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APPLICATION OF SOUTHWESTERN §
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES §

PUBLIC UTILITY COMMISSION 35

OF TEXAS

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DOCKET NO. _____

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS

SOUTHWESTERN PUBLIC SERVICE COMPANY'S
STATEMENT OF INTENT AND APPLICATION
FOR AUTHORITY TO CHANGE RATES

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	Public Utility Commission of Texas
FERC	Federal Energy Regulatory Commission
MW	Megawatt
PURA	Public Utility Regulatory Act
RFP	Rate Filing Package
ROE	Return on Common Equity
SPS	Southwestern Public Service Company, a New Mexico corporation
TAC	Tex. Admin. Code
Temporary Rate Date	March 15, 2021, which is the 35th day after the date the Application was filed
Temporary Rate Period	The final rates set in the rate case will be applied to usage on and after the Temporary Rate Date until the relate-back date in the rate case
Test Year	October 1, 2019 through September 30, 2020
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020
WACC	Weighted Average Cost of Capital
Xcel Energy	Xcel Energy Inc.

DOCKET NO. _____

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
STATEMENT OF INTENT AND APPLICATION
FOR AUTHORITY TO CHANGE RATES**

Southwestern Public Service Company ("SPS") seeks authority to change its base rates and requests certain other approvals, in accordance with Chapter 36 of the Public Utility Regulatory Act ("PURA")¹ and Subchapter J of the Public Utility Commission of Texas's ("Commission") Substantive Rules. In support of its request, SPS shows as follows.

I. Overview of Relief Sought

SPS is presenting its application in two phases: (i) Revenue Requirement; and (ii) Rate Design. The Revenue Requirement phase presents and supports SPS's cost of service analysis, capital investments, depreciation expense, capital structure, return on common equity ("ROE"), operation and maintenance ("O&M") expenses, taxes, revenue credits, and other types of costs that SPS incurs to provide service to customers. The Rate Design phase addresses how the Texas retail revenue requirement is allocated among SPS's customer classes and how the rates are designed for these customer classes. The fundamental principles utilized are based on cost causation and are similar to how SPS has performed these functions in past cases. SPS's proposals, described below, are based on an "Updated Test Year" of January 1, 2020 through December 31, 2020. The Updated Test Year is the product of a historical test year of October 1, 2019 through September 30, 2020 ("Test Year"), updated to include information that reflects SPS's most current actual information for the period from October 1, 2020 through December 31, 2020 ("Update Period"), as authorized by PURA § 36.112 and 16 Tex. Admin. Code ("TAC") § 25.246. SPS's requests are as follows:

¹ Tex. Util. Code Ann. §§ 11.001-66.016.

Revenue Requirement Phase

1. SPS asks the Commission to approve a total Texas retail base rate revenue requirement (including miscellaneous tariff charges) of \$765,521,011 and a base rate increase of \$143,365,836, which SPS has calculated based on an overall weighted average cost of capital (“WACC”) of 7.56%. That WACC is based on:
 - a proposed equity ratio of 54.60%;
 - a proposed long-term debt ratio of 45.40%;
 - a proposed cost of long-term debt of 4.20%; and
 - a proposed ROE of 10.35%.
2. SPS asks the Commission to find that the capital additions placed into service during the period from July 1, 2019 through December 31, 2020 are reasonable and necessary, and that the costs incurred by SPS for those capital additions are reasonable and prudent.
3. SPS asks the Commission to find that SPS’s requested O&M expenses and administrative and general expenses, including native and affiliate expenses, are reasonable and necessary and satisfy the applicable standards under PURA and the Commission’s Substantive Rules.
4. SPS asks the Commission to approve SPS’s Technical Depreciation Update and resulting depreciation rates, including shorter service lives for: the Tolk Generating Station (“Tolk”) Units 1 and 2 based upon a retirement date of 2032; the coal-specific assets at Harrington Generating Station (“Harrington”) based on a retirement date of 2024; and Plant X Unit 3 (“Plant X3”) based on a retirement date of 2022.
5. SPS asks the Commission to establish SPS’s baseline levels for the pension and other post-employment benefits (“OPEB”) expenses.
6. SPS asks the Commission to approve the waivers from the Rate Filing Package (“RFP”) schedules described in Schedule V to the RFP and Section VIII of this application.
7. SPS asks the Commission to approve SPS’s request to maintain the current Attachment Z2 regulatory asset.
8. SPS asks the Commission to approve SPS’s request to recover incremental direct costs incurred as a result of the COVID-19 pandemic, establish a tracker for bad debt expense, and seek recovery of the additional bad debt expense in SPS’s next base rate case.

9. SPS asks the Commission to approve its proposal to reallocate transmission costs as a result of Lubbock Power & Light (“LP&L”) moving its transmission load to the Electric Reliability Council of Texas (“ERCOT”) system by June 2021.
10. SPS asks the Commission to approve SPS’s proposed Resiliency Service Tariff.
11. SPS asks the Commission to authorize recovery of \$6,486,825 in rate case expenses that were incurred or are expected to be incurred by SPS and the intervening municipalities in the following dockets:
 - \$5,489,800 – rate case expenses associated with this immediate docket;
 - \$685,575 – rate case expenses associated with Docket No. 51625, SPS’s currently pending fuel formula docket; and
 - \$311,450 – rate case expenses associated with Docket No. 51644, SPS’s surcharge proceeding associated with Docket No. 49831.

Rate Design Phase

12. SPS asks the Commission to approve SPS’s proposed Texas retail cost allocation, proposed revenue distribution, and rate design.
13. SPS asks the Commission approve the complete set of proposed tariff schedules presented in Schedule Q-8.8 of the RFP, including the proposed changes to SPS’s rate and rule tariffs.
14. SPS asks the Commission to establish SPS’s base line revenue requirement components for purposes of setting the: (i) Transmission Cost Recovery Factor; (ii) Distribution Cost Recovery Factor; and (iii) Purchased Power Capacity Cost Recovery Factor.

II. Jurisdiction and Affected Parties

SPS is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6). 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.² SPS serves retail electric customers in Texas and New Mexico and wholesale electric customers in both of those states and Oklahoma.

² 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 regulated by FERC.

The Commission regulates SPS's Texas retail operations. The New Mexico Public Regulation Commission regulates SPS's New Mexico retail operations. 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 790 S. Buchanan St., Amarillo, Texas 79101.

The Commission has exclusive original jurisdiction over this application for service provided to environs customers in Texas and to customers within the corporate limits of those municipalities within SPS's Texas service territory that have surrendered their regulatory jurisdiction to the Commission.³ SPS is subject to the Commission's jurisdiction under PURA. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001-36.112, and 36.204-36.205, 36.211, and under 16 TAC §§ 25.231, 25.245, and 25.246.

Contemporaneous with this filing, SPS filed a Statement of Intent and Application for Authority to Change Rates with those municipalities that retain original jurisdiction over SPS's rates within their corporate limits. SPS may appeal the municipal rate ordinances to the Commission and request that the Commission consolidate those appeals with this case and, if necessary, set the rates that the local regulatory authorities should have set.⁴

This application affects SPS and all of its Texas retail customers (all rate classes and rate schedules).

III. Authorized Representatives and Service of Documents

SPS's authorized representatives for this case are:

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³ PURA §§ 32.001, 32.002, and 33.002.

⁴ See PURA §§ 33.051, 33.053, and 33.054.

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SPS requests that all information and documents in this proceeding (e.g., motions, orders, discovery requests) be served on its authorized representatives.

IV. Effective Date of Rate Change and Temporary Rates

SPS's proposed effective date for this rate change is 35 days after the date of this filing, which is March 15, 2021. The Commission, however, has the authority to suspend the rates for 195 days beyond March 15, 2021,⁵ which is September 26, 2021. If the Commission suspends the proposed rates, the final rates set in this proceeding will relate back to consumption occurring on and after July 13, 2021, which is the 155th day after the RFP was filed.⁶

Consistent with the settlement in Docket No. 46936 and in accordance with PURA § 36.109, SPS further requests that the Commission establish temporary rates on March 15, 2021, which is the 35th day after the date the Application was filed ("Temporary Rate Date"). As part of this request, SPS requests that the final rates set in this case be applied to usage on and after the Temporary Rate Date. Under this proposal, the final rates set in the rate case will be applied to usage on and after the Temporary Rate Date until the relate-back date in the rate case under PURA § 36.211 (the "Temporary Rate Period"). There will be a refund or surcharge applicable for usage during the Temporary Rate Period, which SPS proposes to implement in conjunction with any refund or surcharge associated with the relate-back date under PURA § 36.211.

⁵ PURA § 36.108(a)(2) provides for a 150-day suspension period, which under PURA § 36.112(d) and 16 TAC § 25.246(b)(4)(B) is extended by 45 days—for a total of 195 days—for a rate application that uses an Updated Test Year.

⁶ PURA § 36.211.

V. Proposed Notice

SPS will provide notice in accordance with PURA § 36.103 and 16 TAC §§ 22.51(a). The proposed notice is provided in RFP Schedule T and as Attachment A to this application. SPS requests that the Commission approve SPS's proposed method and form of notice.

VI. Supporting Documentation

In support of this application, SPS has filed: (i) Schedules A through W, with related workpapers, as required by the RFP, except for where waivers were requested; (ii) an Executive Summary, as required by the RFP; and (iii) written testimony of its witnesses with attachments and workpapers.

VII. Summary of Proposed Rate Changes

The Test Year for this base rate case is the historical 12-month period from October 1, 2019 through September 30, 2020. As allowed under PURA § 36.112 and 16 TAC § 25.246, SPS is providing information for that Test Year in its initial testimony, attachments, and schedules, plus estimates for an Update Period of October 1, 2020 through December 31, 2020. In accordance with PURA § 36.112(d) and 16 TAC § 25.246(b)(4)(A), SPS will supplement its initial filing by replacing the estimates with actual information not later than the 45th day after the date the initial filing was made. Accordingly, SPS will replace the Update Period estimates within that 45-day timeframe with actual information through December 31, 2020 for every component of its cost of service that changed, including flow-through effects and attendant impacts of changes. Thus, in effect, SPS's application is based on the historical Updated Test Year of January 1, 2020 through December 31, 2020. SPS is also requesting several known and measurable adjustments to the Updated Test Year information, as allowed under PURA § 36.112(e) and 16 TAC §§ 25.231 and 25.246(b)(5).

SPS requests that the Commission approve an overall increase in base revenues of \$143,365,836 on an annual basis, an increase of 23.0% in overall rates based upon Updated Test Year revenues. This requested amount reflects a requested overall rate of return of 7.56%, which is composed of an equity ratio of 54.60%, a rate of return on common equity of 10.35%, and a cost of debt of 4.20%. The requested base rate increase combined with the expected fuel savings noted

below results in a total Texas retail revenue impact of \$74,023,612 annually, or 9.2%. Based on the requested base rate increase (excluding the expected fuel savings), the average Residential Service customer using 1,000 kilowatt-hours of energy per month will see an overall base tariff increase of 13.57%, compared to the base rates established in Docket No. 49831. After taking into account the reduction in fuel costs, the net incremental increase over current rates for a typical Residential Service customer will be 6.71%. A bill comparison showing the effect of the base rate change on each of SPS's customer classes is provided as Attachment B to this application.

SPS's requested base rate increase is necessary to allow SPS a reasonable opportunity to earn a reasonable return on invested capital used and useful to SPS's Texas retail customers, as required by PURA § 36.051. Since its last base rate case, SPS has continued its tradition of providing safe, reliable, and cost-effective service to its Texas retail customers. To continue that tradition, SPS has also invested more than \$1.75 billion in new capital investment, including the \$858 million Sagamore Wind Project, which was placed in service in December 2020. This new 522 megawatt ("MW") renewable resource is delivering on its promise to provide value to customers in the form of low-cost, carbon-free energy that not only conserves the region's precious groundwater, but also powers economic growth and creates jobs. The new fuel factor formula proposed in Docket No. 51625 incorporates the savings from the Sagamore Wind Project as well as the flow back of Production Tax Credits ("PTCs") to customers and results in approximately \$69 million in fuel savings on an annual basis.

In this case, SPS is providing a Technical Depreciation Update, which updates the information provided in the complete depreciation study that SPS provided in Docket No. 49831, and proposes shorter service lives for Tolk Units 1 and 2, the coal-specific assets at Harrington, and Plant X3. The Technical Depreciation Update supports the need to increase depreciation expense and shorten the service lives of several of SPS's generating units, including the Tolk units that are fueled by coal. It is necessary to retire these Tolk units at December 31, 2032, because there will be insufficient water to operate the plant after that date. SPS seeks to fully depreciate the coal-specific assets at Harrington by December 31, 2024 to comply with ambient air quality standards. SPS's proposal to retire and fully depreciate Plant X3 by December 31, 2022 is based on recent analyses showing that it would not be cost-effective to return that plant to service.

