

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,)	CASE NO. 24-00__-UT
)	
SOUTHWESTERN PUBLIC SERVICE)	
COMPANY,)	
)	
APPLICANT.)	
)	

APPLICATION

Southwestern Public Service Company (“SPS”) submits its Application for Approval of its 2025-2027 Transportation Electrification Plan (“TEP”) in accordance with NMSA 1978, Section 68-8-12 (“EV Statute”) and Rule 17.9.574 NMAC (“EV Rule”).

I. EXECUTIVE SUMMARY

In accordance with the EV Statute and EV Rule, SPS requests that the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) issue an order that:

- (A) approves SPS’s TEP, and associated TEP programs;
- (B) approves SPS’s proposed TEP budget and grants SPS budget flexibility;
- (C) reaffirms the NMPRC-approved process of placing TEP rebates into a regulatory asset, amortizing the rebates over a 10-year amortization period, and earning a return on the asset at SPS’s most recently approved weighted average cost of capital (“WACC”);
- (D) approves SPS’s proposed revenue requirement for the TEP, including SPS’s proposed distribution capital investment;
- (E) approves SPS’s proposed EV Infrastructure Rider, and EV Charging Optimization Credit Rider, as shown in Advice Notice No. 322, attached hereto as Exhibit A;

- (F) authorizes SPS to recover through the EV Infrastructure Rider its regulatory and rate case expenses incurred in this case;
- (G) approves SPS's proposed evaluation and reporting criteria;
- (H) finds that SPS's TEP complies with the EV Statute and EV Rule, is reasonable, prudent, and in the public interest, and that the proposed cost recovery mechanisms set forth in this Application and supporting Direct Testimony and Attachments will provide for the implementation of just and reasonable rates; and
- (I) grants to SPS all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for SPS to implement and effectuate the relief granted in this case.

SPS's TEP presents the following three portfolios that target customers in Residential (including low-income) and Commercial segments:

- 1. Residential Portfolio
 - a. Home Charging and Wiring Rebate
 - b. Low-Income Charging and Wiring Rebate
 - c. EV Optimization (Managed Charging)
- 2. Commercial Portfolio
 - a. EV Infrastructure
 - i. Public Fast Charging Rebate
 - ii. Commercial Electric Vehicle Supply Infrastructure
 - iii. Support Existing Company-Owned Fast Charging
 - b. Distribution
 - i. Line Extensions
 - ii. Proactive Feeder Upgrades
- 3. Advisory Services
 - a. Residential Advisory Services
 - b. Fleet and Communities Advisory Services

SPS requests approval of its total proposed TEP budget of \$23.1M total for plan years 2025, 2026 and 2027, and authorization to recover the costs of the TEP through an Electric Vehicle Infrastructure Rider and Electric Vehicle Charging Optimization Credit.

In support of this Application, SPS states the following:

II. BACKGROUND

1. SPS is a New Mexico corporation principally engaged in generating, transmitting, distributing, and selling electrical energy to the public in portions of New Mexico and Texas. SPS is a public utility as defined in Section 62-3-3(G) of the Public Utility Act (“PUA”). The Commission has jurisdiction over this Application under the EV Statute and the EV Rule.

2. SPS’s principal office in New Mexico is located at 111 E. Fifth Street, Roswell, New Mexico 88201. SPS’s principal corporate office is located at 790 S. Buchanan, Amarillo, Texas 79101.

3. SPS is a wholly-owned subsidiary of Xcel Energy Inc. (“Xcel Energy”), which is a holding company under Federal Energy Regulation Commission (“FERC”) regulations adopted under the Public Utility Holding Company Act of 2005.¹ Xcel Energy 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

4. The following corporate representatives and attorneys of SPS should receive all notices, pleadings, discovery requests and responses, and all other documents related to this case:

¹ 18 C.F.R. Part 366.

² Xcel Energy is the parent company of four wholly-owned electric 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 subsidiary is WestGas InterState, Inc. Through its subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also has 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 either currently regulated by the FERC or expected to be regulated by FERC.

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5. SPS requests that the following SPS representatives be included on the official service list to receive email service of all notices, pleadings, discovery requests and responses, and all other documents related to this case:

Jeremiah W. Cunningham: Jeremiah.W.Cunningham@xcelenergy.com;

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III. STATUTORY AND RULE CONSIDERATIONS

6. The EV Statute states that applications to expand transportation electrification “may include investments or incentives to facilitate the deployment of charging infrastructure and associated electrical equipment that support transportation electrification, including electrification of public transit and publicly owned vehicle fleets, rate designs or programs that encourage charging that supports the operation of the electric grid and customer education and outreach

programs that increase awareness of such programs and of the benefits of transportation electrification.” NMSA 1978, § 62-8-12 (A).

7. The EV Statute directs the Commission to consider whether the investments, incentives, programs and expenditures are:

- (1) reasonably expected to improve the public utility’s electrical system efficiency, the integration of variable resources, operational flexibility and system utilization during off-peak hours;
- (2) reasonably expected to increase access to the use of electricity as a transportation fuel, with consideration given for increasing such access to low-income users and users in underserved communities;
- (3) designed to contribute to the reduction of air pollution and greenhouse gases;
- (4) reasonably expected to support increased consumer choices in electric vehicle charging and related infrastructure and services; allow for private capital investments and skilled jobs in related services; and provide customer information and education;
- (5) reasonable and prudent, as determined by the Commission; and
- (6) transparent, incorporating public reporting requirements to inform program design and commission policy. NMSA 1978, § 62-8-12 (B).

8. The EV Statute states that “[a] public utility that undertakes measures to expand transportation electrification pursuant to this section shall have the option of recovering the public utility’s reasonable costs for the expansion through a commission--approved tariff rider or base rate or both.” NMSA 1978, § 62-8-12 (C).

9. The EV Rule implements the EV Statute and requires public utilities to file applications for approval of a proposed three-year plan to expand transportation electrification in the utility’s service area. 17.9.574.11(A) NMAC. The proposed three-year plan must include, among other items: (1) strategies and measures to expand transportation electrification among low-income customers and underserved communities; (2) strategies and measures to expand

transportation electrification across multiple EV classes; (3) expected customer participation estimates and the methods used to derive those estimates; (4) strategies and measures for servicing multiple market segments; (5) strategies and measures for coordinating with state or federal EV infrastructure planning; (6) strategies and measures for coordinating with existing business locations that sell and dispense transportation fuel to the public; and (7) identification of key performance indicators for program success and how these indicators are utilized to further the success of the program. 17.9.574.11(A) NMAC.

10. The EV Rule also requires utilities to provide, for informational purposes, a planning outlook addressing the two-year period beyond the three-year plan. 17.9.574.11(D) NMAC.

11. The EV Rule requires that the Commission's final order on a TEP application address the utility's proposed recovery for TEP costs. NMAC 17.9.574.12(D).

IV. SPS's TEP AND PROPOSED PLAN TRANSPORTATION ELECTRIFICATION PORTFOLIOS

12. This is SPS's second TEP, which contains three portfolios of transportation electrification plans that target customers in the Residential (including low-income) and Commercial Segments.

13. The TEP and associated portfolios are designed to give customers, including low-income customers, in the targeted customer classes the opportunity to participate in the programs and obtain the benefits of transportation electrification.

14. The TEP proposes a total budget of \$23.1M for plan years 2025, 2026, and 2027.

15. Interested parties, including the Commission’s Utility Division Staff (“Staff”), environmental advocates, low-income advocates, and EV industry advocates were invited to provide input into the TEP and SPS considered that input in developing the plan. SPS met with the New Mexico Environment Department in early December. SPS also met with Staff on February 15, 2024, and other external stakeholders on March 14, 2024. On March 11, SPS met with the New Mexico Department of Transportation to receive input into the TEP. SPS provided proposed budgets for the plan years and discussed the portfolios and programs SPS proposes in its TEP.

16. The TEP filing includes SPS’s request to continue its existing and approved depreciation rates for the assets included in the TEP.

17. The TEP filing includes a proposal to continue recording the costs of the rebates paid to customers for charging equipment incentive in a regulatory asset, as approved in Case No. 20-00150-UT. The regulatory asset balance would be placed on SPS’s balance sheet and would be amortized over a ten-year period, earning at SPS’s most recently approved WACC. The rebates proposed in the TEP are primarily designed to incentivize and support increasing access to EV charging by assisting customers with the installation of household EV chargers, which have an expected useful life of 10 years.

18. The TEP filing includes a request to develop a revenue requirement and earn a return on the capital investments made pursuant to the Public Utility Act. The revenue requirement calculation methodology forecasts the revenue requirement prior to each calendar year which is then true-up to actual costs and actual revenue. SPS will file a true-up annually on August 1. SPS proposes to utilize its most recently approved cost of debt (“WACC”), Return on Equity (“ROE”),

and capital structure. The costs included in the revenue requirement calculation include the plant placed in service, the associated plant-related costs (depreciation expense, accumulated depreciation, accumulated deferred income tax), operations and maintenance (“O&M”) expense, income tax expense, and the cost of rebates provided to customers for the installation of the necessary equipment. The proposed revenue requirement calculation also credits any revenues generated by the TEP assets towards the revenue requirement calculation. The projected TEP annual revenue requirement for 2025 is \$1,615,082. On October 1 each year, beginning in 2025, SPS will file the projected revenue requirement and rates with the Commission.

