

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY’S SUBMITTAL)
OF ENERGY EFFICIENCY POTENTIAL)
STUDY PURSUANT TO FINAL ORDER IN)
CASE NO. 19-00140-UT AND)
CORRESPONDING REQUESTS FOR) CASE NO. 21-_____-UT
APPROVAL,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT)**

DIRECT TESTIMONY

of

JUSTIN H. ADAMS

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	New Mexico Public Regulation Commission
EE	Energy Efficiency
EE/LM	Energy Efficiency and Load Management
EE Potential Study	Energy Efficiency Study
EE Rider	Energy Efficiency Rider
EE Rule	Energy Efficiency Rule, 17.7.2 NMAC
EUEA	Efficient Use of Energy Act
GWh	Gigawatt-hour
kWh	kilowatt-hour
PY	Plan Year
SPS	Southwestern Public Service Company, a New Mexico corporation
2019 Triennial Plan or Triennial	SPS's 2020, 2021, and 2022 Energy Efficiency Plan
Xcel Energy	Xcel Energy Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
JHA-1	2022 EE Plan Budget and Revenue Requirement Calculation
JHA-2	Calculation of 2022 Energy Efficiency Rider Rate
JHA-3	Calculation of Customer Bill Impacts by Rate Class for 2022
JHA-4	Proposed 2022 EE Tariff Rider
JHA-5(USB)	Workpapers <i>(provided on USB only)</i>

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of
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1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Justin H. Adams. My business address is 790 South Buchanan Street,
4 Amarillo, Texas 79101.

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

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

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

10 A. I am employed by SPS as Pricing Analyst.

11 **Q. Please briefly outline your responsibilities as Pricing Analyst.**

12 A. My primary responsibilities include the development of new rate design proposals
13 and modifications to existing rate structures to comply with regulatory
14 requirements in SPS’s New Mexico and Texas retail jurisdictions.

15 **Q. Please describe your educational background.**

16 A. I graduated from West Texas A&M University in 2013 with a Bachelor of
17 Business Administration degree in Finance.

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1 **Q. Please describe your professional experience.**

2 A. I began my professional career in 2013 as a Petroleum Landman at McAfee Land
3 Management. While at McAfee, I coordinated the rollout and development of
4 leasehold acquisition prospects for our clients around the Anadarko Basin and
5 surrounding areas. I was also directly involved with the title analysis, title
6 curative, and drafting of legal documents for the aforementioned prospects. In
7 2015, I began working for Xcel Energy under a professional services contract as a
8 consultant in SPS's Project Management Office. In 2017, I transitioned to the
9 role of Project Controls Specialist III at SPS. In December 2020, I accepted my
10 current position as Pricing Analyst with SPS.

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1 to recover an estimated \$14,534,799 of program costs for PY 2022, through its
2 PY 2022 EE Rider. For an average SPS residential customer (with consumption
3 of 900 kWh per month), the recovery of this amount equals an approximate
4 increase of \$3.54 per month on an annualized basis.

5 In addition to the program funding level to be recovered through the EE
6 Rider, as discussed by Mr. Schoenheider, the Commission should authorize SPS
7 to recover an incentive based on the actual costs incurred by SPS for its EE
8 programs and actual savings achieved under SPS's approved programs for the
9 2019 Triennial Plan. The maximum PY 2022 incentive that can be earned is
10 \$1,052,319, which would have an estimated incremental impact on the EE Rider
11 (above the 3.797% funding level) of 0.275%. However, for purposes of the EE
12 Rider, SPS models its incentive at the base incentive amount of \$857,553. SPS
13 models its incentive to be collected through its EE Rider at the base amount
14 because the base goal is more conservative, and it would be inappropriate to
15 assume SPS will meet the maximum goal. As discussed later in this testimony,
16 the factor to calculate the PY 2021 and PY 2022 incentive is also adjusted for
17 over-collected PY 2019 and under-collected PY 2020 incentives, which result in

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1 an estimated incremental total impact (above the 3.797% funding level) of
2 0.346%.