In addition, LP&L is expected to substantially reduce its transmission demand on SPS's system when LP&L transitions a significant portion of its load to the ERCOT system by June 1, 2021, pursuant to the Commission's final order in Docket No. 47576. LP&L's departure from SPS's system will increase the transmission costs that are allocated to SPS's retail customers, including those in Texas. Therefore, it is appropriate to reflect the transmission demand jurisdictional allocation impact as a known and measurable change in this proceeding.

VIII. Request for Waivers of RFP Requirements

Schedules Related to Fuel Reconciliation and Other Costs Not at Issue

SPS is not filing a fuel reconciliation as part of this case because the Commission amended 16 TAC § 25.236 to eliminate the requirement that a utility file a fuel reconciliation as part of a base rate case. Accordingly, SPS is not seeking a change in its fuel factor under 16 TAC § 25.237. Consequently, as shown on RFP Schedule V, SPS requests waivers of the portions of the RFP schedules that require the utility to provide information related to fuel reconciliation proceedings or a rate year. Certain other schedules also seek information related to costs not at issue in this proceeding. SPS requests waivers of those portions of the RFP as well, as listed on Schedule V of the RFP.

Updated Test Year Data in Lieu of Test Year Data

SPS is using billing determinants for the Updated Test Year, rather than the Test Year, to allocate costs among the Texas retail classes and to design rates. For this reason, SPS requests a waiver to provide Updated Test Year data rather than Test Year data in certain schedules, as listed on Schedule V.

IX. Confidentiality and Protective Order

Some of the testimony, attachments, schedules, and workpapers filed supporting this application contain confidential protected or highly sensitive protected information. In accordance with the RFP and to protect this information, the documents containing confidential information include a statement to that effect. Additionally, in accordance with the RFP, the confidential or highly sensitive information has been deleted, redacted, or summarized as necessary to preserve confidentiality.

Copies of all confidential and highly sensitive information will be available, during normal business hours, at 401 Congress Avenue, Suite 2100, Austin, Texas, for parties who have executed the Protective Order adopted in this proceeding.

In addition to the confidential and highly sensitive material in SPS's initial filing, SPS may need to furnish in responses to requests for information, confidential or highly sensitive information, the disclosure of which to third parties would either place it at a severe competitive disadvantage or cause it to violate contractual confidentiality obligations.

The confidentiality agreement included as Schedule W to the RFP was developed many years ago when competitive pressures were not as intense as those that currently exist. The Commission has recognized the existence of these increased competitive pressures for many years and consequently has engaged in a practice of entering protective orders that contain dual levels of protected materials—confidential materials and those that are entitled to an even higher level of protection, highly sensitive protected materials. To conform to the Commission's established practice, SPS proposes to use the Commission's standard protective order as the basis for the protective order in this docket. Thus, SPS requests that the Commission enter a protective order in the form provided as Attachment C to this application and that, pending entry of the protective order, the parties treat the proposed protective order as a confidentiality agreement.

X. Conclusion and Prayer for Relief

For the reasons set out in this application, the accompanying testimony, and RFP schedules and workpapers, SPS requests that the Commission:

- (a) grant the relief set out in Section I of this application;
- (b) approve the effective dates and request for temporary rates set out in Section IV;
- (c) approve the proposed method and form of notice as described in Section V;
- (d) approve the waivers of the RFP requirements as set forth in Section VIII;
- (e) approve the proposed protective order presented in Section IX; and
- (f) grant SPS such other relief to which SPS may be entitled.

Respectfully submitted,

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ATTORNEYS FOR
SOUTHWESTERN PUBLIC SERVICE COMPANY

Docket No. _____

*Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates*

-12-

Proposed Form of Notice

Notice of Rate Change Request

Public Notice of

**Filing by Southwestern Public Service Company, doing business as Xcel Energy, of
Statement of Intent and Application for Authority to Change Rates**

On February 8, 2021, Southwestern Public Service Company (“SPS”), doing business as Xcel Energy, filed a statement of intent and application for authority to change rates (“Application”) with the Public Utility Commission of Texas (“Commission”) and with each Texas municipality that has original jurisdiction over SPS’s electric rates.

SPS has 271,393 Texas retail customers. All customers in each of SPS’s Texas retail customer classes will be affected by the relief requested in this Application.

Statement of Intent to Change Rates

SPS requests that the Commission approve an overall increase in annual base rate revenues of \$143,365,836 which represents an increase of 23% in base rate revenues (the portion of the bill not including fuel costs and rate riders) and an increase of 9.2% in overall adjusted revenues. The effect of the proposed rate change on individual customer classes is set forth in the section entitled “Effect on Customer Classes” below.

SPS’s proposed effective date for this rate change is 35 days after the date of this filing, which is March 15, 2021. That proposed effective date is subject to suspension and extension by actions of the Commission or other regulatory authorities. Consistent with the settlement in Docket No. 46936, SPS is also requesting that the Commission make SPS’s current rates temporary rates on the 35th day after the date the Application was filed, which is March 15, 2021 (“Temporary Rate Date”). As part of this request, SPS requests that the final rates set in this case be applied to usage on and after the Temporary Rate Date.

Effect on Customer Classes

The average Residential Service customer using 1,000 kilowatt-hours of energy per month will see an increase in base rates (the portion of the bill not including fuel costs and rate riders) of \$13.22 per month, or 13.57%, which results in an overall increase of 6.71%, compared to the rates established in SPS’s last base rate case.

The following table presents the percentage annual revenue increases, by type of service, under the proposed rates in this proceeding:

Applicable Service	\$143,365,787 Increase		
	Base Rate Increase/(Decrease) (\$)	Base Rate Increase/(Decrease) (%)	Overall Bill Increase/(Decrease) (%)*
Residential Service	\$ 30,652,441	12.81%	6.7%
Small General Service	3,101,151	13.35%	5.6%
Secondary General Service	21,098,228	17.38%	5.9%
Primary General Service	16,849,292	24.68%	6.0%
Large General Service – Transmission	63,322,103	44.56%	11.7%
Small Municipal and School Service	552,080	43.24%	25.1%
Large Municipal Service	3,218,571	38.0%	17.8%
Large School Service	4,099,552	45.17%	27.0%
Municipal and State Street Lighting	1,194,019	25.09%	20.7%
Guard and Flood Lighting	(721,650)	-17.02%	-17.7%
Total	\$143,365,787	23.04%	

* Includes fuel factor and energy efficiency cost recovery factor revenues.

Contact Information

Persons with questions or who want more information on this petition may contact SPS at 790 S. Buchanan St., Amarillo, Texas 79101, or call 1-800-895-4999 during normal business hours. A complete copy of this Application is available for inspection at the address listed in the previous sentence.

Persons who wish to intervene in or comment upon these proceedings should notify the Commission as soon as possible, as an intervention deadline will be imposed. The deadline for intervention in the proceeding is 45 days after the date the Application was filed with the Commission, which makes the intervention deadline Thursday, March 25, 2021. A request to intervene or for further information should refer to Docket No. _____. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. Further information also may be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

Due to the COVID-19 pandemic, the preferred method for you to file your request for intervention or comments on the Application is electronically, and you will be required to serve the request on other parties by email. Therefore, please include your own email address (and/or fax number if available) on the intervention request. Instructions for electronic filings via the "PUC Filer" on the Commission's website can be found at: <https://interchange.puc.texas.gov/filer>. Instructions for using the PUC Filer are available at: http://www.puc.texas.gov/industry/filings/New_PUC_Web_Filer_Presentation.pdf. Once you obtain a tracking sheet associated with your filing from the PUC Filer, you may email the tracking sheet and the document you wish to file to: centralrecords@puc.texas.gov. For assistance with your electronic filing, please contact the Commission's Help Desk at (512) 936-7100 or helpdesk@puc.texas.gov. You can review materials filed in this docket on the PUC Interchange at: <http://interchange.puc.texas.gov/>.

Bill Comparison

Residential Service

Average Monthly Consumption 1000 kWh

					Without Sagamore	Current Rates	Proposed Rates	Difference		
Service Availability Charge						\$ 10.50	\$ 12.00	1.50		
Energy Charge per kWh	Summer					\$ 0.098345	\$ 0.107050	0.008705		
Energy Charge per kWh - 1st 899 kWh	Winter					\$ 0.084552	\$ 0.098450	0.013898		
Energy Charge per kWh - over 899kWh	Winter					\$ 0.050960	\$ 0.058243	0.007283		
Energy Efficiency Cost Recovery Factor per kWh						\$ 0.001004	\$ 0.001004	-		
Rate Case Expense (RCE) Rider II percent of Base Rate						0.198168%	0.198168%			
Fuel Factor per kWh	Summer				\$ 0.019482	\$ 0.014159	\$ 0.014159	-		
Fuel Factor per kWh	Winter				\$ 0.019482	\$ 0.014159	\$ 0.014159	-		
TCRF per kWh						\$ -	\$ -	-		
kWh Level	100	250	500	750	1000	1500	2000	3000		
Current Bill without Sagamore and Fuel Savings:										
Service Availability Charge	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50
Energy Charge(Summer)	\$ 9.83	\$ 24.59	\$ 49.17	\$ 73.76	\$ 98.35	\$ 147.52	\$ 196.69	\$ 295.04		
Energy Charge (Winter)	\$ 8.46	\$ 21.14	\$ 42.28	\$ 63.41	\$ 81.16	\$ 106.64	\$ 132.12	\$ 183.08		
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Summer Base Rate Total	\$ 20.33	\$ 35.09	\$ 59.67	\$ 84.26	\$ 108.85	\$ 158.02	\$ 207.19	\$ 305.54		
Winter Base Rate Total	\$ 18.96	\$ 31.64	\$ 52.78	\$ 73.91	\$ 91.66	\$ 117.14	\$ 142.62	\$ 193.58		
Annualized Base Rate Total	\$ 19.42	\$ 32.79	\$ 55.08	\$ 77.36	\$ 97.39	\$ 130.77	\$ 164.14	\$ 230.90		
RCE Rider II (Summer)	\$ 0.04	\$ 0.07	\$ 0.12	\$ 0.17	\$ 0.22	\$ 0.31	\$ 0.41	\$ 0.61		
RCE Rider II (Winter)	\$ 0.04	\$ 0.06	\$ 0.10	\$ 0.15	\$ 0.18	\$ 0.23	\$ 0.28	\$ 0.38		
Energy Efficiency Cost Recovery Factor	\$ 0.10	\$ 0.25	\$ 0.50	\$ 0.75	\$ 1.00	\$ 1.51	\$ 2.01	\$ 3.01		
Fuel Factor (Summer)	\$ 1.95	\$ 4.87	\$ 9.74	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45		
Fuel Factor (Winter)	\$ 1.95	\$ 4.87	\$ 9.74	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45		
Total Cost (Summer)	\$ 22.42	\$ 40.28	\$ 70.03	\$ 99.79	\$ 129.55	\$ 189.06	\$ 248.57	\$ 367.61		
Total Cost (Winter)	\$ 21.05	\$ 36.82	\$ 63.12	\$ 89.42	\$ 112.32	\$ 148.10	\$ 183.87	\$ 255.42		
Total Cost (Annualized)	\$ 21.51	\$ 37.97	\$ 65.42	\$ 92.88	\$ 118.06	\$ 161.75	\$ 205.44	\$ 292.82		
Proposed Bill with Sagamore and Fuel Savings:										
Service Availability Charge	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
Energy Charge(Summer)	\$ 10.71	\$ 26.76	\$ 53.53	\$ 80.29	\$ 107.05	\$ 160.58	\$ 214.10	\$ 321.15		
Energy Charge (Winter)	\$ 9.85	\$ 24.61	\$ 49.23	\$ 73.84	\$ 94.39	\$ 123.51	\$ 152.63	\$ 210.88		
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Summer Base Rate Total	\$ 22.71	\$ 38.76	\$ 65.53	\$ 92.29	\$ 119.05	\$ 172.58	\$ 226.10	\$ 333.15		
Winter Base Rate Total	\$ 21.85	\$ 36.61	\$ 61.23	\$ 85.84	\$ 106.39	\$ 135.51	\$ 164.63	\$ 222.88		
Annualized Base Rate Total	\$ 22.14	\$ 37.33	\$ 62.66	\$ 87.99	\$ 110.61	\$ 147.87	\$ 185.12	\$ 259.64		
RCE Rider II (Summer)	\$ 0.05	\$ 0.08	\$ 0.13	\$ 0.18	\$ 0.24	\$ 0.34	\$ 0.45	\$ 0.66		
RCE Rider II (Winter)	\$ 0.04	\$ 0.07	\$ 0.12	\$ 0.17	\$ 0.21	\$ 0.27	\$ 0.33	\$ 0.44		
Energy Efficiency Cost Recovery Factor	\$ 0.10	\$ 0.25	\$ 0.50	\$ 0.75	\$ 1.00	\$ 1.51	\$ 2.01	\$ 3.01		
Fuel Factor (Summer)	\$ 1.42	\$ 3.54	\$ 7.08	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48		
Fuel Factor (Winter)	\$ 1.42	\$ 3.54	\$ 7.08	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48		
Total Cost (Summer)	\$ 24.28	\$ 42.63	\$ 73.24	\$ 103.84	\$ 134.45	\$ 195.67	\$ 256.88	\$ 379.30		
Total Cost (Winter)	\$ 23.41	\$ 40.47	\$ 68.93	\$ 97.38	\$ 121.76	\$ 158.53	\$ 195.29	\$ 268.81		
Total Cost (Annualized)	\$ 23.70	\$ 41.19	\$ 70.37	\$ 99.53	\$ 125.99	\$ 170.91	\$ 215.82	\$ 305.64		
Total Bill										
Dollar Change (Summer)	\$ 1.86	\$ 2.35	\$ 3.21	\$ 4.05	\$ 4.90	\$ 6.61	\$ 8.31	\$ 11.69		
Dollar Change (Winter)	\$ 2.36	\$ 3.65	\$ 5.81	\$ 7.96	\$ 9.44	\$ 10.43	\$ 11.42	\$ 13.39		
Dollar Change (Annualized)	\$ 2.19	\$ 3.22	\$ 4.94	\$ 6.66	\$ 7.93	\$ 9.16	\$ 10.38	\$ 12.82		
Percent Change (Summer)	8.30%	5.83%	4.58%	4.06%	3.78%	3.50%	3.34%	3.18%		
Percent Change (Winter)	11.21%	9.91%	9.20%	8.90%	8.40%	7.04%	6.21%	5.24%		
Percent Change (Annualized)	10.20%	8.47%	7.56%	7.17%	6.71%	5.66%	5.05%	4.38%		
Base Rates										
Dollar Change (Summer)	\$ 2.38	\$ 3.67	\$ 5.86	\$ 8.03	\$ 10.20	\$ 14.56	\$ 18.91	\$ 27.61		
Dollar Change (Winter)	\$ 2.89	\$ 4.97	\$ 8.45	\$ 11.93	\$ 14.73	\$ 18.37	\$ 22.01	\$ 29.30		
Dollar Change (Annualized)	\$ 2.72	\$ 4.54	\$ 7.59	\$ 10.63	\$ 13.22	\$ 17.10	\$ 20.98	\$ 28.74		
Percent Change (Summer)	11.71%	10.46%	9.82%	9.53%	9.37%	9.21%	9.13%	9.04%		
Percent Change (Winter)	15.24%	15.71%	16.01%	16.14%	16.07%	15.68%	15.43%	15.14%		
Percent Change (Annualized)	14.01%	13.84%	13.77%	13.74%	13.57%	13.08%	12.78%	12.45%		

