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Thomas J. Gleeson
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Commissioner

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Commissioner

Kathleen Jackson
Commissioner

Courtney K. Hjaltman
Commissioner



Greg Abbott
Governor

Connie Corona
Executive Director

Public Utility Commission of Texas

TO: Chairman Thomas J. Gleeson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

All Parties of Record

FROM: John Kelly
Commission Advising

RE: *Application of Southwestern Public Service Company to Amend its Interruptible Credit Option Tariff and for Approval of a Southwest Power Pool Integrated Marketplace Demand Response Option Tariff and an Off-Peak Alternate Rider, Docket No. 56921, Draft Preliminary Order, December 12, 2024 Open Meeting, Item No. 21.*

DATE: December 5, 2024

Please find enclosed the draft preliminary order filed by Commission Advising in the above-referenced docket. The Commission will consider this draft preliminary order at the December 12, 2024 open meeting. Parties shall not file responses or comments addressing this draft preliminary order.

Any modifications to the draft preliminary order that are proposed by one or more Commissioners will be filed simultaneously prior to the consideration of the matter at the December 12, 2024 open meeting.

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DOCKET NO. 56921

APPLICATION OF SOUTHWESTERN	§	PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY TO	§	
AMEND ITS INTERRUPTIBLE	§	OF TEXAS
CREDIT OPTION TARIFF, AND FOR	§	
APPROVAL OF A SOUTHWEST	§	
POWER POOL INTERGRATED	§	
MARKETPLACE DEMAND RESPONSE	§	
OPTION TARIFF AND AN OFF-PEAK	§	
ALTERNATE RIDER	§	

DRAFT PRELIMINARY ORDER

Southwestern Public Service Company (SPS) filed an application to amend its Interruptible Credit Option (ICO) tariff and for approval of a Southwest Power Pool (SPP) Integrated Marketplace (IM) demand response option tariff and an off-peak alternate rider. This preliminary order identifies the issues that must be addressed.

I. Application

In the application, SPS is requesting several approvals from the Commission. First, SPS is seeking approval of amendments to its existing ICO tariff to remove the 200-megawatt cap on customer enrollment, allowing SPS to determine the enrollment limit based on its resource needs, and to clarify that customers participating under the ICO tariff cannot participate in other interruptible load programs. SPS is also seeking approval to add language to the ICO tariff to clarify that customers participating under the ICO tariff bear the costs for any necessary modifications to the metering equipment. Furthermore, SPS is also seeking Commission approval of a standard ICO tariff customer agreement.

Second, SPS is seeking approval to amend its Secondary General (SG) service tariff, Primary General (PG) service tariff, and Large General Service - Transmission (LGST) tariff to include an Off-Peak Alternate Rider which is a new, optional service for eligible customers. Under this new rider, a participating customer agrees that any power use during peak hours is interruptible by SPS without notice. Participating customers would pay a discounted generation capacity

charge. SPS is also seeking Commission approval of a standard Off-Peak Alternate Rider customer agreement.

Third, SPS is seeking approval of a new SPP IM tariff that would provide a new pilot interruptible program for SPS's LGST customers. The SPP IM tariff would allow participating customers to have SPS bid the customer's load into the SPP IM as a demand response resource. If the customer's bid is successful, the customer would be expected to interrupt its load during the hours requested by the SPP. Furthermore, SPS is also seeking Commission approval of a standard SPP IM tariff customer agreement.

II. Procedural History

The application was filed on August 23, 2024. Motions to intervene filed by Texas Industrial Energy Consumers (TIEC) and Golden Spread Electric Cooperative, Inc. were granted. On October 7, 2024, TIEC requested a hearing at the State Office of Administrative Hearings (SOAH). On December 4, 2024, the Commission administrative law judge (ALJ) granted SPS's petition for review of municipal rate decisions and motion to consolidate.¹

SPS was directed, and Commission Staff and other interested persons were allowed, to file a list of issues to be addressed in the docket and also identify any issues not to be addressed and any threshold legal or policy issues that should be addressed by November 13, 2024. SPS timely filed a list of issues.

III. Issues to be Addressed

The Commission must provide to the SOAH ALJ a list of issues or areas to be addressed in any proceeding referred to SOAH.² After reviewing the pleadings submitted by the parties, the Commission identifies the following issues that must be addressed in this docket:

1. Is SPS's application administratively complete?
2. Did SPS provide sufficient notice of this proceeding?

¹ Order No. 5 (Dec. 4, 2024).

² Tex. Gov't Code § 2003.049(e).

3. Should the Commission consider SPS's requests in this proceeding or in another proceeding such as a base-rate case?
4. Does the proposed effective date for the tariffs comply with 16 Texas Administrative Code (TAC) §§ 22.33(c) and 25.241(i)?
5. Is SPS proposing new or amended rates in this proceeding? If so, did SPS correctly calculate the amount to be included in the proposed rates?
6. Do the proposed amendments to SPS's existing ICO tariff comply with the requirements of PURA § 36.003?
7. Should the Commission approve SPS's proposed amendments to its ICO tariff?
8. Should the Commission approve the customer agreement associated with the ICO tariff?
9. Do the proposed amendments to SPS's SG tariff, PG tariff, and LGST tariff to include an Off-Peak Alternate Rider comply with the requirements of PURA § 36.003?
10. Should the Commission approve SPS's proposed amendments to its SG, PG, and LGST tariffs to include an Off-Peak Alternate Rider?
11. Should the Commission approve the customer agreement associated with the Off-Peak Alternate Rider?
12. Does SPS's proposed SPP IM demand response option tariff comply with the requirements of PURA § 36.003?
13. Should the Commission approve SPS's proposed SPP IM demand response option tariff?
14. Should the Commission approve the customer agreement associated with the SPP IM demand response option tariff?
15. Is this a proceeding for which rate-case expenses are recoverable under PURA § 36.061(b)(2) and 16 TAC § 25.245?
 - a. If so, what are SPS's reasonable and necessary rate-case expenses in accordance with PURA § 36.061(b)(2) and 16 TAC § 25.245?

- b. If so, and there are intervening municipalities, what are the intervening municipalities' reasonable rate-case expenses in accordance with PURA § 33.023(b) and 16 TAC § 25.245?
- c. Should requested recovery of any of these rate-case expenses be deferred to a future proceeding?
- d. If attorney's fees are included in the rate-case expenses, are they supported by the testimony or affidavit of a licensed attorney qualified to render admissible opinions on the reasonableness of the attorney's fees?

This list of issues is not intended to be exhaustive. The parties and the ALJ are free to raise and address any issues relevant in this docket that they deem necessary, subject to any limitations imposed by the ALJ or by the Commission in future orders issued in this docket. The Commission may identify and provide to the ALJ in the future any additional issues or areas that must be addressed, as permitted under Texas Government Code § 2003.049(e).

IV. Effect of Preliminary Order

This Order is preliminary in nature and is entered without prejudice to any party expressing views contrary to this Order before the SOAH ALJ at hearing. The SOAH ALJ, upon his or her own motion or upon the motion of any party, may deviate from this Order when circumstances dictate that it is reasonable to do so. Any ruling by the SOAH ALJ that deviates from this Order may be appealed to the Commission. The Commission will not address whether this Order should be modified except upon its own motion or the appeal of a SOAH ALJ's order. Furthermore, this Order is not subject to motions for rehearing or reconsideration.

Signed at Austin, Texas the _____ day of _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER