BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC	
SERVICE COMPANY'S APPLICATION FOR)
APPROVAL TO RECOVER ITS REGULATORY	
DISINCENTIVES AND INCENTIVES)
ASSOCIATED WITH SPS'S ENERGY) CASE NO. 10-00197-UT
EFFICIENCY AND LOAD MANAGEMENT)
PROGRAMS UNDER THE EFFICIENT USE OF)
ENERGY ACT AND COMMISSION RULE	
17.7.2.9(K) NMAC)
)
SOUTHWESTERN PUBLIC SERVICE COMPANY,)
)
APPLICANT	

NOTICE TO CUSTOMERS

NOTICE is hereby given by the New Mexico Public Regulation Commission ("Commission") of a public hearing that will be held beginning at 9 A.M. on March 8, 2011, at the offices of the Commission, 1120 Paseo De Peralta, Santa Fe, New Mexico, for the purpose of hearing and receiving testimony, exhibits, arguments, and any other appropriate matters in order to determine whether proposed changes in rates in this case should be approved by the Commission.

- 1. On July 1, 2010, Southwestern Public Service Company ("SPS" or "Company") filed an application for: (1) approval of SPS's proposed lost revenue adjustment mechanism ("LRAM") that will allow SPS to recover its regulatory disincentives attributable to SPS's approved energy efficiency programs; (2) approval of SPS's proposed incentive mechanism that will provide incentives for SPS to develop energy efficiency and load management programs (collectively, its demand side management ("DSM") programs)and make DSM investments; (3) authorize SPS to recover the disincentives and incentives based on 2011 savings verified by the Independent Program Evaluator beginning June 1, 2012 through SPS's approved energy efficiency rider ("EER"); and (4) grant all other approvals, authorizations, and actions that may be required under the Efficient Use of Energy Act ("EUEA"), the Rule, and the New Mexico Public Utility Act (NMSA 1978, Sections 62 3-1 et. seq., "PUA") for SPS to recover its proposed disincentives and incentives attributable to its approved DSM programs.
- 2. The proposed rate changes will affect all retail customer classifications.
- 3. In accordance with the amended EUEA and Rule 17.7.2.9(K), SPS proposes the LRAM to remove SPS's regulatory disincentives by providing for the recovery of fixed cost revenues from lost sales ("lost margins") due to the implementation of SPS's cost-effective DSM programs. In addition, SPS proposes to implement an incentive mechanism that will promote the development of DSM programs in SPS's energy resource selection process.

SPS's alleges that its proposal to address regulatory disincentives and incentives appropriately balances the interests of consumers, shareholders, and the public.

4. Listed below are the present and proposed rates for each customer class proposed by SPS.

	Estimated		
	Present	Proposed	Increased
	Rider	Rider	Rider
	(\$/kWh)	(\$/kWh)	(\$/kWh)
Residential Service Rate	\$0.002038	\$0.002960	\$0.000928
Residential Heating Service Rate	\$0.002038	\$0.002960	\$0.000928
Residential Electric Water Heating Service Rate	\$0.002038	\$0.002960	\$0.000928
Small General Service Rate	\$0.002038	\$0.002960	\$0.000928
Secondary General Service Rate	\$0.002029	\$0.002947	\$0.000918
Irrigation Service Rate	\$0.002029	\$0.002947	\$0.000918
Primary General Service Rate	\$0.002009	\$0.002918	\$0.000909
Large General Service-Transmission Rate	\$0.001873	\$0.002720	\$0.000847
Small Municipal & School Service Rate	\$0.002038	\$0.002960	\$0.000928
Large Municipal & School Service Rate	\$0.002029	\$0.002947	\$0.000918

5. Listed below is a comparison of present and proposed rates for each of the residential customer classes on a per kWh basis as proposed by SPS.

	Present Rate	Proposed Rate	Percentage Increase
Residential Service Rate			
EER (\$/kWh)	\$0.002038	\$0.002960	45.24%
Estimate of bills for the following levels of consumption during the Winter months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 27.58	\$ 27.81	0.84%
500 kWh	\$ 49.55	\$ 50.01	0.93%
750 kWh	\$ 71.53	\$ 72.22	0.97%
1,000 kWh	\$ 93.50	\$ 94.43	0.99%
2,000 kWh	\$181.41	\$183.25	1.02%
Estimate of bills for the following levels of consumption during the Summer months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 28.38	\$ 28.61	0.81%
500 kWh	\$ 51.17	\$ 51.63	0.90%
750 kWh	\$ 73.95	\$ 74.64	0.94%
1,000 kWh	\$ 96.73	\$ 97.66	0.95%

