

d. the costs of all procurements, including previously approved procurements, should be recalculated annually under the new revenue requirements methodology in NMAC 17.9.572.14(C). However, this does not require a re-evaluation of the reasonableness of the cost of already-approved renewable energy procurements.

Q. Has SPS complied with these requirements from Case No. 13-00222-UT?

A. Yes.

Q. Please describe other relevant Commission requirements.

A. In the Final Order in Case No. 15-00208-UT, the Commission approved a Recommended Decision, which among other items, approved SPS's request to modify its DG tariffs to align the payment methodology for excess energy with the Southwest Power Pool's Integrated Marketplace. The Recommended Decision required SPS to provide in its annual report the prior year's information showing the monthly excess generation, the average estimated price paid, the actual price, and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G to the 2016 RPS Report.

Q. Were there any requirements from Case No. 16-00183-UT?

A. Yes. In the Final Order in Case No. 16-00183-UT, the Commission approved a Recommended Decision, which among other items, ordered SPS to discuss with NextEra the possibility of purchasing solar RECs outside the NextEra Energy Resources ("NextEra") PPAs purchase options, and report the status of such negotiations in its 2017 RPS Filing.

Q. Has SPS had those discussions with NextEra and what are the results?

A. Yes. NextEra has indicated that they would be willing to sell SPS a limited number of RECs to meet its RPS compliance shortfall.

Q. Is SPS proposing to purchase solar RECs outside the NextEra PPAs purchase options?

A. SPS has not proposed to acquire the NextEra solar RECs, though SPS is amenable to purchasing the RECs, subject to cost recovery through the RPS Rider, if the Commission makes a determination that such purchases are in the public interest. However, in Case No. 13-00222-UT, the Commission specifically provided that "…SPS shall not make further procurements until its surplus RECs are retired against its RPS requirement or explicitly authorized to expire by the Commission"

(Final Order at page 3, Ordering Paragraph 7). As shown in Attachment RMS-3, pages 1 and 2, SPS projects surplus wind RECs in both 2018 and 2019.

IX. REQUESTED APPROVALS

Q. What approvals is SPS seeking in this case?

A. SPS requests the Commission enter a final order that:

(a) acknowledges, pursuant to 17.9.572.19 NMAC, SPS's concurrent filing of its 2016 RPS Report;

(b) approves SPS's 2018 RPS Plan for the 2018 Plan Year and 2019 Next Plan Year[9] under Rule 572.14, with the exception of Rule 572.14(C)(1), and prior Commission Orders related to SPS's 2018 and 2019 RPS requirements;

(c) approves SPS's request for a variance pursuant to Rule 572.21 from complying with all of the requirements of Rule 572.14(C)(1) for this filing;

(d) approves SPS's proposed rate for its 2018 RPS Rider,[10] which includes, without limitation, recovery of its RPS-related costs over a 12-month period beginning January 1, 2018 and

[9] Pursuant to 17.9.572.14 NMAC, the Next Plan Year is submitted for information purposes only.

[10] *See* Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

(e) grants all other approvals, authorizations, and relief that may be required for SPS to implement its 2018 RPS Plan.

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

A. Yes.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

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

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

Ruth M. Sakya
RUTH M. SAKYA

SUBSCRIBED AND SWORN TO before me this 28 day of June 2017.

Cindy Baeza
Notary Public of the State of Texas
My Commission Expires: 10-06-2020

CINDY BAEZA
Notary Public, State of Texas
Notary ID #13078365-0
My Commission Expires 10-06-2020

Southwestern Public Service Company
RPS Rule Map
For the 2018 RPS Plan

PLAN (572.14)		Requirement	Rule Citation	Reference
	1	General: Must Include Plan Year (PY) & Next Plan Year (NPY) Data	14	Plan Sakya Direct Testimony (DT)
	2	General: Filed by July 1	14.A	General
	3	Testimony & Exhibits Supporting PY & NPY RPS & RCT Calc	14.B1	Sakya DT Plan Section II(A)
	4	Cost of procurement in PY and NPY in compliance with RPS pursuant to Section 13 of rule	14.B2	Sakya DT Plan Section II(C) Plan Appendicies B-C
	5	The amount of renewable energy the public utility plans to provide in the PY and NPY in compliance with RPS	14.B3	Sakya DT Plan Section II(B) Plan Appendix A
	6	Testimony & Exhibits demonstrating how the cost and amount specified in Paragraphs (2) and (3) of this subsection were determined	14.B4	Sakya DT Plan Section II(C) Plan Appendices B-C
	7	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost based on revenue requirements expected to be recovered	14.B5	Sakya DT Plan Section II(B), II(C) Plan Appendices B-C
	8	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost if complying with a fully diversified RPS is limited by the RCT	14.B6	Sakya DT Plan Section II(B)
	9	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost based on revenue requirements expected to be recovered if limited by the RCT	14.B7	Sakya DT Plan Section II(B), II(C)
	10	Testimony & Exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price costs of: 1) interconnection and transmission, 2) availability, 3) dispatchability, 4) REC values and 5) portfolio diversification requirements	14.B8	Sakya DT Plan Section II(D)

Southwestern Public Service Company
RPS Rule Map
For the 2018 RPS Plan

PLAN (572.14)		Requirement	Rule Citation	Reference
	11	Testimony & Exhibits regarding the amount and impact of renewable energy that can be added in any given year without adding generating resources for load following or system regulation purposes	14.B9	Sakya DT Plan Section II(D)
	12	Testimony & Exhibits demonstrating that the portfolio procurement plan is consistent with the integrated resource plan and explaining any material differences	14.B10	Sakya DT Plan Section II(E)
	13	Demonstrate that plan is in public interest	14.B11	Sakya DT Plan Section II(F)
	14	Plan year revenue requirements: 1) RCT purposes, plan year shall reflect rate impacts on customer bills and; 2) shall be determined by applying a traditional RR impact approach for all resources including regulatory assets: a.) authorized in prior years, b.) used to satisfy the RPS and c.) shall not include normalizations and out of period adjustments	14.C	Sakya DT Plan II(C)
	15	RR adjustments shall include: 1) net avoided fuel and purchased power costs 2) environmental credits (if not already included in the net avoided fuel costs) pursuant to compliance rules in effect during the plan year 3) cost savings or increases for capacity, generation, transmission or distribution, operation and maintenance expense, back-up and load following generation, off-system sales opportunity impacts, or other facilities and improvements or functions that may be required	14.C1	Sakya DT
	16	Avoided fuel costs are expected or modeled fuel savings that result from the procurement of renewable resources in the plan years	14.C2	Sakya DT
	17	Serve notice and send a copy of plan filing by first class mail on providers requesting such notice from: 1) NMPRC 2) AG 3) Intervenors 4) Post on website	14.D	Application (https://www.xcelenergy.com/Company/Rates_&_Regulations/Filings/New_Mexico_Renewable_Portfolio_Standard)

SOUTHWESTERN PUBLIC SERVICE COMPANY

ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT FOR 2016

Prepared in Compliance with 17.9.572.19 NMAC

July 3, 2017

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
AC	Alternating Current
Caprock	Caprock Wind Ranch
Commission	New Mexico Public Regulation Commission
DG	Distributed Generation
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
MW	Megawatt
MWh	Megawatt-hour
Mesalands	Mesalands Community College Wind Qualifying Facility
Other	Renewable Technologies Other than Wind and Solar
QF	Qualifying Facility
RCT	Reasonable Cost Threshold
REA	Renewable Energy Act
REC	Renewable Energy Certificate
RPS	Renewable Portfolio Standard
RPS Report	Annual Renewable Energy Portfolio Report for 2016

Acronym/Defined Term	**Meaning**
Rule 572	17.9.572 NMAC - Renewable Energy Rule for Electric Utilities
San Juan	San Juan Mesa Wind Project
SPP	Southwest Power Pool
SPS	Southwestern Public Service Company, a New Mexico corporation
SunE PPAs	Sun Edison Solar Purchased Power Agreements
Texico	Llano Estacado Wind Ranch in Texico, New Mexico
WREGIS	Western Renewable Energy Generation Information System

LIST OF APPENDICES

I. Introduction

Southwestern Public Service Company, a New Mexico corporation, ("SPS") and wholly-owned electric utility subsidiary of Xcel Energy Inc., files its Annual Renewable Energy Portfolio Report for 2016 ("RPS Report") in compliance with Section 62-16-4(D) of the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10 – "REA") and the New Mexico Public Regulation Commission's ("Commission") Renewable Energy Rule (17.9.572 NMAC – "Rule 572"). Rule 572.19 requires SPS to file a report on its renewable energy generation or purchases for the prior calendar year with the Commission on July 1st of each year. Specifically, Rule 572.19 requires that each public utility:

1. itemize all renewable energy generation or renewable energy certificate ("REC") purchases and sales (Subsection A);

2. list, and include copies of, all RECs, including acquired, issued, or retired certificates (Subsection B);

3. provide documentation from the Western Renewable Energy Generation Information System ("WREGIS") regarding the RECs acquired, sold, retired, transferred, or expired, which allows the Commission to determine, by fuel type, the number of RECs: (i) acquired; (ii) sold; (iii) retired; (iv) transferred; and (v) expired in each calendar year (Subsection C);

4. describe the retirements made to meet the renewable portfolio standard ("RPS") compliance based on actual retail sales and procurement costs, including the quantification and explanation of qualified sales reductions for large customers and political subdivisions (Subsection D);

5. describe and quantify the implementation of the voluntary renewable tariff offered in compliance with Rule 572.18 (Subsection E); and

6. present a full explanation of approved RPS plan costs, including a complete accounting of all collected and deferred amounts (Subsection F).

As demonstrated in this Report, SPS obtained and retired sufficient RECs to meet its overall annual RPS obligations.

In addition to the above requirements, the Final Order in Case No. 05-00271-UT requires SPS to include in its future renewable energy portfolio reports "a summary of the nature and level of activities related to the development and implementation of markets for New Mexico RECs, and an account of the progress made in establishing markets for New Mexico RECs."[1] This summary is provided in Section V below. Further, the Final Order in Case No. 15-00208-UT[2] requires SPS to provide in its annual RPS reports information showing the monthly excess distributed generation ("DG") generation, the average estimated price paid, the actual price (based on the Southwest Power Pool's ("SPP") Integrated Marketplace) and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G.

Finally, Appendix H to the RPS Report provides a guide to address where the specific requirements of Rule 572 are addressed in the report. Appendix H demonstrates compliance with all applicable sections of Rule 572.

---

[1] Case No. 05-00271-UT, *Petition of Southwestern Public Service Company for the Approval of Renewable Energy Cost Recovery Methodology in Accordance with the Renewable Energy Act*, Final Order on Recommended Decision (Dec. 20, 2005).

[2] Case No. 15-00208-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2014 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2016; and (3) Other Associated Relief*, Final Order (Dec. 16, 2015).

II. Renewable Energy Generation and Renewable Energy Certificate Purchases, Sales, Retirements, Transfers, and Expirations

A. RPS Compliance (Rule 572.19(A) and (D))

For the compliance year (*i.e.*, 2016), SPS was required to have sufficient RECs equal to no less than fifteen percent of its 2016 New Mexico retail jurisdictional energy sales. *See* Section 62-16-4(A)(1)(c) of the REA; *see also* Rule 572.10(B)(2). SPS's compliance year New Mexico retail sales were 5,279,147 megawatt-hours ("MWh"), for a RPS requirement of 594,842 MWh after the qualifying large customer adjustment (Appendix A, page 1, Lines 1 and 7; Appendix F). SPS retired RECs that were either: (1) banked (*i.e.*, have not been expired, transferred to wholesale customers, sold, or retired for compliance with the RPS); and/or (2) generated in the compliance year to meet its overall RPS requirement.

SPS was also required to meet its RPS requirements using a diversified portfolio of resources. *See* Rule 572.7(G). SPS satisfied the RPS diversification requirement for wind resources and met 92 percent of the solar diversity requirement and 74 percent of the DG diversity requirement. In regards to solar, DG, and "Other renewable energy technologies" (*i.e.*, "Other") resources, SPS was not required to procure these resources to meet the full diversification requirement due to constraints under the reasonable cost threshold ("RCT"). In Case No. 15-00208-UT, SPS demonstrated that due to the lack of headroom under the RCT it could not procure the new renewable resources necessary to meet the diversity requirements. Accordingly, Finding of Fact Paragraph No. 7 and page 46 of the Recommended Decision, as approved by the Commission on December 16,

2015, found that SPS should not be required to procure new renewable resources for the compliance year. Consistent with prior Commission orders addressing variance requests from the diversification requirements, SPS satisfied the solar, DG, and "Other" shortfall with wind RECs.

The following table provides a comparison between the actual compliance year requirements as shown in Appendix A to the RPS Report as compared to the projected compliance year requirements included in SPS's 2016 RPS Plan (*see* Case No. 15-00208-UT errata filing).

Table 1: Comparison of Projected to Actual RPS Requirements

2016 Overall RPS Requirement (MWh)			2016 Diversity Requirements (MWh)							
Projected	Actual	Difference	Resource Type	Diversity Requirements as Percent of Overall RPS Requirement	Projected Requirements	Actual Requirements	Difference	Projected Shortfall	Actual Shortfall	Difference
655,550	594,842	60,708	Wind	30%	196,665	178,453	18,212	-	-	-
			Solar	20%	131,110	118,968	12,142	15,923	10,089	5,834
			Other	5%	32,777	29,742	3,035	32,777	29,742	3,035
			DG	3%	19,666	17,845	1,821	5,962	4,487	1,475

Page 1 of Appendix A to the RPS Report provides the following information, by resource type: (1) RPS requirements; (2) banked RECs; (3) REC purchases; (4) REC sales; (5) REC transfers; and (6) REC expirations. Pages 2 and 3 contain an itemization of all sales and a WREGIS generation summary of all the sources from which SPS purchased RECs in the compliance year.

