

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC	)	
SERVICE COMPANY’S APPLICATION FOR	)	
APPROVAL OF ITS 2021-2023 TRANSPORTATION	)	Case No. 20-00150-UT
ELECTRIFICATION PLAN; PROPOSED PLAN RIDERS	)	
AND CREDIT; AND OTHER ASSOCIATED RELIEF	)	
	)	

SUPPLEMENTAL NOTICE OF PROCEEDING AND HEARING
REGARDING SOUTHWESTERN PUBLIC SERVICE COMPANY’S
2021-2023 TRANSPORTATION ELECTRIFICATION PLAN

A SUPPLEMENTAL NOTICE IS HEREBY GIVEN by the New Mexico Public Regulation Commission of the following:

The Notice originally issued in this case on August 21, 2020 described Southwestern Public Service Company’s (“SPS”) proposal to charge the costs of its proposed Transportation Electrification Plan (“TEP”) solely to residential and other secondary service customers. Although SPS’s plan is unchanged, this Supplemental Notice is issued to inform customers that the Commission could, based upon the evidence presented in this case, potentially spread the costs over a larger group of customers, including SPS’s industrial and primary service customers. This latter option could reduce the costs borne by residential and other secondary service customers.

SPS filed its 2021-2023 TEP with the New Mexico Public Regulation Commission on July 21, 2020, requesting that the Commission grant the following relief:

- (A) approve SPS’s TEP and associated TEP programs;
- (B) approve SPS’s proposed TEP budget and budget flexibility proposal;
- (C) approve SPS’s proposed straight line 10% depreciation rate for SPS-owned Electric Vehicle (“EV”) chargers;

- (D) approve SPS's proposal to place TEP rebates into a regulatory asset, amortize the rebates over a 10-year amortization period, and earn a return on the asset at SPS's most recently approved weighted average cost of capital ("WACC");
- (E) approve SPS's proposed revenue requirement for its TEP;
- (F) approve SPS's proposed tariffs: Electric Vehicle Infrastructure Rider ("EV Rider"), Electric Vehicle Equipment Rider ("EV Equipment Rider"), Public Electric Vehicle Charging Service Rate, and Electric Vehicle Charging Optimization Rider ("EV Optimization Rider");
- (G) approve SPS's proposed evaluation and reporting criteria;
- (H) find that SPS's TEP complies with the EV Statute, is reasonable, prudent, and in the public interest, and that the proposed cost recovery mechanisms set forth in the Application and supporting Direct Testimony and Attachments will provide for the implementation of just and reasonable rates; and
- (I) grant 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.

1. NMSA 1978, 68-8-12 ("EV Statute") requires that no later than January 1 2021, and thereafter upon request by the Commission, but no more frequently than every two years, a public utility shall file with the Commission an application to expand transportation electrification.

2. SPS is proposing the following three portfolios that target customers in Residential (including low income) and Commercial segments:

Residential Portfolio

- Home Wiring Rebate
- Low-Income Charging Rebate
- Home Charging Service
- EV Optimization

Public Fast Charging Portfolio

- Make-Ready for Public Charging Stations
- Public Fast Charging Service

Advisory Services

- Residential Advisory Services
- Fleet and Communities Advisory Services

3. SPS requests approval of its proposed TEP budget of \$3,168,000 total for plan years 2021, 2022 and 2023, and authorization to recover the costs of the TEP through an Electric Vehicle Infrastructure Rider, an Electric Vehicle Equipment Rider, and a Public Electric Vehicle Charging Service Rate.

4. The TEP filing includes SPS's request to use straight line depreciation for the charges at a 10% depreciation rate to apply to EV chargers through FERC account 371. This depreciation rate is based on an expected service life of 10 years for these assets.

5. The TEP filing includes a proposal to record the costs of the rebates paid to customers for charging equipment in a regulatory asset. 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 weighted average cost of capital. The rebates proposed in the TEP are primarily designed to incentivize and support increasing access to EV charging by assisting customers in the installation of household EV chargers, which have an expected useful life of 10 years.