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Southwestern Public Service Company's
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Small General Service

Average Monthly Consumption. 700 kWh

				Without Sagamore	Current Rates	Proposed Rates	Difference	
Service Availability Charge					\$ 12.75	\$ 13.40	0.65	
Energy Charge per kWh	Summer			\$ 0.071578	\$ 0.081872	0.010294		
Energy Charge per kWh	Winter			\$ 0.060631	\$ 0.070689	0.010058		
Energy Efficiency Cost Recovery Factor per kWh					\$ 0.000865	\$ 0.000865	-	
Rate Case Expense (RCE) Rider II percent of Base Rate					0.198152%	0.198152%		
Fuel Factor per kWh	Summer			\$ 0.019482	\$ 0.014159	\$ 0.014159	-	
Fuel Factor per kWh	Winter			\$ 0.019482	\$ 0.014159	\$ 0.014159	-	
TCRF per kWh					\$ -	\$ -	-	
kWh Level	100	250	500	750	1000	1500	2000	3000
Current Bill without Sagamore and Fuel Savings:								
Service Availability Charge	\$ 12.75	\$ 12.75	\$ 12.75	\$ 12.75	\$ 12.75	\$ 12.75	\$ 12.75	\$ 12.75
Energy Charge(Summer)	\$ 7.16	\$ 17.89	\$ 35.79	\$ 53.68	\$ 71.58	\$ 107.37	\$ 143.16	\$ 214.73
Energy Charge (Winter)	\$ 6.06	\$ 15.16	\$ 30.32	\$ 45.47	\$ 60.63	\$ 90.95	\$ 121.26	\$ 181.89
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer Base Rate Total	\$19.91	\$30.64	\$48.54	\$66.43	\$84.33	\$120.12	\$155.91	\$227.48
Winter Base Rate Total	\$ 18.81	\$ 27.91	\$ 43.07	\$ 58.22	\$ 73.38	\$ 103.70	\$ 134.01	\$ 194.64
Annualized Base Rate Total	\$ 19.18	\$ 28.82	\$ 44.89	\$ 60.96	\$ 77.03	\$ 109.17	\$ 141.31	\$ 205.59
RCE Rider II (Summer)	\$ 0.04	\$ 0.06	\$ 0.10	\$ 0.13	\$ 0.17	\$ 0.24	\$ 0.31	\$ 0.45
RCE Rider II (Winter)	\$ 0.04	\$ 0.06	\$ 0.09	\$ 0.12	\$ 0.15	\$ 0.21	\$ 0.27	\$ 0.39
Energy Efficiency Cost Recovery Factor	\$ 0.09	\$ 0.22	\$ 0.43	\$ 0.65	\$ 0.87	\$ 1.30	\$ 1.73	\$ 2.60
Current Fuel Factor (Summer)	\$ 1.95	\$ 4.87	\$ 9.74	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45
Current Fuel Factor (Winter)	\$ 1.95	\$ 4.87	\$ 9.74	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45
Total Cost (Summer)	\$ 21.99	\$ 35.79	\$ 58.81	\$ 81.82	\$ 104.85	\$ 150.88	\$ 196.91	\$ 288.98
Total Cost (Winter)	\$ 20.89	\$ 33.06	\$ 53.33	\$ 73.60	\$ 93.88	\$ 134.43	\$ 174.97	\$ 256.08
Total Cost (Annualized)	\$ 21.26	\$ 33.97	\$ 55.16	\$ 76.34	\$ 97.54	\$ 139.91	\$ 182.28	\$ 267.05
Proposed Bill with Sagamore and Fuel Savings:								
Service Availability Charge	\$ 13.40	\$ 13.40	\$ 13.40	\$ 13.40	\$ 13.40	\$ 13.40	\$ 13.40	\$ 13.40
Energy Charge(Summer)	\$ 8.19	\$ 20.47	\$ 40.94	\$ 61.40	\$ 81.87	\$ 122.81	\$ 163.74	\$ 245.62
Energy Charge (Winter)	\$ 7.07	\$ 17.67	\$ 35.34	\$ 53.02	\$ 70.69	\$ 106.03	\$ 141.38	\$ 212.07
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer Base Rate Total	\$21.59	\$33.87	\$54.34	\$74.80	\$95.27	\$136.21	\$177.14	\$259.02
Winter Base Rate Total	\$ 20.47	\$ 31.07	\$ 48.74	\$ 66.42	\$ 84.09	\$ 119.43	\$ 154.78	\$ 225.47
Annualized Base Rate Total	\$ 20.84	\$ 32.00	\$ 50.61	\$ 69.21	\$ 87.82	\$ 125.02	\$ 162.23	\$ 236.65
RCE Rider II (Summer)	\$ 0.04	\$ 0.07	\$ 0.11	\$ 0.15	\$ 0.19	\$ 0.27	\$ 0.35	\$ 0.51
RCE Rider II (Winter)	\$ 0.04	\$ 0.06	\$ 0.10	\$ 0.13	\$ 0.17	\$ 0.24	\$ 0.31	\$ 0.45
Energy Efficiency Cost Recovery Factor	\$ 0.09	\$ 0.22	\$ 0.43	\$ 0.65	\$ 0.87	\$ 1.30	\$ 1.73	\$ 2.60
Current Fuel Factor (Summer)	\$ 1.42	\$ 3.54	\$ 7.08	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48
Current Fuel Factor (Winter)	\$ 1.42	\$ 3.54	\$ 7.08	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48
Total Cost (Summer)	\$23.14	\$37.70	\$61.96	\$86.22	\$110.49	\$159.02	\$207.54	\$304.61
Total Cost (Winter)	\$ 22.02	\$ 34.89	\$ 56.35	\$ 77.82	\$ 99.29	\$ 142.21	\$ 185.14	\$ 271.00
Total Cost (Annualized)	\$ 22.39	\$ 35.83	\$ 58.22	\$ 80.62	\$ 103.02	\$ 147.81	\$ 192.61	\$ 282.20
Total Bill								
Dollar Change (Summer)	\$ 1.15	\$ 1.91	\$ 3.15	\$ 4.40	\$ 5.64	\$ 8.14	\$ 10.63	\$ 15.63
Dollar Change (Winter)	\$ 1.13	\$ 1.83	\$ 3.02	\$ 4.22	\$ 5.41	\$ 7.78	\$ 10.17	\$ 14.92
Dollar Change (Annualized)	\$ 1.14	\$ 1.86	\$ 3.06	\$ 4.28	\$ 5.49	\$ 7.90	\$ 10.32	\$ 15.16
Percent Change (Summer)	5.23%	5.34%	5.36%	5.38%	5.38%	5.40%	5.40%	5.41%
Percent Change (Winter)	5.41%	5.54%	5.66%	5.73%	5.76%	5.79%	5.81%	5.83%
Percent Change (Annualized)	5.35%	5.47%	5.55%	5.61%	5.63%	5.65%	5.66%	5.68%
Base Rates								
Dollar Change (Summer)	\$ 1.68	\$ 3.23	\$ 5.80	\$ 8.37	\$ 10.94	\$ 16.09	\$ 21.23	\$ 31.54
Dollar Change (Winter)	\$ 1.66	\$ 3.16	\$ 5.67	\$ 8.20	\$ 10.71	\$ 15.73	\$ 20.77	\$ 30.83
Dollar Change (Annualized)	\$ 1.67	\$ 3.18	\$ 5.71	\$ 8.26	\$ 10.79	\$ 15.85	\$ 20.92	\$ 31.07
Percent Change (Summer)	8.44%	10.54%	11.95%	12.60%	12.97%	13.39%	13.62%	13.86%
Percent Change (Winter)	8.83%	11.32%	13.16%	14.08%	14.60%	15.17%	15.50%	15.84%
Percent Change (Annualized)	8.69%	11.05%	12.73%	13.55%	14.00%	14.52%	14.81%	15.11%

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Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates

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Small Municipal and School Service

Average Monthly Consumption 550 kWh

			Without Sagamore	Current Rates	Proposed Rates	Difference			
Service Availability Charge				\$ 13.25	\$ 14.40	1.15			
Energy Charge per kWh			Summer	\$ 0.045273	\$ 0.073116	0.027843			
Energy Charge per kWh			Winter	\$ 0.039015	\$ 0.063509	0.024494			
Energy Efficiency Cost Recovery Factor per kWh				\$ 0.004519	\$ 0.004519	-			
Rate Case Expense (RCE) Rider II percent of Base Rate				0.197973%	0.197973%	-			
Fuel Factor per kWh			Summer	\$ 0.019482	\$ 0.014159	\$ 0.014159	-		
Fuel Factor per kWh			Winter	\$ 0.019482	\$ 0.014159	\$ 0.014159	-		
TCRF per kWh				\$ -	\$ -	-			
kWh Level	100	250	550	750	1000	1500	2000	3000	

Current Bill without Sagamore and Fuel Savings:

Service Availability Charge	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25	\$ 13.25
Energy Charge(Summer)	\$ 4.53	\$ 11.32	\$ 24.90	\$ 33.95	\$ 45.27	\$ 67.91	\$ 90.55	\$ 135.82	\$ 135.82
Energy Charge (Winter)	\$ 3.90	\$ 9.75	\$ 21.46	\$ 29.26	\$ 39.02	\$ 58.52	\$ 78.03	\$ 117.05	\$ 117.05
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer Base Rate Total	\$ 17.78	\$ 24.57	\$ 38.15	\$ 47.20	\$ 58.52	\$ 81.16	\$ 103.80	\$ 149.07	\$ 149.07
Winter Base Rate Total	\$ 17.15	\$ 23.00	\$ 34.71	\$ 42.51	\$ 52.27	\$ 71.77	\$ 91.28	\$ 130.30	\$ 130.30
Annualized Base Rate Total	\$ 17.36	\$ 23.52	\$ 35.86	\$ 44.07	\$ 54.35	\$ 74.90	\$ 95.45	\$ 136.56	\$ 136.56
RCE Rider II (Summer)	\$ 0.04	\$ 0.05	\$ 0.08	\$ 0.09	\$ 0.12	\$ 0.16	\$ 0.21	\$ 0.30	\$ 0.30
RCE Rider II (Winter)	\$ 0.03	\$ 0.05	\$ 0.07	\$ 0.08	\$ 0.10	\$ 0.14	\$ 0.18	\$ 0.26	\$ 0.26
Energy Efficiency Cost Recovery Factor	\$ 0.45	\$ 1.13	\$ 2.49	\$ 3.39	\$ 4.52	\$ 6.78	\$ 9.04	\$ 13.56	\$ 13.56
Current Fuel Factor (Summer)	\$ 1.95	\$ 4.87	\$ 10.72	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45	\$ 58.45
Current Fuel Factor (Winter)	\$ 1.95	\$ 4.87	\$ 10.72	\$ 14.61	\$ 19.48	\$ 29.22	\$ 38.96	\$ 58.45	\$ 58.45
Total Cost (Summer)	\$ 20.22	\$ 30.62	\$ 51.44	\$ 65.29	\$ 82.64	\$ 117.32	\$ 152.01	\$ 221.38	\$ 221.38
Total Cost (Winter)	\$ 19.58	\$ 29.05	\$ 47.99	\$ 60.59	\$ 76.37	\$ 107.91	\$ 139.46	\$ 202.57	\$ 202.57
Total Cost (Annualized)	\$ 19.79	\$ 29.57	\$ 49.14	\$ 62.16	\$ 78.46	\$ 111.05	\$ 143.64	\$ 208.84	\$ 208.84

