

DOCKET NO. 46936

**APPLICATION OF SOUTHWESTERN §
PUBLIC SERVICE COMPANY FOR: §
A CERTIFICATE OF CONVENIENCE §
AND NECESSITY AUTHORIZING §
CONSTRUCTION AND OPERATION § PUBLIC UTILITY COMMISSION
OF WIND GENERATION AND §
ASSOCIATED FACILITIES IN §
TEXAS AND NEW MEXICO, AND § OF TEXAS
RELATED RATEMAKING §
PRINCIPLES; AND APPROVAL OF A §
PURCHASED POWER AGREEMENT §
TO OBTAIN WIND-GENERATED §
ENERGY §**

**SOUTHWESTERN PUBLIC SERVICE COMPANY’S
APPLICATION FOR APPROVAL OF
A CERTIFICATE OF CONVENIENCE AND NECESSITY AND RELATED RELIEF**

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Southwestern Public Service Company (“SPS”) files this application seeking Public Utility Commission of Texas (“Commission”) approval to amend SPS’s Certificate of Convenience and Necessity (“CCN”)¹ to include two wind generation facilities (collectively, the “SPS Wind Facilities”):

- a 478 megawatt (“MW”) wind generating plant and associated facilities located in Hale County, Texas (“Hale”); and
- a 522 MW wind generating plant and associated facilities in Roosevelt County, New Mexico (“Sagamore”).

SPS is proposing to develop and own the SPS Wind Facilities to take advantage of the federal Production Tax Credits (“PTC”) associated with those facilities. In connection with the development of the SPS Wind Facilities, SPS is also proposing to enter into a 30-year Power

¹ SPS holds CCN No. 30153. Concurrently with this filing, SPS has also filed a request with the New Mexico Public Regulation Commission (“NMPRC”) for approval of a New Mexico CCN for the SPS Wind Facilities.

Purchase Agreement (“PPA”) with Bonita Wind Energy, LLC (“Bonita”) for an additional 230 MW of wind generation output.

The total investment to acquire the Hale and Sagamore sites, to construct the turbines, and to bring the SPS Wind Facilities online is estimated to be approximately \$1.56 billion. The total energy savings attributable to the SPS Wind Facilities and the Bonita PPA, however, are expected to total approximately \$2.8 billion over the lives of those assets, with Texas retail customers realizing approximately \$1.6 billion of those savings. Thus, the SPS Wind Facilities and Bonita PPA present an opportunity for SPS to reduce costs for its customers and to produce numerous other economic benefits for SPS’s service area.

Because of the size of the investment necessary to secure those savings, SPS seeks regulatory certainty regarding cost recovery associated with the transactions. In particular, SPS asks the Commission for the following forms of relief in this docket:

1. SPS requests that the Commission find it is in the public interest for SPS to acquire and develop the SPS Wind Facilities (Public Utility Regulatory Act (“PURA”) § 14.101);²
2. SPS asks the Commission to grant a generation CCN authorizing construction of the Hale and Sagamore projects;
3. Given the unique savings provided by this large investment, SPS asks the Commission to approve SPS’s proposal to recover costs for Hale and Sagamore between the date each project begins commercial operation and the date the project is included in rate base in a Commission rate case;
4. As part of that recovery of costs for Hale and Sagamore for the period before each project is included in rate base, SPS requests that the Commission allow unused PTCs to be recorded in a deferred tax asset that will be included in rate base;³

² PURA is codified in Title II of the Texas Utilities Code. Tex. Util. Code Ann. §§ 11.001–58.303 (West 2016), §§ 59.001–66.016 (West 2007 & Supp. 2016).

³ Net operating losses (“NOL”) will likely prevent SPS from using the PTCs to reduce its tax liability for some period of time after the SPS Wind Facilities begin commercial operation.

5. SPS requests that the Commission approve an energy-based methodology to allocate the costs of Hale and Sagamore among jurisdictions;⁴
6. SPS requests that the Commission approve the depreciation rates for the SPS Wind Facilities discussed in the testimony of SPS witness Evan D. Evans;
7. For purposes of calculating SPS's base rate revenue requirement during the period between the date that the SPS Wind Facilities are included in rate base and December 31, 2025, SPS asks the Commission to find that SPS may include in rate base the deferred tax asset that results from unused PTCs;
8. For the period after the SPS Wind Facilities are included in rate base, SPS asks the Commission to allow it to refund the PTCs to customers as a credit through fuel, and to grant a good cause exception to 16 Tex. Admin. Code ("TAC") § 25.236 to the extent necessary to allow PTCs to flow through fuel;
9. SPS requests that the Commission approve SPS's proposal to treat the revenue from the sale of Renewable Energy Certificates ("REC") generated from the SPS Wind Facilities as off-system sales in which SPS retains 10% of the margins;
10. SPS requests a Commission finding that SPS's purchase of wind turbines from an affiliate satisfies the affiliate standards under Texas law;
11. SPS requests a Commission finding that it is reasonable for SPS to enter into the Bonita PPA; and.
12. To enable SPS to complete construction of the SPS Wind facilities in time to meet the deadline for claiming 100% of the value of the PTCs for the benefit of customers, SPS asks the Commission to issue a final order in this case by December 31, 2017.

I. Jurisdiction and Affected Parties

SPS is an electric utility, a public utility, and a utility as those terms are defined in PURA §§ 11.004(1) and 31.002(6), and SPS is subject to the jurisdiction of the Commission under PURA. The Commission has jurisdiction over this application under PURA §§ 14.001, 14.151, 36.056, 36.058, 36.059, 36.204, 37.051, 37.053, 37.056 and 37.058, as well as under 16 TAC §§ 25.3, 25.101(b), 25.231, and 25.236.

⁴ If and when any capacity is attributed to Hale and Sagamore by the Southwest Power Pool ("SPP"), SPS will allocate the capacity portion of the wind energy costs based on demand allocation. Initially, these wind projects will be classified by the SPP as "energy resources."

SPS is a fully integrated generation, transmission, and distribution utility that serves retail electric customers in Texas and New Mexico. SPS also sells power to wholesale electric customers. The Commission regulates SPS's Texas retail operations; the NMPRC regulates SPS's New Mexico retail operations; and the Federal Energy Regulatory Commission ("FERC") regulates SPS's wholesale power sales and SPS's transmission of electricity in interstate commerce.

SPS's business address is 600 South Tyler Street, Suite 2900, Amarillo, Texas 79101.

SPS, a New Mexico corporation, is a wholly owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), which is a utility holding company that owns several electric and natural gas utility operating companies, a regulated natural gas pipeline company, and three electric transmission companies.⁵

This application affects SPS and all of its Texas retail customers.