6. 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 trued 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 2021 is \$281,971, increasing to \$423,679 in 2022 and \$608,256 in 2023. On October 1 each year, SPS will file the projected revenue requirement and rates with the Commission.

7. To implement its proposed TEP programs, and in accordance with NMSA 1978, 68-8-12 (C), SPS seeks Commission approval for its proposed Original Rate No. 78, EV Rider. The EV 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. SPS proposes that the EV Rider will be charged only to residential and other secondary-voltage customer classes, excluding Area Lighting and Municipal Street Lighting.

8. The capital recovered in the EV 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 the initial rider to use the currently-approved WACC of 7.19%, which was approved in Case No. 19-00170-UT. That WACC is based on an ROE of 9.45%, a cost of debt of 4.44% and a capital structure consisting of 54.77% equity and 45.23% 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.

9. To implement its proposed Home Charging Service program, SPS seeks Commission approval for its proposed Original Rate No. 79, EV Equipment Rider in order to recover the costs for the supply, installation, and maintenance by SPS of EV charging equipment. SPS proposes a monthly charge of \$12.00 to residential customers that take advantage of charging

equipment provided and installed by SPS. The charge is based upon the levelized return on SPS's average investment over the course of the expected 10-year useful life of the charging equipment, plus: annual depreciation, expected maintenance costs, and program administration costs. The levelized return on investment is based upon a 7.19% WACC from SPS's recently concluded Case No. 19-00170-UT, multiplied by the average plant in service balance over the 10-year expected useful life of the charging equipment. The EV Equipment Rider includes an early termination charge of \$200 for the removal of EV charging equipment.

10. To implement its proposed EV Optimization program, SPS seeks Commission approval for its proposed Original Rate No. 80, EV Charging Optimization Credit. 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 in October of each applicable year.

11. Rates for SPS-owned DCFC public charging stations are contained within Original Rate No. 81. The stations will charge customers an off-peak charge of \$1.05 per minute and \$2.10 per minute during on-peak hours. The proposed rate for on-peak charging is double the off-peak rate. A 100% premium for charging during on-peak hours of 12 noon through 6 p.m. on weekdays during the summer months of June through September is a strong incentive to charge during off-peak hours.

12. The following tables present the bills and anticipated bills under SPS's proposal, including the proposed 2021 EV Rider, under each affected customer class and for the indicated levels of consumption:

Residential Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
0 kWh	\$9.90	\$9.92	\$0.02	0.2%
250 kWh	\$32.76	\$32.81	\$0.05	0.2%
500 kWh	\$55.62	\$55.71	\$0.09	0.2%
750 kWh	\$78.49	\$78.60	\$0.11	0.1%
1,000 kWh	\$101.35	\$101.50	\$0.15	0.1%
2,000 kWh	\$192.80	\$193.07	\$0.27	0.1%

Residential Service TOU

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
0 kWh	\$10.93	\$10.95	\$0.02	0.2%
250 kWh	\$32.88	\$32.93	\$0.05	0.2%
500 kWh	\$54.83	\$54.91	\$0.08	0.1%
750 kWh	\$76.78	\$76.89	\$0.11	0.1%
1,000 kWh	\$98.73	\$98.88	\$0.15	0.2%
2,000 kWh	\$186.53	\$186.79	\$0.26	0.1%

Residential Heat Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
0 kWh	\$9.90	\$9.92	\$0.02	0.2%
250 kWh	\$29.92	\$29.97	\$0.05	0.2%
500 kWh	\$49.94	\$50.02	\$0.08	0.2%
750 kWh	\$69.97	\$70.07	\$0.10	0.1%
1,000 kWh	\$89.99	\$90.12	\$0.13	0.1%
2,000 kWh	\$170.08	\$170.33	\$0.25	0.1%