Proposed Bill with Sagamore and Fuel Savings:

Service Availability Charge	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
Energy Charge(Summer)	\$ 7.31	\$ 18.28	\$ 40.21	\$ 54.84	\$ 73.12	\$ 109.67	\$ 146.23	\$ 219.35	\$ 219.35
Energy Charge (Winter)	\$ 6.35	\$ 15.88	\$ 34.93	\$ 47.63	\$ 63.51	\$ 95.26	\$ 127.02	\$ 190.53	\$ 190.53
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer Base Rate Total	\$ 21.71	\$ 32.68	\$ 54.61	\$ 69.24	\$ 87.52	\$ 124.07	\$ 160.63	\$ 233.75	\$ 233.75
Winter Base Rate Total	\$ 20.75	\$ 30.28	\$ 49.33	\$ 62.03	\$ 77.91	\$ 109.66	\$ 141.42	\$ 204.93	\$ 204.93
Annualized Base Rate Total	\$ 21.07	\$ 31.08	\$ 51.09	\$ 64.43	\$ 81.11	\$ 114.46	\$ 147.82	\$ 214.54	\$ 214.54
RCE Rider II (Summer)	\$ 0.04	\$ 0.06	\$ 0.11	\$ 0.14	\$ 0.17	\$ 0.25	\$ 0.32	\$ 0.46	\$ 0.46
RCE Rider II (Winter)	\$ 0.04	\$ 0.06	\$ 0.10	\$ 0.12	\$ 0.15	\$ 0.22	\$ 0.28	\$ 0.41	\$ 0.41
Energy Efficiency Cost Recovery Factor	\$ 0.45	\$ 1.13	\$ 2.49	\$ 3.39	\$ 4.52	\$ 6.78	\$ 9.04	\$ 13.56	\$ 13.56
Current Fuel Factor (Summer)	\$ 1.42	\$ 3.54	\$ 7.79	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48	\$ 42.48
Current Fuel Factor (Winter)	\$ 1.42	\$ 3.54	\$ 7.79	\$ 10.62	\$ 14.16	\$ 21.24	\$ 28.32	\$ 42.48	\$ 42.48
Total Cost (Summer)	\$ 23.62	\$ 37.41	\$ 65.00	\$ 83.39	\$ 106.37	\$ 152.34	\$ 198.31	\$ 290.25	\$ 290.25
Total Cost (Winter)	\$ 22.66	\$ 35.01	\$ 59.71	\$ 76.16	\$ 96.74	\$ 137.90	\$ 179.06	\$ 261.38	\$ 261.38
Total Cost (Annualized)	\$ 22.98	\$ 35.81	\$ 61.47	\$ 78.57	\$ 99.95	\$ 142.71	\$ 185.48	\$ 271.00	\$ 271.00

Total Bill

Dollar Change (Summer)	\$ 3.40	\$ 6.79	\$ 13.56	\$ 18.10	\$ 23.73	\$ 35.02	\$ 46.30	\$ 68.87	\$ 68.87
Dollar Change (Winter)	\$ 3.08	\$ 5.96	\$ 11.72	\$ 15.57	\$ 20.37	\$ 29.99	\$ 39.60	\$ 58.81	\$ 58.81
Dollar Change (Annualized)	\$ 3.19	\$ 6.24	\$ 12.33	\$ 16.41	\$ 21.49	\$ 31.67	\$ 41.83	\$ 62.16	\$ 62.16

Percent Change (Summer)	16.82%	22.18%	26.36%	27.72%	28.71%	29.85%	30.46%	31.11%	31.11%
Percent Change (Winter)	15.73%	20.52%	24.42%	25.70%	26.67%	27.79%	28.40%	29.03%	29.03%
Percent Change (Annualized)	16.10%	21.09%	25.10%	26.41%	27.39%	28.52%	29.12%	29.77%	29.77%

Base Rates

Dollar Change (Summer)	\$ 3.93	\$ 8.11	\$ 16.46	\$ 22.04	\$ 29.00	\$ 42.91	\$ 56.83	\$ 84.68	\$ 84.68
Dollar Change (Winter)	\$ 3.60	\$ 7.28	\$ 14.62	\$ 19.52	\$ 25.64	\$ 37.89	\$ 50.14	\$ 74.63	\$ 74.63
Dollar Change (Annualized)	\$ 3.71	\$ 7.56	\$ 15.23	\$ 20.36	\$ 26.76	\$ 39.56	\$ 52.37	\$ 77.98	\$ 77.98

Percent Change (Summer)	22.10%	33.01%	43.15%	46.69%	49.56%	52.87%	54.75%	56.81%	56.81%
Percent Change (Winter)	20.99%	31.65%	42.12%	45.92%	49.05%	52.79%	54.93%	57.28%	57.28%
Percent Change (Annualized)	21.37%	32.12%	42.48%	46.20%	49.23%	52.82%	54.86%	57.10%	57.10%

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Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates

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Large Municipal Service - Secondary

Average Monthly Consumption 16,500 kWh, 54 kW

		Without Sagamore	Current Rates	Proposed Rates	Difference
Service Availability Charge			\$ 25 20	\$ 25 20	-
Energy Charge per kWh			\$ 0 011081	\$ 0 017443	0 006362
Demand Charge per kW	Summer		\$ 11 86	\$ 15 58	3 72
Demand Charge per kW	Winter		\$ 9 89	\$ 12 99	3 10
Energy Efficiency Cost Recovery Factor per kWh			\$ 0 000296	\$ 0 000296	-
Rate Case Expense (RCE) Rider II percent of Base Rate			0 198119%	0 198119%	-
Fuel Factor per kWh	Summer	\$ 0 019482	\$ 0 014159	\$ 0 014159	-
Fuel Factor per kWh	Winter	\$ 0 019482	\$ 0 014159	\$ 0 014159	-
TCRF per kW			\$ -	\$ -	-

kWh Level	1000	2500	5000	7500	10000	16500	20000	30000
kW Level	10	10	17	25	33	54	67	100
	10 kW minimum for LMS							

Current Bill without Sagamore and Fuel Savings:

Service Availability Charge	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20
Demand Charge (Summer)	\$ 118 60	\$ 118 60	\$ 197 67	\$ 296 50	\$ 395 33	\$ 640 44	\$ 790 67	\$ 1,186 00
Demand Charge (Winter)	\$ 98 90	\$ 98 90	\$ 164 83	\$ 247 25	\$ 329 67	\$ 534 06	\$ 659 33	\$ 989 00
Energy Charge	\$ 11 08	\$ 27 70	\$ 55 41	\$ 83 11	\$ 110 81	\$ 182 84	\$ 221 62	\$ 332 43
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Rate Subtotal - Summer	\$ 154.88	\$ 171.50	\$ 278.28	\$ 404.81	\$ 531.34	\$ 848.48	\$ 1,037.49	\$ 1,543.63
Base Rate Subtotal - Winter	\$ 135.18	\$ 151.80	\$ 245.44	\$ 355.56	\$ 465.68	\$ 742.10	\$ 906.15	\$ 1,346.63
Annualized Base Rate Total	\$ 141.75	\$ 158.37	\$ 256.39	\$ 371.98	\$ 487.57	\$ 777.56	\$ 949.93	\$ 1,412.30
RCE Rider II (Summer)	\$ 0 31	\$ 0 34	\$ 0 55	\$ 0 80	\$ 1 05	\$ 1 68	\$ 2 06	\$ 3 06
RCE Rider II (Winter)	\$ 0 27	\$ 0 30	\$ 0 49	\$ 0 70	\$ 0 92	\$ 1 47	\$ 1 80	\$ 2 67
Energy Efficiency Cost Recovery Factor	\$ 0 30	\$ 0 74	\$ 1 48	\$ 2 22	\$ 2 96	\$ 4 88	\$ 5 92	\$ 8 88
Current Fuel Factor (Summer)	\$ 19 48	\$ 48 71	\$ 97 41	\$ 146 12	\$ 194 82	\$ 321 45	\$ 389 64	\$ 584 46
Current Fuel Factor (Winter)	\$ 19 48	\$ 48 71	\$ 97 41	\$ 146 12	\$ 194 82	\$ 321 45	\$ 389 64	\$ 584 46
Total Cost (Summer)	\$ 174 97	\$ 221 29	\$ 377 72	\$ 553 95	\$ 730 17	\$ 1,176 49	\$ 1,435 11	\$ 2,140 03
Total Cost (Winter)	\$ 155 23	\$ 201 55	\$ 344 82	\$ 504 60	\$ 664 38	\$ 1,069 90	\$ 1,303 51	\$ 1,942 64
Total Cost (Annualized)	\$ 161 81	\$ 208 13	\$ 355 79	\$ 521 05	\$ 686 31	\$ 1,105 43	\$ 1,347 38	\$ 2,008 44

Proposed Bill with Sagamore and Fuel Savings:

Service Availability Charge	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20	\$ 25 20
Demand Charge (Summer)	\$ 155 80	\$ 155 80	\$ 259 67	\$ 389 50	\$ 519 33	\$ 841 32	\$ 1,038 67	\$ 1,558 00
Demand Charge (Winter)	\$ 129 90	\$ 129 90	\$ 216 50	\$ 324 75	\$ 433 00	\$ 701 46	\$ 866 00	\$ 1,299 00
Energy Charge	\$ 17 44	\$ 43 61	\$ 87 22	\$ 130 82	\$ 174 43	\$ 287 81	\$ 348 86	\$ 523 29
TCRF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Rate Subtotal - Summer	\$ 198.44	\$ 224.61	\$ 372.09	\$ 545.52	\$ 718.96	\$ 1,154.33	\$ 1,412.73	\$ 2,106.49
Base Rate Subtotal - Winter	\$ 172.54	\$ 198.71	\$ 328.92	\$ 480.77	\$ 632.63	\$ 1,014.47	\$ 1,240.06	\$ 1,847.49
Annualized Base Rate Total	\$ 181.17	\$ 207.34	\$ 343.31	\$ 502.35	\$ 661.41	\$ 1,061.09	\$ 1,297.62	\$ 1,933.82
RCE Rider II (Summer)	\$ 0 39	\$ 0 44	\$ 0 74	\$ 1 08	\$ 1 42	\$ 2 29	\$ 2 80	\$ 4 17
RCE Rider II (Winter)	\$ 0 34	\$ 0 39	\$ 0 65	\$ 0 95	\$ 1 25	\$ 2 01	\$ 2 46	\$ 3 66
Energy Efficiency Cost Recovery Factor	\$ 0 30	\$ 0 74	\$ 1 48	\$ 2 22	\$ 2 96	\$ 4 88	\$ 5 92	\$ 8 88
Current Fuel Factor (Summer)	\$ 14 16	\$ 35 40	\$ 70 80	\$ 106 19	\$ 141 59	\$ 233 62	\$ 283 18	\$ 424 77
Current Fuel Factor (Winter)	\$ 14 16	\$ 35 40	\$ 70 80	\$ 106 19	\$ 141 59	\$ 233 62	\$ 283 18	\$ 424 77
Total Cost (Summer)	\$ 213 29	\$ 261 19	\$ 445 11	\$ 655 01	\$ 864 93	\$ 1,395 12	\$ 1,704 63	\$ 2,544 31
Total Cost (Winter)	\$ 187 34	\$ 235 24	\$ 401 85	\$ 590 13	\$ 778 43	\$ 1,254 98	\$ 1,531 62	\$ 2,284 80
Total Cost (Annualized)	\$ 195 99	\$ 243 89	\$ 416 27	\$ 611 76	\$ 807 26	\$ 1,301 69	\$ 1,589 29	\$ 2,371 30

Total Bill

Dollar Change (Summer)	\$ 38 32	\$ 39 90	\$ 67 39	\$ 101 06	\$ 134 76	\$ 218 63	\$ 269 52	\$ 404 28
Dollar Change (Winter)	\$ 32 11	\$ 33 69	\$ 57 03	\$ 85 53	\$ 114 05	\$ 185 08	\$ 228 11	\$ 342 16
Dollar Change (Annualized)	\$ 34 18	\$ 35 76	\$ 60 48	\$ 90 71	\$ 120 95	\$ 196 26	\$ 241 91	\$ 362 87

Percent Change (Summer)	21 90%	18 03%	17 84%	18 24%	18 46%	18 58%	18 78%	18 89%
Percent Change (Winter)	20 69%	16 72%	16 54%	16 95%	17 17%	17 30%	17 50%	17 61%
Percent Change (Annualized)	21 12%	17 18%	17 00%	17 41%	17 62%	17 75%	17 95%	18 07%

Base Rates

Dollar Change (Summer)	\$ 43 56	\$ 53 11	\$ 93 81	\$ 140 71	\$ 187 62	\$ 305 85	\$ 375 24	\$ 562 86
Dollar Change (Winter)	\$ 37 36	\$ 46 91	\$ 83 48	\$ 125 21	\$ 166 95	\$ 272 37	\$ 333 91	\$ 500 86
Dollar Change (Annualized)	\$ 39 43	\$ 48 98	\$ 86 92	\$ 130 38	\$ 173 84	\$ 283 53	\$ 347 69	\$ 521 53

Percent Change (Summer)	28 13%	30 97%	33 71%	34 76%	35 31%	36 05%	36 17%	36 46%
Percent Change (Winter)	27 64%	30 90%	34 01%	35 21%	35 85%	36 70%	36 85%	37 19%
Percent Change (Annualized)	27 81%	30 93%	33 90%	35 05%	35 65%	36 46%	36 60%	36 93%

Docket No. _____

Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates

-19-

DOCKET NO. _____

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
 PUBLIC SERVICE COMPANY FOR §
 AUTHORITY TO CHANGE RATES § OF TEXAS

PROTECTIVE ORDER

This Protective Order governs 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. _____" (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 must 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 must 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.