⁵ 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 company is WestGas InterState, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also owns three transmission-only operating companies: Xcel Energy Southwest Transmission Company, LLC; Xcel Energy Transmission Development Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which are either currently regulated by FERC or are expected to be regulated by FERC.

II. Authorized Representatives and Service of Documents

SPS's authorized representatives for this case are:

William A. Grant
Regional Vice President of Regulatory and
Strategic Planning
Wes Berger
Manager, Rate Cases
SOUTHWESTERN PUBLIC SERVICE COMPANY
P.O. Box 1261
Amarillo, Texas 79105-1261

or

600 South Tyler Street, 29th Floor
Amarillo, Texas 79101
(806) 378-2891
(806) 378-2820 (Fax)
william.a.grant@xcelenergy.com
wes.berger@xcelenergy.com

Stephen Fogel
XCEL ENERGY SERVICES INC.
816 Congress Ave., Suite 1650
Austin, Texas 78701-2471
(512) 236-6922
(512) 236-6935 (Fax)
stephen.e.fogel@xcelenergy.com

Ron H. Moss
WINSTEAD PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701
(512) 370-2867
(512) 370-2850 (Fax)
rhmos@winstead.com

SPS requests that all documents (motions, orders, discovery requests, etc.) be served on its authorized representatives.

III. Summary of Application

A. Description of Transactions

1. Hale and Bonita PPA

SPS is purchasing the Hale site from NextEra Energy Resources, LLC ("NextEra"), which has secured the land rights and completed preliminary work at the site, but has not constructed any turbines. If SPS receives all of the necessary regulatory approvals, it will install 239 Vestas-America Wind Technology, Inc. ("Vestas") turbines with a collective nameplate capacity of 478 MW. In addition, SPS will construct the necessary infrastructure to serve the project. The total cost of developing Hale is expected to be approximately \$769 million including Allowance for Funds Used During Construction ("AFUDC").

SPS expects to place the Hale in service no later than 2019. That in-service date will allow SPS to receive 100% of the federal PTCs available from the project, which will ultimately reduce the cost of energy for SPS's retail customers.

As part of the Hale transaction, SPS will also enter into a 30-year PPA to purchase the output of two wind generation facilities owned by Bonita, an affiliate of NextEra: (1) an 80 MW project in Crosby County, Texas; and (2) a 150 MW project in Cochran County, Texas. Both Bonita facilities are expected to begin commercial operation in the fourth quarter of 2018. If the Commission approves the PPA, the costs of the energy purchased under that PPA will be passed through to customers through SPS's fuel and purchased power clause.

2. Sagamore

SPS is purchasing the Sagamore site from Invenergy, LLC ("Invenergy"), which has acquired the land rights and completed other preliminary work at the site. If SPS receives the necessary regulatory approvals, it will install 261 Vestas turbines with a collective nameplate capacity of 522 MW. SPS will also construct the other infrastructure necessary to serve the project and to move the energy to the transmission system.

The total cost of developing Sagamore is expected to be approximately \$865 million, including AFUDC. SPS expects to place Sagamore in service no later than year-end 2020. That in-service date will allow SPS to receive 100% of the PTCs available from the project.

3. Transaction with SPS Affiliate

On December 18, 2015, the Omnibus Appropriations Act was signed into law. That law includes a five-year extension of the PTCs for wind and other eligible renewable energy projects. Although the PTC was extended for five years, the credit percentage began to decline after December 31, 2016. Eligible projects that meet Internal Revenue Service ("IRS") safe harbor

requirements for beginning construction (i.e., expenditures of 5% of the total project cost by December 31, 2016 and in service by December 31, 2020) will qualify for the 2016 PTC level of 100%. Thus, to claim 100% of the PTC benefits associated with the SPS Wind Facilities, SPS or its affiliates had to take sufficient action to meet the IRS's "begin construction" requirement by December 31, 2016. At that time, however, SPS had not completed negotiations with NextEra and Invenergy, and, therefore, it did not know how many turbines it would need to purchase. Because SPS was not in a position to purchase the turbines in 2016, Xcel Energy subsidiary Capital Services, LLC ("Capital Service") entered into an agreement with Vestas that established terms under which Xcel Energy subsidiaries, such as SPS, may contract to purchase wind turbines for construction of new wind generation facilities.

If SPS receives the regulatory approvals necessary to develop, own, and operate the SPS Wind Facilities, it will purchase the turbines from Capital Services. SPS seeks Commission findings that the Sale of Components Agreement between SPS and Capital Services satisfies the standard for affiliate transactions in Texas.

B. Relief Requested

1. Public Interest Finding

PURA § 14.101(a) requires a utility to report to the Commission any transaction in which the utility intends to sell, acquire, or lease a plant as an operating unit or system in this state for a total consideration of more than \$10 million.⁶ Given that Hale and Sagamore consist of little more than land leases and required permits at this time, it is not clear that they qualify as part of "an operating unit or system," for purposes of PURA § 14.101. Out of an abundance of caution,

⁶ Section 14.101 includes PURA's sale, transfer, merger ("STM") provisions.

however, SPS requests that the Commission find that its ownership and development of the SPS Wind Facilities is in the public interest.⁷

As noted above, the combination of PTCs and no fuel costs will save Texas retail customers approximately \$1.6 billion over the life of the SPS Wind Facilities and Bonita PPA. In addition, SPS's witnesses' direct testimony demonstrates that the prices paid for the land and SPS Wind Facilities' construction costs are reasonable and that SPS's development and ownership of the SPS Wind Facilities will: (1) have no effect on the health or safety of customers or employees; (2) create jobs in Texas because the Hale County Project will provide a large construction project in the Lubbock area; and (3) not result in any decline in service. Accordingly, SPS asks the Commission to find that SPS's development and ownership of the SPS Wind Facilities is in the public interest.

2. Approval of Generation CCN

PURA § 37.056(a) provides that the Commission may approve an application and grant a CCN only if the Commission finds that the certificate is necessary for the service, accommodation, convenience, or safety of the public. For the reasons described in the testimony of SPS witnesses Evan D. Evans, Riley Hill, and Eldon Lindt, SPS satisfies the requirements in PURA and Commission rules for granting a CCN. SPS accordingly asks the Commission to approve a CCN for the construction of the SPS Wind Facilities.