3 Finally, SPS is requesting recovery, through the PY 2022 EE Rider, of
4 \$250,000 of the total actual cost of the EE Potential Study. In accordance with
5 the Certification of Stipulation in Case No. 19-00140-UT,² SPS completed the EE
6 Potential Study to evaluate its ability to meet the EUEA's full 2025 energy
7 savings requirement. The estimated cost of this study was \$500,000. The
8 Certification of Stipulation called for SPS to collect 50% of the estimated cost in
9 PY 2021 and the remaining 50% in PY 2022. However, because SPS did not
10 update its rider in PY 2020 to account for PY 2022 changes, SPS is proposing to
11 recover \$250,000 through its PY 2022 EE Rider and the remaining actual cost of
12 the EE Potential Study in its 2023 EE Rider (actual cost - \$250,000). Adding
13 \$250,000 to the revenue requirement will have an estimated incremental impact
14 on the EE Rider (above the 3.797% funding level) of 0.065% for a total proposed

² *In the Matter of Southwestern Public Service Company's Triennial Energy Efficiency Plan Application Requesting Approval of: (1) SPS's 2020-2022 Energy Efficiency Plan and Associated Programs; (2) a Financial Incentive for Plan Year 2020; (3) Recovery of the Costs Associated with a Potential Energy Efficiency Study Over a Two-Year Time Period; and (4) Continuation of SPS's Energy Efficiency Tariff Rider to Recover its Annual Program Costs and Incentives, Case No. 19-00140-UT, Certification of Stipulation (Jan. 27, 2020) at 41-44, approved by Final Order (Feb. 19, 2020).*

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1 EE Rider in 2022 of 4.208% (i.e., 3.797% for program funding, 0.346% for base
2 incentives, and 0.065% for \$250,000 of the total cost of the EE Potential Study).

3 **Q. Were Attachments JHA-1 through JHA-5(USB) prepared by you or under**
4 **your direct supervision?**

5 A. Yes.

1 **III. SPS’S ENERGY SAVINGS GOAL UNDER THE AMENDED EUEA**
2 **AND REVISED ENERGY SAVINGS TARGET FOR PY 2022**

3 **Q. What are the EUEA’s general requirements for public utilities?**

4 A. The EUEA, as amended in 2019, requires public utilities to achieve savings of not
5 less than 5% of 2020 total retail kWh sales to New Mexico customer classes that
6 have the opportunity to participate in 2025 as a result of energy efficiency and
7 load management (“EE/LM”) programs implemented in 2021 through 2025.

8 **Q. What is SPS’s 2025 savings requirement under the EUEA’s 2019**
9 **amendment?**

10 A. In 2020, SPS’s total retail kWh sales to New Mexico customers for purposes of
11 calculating the EUEA’s energy savings goal were approximately 7,262 gigawatt-
12 hours (“GWh”).³ Thus, SPS’s minimum cumulative energy savings goal for the
13 period of 2021 through 2025 is approximately 363 GWh—i.e., 5% of SPS’s 2020
14 retail sales. To achieve this goal, SPS would need average annual savings of
15 roughly 1% of SPS’s 2020 total retail kWh sales or 72.62 GWh.

16 **Q. Does SPS expect to meet this goal?**

17 A. No. Based on the EE Potential Study, SPS has concluded that the EUEA’s
18 minimum energy savings requirement for 2025 is not achievable with the EE/LM

³ One GWh is equal to one million kWh.

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1 resources available to SPS. Therefore, as discussed by Mr. Schoenheider, SPS is
2 proposing a revised energy savings goal consistent with the findings of the EE
3 Potential Study.

4 **Q. Is SPS proposing to adjust the 2020 retail sales used to determine the**
5 **EUEA's 2025 energy savings requirement?**

6 A. Yes. As noted below, the EUEA caps SPS's recovery of funding for EE programs
7 from a single customer at \$75,000. As a result, SPS is proposing to adjust its
8 2020 retail sales used to determine the EUEA's energy savings goal to include
9 only those sales for which SPS collected revenues to fund its EE programs and
10 eliminate kWh associated with customers with kWh in excess of the EUEA's
11 \$75,000 per customer cost cap. This adjustment results in the removal of 1,866
12 GWh in sales from capped customers in 2020. Mr. Schoenheider discusses the
13 reasonableness of SPS's proposed adjustment.