SPS purchased the renewable energy and RECs from the following New Mexico renewable energy facilities:

- Caprock Wind Ranch ("Caprock") – 80 Megawatts ("MW") installed capacity;
- San Juan Mesa Wind Project ("San Juan") – 120 MW installed capacity;
- Mesalands Community College Wind Qualifying Facility ("QF") ("Mesalands") – 1.5 MW installed capacity;
- SPS owned and operated solar arrays at SPS's Hobbs Service Center, Eastern New Mexico University-Roswell, Clovis High School, and PR Leyva Middle School in Carlsbad – 0.079 MW alternating current ("AC");
- Sun Edison Solar purchased power agreements ("SunE PPAs") – 50 MW installed capacity; and
- customer-sited solar DG systems from SPS's Solar*Rewards program – 6.8318 MW AC.

SPS did not purchase any RECs separate from its renewable energy purchases.

The following table summarizes all renewable energy generation and purchases, as well as all REC purchases, sales, transfers, and retirements made by SPS during the compliance year.

Table 2: Itemized Renewable Energy Generation and REC Transactions

Transaction Type	MWh
Beginning REC Balance	1,515,699
Plus:	
Caprock Purchases	324,238
San Juan Purchases	397,581
Mesalands Purchases	2,990
SunEdison Solar Purchases	108,879
Company Owned Solar	154
DG - Solar Rewards	13,102
REC-only Purchases	0
Total Additions	846,943

Transaction Type	MWh
Less:	
REC Sales	0
Expiring RECs	0
Transfers to Wholesale Customers[3]	157,820
RPS Compliance Requirement	594,842
Total Subtractions	752,662
REC Acquisitions less Usage (Additions – Subtractions)	94,281
Plus REC Adjustment from Prior Years	99
Net REC Balance	1,610,079

B. REC Registration (Rule 572.19(B) and (C))

In compliance with the REA and Rule 572.17(E), SPS registers all generators in the WREGIS system. Monthly volumes of the RECs acquired, retired, or transferred are included as Appendix B and are being provided solely in electronic form on the enclosed CD. The documentation includes the WREGIS-assigned serial numbers for retired RECs.

III. Voluntary Renewable Energy Tariff (Rule 572.19(E))

SPS offers a voluntary renewable energy tariff, Windsource (Renewable Energy Rate Rider – No. 33), to its New Mexico retail customers. *See* Rule 572.18. SPS purchases wind energy for its Windsource program from three 660 kilowatt turbines located at the Llano Estacado Wind Ranch in Texico, New Mexico ("Texico"). SPS

[3] *See* Offer of Settlement, Golden Spread Electric Cooperative, Inc., et al. v. Southwestern Public Service Company, Docket No. EL05-19-000, et al., and Southwestern Public Service Company, Docket No. ER05-168-000, et al. (consolidated) and Southwestern Public Service Company, Docket No. ER06-274-000, et al. (not consolidated), 123 FERC 61,054, and Federal Energy Regulatory Commission Docket No. ER08-479 et al settlement agreement.

proposed changes to Windsource in Case No. 12-00323-UT,[4] which is currently pending before the Commission.

In 2016, 817 residential and 86 non-residential customers participated in the Windsource program. New Mexico customers purchased 3,715 MWh of wind energy, while the three wind turbines generated 4,262 MWh, resulting in an annual generation surplus of 547 MWh. Windsource wind energy purchases from the Texico facility totaled $252,076. SPS received $111,446 in premium revenues under the Windsource tariff. Charges assessed customers under the Windsource tariff are in addition to the customer's service tariff. Both the costs and revenues associated with the Windsource program are accounted for through SPS's fuel and purchased power cost adjustment clause ("FPPCAC"), as authorized by the Commission in Case No. 07-00319-UT.[5]

Table 3 (next page) details Windsource generation, subscriptions, and subscriber balances from 1999 through 2016.

[4] Case No. 12-00323-UT, *In the Matter of Southwestern Public Service Company's Application for: (1) Authorization to Enter Into a Purchased Power Agreement for the Purchase of 0.8 MW of Nominal Solar Capacity and Associated Energy for Windsource; (2) Approval of a Proposed Methodology for Calculating and Annually Adjusting the Windsource Rate; (3) Authorization to Flow Through All Windsource Costs and Revenues Through its Fuel and Purchased Power Cost Adjustment Clause, and (4) Approval to Purchase a Limited Number of Recs on an Annual Basis to Mitigate Any Customer Demand Imbalance*, pending.

[5] Case No. 07-00319-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice Nos. 208 and 209 and All Associated Approvals*, Final Order Partially Approving Recommended Decision (Aug. 26, 2008).

Table 3: Windsource Balance (in MWh)

Month/Year	Generation	Subscription	Monthly Balance	YTD Net Balance	Program-to-date Net Balance
1999-2016	80,525	79,468			1,057
Jan-16	446	390	56	56	1,113
Feb-16	528	326	202	258	1,314
Mar-16	532	297	234	492	1,549
Apr-16	452	255	197	689	1,746
May-16	452	246	206	896	1,953
Jun-16	239	316	(77)	819	1,876
Jul-16	351	367	(15)	803	1,860
Aug-16	252	394	(142)	662	1,718
Sep-16	212	312	(99)	562	1,619
Oct-16	305	278	27	589	1,646
Nov-16	264	246	18	607	1,664
Dec-16	227	287	(60)	547	1,604

*Note: Amounts in table may not sum due to rounding.

On a program-to-date-basis, Windsource generation has exceeded sales by 1,604 MWh.

IV. Cost Recovery (Rule 572.19(F))

In accordance with Rule 572.19(F), the following discussion summarizes the approved cost recovery mechanisms for SPS's approved renewable energy costs to meet its annual RPS requirements and details the annual costs incurred for each category. Please also refer to Appendix C, which provides an overview of SPS's RPS cost recovery methods and prior Commission approvals; Appendix D, which provides the costs incurred in the compliance year and the associated recovery mechanism; and Appendix E, which provides the reconciliation of the 2016 RPS Rider.

A. DG REC and Administrative Costs

SPS incurred $2,417,049 in DG-related costs (Appendix D, Line 14) in the compliance year. SPS is currently collecting these costs through the RPS Rider approved in Case No. 12-00350-UT.[6]

B. WREGIS Administrative Costs

SPS incurred $8,593 in WREGIS administrative costs in the compliance year (Appendix D, Line 18). SPS is currently collecting these costs through the RPS Rider.

C. Qualifying Large Customer Cap Refunds

For large customers that qualify under Section 62-16-4.A(2) of the REA, SPS limits RPS-related costs consistent with REA and Rule 572. Qualifying large customers are defined as a nongovernmental customer at a single location or facility with consumption exceeding 10 million kWh per year. The REA limits RPS costs for these customers at the lower of $99,000 (adjusted annually for inflation) or 2 percent of customers' annual bills. Once the customer reaches the hard cap of $99,000, adjusted for inflation, SPS ceases billing these customers. However, the calculation of the 2 percent cap cannot occur until after the end of the calendar year and thus a refund is necessary. The refund is applied as a cost to the RPS Rider. The refund applied was $2,078,900 (Appendix E, Line 26). SPS is currently collecting these costs through the RPS Rider.

[6] Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

D. Wind Energy and REC Costs

SPS recovered the costs associated with its two New Mexico wind contracts (Caprock and San Juan) through a combination of the FPPCAC (proportional allocation of energy charges) and the RPS Rider (REC costs). SPS also incurred energy costs from the Mesalands facility, a QF, whose energy costs are also allocated among SPS's jurisdictions and collected through the FPPCAC. On a total company basis, $22,600,089 was collected through its fuel clauses for energy costs related to these facilities (Appendix D, Line 2). Of this amount, New Mexico retail customers were assigned $5,842,007. REC costs, recovered through the RPS Rider, were $762,274 (Appendix D, Line 3).

E. Solar REC Costs

The annual solar REC costs were $1,088,786, which were recovered through the RPS Rider (Appendix D, Line 9).

F. Solar Energy and Uneconomic Costs

The avoided costs related to SPS's solar procurements under the SunE PPAs, that is, those costs that represent the conventional fuel and energy costs SPS will avoid due to such purchases (also referred to as "economic costs"), are passed through the FPPCAC and allocated among SPS's three jurisdictions based on relative energy share. The uneconomic costs, or those costs above the avoided costs related to SPS's solar procurements, are directly assigned to New Mexico retail customers and recovered through the RPS Rider. For 2016, the economic costs were $2,270,183 (total company)

or $493,312 (New Mexico retail) (Appendix D, Line 7). The uneconomic costs were $9,323,784 (New Mexico retail) (Appendix D, Line 8).

V. Renewable Energy Certificate Market Evaluation

In accordance with the Final Order in Case No. 05-00271-UT, the following summarizes the activities related to the development and implementation of markets for New Mexico RECs, including an account of the progress made in establishing markets for New Mexico RECs.

The New Mexico REC market is limited, with only a few buyers and a bi-lateral market. In addition, questions have been raised regarding the transferability of RECs within the market (*see* the Final Order in Case No. 10-00373-UT[7]). However, SPS continues to explore New Mexico and other state RPS markets for REC transaction opportunities.

Finally, SPS is able (and has historically) sold limited RECs into the voluntary market, although the prices are considerably lower than the compliance market.

VI. DG Payment Reconciliation

In accordance with the Final Order in Case No. 15-00208-UT, SPS is providing Appendix G, which summarizes the monthly excess DG generation, the average estimated price paid, the actual price (based on the SPP's Integrated Marketplace), and a reconciliation of the cost on a quarterly basis for 2016.

[7] Case No. 10-00373-UT, *In the Matter of the Public Service Company of New Mexico's Revised Renewable Energy Portfolio Procurement Plan for 2011*, Final Order (Jun. 2, 2011).

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2016

Line No.	Description	Solar	Other	DG	Wind - Remaining	Total
1	2016 NM Retail Sales					5,279,147
2	Less Qualifying Large Customer Sales (Total)					2,231,085
3	Adjusted NM Retail Sales (L1 - L2)					3,048,062
4	Overall RPS Requirement (%)					15%
5	RPS Obligation, Excluding Qualifying Large Customers (L3 * L4)					457,209
6	Qualifying Large Customer MWh for the RPS (Appendix F)					137,632
7	Final RPS Obligation (L5 + L6)					594,842
8	Diversity Requirement (% of RPS)	20.0%	5.0%	3.0%	72.0%	100.0%
9	RPS Obligation (L7 * L8)	118,968	29,742	17,845	428,287	594,842
10						
11	Beginning REC Balance	-	-		1,515,699	1,515,699
12						
13	Caprock Wind Generation	-	-	-	324,238	324,238
14	San Juan Wind Generation	-	-	-	397,581	397,581
15	Mesalands Wind Generation	-	-	-	2,990	2,990
16	SunEdison Solar Generation	108,879	-	-	-	108,879
17	Company Owned Solar Generation	-	-	154	-	154
18	SolarRewards (Distributed Generation) Generation	-	-	13,102	-	13,102
19	Total Annual Generation (Sum L13:L18) (Page 3)	108,879	-	13,256	724,808	846,943
20	Less Transfers to Wholesale Customers	-	-	-	157,820	157,820
21	Less REC Sales (all vintages) (Page 2)	-	-	-	-	-
22	Less Expiring RECs	-	-	-	-	-
23	Less Annual RPS Obligation (L9)	118,968	29,742	17,845	428,287	594,842
24	REC Adjustments from Prior Years	-	-	102	(3)	99
25	Annual Excess/(Deficiency) (L19 - L20 - L21 - L22 - L23 + L24)	(10,089)	(29,742)	(4,487)	138,699	94,380
26						
27	Cumulative Excess/(Deficiency) (L11 + L25)	(10,089)	(29,742)	(4,487)	1,654,398	1,610,079
28	Replace Solar, DG & Other with Wind for Overall RPS Compliance[1]	10,089	29,742	4,487	(44,318)	-
29	Impact of Replacements (Ending REC Balance)	-	-	-	1,610,079	1,610,079

Notes:

[1] In Case No. 15-00208-UT, SPS demonstrated that due to the lack of headroom under the RCT it could not procure the new renewable resources necessary to meet the 2016 diversity requirements. Accordingly, Finding of Fact Paragraph No. 7 and page 46 of the Recommended Decision, as approved by the Commission on December 16, 2015, found that SPS should not be required to comply with the diversity requirements for 2016.

[2]DG adjustment for meter read resulting in prior period adjustments. Remaining adjustment due to rounding for fractional generation (KWh metering vs. MWh REC measurement).

Southwestern Public Service Company
Appendix A: REC Sales Itemization
For Calendar Year 2016 Transactions

Line No.	Transaction	MWh	Generator	Vintage

Note: SPS had no REC sales in 2016.