3. Recovery of SPS Wind Facilities' Costs Prior to Inclusion in Rate Base

For generation plants, regulatory lag – i.e., the period between the date a new plant begins commercial operation and the effective date of the new rates that result from including the

⁷ SPS is submitting as Attachment C to this application its STM application on the Commission-approved form.

new plant's costs in rate base – ordinarily extends from 8-10 months, or even longer. Because SPS's investment in the SPS Wind Facilities will total approximately \$1.6 billion, which is about 40% of SPS's total company rate base, SPS cannot afford to wait 8-10 months or more to begin receiving revenues attributable to the SPS Wind Facilities. Consequently, during the period of time between an SPS Wind Facility's commercial operation date and its inclusion in rate base, SPS is proposing to implement a "Cost Reconciliation Mechanism" that compares: (1) the revenue requirement for each SPS Wind Facility, and (2) the revenues attributable to that facility, which are composed of PTCs and the revenues from sales of energy into the SPP Integrated Marketplace.. Under that proposal, SPS will record in a deferred account the difference between the revenue requirement for that month and the revenues attributable to that SPS Wind Facility in that month.

Under SPS's proposed Cost Reconciliation Mechanism, the account for each of the SPS Wind Facilities will have either an asset balance (meaning the total costs exceeded total revenues) or a liability balance (meaning the total revenues exceeded total costs) at the time it is placed in rate base. If there is an asset balance, SPS will include that amount in a rider established in its next base rate case or a subsequent proceeding and will recover it over an amortization period that matches the period of time in which it accrued. If there is a liability balance, SPS will credit that amount through a rider established in its next base rate case or a subsequent proceeding and will return it to customers over an amortization period that matches the period of time in which it accrued. SPS requests that the Commission approve SPS's proposal to implement the Cost Reconciliation Mechanism for the period between the date each facility goes into service and the date that facility is included in rate base.

4. Treatment of PTCs Before Inclusion of SPS Wind Facilities in Rate Base

For the period after the SPS Wind Facilities begin commercial operation but before they are placed in rate base, the SPS Wind Facilities will generate PTCs. SPS proposes to give customers credit for the PTCs during that time by including the value of those PTCs in the revenue side of the Cost Reconciliation Mechanism equation. During that time, SPS is likely to be in an NOL position because of the availability of bonus depreciation, and therefore SPS will not be able to use the PTCs attributable to the SPS Wind Facilities to reduce its income tax liability. Consequently, SPS proposes to accrue the unused PTCs in a deferred tax asset and to include the deferred tax asset in rate base for the purpose of calculating the revenue requirement used in the Cost Reconciliation Mechanism. That treatment will ensure that benefits are matched with burdens for both SPS and its customers. Therefore, SPS requests that the Commission approve SPS's request to include the unused PTCs in a deferred tax asset and to include that deferred tax asset in rate base from the commercial operation date of each SPS Wind Facility until the date that facility is included in rate base.

5. Energy Allocator

SPS proposes to allocate the costs and revenues associated with the SPS Wind Facilities among SPS's regulatory jurisdictions using an energy allocator. That treatment is consistent with the SPS Wind Facilities' status as economic investments, not capacity investments. SPS requests that the Commission approve the use of an energy allocator to allocate costs and revenues associated with the SPS Wind Facilities among its regulatory jurisdictions.

6. Depreciation Rates

At this time, SPS has no Commission-approved depreciation rates for wind production facilities. Accordingly, SPS proposes to use a depreciation rate of 4.08%, which reflects a 25-

year service life and a negative 2% net salvage rate, for the production-related assets that will be included in the SPS Wind Facilities. As explained by Mr. Evans, the proposed service life is based on an estimate of the average service life of a turbine by Vestas, and the proposed net salvage value is equal to that approved by the Commission for other production-related assets in Texas. SPS requests that the Commission approve SPS's proposed 4.08% depreciation rate for wind production facilities.⁸

7. Treatment of Unused PTCs After Inclusion in Rate Base

For the period of time after the SPS Wind Facilities go into rate base, SPS will continue to record PTCs that cannot be used to reduce federal income taxes because of SPS's NOL position. SPS requests that the Commission approve SPS's request to record those unused PTCs in a deferred tax asset and to include that deferred tax asset in SPS's rate base for purposes of setting base rates. SPS proposes to eliminate the deferred tax asset attributable to unused PTCs after 2025.

8. Refund of PTCs Through Eligible Fuel Expense

For the period after an SPS Wind Facility is placed in rate base, SPS proposes to flow back PTCs through eligible fuel expense. That treatment of PTCs ensures that Texas retail customers receive the benefit of the PTCs in a timely fashion, and it reduces the likelihood that customer classes or individual customers will be prejudiced by timing differences between the purchase of the energy and the crediting of PTCs. SPS therefore requests a good-cause exception to 16 TAC § 25.236 to flow the PTCs back through fuel.

⁸ In addition to constructing wind turbines, SPS must construct Transmission-Serving Generation facilities to transmit the wind energy to the grid. In Docket No. 43695, the Commission set depreciation rates for the FERC accounts in which those facilities are recorded, so it is not necessary to establish new depreciation rates for those asset classes in this case.

9. Renewable Energy Credits

Under Commission rules, each MWh of renewable energy gives rise to one REC. Therefore, SPS will acquire RECs as a result of its ownership of Hale and Sagamore. If SPS sells RECs generated by the SPS Wind Facilities, SPS proposes to treat the transaction as an off-system energy sale. Under that treatment, SPS would retain 10% of the Texas jurisdictional margins, similar to its other off-system energy sales.⁹ SPS requests that the Commission approve SPS's proposed treatment of RECs.

10. Compliance with Affiliate Standards

Under federal law, the tax benefits associated with investments in renewable energy began to decline after the end of calendar year 2016. A safe-harbor provision allows a developer to receive 100% of the PTCs, if the developer had made significant progress on a facility before the end of 2016 and if the project will be in service by 2020. To ensure that SPS would be able to take full advantage of the safe-harbor provision, Xcel Energy subsidiary Capital Services purchased a number of turbines before the end of 2016. SPS requests that the Commission find that the agreement between SPS and Capital Services for SPS to purchase the turbines from Capital Services satisfies the standard for affiliate transactions in Texas.

11. Reasonableness of Bonita PPA

SPS determined that the purchase price negotiated with NextEra under the Bonita PPA is economic and – combined with the savings to customers that can be achieved through SPS's ownership of Hale – results in a good outcome for its customers. In addition, the proposal put

⁹ The Commission's fuel rule, 16 TAC § 25.236, allows an electric utility to retain 10% of the margins from an off-system energy sales transaction if the following conditions are met: (1) the utility participates in a transmission region governed by an independent system operator or a functionally equivalent independent organization; (2) a generally applicable tariff for firm and non-firm transmission service is offered in the transmission region in which the electric utility operates; and (3) the transaction is not found to be to the detriment of its retail customers. 16 TAC § 25.236(a)(9).

forward by SPS in this docket depends on Commission approval of the transactions as a whole. Therefore, SPS requests a Commission finding that it is reasonable for SPS to enter into the Bonita PPA.