14 **Q. What is SPS's proposed energy savings goal after accounting for the**
15 **adjustment to 2020 kWh retail sales?**

16 A. Table JHA-1 (next page) provides SPS's EUEA savings goal before and after the
17 proposed adjustment, as well as the average annual savings necessary to achieve
18 the goal.

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1

Table JHA-1

	2020 Retail Sales (kWh)	2020 Retail Sales (GWh)	5% of 2020 Retail Sales (GWh)	Annual Trajectory (GWh)
Unadjusted EUEA Savings Goal	7,261,545,248	7,262	363.077	72.615
Adjusted EUEA Savings Goal Proposed by SPS	5,395,377,041	5,395	269.769	53.95
Adjustment	1,866,168,207	1,867	93.308	18.665

2 **Q. What is SPS’s savings target for PY 2022?**

3 A. SPS’s savings target for PY 2022, as approved in the 2019 Triennial Plan, is
 4 40.052 GWh. As discussed by Mr. Schoenheider, SPS is requesting a revised PY
 5 2022 energy savings target of 56.492 GWh.

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1 **Q. Please identify the tariff schedules to which the PY 2022 EE Rider is applied.**

2 A. The PY 2022 EE Rider will be applied to all SPS's New Mexico retail rate
3 schedules. This is appropriate because all customers have the opportunity to
4 participate in SPS's EE programs.

5 **B. Program and Administrative Costs**

6 **Q. What amount of EE program and administrative costs is SPS proposing to**
7 **recover through its 2022 EE Rider?**

8 A. SPS proposes to recover \$14,534,799 in program expenses, which is SPS's
9 requested PY 2022 Commission-authorized funding level, adjusted to reflect the
10 reconciliation of PY 2020 over-collections equaling \$1,727,016, per the EE Rule
11 (*i.e.*, the PY 2022 program and administrative cost budget).

12 **Q. How did SPS determine the amount for program cost recovery?**

13 A. In determining the requested recovery for PY 2022, SPS followed EUEA
14 § 62-17-6(A)(1), which states: "Funding for program costs shall be as follows: (1)
15 for investor-owned electric utilities, no less than 3% and no more than 5% of
16 customer bills, excluding gross receipts taxes and franchise and right-of-way
17 access fees, or seventy-five thousand dollars (\$75,000) per customer per calendar
18 year, whichever is less, for customer classes with the opportunity to participate."

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1 Consistent with the requirements above, and as shown in Attachment

2 JHA-1, page 1, SPS:

- 3 1. Determined its 2020 revenues at present rates (as approved by the
4 Commission in Case No. 19-00170-UT⁴) by multiplying present rates
5 by the 2020 actual billing determinants, exclusive of gross receipts and
6 franchise fees. The result was \$460.1 million (line 7).
- 7 2. SPS then removed approximately \$77.3 million to account for large
8 customer EE billings over \$75,000 a year (line 8). This resulted in
9 estimated 2020 post-cap revenues of \$382.8 million (line 9).
- 10 3. SPS multiplied the net result of approximately \$382.8 million by
11 3.340% to arrive at the funding level before adjustments. The
12 resulting amount is \$12,788,326 (line 10). SPS then added \$1,727,016
13 to the funding level (line 11) to account for the total Commission-
14 approved 2020 reconciling adjustments and \$19,457 in interest,
15 resulting in a requested budget of \$14,534,799, 3.797% of revenue
16 subject to Energy Efficiency (line 14). This amount does not include
17 the PYs 2021 and 2022 incentive as authorized in Section II.D.6 of the
18 Certification of Stipulation in Case No. 19-00140-UT.

19 **C. Recovery of PYs 2021 and 2022 Financial Incentive**

20 **Q. Does SPS propose to recover the stipulated incentive for PYs 2021 and 2022**
21 **through the PY 2022 EE Rider?**

22 A. Yes. Recovery of any approved financial incentive will be in addition to the
23 funding level authorized under Section 62-17-6(A) of the EUEA.

⁴ *In the Matter of Southwestern Public Service Company's Application for: (1) Revision of its Retail Electric Rates Under Advice Notice No. 282; (2) Authorization and Approval to Shorten the Service Life and Abandon its Tolk Generating Station Units; and (3) Other Related Relief, Case No. 19-00170-UT, Final Order Adopting Certification of Stipulation (May 20, 2020).*

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1 **Q. What impact would the recovery of the PYs 2021 and 2022 incentive have on**
2 **customers' bills?**

3 A. The total bill impact would be 0.346% for the proposed incentive amount adjusted
4 for the PY 2019 over-collection and PY 2020 under-collection of prior incentives.
5 (Attachment JHA-2, line 5).