2,000 kWh	\$ 187.87	\$ 189.71	0.98%
Residential Heating Service Rate			
EER (\$/kWh)	\$0.002038	\$0.002960	45.24%
Estimate of bills for the following levels of consumption during the Winter months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 23.59	\$ 23.82	0.98%
500 kWh	\$ 41.57	\$ 42.03	1.11%
750 kWh	\$ 59.56	\$ 60.25	1.16%
1,000 kWh	\$ 77.54	\$ 78.47	1.19%
2,000 kWh	\$ 149.49	\$ 151.33	1.23%
Estimate of bills for the following levels of consumption during the Summer months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 28.38	\$ 28.61	0.81%
500 kWh	\$ 51.17	\$ 51.63	0.90%
750 kWh	\$ 73.95	\$ 74.64	0.94%
1,000 kWh	\$ 96.73	\$ 97.66	0.95%
2,000 kWh	\$ 187.87	\$ 189.71	0.98%
Residential Electric Water Heating Service Rate			
EER (\$/kWh)	\$0.002038	\$0.002960	45.24%
Estimate of bills for the following levels of consumption during the Winter months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 26.49	\$ 26.72	0.87%
500 kWh	\$ 47.38	\$ 47.84	0.97%
750 kWh	\$ 68.27	\$ 68.96	1.01%
1,000 kWh	\$ 89.15	\$ 90.08	1.03%
2,000 kWh	\$ 172.71	\$ 174.55	1.07%
Estimate of bills for the following levels of consumption during the Summer months			
0 kWh	\$ 5.60	\$ 5.60	0.00%
250 kWh	\$ 28.38	\$ 28.61	0.81%
500 kWh	\$ 51.17	\$ 51.63	0.90%
750 kWh	\$ 73.95	\$ 74.64	0.94%
1,000 kWh	\$ 96.73	\$ 97.66	0.95%
2,000 kWh	\$ 187.87	\$ 189.71	0.98%

^{6.} These proposed rates apply to all rate classes but would affect only those customers utilizing the services indicated.

- 7. The proposed changes in rates are stated by class for informational purposes only and the final rate design, including any alternative proposals for removal of disincentives, may increase or change rates ultimately charged to each class.
- 8. The Commission has assigned Case No. 10-00197-UT to this filing and inquiries should refer to that case number.
- 9. The Commission has set the schedule for this case as follows:
 - A. Motions for Leave to Intervene must be filed on or before October 1, 2010.
 - B. A Settlement meeting will be held on October 28, 2010, at 9:30 A.M., and status conference at 2:00 P.M., at the offices of the Commission, 1120 Paseo De Peralta, Santa Fe, New Mexico.
 - C. No later than October 28, 2010, interveners must indicate whether they intend to file an alternative proposal.
 - D. Staff and Interveners shall file any direct testimony on or before January 25, 2011.
 - E. Any rebuttal testimony shall be filed on or before February 22, 2011.
 - F. Interested persons should contact the Commission for confirmation of hearing dates, times, and places.
- 10. The procedural dates and requirements currently set in this case are subject to further Order of the Commission or the Hearing Examiner.
- 11. Further information may be obtained or any interested person may examine the rate filings together with any exhibits and related papers that may be filed in this case at the offices of SPS, 111 E. Fifth Street, Roswell, New Mexico, telephone (505) 625-5499 or at the office of the Commission, P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, NM, telephone 1-888-427-5772.
- 12. The Commission's Utility Division Procedures 1.2.2 NMAC, *et. seq.*, shall apply to this proceeding except as modified by order of the Commission or the Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission.
- 13. Any person desiring to become a party to this case must file a Motion for Leave to Intervene in conformity with 1.2.2.23.A and 1.2.2.23.B NMAC on or before the date ordered by the Commission.
- 14. Any interested person may appear at the hearing and make a written or oral comment pursuant to 1.2.2.23.F NMAC without becoming an intervener, but the comment will not be considered as evidence in the proceeding.
- 15. Documents which are mailed to the Commission should be sent to: New Mexico Public Regulation Commission, P.O. Box 1269, Santa Fe, NM 87504-1269.
- 16. Anyone filing pleadings or pre-filed testimony will serve copies through U.S. mail and electronically upon all parties of record, Commission Staff, and the Hearing Examiner.

Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath.

17. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the Commission at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this 30th day of July, 2010.

NEW ME	EXICO PUBLIC REGULATION COMMISSION
	Elizabeth C. Hurst Hearing Examiner