

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS..... iii

LIST OF ATTACHMENTS iv

I. WITNESS IDENTIFICATION AND QUALIFICATIONS ii

II. RESPONSIBILITIES AND RECOMMENDATIONS..... 5

III. DEPRECIATION 8

IV. COST RECOVERY APPROACH AND DESCRIPTION OF RIDER 10

V. 2025-2027 PROGRAM REVENUE REQUIREMENTS..... 16

VERIFICATION..... 17

GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
ADIT	accumulated deferred income tax
Commission	New Mexico Public Regulation Commission
EV	Electric Vehicle
EV Rider	Electric Vehicle Infrastructure Rider
EV Statute	Section 62-8-12 NMSA
FERC	Federal Energy Regulatory Commission
O&M	operations and maintenance
PUCT	Public Utility Commission of Texas
ROE	return on equity
SPS	Southwestern Public Service Company, a New Mexico corporation
TEP	Transportation Electrification Plan
WACC	weighted average cost of capital
XES	Xcel Energy Services, Inc.
Xcel Energy	Xcel Energy, Inc

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
SNN-1	TEP Revenue Requirement (<i>Filename: SNN-1.xlsx</i>)
SNN-2	Workpapers (<i>Filename: SNN-2.xlsx</i>)

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Stephanie N. Niemi. My business address is 1800 Larimer Street,
4 Denver, Colorado 80202.

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

6 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
7 Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel
8 Energy Inc. (“Xcel Energy”).

9 **Q. By whom are you employed and in what position?**

10 A. I am employed by Xcel Energy Services Inc. (“XES”), the service company
11 subsidiary of Xcel Energy, as Manager of Revenue Analysis.

12 **Q. Please briefly outline your responsibilities as Manager of Revenue Analysis.**

13 A. I provide project supervision and technical expertise for jurisdictional cost of
14 service studies, revenue requirement determinations, and related projects for the
15 Xcel Energy Operating Companies¹.

¹ 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.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **Q. Please describe your educational background.**

2 A. I graduated from University of Northern Colorado in 2006 with a Bachelor's degree
3 in Business Administration, with an emphasis in Finance and Management.

4 **Q. Please describe your professional experience.**

5 A. From 2008 through 2015, I worked for a municipal water utility in the Denver area,
6 Denver Water. While at Denver Water, in my progression to a senior level rate
7 analyst, I gained an extensive knowledge of utility operations, from long-term
8 financial planning and budgeting through rate design. I was involved in
9 implementing an improved cost-of-service methodology that ensured an equitable
10 distribution of costs, while maintaining predictability and transparency. I
11 performed extensive analysis as Denver Water undertook transitioning to a new,
12 more impartial conservation-based rate design. Throughout these changes to cost
13 of-service and rate design, I was responsible for communication and outreach to
14 citizens' committees, retail and wholesale entities, and the Board of Water
15 Commissioners. In 2015, I joined XES as a Principal Rate Analyst and assumed
16 my current role in May 2020.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **Q. Have you testified before any regulatory authorities?**

2 A. Yes. I have filed testimony before the New Mexico Public Regulation Commission
3 (“Commission”) in Case Nos. 20-00238-UT, 21-00148-UT, and 22-00286-UT
4 before the Public Utility Commission of Texas (“PUCT”) in Docket Nos. 51802,
5 52451, and 54634 and before the Federal Energy Regulatory Commission
6 (“FERC”) in Docket No. ER18-228-000.

1 **II. RESPONSIBILITIES AND RECOMMENDATIONS**

2 **Q. What are your responsibilities in this proceeding?**

3 A. I support SPS’s cost of service for its 2025-2027 Transportation Electrification Plan
4 (“TEP”). As part of my assignment in this proceeding, my testimony discusses
5 issues related to depreciation of the assets in the 2025-2027 TEP, including how
6 they will be recorded in SPS’s books and records and the depreciation rates used to
7 calculate depreciation expense on the assets. I then go on to describe SPS’s
8 proposed cost recovery approach. Next, I will describe the proposed rider,
9 including the costs that are included in the revenue requirement calculation.
10 Finally, I present the revenue requirement for the 2025 Electric Vehicle
11 Infrastructure Rider (“EV Rider”) and an illustrative revenue requirement for the
12 2026 and 2027 EV rider.