12. Request for Expedited Relief

The SPS Wind Facilities have to be in service by year-end 2020 to obtain the full benefit of the PTCs. Because of the lead time needed to manufacture turbines, construct the SPS Wind Facilities, and render them operational after the Commission and the NMPRC issue final orders in these approval proceedings, SPS requests that the Commission issue a final order in this case by no later than December 31, 2017.

C. Supporting Documentation

In support of this application, SPS is filing the written testimony of eleven witnesses, along with attachments and workpapers. The witnesses and their respective subject matters are as follows:

Witness	Testimony Topics
David T. Hudson	Provides an overview of SPS’s request for relief and explains why the SPS Wind Facilities and the Bonita PPA benefit Texas retail customers.
Evan D. Evans	Provides an overview of SPS’s filing; summarizes the transactions; introduces other witnesses; describes the bases for SPS’s CCN request and its request for a finding that the transactions are in the public interest; explains SPS’s request to use an energy allocator to allocate the costs and revenues associated with the SPS Wind Facilities; requests depreciation rates for the wind production facilities; explains SPS’s proposal regarding a Cost Reconciliation Mechanism; explains SPS’s proposed treatment of PTCs; explains SPS’s proposed treatment of RECs; explains why the agreement between SPS and Capital Services satisfies the affiliate standards under Texas law; requests a finding that the Bonita PPA is in the public interest; and requests an expedited procedural

	schedule to ensure that customers realize the benefits associated with the SPS Wind Facilities.
Riley Hill	Explains that the Hale and Sagamore sites are prime locations for wind generation facilities; describes the engineering aspects of the SPS Wind Facilities; discusses the construction schedule and estimated costs of the SPS Wind Facilities; addresses various CCN requirements related to the SPS Wind Facilities.
Jonathan Adelman	Calculates the benefits to SPS's customers from the SPS Wind Facilities and the Bonita PPA.
William P. Zawacki	Explains Xcel Energy's experience with owning and operating wind generation facilities.
William A. Grant	Discusses transmission access, planning, and requests related to the SPS Wind Facilities.
David Deluca	Presents an engineering analysis regarding the net capacity factors for the SPS Wind Facilities.
Eldon Lindt	Addresses aspects of SPS's request for a CCN at the Hale site: community values; recreational and park areas; historical and aesthetic values; environmental integrity; and required permits
Tim Kawakami	Describes the Bonita PPA and explains that it is reasonable for SPS to have entered into it.
Mary P. Schell	Addresses Xcel Energy's plans for financing the SPS Wind Facilities.
Arthur P. Freitas	Quantifies the total company revenue requirement for each of the SPS Wind Facilities using blended cost elements; allocates the economic benefits from the SPS Wind Facilities and the Bonita PPA to SPS's three jurisdictions; calculates a Texas retail revenue requirement for each of the SPS Wind Facilities and the Bonita PPA; quantifies the net economic benefits of each of the SPS Wind Facilities and the Bonita PPA on a Texas retail jurisdictional basis; and describes SPS's proposal to include unused PTCs in rate base for the period from 2019-2025.

IV. Guidelines Followed for Information in a Generation CCN Filing

16 TAC § 25.101(g) requires that all CCN applications be filed on Commission-prescribed forms. But no such form has existed for a generation CCN filing since 1999, when the integrated resource planning provisions in PURA and related Commission rules were repealed. Nonetheless, in the testimony filed with this application SPS has attempted to supply the information previously requested in the Commission-prescribed generation CCN forms and notice-of-intent guidelines. Moreover, SPS's testimony addresses all of the CCN criteria in PURA §37.056.

V. Proposed Notice

SPS's proposed notice is based on 16 TAC §§ 22.52(a) and 22.55. SPS proposes to serve this Application on all parties in Docket No. 45524, SPS's most recent rate case, and to publish notice in newspapers of general circulation in SPS's Texas service area once a week for one week, no later than a week after the application is filed with the Commission. SPS will also mail notice of the application to: the Cities of Petersburg and Abernathy (the only municipal entities near Hale); the county Judge in Hale County, Texas; Golden Spread Electric Cooperative, Inc.; Lighthouse Electric Cooperative, Inc.; Texas Parks and Wildlife Department; the Office of Public Utility Counsel; and the directly affected landowners. A copy of SPS's proposed form of notice is attached as Attachment A.

VI. Motion for Approval of Protective Order

Part of SPS's Application contains confidential or highly sensitive information, the disclosure of which to third parties would place SPS or its counter-parties at a severe competitive disadvantage. In addition, SPS expects that its responses to discovery requests will require it to provide confidential or highly sensitive information. Consequently, attached to this application

as Attachment B is a proposed Protective Order that will facilitate access to the confidential or highly sensitive material while protecting the interests of SPS and the third parties to whom SPS owes confidentiality obligations.

The proposed protective order is substantially the same as the protective order approved by the Commission in Docket No. 45524, SPS's base rate case filed in February 2016. SPS requests that the Commission enter a protective order in the form attached to this application as Attachment B. SPS further proposes that, pending entry of the protective order, the parties agree to treat the proposed protective order as a confidentiality agreement.

VII. Conclusion and Prayer for Relief

In addition to approving SPS's form of notice described in Section VI and the protective order described in Section VII, SPS requests that the Commission grant the following forms of relief:



1. SPS requests that the Commission find it is in the public interest for SPS to acquire and develop the SPS Wind Facilities;
2. SPS asks the Commission to grant a generation CCN authorizing construction of the Hale and Sagamore projects;
3. SPS asks the Commission to approve SPS's proposal to recover costs for Hale and Sagamore between the date each project begins commercial operation and the date the project is included in rate base in a Commission rate case;
4. As part of that recovery of costs for Hale and Sagamore for the period before each project is included in rate base, SPS requests that the Commission allow unused PTCs to be recorded in a deferred tax asset that will be included in rate base;
5. SPS requests that the Commission approve an energy-based methodology to allocate the costs of Hale and Sagamore among jurisdictions;
6. SPS requests that the Commission approve the depreciation rates for the SPS Wind Facilities discussed in the testimony of SPS witness Evan D. Evans;
7. For purposes of calculating SPS's base rate revenue requirement during the period between the date that the SPS Wind Facilities are included in rate base and