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2016

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
1	Wind	W1026	Mesalands Community College - Mesalands	NM	236.57	272.46	381.59	293.88	351.64	206.16
2	Wind	W801	Caprock Wind Farm - Caprock Wind Farm	NM	22,946.56	25,523.98	29,181.81	23,675.80	29,102.22	20,854.50
3	Wind	W803	San Juan Mesa - San Juan Mesa	NM	32,950.34	36,164.04	42,783.45	34,666.98	36,032.33	23,923.21
4	CO Solar	W1337	Hobbs Service Center - Hobbs Solar	NM	1.33	3.71	3.56	3.46	3.12	3.46
5	CO Solar	W1653	ENMU - Roswell - PV Demonstration	NM	3.81	4.63	5.05	5.75	4.90	4.96
6	CO Solar	W1820	Clovis High School - PV System	NM	2.32	2.74	3.23	3.48	3.52	4.11
7	CO Solar	W1913	PR Leyva Middle School - PV	NM	2.34	2.55	2.64	2.76	2.96	2.53
8	PPA Solar	W2293	SunE SPS1 - SPS1 Dollarhide	NM	1,325.74	1,670.24	2,172.58	2,269.13	2,146.61	2,345.01
9	PPA Solar	W2294	SunE SPS2 - SPS2 Jal	NM	1,365.39	1,740.51	2,190.45	2,210.52	2,208.28	2,430.24
10	PPA Solar	W2295	SunE SPS3 - SPS3 Lea	NM	1,428.52	1,776.79	2,152.49	2,255.48	2,112.52	2,131.42
11	PPA Solar	W2296	SunE SPS4 - SPS4 Monument	NM	1,442.92	1,822.24	2,291.62	2,420.72	2,152.66	2,485.73
12	PPA Solar	W2297	SunE SPS5, LLC - SPS5 Hopi	NM	1,416.89	1,813.13	2,214.07	2,423.08	2,304.27	2,333.03
13	DG Solar	W1527	SRNM2009-J-01 - SRNM2009-J-01	NM	0.38	0.53	0.56	0.63	0.70	0.58
14	DG Solar	W1563	SRNM2010-I-01 - SRNM2010-I-01	NM	34.19	38.39	44.49	49.96	41.50	50.14
15	DG Solar	W1564	SRNM2010-J-01 - SRNM2010-J-01	NM	6.54	9.54	10.80	11.52	12.47	11.98
16	DG Solar	W2019	SRNM2010-I-02 - SRNM2010-I-02	NM	40.02	52.29	47.03	45.93	82.53	78.33
17	DG Solar	W2020	SRNM2010-I-03 - SRNM2010-I-03	NM	30.39	35.37	45.67	70.27	74.46	70.08
18	DG Solar	W2021	SRNM2010-I-04 - SRNM2010-I-04	NM	45.23	53.67	59.04	73.24	66.71	64.26
19	DG Solar	W2022	SRNM2010-I-05 - SRNM2010-I-05	NM	42.38	53.87	58.99	74.65	66.49	65.10
20	DG Solar	W2023	SRNM2010-I-06 - SRNM2010-I-06	NM	39.52	58.18	62.15	78.88	73.94	72.74
21	DG Solar	W2024	SRNM2010-I-07 - SRNM2010-I-07	NM	24.39	59.02	62.78	79.26	72.32	74.83
22	DG Solar	W2025	SRNM2010-I-08 - SRNM2010-I-08	NM	48.58	60.05	63.30	75.59	70.90	66.07
23	DG Solar	W2026	SRNM2010-I-09 - SRNM2010-I-09	NM	5.39	6.62	7.69	7.31	8.15	7.90
24	DG Solar	W2027	SRNM2011-I-01 - SRNM2011-I-01	NM	21.87	25.99	31.21	36.24	37.71	39.61
25	DG Solar	W2028	SRNM2011-J-01 - SRNM2011-J-01	NM	11.85	12.91	25.15	19.61	21.82	22.09

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2016

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016 Total
1	Wind	W1026	Mesalands Community College - Mesalands	NM	281.20	178.13	0.00	125.27	301.43	361.64	2,990
2	Wind	W801	Caprock Wind Farm - Caprock Wind Farm	NM	28,390.43	22,435.15	30,518.30	33,759.15	25,129.25	32,720.73	324,238
3	Wind	W803	San Juan Mesa - San Juan Mesa	NM	32,533.12	20,350.44	30,764.60	33,118.96	32,176.55	42,116.51	397,581
4	CO Solar	W1337	Hobbs Service Center - Hobbs Solar	NM	3.23	3.03	3.13	3.07	2.38	1.96	35
5	CO Solar	W1653	ENMU - Roswell - PV Demonstration	NM	5.30	4.37	4.18	4.47	3.56	2.92	54
6	CO Solar	W1820	Clovis High School - PV System	NM	3.72	3.12	3.13	2.81	2.27	1.63	36
7	CO Solar	W1913	PR Leyva Middle School - PV	NM	2.51	2.18	2.38	1.99	1.71	1.98	29
8	PPA Solar	W2293	SunE SPS1 - SPS1 Dollarhide	NM	2,384.42	1,861.06	1,669.03	1,631.18	1,023.27	924.04	21,422
9	PPA Solar	W2294	SunE SPS2 - SPS2 Jal	NM	2,475.41	1,898.28	1,737.04	1,714.93	1,036.15	915.99	21,923
10	PPA Solar	W2295	SunE SPS3 - SPS3 Lea	NM	2,209.22	1,621.27	1,760.24	1,678.93	1,082.71	972.03	21,182
11	PPA Solar	W2296	SunE SPS4 - SPS4 Monument	NM	2,581.90	2,000.16	1,675.66	1,556.12	1,020.11	910.59	22,360
12	PPA Solar	W2297	SunE SPS5, LLC - SPS5 Hopi	NM	2,393.04	1,783.45	1,620.08	1,627.26	1,062.71	1,000.13	21,991
13	DG Solar	W1527	SRNM2009-J-01 - SRNM2009-J-01	NM	0.55	0.63	0.50	0.50	0.50	0.43	6
14	DG Solar	W1563	SRNM2010-I-01 - SRNM2010-I-01	NM	51.75	55.21	14.38	33.82	35.04	26.86	476
15	DG Solar	W1564	SRNM2010-J-01 - SRNM2010-J-01	NM	11.58	12.05	2.62	8.95	4.67	7.14	110
16	DG Solar	W2019	SRNM2010-I-02 - SRNM2010-I-02	NM	78.27	68.17	50.77	53.19	51.20	44.94	693
17	DG Solar	W2020	SRNM2010-I-03 - SRNM2010-I-03	NM	69.97	61.82	40.60	52.48	52.16	45.87	649
18	DG Solar	W2021	SRNM2010-I-04 - SRNM2010-I-04	NM	71.01	58.57	56.41	51.80	48.50	45.07	694
19	DG Solar	W2022	SRNM2010-I-05 - SRNM2010-I-05	NM	71.96	60.18	57.01	53.66	57.56	42.22	704
20	DG Solar	W2023	SRNM2010-I-06 - SRNM2010-I-06	NM	81.73	64.60	58.52	54.06	52.30	42.57	739
21	DG Solar	W2024	SRNM2010-I-07 - SRNM2010-I-07	NM	81.02	64.88	57.45	53.87	52.04	43.07	725
22	DG Solar	W2025	SRNM2010-I-08 - SRNM2010-I-08	NM	75.08	62.10	15.32	53.54	52.68	44.89	688
23	DG Solar	W2026	SRNM2010-I-09 - SRNM2010-I-09	NM	7.83	7.49	0.00	6.66	6.29	6.10	77
24	DG Solar	W2027	SRNM2011-I-01 - SRNM2011-I-01	NM	41.80	52.41	2.54	18.49	26.59	20.90	355
25	DG Solar	W2028	SRNM2011-J-01 - SRNM2011-J-01	NM	23.98	22.68	1.67	17.75	14.56	13.53	208

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2016

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
26	DG Solar	W2032	SRNM RFP - Haley Farms	NM	36.96	52.00	46.08	47.04	44.64	53.92
27	DG Solar	W2537	SRNM2011-I-02 - SRNM2011-I-02	NM	29.64	39.44	44.14	50.75	48.87	51.95
28	DG Solar	W2731	SRNM2012-J-01 - SRNM2012-J-01	NM	9.21	12.17	18.69	12.48	15.62	15.86
29	DG Solar	W2946	SRNM2012-I-01 - SRNM2012-I-01	NM	12.16	33.07	33.24	34.67	33.65	35.57
30	DG Solar	W3465	SRNM2013-I-01 - SRNM2013-I-01	NM	23.01	35.18	32.64	35.70	41.06	35.13
31	DG Solar	W3605	SRNM2013-I-02 - SRNM2013-I-02	NM	21.65	33.11	30.38	34.82	36.57	32.59
32	DG Solar	W3606	SRNM2013-I-03 - SRNM2013-I-03	NM	21.63	33.14	30.40	34.84	36.61	32.62
33	DG Solar	W3607	SRNM2013-I-04 - SRNM2013-I-04	NM	21.58	33.14	30.33	34.66	36.33	32.35
34	DG Solar	W3608	SRNM2013-I-05 - SRNM2013-I-05	NM	21.78	33.44	30.59	32.90	32.03	32.63
35	DG Solar	W3609	SRNM2013-I-06 - SRNM2013-I-06	NM	21.68	33.41	30.62	34.92	36.62	32.58
36	DG Solar	W3610	SRNM2013-I-07 - SRNM2013-I-07	NM	21.90	33.58	30.72	34.79	36.55	32.53
37	DG Solar	W3611	SRNM2013-I-08 - SRNM2013-I-08	NM	21.50	33.13	30.42	34.91	36.62	32.71
38	DG Solar	W3612	SRNM2013-I-09 - SRNM2013-I-09	NM	21.10	32.54	29.81	34.14	35.73	31.90
39	DG Solar	W3613	SRNM2013-I-10 - SRNM2013-I-10	NM	21.58	33.17	30.41	34.82	36.54	32.60
40	DG Solar	W3614	SRNM2013-I-11 - SRNM2013-I-11	NM	21.00	32.92	30.16	34.51	36.11	32.22
41	DG Solar	W3615	SRNM2013-I-12 - SRNM2013-I-12	NM	20.43	30.51	29.11	34.18	26.30	30.51
42	DG Solar	W3616	SRNM2013-I-13 - SRNM2013-I-13	NM	16.76	17.95	15.07	33.03	32.50	30.33
43	DG Solar	W3617	SRNM2013-I-14 - SRNM2013-I-14	NM	13.67	17.00	12.92	20.81	20.95	19.19
44	DG Solar	W3618	SRNM2013-I-15 - SRNM2013-I-15	NM	22.64	25.43	23.05	24.58	21.76	22.12
45	DG Solar	W3619	SRNM2013-I-16 - SRNM2013-I-16	NM	10.43	13.06	12.93	12.67	0.00	10.49
46	DG Solar	W4079	SRNM2014-J-01 - SRNM2014-J-01	NM	12.74	15.99	24.26	21.16	24.91	23.36
47	DG Solar	W4389	SRNM2014-I-01 - SRNM2014-I-01	NM	11.64	9.39	28.23	17.32	18.84	18.06
48			**Total**		**63,908**	**71,896**	**84,526**	**71,544**	**77,744**	**58,019**
49										
50	Windsource	W1152	Texico Wind - Texico Wind	NM	445.77	527.88	531.92	452.34	452.11	239.03

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2016

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016 Total
26	DG Solar	W2032	SRNM RFP - Haley Farms	NM	46.56	43.20	42.24	40.96	30.72	26.56	511
27	DG Solar	W2537	SRNM2011-I-02 - SRNM2011-I-02	NM	52.56	46.16	13.53	39.00	34.30	30.11	480
28	DG Solar	W2731	SRNM2012-J-01 - SRNM2012-J-01	NM	15.56	18.30	5.69	14.29	8.51	10.48	157
29	DG Solar	W2946	SRNM2012-I-01 - SRNM2012-I-01	NM	28.71	27.37	0.00	27.69	22.43	17.14	306
30	DG Solar	W3465	SRNM2013-I-01 - SRNM2013-I-01	NM	39.02	29.10	31.61	29.87	26.75	27.08	386
31	DG Solar	W3605	SRNM2013-I-02 - SRNM2013-I-02	NM	36.38	26.63	29.98	27.87	25.02	25.59	361
32	DG Solar	W3606	SRNM2013-I-03 - SRNM2013-I-03	NM	36.42	26.70	29.68	27.44	24.59	25.12	359
33	DG Solar	W3607	SRNM2013-I-04 - SRNM2013-I-04	NM	36.07	26.47	26.98	24.32	25.05	25.60	353
34	DG Solar	W3608	SRNM2013-I-05 - SRNM2013-I-05	NM	36.43	26.73	30.11	28.09	25.27	25.79	356
35	DG Solar	W3609	SRNM2013-I-06 - SRNM2013-I-06	NM	36.34	26.69	30.06	28.07	25.24	25.69	362
36	DG Solar	W3610	SRNM2013-I-07 - SRNM2013-I-07	NM	36.26	26.63	30.08	28.16	20.83	25.88	358
37	DG Solar	W3611	SRNM2013-I-08 - SRNM2013-I-08	NM	36.53	26.74	30.04	27.94	25.07	25.51	361
38	DG Solar	W3612	SRNM2013-I-09 - SRNM2013-I-09	NM	35.61	26.09	29.37	27.35	24.94	25.50	354
39	DG Solar	W3613	SRNM2013-I-10 - SRNM2013-I-10	NM	36.40	26.67	30.02	27.89	25.07	25.56	361
40	DG Solar	W3614	SRNM2013-I-11 - SRNM2013-I-11	NM	35.99	26.39	29.71	27.73	24.95	25.37	357
41	DG Solar	W3615	SRNM2013-I-12 - SRNM2013-I-12	NM	35.62	26.10	29.38	27.39	24.65	25.06	339
42	DG Solar	W3616	SRNM2013-I-13 - SRNM2013-I-13	NM	32.42	26.22	14.73	21.48	24.88	23.00	288
43	DG Solar	W3617	SRNM2013-I-14 - SRNM2013-I-14	NM	20.33	16.36	0.00	15.85	18.34	17.01	192
44	DG Solar	W3618	SRNM2013-I-15 - SRNM2013-I-15	NM	22.69	21.84	0.00	20.52	18.81	18.50	242
45	DG Solar	W3619	SRNM2013-I-16 - SRNM2013-I-16	NM	10.16	7.88	0.00	7.61	7.11	8.08	100
46	DG Solar	W4079	SRNM2014-J-01 - SRNM2014-J-01	NM	21.93	26.13	4.40	20.89	13.84	11.96	222
47	DG Solar	W4389	SRNM2014-I-01 - SRNM2014-I-01	NM	18.56	16.72	0.00	13.52	11.27	9.20	173
48			**Total**		**74,637**	**53,303**	**70,553**	**76,237**	**63,784**	**80,794**	**846,943**
49											
50	Windsource	W1152	Texico Wind - Texico Wind	NM	351.42	252.29	212.29	304.89	264.40	227.28	4,262

Southwestern Public Service Company
Appendix C: Summary of Renewable Energy Cost Recovery
For Costs Incurred in 2016

