



Control Number: 55255



Item Number: 330

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PUBLIC UTILITY COMMISSION
REGULATORY DIVISION

**OPEN MEETING COVER SHEET
COMMISSIONER MEMORANDUM**

MEETING DATE: September 12, 2024

DATE DELIVERED: September 11, 2024

AGENDA ITEM NO.: 17

CAPTION: Docket No. 55255; SOAH Docket No. 473-24-02691 – Application of Southwestern Public Service Company to Amend Its Certificate of Convenience and Necessity to Construct Generation Facilities in Lamb County, Texas and Lea County, New Mexico; for Good-Cause Exceptions; and for Related Relief

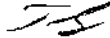
DESCRIPTION: Chairman Thomas Gleeson Memorandum

Public Utility Commission of Texas

Commissioner Memorandum

TO: Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

All Parties of Record

FROM: Chairman Thomas J. Gleeson 

DATE: September 11, 2024

RE: September 12, 2024 Open Meeting – Item No. 17

Docket No. 55255 – Application of Southwestern Public Service Company to Amend its Certificate of Convenience and Necessity to Construct Generation Facilities in Lamb County, Texas and Lea County, New Mexico; for Good-Cause Exceptions; and for Related Relief

At the July 25, 2024 open meeting, the Commission decided to adopt the proposal for decision's recommendation to require, as a condition on certification of the self-build solar facilities proposed by Southwestern Public Service Company, the hiring of a third-party consultant to conduct a prudence review of the cost of the solar facilities if their actual cost exceeds the estimated cost by more than 10%.

To facilitate the preparation of a final order, the Commission required the parties to file proposed findings of fact, conclusions of law, and ordering paragraphs addressing this condition. Commission Staff and intervenors filed suggested language, and SPS separately filed suggested language.

Attached is language that I am considering recommending for the final order based on the parties' filings. The parties should be present at the open meeting to answer questions regarding the proposed language.

I look forward to discussing this matter with you at the open meeting.

Third-Party Prudence Review

The Commission adopts the proposal for decision's recommendation that, as a condition on the approval of the SPS solar facilities, SPS must bear the cost of a third-party consultant chosen by the Commission to conduct a prudence review if the actual cost of the facilities exceeds the estimated cost by more than 10%. The Commission modifies the proposal for decision to add findings of fact 130A through 130C to support this condition.

II. Findings of Fact

The Commission makes the following findings of fact.

- 130A. It is reasonable for Commission Staff, in consultation with SPS, to issue a request for proposal (RFP) and to select a third-party consultant to conduct a prudence review if the actual cost to construct the SPS solar projects, inclusive of allowance for funds used during construction (AFUDC), exceeds the estimated cost presented in SPS's CCN application in this proceeding by more than 10%.
- 130B. It is reasonable for Commission Staff to present the third-party consultant as a witness, including providing the consultant's findings and conclusions, in the applicable base-rate proceeding that includes all of the SPS solar projects' construction costs.
- 130C. In the base-rate proceeding where the findings and conclusions of the consultant are presented, all parties have the right to take any position they wish regarding prudence and the findings and conclusions of the third-party consultant. The third-party consultant's review does not displace the Commission's authority to determine whether SPS acted prudently, and SPS will retain the burden of demonstrating that its costs were prudently incurred.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. If the actual cost to construct the SPS solar projects, inclusive of AFUDC, exceeds the estimated cost presented in SPS's CCN application by more than 10%, Commission Staff, in consultation with SPS, will develop an RFP and select a third-party consultant to conduct a prudence review. Commission Staff will have final approval on the selection of the

consultant and will promptly notify SPS of the budgeted cost of the consultant before the consultant's work begins.

2. SPS must promptly notify the Commission when it becomes aware that the cost to construct the SPS solar projects, inclusive of AFUDC, has exceeded or will likely exceed the estimated cost presented in SPS's CCN application by more than 10%. SPS will be required to bear the cost of the consultant. SPS must cooperate with the selected consultant's review process and provide the consultant with requested information as part of the consultant's prudence review.
3. Commission Staff will present the third-party consultant as a witness in the applicable base-rate proceeding.
4. Commission Staff will file the third-party consultant's findings and conclusions and supporting testimony on the date of the filing of the applicable base-rate application that includes all of the SPS solar projects' construction costs. However, the Commission may grant an extension of the filing deadline, but in no event will the third-party consultant's findings and testimony be filed later than one month before the deadline for intervenor direct testimony. SPS must give Commission Staff reasonable notice as to when it plans on filing its applicable base-rate proceeding.

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