

(a) acknowledges SPS's concurrent filing of its 2017 Annual Renewable Energy Portfolio Report ("2017 RPS Report") required under 17.9.572.19 NMAC;

(b) approves SPS's 2019 Annual Renewable Energy Act Plan ("2019 RPS Plan")¹ for the 2019 Plan Year ("Plan Year") and 2020 Next Plan Year² ("Next Plan Year") under Rule 572.14, and prior Commission Orders related to SPS's Plan Year and Next Plan Year RPS requirements;

(c) approves SPS's proposed rate for its 2019 RPS Rider,³ which includes, without limitation, recovery of SPS's RPS-related costs⁴ over a 12-month period beginning January 1, 2019;

(d) authorizes SPS to: (i) retire and use the renewable energy certificates ("RECs") associated with the Sagamore and Hale wind facilities for RPS compliance under the REA and Rule 572, as needed; and (ii) sell Sagamore and Hale RECs not needed for RPS compliance and allocate the proceeds as credits to SPS's New Mexico

¹ The 2019 RPS Plan is provided in the Direct Testimony of Ruth M. Sakya at Attachment RMS-3.

² In accordance with 17.9.572.14 NMAC, SPS is submitting its 2020 Next Plan Year for informational purposes only.

³ See *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates under Advice Notice No. 245*, Case No. 12-00350-UT, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

⁴ SPS's RPS-related costs include: (i) SPS's 2019 RPS Plan Year compliance costs; (ii) the reconciliation of SPS's 2017 RPS Rider, including interest; (iii) the annual amortization amounts for the 2013 REC Tracker reconciliation balances, previously approved in Case No. 16-00183-UT, including interest; and (iv) refunds to Qualifying Large Customers resulting from 2019 payments made by Qualifying Large Customers in excess of the cost cap stated in Rule 572.7(M) and returned in 2020.

retail customers through SPS's fuel and purchased power cost adjustment clause ("FPPCAC"); and

(e) grants all other approvals, authorizations, and relief that may be required for SPS to implement its 2019 RPS Plan.

This Application states the following matters:

I. Jurisdiction and Affected Parties

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 the Public Utility Act ("PUA"),⁵ which provides electric service to the public within New Mexico pursuant to the rules, regulations, and tariffs on file with and approved by the Commission.

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 2005.⁶ Xcel

⁵ NMSA 1978, Ch. 62, Arts. 1 – 3, 4, 6, and 8-13; see *Tri-State Generation & Transmission Ass'n v. N.M. Pub. Regulation Comm'n*, 2015-NMSC-013, ¶ 8 n. 1, 347 P.3d 274.

⁶ 18 C.F.R. Part 366.

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.⁷

II. Authorized Representatives and Service of Documents

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:

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⁷ 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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III. Notice

5. SPS has prepared the proposed form of Notice to Customers that is attached to the Application, and will serve that Notice and a copy of the RPS filing on the Commission's Utility Division Staff, the New Mexico Attorney General, all parties in SPS's most recent general rate case (Case No. 17-00255-UT), and any renewable resource providers who have requested notice from the Commission, as required by Rule 572.14(D). SPS will also provide notice to customers and the general public as required by 17.1.2.10(C)(1) and (2) NMAC. The proposed form of Notice is attached as Application Exhibit A.

6. A copy of SPS's 2018 RPS Plan approved in Case No. 17-00161-UT, and its proposed 2019 RPS Plan as required by Rule 572.14(D) are also posted on SPS's website at:

https://www.xcelenergy.com/company/rates_and_regulations/filings/new_mexico_renewable_portfolio_standard

IV. SPS's 2017 RPS Report

7. In accordance with Section 62-16-4(D) of the REA, Rule 572.19, and the Final Order in Case No. 05-00271-UT,⁸ SPS's 2017 RPS Report discusses and describes: (a) SPS's renewable energy resource procurements in 2017, including its compliance with the overall RPS requirements and the portfolio diversification requirements under Rule 572; (b) SPS's voluntary renewable energy tariff (*i.e.*, Windsource program activities) for 2017; (c) the approved cost recovery mechanisms for SPS's 2017 RPS-related costs, including an accounting of all collected and deferred amounts; and (d) the development and implementation of markets for New Mexico RECs. Pursuant to 17.9.572.19 NMAC, SPS's 2017 RPS Report is being filed concurrent with its 2018 RPS filing.