13 **Q. Please summarize the recommendations in your testimony.**

14 A. I recommend the Commission approve SPS’s EV rider revenue requirement
15 calculation, which is described in detail later in my testimony. The revenue
16 requirement calculation methodology forecasts the revenue requirement prior to
17 each calendar year, which is then trued up to actual costs. SPS proposes to utilize
18 its most recently approved cost of debt and capital structure in the revenue
19 requirement calculation. The costs included in the revenue requirement calculation

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 include the plant placed in service, the associated plant-related costs of depreciation
2 expense, accumulated depreciation, and accumulated deferred income tax
3 (“ADIT”), operations and maintenance (“O&M”) expense, income tax expense,
4 and the cost of rebates provided to customers for installation of the necessary
5 equipment. The return on equity (“ROE”) used in the calculation is the then-current
6 ROE approved in SPS’s most recent base rate case. Currently, the ROE is 9.50%.
7 The proposed revenue requirement calculation will credit any revenues generated
8 from the usage of SPS-owned public charging stations to the extent they are
9 received.

10 I also recommend the Commission continue the depreciation rates for the
11 TEP assets that were approved in SPS’s initial TEP case, Case No. 20-00150-UT.
12 Finally, I recommend the Commission approve the 2025 estimated revenue
13 requirement, which will be trued up using actual costs in 2026. In accordance with
14 the Commission’s determination in Case No. 20-00150-UT, the 2026 and 2027
15 revenue requirements do not need to be approved at this time because they can be
16 reviewed when SPS files updated revenue requirements in its October 1 filings.²

² See Case No. 20-00150-UT, Recommended Decision at 83 (Aug. 2, 2021); Final Order Adopting Recommended Decision with Modifications (Sept. 22, 2021).

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **Q. Were Attachments SNN-1 and SNN-2 prepared by you or under your direct**
2 **supervision and control?**

3 **A. Yes.**

1 **III. DEPRECIATION**

2 **Q. Please describe the assets that are included in the TEP.**

3 A. There are four main categories of assets included in the TEP: software, supply
4 infrastructure, chargers, and distribution capital projects. The software enables SPS
5 to monitor the chargers. The supply infrastructure is the wiring and conduit from
6 the customer's meter to the charger. The charger is the device that plugs into the
7 electric vehicle to charge it. SPS witness Brianne R. Jole describes SPS's
8 distribution capital projects in her direct testimony.

9 **Q. Is SPS requesting new depreciation rates for the assets included in the TEP?**

10 A. No, SPS proposes to continue the depreciation rates that were approved in SPS's
11 initial TEP filing, Case No. 20-00150-UT. Although SPS is proposing to include
12 distribution investment in this case, it already has approved depreciation rates for
13 these categories of capital assets.

14 **Q. In what FERC Accounts will these assets be recorded and what depreciation
15 rate will be applied to the assets?**

16 A. The software will be recorded in FERC Account 303, which is the account for
17 Miscellaneous intangible plant. The supply infrastructure will be recorded in FERC
18 Account 369, which is the account for Services. The chargers will be recorded in

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 FERC Account 371, which is Installations on customers' premises. Software and
2 supply infrastructure will be depreciated using the approved depreciation rates for
3 FERC Accounts 303 and 369 as the software and supply infrastructure are similar
4 to the assets already in those accounts. SPS's distribution investments will be
5 recorded in various distribution FERC Accounts 360-371 and depreciated using the
6 corresponding approved depreciation rates for the specific FERC Account. SPS
7 will comply with all FERC Account changes effective January 1, 2025 relating to
8 FERC order 898.

1 **IV. COST RECOVERY APPROACH AND DESCRIPTION OF RIDER**

2 **Q. How is SPS proposing to recover the costs incurred under the TEP?**

3 A. SPS proposes to utilize a rider to recover the costs of the TEP. Section 62-8-12
4 NMSA (“EV Statute”) and 17.9.574.11(E)(3) NMAC provide utilities the option of
5 utilizing a commission-approved tariff rider to recover the costs of the TEP.

6 **Q. Please describe SPS’s proposed rider.**

7 A. As approved by the Commission in Case No. 20-00150-UT, SPS proposes an EV
8 Rider. SPS proposes to recover capital and O&M costs through the rider and that
9 the rider be effective for three years starting January 1, 2025, to coincide with the
10 time period of the proposed TEP³. The proposed rider will utilize forecasted
11 information to calculate a projected revenue requirement, which is then charged for
12 the upcoming year. On October 1 of each year, SPS will file the projected revenue
13 requirement and rates with the Commission. Once the year is completed, the
14 projected revenue requirement will be trued-up to actual costs and SPS will file the
15 true-up on August 1 of each year. The true-up will also reconcile projected revenue

³ The three-year time period is the period over which SPS will offer the EV products and services to its customers. The final year of the TEP will still be trued up to actual costs even though the true up will occur after the initial three-year period.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 to actual revenue. Any true up amounts will be included in the October 1 filing as
2 an adjustment to the projected revenue requirement.