¹ Tex. Gov't Code § 552.001-.353.

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 is required to 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 Commissioners and their staff must be informed of the existence and coverage of this Protective Order and will 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 must bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____ (or words to this effect) and must 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 to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party is required to maintain a record of all copies made of Highly Sensitive Protected Material and must send a duplicate of the record to the producing party when the copy or copies are made. The record must specify the location and the person possessing the copy. Highly Sensitive Protected Material must 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 must 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.

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

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

With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party must limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials 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 whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, must 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 is required to 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, OPC, and the OAG when the OAG is a representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, 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, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC 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 is required to also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), 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, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party) 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, OPC (if OPC is a party), 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, OPC (if OPC is a party), 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, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC 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, OPC, 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, OPC, 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 must, 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 must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will 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 must not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order must, 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.

The Reviewing Party is required to provide a copy of each signed certification to Counsel for the producing party and serve a copy 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 must 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 must be terminated and all notes, memoranda, or other information derived from the protected material must 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 is required to 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 must be provided to the Reviewing Parties under Paragraph 9, and voluminous Protected Materials, the producing party is required to 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 according to this Protective Order, but a record must be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party is required to provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials.** 16 Texas Administrative Code (TAC) § 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 will commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period will 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 must 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 OPC.

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 must 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 must be maintained in a secure place and must 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 must 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 must be marked "PROTECTED MATERIAL" and must 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) must notify the party which provided the information

within sufficient time so that the producing party may seek a temporary sealing order; and (b) must 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 will 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 must 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 must 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. _____ 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 must 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 will 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 must 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 will 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 must 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 must 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 must 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 will 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 will 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 will 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 must 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 precludes 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 must 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 prohibits 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 will 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 is not 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.

³ Tex. Gov’t Code § 551.001-.146.

⁴ Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43.

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 must 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 must 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 must 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 is not 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.
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 OPC 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 must 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 is required to 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 must 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 must 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 will 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 TAC § 22.161.

38. **Modification of Protective Order.** Each party will 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, will be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party will not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party will 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 must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will 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 here will 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

Docket No. _____

*Southwestern Public Service Company's
 Statement of Intent and Application
 for Authority to Change Rates
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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

Docket No _____

*Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates
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CERTIFICATE OF SERVICE

I certify that on February 8, 2021, 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 Staff of the Public Utility Commission of Texas and the Office of Public Utility Counsel.

/s/ Sarah K. Merrick

Sarah K. Merrick

Docket No. _____

*Southwestern Public Service Company's
Statement of Intent and Application
for Authority to Change Rates*

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DOCKET NO. _____

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
EXECUTIVE SUMMARY**

(Filename: SPSExecSummary.doc; Total Pages: 14)

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Glossary of Acronyms and Defined Terms

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
RFP	Rate Filing Package
SPP	Southwest Power Pool, Inc.
SPS	Southwestern Public Service, a New Mexico corporation
Temporary Rate Date	March 15, 2021, which is the 35th day after the date the Application was filed
Temporary Rate Period	The final rates set in the rate case will be applied to usage on and after the Temporary Rate Date until the relate-back date in the rate case
Test Year	October 1, 2019 through September 30, 2020
Update Period	October 1, 2020 through December 31, 2020

Narrative Summary

I. Overview of the Filing

Southwestern Public Service Company (“SPS”) is filing a base rate case in accordance with the Public Utility Regulatory Act (“PURA”) and the substantive and procedural rules of the Public Utility Commission of Texas (“Commission”). The Test Year for the base rate case is the historical 12-month period from October 1, 2019 through September 30, 2020 (“Test Year”). In its initial filing, SPS is providing, as allowed under PURA § 36.112 and 16 Tex. Admin. Code (“TAC”) § 25.246, information for the Test Year in its testimony, attachments, and schedules, plus estimates for the Update Period, which is the period from October 1, 2020 through December 31, 2020 (“Update Period”). Within 45 days of filing its application and statement of intent, SPS will replace the Update Period estimates with actual information regarding increases and decreases in its cost of service, including expenses, capital investment, cost of capital, and sales. SPS has not filed a fuel reconciliation with this base rate case in accordance with Project No. 41905 and 16 TAC § 25.236.

II. Summary of Relief Requested

A. Base Rates

SPS requests that the Commission approve an overall increase in annual base rate revenues of \$143,365,836, based upon a Texas retail base rate revenue requirement of \$765,521,011. SPS requests an overall rate of return on investment of 7.56%, which reflects an equity ratio of 54.60%, a rate of return on common equity of 10.35%, and a cost of long-term debt of 4.20%. As part of its base rate request, SPS further requests that the Commission:

1. find that SPS’s capital additions placed into service during the period from July 1, 2019 through December 31, 2020 are reasonable and necessary, and that the costs incurred by SPS for those capital additions are reasonable and prudent;
2. find that SPS’s requested operations and maintenance (“O&M”) expenses and administrative and general (“A&G”) expenses, including native and affiliate expenses, are reasonable and necessary and satisfy the applicable standards under PURA and the Commission’s Substantive Rules;

3. approve SPS's Technical Depreciation Update and resulting depreciation rates, including shorter service lives for the Tolk Generating Station Units 1 and 2 based upon a retirement date of 2032, the coal-specific assets at Harrington Generating Station based on a retirement date of 2024, and Plant X Unit 3 based on a retirement date of 2022;
4. establish SPS's baseline levels for the pension and other post-employment benefits ("OPEB") expenses;
5. approve the waivers from the Rate Filing Package ("RFP") schedules described in Schedule V to the RFP;
6. approve SPS's request to maintain the current Attachment Z2 regulatory asset;
7. approve SPS's request to recover incremental direct costs incurred as a result of the COVID-19 pandemic, establish a tracker for bad debt expense, and seek recovery of the additional bad debt expense in SPS's next base rate case;
8. approve SPS's proposal to reallocate transmission costs as a result of Lubbock Power & Light ("LP&L") moving its transmission load to the Electric Reliability Council of Texas ("ERCOT") system by June 2021;
9. approve SPS's proposed Resiliency Service Tariff;
10. authorize recovery of \$6,486,825 in rate case expenses that were incurred or are expected to be incurred by SPS and the intervening municipalities in the following dockets:
 - \$5,489,800 – rate case expenses associated with this immediate docket;
 - \$685,575 – rate case expenses associated with Docket No. 51625, SPS's currently pending fuel formula docket;
 - \$311,450 – rate case expenses associated with Docket No. 51644, SPS's surcharge proceeding associated with Docket No. 49831;
11. approve SPS's proposed Texas retail cost allocation, proposed revenue distribution, and rate design;
12. approve the complete set of proposed tariff schedules presented in Schedule Q-8.8 of the RFP, including the proposed changes to SPS's rate and rule tariffs; and

13. establish SPS's base line revenue requirement components for purposes of setting the: (i) Transmission Cost Recovery Factor; (ii) Distribution Cost Recovery Factor; and (iii) Purchased Power Capacity Cost Recovery Factor.

B. Effective Date and Request for Temporary Rates

SPS's proposed effective date for this rate change is 35 days after the date of this filing, which is March 15, 2021. The Commission, however, has the authority to suspend the rates for 195 days beyond March 15, 2021,¹ which is September 26, 2021. If the Commission suspends the proposed rates, the final rates set in this proceeding will relate back to consumption occurring on and after July 13, 2021, which is the 155th day after the RFP was filed.²

Consistent with the settlement in Docket No. 46936 and in accordance with PURA § 36.109, SPS further requests that the Commission establish temporary rates on March 15, 2021, which is the 35th day after the date the Application was filed ("Temporary Rate Date"). As part of this request, SPS requests that the final rates set in this case be applied to usage on and after the Temporary Rate Date. Under this proposal, the final rates set in the rate case will be applied to consumption occurring on and after the Temporary Rate Date until the relate-back date in the rate case under PURA § 36.211 (the "Temporary Rate Period"). There will be a refund or surcharge applicable for usage during the Temporary Rate Period, which SPS proposes to implement in conjunction with any refund or surcharge associated with the relate-back date under PURA § 36.211.

C. Waiver Request

SPS requests that the Commission approve the waivers to the RFP instructions presented in RFP Schedule V, which accompanies the application.

¹ PURA § 36.108(a)(2) provides for a 150-day suspension period, which under PURA § 36.112(d) and 16 TAC § 25.246(b)(4)(B) is extended by 45 days—for a total of 195 days—for a rate application that uses an Updated Test Year.

² PURA § 36.211.

III. Rate Comparison

A. Revenue Comparison

Revenues by class at an equalized rate of return and the proposed class revenue assignments for total base rate revenues are presented below in Tables ES-1 and ES-2, respectively.

Table ES-1 – Revenues at Equalized Rate of Return of 7.56%

Class	Revenues at Equalized Rate of Return of 7.56%
Residential Service	\$ 269,804,197
Small General Service	\$ 26,305,845
Secondary General Service	\$ 142,311,746
Primary General Service	\$ 84,995,210
Large General Service – Transmission - 69 kV – 115 kV	\$ 35,687,848
Large General Service – Transmission - 115 kV+	\$ 170,284,528
Small Municipal and School Service	\$ 1,827,519
Large Municipal Service	\$ 11,672,709
Large School Service	\$ 13,164,270
Municipal State and Street Lighting	\$ 5,944,281
Guard and Flood Lighting	\$ 3,522,859
Total Texas Retail	\$ 765,521,011

Table ES-2 -- Total Base Rate Revenue Comparison

Customer Class	Present Base Rate Revenue	Proposed Base Rate Revenue	Proposed Increase
Residential Service	\$ 239,341,579	\$ 269,994,020	\$ 30,652,441
Small General Service	\$ 23,225,518	\$ 26,326,669	\$ 3,101,151
Secondary General Service	\$ 121,366,823	\$ 142,465,051	\$ 21,098,228
Primary General Service	\$ 68,281,614	\$ 85,130,906	\$ 16,849,292
Large General Service – Transmission 69 kV – 115 kV	\$ 25,904,908	\$ 36,235,650	\$ 10,330,742
Large General Service – Transmission - 115 kV+	\$ 116,214,204	\$ 169,205,565	\$ 52,991,361
Small Municipal and School Service	\$ 1,276,911	\$ 1,828,991	\$ 552,080
Large Municipal Service	\$ 8,467,997	\$ 11,686,568	\$ 3,218,571
Large School Service	\$ 9,075,876	\$ 13,175,428	\$ 4,099,552
Municipal and State Street Lighting	\$ 4,759,790	\$ 5,953,809	\$ 1,194,019
Guard and Flood Lighting	\$ 4,239,954	\$ 3,518,304	\$ (721,650)
Total Texas Retail	\$ 622,155,174	\$ 765,520,961	\$ 143,365,787

B. Bill Comparison

Bill comparisons for the Residential Service and Small General Service classes are provided in Tables ES-3 through ES-6 below.³ The bill comparisons do not include a franchise fee component, because SPS's franchise fee proposal results in different franchise fee amounts depending upon location.