V. SPS's 2018 RPS Filing

8. SPS's 2018 RPS filing for the Plan Year and Next Plan Year provides the information required by Section 62-16-4(D) of the REA and Rule 572.14.B(1)-(11) related to SPS's compliance with its RPS requirements for the Plan Year and Next Plan Year, and the other matters specified in the REA and Rule 572.

9. SPS's 2018 RPS filing includes its 2019 RPS Plan and supporting testimony, which discuss and describe SPS's: (a) calculation of the overall RPS requirements for the Plan Year and Next Plan Year; (b) procurement of renewable energy

⁸ Case No. 05-00271-UT, *Petition of Southwestern Public Service Company for the Approval of Renewable Energy Cost Recovery Methodology in Accordance with the Renewable Energy Act*, Final Order on Recommended Decision (Dec. 20, 2005).

resources, and the reasons why SPS will not be able to fully satisfy its diversity requirements for solar, “Other” renewable technologies, or Distributed Generation (“DG”) for the Plan Year and Next Plan Year; (c) projected renewable energy purchase amounts and the costs for compliance with its Plan Year and Next Plan Year RPS requirements; (d) calculation of the large customer adjustment for purposes of determining its Plan Year RPS procurement requirements, as defined in Section 62-16-4(A)(2) of the REA; (e) determination that no new renewable procurements can be acquired or procured for the Plan Year based on the Reasonable Cost Threshold (“RCT”) analyses presented herein; (f) methodology for calculating certain RPS-related costs included in the 2019 RPS Rider revenue requirement and the RCT; (g) Plan Year and Next Plan Year sales and revenue data used in calculating the RPS revenue requirement and RCT; and (h) satisfaction of the requirements of prior Commission orders.

10. SPS requests authorization to collect an estimated \$17.8 million in RPS procurement and other RPS-related costs over a 12-month period, beginning January 1, 2019, through its RPS Rider approved in Case No. 12-00350-UT. SPS will calculate the 2019 RPS Rider using a kilowatt-hour (“kWh”) based rate calculated at \$0.003888 per kWh that will apply to all of SPS’s New Mexico retail rate classes, subject to the large customer cap under the REA and Rule 572.

11. SPS's 2017 RPS Report and 2019 RPS Plan satisfy the requirements of Section 62-16-4(D), Rule 572, and prior Commission orders, and SPS's 2018 RPS filing demonstrates that its 2019 RPS Plan is in the public interest.

VI. Compliance with prior Commission Orders

12. The Final Orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT required SPS to evaluate non-wind renewable resources available in SPS's service area until the Commission determines that SPS's renewable energy portfolio satisfies the diversity requirement of the REA. In compliance with those orders, SPS's 2019 RPS Plan provides its evaluation of non-wind renewable resources available in SPS's New Mexico service territory.

13. In Case No. 13-00222-UT, the Commission required SPS in its future annual filings to: (i) apply (commencing with the 2015 Plan Year) the large customer adjustment pursuant to Rule 572 in effect as of the date of the RPS filing; (ii) file RPS filings to include the RCT methodology in effect at the time of the filing; (iii) not enter into any contracts to procure further renewable resources until its surplus RECs are retired against its RPS requirement or explicitly authorized to expire by the Commission; and (iv) annually recalculate the costs of all procurements, including previously approved procurements, under the (then) new revenue requirements methodology in Rule 572.14(C). SPS has complied with these requirements as a part of its 2019 RPS Plan.

14. In the Final Order in Case No. 15-00208-UT, the Commission approved a Recommended Decision, which among other items, authorized SPS to modify its DG tariffs to align the payment methodology for excess energy with the Southwest Power Pool's Integrated Marketplace, and required SPS to provide in its annual report the prior year's information showing the monthly excess generation, the average estimated price paid, the actual price, and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G to the 2017 RPS Report.

15. The Final Order Adopting Certification of Stipulation with Modification in Case No. 17-00044-UT requires SPS to present, in this case, SPS's proposal regarding the disposition of the RECs created by the production of the Sagamore and Hale wind projects approved in Case No. 17-00044-UT.⁹ Ms. Sakya's direct testimony concurrently filed with this application discusses SPS's approach for the regulatory treatment of those RECs.