Renewable Energy Cost Component	Description	2016 Recovery Mechanism	Case No(s).	
Caprock & San Juan (Wind) PPAs	**General.** The Caprock & San Juan wind facilities are located in New Mexico. The RECs associated with these PPAs are used to comply with the NM REA. SPS separates the costs between RECs and energy, which have different cost recovery treatment.		Case No. 04-00334-UT Case No. 05-00354-UT Case No. 12-00350-UT Case No. 14-00198-UT	12/21/2004 12/20/2005 3/26/2014 12/10/2014
	RECs. The RECs from the Caprock and San Juan wind contracts are administratively assigned a value (currently, $1.35/MWh). Prior to 2013, each REC was placed in a "REC bank" upon generation and as RECs were disposed of (retired for annual REA compliance, transferred to wholesale customers, sold, or expired), the RECs were valued at $1.35 and placed in the "REC Tracker". In Case No. 12-00350-UT, SPS received approval for the elimination of the REC tracker for RECs generated after 12/31/2013. Currently, RECs are recovered through the RPS Rider. NM retail customers receive a credit for TX-generated RECs.	RPS Rider		
	Energy. The energy (total price less the REC) is allocated among SPS's three jurisdictions (NM retail, TX retail, and Wholesale) and collected through the applicable fuel adjustment clauses.	FPPCAC		
SunE (Solar) PPAs	**General.** SPS purchased energy from 5 facilities located in NM. The contract price is administratively segregated into three parts: (i) REC (currently $10/MWh); (ii) energy at and below avoided cost; and (iii) energy above avoided cost. Each piece has a different cost recovery treatment.		Case No. 10-00015-UT Case No. 12-00350-UT Case No. 14-00198-UT	9/14/2010 3/26/2014 12/10/2014
	RECs. The RECs are currently assigned a value of $10/MWh.	RPS Rider		
	Energy at and Below Avoided Costs. Economic energy is allocated among SPS's three jurisdictions (NM retail, TX retail, and Wholesale) and collected through the applicable fuel adjustment clauses.	FPPCAC		
	Energy Above Avoided Costs. Energy above avoided cost is directly assigned to the NM retail jurisdiction. These costs were recovered through the RPS Rider.	RPS Rider		

Southwestern Public Service Company
Appendix C: Summary of Renewable Energy Cost Recovery
For Costs Incurred in 2016

Renewable Energy Cost Component	Description	2016 Recovery Mechanism	Case No(s).	
DG Incentive Programs	**General.** SPS provides eligible customers with an incentive payment to encourage the deployment of distributed generation.		Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014
	Incentive (REC) payment. The DG programs, including the applicable incentive payments and contract terms were approved by the Commission. The incentive payments SPS provides to applicable customers are collected through the RPS Rider.	RPS Rider		
	Incremental/Admin costs. Collected through the RPS Rider.	RPS Rider		
WREGIS	**General.** SPS is required by the REA and Rule 572 to use WREGIS to track NM-generated RECs. The administrative fees charged by WREGIS are collected through the RPS Rider.	RPS Rider	Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014
Qualifying Large Customer Cap Refunds	These costs are collected through the RPS Rider. On a going-forward basis, SPS has designed the Rider to incorporate these impacts.	RPS Rider	Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014

Southwestern Public Service Company
Appendix D: Summary of Renewable Costs Incurred and Recovery Mechanism
For Costs Incurred in 2016

Line No.	Description	(A) = (B) + (C) Total Cost	(B) System Fuel [1]	(C) RPS Rider	(D) NM Retail Allocation - Fuel	(E) = (C) + (D) Total NM Retail Allocation
1	**Wind**					
2	Energy Only (San Juan, Caprock, Mesalands)	$ 22,600,089	$ 22,600,089	$ -	$ 5,842,007	$ 5,842,007
3	RECs (San Juan, Caprock)	762,274	-	762,274	-	762,274
4	Total Wind (L2 + L3)	$ 23,362,363	$ 22,600,089	$ 762,274	$ 5,842,007	$ 6,604,281
5						
6	**Solar (SunE PPAs)**					
7	Economic Energy	$ 2,270,183	$ 2,270,183	$ -	$ 493,312	$ 493,312
8	Uneconomic Energy	9,323,784	-	9,323,784	-	9,323,784
9	RECs	1,088,786	-	1,088,786	-	1,088,786
10	Total Solar (L7 + L8 + L9)	$ 12,682,754	$ 2,270,183	$ 10,412,571	$ 493,312	$ 10,905,883
11						
12	**DG**					
13	Incentives & Administration	$ 2,417,049	$ -	$ 2,417,049	$ -	$ 2,417,049
14	Total DG	$ 2,417,049	$ -	$ 2,417,049	$ -	$ 2,417,049
15						
16	**WREGIS**					
17	Registration Costs	$ 8,593	$ -	$ 8,593	$ -	$ 8,593
18	Total WREGIS	$ 8,593	$ -	$ 8,593	$ -	$ 8,593
19						
20	**Total Renewable Energy Costs (L4 + L10 + L14 + L18)**	**$ 38,470,760**	**$ 24,870,273**	**$ 13,600,487**	**$ 6,335,319**	**$ 19,935,806**

Notes:

[1] Represents a total company (SPS) amount before allocation among SPS's three jurisdictions (NM Retail, TX Retail, and FERC).

Southwestern Public Service Company
Appendix E: RPS Rider Reconciliation
For Costs Incurred in 2016

Line No.	Description	(A) Total Projected Costs	(B) Actual Costs	(C) Revenue	(D)=(C)-(B) Over/(Under) Recovery
1	Amortization of Initial Balances:				
2	DG (Incentive, Admin, and Marketing)	$ 414,230.92	$ 414,230.92	$ 414,230.92	$ -
3	WREGIS	2,035.94	2,035.94	2,035.94	(0.00)
4	Lg Customer Cap	278,267.76	278,267.76	278,267.76	0.00
5	SunE RECs (at $10/MWh)	223,967.61	223,967.61	223,967.61	0.00
6	Interest on RA Balances	45,363.69	45,363.69	45,363.69	-
7	REC Tracker:				
8	2009 REC Tracker	183,587.97	183,587.97	183,587.97	(0.00)
9	2010 REC Tracker	18,977.42	18,977.42	18,977.42	0.00
10	2011 REC Tracker	402,404.80	402,404.80	402,404.80	-
11	2012 REC Tracker Reconciliation	215,384.21	215,384.21	215,384.21	0.00
12	REC Tracker Interest	35,884.77	38,559.41	38,559.41	0.00
13	2014 RPS Rider Reconciliation	(1,895,281.56)	(1,895,281.56)	(1,895,281.56)	-
14	2014 Rider Interest	(1,868.00)	(1,868.00)	(1,868.00)	-
15	Interest on Uncollected Regulatory Asset Balances at the AFUDC Rate	-	25,142.63	25,142.63	(0.00)
16	**Total Under (Over)-Recovery of Amortizations and Prior Period Amounts (Sum L2:L15)**	**(77,044.47)**	**(49,227.20)**	**(49,227.20)**	**0.00**
17					
18	Concurrent Recovery of Current Costs:				
19	DG (Incentive, Admin, and Marketing)	2,418,988.25	2,417,049.47	2,373,195.26	(43,854.21)
20	WREGIS	14,633.44	8,593.03	14,356.42	5,763.39
21	SunE RECs (at $10/MWh)	1,151,870.73	1,088,786.40	1,130,065.08	41,278.68
22	SunE Uneconomic Costs	8,984,791.41	9,323,784.32	8,814,703.58	(509,080.74)
23	Wind RECs (at $1.35/MWh)	681,899.85	762,273.99	668,991.05	(93,282.94)
24	**Total Under-Recovery on Current Costs (Sum L19:23)**	**13,252,183.67**	**13,600,487.21**	**13,001,311.39**	**(599,175.82)**
25					
26	**Qualifying Large Customer Refunds for Billed Amounts Exceeding REA Caps**	-	**2,078,900.47**	-	**(2,078,900.47)**
27					
28	**Total Over/(Under) Recoveries (L16 + L24 + L26)**	**$ 13,175,139.20**	**$ 15,630,160.48**	**$ 12,952,084.18**	**$ (2,678,076.29)**

Attachment RMS-2
Appendix E
Page 1 of 1
Case No. 17-00___-UT

Southwestern Public Service Company
Appendix F: Calculation of Annual RPS Requirement
For 2016

Line No.	Description		2016
1	**Qualifying Large Customer Cap Calculation**		
2			
3	Annual Renewable Billings		
4	Annual Renewable Billings, Adjusted for Qualifying Large Customer Refunds	$	10,873,184
5			
6	Annual Renewable Production (kWh) (All Renewables, Before Sales & Transfers)		846,942,903
7			
8	Avg. Renewable Billings/kWh (L4/L6)	$	0.012838
9			
10	Total Qualifying Large Customer Revenue - With Statutory Caps	$	1,766,946
11			
12	Qualifying Large Customer kWh for RPS After Cap Calc (L10/L8)		137,632,408
13			
14	**RPS Calculation**		
15	Total NM Retail Sales (kWh) (At Meter)		5,279,146,561
16	Less Total Qualifying Large Customer kWh		2,231,084,798
17	Net Retail Less Qualifying Large Customer kWh (L15-L16)		3,048,061,762
18	RPS Percentage		15%
19	Retail Less Qualifying Large Customer RPS (kWh) (L17*L18)		457,209,264
20	Plus Qualifying Large Customer kWh After Cap Calc (L12)		137,632,408
21	**Total RPS Requirement (kWh) (L19+L20)**		**594,841,673**

Attachment RMS-2
Appendix F
Page 1 of 1
Case No. 17-00___-UT

Southwestern Public Service Company
Appendix G: Quarterly Excess DG Generation Reconciliation
For 2016

Line No.	Month	Reconciliation Period	Excess Generation (kWh)	Amounts Initially Paid Based on Estimated Price	Average Estimated Price per kWh	Amounts Based on SPP IM Prices	Average Actual Price per kWh	Reconciling Amounts	Interest	Total
1	Jan-16		435,711	$ 11,062	$ 0.025389	$ 9,627	$ 0.022096			
2	Feb-16		609,877	$ 15,818	$ 0.025937	$ 9,593	$ 0.015729			
3	Mar-16		553,364	$ 14,374	$ 0.025975	$ 9,265	$ 0.016744			
4										
5		**Quarter 1**		**$ 41,254**		**$ 28,485**		**$ 12,769**	**$ 18**	**$ 12,787**
6										
7	Apr-16		475,127	$ 12,341	$ 0.025975	$ 10,037	$ 0.021125			
8	May-16		587,360	$ 15,257	$ 0.025975	$ 10,104	$ 0.017202			
9	Jun-16		411,905	$ 10,699	$ 0.025975	$ 9,348	$ 0.022694			
10										
11		**Quarter 2**		**$ 38,297**		**$ 29,489**		**$ 8,809**	**$ 13**	**$ 8,821**
12										
13	Jul-16		331,830	$ 8,619	$ 0.025975	$ 8,948	$ 0.026964			
14	Aug-16		257,676	$ 6,693	$ 0.025975	$ 7,006	$ 0.027188			
15	Sep-16		215,549	$ 5,599	$ 0.025975	$ 4,544	$ 0.021079			
16										
17		**Quarter 3**		**$ 20,911**		**$ 20,497**		**$ 414**	**$ 1**	**$ 415**
18										
19	Oct-16		236,893	$ 6,153	$ 0.025975	$ 6,415	$ 0.027078			
20	Nov-16		243,345	$ 6,321	$ 0.025975	$ 5,179	$ 0.021281			
21	Dec-16		170,471	$ 4,428	$ 0.025975	$ 3,850	$ 0.022585			
22										
23		**Quarter 4**		**$ 16,902**		**$ 15,443**		**$ 1,459**	**$ 2**	**$ 1,461**
24										
25		**2016 Total (Surcharged)**						**$ 23,451**	**$ 34**	**$ 23,484**

Attachment RMS-2
Appendix G
Page 1 of 1
Case No. 17-00___-UT

Southwestern Public Service Company
Appendix G: RPS Rule Map
For the 2016 RPS Report

		Requirement	Rule Citation	Reference
REPORT (572.19)				
	1	Itemize Renewable & REC purchases and sales	19.A	RPS Report Section II & Appendix A
	2	List and make copies of all RECs acquired, issued or retired	19.B	RPS Report Appendix B
	3	Document from WREGIS (RECs): 1) acquired 2) sold 3) retired 4) transferred and 5) expired	19.C 19.C1 19.C2 19.C3 19.C4 19.C5	RPS Report Appendix B
	4	Describe retirements made to meet RPS compliance based on actual retail sales and procurement costs, for most recent reporting period including, the reductions, if any, to the RPS for procurements for nongovernmental customers with consumption exceeding 10 million kilowatt hours per year, customers that are political subdivisions, or due to the RCT, including an explanation and exhibits demonstrating how the reduction was determined, how the diversity requirements were satisfied and the quantity of RECs banked for future compliance use.	19.D	RPS Report Appendix A RPS Report Appendices C-F RPS Report Section II RPS Report Section IV
	5	Describe and quantify the implementation of the voluntary renewable tariff requirements in 17.9.572.18 NMAC	19.E	RPS Report Section III
	6	Present a full explanation of approved recovery mechanisms for approved annual renewable energy plan costs and a complete accounting of all collected and deferred amounts	19.F	RPS Report Section IV RPS Report Appendices C-E

SOUTHWESTERN PUBLIC SERVICE COMPANY

2017 FILING OF THE ANNUAL RENEWABLE ENERGY ACT PLAN FOR 2018 PLAN YEAR AND 2019 NEXT PLAN YEAR

Prepared in Compliance with 17.9.572.14 NMAC

July 3, 2017

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
2015 IRP	SPS's current Integrated Resource Plan
Commission	New Mexico Public Regulation Commission
DG	distributed generation
MW	Megawatt
MWh	Megawatt-hour
Next Plan Year	SPS's Annual Renewable Energy Act Plan for 2019
Plan Year	SPS's Annual Renewable Energy Act Plan for 2018
PPA	purchased power agreement
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10)
REC	Renewable Energy Certificate
RCT	reasonable cost threshold
RPS	renewable portfolio standard
Rule 572	17.9.572 NMAC – Renewable Energy for Electric Utilities, as amended (April 2014)
SPS	Southwestern Public Service Company, a New Mexico corporation

LIST OF APPENDICES

I. INTRODUCTION

Southwestern Public Service Company ("SPS"), a New Mexico corporation, files its 2017 Annual Renewable Energy Act Filing for 2018 ("Plan Year") and 2019 ("Next Plan Year") in compliance with the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10 – "REA") and New Mexico Public Regulation Commission's ("Commission") Rule 572 (17.9.572 NMAC – Renewable Energy for Electric Utilities, as amended (April 2014) – "Rule 572").