Table ES-3 – Residential Service Base Rate Comparison

Usage Level (kWh)	Base Summer Cost – Current	Base Summer Cost – Proposed	Base Summer Change	Base Winter Cost – Current	Base Winter Cost – Proposed	Base Winter Change
100	\$20.33	\$22.71	\$2.38	\$18.96	\$21.85	\$2.89
200	\$30.17	\$33.41	\$3.24	\$27.41	\$31.69	\$4.28
300	\$40.00	\$44.12	\$4.12	\$35.87	\$41.54	\$5.67
400	\$49.84	\$54.82	\$4.98	\$44.32	\$51.38	\$7.06
500	\$59.67	\$65.53	\$5.86	\$52.78	\$61.23	\$8.48
600	\$69.51	\$76.23	\$6.72	\$61.23	\$71.07	\$9.84
700	\$79.34	\$86.94	\$7.60	\$69.69	\$80.92	\$11.23
800	\$89.18	\$97.64	\$8.46	\$78.14	\$90.76	\$12.62
900	\$99.01	\$108.35	\$9.34	\$86.56	\$100.56	\$14.00
1,000	\$108.85	\$119.05	\$10.20	\$91.66	\$106.39	\$14.73
1,500	\$158.02	\$172.58	\$14.56	\$117.14	\$135.51	\$18.37
2,000	\$207.19	\$226.10	\$18.91	\$142.62	\$164.63	\$22.01
2,500	\$256.36	\$279.63	\$23.27	\$168.10	\$193.75	\$25.65
3,000	\$305.54	\$333.15	\$27.61	\$193.58	\$222.88	\$29.30

³ These bill comparisons reflect fuel savings addressed in pending Docket No. 51625, *Application of Southwestern Public Service Company for Authority to Revise Its Fuel Factor Formulas, Change Its Fuel Factors, and for Related Relief*.

Table ES-4 – Residential Service Total Bill Comparison

Usage Level (kWh)	Total Summer Cost – Current	Total Summer Cost – Proposed	Total Summer Change	Total Winter Cost – Current	Total Winter Cost – Proposed	Total Winter Change
100	\$22.42	\$24.28	\$1.86	\$21.05	\$23.41	\$2.36
200	\$34.33	\$36.51	\$2.18	\$31.56	\$34.78	\$3.22
300	\$46.22	\$48.76	\$2.54	\$42.08	\$46.17	\$4.09
400	\$58.13	\$60.99	\$2.86	\$52.60	\$57.54	\$4.94
500	\$70.03	\$73.24	\$3.21	\$63.12	\$68.93	\$5.81
600	\$81.94	\$85.48	\$3.54	\$73.64	\$80.31	\$6.67
700	\$93.84	\$97.72	\$3.88	\$84.17	\$91.69	\$7.52
800	\$105.75	\$109.96	\$4.21	\$94.68	\$103.07	\$8.39
900	\$117.64	\$122.20	\$4.56	\$105.16	\$114.40	\$9.24
1,000	\$129.55	\$134.45	\$4.90	\$112.32	\$121.76	\$9.44
1,500	\$189.06	\$195.67	\$6.61	\$148.10	\$158.53	\$10.43
2,000	\$248.57	\$256.88	\$8.31	\$183.87	\$195.29	\$11.42
2,500	\$308.09	\$318.09	\$10.00	\$219.65	\$232.04	\$12.39
3,000	\$367.61	\$379.50	\$11.69	\$255.42	\$268.81	\$13.39

Table ES-5 – Small General Service Base Rate Comparison

Usage Level (kWh)	Base Summer Cost – Current	Base Summer Cost – Proposed	Base Summer Change	Base Winter Cost – Current	Base Winter Cost – Proposed	Base Winter Change
100	\$19.91	\$21.59	\$1.68	\$18.81	\$20.47	\$1.66
200	\$27.07	\$29.77	\$2.70	\$24.88	\$27.54	\$2.66
300	\$34.22	\$37.95	\$3.74	\$30.94	\$34.61	\$3.67
400	\$41.38	\$46.15	\$4.77	\$37.00	\$41.68	\$4.68
500	\$48.54	\$54.34	\$5.80	\$43.07	\$48.74	\$5.67
600	\$55.70	\$62.52	\$6.82	\$49.13	\$55.81	\$6.68
700	\$62.85	\$70.71	\$7.86	\$55.19	\$62.88	\$7.69
800	\$70.01	\$78.90	\$8.89	\$61.25	\$69.95	\$8.70
900	\$77.17	\$87.08	\$9.91	\$67.32	\$77.02	\$9.70
1,000	\$84.33	\$95.27	\$10.94	\$73.38	\$84.09	\$10.71
1,500	\$120.12	\$136.21	\$16.09	\$103.70	\$119.43	\$15.73
2,000	\$155.91	\$177.14	\$21.23	\$134.01	\$154.78	\$20.77
2,500	\$191.70	\$218.08	\$26.38	\$164.33	\$190.12	\$25.79
3,000	\$227.48	\$259.02	\$31.54	\$194.64	\$225.47	\$30.83

Table ES-6 – Small General Service Total Bill Comparison

Usage Level (kWh)	Total Summer Cost – Current	Total Summer Cost – Proposed	Total Summer Change	Total Winter Cost – Current	Total Winter Cost – Proposed	Total Winter Change
100	\$21.99	\$23.14	\$1.15	\$20.89	\$22.02	\$1.13
200	\$31.19	\$32.83	\$1.64	\$29.00	\$30.59	\$1.59
300	\$40.39	\$42.55	\$2.16	\$37.10	\$39.19	\$2.09
400	\$49.60	\$52.25	\$2.65	\$45.21	\$47.77	\$2.56
500	\$58.81	\$61.96	\$3.15	\$53.33	\$56.35	\$3.02
600	\$68.02	\$71.66	\$3.64	\$61.44	\$64.94	\$3.50
700	\$77.22	\$81.37	\$4.15	\$69.55	\$73.52	\$3.97
800	\$86.43	\$91.08	\$4.65	\$77.65	\$82.11	\$4.46
900	\$95.63	\$100.77	\$5.14	\$85.76	\$90.69	\$4.93
1,000	\$104.85	\$110.49	\$5.64	\$93.88	\$99.29	\$5.41
1,500	\$150.88	\$159.02	\$8.14	\$134.43	\$142.21	\$7.78
2,000	\$196.91	\$207.54	\$10.63	\$174.97	\$185.14	\$10.17
2,500	\$242.95	\$256.07	\$13.12	\$215.53	\$228.06	\$12.53
3,000	\$288.98	\$304.61	\$15.63	\$256.08	\$271.00	\$14.92

IV. Witnesses Supporting the Requests Summarized in Section II

In his direct testimony in the Revenue Requirement phase, SPS witness William A. Grant lists the witnesses supporting the topics and requests summarized in Section II.A of this Executive Summary. SPS witnesses Richard M. Luth and Jannell E. Marks support SPS's calculation of revenues, proposed cost allocation and rate design, and the proposed changes to SPS's rate and rules tariffs.

V. Fuel Related Information

SPS is not reconciling fuel in this docket, but it provides the following general information regarding its production facilities and fuel usage for informational purposes.

A. Overview of the SPS System

SPS's power plants in service during the Test Year were:

- (1) Jones Station, east of Lubbock, Texas (natural gas);
- (2) Plant X, south of Earth, Texas (natural gas);
- (3) Nichols Station, north of Amarillo, Texas (natural gas);
- (4) Cunningham Station, west of Hobbs, New Mexico (natural gas);
- (5) Maddox Station, west of Hobbs, New Mexico (natural gas);
- (6) Quay County Station, Tucumcari, New Mexico (fuel oil);
- (7) Tolk Station, east of Muleshoe, Texas (coal);
- (8) Harrington Station, north of Amarillo, Texas (coal); and
- (9) Hale Wind Project, south of Plainview, Texas (wind).

During the Update Period, a major addition to the SPS generation fleet was the Sagamore Wind Project, which began commercial operation in December 2020.

The natural gas-fueled plants consist of 12 steam turbine units and 7 combustion turbines. SPS's coal-fueled power plants contain five steam units. The combustion turbines at Jones (Units 3 and 4), Cunningham (Units 3 and 4), and Maddox Unit 2 are considered peaking units. Quay County and Maddox Unit 3 are designated primarily for emergency use, but they are system resources.

In addition to using its own generation resources, SPS used purchased power to: (1) serve the capacity and energy needs of its customers and/or to reduce overall power supply expenses; (2) satisfy its obligations under renewable energy mandates in Texas and New Mexico; and (3) comply with mandatory purchase obligations from qualifying facilities under Section 210 of the Public Utility Regulatory Policies Act of 1978.

B. System Operations

In an effort to ensure that its customers receive the lowest reasonable cost of generation and purchased energy to meet their energy needs, SPS optimizes its existing portfolio of generation assets and long-term power purchase agreements. SPS also purchases electricity in the short-term market, subject to system constraints, when the cost of this purchased energy is less than the cost of providing this energy with owned generation facilities or power purchase agreements. Additionally, SPS sells electricity in

the short-term wholesale market when the incremental cost of generating this energy is less than the price SPS expects to receive for this energy in the wholesale market. SPS's ability to purchase or sell energy is subject to transmission system constraints.

SPS is a member of the Southwest Power Pool, Inc. ("SPP"), which currently operates a day-ahead and real-time balancing energy market called the Integrated Marketplace. In the SPP energy market, a central power exchange clears the real-time market, replacing most bilateral real-time transactions. However, bilateral transactions may continue to take place. The day-ahead and real-time market design overcomes the difficulties associated with a solely bilateral market, where the number of discrete transactions needed to achieve optimal dispatch for all participants may be prohibitively high. Therefore, the day-ahead and balancing energy markets are an efficient way to provide more opportunities for customer savings.

DOCKET NO. _____

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS

DIRECT TESTIMONY

of

DAVID T. HUDSON

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: HudsonRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Application	SPS's Application in this case
Commission	Public Utility Commission of Texas
Company	Southwestern Public Service Company, a New Mexico corporation
EEI	Edison Electric Institute
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
IT	Information Technology
kWh	kilowatt-hour
LGBTQ	lesbian, gay, bisexual, transgender, and queer
LP&L	Lubbock Power & Light
MW	megawatt
MWh	megawatt-hour
NAAQS	National Ambient Air Quality Standards
O&M	operations and Maintenance
PTC	Production Tax Credit
PURA	Public Utility Regulatory Act
ROE	return on equity
SO ₂	sulfur dioxide
SPP	Southwest Power Pool
SPS	Southwestern Public Service Company, a New Mexico corporation
TCEQ	Texas Commission on Environmental Quality
Test Year	updated test year ending December 31, 2020

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Total Company	Total SPS (before jurisdictional allocation)
Xcel Energy	Xcel Energy Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
DTH-RR-1	Qualifications and Testimony List (Filename: DTH-RR-1.doc)
DTH-RR-2	SPS Service Area Map (Non-native format)
DTH-RR-3	SPS Generation Resources Map (Non-native format)

1 **EXECUTIVE SUMMARY**

2 **Q. Please summarize the reasons for Southwestern Public Service Company's**
3 **("SPS" or "Company") application in this case ("Application").**

4 A. Since its last application for a revision to its retail base rates, SPS (doing business
5 as Xcel Energy Inc. ("Xcel Energy")) has made \$1.75 billion in electric
6 infrastructure investments.¹ These investments have enabled and supported
7 reliability and economic growth in SPS's territory. SPS's investments have also
8 delivered new renewable energy supply that reduces customer bills by producing
9 significant fuel savings. With this Application, SPS is seeking to move \$958
10 million into Texas rate base.² Roughly half of SPS's total new investment, and the
11 largest single driver of this Application, by itself constituting approximately 47%
12 of the increased revenue requirement, is the Sagamore wind project in Roosevelt
13 County, New Mexico. (A table summarizing all of the Application drivers is
14 provided below.)

15 The Sagamore wind project, like the Hale wind project before, provides
16 benefits to customers and at the same time enables economic growth. Projected

¹ SPS has been adding transmission and distribution infrastructure, particularly in the Permian Basin, where electricity loads remain strong and have been growing since the last rate case. SPS has an obligation to serve these loads and is doing so through significant capital investment and regular, ongoing maintenance.

² As permitted under section 36.112 of the Public Utility Regulatory Act ("PURA") and Commission precedent, SPS has included investments placed in service during the three-month period from October 1, 2020 through December 31, 2020.

1 fuel and production tax credit savings from Sagamore exceed the base rate revenue
2 requirement associated with the project. SPS has guaranteed that over the next 10
3 years, savings from Sagamore and its sister project, the Hale wind project, will
4 exceed customers' costs.³ These benefits will be achieved within the combined
5 cost cap established in Docket No. 46936.⁴

6 As shown in the Company's Rate Filing Package, SPS's total Texas retail
7 cost of service based on a historical test year ended September 30, 2020,⁵ as updated
8 through December 31, 2020,⁶ and adjusted for known and measurable changes, is
9 approximately \$766 million, excluding fuel and purchased power cost revenues,
10 energy efficiency rider revenues, and rate case expense rider revenues. This
11 includes a proposed cost of equity of 10.35% and a capital structure of 54.60%
12 equity and 45.40% debt. SPS's overall cost of capital requested in this case is
13 7.56%. SPS is also requesting, among other things, the full recovery of its capital

³ Following a brief "Initial Period," SPS will credit customers, through eligible fuel expense, with the Texas retail portion of the Production Tax Credits ("PTC"), including an income tax gross-up, associated with generation from the Hale and Sagamore wind projects. Texas retail customers will also receive a minimum production guarantee up to the level of the 48% net capacity factor beginning in the first full calendar year after commercial operation.