16. In the Final Order in Case No. 17-00161-UT, the Commission directed SPS to include in its 2018 RPS filing: (1) the Rule 572.14(C)(1) analyses that relate to its 2019 RPS Plan; and (2) demonstrate that the large customer adjustment to the RPS

⁹ *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Issuance of a Certificate of Public Convenience and Necessity Authorizing Construction and Operation of Wind Generation and Associated Facilities, and Related Ratemaking Principals Including and Allowance for Funds Used During Construction for the Wind Generation and Associated Facilities; and (2) Approval of a Purchased Power Agreement to Obtain Wind-Generated Energy*, Case No. 17-00044-UT, Final Order Adopting Certification of Stipulation with Modifications at FoF 22 and Decretal ¶ A (Mar. 21, 2018); Certification of Stipulation at FOF 21 and Decretal ¶ S (Feb. 9, 2018); and Unanimous Comprehensive Stipulation at Section XIII (Dec.11, 2017).

revenue requirement is consistent with previous Commission's decisions, specifically the Final Order in Case No. 17-00129-UT.¹⁰ As to the provision of the Rule 572.14(C)(1) analyses, Ms. Sakya discusses SPS's overall calculations and SPS witness Ben R. Elsey presents the calculations of the potential adjustments to the RPS revenue requirement. As to the large customer adjustment, SPS witness Richard M. Luth confirms that it was calculated consistent with the Commission's Final Order in Case No. 17-00129-UT.

VII. Miscellaneous Matters

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

Ruth M. Sakya, whose testimony:

- provides an overview of SPS's RPS requirements under the REA and Rule 572 and of SPS's filing for 2019 Plan Year, in compliance with Rule 572.14, as well as the 2020 Next Plan Year;
- acknowledges the separate and concurrent filing of SPS's 2017 RPS Report in accordance with Rule 572.19;
- presents SPS's 2019 RPS Plan, which includes SPS's plan for the Plan Year, including the information and analysis required by Rule 572, and, for information purposes, similar information for the Next Plan Year;
- presents SPS's Plan Year and Next Plan Year projected costs and SPS's request to recover the Plan Year costs, including reconciliation of the 2017 RPS Rider, through SPS's proposed 2019 RPS Rider;
- presents SPS's RCT calculation results;

¹⁰ *In the Matter of Public Service Company of New Mexico's Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate under Rate Rider No. 36*, Case No. 17-00179-UT, Final Order Partially Adopting Recommended Decision (Nov. 15, 2017).

- presents SPS's proposal regarding the use and treatment of RECs associated with the output of the Sagamore and Hale wind facilities; and
- addresses SPS's compliance with prior Commission orders.

Mr. Ben R. Elsey, whose testimony:

- provides Plan Year revenue requirement information to calculate the RCT (Rule 572.14(C)); and
- addresses Rule 572.14(B)(10), which requires testimony and exhibits demonstrating that the RPS Plan is consistent with SPS's Integrated Resource Plan.

Mr. Richard M. Luth, whose testimony:

- supports the Plan Year and Next Plan Year projected sales and revenue amounts used in calculating SPS's 2019 and 2020 RPS requirements;
- supports the Qualifying Large Customer cost caps for the Plan Year and Next Plan Year;
- supports SPS's calculation of the 2019 RPS Rider rate; and
- supports SPS's projected Plan Year and Next Plan Year revenues for the RCT calculation.

VIII. Relief Requested

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

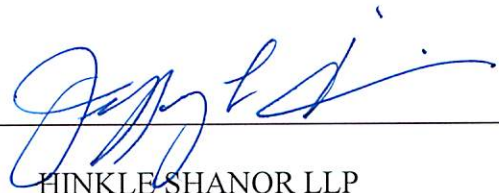
- (A) acknowledges SPS's concurrent filing of its 2017 RPS Report;
- (B) approves SPS's 2019 RPS Plan and all components therein;
- (C) approves SPS's proposed rate for its 2019 RPS Rider;
- (D) authorizes SPS to: (i) retire and use the RECs associated with the Sagamore and Hale wind facilities for RPS compliance, as needed; and (ii)

sell Sagamore and Hale RECs not needed for RPS compliance under the REA and Rule 572 and allocate the proceeds as credits to SPS's New Mexico retail customers through the FPPCAC;

- (E) determines SPS's 2019 RPS Plan complies with the annual filing requirements of Rule 572.14 and applicable prior Commission orders; and
- (F) grants all other approvals, authorizations, and actions that may be required for SPS to implement its 2019 RPS Plan under the REA, Rule 572, and the PUA.

Respectfully submitted,

By: _____



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(motion to appear *pro hac vice* pending)

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