In regards to the annual renewable plan filings, Rule 572 requires supporting testimony and data for the Plan Year and Next Plan Year renewable portfolio standard ("RPS") requirements and planned renewable procurements. Specifically, Rule 572.14(B) requires that each annual renewable energy act plan include:

1. testimony and exhibits providing a full explanation of the utility's determination of the plan year and next plan year RPS and reasonable cost threshold ("RCT");
2. the cost of procurement in the plan year and the next plan year for all new renewable energy resources required to comply with the RPS;
3. the amount of renewable energy the public utility plans to provide in the plan year and the next plan year required to comply with the RPS;
4. testimony and exhibits demonstrating how the cost and amount specified in paragraphs (2) and (3) were determined;
5. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs based on revenue requirements expected to be recovered by the utility;
6. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs if complying with a fully diversified RPS is limited by the RCT;

7. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs based on revenue requirements expected to be recovered by the utility if limited by the RCT;

8. testimony and exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price, costs of interconnection and transmission, availability, dispatchability, Renewable Energy Certificate ("REC") values and portfolio diversification requirements;

9. testimony and exhibits regarding the amount and impact of renewable energy that can be added in any given year without adding generating resources for load following or system regulation purposes;

10. testimony and exhibits demonstrating that the portfolio procurement plan is consistent with the integrated resource plan and explaining any material differences; and

11. demonstration that the plan is otherwise in the public interest.

II. REGULATORY COMPLIANCE ACTIVITY FOR PLAN YEAR AND NEXT PLAN YEAR

A. Determination of RPS and RCT (Rule 572.14(B)(1) and (6))

1. Plan Year and Next Plan Year RPS Requirements

Section 62-16-4 of the REA and Rule 572.10 require that a public utility's renewable portfolio shall be no less than 15 percent of its annual retail New Mexico jurisdictional energy sales beginning in 2015. SPS currently projects that New Mexico retail sales will be 5,396,067 megawatt-hours ("MWh") in the Plan Year. Table 1 below shows the calculation of SPS's Plan Year projected RPS requirement:

Table 1: Calculation of Plan Year RPS Requirements (in MWh)

1	Projected Sales (at Meter)	5,396,067
2	Less: Total Large Customer	2,231,085
3	Net Retail Less Large Customer [Line 1 – Line 2]	3,164,982
4	RPS Percentage for Plan Year	15%
5	Retail Less Large Customer RPS [Line 3 * Line 4]	474,747
6	Applicable Large Customer MWh for RPS	80,554
7	Total RPS Requirement for Plan Year [Line 5 + Line 6]	555,302

In addition to the overall RPS requirement, Rule 572.11 requires public utilities achieve a fully diversified renewable energy portfolio. Rule 572.7(G) defines a "fully diversified renewable energy portfolio" as one in which no less than 30 percent of the RPS requirement is met using wind energy, no less than 20 percent is met using solar energy, no less than 5 percent is met using one or more of the "Other" renewable energy technologies, and no less than 3 percent is met through distributed generation ("DG").

The remainder of the overall RPS requirement can be met with any renewable energy resource at the utility's discretion. Table 2 reflects SPS's forecasted Plan Year RPS requirements by resource type:

Table 2: Plan Year Forecasted RPS Requirements (in MWh)

Resource	Requirement
Wind	166,591
Solar	111,060
Other/Biomass	27,765
DG	16,659
Discretionary	233,227
Total RPS Requirements	555,302

In the Next Plan Year, provided for informational purposes, SPS projects that its New Mexico retail sales will be 5,483,283 MWh. Table 3 below shows the calculation of SPS's Next Plan Year RPS requirement:

Table 3: Calculation of Next Plan Year RPS Requirements (in MWh)

1	Projected Retail Sales	5,483,283
2	Less: Total Large Customer Sales	2,231,085
3	Net Retail Less Large Customer [Line 1 – Line 2]	3,252,198
4	RPS Percentage for Next Plan Year	15%
5	Retail Less Large Customer RPS [Line 3 * Line 4]	487,830
6	Plus: Applicable Large Customer	90,118
7	Total RPS Requirements for Next Plan Year [Line 5 + Line 6]	577,948

With regard to the diversification requirements for the Next Plan Year, the diversity requirement percentages remain unchanged from the Plan Year. Table 4 reflects SPS's forecasted Next Plan Year RPS requirements by resource type:

Table 4: Next Plan Year Forecasted RPS Requirements (in MWh)

Resource	Requirement
Wind	173,385
Solar	115,590
Other/Biomass	28,897
DG	17,338
Discretionary	242,738
Total RPS Requirements	577,948

For a more complete discussion of the assumptions and factors considered in determining SPS's forecasted Plan Year and Next Plan Year total retail sales used to calculate the RPS, please refer to the Direct Testimony of Ruth M. Sakya.

2. Plan Year and Next Plan Year RCT

Rule 572 defines the RCT as the "cost level established by the Commission above which a public utility shall not be required to add renewable energy to its electric energy supply portfolio pursuant to the renewable portfolio standard." The RCT is 3 percent of plan year revenues (Rule 572.12(B)). SPS's calculation of the RCT for the Plan Year and Next Plan Year demonstrate that SPS cannot add additional renewable resources without further exceeding the RCT, even if other offsets, including avoided capacity, were applied. Please refer to Ms. Sakya's direct testimony and attachments.

B. Plan Year and Next Plan Year Procurements (Rule 572.14(B)(3), (5), (6), and (7))

SPS will be able to meet its overall Plan Year and Next Plan Year RPS requirements, as well as its Plan Year and Next Plan Year wind diversity requirement. *See* Appendix A, pages 1 and 2, respectively. While SPS will not be able to meet its full

solar and DG diversity requirements, SPS projects that it will meet a significant portion of the requirements.

(a) Wind: SPS projects that it will purchase sufficient wind energy from two New Mexico wind facilities (Caprock Wind L.P. and San Juan Mesa Wind Project LLC) as well as certain qualifying facilities, in addition to its banked wind RECs which meet, and exceed, its overall RPS requirements. SPS plans to use banked wind RECs to satisfy its wind diversity requirements of 30 percent, and the remaining percentage of SPS's RPS portfolio, which is not required to be applied toward a particular diversity standard, *i.e.*, discretionary requirements.

(b) Solar: In the Plan Year, SPS projects it will purchase a sufficient number of RECs to satisfy approximately 98 percent, or 108,556 MWh of its 111,060 MWh REC solar RPS diversity requirement. In the Next Plan Year, SPS projects it will purchase approximately 91 percent, or 105,723 MWh, of its 115,590 MWh REC solar diversity requirement. In Case No. 13-00222-UT, the Commission ruled that because SPS's RPS revenue requirement will exceed the RCT if it procured new resources, that pursuant to Rule 572.11(B), a waiver is not needed for the Rule 572 diversity requirements and SPS is not required to procure additional renewable resources to meet the solar diversity requirement for 2018.[1]

[1] *See* 2013 RPS Order at Finding of Fact Paragraph No. 9.

SPS will use the energy and RECs purchased under five purchased power agreements ("PPA") with entities associated with SunEdison, approved by the Commission in Case No. 10-00015-UT,[2] for partial compliance with the Plan Year and Next Plan Year solar RPS diversity requirements. Each SunEdison facility has a nameplate rating of 10 Megawatts ("MW") for a total of 50 MW. These facilities are expected to produce approximately 108,000 MWh of solar energy and RECs annually.

(c) DG: Based on current projections, SPS will be able to meet 84 percent of its DG requirement in the Plan Year or approximately 14,017 MWh out of the required 16,659 RECs through annual DG generation and banked DG RECs. In the Next Plan Year, SPS expects to satisfy approximately 80 percent or approximately 13,946 MWh of the DG diversity requirement of 17,338 RECs. As mentioned earlier, SPS is not seeking additional resources to satisfy the remaining portion of this requirement due to the lack of headroom under the RCT.

(d) "**Other" Renewable Energy Technologies**: As noted above, because SPS's RPS revenue requirement will exceed the RCT, a waiver is not needed and SPS is not required to procure additional renewable resources to meet the "other" diversity requirement for 2018 or 2019.

---

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

C. Plan Year and Next Plan Year Procurement Costs (Rule 572.14(B)(2), (4), (5), and (7))

SPS projects that its Plan Year annual renewable procurement costs will be approximately $41,398,769 (total company) or $21,887,952 (New Mexico retail). In the Next Plan Year, SPS projects its annual renewable procurement costs to be approximately $42,055,549 (total company) or $22,298,187 (New Mexico retail). Please refer to Appendix B, pages 1 and 2, for SPS's Plan Year and Next Plan Year projected RPS-related procurement costs by resource type and program cost, at a summary level. Appendix C provides the detailed calculations and assumptions used to provide the procurement costs.

Regarding cost recovery, in SPS's Case No. 12-00350-UT,[3] the Commission approved a renewable rider for SPS to recover its annual renewable costs, annual deferred renewable costs, and true-up balance of previous RPS compliance costs. Costs for economic energy related to SPS's wind and solar contracts will continue to be collected through SPS's fuel and purchased power cost adjustment clause. Please refer to Ms. Sakya's direct testimony for the calculation of the 2018 RPS Rider amounts, additional detail on RPS cost amounts, and the calculation of the 2018 RPS Rider rate.

[3] Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245,* Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

D. Reasonableness and Load Following Requirements of Proposed Procurements (Rules 572.14(B)(8) and (9))

SPS is not seeking approval of any new energy resource procurements in this proceeding. Accordingly, Rules 572.14(B)(8) and (9) are not applicable.

E. Comparison to SPS's Integrated Resource Plan (Rule 572.14(B)(10))

SPS's current Integrated Resource Plan ("2015 IRP") was accepted in Case No. 15-00217-UT.[4] SPS's 2015 IRP addressed renewable energy and the RPS diversity requirement by indicating that SPS has exceeded the RCT and does not have specific plans to acquire RPS-related resources. The 2015 IRP went on to say that, to the extent renewable energy can be acquired as a cost-effective resource addition, SPS will pursue such additions under a buy-over-time acquisition strategy. As discussed by Ms. Sakya, SPS: (1) need not add any additional renewable generation to meet the overall RPS requirements for the Plan Year and Next Plan Year; and (2) cannot add any additional renewable generation without exceeding the RCT. Accordingly, this rule provision is not applicable to the 2018 RPS Plan.[5]

---

[4] Case No. 15-00217-UT, *In the Matter of Southwestern Public Service Company's Integrated Resource Plan*, Final Order (Sept. 23, 2015).

[5] On March 21, 2017, SPS filed a Notice of Material Change and Updated Action Plan to its 2015 IRP regarding purchase sales agreements for two wind facilities.

F. SPS's Filing for the Plan Year and Next Plan Year is in the Public Interest (Rule 572.14(B)(11))

SPS's 2018 RPS Plan balances New Mexico's goals for renewable energy development, not only as a whole, but also through the use of diverse renewable generation resources with customer protections through the cost limitations brought on by the RCT. Please refer to Ms. Sakya direct testimony.

III. RENEWABLE RESOURCE SURVEY FOR SPS'S SERVICE TERRITORY

In accordance with the final orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT,[6] SPS provides the following evaluation of renewable resources, including non-wind resources, available in SPS's service area.

SPS's New Mexico service territory offers great potential for the continued development of renewable resources. Wind energy is considered the renewable energy resource with the highest potential for development in SPS's service territory and the one that is most likely to be cost-effective relative to SPS's system avoided costs. However, the potential to develop non-wind renewable resources, while varied, also exists within SPS's New Mexico service territory and is described below.

Promising solar development opportunities exist in SPS's service territory, as evidenced by the two NextEra solar PPAs (non-RPS related) approved in Case No. 15-00083-UT.[7]

---

[6] Case No. 04-00334-UT, *In the Matter of Southwestern Public Service Company's 2003 Annual Portfolio Report and 2004 Annual Portfolio Procurement Plan Pursuant to the Renewable Energy Act (Laws 2004, Chapter 65),* Final Order (Dec. 21, 2004); Case No. 05-00354-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Energy Portfolio Report for 2004, its Application for Approval of the 2005 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Renewable Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 20, 2005); and Case No. 06-00360-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Portfolio Report for 2005, its Application for Approval of the 2006 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 21, 2006).

[7] Case No. 15-00083-UT, *In the Matter of Southwestern Public Service Company's Application for Approval and Authority to: (1) Enter into Separate Purchased Power Agreements with NextEra Energy Resources; Roswell and Chaves County Solar Facilities; (2) Recover the Associated Energy Costs through its Fuel and Purchased Power Cost Adjustment Clause; and (3) Establish and Implement a Shared Savings Mechanism,* Final Order (Oct. 7, 2015).

Areas suitable for biomass resource development in New Mexico are centered on locations with ample feedstock, and SPS's service territory provides bio-fuels in sufficient quantities to support biomass generation. Anaerobic digesters, landfill gas resources, and biomass resources using combustion processes can be developed within SPS's service territory, as well as in other areas of New Mexico, as most areas of the state have landfills of sufficient size and contain enough agricultural waste products for development of these resources. Obtaining qualified project developers with the financial backing necessary to develop and finance commercially viable "Other" renewable energy technologies continues, however, to pose a challenge. In addition, finding these types of resources that satisfy the RCT threshold has been an ongoing problem. SPS will continue to evaluate RCT constraints and, if appropriate, release future Requests for Proposals to satisfy this requirement.

While geothermal resources do exist in New Mexico, their development within SPS's service territory in the near future appears unlikely. Moreover, the potential for development of any low head hydro resources in SPS's service territory also appears minimal.