6 **Q. If the Commission authorizes SPS to recover an incentive through its EE**
7 **Rider based on actual savings achieved and actual spending, could actual**
8 **recovery differ from the approved incentive amount?**

9 A. Yes. The amount that is actually collected is expected to deviate from the amount
10 approved because the amount collected will be based on actual sales. As an
11 example, at \$1,324,465 (calculated by Mr. Schoenheider), the net incentive for
12 PYs 2021 and 2022 is estimated to have a 0.346% impact on customer bills;
13 however, actual recovery of 0.346% will not equal exactly \$1,324,465 (*i.e.*, actual
14 recovery will be greater or less than \$1,324,465 based on actual customer sales
15 because actual sales will differ from the \$382,832,089 applied in determining the
16 rate).

1 **D. PY 2022 EE Rider Bill Impacts**

2 **Q. What is the percentage of PY 2022 EE Plan costs to applicable revenues?**

3 A. Consistent with EUEA § 62-17-6(A)(1), the funding level for the PY 2022 EE
4 Plan equates to 3.797% of billed revenue under SPS's current rates, excluding
5 gross receipts tax and franchise fees.

6 **Q. What impact will recovery of the adjusted funding level in the 2022 EE Rider
7 have on an average residential customer's monthly bill of 900 kWh?**

8 A. At the adjusted funding level, excluding gross receipts tax and franchise fees,
9 charges under the 2022 EE Rider would add approximately \$3.54 to a 900-kWh
10 year-round average monthly residential customer's bill. Attachment JHA-3
11 includes bill impact estimates of different levels of usage for residential and other
12 customer classes. Attachment JHA-3 also reflects the inclusion of \$250,000 of
13 the EE Potential Study's cost and PY 2021 and PY 2022 calculated base incentive
14 using the approved mechanism in the EE Rider.

15 **Q. What impact will recovery of the approved incentive through the PY 2022
16 EE Rider have on an average residential customer's monthly bill of 900
17 kWh?**

18 A. The incentive for PYs 2021 and 2022 is estimated to have a 0.346% impact on
19 customer bills (Attachment JHA-2, line 5). For a 900-kWh year-round average
20 monthly residential customer's bill, this would add approximately \$0.32.

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1 **Q. What impact will recovery of \$250,000 of the EE Potential Study’s costs**
2 **through the PY 2022 EE Rider have on an average residential customer’s**
3 **monthly bill of 900 kWh?**

4 A. The included portion of the EE Potential Study’s cost is estimated to have a
5 0.065% impact on customer bills (Attachment JHA-2, line 8). For a 900-kWh
6 year-round average monthly residential customer’s bill, this would add
7 approximately \$0.06.

8 **Q. Is there a maximum amount that can be billed to individual customers for**
9 **program costs under the PY 2022 EE Rider?**

10 A. Yes. EUEA § 62-17-6(A)(1) establishes funding for program costs for investor-
11 owned electric utilities at 3-5% of customer bills or \$75,000 per year, whichever
12 is less. The EUEA defines a customer as “a utility customer at a single,
13 contiguous field, location or facility, regardless of the number of meters at that
14 field, location or facility.” (Section 62-17-4(D)).

15 **Q. What customers can potentially exceed \$75,000 in annual billings under the**
16 **EE Rider?**

17 A. Based on current rates and SPS’s specific customer demographics, only a small
18 number of customers exceeded the \$75,000 annual cap; there were 18 such
19 customers in 2020, representing approximately 3,009 GWh, approximately 41%

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1 of SPS New Mexico energy use. These customers generally fall into the Large
 2 General Service Transmission or Primary General Service customer class.

3 **Q. Has SPS developed a representative customer impact analysis?**

4 A. Yes. Table JHA-2 shows how the proposed PY 2022 EE Rider will impact
 5 representative customers in each rate class. The monthly bill is based on SPS's
 6 present rates. In addition, please refer to Attachment JHA-3, which provides a
 7 more detailed customer impact analysis of the proposed PY 2022 EE Rider rate
 8 versus the 2020 EE Rider rate currently included on customer bills.