3 **Q. What will be included in the EV Rider?**

4 A. SPS is proposing to include both capital investments and O&M in the rider, as well
5 as the cost of rebates. The costs in this rider will be offset by revenue from SPS-
6 operated public charging stations collected through SPS's Public Electric Vehicle
7 Charging Service tariff, which is discussed by SPS witness Alexander G.
8 Trowbridge in his direct testimony.

9 **Q. Please describe the capital investments included in the rider.**

10 A. The capital investments include plant in service, accumulated depreciation, ADIT,
11 and depreciation expense. The capital investments included in rate base will use a
12 13-month average methodology as the rider uses a forecasted test year with a true-
13 up.

14 **Q. What is SPS proposing to use as the cost of capital in the EV rider?**

15 A. The capital recovered in this rider is included in the revenue requirement through
16 the return and depreciation expense components of the revenue requirement. In
17 order to calculate the return component, a weighted average cost of capital
18 ("WACC") is necessary. SPS proposes to use its current WACC of 7.17%, which

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 was approved in Case No. 22-00286-UT. That WACC is based on a ROE of 9.50%,
2 a cost of debt of 4.34% and a capital structure consisting of 54.70% equity and
3 45.30% debt. To the extent that the approved WACC changes during the TEP
4 horizon, SPS will reflect the currently-approved WACC in the EV rider.

5 **Q. Please describe the O&M expenses included in the rider.**

6 A. The O&M expenses recovered in the rider include maintenance of the assets, the
7 energy costs incurred at SPS-owned charging stations, customer education and
8 outreach, advisory services, the cost of rebates, and program evaluation. SPS
9 witness Patrick J. Murphy describes these expenses in his direct testimony.

10 **Q. Please describe how the cost of rebates is included in the rider.**

11 A. Under the EV Statute, utilities are authorized to recover the reasonable costs for
12 measures to expand transportation electrification through a tariff rider. As part of
13 its TEP, SPS proposes to issue rebates for the installation of charging equipment.
14 As explained by SPS witness Jeremiah W. Cunningham and as was approved in
15 Case No. 20-00150-UT,⁴ SPS proposes to include the cost of the rebates as
16 regulatory assets in rate base. When a rebate is paid by SPS, it will be recorded as

⁴ Case No. 20-00150-UT, Final Order Adopting Recommended Decision with Modifications at 12.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 a regulatory asset and included in rate base. The regulatory asset will then be
2 amortized over time and the amortization expense will also be included in the rider
3 revenue requirement. This methodology is consistent with the manner in which
4 plant is included in rate base. The regulatory asset included in rate base will also
5 be calculated on a 13-month average, consistent with the plant included in rate base.

6 **Q. What amortization period is SPS proposing for the rebate regulatory asset?**

7 A. As the Commission approved in SPS's prior TEP case, Case No. 20-00150-UT,
8 SPS proposes using a ten-year amortization period for the rebates. This period is
9 the duration of the contract signed by customers who obtain chargers from SPS.
10 Furthermore, the rebates proposed in the TEP are primarily designed to incentivize
11 and support the installation of EV chargers, which have an expected useful life of
12 10 years. This in effect matches the cost of the rebate with the benefits provided
13 by the charging equipment.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **Q. You mentioned that revenues generated by company-owned public charging**
2 **stations will be included in the rider as a credit to the revenue requirement.**

3 **Please describe the revenue credit.**

4 A. Any revenue generated by the use of company-owned public charging stations will
5 be credited against the revenue requirement.

6 **Q. Does SPS propose to apply interest to the EV Rider?**

7 A. Yes. SPS proposes to use the annual customer deposit interest rate set by the
8 Commission under Section 62-13-13 of the PUA and 17.9.560.12(B)(2)(A) NMAC
9 to assess symmetrical carrying charges. Each year, SPS will use the new customer
10 deposit interest rate set by the Commission. If SPS's expenditures exceed its
11 revenues, then the carrying charges will be negative (SPS earns interest), whereas
12 if the revenues exceed expenditures, the carrying charges will be positive (SPS pays
13 interest). The inclusion of symmetrical interest on rider reconciliations has been
14 approved by the Commission for use by SPS in both its energy efficiency and
15 renewable portfolio standard riders.

16 **Q. Why is it appropriate to calculate interest?**

17 A. Interest is appropriate due to the timing differences and application of the
18 reconciliation balance. That is, there will be a somewhat significant lag for the

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 correction of the EV Rider balance. For example, under SPS's proposal, the 2025
2 balance will be calculated and reviewed in 2026 and then collected/returned in
3 2027. In total, there will be a two-year difference between the first accrual and the
4 last balance. Accordingly, reasonable carrying charges (which are symmetrical
5 between SPS and its customers) should continue to be applied.