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2018

Line No.	Description	Solar	Other	DG	Wind /Remaining	Total
1	2018 NM Retail Sales					5,396,067
2	Less Qualifying Large Customer Sales (Total)					2,231,085
3	Adjusted NM Retail Sales (L1 - L2)					3,164,982
4	Overall RPS Requirement (%)					15%
5	RPS Obligation, Excluding Qualifying Large Customers (L3 * L4)					474,747
6	Qualifying Large Customer MWh for the RPS (Page 3)					80,554
7	Final RPS Obligation (L5 + L6)					555,302
8	Diversity Requirement (% of RPS)	20%	5%	3%	72%	100%
9	RPS Obligation (L7 * L8)	111,060	27,765	16,659	399,817	555,302
10						
11	Beginning REC Balance	-	-	-	1,709,301	1,709,301
12						
13	Caprock Generation	-	-	-	311,122	311,122
14	San Juan Generation	-	-	-	400,407	400,407
15	Mesalands Generation	-	-	-	-	-
16	SunEdison Solar Generation	108,556	-	-	-	108,556
17	Company Owned Solar Generation	-	-	151	-	151
18	SolarRewards (Distributed Generation)	-	-	13,866	-	13,866
19	Total Annual Generation (Sum L13:L18)	108,556	-	14,017	711,529	834,102
20	Less Transfers to Wholesale Customers	-	-	-	140,955	140,955
21	Less REC Sales (all vintages)	-	-	-	-	-
22	Less Expiring RECs	-	-	-	-	-
23	Less Annual RPS Obligation (L9)	111,060	27,765	16,659	399,817	555,302
24	REC Adjustments from Prior Years	-	-	-	-	-
25	Annual Excess/(Deficiency) (L19 - L20 - L21 - L22 - L23 - L24)[1]	(2,504)	(27,765)	(2,642)	170,756	137,845
26						
27	Cumulative Excess/(Deficiency) (L11 + L25)	(2,504)	(27,765)	(2,642)	1,880,057	1,847,146
28	Replace Solar, Other, & DG with Wind for Overall RPS Compliance	2,504	27,765	2,642	(32,911)	-
29	Impact of Replacements (Ending REC Balance)	-	-	-	1,847,146	1,847,146

Notes:

[1] SPS's general policy is to retire RECs on a first-in-first-out basis (that is, SPS retires the oldest year RECs available first before current generation).

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2019

Line No.	Description	Solar	Other	DG	Wind /Remaining	Total
1	2019 NM Retail Sales					5,483,283
2	Less Qualifying Large Customer Sales (Total)					2,231,085
3	Adjusted NM Retail Sales (L1 - L2)					3,252,198
4	Overall RPS Requirement (%)					15%
5	Unadjusted RPS Obligation (L3 * L4)					487,830
6	Qualifying Large Customer MWh for the RPS (Page 3)					90,118
7	Final RPS Obligation (L5 + L6)					577,948
8	Diversity Requirement (% of RPS)	20%	5%	3%	72%	100%
9	RPS Obligation (L7 * L8)	115,590	28,897	17,338	416,123	577,948
10						
11	Beginning REC Balance	-	-	-	1,847,146	1,847,146
12						
13	Caprock Generation	-	-	-	311,059	311,059
14	San Juan Generation	-	-	-	400,392	400,392
15	Mesalands Generation	-	-	-	-	-
16	SunEdison Solar Generation	105,723	-	-	-	105,723
17	Company Owned Solar Generation	-	-	151	-	151
18	SolarRewards (Distributed Generation)	-	-	13,795	-	13,795
19	Total Annual Generation (Sum L13:L18)	105,723	-	13,946	711,451	831,120
20	Less Transfers to Wholesale Customers	-	-	-	137,126	137,126
21	Less REC Sales (all vintages)	-	-	-	-	-
22	Less Expiring RECs	-	-	-	-	-
23	Less Annual RPS Obligation (L9)	115,590	28,897	17,338	416,123	577,948
24	REC Adjustments from Prior Years	-	-	-	-	-
25	Annual Excess/(Deficiency) (L19 - L20 - L21 - L22 - L23 - L24)[1]	(9,866)	(28,897)	(3,393)	158,203	116,046
26						
27	Cumulative Excess/(Deficiency) (L11 + L25)	(9,866)	(28,897)	(3,393)	2,005,349	1,963,192
28	Replace Solar, Other, & DG with Wind for Overall RPS Compliance	9,866	28,897	3,393	(42,157)	-
29	Impact of Replacements (Ending REC Balance)	-	-	-	1,963,192	1,963,192

Notes:

[1] SPS's general policy is to retire RECs on a first-in-first-out basis (that is, SPS retires the oldest year RECs available first before current generation).

Southwestern Public Service Company
Appendix A: Calculation of the Annual RPS Requirement
For the Plan Year and Next Plan Year

Line No.	Description	2018	2019
1	**Qualifying Large Customer Cap Calculation**		
2	Annual Renewable Billings (Attachment RMS-4, Pages 1 and 2, Column B, L21,L19)	$ 19,422,640	$ 17,344,739
3			
4	Annual Renewable Production (kWh) (All Renewables, Before Sales & Transfers)	834,102,232	831,119,946
5			
6	Average Renewable Billings/kWh (L4/L6)	$ 0.023286	$ 0.020869
7			
8	Total Qualifying Large Customer Revenue - With Statutory Caps (Pages 4 and 5, L42)	$ 1,875,763	$ 1,880,689
9			
10	Qualifying Large Customer kWh for RPS After Cap Calc (L8/L6)	80,554,339	90,118,274
11			
12	**RPS Calculation**		
13	Total NM Retail Sales (kWh) (At Meter) (Pages 1 and 2, Line 1)	5,396,067,094	5,483,282,909
14	Less Total Qualifying Large Customer kWh (Pages 4 and 5, Line 42))	2,231,084,798	2,231,084,798
15	Net Retail Less Qualifying Large Customer kWh (L13-L14)	3,164,982,296	3,252,198,111
16	Overall RPS Percentage	15%	15%
17	Retail Less Qualifying Large Customer RPS (kWh) (L15*L16)	474,747,344	487,829,717
18	Plus Qualifying Large Customer kWh After Cap Calc (L10)	80,554,339	90,118,274
19	Total RPS Requirement (kWh) (L17+L18)	555,301,683	577,947,990

Southwestern Public Service Company
Appendix A: Large Customer Cap Calculations
For 2018

Line No.	Customer	Total Annual kWh	Total Annual Electric Charges (Current Rates)	Cap for Billing on Renewable Costs ($110,785)
1	Customer 1	119,029,618	$ 5,093,100	$ 101,862
2	Customer 2	27,683,804	$ 1,459,005	$ 29,180
3	Customer 3	24,917,161	$ 1,342,034	$ 26,841
4	Customer 4	50,677,723	$ 2,345,227	$ 46,905
5	Customer 5	14,204,871	$ 936,072	$ 18,721
6	Customer 6	25,570,573	$ 1,431,502	$ 28,630
7	Customer 7	10,318,163	$ 563,898	$ 11,278
8	Customer 8	13,545,791	$ 770,143	$ 15,403
9	Customer 9	17,334,871	$ 1,042,645	$ 20,853
10	Customer 10	31,160,077	$ 1,505,420	$ 30,108
11	Customer 11	58,339,617	$ 2,601,516	$ 52,030
12	Customer 12	17,889,052	$ 1,016,522	$ 20,330
13	Customer 13	38,333,473	$ 2,556,485	$ 51,130
14	Customer 14	28,654,716	$ 1,611,646	$ 32,233
15	Customer 15	14,584,182	$ 830,045	$ 16,601
16	Customer 16	14,112,210	$ 803,082	$ 16,062
17	Customer 17	92,974,228	$ 4,170,625	$ 83,412
18	Customer 18	18,937,567	$ 1,095,461	$ 21,909
19	Customer 19	194,180,961	$ 8,222,618	$ 110,785
20	Customer 20	73,115,336	$ 3,170,049	$ 63,401
21	Customer 21	44,675,247	$ 2,427,139	$ 48,543
22	Customer 22	17,382,281	$ 1,004,086	$ 20,082
23	Customer 23	27,600,852	$ 1,758,219	$ 35,164
24	Customer 24	10,496,948	$ 585,848	$ 11,717
25	Customer 25	48,546,932	$ 2,348,703	$ 46,974
26	Customer 26	27,723,831	$ 1,540,589	$ 30,812
27	Customer 27	15,921,403	$ 872,908	$ 17,458
28	Customer 28	90,061,838	$ 4,832,351	$ 96,647
29	Customer 29	62,312,947	$ 3,300,592	$ 66,012
30	Customer 30	137,963,440	$ 5,901,984	$ 110,785
31	Customer 31	12,376,199	$ 608,995	$ 12,180
32	Customer 32	10,927,830	$ 622,611	$ 12,452
33	Customer 33	50,596,177	$ 2,288,835	$ 45,777
34	Customer 34	19,498,515	$ 1,091,389	$ 21,828
35	Customer 35	23,303,837	$ 1,121,295	$ 22,426
36	Customer 36	15,186,955	$ 904,838	$ 18,097
37	Customer 37	22,496,728	$ 1,220,483	$ 24,410
38	Customer 38	62,076,714	$ 3,057,492	$ 61,150
39	Customer 39	17,710,004	$ 1,070,592	$ 21,412
40	Customer 40	47,585,800	$ 2,180,770	$ 43,615
41	Customer 41	60,925,401	$ 2,788,561	$ 55,771
42	Customer 42	37,444,698	$ 1,762,062	$ 35,241
43	Customer 43	12,869,145	$ 635,505	$ 12,710
44	Customer 44	105,511,909	$ 4,802,050	$ 96,041
45	Customer 45	364,325,173	$ 15,543,492	$ 110,785
46	**Total**	**2,231,084,798**	**$ 106,838,483**	**$ 1,875,763**

(1) Customer 45 consists of six premises which are grouped together for the purpose of renewable billings cap calculations.

Southwestern Public Service Company
Appendix A: Large Customer Cap Calculations
For 2019

Line No.	Customer	Total Annual kWh	Total Annual Electric Charges (Current Rates)	Cap for Billing on Renewable Costs ($112,427)
1	Customer 1	119,029,618	$ 5,093,100	$ 101,862
2	Customer 2	27,683,804	$ 1,459,005	$ 29,180
3	Customer 3	24,917,161	$ 1,342,034	$ 26,841
4	Customer 4	50,677,723	$ 2,345,227	$ 46,905
5	Customer 5	14,204,871	$ 936,072	$ 18,721
6	Customer 6	25,570,573	$ 1,431,502	$ 28,630
7	Customer 7	10,318,163	$ 563,898	$ 11,278
8	Customer 8	13,545,791	$ 770,143	$ 15,403
9	Customer 9	17,334,871	$ 1,042,645	$ 20,853
10	Customer 10	31,160,077	$ 1,505,420	$ 30,108
11	Customer 11	58,339,617	$ 2,601,516	$ 52,030
12	Customer 12	17,889,052	$ 1,016,522	$ 20,330
13	Customer 13	38,333,473	$ 2,556,485	$ 51,130
14	Customer 14	28,654,716	$ 1,611,646	$ 32,233
15	Customer 15	14,584,182	$ 830,045	$ 16,601
16	Customer 16	14,112,210	$ 803,082	$ 16,062
17	Customer 17	92,974,228	$ 4,170,625	$ 83,412
18	Customer 18	18,937,567	$ 1,095,461	$ 21,909
19	Customer 19	194,180,961	$ 8,222,618	$ 112,427
20	Customer 20	73,115,336	$ 3,170,049	$ 63,401
21	Customer 21	44,675,247	$ 2,427,139	$ 48,543
22	Customer 22	17,382,281	$ 1,004,086	$ 20,082
23	Customer 23	27,600,852	$ 1,758,219	$ 35,164
24	Customer 24	10,496,948	$ 585,848	$ 11,717
25	Customer 25	48,546,932	$ 2,348,703	$ 46,974
26	Customer 26	27,723,831	$ 1,540,589	$ 30,812
27	Customer 27	15,921,403	$ 872,908	$ 17,458
28	Customer 28	90,061,838	$ 4,832,351	$ 96,647
29	Customer 29	62,312,947	$ 3,300,592	$ 66,012
30	Customer 30	137,963,440	$ 5,901,984	$ 112,427
31	Customer 31	12,376,199	$ 608,995	$ 12,180
32	Customer 32	10,927,830	$ 622,611	$ 12,452
33	Customer 33	50,596,177	$ 2,288,835	$ 45,777
34	Customer 34	19,498,515	$ 1,091,389	$ 21,828
35	Customer 35	23,303,837	$ 1,121,295	$ 22,426
36	Customer 36	15,186,955	$ 904,838	$ 18,097
37	Customer 37	22,496,728	$ 1,220,483	$ 24,410
38	Customer 38	62,076,714	$ 3,057,492	$ 61,150
39	Customer 39	17,710,004	$ 1,070,592	$ 21,412
40	Customer 40	47,585,800	$ 2,180,770	$ 43,615
41	Customer 41	60,925,401	$ 2,788,561	$ 55,771
42	Customer 42	37,444,698	$ 1,762,062	$ 35,241
43	Customer 43	12,869,145	$ 635,505	$ 12,710
44	Customer 44	105,511,909	$ 4,802,050	$ 96,041
45	Customer 45	364,325,173	$ 15,543,492	$ 112,427
46	**Total**	**2,231,084,798**	**$ 106,838,483**	**$ 1,880,689**

(1) Customer 45 consists of six premises which are grouped together for the purpose of renewable billings cap calculations.