⁴ *Application of Southwestern Public Service Company for Approval of Transactions with ESI Energy LLC, and Invenergy Wind Development North America LLC, to Amend a Certificate of Convenience and Necessity for Wind Generation Projects and Associated Facilities in Hale County, Texas and Roosevelt County, New Mexico, and for Related Approvals*, Docket No. 46936, Order at 12 (May 25, 2018).

⁵ The Test Year is a Historical Test Year Period consisting of the Base Period (October 1, 2019 through September 30, 2020) and further incorporating all proper adjustments and capital additions.

⁶ Pursuant to PURA 36.112, test year information will be updated within 45 days to include information that reflects the most current actual information available.

1 investment, operations and maintenance (“O&M”) expense representative of its
2 actual ongoing costs, and new depreciation rates.

3 **Q. How would SPS’s request impact customer rates and SPS’s recovery of and**
4 **on its investments to enable it to continue to serve its customers effectively?**

5 Inclusive of the rates in the Application and the associated reductions in SPS’s fuel
6 costs, SPS’s proposed bottom-line rates to customers would be 32% below the
7 national average and 17% below the Texas average. SPS is asking the Commission
8 to provide it with the opportunity to earn a reasonable rate of return on its
9 investment and to recover its necessary expenses so it can continue supporting
10 Texas’s reliability and economy and moving Texas toward a lower carbon future
11 while maintaining reliable, safe, timely, and affordable service to customers. While
12 SPS is proposing an authorized return on equity (“ROE”) of 10.35% in its
13 Application, the pace of SPS’s continued investment is such that SPS expects to
14 achieve an actual ROE lower than the proposed authorized level in 2022, the first
15 full year the rates would be in effect. In the absence of any rate adjustment at all,
16 SPS’s earned ROE would be just 5.75%, before considering the impact of
17 additional investments that SPS will continue to make on behalf of its customers
18 beyond those reflected in this filing.

19 If approved, SPS’s base and miscellaneous tariff revenues will increase by
20 \$143 million on a Texas retail basis. However, as discussed above, SPS’s
21 investments in projects like Hale and Sagamore wind are causing customers’ fuel

and purchased energy costs to drop significantly. As shown in Table DTH-RR-1 below, the net impact on jurisdictional fuel revenues will be a reduction of \$69 million associated with the addition of the Sagamore wind project. Therefore, the net increase in retail revenues in Texas would be \$74 million, which is a 9.2% increase in overall Texas retail revenues, including fuel and purchased energy costs.

Table DTH-RR-1

	Current Revenue	Rate Case Request	Proposed Revenues	Net Revenue Increase	Net Percent Increase
Base Rate Revenue	\$622,155,175	\$143,365,836	\$765,521,011	\$143,365,836	23.0%
Energy Efficiency Rider	\$5,194,401	-	\$5,194,401	-	
Rate Case Rider	\$1,232,894	-	\$1,232,894	-	
Net Non-Fuel Revenue	\$628,582,470		\$771,948,306	\$143,365,836	22.8%
Fuel and Purchased Energy Revenue	\$177,997,146	-	\$108,654,922	(\$69,342,224)	-39.0%
Total Texas Revenue	\$806,579,616		\$880,603,228	\$74,023,612	9.2%

The drivers of the rate changes requested in this Application, recovery of which will allow SPS to continue to serve its customers, are as follows:

Table DTH-RR-2

Cost Driver	Dollar Impact on Rate Increase (\$ millions) (TX Retail)
Sagamore Wind Related (includes Capital, O&M, and Property Taxes)	\$66.7
Hale Wind additional capital	(0.1)
Distribution Plant Investment	8.1
Production Plant Investment	9.0
Transmission Plant Investment	3.8
General and Intangible Plant Investment	4.6
Property Taxes	8.1
Depreciation Rate Changes	3.3
SPP Schedule 11 Expense	5.2
Purchased Demand Expense	1.1
Change in O&M Expense	(17.9)
Cost of Capital	20.3
Reduced Sales/Present Revenues	25.7
LPL transmission load reduction	3.9
Other, net	1.4
TX Retail Base Revenue Deficiency	143.4
Fuel and PTC customer savings	(69.3)
Net increase in total TX revenues	\$74.0

2 A constructive rate review outcome in this case is essential to having a solid
3 foundation that allows SPS to continue to meet the expectations of our customers,
4 respond to customer load requests, and continue to support our customers during
5 times of economic stress. SPS's customer base benefits from having a financially
6 healthy utility. SPS must be able to connect new customers and load quickly in
7 order to support its customers' business needs and the State's economic growth,

1 provide reliable and responsive service, while at the same time continuing to
2 provide those customers with low total-bill rates.

3 Finally, SPS is committed to addressing the effects of the global COVID-19
4 pandemic on its customers and workforce in order to safely provide the reliable
5 service our customers depend on. SPS is working collaboratively to manage
6 challenging financial circumstances resulting from the current pandemic. SPS, for
7 example, ceased residential disconnections in advance of the Public Utility
8 Commission of Texas's ("Commission") own moratorium and offers numerous
9 payment plans to help customers maintain service, all while continuing to keep its
10 total rates among the very lowest in the country. For those critical employees who
11 continue to work on-site in our communities, we are taking heightened steps to
12 maintain a clean and safe environment. We continue to closely monitor the spread
13 of COVID-19 and are in constant communications with local and state agencies as
14 well as other health organizations to track and coordinate responses. As the
15 situation develops, our commitment to delivering for our customers and helping
16 everyone stay safe will continue to be our top priority.

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I. INTRODUCTION

Q. Please state your name, current position, and business address.

A. My name is David T. Hudson. I am the President of SPS, a wholly-owned electric utility subsidiary of Xcel Energy. My business address is 790 S. Buchanan Street, Amarillo, Texas 79101. My qualifications and list of prior testimony are provided in Attachment DTH-RR-1.⁷

Q. How long have you worked for SPS and Xcel Energy?

A. I have worked for SPS for 37 years.

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

A. I am testifying on behalf of SPS.

Q. What is the purpose of your testimony in this proceeding?

A. My testimony provides an overview of SPS, its operations, and the Company's commitment to its customers. I summarize the Company's Rate Filing Package, including the reasons and need for this filing. I also describe how this rate review is an integral part of SPS's long-term plan to ensure adequate, reliable, and economical electric services in our service area, to expand the infrastructure necessary to power the regional economy in our service area, and to achieve cost savings for our customers. SPS's total Texas retail cost of service based on an updated Test Year ended December 31, 2020, as adjusted for known and measurable changes, is approximately \$766 million, excluding fuel and purchased power revenues. SPS is also requesting, among other things, the full recovery of

⁷ Attachments DTH-RR-1, DTH-RR-2, and DTH-RR-3, which I discuss later in my testimony, were prepared by me or under my direct supervision and control.

1 its capital investment, O&M expense representative of its actual ongoing costs, and
2 new depreciation rates. If approved, SPS's base and miscellaneous tariff revenues
3 will increase by \$143 million on a Texas retail basis. However, SPS's investments
4 in projects like Hale and Sagamore wind are causing customers' costs under the
5 fuel factor to drop significantly relative to what they would have been under current
6 fuel prices and given that wind power does not have an associated fuel cost. As
7 shown in Table DTH-RR-1 below, the net impact on jurisdictional fuel revenues
8 will be a reduction of \$69 million associated with the addition of the Sagamore
9 wind project. Therefore, the net increase in retail revenues in Texas will be \$74
10 million, which is a 9.2% increase in overall Texas retail revenues, including fuel
11 and purchased energy costs.

12 **Table DTH-RR-1**
13 **(Restated from Executive Summary)**

	Current Revenue	Rate Case Request	Proposed Revenues	Net Revenue Increase	Net Percent Increase
Base Rate Revenue	\$622,155,175	\$143,365,836	\$765,521,011	\$143,365,836	23.0%
Energy Efficiency Rider	\$5,194,401	-	\$5,194,401	-	
Rate Case Rider	\$1,232,894	-	\$1,232,894	-	
Net Non-Fuel Revenue	\$628,582,470		\$771,948,306	\$143,365,836	22.8%
Fuel and Purchased Energy Revenue	\$177,997,146	-	\$108,654,922	(\$69,342,224)	-39.0%
Total Texas Revenue	\$806,579,616		\$880,603,228	\$74,023,612	9.2%

1 Constructive rate reviews are essential to the Company's continued mission
2 to ensure our customers receive the safe, clean, and reliable energy services they
3 want at an affordable price. The mission to provide safe, clean, and reliable energy
4 services at an affordable price drives our actions along with our commitment to
5 moving Texas toward a lower carbon future. This mission also translates into a
6 workforce that shares a deep sense of duty to our communities and other
7 stakeholders. I look forward to working with the Commission and all stakeholders
8 to ensure that the new rates established for SPS continue to allow the Company to
9 make necessary investments in its system to safely and reliably serve its customers,
10 provide clean affordable energy, and support economic growth within the state of
11 Texas.

1 **II. COMPANY DESCRIPTION AND GOALS**

2 **A. Company Description**

3 **Q. Can you provide a general description of SPS's electric operations?**

4 A. Yes. SPS is a New Mexico corporation and a wholly-owned electric utility
5 subsidiary of Xcel Energy. SPS's total company service territory encompasses a
6 52,000-square-mile area in the Texas Panhandle, the Texas South Plains, and
7 eastern and southeastern New Mexico. SPS's primary business as an electric utility
8 is generating, transmitting, distributing, and selling electric energy. SPS provides
9 retail electric services in Texas and New Mexico and serves approximately 394,000
10 customers and 95 communities in its two-state system. SPS serves approximately
11 272,000 customers and 81 communities in Texas. The Company's electric system
12 is comprised of approximately 29 power plant generating units/renewable energy
13 projects. SPS has more than 23,796 miles of overhead and underground
14 transmission and distribution lines and 500 substations in its two-state system. A
15 map of the SPS service area is included as Attachment DTH-RR-2 to my testimony.
16 A map showing SPS's owned and purchased power resources is Attachment
17 DTH-RR-3 to my testimony.

18 SPS has a long history of providing safe, reliable, value-added service to
19 our customers. Our strategic priorities are to lead the clean energy transition,
20 enhance the customer experience, and keep customer bills low. It is our goal to be
21 responsive to the needs and desires of our customers by continually evolving and
22 improving the customer experience, gaining efficiencies, and reducing carbon

1 emissions without losing sight of our core competency—safely delivering reliable
2 and affordable electricity supply to customers.

3 **Q. Are there any aspects of SPS’s Texas service territory that are unusual?**

4 A. Yes. Unlike many utility service areas, SPS’s Texas service territory is primarily
5 comprised of commercial and industrial loads. Commercial and industrial
6 customer classes account for 78% of SPS’s Texas retail jurisdictional energy sales.
7 Only 19% of SPS’s Texas energy sales is to residential service.

8 **B. Company Goals**

9 *1. Providing Reasonably Priced and Reliable Electric Service*

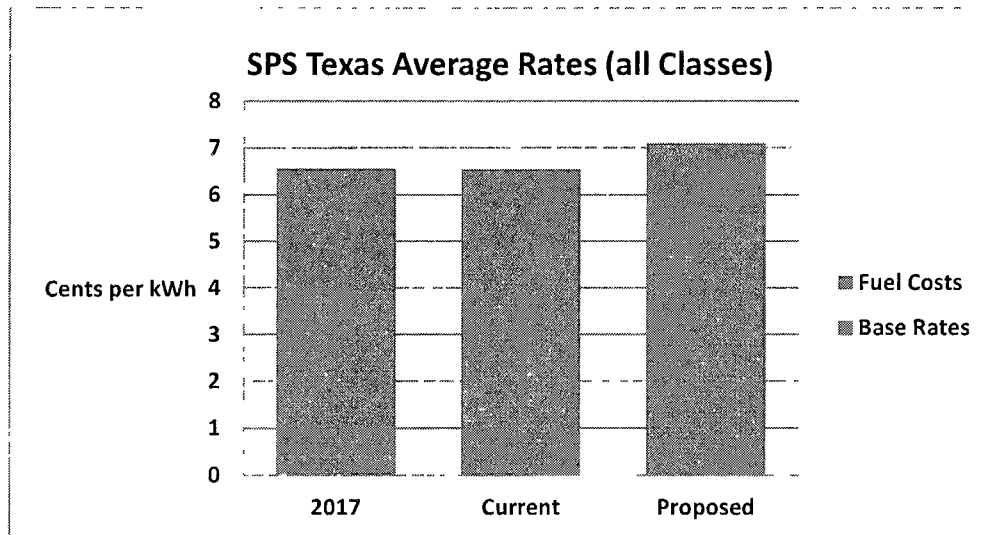
10 **Q. Does SPS work to ensure that its customers receive reasonably priced electric**
11 **service?**

12 A. Absolutely. SPS is conscious of ensuring that its service is reasonably priced. SPS
13 has been very successful in this regard, and we have the numbers to prove it. SPS’s
14 current Texas residential price of 11.40 cents per kilowatt-hour (“kWh”), inclusive
15 of fuel and other revenues, has increased 3.6% since 2017 (when the price was
16 11.00 cents per kWh). If the full request in this case is approved and the projected
17 fuel cost savings and PTCs from the Sagamore wind project are considered, SPS’s
18 residential electric price would be 12.04 cents per kWh. This represents an increase
19 of 5.8% over the current average price but is still 10% lower than the national
20 average of 13.23 cents per kWh and less than one percent (0.75%) higher than the
21 Texas average of 11.95 cents per kWh. The proposed Texas average price across
22 all customer classes, inclusive of fuel, other revenues, and the Sagamore wind
23 project savings, would be 7.13 cents per kWh, 32% lower than the national average

1 price of 10.68 cents per kWh and 17% lower than the Texas average of 8.6 cents
2 per kWh.⁸ Please see Charts DTH-RR-1 and DTH-RR-2.