Case No. 24-00 ___-UT
Direct Testimony
of
Stephanie N. Niemi

1 **V. 2025-2027 PROGRAM REVENUE REQUIREMENTS**

2 **Q. Have you calculated a revenue requirement for the TEP?**

3 A. Yes. Using the budget presented by Mr. Murphy, I have calculated the estimated
4 revenue requirement for each year of the plan. The revenue requirement for each
5 of the years is presented in the table below.

	2025	2026	2027
Revenue Requirement	\$1,615,082	\$2,486,541	\$3,805,677

6 Attachment SNN-1 is the revenue requirement model used to calculate the above
7 revenue requirement.

8 **Q. Does this conclude your pre-filed direct testimony?**

9 A. Yes.

Southwestern Public Service Company

Revenue Requirement

Line No.	Description	2025	2026	2027
1	<u>Rate Base</u>			
2	Plant in Service	3,099,455	7,148,392	13,196,256
3	Less: Accumulated Reserve for Depreciation	208,968	471,100	881,732
4	Net Plant	2,890,487	6,677,292	12,314,524
5				
6	Accumulated Deferred Income Taxes	(24,824)	(71,022)	(154,990)
7				
8	Regulatory Assets - Rebates	573,377	1,967,865	3,753,958
9				
10	Net Rate Base (ln 4 + ln 6 + ln 8)	3,439,040	8,574,135	15,913,492
11				
12	<u>Income Tax Expense</u>			
13	Net Rate Base	3,439,040	8,574,135	15,913,492
14	Rate of Return on Rate Base	7.17%	7.17%	7.17%
15	Earnings before Interest	246,579	614,765	1,140,997
16				
17	Net Rate Base	3,439,040	8,574,135	15,913,492
18	Cost of Debt	1.97%	1.97%	1.97%
19	Interest Expense	67,749	168,910	313,496
20				
21	Additions and Deductions for Taxes	(150,465)	(270,186)	(494,891)
22				
23	State Taxable Amount (ln 15 - ln 19 + ln 21)	28,365	175,669	332,610
24	State Income Tax Rate	1.70%	1.70%	1.70%
25	State Income Taxes	482	2,988	5,657
26				
27	Net Federal Taxable Amount (ln 23 - ln 25)	27,883	172,682	326,953
28	Federal Income Tax Rate	21.00%	21.00%	21.00%
29	Federal Income Taxes	5,855	36,263	68,660
30				
31	Combined Tax Rate	22.34%	22.34%	22.34%
32	Deferred Income Taxes (ln 21 * ln 31)	33,619	60,369	110,577
33				
34	Total Income Taxes (ln 25 + ln 29 + ln 32)	39,957	99,620	184,894
35	Tax Gross Up Factor	1.28772	1.28772	1.28772
36	Total Income Tax Expense	51,454	128,283	238,092
37				
38	<u>O&M and Depreciation Expenses</u>			
39	Operations & Maintenance Expense	1,048,227	1,203,082	1,505,762
40	Depreciation & Amortization Expense	268,822	540,410	920,825
41	Total Operating Deductions (ln 36 + ln 39 + ln 40)	1,368,503	1,871,776	2,664,679
42				
43	Return on Rate Base (ln 15)	246,579	614,765	1,140,997
44				
45	Revenue Requirements (ln 36 + ln 41 + ln 43)	1,615,082	2,486,541	3,805,677
46				
47	Revenue Credits	-	-	-
48				
49	Net Revenue Requirement (ln 45 + ln 47)	1,615,082	2,486,541	3,805,677