Southwestern Public Service Company
Appendix B: Summary of Projected Renewable Costs and Recovery Mechanism
For the Year 2018

Line No.	Description	(A) = (B) + (C) Total Cost	(B) System Fuel [1]	(C) RPS Rider	(D) NM Retail Allocation - Fuel	(E) = (C) + (D) Total NM Retail Allocation
1	**Wind**					
2	Energy Only (San Juan, Caprock)	$ 22,405,696	$ 22,405,696	$ -	$ 4,893,404	$ 4,893,404
3	RECs (San Juan, Caprock, Less Wholesale Transfers)	770,274	-	770,274	-	770,274
4	Total Wind (L2 + L3)	$ 23,175,971	$ 22,405,696	$ 770,274	$ 4,893,404	$ 5,663,678
5						
6	**Solar (SunE PPAs)**					
7	Economic Energy	$ 2,556,966	$ 2,556,966	$ -	$ 558,441	$ 558,441
8	Uneconomic Energy	9,931,331	-	9,931,331	-	9,931,331
9	RECs	1,085,561	-	1,085,561	-	1,085,561
10	Total Solar (L7 + L8 + L9)	$ 13,573,858	$ 2,556,966	$ 11,016,892	$ 558,441	$ 11,575,334
11						
12	**DG**					
13	Incentives & Administration	$ 2,430,661	$ -	$ 2,430,661	$ -	$ 2,430,661
14	Total DG	$ 2,430,661	$ -	$ 2,430,661	$ -	$ 2,430,661
15						
16	**WREGIS**					
17	Registration Costs	$ 7,500	$ -	$ 7,500	$ -	$ 7,500
18	Total WREGIS	$ 7,500	$ -	$ 7,500	$ -	$ 7,500
19						
20	**Refund for Costs Charged in Excess of the Large Customer Cap**					
21	Annual Refund (Applied as a Reduction to Revenue)	$ 2,210,779	$ -	$ 2,210,779	$ -	$ 2,210,779
22	Total Refunds	$ 2,210,779	$ -	$ 2,210,779	$ -	$ 2,210,779
23						
24	**Total Renewable Energy Costs (L4 + L10 + L14 + L18 + L22)**	**$ 41,398,769**	**$ 24,962,662**	**$ 16,436,107**	**$ 5,451,845**	**$ 21,887,952**

Notes:

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

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

Line No.	Description	(A) = (B) + (C) Total Cost	(B) System Fuel [1]	(C) RPS Rider	(D) NM Retail Allocation - Fuel	(E) = (C) + (D) Total NM Retail Allocation
1	**Wind**					
2	Energy Only (San Juan, Caprock)	$ 22,987,541	$ 22,987,541	$ -	$ 5,020,479	$ 5,020,479
3	RECs (San Juan, Caprock, Less Wholesale Transfers)	775,339	-	775,339	-	775,339
4	Total Wind (L2 + L3)	$ 23,762,880	$ 22,987,541	$ 775,339	$ 5,020,479	$ 5,795,818
5						
6	**Solar (SunE PPAs)**					
7	Economic Energy	$ 2,290,557	$ 2,290,557	$ -	$ 500,258	$ 500,258
8	Uneconomic Energy	10,308,486	-	10,308,486	-	10,308,486
9	RECs	1,057,233	-	1,057,233	-	1,057,233
10	Total Solar (L7 + L8 + L9)	$ 13,656,275	$ 2,290,557	$ 11,365,718	$ 500,258	$ 11,865,976
11						
12	**DG**					
13	Incentives & Administration	$ 2,418,114	$ -	$ 2,418,114	$ -	$ 2,418,114
14	Total DG	$ 2,418,114	$ -	$ 2,418,114	$ -	$ 2,418,114
15						
16	**WREGIS**					
17	Registration Costs	$ 7,500	$ -	$ 7,500	$ -	$ 7,500
18	Total WREGIS	$ 7,500	$ -	$ 7,500	$ -	$ 7,500
19						
20	**Refund for Costs Charged in Excess of the Large Customer Cap**					
21	Annual Refund (Applied as a Reduction to Revenue)	$ 2,210,779	$ -	$ 2,210,779	$ -	$ 2,210,779
22	Total Refund	$ 2,210,779	$ -	$ 2,210,779	$ -	$ 2,210,779
23						
24	**Total Renewable Energy Costs (L4 + L10 + L14 + L18 + L22)**	**$ 42,055,549**	**$ 25,278,098**	**$ 16,777,450**	**$ 5,520,737**	**$ 22,298,187**

Notes:

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

Southwestern Public Service Company
Appendix C: Details of RPS Cost Projections
For the Plan Year 2018

Line No.	Description	$/MWh	MWh	Total Cost	NM Retail Fuel*	RPS Rider
1	**Wind Energy (Excludes RECs)**					
2	San Juan	$ 31.73	400,407	$ 12,704,923.63	$ 2,774,755.32	$ -
3	Caprock	$ 31.18	311,122	$ 9,700,772.55	$ 2,118,648.73	$ -
4						
5	**Wind RECs (Less Wholesale Transfers)**					
6	San Juan	$ 1.35	321,086	$ 433,465.85	$ -	$ 433,465.85
7	Caprock	$ 1.35	249,488	$ 336,808.56	$ -	$ 336,808.56
8						
9	**Solar (SunE PPAs)**					
10	Economic Energy	$ 23.55	108,556	$ 2,556,965.57	$ 558,441.28	$ -
11	Uneconomic Energy	$ 91.49	108,556	$ 9,931,331.13	$ -	$ 9,931,331.13
12	RECs	$ 10.00	108,556	$ 1,085,561.26	$ -	$ 1,085,561.26
13						
14	**DG**					
15	Projected Payments			$ 2,430,660.52	$ -	$ 2,430,660.52
16						
17	**WREGIS Registration Costs**			$ 7,500.00	$ -	$ 7,500.00
18						
19	**Refund for Billings in Excess of the Large Customer Cap****			$ 2,210,779.46	$ -	$ 2,210,779.46

* 21.84% allocation factor (based on 2016 actual allocation). 2018 allocation factor expected to increase due to decrease in wholesale load.
** Reduction to Revenue.

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

Line No.	Description	$/MWh	MWh	Total Cost	NM Retail Fuel*	RPS Rider
1	**Wind Energy (Excludes RECs)**					
2	San Juan	$ 32.56	400,392	$ 13,036,775.74	$ 2,847,231.82	$ -
3	Caprock	$ 31.99	311,059	$ 9,950,765.71	$ 2,173,247.23	$ -
4						
5	**Wind RECs (Less Wholesale Transfers)**					
6	San Juan	$ 1.35	323,220	$ 436,347.40	$ -	$ 436,347.40
7	Caprock	$ 1.35	251,105	$ 338,991.53	$ -	$ 338,991.53
8						
9	**Solar (SunE PPAs)**					
10	Economic Energy	$ 21.67	105,723	$ 2,290,556.98	$ 500,257.64	$ -
11	Uneconomic Energy	$ 97.50	105,723	$ 10,308,485.60	$ -	$ 10,308,485.60
12	RECs	$ 10.00	105,723	$ 1,057,232.74	$ -	$ 1,057,232.74
13						
14	**DG**					
15	Projected Payments			$ 2,418,113.57	$ -	$ 2,418,113.57
16						
17	**WREGIS Registration Costs**			$ 7,500.00	$ -	$ 7,500.00
18						
19	**Refund for Billings in Excess of the Large Customer Cap****			$ 2,210,779.46	$ -	$ 2,210,779.46

* 21.84% allocation factor (based on 2016 actual allocation). 2018 allocation factor expected to increase due to decrease in wholesale load.
** Reduction to Revenue.

Southwestern Public Service Company
RPS Rider Revenue Requirement Calculation
For Calendar Year 2018

Line No.	Description	(A) Total Costs	(B) 2018 Revenue Requirement	(C) Reference/Notes
1	REC Tracker Reconciliations:			
2	2012 REC Tracker*	646,152.63	215,384.21	36 mo amort, beginning 1/16 ($646,152.63/36)*12; fully amortized December 2018
3	2013 REC Tracker	220,536.30	63,010.37	42 mo amort, beginning 1/17 ($220,536.30/42)*12, Attachment RMS-6
4	Total REC Tracker Reconciliations (Sum L2:L3)	$ 866,688.93	$ 278,394.58	
5	Projected REC Tracker Interest (2012-2013 Trackers)*	$ 52,580.50	$ 16,813.77	Based on 2017 Final Customer Deposit Interest Rate, Attachment RMS-9
6	2016 RPS Rider Reconciliation (Collect Under-Recovery)	$ 2,678,076.29	$ 2,678,076.29	Report Appendix E (Attachment RMS-2)
7	2016 Rider and RPS Sales Interest	$ 13,248.35	$ 13,248.35	Monthly interest (Cust. Dep. Rate), 1/2016-12/2016, Attachment RMS-9
8	Return REC Sales Margins	$ -	$ -	
9	2018 Projected Annual Costs:			
10	DG (Incentive, Admin, and Marketing)	$ 2,430,660.52	$ 2,430,660.52	Attachment RMS-3, Appendices B & C
11	WREGIS	7,500.00	7,500.00	Attachment RMS-3, Appendices B & C
12	SunE RECs (at $10/MWh)	1,085,561.26	1,085,561.26	Attachment RMS-3, Appendices B & C
13	SunE Uneconomic Costs	9,931,331.13	9,931,331.13	Attachment RMS-3, Appendices B & C
14	Wind RECs (at $1.35/MWh)	770,274.41	770,274.41	Attachment RMS-3, Appendices B & C
15	Total Annual Costs (Sum L10:L14)	$ 14,225,327.32	$ 14,225,327.32	
16				
17	**RPS Rider 2018 Revenue Requirement (+L4+L5+L6+L7+L8+L15)**	**$ 17,835,921.38**	**$ 17,211,860.30**	
18				
19	2018 Refunds to Qualifying Large Customers for Amounts Paid in Excess of REA Cap	**$ 2,210,779.46**	**$ 2,210,779.46**	Attachment RMS-4, Page 4 (Rates)
20				
21	**Total RPS Rider 2018 Revenue Requirement (L17+L19)**	**$ 20,046,700.84**	**$ 19,422,639.76**	

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

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

Line No.	Description	(A) Total Costs	(B) 2019 Revenue Requirement	(C) Reference/Notes
1	REC Tracker Reconciliations:			
2	2013 REC Tracker	220,536.30	63,010.37	42 mo amort, beginning 1/17 ($220,536.30/42)*12, Attachment RMS-9
3	Total REC Tracker Reconciliations	$ 220,536.30	$ 63,010.37	
4	Projected REC Tracker Interest*	$ 14,974.41	$ 4,278.40	Based on 2017 Final Customer Deposit Interest Rate, Attachment RMS-10
5	Projected 2017 RPS Rider Reconciliation	$ 500,000.00	$ 500,000.00	Attachment RMS-9
6	2016 Rider Interest	$ -	$ -	Assumed to be zero
7	Return REC Sales Margins	$ -	$ -	Assumed to be zero
8	2019 Projected Annual Costs:			
9	DG (Incentive, Admin, and Marketing)	$ 2,418,113.57	$ 2,418,113.57	Attachment RMS-3, Appendices B & C
10	WREGIS	7,500.00	7,500.00	Attachment RMS-3, Appendices B & C
11	SunE RECs (at $10/MWh)	1,057,232.74	1,057,232.74	Attachment RMS-3, Appendices B & C
12	SunE Uneconomic Costs	10,308,485.60	10,308,485.60	Attachment RMS-3, Appendices B & C
13	Wind RECs (at $1.35/MWh)	775,338.93	775,338.93	Attachment RMS-3, Appendices B & C
14	Total Annual Costs (Sum L9:L13)	$ 14,566,670.84	$ 14,566,670.84	
15				
16	**RPS Rider 2019 Revenue Requirement (L3+L4+L5+L6+L7+L14)**	**$ 15,302,181.56**	**$ 15,133,959.62**	
17				
18	2019 Refunds to Qualifying Large Customers for Amounts Paid in Excess of REA Cap	**$ 2,210,779.46**	**$ 2,210,779.46**	Assumed to be the same as 2018
19				
20	**Total RPS Rider 2019 Revenue Requirement (L16+L18)**	**$ 17,512,961.01**	**$ 17,344,739.07**	

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

Southwestern Public Service Company
RPS Cost Rider
Cost Allocation and Rate Design
Initial Iteration

Line No.								
1	**Recoverable Renewable Energy Costs - 2018 (Prior to Refund Calculation)**						**$**	**17,211,860**
	Total Forecasted January through December 2018 Retail Energy Sales:							
	Rate Class (A)	**(metered) kWh (B)**	**(Less) Capped Customer kWh (C)**	**Net kWh (D)**		**Rate (Line 17) (E)**	**Allocation and Recovery by Customer Class (F) = (E) x (D)**	
2	Residential	1,090,916,091		1,090,916,091	x	$ 0.004084	$	4,455,301
3	Small General Service	156,003,606		156,003,606	x	$ 0.004084	$	637,119
4	Secondary General Service and Irrigation Power Service	774,647,324	(8,939,735)	765,707,590	x	$ 0.004084	$	3,127,150
5	Primary General Service	1,381,381,111	(93,587,308)	1,287,793,802	x	$ 0.004084	$	5,259,350
6	Large General Service -- Transmission	1,836,421,835	(1,079,435,499)	756,986,336	x	$ 0.004084	$	3,091,532
7	Total C&I	3,992,450,269		2,810,487,728			$	11,478,032
8	Small Municipal & School	12,122,327		12,122,327	x	$ 0.004084	$	49,508
9	Large Municipal & School	116,123,530		116,123,530	x	$ 0.004084	$	474,248
10	Total Public Authority	128,245,857		128,245,857			$	523,756
11	Street and Area Lighting	28,451,270		28,451,270	x	$ 0.004084	$	116,195
12	Gross Total	5,396,067,094		4,214,104,552			$	17,210,403
13	Less Capped Secondary General Service kWh	(8,939,735)						
14	Less Capped Primary General Service kWh	(93,587,308)						
15	Less Capped Lg. Gen. Svc. Trnsmsn. kWh	(1,079,435,499)						
16								
17	Net Total	4,214,104,552						
		Unit Cost $ per kWh						
18	At Uniform Metered Rate (Line 1/ Line 17)	**$ 0.004084**						