19. In accordance with Section 62-8-12(C) and Rule 17.9.574.12(D) NMAC, SPS requests authorization to recover its actual regulatory and rate case expenses incurred in this case through the EV Infrastructure Rider by including them in its annual true-up filing, as these expenses are reasonable TEP costs that are being incurred to expand transportation electrification under the EV Statute.

V. REQUESTED TARIFFS

20. As provided by the EV Statute and EV Rule, SPS is proposing two different tariffs to recover its costs for its TEP:

- (a) EV Infrastructure Rider and
- (b) EV Charging Optimization Credit Rider.

21. **EV Infrastructure Rider.** To implement its proposed TEP programs, and in accordance with NMSA 1978, Section 68-8-12 (C), SPS seeks Commission approval for its proposed Rate No. 78, EV Infrastructure Rider, attached to the Direct Testimony of Alexander G.

Trowbridge as Attachment AGT-2. As Mr. Trowbridge explains, the EV Infrastructure Rider recovers the EV infrastructure revenue requirement through a percentage-based charge that may vary periodically, to recover SPS's reasonable capital costs for the TEP, as well as O&M, and the costs of rebates. The percentage-based charge will apply to the amount charged to each customer for all base rate charges, as provided in the applicable SPS tariff for electric service.

22. The capital recovered in this rider is included in the revenue requirement through the return and depreciation expense components of the revenue requirement. In order to calculate the return component a WACC is necessary. SPS proposes for this rider to use the currently-approved WACC of 7.17%, which was approved in Case No. 22-00286-UT. That WACC is based on an ROE of 9.50%, a cost of debt of 4.34% and a capital structure consisting of 54.70% equity and 45.30% debt. To the extent that the approved WACC changes during the TEP plan horizon, SPS will reflect the currently-approved WACC in the EV rider through its annual true-up filing.

23. As approved by the Commission for use by SPS in both its energy efficiency and renewable portfolio standard riders, SPS proposes to calculate the difference between costs and revenue and apply the annual customer deposit interest rate set by the Commission under Section 62-13-13 of the PUA and 17.9.560.12(B)(2)(A) NMAC symmetrically to the difference.

24. **EV Charging Optimization Credit Rider.** To implement its proposed EV Optimization program, SPS seeks Commission approval for its proposed Rate No. 80, EV Charging Optimization Credit Rider, attached to the Direct Testimony of Mr. Trowbridge as Attachment AGT-4. For customers participating in the EV Optimization program, the credit is a mechanism by which SPS may issue an annual \$50.00 credit to reward the optimal use of the SPS

electric power and delivery system for EV charging. Credits will apply to the customer's bill for SPS electric service each applicable year. A second charging optimization option introduced in this TEP plan referred to as 'Charging Perks' allows SPS to optimize charging customer EVs remotely, as opposed to based on fixed time period. Participants in the Charging Perks option will be provided with an upfront \$50.00 credit at the time that customer signs up under the program, and an annual \$50.00 credit.

25. SPS also has an existing Public Electric Vehicle Charging Service Rider, Rate No. 81, which establishes rates for SPS-owned DCFC public charging stations. SPS is not proposing to make any changes to this rate.

26. SPS currently has an EV Charging Equipment Rider, Rate No. 79. Due to low customer participation and barriers to effectively implementing and providing support, SPS proposes to discontinue its EV Accelerate at Home offering and terminate the EV Charging Equipment Rider on a going-forward basis. SPS proposes instead to refocus its efforts to increase the standard EV Charger and Home Wiring Rebate to better assist customers with the up-front costs of wiring and chargers.

VI. REPORTING AND EVALUATION PROPOSAL

27. Consistent with Rule 17.9.574.13 NMAC and the EV statute's emphasis on transparent transportation electrification plans that incorporate public reporting requirements to inform program design and commission policy, SPS proposes to continue to provide updates on key metrics in an annual TEP compliance report, to be filed on August 1 of each year. SPS proposes an evaluation process to allow SPS, stakeholders, and the Commission to better

understand the impacts of SPS's TEP program. Collecting data on the programs and their impacts will help SPS to improve future iterations of its TEP in response to customer feedback, internal and/or vendor cost changes, and customer uptake. SPS plans to evaluate how the programs are affecting EV adoption, customer awareness and satisfaction, charging behavior and peak demand, and local emissions. SPS proposes to continue providing this information, along with other participation and cost metrics as detailed in Attachment PJM-1 to the Direct Testimony of Patrick J. Murphy, in the annual TEP compliance report. To support these efforts, SPS proposes an annual budget of \$50,000 for a third-party evaluator.