Southwestern Public Service Company

Rate Base

Line No.	Description	2025	2026	2027
1	<u>Plant in Service</u>			
2	TEP - IT	6,154	20,000	20,000
3	TEP - Supply	509,194	2,239,005	4,180,301
4	TEP - Dist Lines	151,740	891,954	1,941,236
5	TEP - Dist Other	25,638	150,704	327,990
6	TEP - Dist Feeders	-	1,440,000	4,320,000
7	TEP 20-00150-UT	2,406,729	2,406,729	2,406,729
8	Total Plant in Service	3,099,455	7,148,392	13,196,256
9				
10	<u>Less: Accumulated Reserve for Depreciation</u>			
11	TEP - IT	205	3,167	7,167
12	TEP - Supply	3,882	48,194	149,838
13	TEP - Dist Lines	929	13,555	49,720
14	TEP - Dist Other	156	2,271	8,331
15	TEP - Dist Feeders	-	13,161	88,968
16	TEP 20-00150-UT	203,796	390,752	577,708
17	Total Accumulated Depreciation	208,968	471,100	881,732
18				
19	Net Plant (ln 8 - ln 17)	2,890,487	6,677,292	12,314,524
20				
21	<u>Accumulated Deferred Income Taxes</u>			
22	TEP - IT	(225)	(763)	(1,361)
23	TEP - Supply	(4,087)	(18,332)	(46,197)
24	TEP - Dist Lines	(1,315)	(7,259)	(21,642)
25	TEP - Dist Other	(223)	(1,231)	(3,672)
26	TEP - Dist Feeders	-	(7,285)	(36,739)
27	TEP 20-00150-UT	(18,974)	(36,153)	(45,378)
28	Total Accumulated Deferred Income Taxes	(24,824)	(71,022)	(154,990)
29				
30	<u>Regulatory Assets - Rebates</u>	573,377	1,967,865	3,753,958
31				
32	Net Rate Base (ln 19 + ln 28 + ln 30)	3,439,040	8,574,135	15,913,492

Southwestern Public Service Company

Operating Expenses

Line No.	Description	2025	2026	2027
1	<u>Operations & Maintenance Expense</u>			
2	Commercial - EVSI/PC Rebate/Distribution	827,662	1,014,021	1,304,242
3	Residential - Home Wiring/Optimization	78,565	85,062	97,520
4	Advisory	92,000	54,000	54,000
5	Evaluation	50,000	50,000	50,000
6	TEP Rate Case Expenses	-	-	-
7	Total Operations & Maintenance Expense	1,048,227	1,203,082	1,505,762
8				
9	<u>Depreciation and Amortization Expense</u>			
10	TEP - IT	1,167	4,000	4,000
11	TEP - Supply	15,833	72,300	134,986
12	TEP - Dist Lines	3,788	23,126	50,330
13	TEP - Dist Other	635	3,875	8,433
14	TEP - Dist Feeders	-	37,904	113,711
15	TEP 20-00150-UT	186,956	186,956	186,956
16	Total Depreciation Expense	208,380	328,160	498,417
17	Amortization Expense	60,443	212,249	422,408
18	Total Depreciation and Amortization Expense	268,822	540,410	920,825
19				
20	Total Operating Expenses (In 7 + In 18)	1,317,049	1,743,492	2,426,587

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Jan-25	Feb-25	Mar-25	Apr-25
	2025	2026	2027				
1	Beginning Balance - Gross			0	87,882	175,764	263,646
2	Beginning Balance - Net			0	87,516	174,299	260,350
3	Rebate Additions			87,882	87,882	87,882	87,882
4	Rebate Amortizations			(366)	(1,099)	(1,831)	(2,563)
5	Ending Balance - Gross			87,882	175,764	263,646	351,528
6	508,983	1,905,498	3,699,303	87,516	174,299	260,350	345,669
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			May-25	Jun-25	Jul-25	Aug-25
	2025	2026	2027				
1	Beginning Balance - Gross			351,528	439,410	527,292	615,174
2	Beginning Balance - Net			345,669	430,255	514,109	597,231
3	Rebate Additions			87,882	87,882	87,882	87,882
4	Rebate Amortizations			(3,296)	(4,028)	(4,760)	(5,493)
5	Ending Balance - Gross			439,410	527,292	615,174	703,056
6	508,983	1,905,498	3,699,303	430,255	514,109	597,231	679,620
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Sep-25	Oct-25	Nov-25	Dec-25
	2025	2026	2027				
1	Beginning Balance - Gross			703,056	790,938	878,819	966,701
2	Beginning Balance - Net			679,620	761,277	842,202	922,394
3	Rebate Additions			87,882	87,882	87,882	87,882
4	Rebate Amortizations			(6,225)	(6,957)	(7,690)	(8,422)
5	Ending Balance - Gross			790,938	878,819	966,701	1,054,583
6	508,983	1,905,498	3,699,303	761,277	842,202	922,394	1,001,854
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Jan-26	Feb-26	Mar-26	Apr-26
	2025	2026	2027				
1	Beginning Balance - Gross			1,054,583	1,219,712	1,384,841	1,549,971
2	Beginning Balance - Net			1,001,854	1,157,507	1,311,784	1,464,684
3	Rebate Additions			165,129	165,129	165,129	165,129
4	Rebate Amortizations			(9,476)	(10,852)	(12,228)	(13,604)
5	Ending Balance - Gross			1,219,712	1,384,841	1,549,971	1,715,100
6	508,983	1,905,498	3,699,303	1,157,507	1,311,784	1,464,684	1,616,209
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