Southwestern Public Service Company
Large Customer Cap Calculations
For 2018

Line No.	Customer	Total Annual kWh	Total Annual Electric Charges (Current Rates)	Cap for Billing on Renewable Costs ($110,785)	2018 Estimated Charges (using rate from p3)	2018 Estimated Refunds Owed to Large Customers
1	Customer 1	119,029,618	$ 5,093,100	$ 101,862	$ 110,785	$ 8,923
2	Customer 2	27,683,804	$ 1,459,005	$ 29,180	$ 110,785	$ 81,605
3	Customer 3	24,917,161	$ 1,342,034	$ 26,841	$ 101,762	$ 74,921
4	Customer 4	50,677,723	$ 2,345,227	$ 46,905	$ 110,785	$ 63,880
5	Customer 5	14,204,871	$ 936,072	$ 18,721	$ 58,013	$ 39,291
6	Customer 6	25,570,573	$ 1,431,502	$ 28,630	$ 104,430	$ 75,800
7	Customer 7	10,318,163	$ 563,898	$ 11,278	$ 42,139	$ 30,861
8	Customer 8	13,545,791	$ 770,143	$ 15,403	$ 55,321	$ 39,918
9	Customer 9	17,334,871	$ 1,042,645	$ 20,853	$ 70,796	$ 49,943
10	Customer 10	31,160,077	$ 1,505,420	$ 30,108	$ 110,785	$ 80,677
11	Customer 11	58,339,617	$ 2,601,516	$ 52,030	$ 110,785	$ 58,755
12	Customer 12	17,889,052	$ 1,016,522	$ 20,330	$ 73,059	$ 52,728
13	Customer 13	38,333,473	$ 2,556,485	$ 51,130	$ 110,785	$ 59,655
14	Customer 14	28,654,716	$ 1,611,646	$ 32,233	$ 110,785	$ 78,552
15	Customer 15	14,584,182	$ 830,045	$ 16,601	$ 59,562	$ 42,961
16	Customer 16	14,112,210	$ 803,082	$ 16,062	$ 57,634	$ 41,573
17	Customer 17	92,974,228	$ 4,170,625	$ 83,412	$ 110,785	$ 27,373
18	Customer 18	18,937,567	$ 1,095,461	$ 21,909	$ 77,341	$ 55,432
19	Customer 19	194,180,961	$ 8,222,618	$ 110,785	$ 110,785	$ -
20	Customer 20	73,115,336	$ 3,170,049	$ 63,401	$ 110,785	$ 47,384
21	Customer 21	44,675,247	$ 2,427,139	$ 48,543	$ 110,785	$ 62,242
22	Customer 22	17,382,281	$ 1,004,086	$ 20,082	$ 70,989	$ 50,908
23	Customer 23	27,600,852	$ 1,758,219	$ 35,164	$ 110,785	$ 75,621
24	Customer 24	10,496,948	$ 585,848	$ 11,717	$ 42,870	$ 31,153
25	Customer 25	48,546,932	$ 2,348,703	$ 46,974	$ 110,785	$ 63,811
26	Customer 26	27,723,831	$ 1,540,589	$ 30,812	$ 110,785	$ 79,973
27	Customer 27	15,921,403	$ 872,908	$ 17,458	$ 65,023	$ 47,565
28	Customer 28	90,061,838	$ 4,832,351	$ 96,647	$ 110,785	$ 14,138
29	Customer 29	62,312,947	$ 3,300,592	$ 66,012	$ 110,785	$ 44,773
30	Customer 30	137,963,440	$ 5,901,984	$ 110,785	$ 110,785	$ -
31	Customer 31	12,376,199	$ 608,995	$ 12,180	$ 50,544	$ 38,365
32	Customer 32	10,927,830	$ 622,611	$ 12,452	$ 44,629	$ 32,177
33	Customer 33	50,596,177	$ 2,288,835	$ 45,777	$ 110,785	$ 65,008
34	Customer 34	19,498,515	$ 1,091,389	$ 21,828	$ 79,632	$ 57,804
35	Customer 35	23,303,837	$ 1,121,295	$ 22,426	$ 95,173	$ 72,747
36	Customer 36	15,186,955	$ 904,838	$ 18,097	$ 62,024	$ 43,927
37	Customer 37	22,496,728	$ 1,220,483	$ 24,410	$ 91,877	$ 67,467
38	Customer 38	62,076,714	$ 3,057,492	$ 61,150	$ 110,785	$ 49,635
39	Customer 39	17,710,004	$ 1,070,592	$ 21,412	$ 72,328	$ 50,916
40	Customer 40	47,585,800	$ 2,180,770	$ 43,615	$ 110,785	$ 67,170
41	Customer 41	60,925,401	$ 2,788,561	$ 55,771	$ 110,785	$ 55,014
42	Customer 42	37,444,698	$ 1,762,062	$ 35,241	$ 110,785	$ 75,544
43	Customer 43	12,869,145	$ 635,505	$ 12,710	$ 52,558	$ 39,847
44	Customer 44	105,511,909	$ 4,802,050	$ 96,041	$ 110,785	$ 14,744
45	Customer 45	364,325,173	$ 15,543,492	$ 110,785	$ 110,785	$ -
46	**Total**	**2,231,084,798**	**$ 106,838,483**	**$ 1,875,763**	**$ 4,086,542**	**$ 2,210,779**

(1) Customer 45 consists of six premises which are grouped together for the purpose of renewable billings cap calculations.

Southwestern Public Service Company
RPS Cost Rider
Cost Allocation and Rate Design
Second Iteration

Line No.		
1	**Recoverable Renewable Energy Costs - 2018 (Including Refund Calculation)**	**$ 19,422,640**

Total Forecasted January through December 2018 Retail Energy Sales:

	Rate Class (A)	(metered) kWh (B)	(Less) Capped Customer kWh (C)	Net kWh (D)		Rate (Line 17) (E)	Allocation and Recovery by Customer Class (F) = (E) x (D)
2	Residential	1,090,916,091		1,090,916,091	x	$ 0.004609	$ 5,028,032
3	Small General Service	156,003,606		156,003,606	x	$ 0.004609	$ 719,021
4	Secondary General Service and Irrigation Power Service	774,647,324	(8,939,735)	765,707,590	x	$ 0.004609	$ 3,529,146
5	Primary General Service	1,381,381,111	(93,587,308)	1,287,793,802	x	$ 0.004609	$ 5,935,442
6	Large General Service -- Transmission	1,836,421,835	(1,079,435,499)	756,986,336	x	$ 0.004609	$ 3,488,950
7	Total C&I	3,992,450,269		2,810,487,728			$ 12,953,538
8	Small Municipal & School	12,122,327		12,122,327	x	$ 0.004609	$ 55,872
9	Large Municipal & School	116,123,530		116,123,530	x	$ 0.004609	$ 535,213
10	Total Public Authority	128,245,857		128,245,857			$ 591,085
11	Street and Area Lighting	28,451,270		28,451,270	x	$ 0.004609	$ 131,132
12	Gross Total	5,396,067,094		4,214,104,552			$ 19,422,808
13	Less Capped Secondary General Service kWh	(8,939,735)					
14	Less Capped Primary General Service kWh	(93,587,308)					
15	Less Capped Lg. Gen. Svc. Trnsmsn. kWh	(1,079,435,499)					
16							
17	Net Total	4,214,104,552					

		Unit Cost $ per kWh
18	At Uniform Metered Rate (Line 1/ Line 16)	**$ 0.004609**

Southwestern Public Service Company
Reasonable Cost Threshold Analysis
For the Plan Year and Next Plan Year

Line No.	Description	2018	2019
1	**Available Revenue**		
2	Base Rate and FPPCAC Revenue (Present Base Rates/Projected FPPCAC Rates * Projected Billing Determinants)	$ 353,816,534	$ 358,348,697
3	Energy Efficiency Rider Revenues (3.2% * Base Rate Revenues, Less Revenues Above Cap)	10,438,490	10,517,026
4	Less Total Qualifying Large Customer Base and EE Revenue (RMS-3, Appendix A, Pages 4 and 5, L42)	106,838,483	106,838,483
5	Plan Year Total Revenues, Excluding Qualifying Large Customers (L2 + L3 - L4)	$ 257,416,541	$ 262,027,240
6	RCT Percentage	3.00%	3.00%
7	Non-capped Customer Revenue Available for Renewables (L5 * L6)	$ 7,722,496	$ 7,860,817
8	Plus Qualifying Large Customer Renewable Billings (RMS-3, Appendix A, Pages 4 and 5, L42)	1,875,763	1,880,689
9	Total RCT (L7+L8)	$ 9,598,259	$ 9,741,506
10			
11	**Revenue Requirement**		
12	Proposed Annual Revenue Requirement (Attachment RMS-4, Column B, Line 20)	$ 19,422,640	$ 17,344,739
13			
14	**RCT Calculation**		
15	Over/(Under) RCT ($) (L12 - L9)	$ 9,824,381	$ 7,603,233
16	Projected RCT Percent (L12 /(L5+L8))	7.49%	6.57%

Southwestern Public Service Company
Bill Impact Presentation - Current Base Rates
For the 2018 RPS Rider

Residential Service

	Annualized Monthly Bill		Bill Change	
	Bills Including 2017 RPS Rider	Bills Including Proposed 2018 RPS Rider	Proposed $ Change	Proposed % Change
Consumption Level	Present	2018	2018	2018
0 kWh	$ 8.77	$ 8.77	$ -	0.00%
250 kWh	$ 33.32	$ 33.54	$ 0.22	0.66%
500 kWh	$ 57.87	$ 58.31	$ 0.44	0.76%
750 kWh	$ 82.44	$ 83.09	$ 0.65	0.79%
1000 kWh	$ 106.99	$ 107.85	$ 0.86	0.80%
2000 kWh	$ 205.19	$ 206.93	$ 1.74	0.85%

Residential Heating Service

	Annualized Monthly Bill		Bill Change	
	Bills Including 2017 RPS Rider	Bills Including Proposed 2018 RPS Rider	Proposed $ Change	Proposed % Change
Consumption Level	Present	2018	2018	2018
0 kWh	$ 8.77	$ 8.77	$ -	0.00%
250 kWh	$ 30.84	$ 31.05	$ 0.21	0.68%
500 kWh	$ 52.91	$ 53.34	$ 0.43	0.81%
750 kWh	$ 75.00	$ 75.65	$ 0.65	0.87%
1000 kWh	$ 97.06	$ 97.93	$ 0.87	0.90%
2000 kWh	$ 185.35	$ 187.08	$ 1.73	0.93%

Secondary General Service

	Annualized Monthly Bill		Bill Change	
	Bills Including 2017 RPS Rider	Bills Including Proposed 2018 RPS Rider	Proposed $ Change	Proposed % Change
Consumption Level	Present	2018	2018	2018
0 kW; 5000 kWh	$ 207.71	$ 212.05	$ 4.34	2.09%
10 kW; 7500 kWh	$ 452.28	$ 458.78	$ 6.50	1.44%
15 kW; 10000 kWh	$ 619.84	$ 628.51	$ 8.67	1.40%
20 kW; 12500 kWh	$ 787.40	$ 798.23	$ 10.83	1.38%
30 kW; 15000 kWh	$ 1,031.99	$ 1,044.99	$ 13.00	1.26%
50 kW; 20000 kWh	$ 1,521.14	$ 1,538.48	$ 17.34	1.14%

Primary General Service

	Annualized Monthly Bill		Bill Change	
	Bills Including 2017 RPS Rider	Bills Including Proposed 2018 RPS Rider	Proposed $ Change	Proposed % Change
Consumption Level	Present	2018	2018	2018
0 kW; 7500 kWh	$ 335.70	$ 342.20	$ 6.50	1.94%
10 kW; 10000 kWh	$ 558.18	$ 566.85	$ 8.67	1.55%
15 kW; 12500 kWh	$ 711.28	$ 722.11	$ 10.83	1.52%
20 kW; 15000 kWh	$ 864.36	$ 877.37	$ 13.01	1.51%
30 kW; 17500 kWh	$ 1,086.86	$ 1,102.03	$ 15.17	1.40%
50 kW; 20000 kWh	$ 1,448.14	$ 1,465.48	$ 17.34	1.20%

Large General Service Transmission (69 kV)

	Annualized Monthly Bill		Bill Change	
	Bills Including 2017 RPS Rider	Bills Including Proposed 2018 RPS Rider	Proposed $ Change	Proposed % Change
Consumption Level	Present	2018	2018	2018
1000 kW; 500000 kWh	$ 27,439.08	$ 27,872.53	$ 433.45	1.58%
2000 kW; 1000000 kWh	$ 53,398.71	$ 54,265.59	$ 866.88	1.62%
3000 kW; 1500000 kWh	$ 79,358.32	$ 80,658.64	$ 1,300.32	1.64%
4000 kW; 2000000 kWh	$ 105,317.94	$ 107,051.70	$ 1,733.76	1.65%
5000 kW; 2500000 kWh	$ 131,277.56	$ 133,444.76	$ 2,167.20	1.65%
6000 kW; 3500000 kWh	$ 173,788.39	$ 176,822.47	$ 3,034.08	1.75%

SOUTHWESTERN PUBLIC SERVICE COMPANY

FOURTH REVISED RATE NO. 70 X
CANCELING THIRD REVISED RATE NO. 70 X

RPS COST RIDER

Tariff No. 7204.4 X

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

TERRITORY: Area served by Company in New Mexico.

RATE: The rate is applied to each kWh used per month to each customer class listed below.

CUSTOMER CLASS:	**$/kWh**	
Residential Service, Residential Heating Service, Small General Service, Small Municipal and School Service, Municipal Street Lighting Service, Area Lighting Service	$0.004609	X
Secondary General Service, Irrigation Power Service, Large Municipal and School Service	$0.004609	X
Primary General Service	$0.004609	X
Large General Service – Transmission	$0.004609	X

Renewable energy costs recovered through this rider are approved for recovery by the Commission. Company will reconcile costs previously approved for recovery through this Rider. Over-recovery of previously approved renewable energy costs will represent a credit to and reduction of approved renewable energy costs recoverable over a future period, and under-recovery of previously approved renewable energy costs will represent a charge in addition to approved renewable energy costs recoverable over a future period.

STATUTORY CAP ON BILLING: 17.9.572.7 (M) NMAC limits billings for the additional costs of the renewable portfolio to two percent of a customer's bill or $99,000 per calendar year, adjusted for the cumulative increase change in the Consumer Price Index - Urban in years after 2011, exclusive of gross receipts taxes and franchise fees. "Customer", as defined in 17.9.572.7 (M) NMAC and as used in this Rate, means a non-governmental customer at a single location or facility, regardless of the number of meters, with consumption exceeding 10 million kWh per year.

270 X

Advice Notice No.

DIRECTOR - REGULATORY AND PRICING ANALYSIS