9 **Table JHA-2: Average Customer Impact by Rate Schedule**

Rate Schedule	Monthly Bill excluding EE Rider	Monthly EE Rider Charge - 2022 Program Only	Monthly EE Rider Charge as % of Bill 2022 Program Only	Monthly EE Rider Charge - 2022 Incentive	Monthly EE Rider Charge as % of Bill - 2022 Incentive	Monthly EE Rider Charge - 2022 EE Potential Study	Monthly EE Rider Charge as % of Bill - 2022 EE Potential Study	Total Monthly EE Rider Charge	Total Monthly EE Rider Charge as % of Bill
Residential Service -- 900 kWh	\$93.32	\$3.54	3.797%	\$0.32	0.346%	\$0.07	0.065%	\$3.93	4.208%
Small General Service -- 1,500 kWh	\$130.28	\$4.95	3.797%	\$0.45	0.346%	\$0.08	0.065%	\$5.48	4.208%
Secondary General Service -- 50 kW; 20,000 kWh	\$1,460.73	\$55.46	3.797%	\$5.05	0.346%	\$0.95	0.065%	\$61.47	4.208%
Primary General Service -- 100 kW; 30,000 kWh	\$2,402.60	\$91.23	3.797%	\$8.31	0.346%	\$1.56	0.065%	\$101.10	4.208%
Large General Service Transmission -- 4,000 kW; 800,000 kWh	\$64,406.80	\$2,445.53	3.797%	\$222.85	0.346%	\$41.86	0.065%	\$2,710.24	4.208%

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1 **Q. When will the 2022 EE Rider be implemented?**

2 A. As noted above, the 2022 EE Rider will be implemented upon issuance and in
3 conformity with an order by the Commission approving proposed modifications
4 to the 2022 Plan, but no earlier than January 1, 2022.

5 **Q. How does the amount being collected currently in the PY 2021 EE Rider
6 compare to the amount requested for recovery of the PY 2022 EE Rider?**

7 A. At 4.208% of customer bills, the proposed PY 2022 EE Rider is 0.091% more
8 than the current 3.117% EE Rider, as shown on Attachment JHA-3.

9 **E. SPS's Compliance with other EUEA Requirements for the EE**
10 **Rider**

11 **Q. Are there other requirements related to tariff riders under the EUEA and**
12 **EE Rule?**

13 A. Yes. Section 62-17-6(C) of the EUEA and 17.7.2.13(C)(2) NMAC require tariff
14 riders, unless otherwise ordered by the Commission, to include a message on
15 customer bills explaining program benefits of EE programs. SPS proposes to
16 include the following message on all customer bills to address this requirement:

17 Energy Efficiency programs result in cost savings and benefit the
18 environment. For every \$1.00 spent on energy efficiency
19 programs, customers save nearly double that amount over time on
20 the cost of providing electricity. Customers who participate in
21 programs will save even more. Learn more about these programs
22 and rebates that may be available to you at www.xcelenergy.com.

23 SPS has used this same language in several prior energy efficiency filings.

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1 **F. Advice Notice**

2 **Q. Is SPS filing an advice notice with its application?**

3 A. Yes. Consistent with 17.7.2.13(C)(3) NMAC, SPS has filed an advice notice
4 concurrently with its application, which requires the Commission to act on SPS's
5 advice notice within 30 days of filing, unless suspended for not more than 180
6 days. In accordance with the EE Rule, SPS has served all individuals and entities
7 required by 17.1.210.11 NMAC. The proposed tariff is included as Attachment
8 JHA-4 to my direct testimony and Advice Notice No. 299 has been provided as
9 Exhibit B to the Application.

1 **V. SPS'S PROPOSED ANNUAL RECONCILIATION PROCESSES**
2 **ARE CONSISTENT WITH THE EUEA, EE RULE, AND**
3 **OTHER RIDER RECONCILIATIONS**

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

5 A. I discuss SPS's plan to implement an annual reconciliation process. The
6 reconciliation processes proposed by SPS involves the annual reconciliation of
7 annual collections and expenditures. The reconciliation concerns prior actual
8 expenditures and collections through the EE Rider.