Line No.	13 Month Average			May-26	Jun-26	Jul-26	Aug-26
	2025	2026	2027				
1	Beginning Balance - Gross			1,715,100	1,880,229	2,045,358	2,210,487
2	Beginning Balance - Net			1,616,209	1,766,358	1,915,130	2,062,526
3	Rebate Additions			165,129	165,129	165,129	165,129
4	Rebate Amortizations			(14,981)	(16,357)	(17,733)	(19,109)
5	Ending Balance - Gross			1,880,229	2,045,358	2,210,487	2,375,616
6	508,983	1,905,498	3,699,303	1,766,358	1,915,130	2,062,526	2,208,547
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Sep-26	Oct-26	Nov-26	Dec-26
	2025	2026	2027				
1	Beginning Balance - Gross			2,375,616	2,540,745	2,705,874	2,871,003
2	Beginning Balance - Net			2,208,547	2,353,191	2,496,459	2,638,351
3	Rebate Additions			165,129	165,129	165,129	165,129
4	Rebate Amortizations			(20,485)	(21,861)	(23,237)	(24,613)
5	Ending Balance - Gross			2,540,745	2,705,874	2,871,003	3,036,132
6	508,983	1,905,498	3,699,303	2,353,191	2,496,459	2,638,351	2,778,867
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Jan-27	Feb-27	Mar-27	Apr-27
	2025	2026	2027				
1	Beginning Balance - Gross			3,036,132	3,221,268	3,406,403	3,591,538
2	Beginning Balance - Net			2,778,867	2,937,930	3,095,450	3,251,428
3	Rebate Additions			185,135	185,135	185,135	185,135
4	Rebate Amortizations			(26,072)	(27,615)	(29,158)	(30,701)
5	Ending Balance - Gross			3,221,268	3,406,403	3,591,538	3,776,674
6	508,983	1,905,498	3,699,303	2,937,930	3,095,450	3,251,428	3,405,862
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			May-27	Jun-27	Jul-27	Aug-27
	2025	2026	2027				
1	Beginning Balance - Gross			3,776,674	3,961,809	4,146,945	4,332,080
2	Beginning Balance - Net			3,405,862	3,558,754	3,710,103	3,859,909
3	Rebate Additions			185,135	185,135	185,135	185,135
4	Rebate Amortizations			(32,244)	(33,786)	(35,329)	(36,872)
5	Ending Balance - Gross			3,961,809	4,146,945	4,332,080	4,517,216
6	508,983	1,905,498	3,699,303	3,558,754	3,710,103	3,859,909	4,008,173
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP

<u>Line No.</u>	13 Month Average			Sep-27	Oct-27	Nov-27	Dec-27
	2025	2026	2027				
1	Beginning Balance - Gross			4,517,216	4,702,351	4,887,487	5,072,622
2	Beginning Balance - Net			4,008,173	4,154,893	4,300,071	4,443,706
3	Rebate Additions			185,135	185,135	185,135	185,135
4	Rebate Amortizations			(38,415)	(39,958)	(41,500)	(43,043)
5	Ending Balance - Gross			4,702,351	4,887,487	5,072,622	5,257,758
6	508,983	1,905,498	3,699,303	4,154,893	4,300,071	4,443,706	4,585,798
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

<u>Line No.</u>	13 Month Average			Jan-25	Feb-25	Mar-25	Apr-25
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			73,938	73,295	72,653	72,010
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	73,295	72,653	72,010	71,367
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

<u>Line No.</u>	13 Month Average			May-25	Jun-25	Jul-25	Aug-25
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			71,367	70,724	70,081	69,439
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	70,724	70,081	69,439	68,796
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

<u>Line No.</u>	13 Month Average			Sep-25	Oct-25	Nov-25	Dec-25
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			68,796	68,153	67,510	66,867
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	68,153	67,510	66,867	66,225
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

Line No.	13 Month Average			Jan-26	Feb-26	Mar-26	Apr-26
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			66,225	65,582	64,939	64,296
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	65,582	64,939	64,296	63,653
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

Line No.	13 Month Average			May-26	Jun-26	Jul-26	Aug-26
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			63,653	63,011	62,368	61,725
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	63,011	62,368	61,725	61,082
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

Line No.	13 Month Average			Sep-26	Oct-26	Nov-26	Dec-26
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			61,082	60,439	59,797	59,154
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	60,439	59,797	59,154	58,511
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

<u>Line No.</u>	13 Month Average			Jan-27	Feb-27	Mar-27	Apr-27
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			58,511	57,868	57,225	56,583
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	57,868	57,225	56,583	55,940
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

Line No.	13 Month Average			May-27	Jun-27	Jul-27	Aug-27
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			55,940	55,297	54,654	54,011
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	55,297	54,654	54,011	53,369
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Rebates TEP 20-00150-UT

Line No.	13 Month Average			Sep-27	Oct-27	Nov-27	Dec-27
	2025	2026	2027				
1	Beginning Balance - Gross			77,137	77,137	77,137	77,137
2	Beginning Balance - Net			53,369	52,726	52,083	51,440
3	Rebate Additions			0	0	0	0
4	Rebate Amortizations			(643)	(643)	(643)	(643)
5	Ending Balance - Gross			77,137	77,137	77,137	77,137
6	64,394	62,368	54,654	52,726	52,083	51,440	50,797
7							
8							
9	Amortization Term			10 years			
10	Annual Amortization rate			10.00%			
11	Monthly Amortization Rate			0.83%			

Southwestern Public Service Company

Cost of Capital

<u>Line No.</u>		2025	2026	2027	
1	Cost of Long Term Debt	4.34%	4.34%	4.34%	
2	Cost of Common Equity	9.50%	9.50%	9.50%	Settlement - 22-00286-UT
3					
4	Ratio of Long Term Debt	45.30%	45.30%	45.30%	
5	Ratio of Common Equity	54.70%	54.70%	54.70%	
6					
7	Weighted Cost of Long-Term Debt	1.97%	1.97%	1.97%	
8	Weighted Cost of Common Equity	5.20%	5.20%	5.20%	
9	Return on Rate Base	7.17%	7.17%	7.17%	
10					
11	State Tax Rate	1.70%	1.70%	1.70%	
12	Federal Tax Rate	21.00%	21.00%	21.00%	
13	Combined Tax Rate	22.34%	22.34%	22.34%	
14	Tax Gross-Up Factor	1.287724401	1.287724401	1.287724401	

**Attachment SNN-2 is provided in native format and can be found on
SPS's iManage file share site.**

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN
PUBLIC SERVICE COMPANY'S
APPLICATION FOR APPROVAL OF ITS
2025-2027 TRANSPORTATION
ELECTRIFICATION PLAN; PROPOSED
PLAN RIDERS AND CREDIT; AND OTHER
ASSOCIATED RELIEF,**

**SOUTHWESTERN PUBLIC SERVICE
COMPANY,**

APPLICANT.

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)
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) **Case No. 24-00 ___-UT**
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CERTIFICATE OF SERVICE

I certify that a true and correct copy of *Southwestern Public Service Company's Application and the Direct Testimony of Jeremiah W. Cunningham, Patrick J. Murphy, Brianne R. Jole, Stephanie N. Niemi and Alexander G. Trowbridge* was electronically sent to each of the following on this 1st day of April 2024:

SPS	
Bernarr Treat	Bernarr.R.Treat@xcelenergy.com;
Brad Baldrige	Brad.Baldrige@xcelenergy.com;
Brooke Trammell	Brooke.A.Trammell@xcelenergy.com;
Cindy Baeza	Cindy.Baeza@xcelenergy.com;
Damon Withrow	Damon.Withrow@xcelenergy.com;
Dana S. Hardy	dhardy@hinklelawfirm.com;
Erika M. Kane	Erika.M.Kane@xcelenergy.com;
Jeff Comer	Jeffrey.L.Comer@xcelenergy.com;
Jeremiah Cunningham	Jeremiah.W.Cunningham@xcelenergy.com;
Linda Hudgins	Linda.L.Hudgins@xcelenergy.com;
Luis F. Saenz	Luis.F.Saenz@xcelenergy.com;
Mike D'Antonio	Michael.A.D'Antonio@xcelenergy.com;
Sonya Mares	smares@hinklelaw.com;
Stephanie G. Houle	Stephanie.G.Houle@xcelenergy.com;
Timothy B. Rode	trode@hinklelawfirm.com;
Zoe Lees	Zoe.E.Lees@xcelenergy.com;
Jelani Freeman	Jelanie.freeman@xcelenergy.com