December 31, 2025, SPS asks the Commission to find that SPS may include in rate base the deferred tax asset that results from unused PTCs;

8. For the period after the SPS Wind Facilities are included in rate base, SPS asks the Commission to allow it to refund the PTCs to customers as a credit through fuel, and to grant a good cause exception to 16 TAC § 25.236 to the extent necessary to allow PTCs to flow through fuel;
9. Approve SPS's proposal to treat the revenue from the sale of RECs generated from the SPS Wind Facilities as off-system sales in which SPS retains 10% of the margins;
10. SPS requests a Commission finding that SPS's purchase of wind turbines from an affiliate satisfies the affiliate standards under Texas law;
11. SPS requests a Commission finding that it is reasonable for SPS to enter into the Bonita PPA; and
12. To enable SPS to complete construction of the SPS Wind facilities in time to meet the deadline for claiming 100% of the value of the PTCs for the benefit of customers, SPS asks the Commission to issue a final order in this case by December 31, 2017.

SPS further requests any other relief to which it may be entitled.

Respectfully submitted,


by permission


XCEL ENERGY SERVICES INC.

Stephen Fogel
State Bar No. 07202010
816 Congress Avenue, Suite 1650
Austin, Texas 78701-2471
Office: (512) 236-6922
Facsimile: (512) 236-6935
e-mail: stephen.e.fogel@xcelenergy.com

WINSTEAD PC

Ron H. Moss
State Bar No. 14591025
Patrick Pearsall
State Bar No. 24047492
401 Congress Avenue, Suite 2100
Austin, Texas 78701
Office: (512) 370-2867
Facsimile: (512) 370-2850
e-mail: rhmoss@winstead.com
e-mail: ppearsall@winstead.com

ATTORNEYS FOR
SOUTHWESTERN PUBLIC SERVICE COMPANY

PUBLIC NOTICE

On March 21, 2017, Southwestern Public Service Company (“SPS”), doing business as Xcel Energy, filed a petition with the Public Utility Commission of Texas (“PUC”) requesting approval of a Certificate of Convenience and Necessity (“CCN”) authorization pursuant to Public Utility Regulatory Act (“PURA”) § 37.056, and a public interest determination pursuant to PURA § 14.101 for installation and operation of 1,000 megawatts (“MWs”) of company-owned wind generation through acquisition of two wind project sites currently under development in Hale County, Texas and in Roosevelt County, New Mexico. The application also asks the PUC: to establish ratemaking principles and treatments that will be used in future rate proceedings regarding certain costs and tax credits associated with the company-owned wind generation facilities; to approve SPS’s purchase of wind turbines from an affiliated company; and to approve a new 30-year power purchase agreement to obtain 230 MWs of wind energy.

The docket number and style of the case are PUC Docket No. 46936, *Application of Southwestern Public Service Company for: A Certificate of Convenience and Necessity Authorizing Construction and Operation of Wind Generation and Associated Facilities in Hale County, Texas, and Roosevelt County, New Mexico, and Related Ratemaking Principles; and Approval of a Purchased Power Agreement to Obtain Wind Generated Energy.*

In total, SPS proposes to add 1,230 MWs of additional wind energy to its Texas and New Mexico resource mix, 1,000 MWs of which would come from facilities constructed and owned by SPS after acquiring existing wind project sites from developers. After acquiring the sites, SPS would develop the projects, construct the turbines, and own and operate the wind generating facilities. The remaining 230 MWs of additional wind energy would be procured through a new 30-year power purchase agreement.

The portfolio of projects proposed by SPS consists of:

- In Hale County, Texas, just northeast of Lubbock and south of Plainview, SPS has entered into an agreement to purchase the Hale Wind Project site from NextEra Energy Resources, LLC (“NextEra”). This facility is expected to be commercially operational by 2019 and generate 478 MWs.
- In Roosevelt County, New Mexico, SPS has entered into an agreement to purchase the Sagamore Wind Project site from Invenergy, LLC. This facility is expected to be commercially operational by 2020 and generate up to 522 MWs.

- SPS has agreed to enter into a 30-year power purchase agreement to acquire approximately 230 MWs of wind energy from two wind generation facilities owned by Bonita Wind Energy, LLC, (“Bonita”), an affiliate of NextEra, one in Cochran County, Texas and the other in Crosby County, Texas, collectively referred to as the Bonita Power Purchase Agreement. SPS would begin receiving energy from the Bonita Power Purchase Agreement in 2019.

The total estimated direct cost to acquire the Hale Wind Project and the Sagamore Wind Project sites, build the turbines, construct the sites, and bring the projects online, is approximately \$1.56 billion. In addition, the estimated amount of the allowance for funds used during construction is approximately \$75 million, which results in a total project cost of approximately \$1.63 billion.

If approved by the PUC and other regulators, this proposal is projected to save SPS customers approximately \$2.8 billion over 30 years by integrating a lower-cost energy resource into SPS’s Texas and New Mexico resource mix. The proposed wind facilities have no associated fuel expense and create additional savings through the availability of federal production tax credits, which bring the energy cost of wind below SPS’s energy cost of coal and natural gas generation.

Approval of the Application will affect all of SPS’s customers in all areas of its service territory, but SPS is not seeking to change its rates in this proceeding.

The deadline for intervention in this proceeding is May 5, 2017, and the PUC should receive your request to intervene by that date. A request to intervene (original and ten copies) or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin Texas 78711-3326. Persons who wish to intervene in the docket should mail the original and ten copies of their request for intervention to the PUC and must also mail it to all parties in the docket and all persons that have pending motions to intervene, at or before the time the request for intervention is mailed to the PUC.

Further information may also be obtained by calling the PUC at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the PUC at (512) 936-7136.

Persons with questions or who want more information about SPS’s application may contact SPS at 600 South Tyler Street, Suite 2900, Amarillo, Texas 79101, or call 1-800-895-4999 during normal business hours. A complete copy of the application is available for

inspection at the address listed in the previous sentence. A copy of SPS's Application may also be viewed on the Commission's webpage by performing a "Filings Search" at <http://interchange.puc.texas.gov/>. The control number for this proceeding is 46936.

DOCKET NO. 46936

**APPLICATION OF SOUTHWESTERN §
PUBLIC SERVICE COMPANY FOR: §
A CERTIFICATE OF CONVENIENCE §
AND NECESSITY AUTHORIZING §
CONSTRUCTION AND OPERATION §
OF WIND GENERATION AND § PUBLIC UTILITY COMMISSION
ASSOCIATED FACILITIES IN §
TEXAS AND NEW MEXICO, AND § OF TEXAS
RELATED RATEMAKING §
PRINCIPLES; AND APPROVAL OF A §
PURCHASED POWER AGREEMENT §
TO OBTAIN WIND-GENERATED §
ENERGY §
§**

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 46936” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission

or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The

¹ Tex. Gov’t Code Ann. §§ 552.001-552.353 (West 2012 & Supp. 2016).

Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.

6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 46936” (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.
7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.** Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be

² Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001–58.303 (West 2016), §§ 59.001–66.016 (West 2007 & Supp. 2016).

offered for admission into the record. A record of any copies that are made of Highly Sensitive Protected Material shall be kept and a copy of the record shall be sent to the producing party at the time the copy or copies are made. The record shall include information on the location and the person in possession of each copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of Public Utility Counsel (“OPUC”), and the Office of the Attorney General (“OAG”) when the OAG is representing a party to the proceeding, and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (1) outside counsel for the Reviewing Party; (2) outside consultants for the Reviewing Party working under the direction of Reviewing Party’s counsel; or (3) employees of the Reviewing Party or its members working with and under the direction of Reviewing Party’s counsel who have been authorized by the producing party or by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review each Highly Sensitive Protected document to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives (other than outside counsel) whenever possible. Reviewing Representatives for Commission Staff, OPUC, and OAG, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPUC, and the OAG when the OAG is representing a party to the proceeding.
10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPUC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPUC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflicts with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPUC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPUC, and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPUC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPUC and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPUC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPUC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
13. **Restriction on Copying by Commission Staff, OPUC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPUC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPUC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPUC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy

of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and, unless I am an employee of the Commission or OPUC, shall be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

A copy of each signed certification shall be provided by the Reviewing Party to Counsel for the producing party and served upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected

material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9 and 11, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.
18. **Procedures Regarding Voluminous Protected Materials.** 16 Tex. Admin. Code § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.

20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPUC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked “PROTECTED MATERIAL” and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.
24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer’s order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer’s order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such

appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.**

Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 46936 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.**

In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question

for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this paragraph.

Nothing in this paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by

³ Tex. Gov't Code Ann. §§ 551.001-551.146 (West 2012 & Supp. 2016).

⁴ Tex. Rev. Civ. Stat. Ann. Arts. 581-1 to 581-43 (West 2010 & Supp. 2016).

governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33, and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPUC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar

days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 Tex. Admin. Code § 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A to Protective Order

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and, unless I am an employee of the Commission or OPUC, shall be used only for the purpose of the proceeding in Docket No. 46936. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B to Protective Order

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVENUE
AUSTIN, TEXAS 78701
(512) 936-7000

(Commission Use Only)
Docket No. _____
File No. _____

APPLICATION FOR SALE, TRANSFER OR MERGER

This form should be used by public utilities for:

1. seeking authority to sell, assign or lease a Certificate of Convenience and Necessity or any rights obtained under a certificate.
2. reporting the sale, acquisition, lease or rental by or to any public utility of any plant as an operating system or unit for a total consideration in excess of \$100,000;
3. reporting the merger or consolidation of two or more public utilities; and
4. reporting the purchase by one public utility of voting stock in another public utility.

See Sections 14.101, 14.102, and 37.154 of the Public Utility Regulatory Act

1. Proposed action or subject of report:

- Sale, transfer or lease of an entire Certificate of Convenience and Necessity
- Sale, transfer or lease of a portion of Applicant’s service area or facilities to which it is certificated (including certificate rights)
- Sale, transfer or lease of a utility plant as an operating system or unit for more than \$100,000 (including certificate rights)
- Merger of public utilities
- Purchase by a public utility of voting stock in another public utility

List all counties in which the utility’s service area will be affected by this transaction:

Southwestern Public Service Company (“SPS”) is planning to develop, own, and operate two large wind generating facilities – a 478 megawatt (“MW”) project in Hale County, Texas (the “Hale Wind Project”) and a 522 MW project in Roosevelt County, New Mexico (the “Sagamore Wind Project”) (collectively, the “Wind Facilities”). The purchases that SPS contemplates as part of this transaction consist of land leases and required permits. SPS is planning to build the Wind

Facilities on those sites. Once the facilities are placed in service, all of SPS’s Texas retail customers will be affected by the transaction.

2. Applicant: **SPS**

Applicant holds Certificate of Convenience and Necessity No. 30153

Applicant does not hold a certificate from the Public Utility Commission

The Applicant is the:

_____ Seller (transferor or lessor)

Purchaser (transferee or lessee)

_____ The merged utility

_____ Other (please explain):

Business Address:	<u>600 South Tyler Street, Suite 2900</u>	Business Telephone:	<u>1-800-895-4999</u>
	(Street Address must be entered here – P.O. Box may also be entered)		(Area Code – Number)
	<u>Amarillo</u>	<u>Potter</u>	<u>Texas 79101</u>
	(City)	(County)	(State & Zip Code)

3. Applicant is a(n): Corporation
(Individual, Partnership, Corporation, Cooperative Corporation, Water Supply Corporation, Political Subdivision, Municipally-Owned Utility)

4. If applicable, list the names, addresses and office of all partners or all officers of Applicant.

NAME	OFFICE	ADDRESS
David T. Hudson	President	Southwestern Public Service Company 600 S. Tyler Street Amarillo, TX 79101
Ben Fowke	Chairman, CEO	Xcel Energy 414 Nicollet Mall Minneapolis, MN 55401
Robert C. Frenzel	Executive Vice President, CFO	Same as above.
Kent T. Larson	Executive Vice President	Same as above.
Marvin E. McDaniel, Jr.	Executive Vice President	Same as above.
Scott M. Wilensky	Executive Vice President, General Counsel	Same as above.
Judy M. Poferl	Senior Vice President, Corporate Secretary	Same as above.
Jeffrey S. Savage	Senior Vice President, Controller	Same as above.
Brian J. Van Abel	Vice President, Treasurer	Same as above.
Tara M. Stoffel	Assistant Secretary	Same as above.
Wendy B. Mahling	Assistant Secretary	Same as above.
Paul A. Johnson	Assistant Treasurer	Same as above.
Mary P. Schell	Assistant Treasurer	Same as above.

5. If applicable, list names, addresses and positions of Applicant's five largest shareholders.
Applicant is a wholly owned subsidiary of Xcel Energy Inc. ("Xcel Energy").