9 **A. Annual Budget Reconciliation Process**

10 **Q. How are Plan Year overage and underage defined?**

11 A. The EE Rule (17.7.2.7(H) and (I) NMAC) defines "plan year overage" and "plan
12 year underage" as follows:

13 **Plan year overage** means the public utility's actual prior plan
14 year expenditures that exceeded the same plan year's actual
15 collections; and

16 **Plan year underage** means the public utility's actual prior plan
17 year collections that exceeded the same plan year's actual
18 expenditures.

19 **Q. What does the EE Rule require in relation to a plan year overage or**
20 **underage?**

21 A. The EE Rule (17.7.2.8(D) and (E) NMAC) requires the following, respectively:

22 **D.** The public utility's application shall calculate and provide the
23 difference between its actual prior plan year expenditures for

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1 measures and programs and the same plan year's applicable
2 funding required by statute. At the end of each plan year, the
3 public utility shall calculate the following applicable values:

- 4 (1) any plan year overage; or
5 (2) any plan year underage; and

6 **E.** In each plan year, a public utility shall make its best efforts to
7 expend its applicable plan funding as calculated in Subsection C
8 of 17.7.2.8 NMAC . . . subtracting any applicable prior plan year
9 overage or adding any applicable prior plan year underage....

10 Thus, consistent with the EE Rule requirement, a reconciliation of SPS's
11 collections compared to actual expenditures is necessary.

12 **Q. Did SPS incur an overage or underage subject to reconciliation?**

13 A. Yes, as I discuss earlier in my testimony, a reconciliation of PY 2020 over-
14 collections of \$1,727,016 are included in the budget per the EE Rule. This
15 reconciling item is included in Attachment JHA-1, page 1.

16 **B. Annual Funding/Expenditures Collection Reconciliation Process**

17 **Q. Please describe SPS's proposed over- or under-collection reconciliation**
18 **process.**

19 A. SPS proposes an annual reconciliation, which is nearly identical to the
20 Commission-approved process for reconciliation of SPS's annual renewable
21 portfolio standard rider. In each annual EE Plan proceeding, SPS would present
22 the reconciliation of its EE Rider for the same time period as the EE Report. The

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1 reconciliation would flow through the EE Rider authorized by the Commission

2 for the EE Plan following the prior year's reconciliation.

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

4 A. Yes.

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**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
SUBMITTAL OF ENERGY)
EFFICIENCY POTENTIAL STUDY)
PURSUANT TO FINAL ORDER IN) CASE NO. 21-_____-UT
CASE NO. 19-00140-UT AND)
CORRESPONDING REQUESTS FOR)
APPROVAL,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT)**

VERIFICATION

On this day, July 15, 2021, I, Justin H. Adams, swear and affirm under penalty of perjury under the law of the State of New Mexico, that my testimony contained in Direct Testimony of Justin H. Adams is true and correct.

/s/ Justin H. Adams
JUSTIN H. ADAMS

Southwestern Public Service Company

EE Program Budget Calculation
For PY 2022

Line No.	Description	Amount	Notes
1	<u>1. Reconcile Collections Versus Spending (\$62.176(A))</u>		
	<i>2020 Collections vs. Spending</i>		
2	2020 Program Revenue (Collections)	\$ 11,242,073	
3	Less: 2020 Actual Program Spending	\$ 9,515,057	
4	2020 Overcollection (L2-L3)	\$ 1,727,016	
5	1 Year Amortization (L4)	\$ 1,727,016	Per 17.7.2.8(A) NMAC
6	<u>2. Budget Calculation (3.797% of Revenue Subject to Energy Efficiency)</u>		
7	2020 Total Revenue	\$ 460,102,410	
8	Less: Revenue in Excess of Large Customer Cap	\$ (77,270,321)	
9	Revenue Subject to Energy Efficiency (L7+L8)	\$ 382,832,089	
10	Budget Before Adjustments	\$ 12,788,326	
11	Plus: Total Adjustments (L5)	\$ 1,727,016	
12	2022 Energy Efficiency Budget, before Interest (L10+L11)	\$ 14,515,342	
13	Plus: Interest (1.67%/12*Avg. Monthly Balance)	\$ 19,457	At Annual Customer Deposit Rate
14	Total Budget (L12 + L13)	\$ 14,534,799	
16	Calculated Budget % of Revenue	3.797%	