CCAЕ	
Cara R Lynch	Lynch.Cara.NM@gmail.com;
Charles de Saillan	Desaillan.ccae@gmail.com;
Claire Lang-Ree	clangree@nrdc.org;
Don Hancock	Sricdon@earthlink.net;
Hilary Firestone	hfirestone@nrdc.org;
Max Baumhefner	mbaumhefner@nrdc.org;
Ona Porter	ona@prosperityworks.net;
CCSA	
Joseph Yar	joseph@velardeyar.com;
Kevin Cray	kevin@communitysolaraccess.org;
Jacob Schlesinger	jschlesinger@keyesfox.com
Shawna Tillberg	shawna@velardeyar.com;
ChargePoint	
Justin Wilson	Justin.Wilson@chargepoint.com;
Scott Dunbar	sdunbar@keyesfox.com;
COG	
Michael J. Moffett	mmoffett@cmtisantafe.com;
FEA	
Capt. Marcus Duffy	Marcus.duffy.3@us.af.mil;
TSgt Rafael Franjul	Rafael.franjul@us.af.mil;
Mrs. Ebony M. Payton	Ebony.Payton.ctr@us.af.mil;
Mr. Thomas A. Jernigan	Thomas.Jernigan.3@us.af.mil;
LES	
Joan E. Drake	jdrake@modrall.com;
Michael P. Gorman	mgorman@consultbai.com;
Perry Robinson	Perry.Robinson@urenco.com;
Sally Wilhelms	swilhelms@consultbai.com;
Susan E. Miller	susan.miller@modrall.com;
NMAG	
Andrea Crane	ctcolumbia@aol.com;
Brian McMath	bmcmath@nmag.gov;
Doug Gegax	dgegax@nmsu.edu;
Gideon Elliot	gelliot@nmag.gov;
NMLCG	
Adele Lee	aclee@hollandhart.com;
Austin Jensen	awjensen@hollandhart.com;
Austin Rueschhoff	darueschhoff@hollandhart.com;
Nikolas Stoffel	nsstoffel@hollandhart.com;
Thorvald A. Nelson	tnelson@hollandhart.com;

OPL	
Jeffrey Pollock	jcp@jpollockinc.com;
Katherine L. Coleman	kcoleman@omm.com;
Melissa Trevino	Melissa_Trevino@oxy.com;
Michael A. McMillin	mmcmillin@omm.com;
O'Melveny & Myers	ommeservice@omm.com;
Phillip G. Oldham	poldham@omm.com;
Ryan Pfefferle	Ryan_Pfefferle@oxy.com;
Sierra Club	
Jason Marks	lawoffice@jasonmarks.com;
Joshua Smith	Joshua.smith@sierraclub.org;
Ramona Blaber	Ramona.Blaber@sierraclub.org;
Stephanie Dzur	Stephanie@Dzur-Law.com;
Staff and NMPRC	
Bamadou Ouattara	Bamadou.Ouattara@prc.nm.gov;
Bradford Borman	Bradford.Borman@prc.nm.gov;
Cholla Khoury	Cholla.Khoury@prc.nm.gov;
Ed Rilkoff	Ed.rilkoff@prc.nm.gov;
Elisha Leyba-Tercero	Elisha.Leyba-Tercero@prc.nm.gov;
Erika Stephanz	Erika.Stephanz@prc.nm.gov;
Gabriella Dasheno	Gabriella.Dasheno@prc.nm.gov;
Gilbert Fuentes	Gilbert.Fuentes@prc.nm.gov;
Jack Sidler	Jack.Sidler@prc.nm.gov;
Joan Ellis	Joan.Ellis@prc.nm.gov;
John Bogatko	John.Bogatko@prc.nm.gov;
Keven Gedko	Kevin.Gedko@prc.nm.gov;
LaurieAnn Santillanes	Laurieann.Santillanes@prc.nm.gov;
Marc Tupler	Marc.Tupler@prc.nm.gov;
Naomi Velasquez	Naomi.velasquez1@prc.nm.gov;
Peggy Martinez-Rael	Peggy.Martinez-Rael@prc.nm.gov;
Robert Lundin	Robert.Lundin@prc.nm.gov;
Ryan Friedman	Ryan.friedman@prc.nm.gov;
Scott Cameron	Scott.Cameron@prc.nm.gov;
Walmart	
Randy S. Bartell	rbartell@montand.com;
Steve W. Chriss	Stephen.Chriss@walmart.com;
WRA	
Aaron Kressig	aaron.kressig@westernresources.org;
Adam Stafford	Adam.stafford@westernresources.org;
Caitlin Evans	caitlin.evans@westernresources.org;
Cydney Beadles	cydney.beadles@westernresources.org;

Hearing Examiner	
Ana Kippenbrock	Ana.Kippenbrock@prc.nm.gov;

Respectfully submitted,
/s/ Cindy Baeza
Cindy Baeza
Southwestern Public Service Company
790 S. Buchanan, 7th Floor
Amarillo, TX 79101
(806) 513-1478
Cindy.Baeza@xcelenergy.com