VII. NOTICE

28. SPS's proposed Notice to Customers is provided as Exhibit B. On the day SPS files this Application, the proposed Notice to customers, a copy of this Application, and the supporting testimony, will be served on the Commission's Utility Division Staff, the New Mexico Attorney General, and all parties in SPS's initial Transportation Electrification Plan ("TEP") case (Case No. 20-00150-UT), and SPS's most recently concluded rate case (Case No. 22-00286-UT).

29. SPS will also publish notice of this Application once in each newspaper having general circulation in SPS's New Mexico service territory and will provide notice to all customers.

VIII. Miscellaneous Matters

30. In support of its Application, SPS is concurrently filing the direct testimony of the following five witnesses:

Jeremiah W. Cunningham, whose testimony:

- provides an Executive Summary;

- provides an overview of SPS and the 2025-2027 TEP, filed in compliance with the EV Statute and Rule 17.9.574 NMAC;
- demonstrates how SPS's TEP complies with the requirements and considerations of the EV Statute and Commission Rule; and
- supports SPS's request to record the customer rebates paid for home charger wiring and pre-wiring (wiring already installed by EV drivers) in a regulatory asset and authorize SPS to earn a return on the regulatory asset.

Patrick J. Murphy, whose testimony:

- provides an overview of current transportation electrification in New Mexico and SPS's service territory;
- discusses the importance of the utility's role in helping to increase access to transportation electrification by targeting barriers to adoption, particularly in SPS's New Mexico service area;
- provides details on SPS's proposed TEP and its primary components: 1) residential charging, 2) public charging, and 3) advisory services, including customer education and outreach;
- discusses SPS's proposed annual budgets for the triennial TEP and associated programmatic and budget flexibility; and
- provides SPS's TEP evaluation proposal.

Brianne R. Jole, whose testimony:

- describes distribution system planning and its projected impact on the TEP and the 2-year planning horizon; and
- supports SPS's distribution investment included in the TEP.

Stephanie N. Niemi, whose testimony:

- supports SPS's cost of service for its TEP;
- discusses issues related to the depreciation of the assets in the TEP, including how they will be recorded in SPS's books and records and the depreciation rates used to calculate depreciation expense on the assets;

- requests approval for continuing NMPRC approved assets installed under the TEP;
- describes SPS's proposed cost recovery approach;
- describes the proposed rider including the costs that are included in the revenue requirement calculation; and
- presents the revenue requirement for the 2025 EV Infrastructure rider and an illustrative revenue requirement for the 2026 and 2027 EV rider.

Alexander G. Trowbridge, whose testimony:

- discusses SPS's proposed EV Infrastructure Rider, which is designed to recover the costs of the SPS TEP;
- discusses the credit SPS proposes to provide to customers who participate in the EV Charging Optimization Credit program;
- discusses the rates that apply to public EV charging stations constructed and operated by SPS in areas where privately-owned charging stations are not likely to be financially viable; and
- provides bill impacts from SPS's proposals for the TEP and cost-recovery through the EV Rider.

IX. Relief Requested

For the reasons stated above, SPS respectfully requests that the Commission enter a final order that:

- A. approves SPS's TEP and associated TEP programs;
- B. approves SPS's proposed TEP budget and grants SPS budget flexibility;
- C. reaffirms the NMPRC-approved process of placing TEP rebates into a regulatory asset, amortizing the rebates over a 10-year amortization period, and earning a return on the asset at SPS's most recently approved WACC;
- D. approves SPS's proposed revenue requirement for the TEP, including SPS's proposed distribution capital investment;

- E. approves SPS's proposed EV Infrastructure Rider, and EV Charging Optimization Credit Rider, as shown in Advice Notice No. 322, attached hereto as Exhibit A;
- F. authorizes SPS to recover through the EV Infrastructure Rider its regulatory and rate case expenses incurred in this case;
- G. approves SPS's proposed evaluation and reporting criteria;
- H. finds that SPS's TEP complies with the EV Statute and Rule 17.9.574 NMAC, is reasonable, prudent, and in the public interest, and that the proposed cost recovery mechanisms set forth in this Application and supporting Direct Testimony and Attachments will provide for the implementation of just and reasonable rates; and
- I. grants to SPS all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for SPS to implement and effectuate the relief granted in this case.

Respectfully submitted,

By: /s/Dana Hardy

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