6. Applicant designates the following persons to be contacted with respect to any question regarding filing:

Evan D. Evans		
600 S. Tyler Street, Ste. 2900	Amarillo, Texas 79101	806-378-2930
(Address)	(City, State and Zip Code)	(Area Code and Number)

Wes Berger		
600 S. Tyler Street, Ste. 2400	Amarillo, Texas 79101	806-378-2891
(Address)	(City, State and Zip Code)	(Area Code and Number)

7. If Applicant is represented by an attorney: **Stephen Fogel**
(Name of Attorney or Firm)

816 Congress Avenue, Ste. 1650	Austin, Texas 78701	512-236-6922
(Address)	(City, State and Zip Code)	(Area Code and Number)

8. Does Applicant presently have a tariff on file with the Commission?

Yes. If yes, date of filing **January 26, 2017 (Docket No. 45524)**

No. If no, attach a written schedule of present rate and services. (Use forms or format required by Commission’s Tariff Clerk.)

If there are more than two parties to this transaction, please attach sheets providing the information required in Questions No. 9 through 16 for each party.

ENTITY #1 (Questions Nos. 9-16)

9. Please indicate the proposed effect of this transaction on rates to be charged affected customers:

All customers will be charged the same rates as they were charged before the transaction.

Some customers will be charged different rates than they were charged before the transaction. If so, please explain

Applicant intends to file with the Commission an application to change rules of (some) (all) of its customers as a result of this transaction. If so, please explain

Other. Please explain:

The transaction will have no immediate effect on rates to be charged to customers. However, as part of SPS’s application for a Certificate of Convenience and Necessity for the Wind Facilities, SPS is asking the Commission to establish certain ratemaking principles and treatments that will apply to the Wind Facilities in future rate proceedings.

10. Other party to this transaction:

**ESI Energy, LLC (for Hale Wind
Project site)**

(Name)

The other party holds Certificate of Convenience and
Necessity No.

 The other party does not hold a Certificate of
Convenience and Necessity.

The other party is the:

Seller (transferor or lessor)

Purchaser (transferee or lessee)

The merging utilities

Other (please explain):

Business
Address:

700 Universe Blvd

(Street Address must be entered here – P.O. Box
may also be entered)

Business

Telephone: **561.694.4000**

Juno Beach

(City)

(County)

FL 33408

(State & Zip Code)

11. Other party is a(n):

Limited Liability Company (DE)

(Individual, Partnership, Corporation, Cooperative Corporation, Water Supply
Corporation, Political Subdivision, Municipally-Owned Utility)

12. If applicable, list the names, addresses and office of all partners or all officers of other party.

NAME	OFFICE	ADDRESS
Armando Pimentel, Jr.	President	ESI Energy, LLC 700 Universe Blvd. Juno Beach, FL 33408
Michael O’Sullivan	Senior Vice President	Same as above
Jonathan T. Bain	Vice President	Same as above
Kathy A. Beilhart	Vice President	Same as above
Nicole J. Daggs	Vice President	Same as above
Dean R. Gosselin	Vice President	Same as above
Rebecca J. Kujawa	Vice President	Same as above
Mark Lemasney	Vice President	Same as above
Mitchell S. Ross	Vice President	Same as above
Alex Rubio	Vice President	Same as above
Mark R. Sorensen	Vice President	Same as above
Paul I. Cutler	Treasurer	Same as above
Melissa A. Plotsky	Secretary	Same as above
W. Scott Seeley	Assistant Secretary	Same as above

13. If applicable, list the names and addresses of other party’s five (5) largest shareholders.
NextEra Energy Resources, LLC (sole owner)

14. The other party designates the following person(s) to be contacted with respect to any question regarding filing:

Tracy C. Davis		
5920 W. William Cannon Dr., Bldg. 2	Austin, Texas 78749	512-236-3141
(Address)	(City, State and Zip Code)	(Area Code and Number)

15. The other party has retained an engineer: Not applicable
(Name of Engineer or Firm)

(Address) (City, State and Zip Code) (Area Code and Number)

16. The other party is represented by an attorney: Tracy C. Davis
(Name of Attorney or Firm)

5920 W. William Cannon Dr.,
Bldg. 2 Austin, Texas 78749 512-236-3141
(Address) (City, State and Zip Code) (Area Code and Number)

ENTITY #2 (Questions Nos. 9-16)

9. Please indicate the proposed effect of this transaction on rates to be charged affected customers:

- All customers will be charged the same rates as they were charged before the transaction.
- Some customers will be charged different rates than they were charged before the transaction. If so, please explain
- Applicant intends to file with the Commission an application to change rules of (some) (all) of its customers as a result of this transaction. If so, please explain
- Other. Please explain: **Please see the response to this question for Entity #1.**

10. Other party to this transaction: Invenergy Wind Development North America LLC (for the Sagamore Wind Project site)
(Name)

- The other party holds Certificate of Convenience and Necessity No.
- The other party does not hold a Certificate of Convenience and Necessity.

The other party is the:

- Seller (transferor or lessor)
- Purchaser (transferee or lessee)
- The merging utilities
- Other (please explain):

Business Address:	One South Wacker Drive	Business Telephone:	312.224.1400
	(Street Address must be entered here – P.O. Box may also be entered)		
	Chicago		IL 60606
	(City)	(County)	(State & Zip Code)

11. Other party is a(n): **Limited Liability Company**
(Individual, Partnership, Corporation, Cooperative Corporation, Water Supply Corporation, Political Subdivision, Municipally-Owned Utility)

12. If applicable, list the names, addresses and office of all partners or all officers of other party.

NAME	OFFICE	ADDRESS
Michael Polsky	President	1 S. Wacker Drive, Chicago, IL 60606
James Murphy	Vice President	1 S. Wacker Drive, Chicago, IL 60606
James Shield	Vice President	1 S. Wacker Drive, Chicago, IL 60606
Steven Ryder	Vice President	1 S. Wacker Drive, Chicago, IL 60606
Mike Blazer	Secretary	1 S. Wacker Drive, Chicago, IL 60606

13. If applicable, list the names and addresses of other party's five (5) largest shareholders.
Invenergy Wind Development North America LLC is a wholly owned subsidiary of Invenergy Wind LLC.

14. The other party designates the following person(s) to be contacted with respect to any question regarding filing:

Orijit Goshal

2580 W. Main Street

Littleton, CO 80112

303-800-9340

(Address)

(City, State and Zip Code)

(Area Code and Number)

15. The other party has retained an engineer:

Not applicable

(Name of Engineer or Firm)

(Address)

(City, State and Zip Code)

(Area Code and Number)

16. The other party is represented by an attorney:

Greg Friend – Stahl, Bernal, Davies, Sewell & Chavarria

(Name of Attorney or Firm)

7320 N. MoPac, Suite 211

Austin, Texas 78731

512-652-2949

(Address)

(City, State and Zip Code)

(Area Code and Number)

17. List all neighboring utilities, cities, political subdivisions, or other parties directly affected by this application. (Use separate sheet if needed).