Southwestern Public Service Company

EE Revenue Requirement Calculation
For PY 2022

Line No.	Description	Amount	Notes
1	Program Budget		
2	2022 Energy Efficiency Program Budget	\$ 14,534,799	Attachment JHA-1, pg 1, Line 14
3	Incentive		
4	2019 Over-Collection of Earned Incentive	\$ (224,192)	Schoenheider Incentive Calc
5	2019 Over-Collection of Interest	\$ (1,061)	Per Utility Accounting
6	2020 Under-Collection of Earned Incentive	\$ 66,338	Schoenheider Incentive Calc
7	2020 Over-Collection of Interest	\$ (2,758)	Per Utility Accounting
8	2021 Base Incentive	\$ 628,586	Per Stipulation at 36
9	2022 Base Incentive	\$ 857,553	Schoenheider Direct, Attachment MRS-7
10	Total Reconciled Incentive	\$ 1,324,465	
11	Potential Study		
12	50% of Estimated Cost Collected in 2022	\$ 250,000	
13	Total Revenue Requirement		
14	Program Budget (L2)	\$ 14,534,799	
15	Incentive (L9)	\$ 1,324,465	
16	Potential Study (L11)	\$ 250,000	
17	Total Revenue Requirement (L13+L14+L15)	\$ 16,109,264	

Southwestern Public Service Company

EE Rider - Percent of Bill Calculations
For the 2022 EE Rider

Line No.	Description	Amount	Notes
Calculation of Financial Incentive as a Percent of Bill			
1	2022 Program Budget	\$ 14,534,799	Attachment JHA-1 pg 1, Line 10
2	Calculated 3.797% Program Funding Level	3.797%	
3	Revenue Attributed to EE, Net of Caps	\$ 382,832,089	Line 1 / Line 2
4	Total Reconciled Incentive	\$ 1,324,465	Attachment JHA-1 pg 2, Line 10
5	Financial Incentive as a Percent of Bill	0.346%	Line 4 / Line 3
6	Revenue Attributed to EE, Net of Caps	\$ 382,832,089	Line 1 / Line 2
7	Proposed 2022 Potential Study	\$ 250,000	50% of Total Estimated Cost
8	Potential Study as a Percent of Bill	0.065%	Line 7 / Line 6
Summary of 2022 Rider Rate Calculation			
9	2022 Program Funding Percent of Bill	3.797%	Line 2
10	2022 Financial Incentive Percent of Bill	0.346%	Line 5
11	2022 Potential Study Percent of Bill	0.065%	Line 8
12	2022 Rider Rate as a Percent of Bill	4.208%	

**Southwestern Public Service Company
Bill Comparison by Rate Class and Consumption**

Line No.

1 Residential Service

	Annualized Monthly Bill		Bill Change	
	Including 2020 EE Rate (3.117%)	2022 EE Rate (4.208%)	Proposed \$ Change	Proposed % Change
Consumption Level	Present	2022	2022	2022
0 kWh	\$ 9.90	\$ 10.00	\$ 0.10	1.01%
250 kWh	\$ 33.88	\$ 34.24	\$ 0.36	1.06%
500 kWh	\$ 57.86	\$ 58.47	\$ 0.61	1.05%
750 kWh	\$ 81.84	\$ 82.71	\$ 0.87	1.06%
900 kWh	\$ 96.23	\$ 97.25	\$ 1.02	1.06%
1000 kWh	\$ 105.82	\$ 106.94	\$ 1.12	1.06%
2000 kWh	\$ 201.75	\$ 203.88	\$ 2.13	1.06%

12 Small General Service

	Annualized Monthly Bill		Bill Change	
	Including 2020 EE Rate (3.117%)	2022 EE Rate (4.208%)	Proposed \$ Change	Proposed % Change
Consumption Level	Present	2022	2022	2022
0 kWh	\$ 15.78	\$ 15.94	\$ 0.16	1.01%
250 kWh	\$ 35.54	\$ 35.91	\$ 0.37	1.04%
500 kWh	\$ 55.30	\$ 55.88	\$ 0.58	1.05%
750 kWh	\$ 75.06	\$ 75.85	\$ 0.79	1.05%
1000 kWh	\$ 94.82	\$ 95.82	\$ 1.00	1.05%
2000 kWh	\$ 173.86	\$ 175.70	\$ 1.84	1.06%