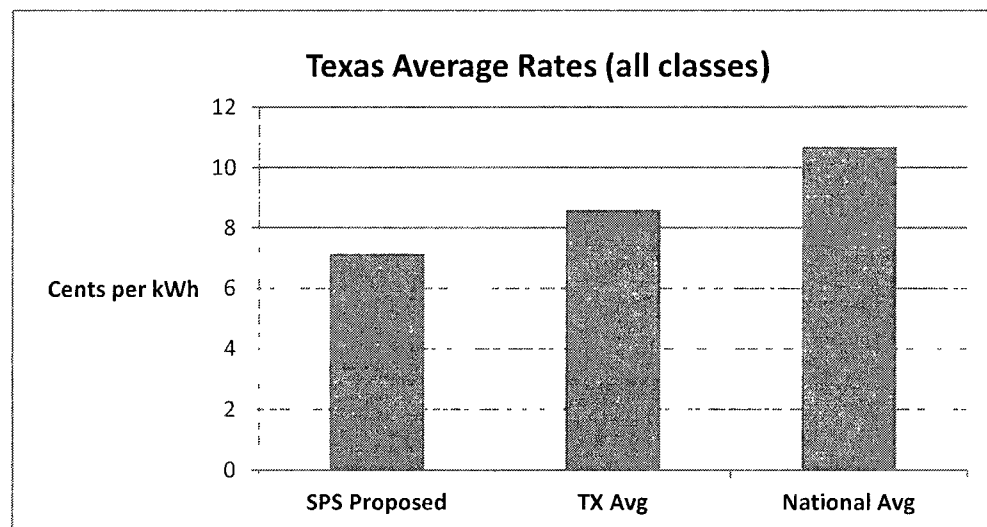
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Chart DTH-RR-1



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Chart DTH-RR-2



⁸ Source: U.S. Energy Information Administration Electric Power Monthly with Data for November 2020, Table 5.6.B.

1 **Q. In addition to ensuring customers receive reasonably priced electric service, is**
2 **SPS also working to enhance reliability and resilience?**

3 A. Yes, SPS has been making significant investments to ensure that our Texas
4 customers receive the reliable electric service they need and expect. For example,
5 we are continuing to modernize lower voltage distribution lines and facilities that
6 deliver power directly to Texas customers by upgrading these facilities to a higher,
7 standard voltage. Projects such as those in Friona and Amarillo provide more
8 options to quickly restore service by moving electricity from neighboring power
9 sources. These voltage conversions also boost the economic prospects of older
10 areas by increasing the amount of power available for new and expanding
11 businesses. And, in an effort to improve grid resilience, SPS replaced over 4,000
12 distribution structures as part of its Priority Pole Program. With all new
13 construction and pole replacements, we have upgraded the class of our wooden
14 distribution poles and have increased the strength of our cross arms by transitioning
15 to fiberglass arms on distribution structures. To increase the capacity of our
16 growing communities, SPS completed the Western Street Substation in Amarillo,
17 Texas and the Hunsley Substation in Canyon, Texas. These substations and their
18 associated feeder circuits bring increased reliability and needed capacity to meet
19 the continuing economic development between Amarillo and Canyon. In fact, the
20 pace of economic development in this region has been so striking that in his State
21 of the State Address on February 1, 2021, Governor Abbott specifically pointed out

1 that Amarillo is seeing the most economic development activity in the last 30
2 years.⁹

3 At the onset of the pandemic, SPS distribution crews performed detailed
4 patrols and infrared inspections on circuits serving or providing backup service to
5 regional hospitals, correcting all identified issues. During 2020, SPS constructed
6 and placed into service 298 miles of new transmission lines with 241 miles located
7 in Texas. These lines were substantially prescribed by the Southwest Power Pool
8 (“SPP”) regional transmission organization, and many were highway funded under
9 the SPP open-access transmission tariff. Eighty-eight substations were either
10 constructed or refurbished, given load increases and reliability overloads identified
11 by the SPP. As economic development expanded in our communities, Xcel Energy
12 worked to bolster the expansion. Projects such as the relocation of distribution and
13 transmission facilities to support road expansion in Plainview and construction of
14 the White Deer substation to support growth in the service area were key projects
15 to our communities.

16 Also, in October 2020, the eastern SPS system experienced one of the worst
17 icing events in my 37-year memory of working at SPS. During winter storm
18 “Billy,” SPS incurred substantial damage to its system as ice buildup and heavy
19 winds broke lines, cross arms, poles, and insulators. Over a 72-hour period, Billy’s
20 freezing rain, sleet, and snow caused up to an inch of ice to form across SPS poles
21 and equipment across its Texas footprint. This ice weight along with high winds

⁹ 2021 State of the State Address, <https://gov.texas.gov/news/post/governor-abbott-delivers-2021-state-of-the-state-address>.

1 breaks lines, cross-arms, and poles. Distribution crews replaced 1,500 poles, 4,250
2 cross-arms, and 162 transformers across 298 feeders. Transmission crews replaced
3 120 H Frame structures and 15 miles of conductor across 24 circuits. In all, the
4 750-person field workforce safely repaired and replaced 1,650 poles and 133 miles
5 of distribution and transmission lines that were damaged in the winter storm. For
6 this effort, Xcel Energy was recognized with the 2020 Edison Electric Institute
7 (“EEI”) Emergency Recovery Award. This is the third EEI Emergency Recovery
8 Award in the last five years.

9 We have also made significant information technology (“IT”) investments
10 due to the need for greater focus on and attention to IT and data solution needs
11 within the Company. Our investment evolution tracks that of the broader industry
12 with an upward trend in the technology investments needed to keep pace with the
13 emergence of cybersecurity issues as well as changing customer expectations.
14 These investments assist Company operations, protect important data, support
15 customer service, and help other areas effectively manage O&M to reasonable
16 levels.

17 *2. Supporting Economic Growth in Texas*

18 **Q. How has SPS worked to respond to the economic growth it is experiencing in**
19 **its Texas service territory?**

20 **A.** In addition to the infrastructure improvements described above, we have worked
21 hard to respond to Texas’s growing economy and the resulting accelerated demand
22 for new electric service. While we experienced a slow-down in the Central Basin

1 of the Permian, we continue to see strong growth in the Delaware Basin of the
2 Permian. We are also seeing strong growth in the Amarillo and Canyon districts.

3 *3. Furthering Our Commitment to Clean Energy*

4 **Q. Please describe SPS's pursuit of clean energy for its customers and**
5 **communities.**

6 A. More than a decade ago, we began preparing for the future by shaping our
7 generation fleet to meet the changing needs of customers and economically
8 transitioning to cleaner sources of energy. We are accomplishing this while
9 maintaining the system reliability customers expect from SPS and ensuring the
10 affordability of the service the Company provides. In Texas, we have focused on
11 producing economically-priced energy as we have already surpassed the State's
12 renewable requirements. In Texas and New Mexico, we have achieved a 38%
13 reduction in carbon emissions as of 2020. In 2021, with the output of the Hale and
14 Sagamore wind projects, SPS expects 46.8% of its electricity provided to customers
15 to come from carbon-free, renewable wind and solar resources.

16 *4. Benefitting Our Texas Customers and Communities*

17 **Q. Please describe the overall support that SPS provides to its Texas**
18 **communities.**

19 A. The Company's infrastructure investments generate immediate, well-paying jobs
20 in the state, opportunities for long-term employment at the Company's facilities,
21 and increased tax revenues for local and State tax jurisdictions. Our infrastructure
22 investments also provide necessary support for other businesses and become
23 engines of economic growth. We work with our communities to provide a more

1 attractive environment for current residents as well as potential, future residents of
2 this state. Specifically, by being an active partner and creating an attractive energy
3 option, we can attract businesses to our jurisdiction, which in turn brings more jobs,
4 health, and vitality to all our communities.

5 Additionally, SPS has a strong record of supporting local educational
6 institutions, local charities, and non-profit organizations to improve the quality of
7 life for citizens in our service area. The Xcel Energy Foundation and SPS support
8 employee volunteer service on non-profit boards, and Xcel Energy offers a variety
9 of ways for employees to direct the corporate philanthropy efforts. SPS and the
10 Xcel Energy Foundation support our community nonprofits and civic organizations
11 through sponsorships and foundation grants. We target educational programs that
12 grow Science Technology Engineering and Mathematics instruction as well as
13 partner programs that provide economic sustainability in our communities. We also
14 increased our support in 2020 with donations to our local United Way agencies and
15 area food banks to offset the pressure placed on non-profits by COVID-19. We
16 even donated masks to local medical providers in the early stages of the pandemic
17 to allow their supply chains time to meet the increased demand for personal
18 protective equipment.

19 Additionally, SPS supports Chamber of Commerce activities through event
20 contributions as well as local economic development corporation efforts to attract
21 and develop new business and industry that will strengthen and diversify the
22 economic base in SPS's Texas service area. Finally, Xcel Energy partners with
23 state and local economic development organizations to achieve economic growth

1 and job creation. We have utilized a comprehensive site selection service to
2 establish three certified sites in our Texas service territory that are staged and ready
3 for prospective businesses to develop immediately.

4 **Q. Are there any third-party indications that SPS is doing a good job of serving**
5 **its Texas customers and communities?**

6 A. Yes. SPS can point to a strong record of achievement in recent years on many of
7 the issues that are important to our customers, including rapid restoration after
8 storm events, and the renewable energy projects that provide much-needed
9 revenues for our local communities. In the recent year-end JD Power 2020
10 Residential Electric Utility Study, SPS ranked in the first quartile when compared
11 with our peers in Overall Satisfaction, Power Quality & Reliability, Price,
12 Corporate Citizenship, and Customer Care.

13 Listed below are some of the honors that Xcel Energy has received in the
14 past few years.

15 **2020**

- 16 • EEI recognized Xcel Energy with its Emergency Recovery Award for
17 outstanding response in 2020 following the severe thunderstorm that hit
18 the Upper Midwest last August and Winter Storm Billy in Texas and
19 New Mexico in October. For the seventh year in a row, Xcel Energy
20 has been honored as one of the World's Most Admired Companies by
21 Fortune Magazine. The utility ranked among the most admired gas and
22 electric companies in the country.
- 23 • Xcel Energy was named one of the 2020 World's Most Ethical
24 Companies by Ethisphere, a global leader in defining and advancing the
25 standards of ethical business practices.
- 26 • Xcel Energy received a national 2020 Climate Leadership Award for
27 top Organizational Leadership, recognizing the company's significant
28 carbon reductions, as well as support of customers and communities in
29 achieving their clean energy goals.

- 1 • The percentage of military veterans in Xcel Energy’s workforce topped
2 10%, an accomplishment noted by the Texas Workforce Commission
3 when it named the company Veteran Friendly Employer of the Year.
- 4 • For the fourth year in a row, Xcel Energy has been honored as a best
5 place to work for lesbian, gay, bisexual, transgender, and queer
6 (“LGBTQ”) equality. The Minneapolis-based company again earned a
7 perfect score on the Human Rights Campaign’s 2020 Corporate
8 Equality Index.

9 **2019**

- 10 • Xcel Energy was selected among the nation’s top corporations for
11 LGBTQ equality by earning a perfect score on the Human Rights
12 Campaign’s 2019 Corporate Reliability Index.
- 13 • For the fifth consecutive year, Fortune Magazine ranked Xcel Energy
14 on its list of the World’s Most Admired Companies.
- 15 • A University of Denver analysis confirmed Xcel Energy’s carbon
16 reduction vision is consistent with temperature goals of the Paris climate
17 agreement.
- 18 • Xcel Energy was named to the 2019 Military Times Best for Vets
19 Employers rankings, the sixth straight year the company received this
20 honor.

21 **2018**

- 22 • Xcel Energy’s commitment to the community and dedication to hiring
23 and retaining military veterans were cited by MilitaryHire.com in its
24 naming of Xcel Energy as a 2018 Top Veteran Employer.
- 25 • Xcel Energy was honored for the fifth consecutive year as “Best of the
26 Best Top Veteran-Friendly” by US Veteran’s Magazine.
- 27 • Xcel Energy was recognized on the Forbes Global 2000 list of World’s
28 Best Employers for the second year in a row.
- 29 • Xcel Energy was recognized by Fortune Magazine as one of the World’s
30 Most Admired Companies for the fourth consecutive year.