Entity No. 1 -

- Golden Spread Electric Cooperative, Inc.;
- Lighthouse Electric Cooperative, Inc.;
- City of Petersberg;
- City of Abernathy;
- and all SPS Texas retail customers.

Applicant represents to the Public Utility Commission that each of the above parties and all other parties to this transaction were notified of the nature of this application and its filing with the Commission, and each of the above parties by that notification has an opportunity to protest the application. Other parties to this transaction have been furnished copies of this application.

Entity No. 2 –

- **Entity No. 2 is located in New Mexico. Other than SPS Texas retail customers, there are no additional neighboring utilities, cities, political subdivisions, or other parties related to Entity No. 2 that are directly affected by this application.**

18. Please describe the nature of the transaction. Indicate if it involves the transfer of certificated facilities and/or service area:

SPS is proposing to develop, own, and operate two large wind generating facilities – one in Hale County, Texas and one in Roosevelt County, New Mexico. To facilitate this project, SPS is proposing to purchase land leases and required permits. The transaction does not involve the transfer of certificated facilities or service area.

19. If the transaction involves the transfer of certificated facilities and/or service areas, please describe the qualifications of the purchaser (or transferee) to provide adequate utility service:

Not applicable.

20. State the purchase price and/or other consideration for the transaction.

There are two transactions at issue in this application, one for the purchase of the site for the Hale Wind Project, and the other for the purchase of the site for the Sagamore Wind Project. The purchase price for each transaction is confidential. This confidential information is provided in Attachment Nos. RH-4 and RH-5 to the Direct Testimony Riley Hill.

21. If applicable, state the original cost of plant to be sold or merged, as recorded on the books of the Seller (or merging companies):

Not applicable. SPS will be building the Wind Facilities. The purchase prices referenced in response to Question No. 20 will be part of the original cost of the facilities when completed.

22. If applicable, state the amount of accumulated depreciation and the date of the acquisition:

The dates of acquisition will occur after all necessary regulatory approvals are obtained. Depreciation will not begin until after the date of acquisition.

23. If applicable, state the amount recorded as plant acquisition adjustment on books of the selling company(ies):

Not applicable.

24. Complete the following proposed entries in books of purchasing (or surviving) company to record purchase (or merger):

Date	Debit	Credit
Utility plant in service	Not Applicable	Not Applicable
Plant acquisition adjustment	Not Applicable	Not Applicable
Extraordinary loss on purchase	Not Applicable	Not Applicable
Accumulated depreciation plant	Not Applicable	Not Applicable
Cash	Not Applicable	Not Applicable
Notes payable	Not Applicable	Not Applicable
Mortgage payable	Not Applicable	Not Applicable
Other list	Not Applicable	Not Applicable

25. If utility plant in service is traded for utility plant in service, give details of the original cost – accumulated depreciation, and reasons for or justification of the trade:

Not applicable.

26. Provide analysis of tax consequences in transaction and recognition given in books of the parties concerned:

Not applicable.

27. Describe the type of plant facilities, and number of connections affected by this application.

SPS proposes to own and operate two wind generation facilities, the Hale Wind Project with a nameplate energy capability of 478 MW, and the Sagamore Wind Project with 522 MW of nameplate wind energy capability. The Hale Wind Project will connect to the TUCO substation in Texas and the Sagamore Wind Project will connect to the Crossroads Substation in New Mexico.

28. Describe the location of plant facilities involved in this application with respect to streets, highways, cities, known landmarks, water courses, coordinates of transmitter sites, etc.:

One of the wind facilities will be located in Hale County, Texas north of the city of Petersberg. The wind turbines at this facility will be north of highway 54 and on the east and west sides of highway 400.

The other wind facility will be located in Roosevelt County, New Mexico near the Texas/New Mexico State line. The wind turbines at this facility will be south of Portales, New Mexico, and mostly east of highway 206 and both north and south of highway 458.

29. Regarding the utility being sold, provide details of the following:

a. Planned or needed capital improvements

No utility is being sold.

b. Estimated cost of such improvements;

Not applicable.

c. Whether required to make such improvements by a federal or state agency;

Not applicable.

d. Any time limits imposed for such improvements.

Not applicable.

30. Please describe anticipated impact of this transaction on the quality of utility service. Please explain anticipated changes in quality of service.

The anticipated changes in the quality of utility service are lower customers bills. These transactions will facilitate the addition of wind energy resources on SPS's system. These resources are projected to provide over a billion dollars in energy savings to customers over the twenty-five year life of the facilities. SPS will own, operate, and maintain the wind facilities that will be located at the two sites listed in this STM application.

31. If a merger or combination is sought by this application, please provide the following:

a. A balance sheet for each entity;

b. An income statement for each entity;

c. Articles of Incorporation of a newly created entity;

d. A preliminary prospectus if stock of a newly created entity is to be publicly held.

Not applicable.

If the Affiant to this form is any person other than the sole owner, partner, officer of the applicant or its attorney, a properly verified Power of Attorney must be enclosed.

OATH

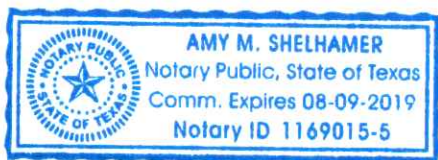
STATE OF TEXAS

COUNTY OF POTTER

I, James M. Bagley, being duly sworn, file this application as Manager, Regulatory Administration for Southwestern Public Service Company. I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application. I am also qualified and authorized to verify that all statements made and matters set forth therein with respect to the applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith, that notice of its filings was given to all other parties to the transaction and all neighboring utilities, and that this application does not duplicate any filing presently before the Commission.


James M. Bagley

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State and County above-named, this 20th day of March, 2017.




Notary Public

The original and four (4) copies of this Application and all attachments should be submitted to:

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. Congress Avenue
Austin, Texas 78711

CERTIFICATE OF SERVICE

I certify that on March 21, 2017, this instrument was filed with the Public Utility Commission of Texas, and a true and correct copy of it was served by hand delivery on the Staff of the Public Utility Commission of Texas and the Office of Public Utility Counsel, and by hand delivery, next business day courier delivery, or first class mail on each party of record in SPS's most recent base rate case, Docket No. 45524.



A handwritten signature in blue ink, appearing to read "Amy M. St.", is written over a horizontal line.