Small General Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
0 kWh	\$15.78	\$15.80	\$0.02	0.1%
250 kWh	\$34.42	\$34.47	\$0.05	0.1%
500 kWh	\$53.06	\$53.14	\$0.08	0.2%
750 kWh	\$71.70	\$71.81	\$0.11	0.2%
1,000 kWh	\$90.34	\$90.47	\$0.13	0.1%
2,000 kWh	\$164.91	\$165.14	\$0.23	0.1%

Small General Service (TOU)

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
0 kWh	\$16.81	\$16.84	\$0.03	0.2%
250 kWh	\$34.65	\$34.69	\$0.04	0.1%
500 kWh	\$52.48	\$52.56	\$0.08	0.2%
750 kWh	\$70.31	\$70.42	\$0.11	0.2%
1,000 kWh	\$88.15	\$88.27	\$0.12	0.1%
2,000 kWh	\$159.49	\$159.71	\$0.22	0.1%

Secondary General Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
1,500 kWh and 12 kW	\$281.82	\$282.27	\$0.45	0.2%
7,500 kWh and 35 kW	\$839.33	\$840.58	\$1.25	0.1%
15,000 kWh and 35 kW	\$1,026.10	\$1,027.48	\$1.38	0.1%
30,000 kWh and 100 kW	\$2,552.93	\$2,556.56	\$3.63	0.1%

Secondary General Service (TOU)

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
1,500 kWh and 12 kW	\$251.40	\$251.79	\$0.39	0.2%
7,500 kWh and 35 kW	\$787.11	\$788.28	\$1.17	0.1%
15,000 kWh and 35 kW	\$1,071.07	\$1,072.52	\$1.45	0.1%
30,000 kWh and 100 kW	\$2,510.99	\$2,514.54	\$3.55	0.1%

Irrigation Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
1,500 kWh and 12 kW	\$152.68	\$152.91	\$0.23	0.2%
7,500 kWh and 35 kW	\$623.84	\$624.72	\$0.88	0.1%
15,000 kWh and 35 kW	\$1,158.03	\$1,159.64	\$1.61	0.1%
30,000 kWh and 100 kW	\$2,350.20	\$2,353.47	\$3.27	0.1%

Irrigation Service (TOU)

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
1,500 kWh and 12 kW	\$148.03	\$148.24	\$0.21	0.1%
7,500 kWh and 35 kW	\$601.50	\$602.34	\$0.84	0.1%
15,000 kWh and 35 kW	\$1,119.41	\$1,120.95	\$1.54	0.1%
30,000 kWh and 100 kW	\$2,265.84	\$2,268.97	\$3.13	0.1%

Large Municipal and School Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
10,000 kWh and 30 kW	\$669.93	\$670.83	\$0.90	0.1%
20,000 kWh and 45 kW	\$1,110.17	\$1,111.57	\$1.40	0.1%
30,000 kWh and 75 kW	\$1,741.95	\$1,744.17	\$2.22	0.1%

Large Municipal and School Service (TOU)

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
10,000 kWh and 30 kW	\$672.76	\$673.66	\$0.90	0.1%
20,000 kWh and 45 kW	\$1,171.35	\$1,172.85	\$1.50	0.1%
30,000 kWh and 75 kW	\$1,803.89	\$1,806.22	\$2.33	0.1%

Small Municipal and School Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
500 kWh	\$47.93	\$48.00	\$0.07	0.1%
1,000 kWh	\$80.29	\$80.40	\$0.11	0.1%
2,000 kWh	\$145.00	\$145.20	\$0.20	0.1%

Small Municipal and School Service (TOU)

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2021	2021	2021
500 kWh	\$48.46	\$48.53	\$0.07	0.1%
1,000 kWh	\$80.32	\$80.43	\$0.11	0.1%
2,000 kWh	\$144.04	\$144.24	\$0.20	0.1%

13. The Commission has suspended the implementation of SPS's proposed rates pending the outcome of the public hearing scheduled below and the Commission's final decision in this case.