22 Secondary General Service

	Annualized Monthly Bill		Bill Change	
	Including 2020 EE Rate (3.117%)	2022 EE Rate (4.208%)	Proposed \$ Change	Proposed % Change
Consumption Level	Present	2022	2022	2022
1,500 kWh and 12 kW	\$ 288.53	\$ 291.59	\$ 3.06	1.06%
7,500 kWh and 35 kW	\$ 872.90	\$ 882.13	\$ 9.23	1.06%
15,000 kWh and 35 kW	\$ 1,093.23	\$ 1,104.80	\$ 11.57	1.06%
30,000 kWh and 100 kW	\$ 2,687.19	\$ 2,715.63	\$ 28.44	1.06%

**Southwestern Public Service Company
Bill Comparison by Rate Class and Consumption**

Line No.

30 Primary General Service

	Annualized Monthly Bill		Bill Change	
	Including 2020 EE Rate (3.117%)	2022 EE Rate (4.208%)	Proposed \$ Change	Proposed % Change
Consumption Level	Present	2022	2022	2022
1,500 kWh and 12 kW	\$ 278.39	\$ 281.33	\$ 2.94	1.06%
7,500 kWh and 35 kW	\$ 817.62	\$ 826.28	\$ 8.66	1.06%
15,000 kWh and 35 kW	\$ 1,001.52	\$ 1,012.12	\$ 10.60	1.06%
30,000 kWh and 100 kW	\$ 2,477.49	\$ 2,503.70	\$ 26.21	1.06%

38 Large General Service Transmission (69 kV)

	Annualized Monthly Bill		Bill Change	
	Including 2020 EE Rate (3.117%)	2022 EE Rate (4.208%)	Proposed \$ Change	Proposed % Change
Consumption Level	Present	2022	2022	2022
500,000 kWh and 800 kW	\$ 22,091.58	\$ 22,325.31	\$ 233.73	1.06%
1,000,000 kWh and 1,500 kW	\$ 40,398.12	\$ 40,825.54	\$ 427.42	1.06%
4,000,000 kWh and 6,100 kW	\$ 159,303.37	\$ 160,737.98	\$ 1,434.61	0.90%
8,000,000 kWh and 12,200 kW ⁽¹⁾	\$ 314,101.10	\$ 314,101.10	\$ -	0.00%

46 ⁽¹⁾ LGST customers at this level are assumed to meet the \$75,000 Energy Efficiency cap and will therefore show no change.

SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTEENTH REVISED RATE NO. 44
CANCELING SIXTEENTH REVISED RATE NO. 44

X
X

ENERGY EFFICIENCY RIDER

X

Page 1 of 2

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

TERRITORY: Area served by the Company in New Mexico.

RIDER: For the 2022 Plan Year, there shall be included on each non-exempt customer’s bill an Energy Efficiency charge, which shall be calculated by multiplying all of the Company’s utility charges (including the service availability charge, energy charge, the fuel and purchased power cost adjustment clause charge, and where applicable, the demand charge and other authorized charges), except gross-receipt taxes and franchise fees, by a percentage equal to 4.208 percent. The 4.208% is comprised of: (1) 3.797% for SPS’s 2022 Energy Efficiency Plan costs, (2) 0.346% for SPS’s 2021 and 2022 energy efficiency incentive, and (3) 0.065% for \$250,000 of the EE Potential Study.

X
X
X
X

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

ANNUAL RECONCILIATION OF AUTHORIZED ENERGY EFFICIENCY INCENTIVES:

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

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

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

299	X
Advice Notice No.	
/s/ William A. Grant	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTEENTH REVISED RATE NO. 44 **X**
CANCELING SIXTEENTH REVISED RATE NO. 44 **X**

ENERGY EFFICIENCY RIDER

X

Page 2 of 2

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

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

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

Effective Date:

299	X
Advice Notice No.	
/s/ William A. Grant	
REGIONAL VICE PRESIDENT – RATES & REGULATORY AFFAIRS	

Workpapers

**Attachment JHA-5(USB) is provided in
electronic format in**