14. Further, as noted above, the final terms of the TEP that may be approved by the Commission may differ from SPS's proposal. In particular, the costs of the TEP may be charged to customer classes in addition to the residential and other secondary general service customer classes to which SPS proposes to allocate the TEP costs.

15. The Commission has assigned Case No. 20-00150-UT to this proceeding, and all correspondence, pleadings, inquiries, written comments, or other communications concerning this matter should refer to that case number.

16. The following schedule is adopted for this proceeding:

a. SPS shall file supplemental testimony by March 30, 2021 on the issues in the February 11, 2021 order requiring supplemental testimony.

b. Any person who desires to become a party to this case shall file a Motion for Leave to Intervene with the Commission in conformity with 1.2.2.23(A) and (B) NMAC on or before April 23, 2021.

c. Staff and Intervenors shall file testimony on or before April 30, 2021.

d. Rebuttal testimony shall be filed on or before May 21, 2021.

e. A prehearing conference will be held beginning at 9:00 a.m. on June 3, 2021 to discuss, among other issues, the manner in which the hearing will be conducted (i.e., through videoconference or in person) and the manner in which prepared testimony and other exhibits will be distributed to the parties prior to the hearing.

f. A public hearing will be held beginning at 9:00 a.m. on June 16, 2021, and continuing thereafter if necessary through June 18, 2021, to hear and receive evidence, arguments and any other appropriate matters relevant to this proceeding.

g. The prehearing conference and hearings will be held through a videoconference or in person depending upon the status of pandemic conditions and restrictions at the time.

17. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

18. The Commission's Rules of Procedure found at 1.2.2 NMAC shall apply to this proceeding unless modified by order of the Commission or the Hearing Examiner. A copy of the Rules may be obtained from the offices of the Commission or at <http://www.srca.nm.gov/parts/title01/01.002.0002.html> .

19. Any interested person may examine SPS's Application and all other pleadings, testimony, exhibits and other documents filed in the public record for this case at the offices of SPS at the following address (subject to the availability of public access to the offices under SPS's and the State of New Mexico's Covid-19 restrictions):

Southwestern Public Service Company
111 East Fifth Street,
Post Office Box 1937
Roswell, New Mexico 88201
Telephone: 1-575-625-5499
1-800-895-4999

or at "Case Lookup Edocket" on the Commission's website at

<https://edocket.nmprc.state.nm.us/Login.aspx?ReturnUrl=%2f>

Filings made by SPS may also be accessed at

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

20. Any interested person may appear at the time and place of hearing and make a written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an Intervenor. Interested persons may also send written comments, which shall reference NMPRC Case No. 20-00150-UT, to the Commission at prc.records@state.nm.us . However, pursuant to Commission rule 1.2.2.23(F) NMAC, comments will not be considered as evidence in this proceeding.

21. Anyone filing pleadings, documents or testimony in this case shall, until further notice, comply with the Commission's electronic filing policy, as amended from time to time. This includes filings in .pdf format, with electronic signatures, sent to the Commission Records Management Bureau's email address at: **prc.records@state.nm.us** within regular business hours of the due date, in order to be considered timely filed. Documents received after regular business hours, will be considered as being filed the next business day. Regular business hours are from 8:00 a.m. to 5:00 p.m. Mountain Time.

22. Pleadings, testimony, and other documents shall also be served on all parties of record and Staff in a way or ways specified in the most recent Certificate of Service issued by the Hearing Examiner. Copies of all pleadings shall also be emailed on the date of filing and service to the Hearing Examiner at Ashley.Schannauer@state.nm.us.

23. Any person whose testimony has been pre-filed shall attend the hearing and submit to examination under oath.

24. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's Supplemental Procedural Order issued on March 2, 2021.

25. ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED at Santa Fe, New Mexico, this March 2, 2021.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Ashley C. Schannauer

Ashley C. Schannauer
Hearing Examiner