

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION FOR: (1))
AUTHORIZATION TO ENTER INTO A)
TWO-YEAR EXTENSION OF THE)
CURRENT PURCHASED POWER)
AGREEMENT FOR THE PURCHASE OF)
NON-FIRM ENERGY FOR) CASE NO. 17-_____-UT
WINDSOURCE; (2) AUTHORIZATION)
TO IMPLEMENT A COST-BASED RATE)
METHODOLOGY FOR CALCULATING)
AN ANNUAL WINDSOURCE RATE;)
AND (3) FLOW THROUGH ALL)
WINDSOURCE COSTS AND REVENUES)
THROUGH ITS FUEL AND PURCHASED)
POWER COST ADJUSTMENT CLAUSE,)
)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT.)

DIRECT TESTIMONY

of

RUTH M. SAKYA

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

November 29, 2017

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	New Mexico Public Regulation Commission
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
GDP	Gross Domestic Product
kWh	Kilowatt hour
MWh	Megawatt-hour
PPA	Purchased Power Agreement
PUCT	Public Utility Commission of Texas
REA	The Renewable Energy Act
RPS	Renewable Portfolio Standard
SPS	Southwestern Public Service Company, a New Mexico corporation
Texico PPA	Purchased Power Agreement for non-firm wind energy from the Llano Estacado Wind Ranch in Texico, New Mexico
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
RMS-1	Second Amendment to Power Purchase Agreement
RMS-2	Proposed Fourth Revised Rate No. 33: Renewable Energy Rate Rider Tariff

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Direct Testimony
of
Ruth M. Sakya

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Ruth M. Sakya. My business address is 1400 Ducale Drive SE, Rio
4 Rancho, New Mexico 87124.

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.

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

10 A. I am employed by SPS as Manager, Regulatory Policy.

11 **Q. Please briefly outline your responsibilities as Manager, Regulatory Policy.**

12 A. I am responsible for determining the appropriate regulatory policy for SPS. In
13 this role, I direct and prepare comments, testimony, and briefing materials for
14 policy matters impacting SPS. Among my responsibilities are SPS’s renewable
15 energy matters before the New Mexico Public Regulation Commission
16 (“Commission”), including SPS’s annual renewable portfolio standard (“RPS”)
17 plans and reports and cost recovery under the RPS Rider. In carrying out my
18 responsibilities regarding these renewable energy matters, I have become familiar

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1 with the Commission's Renewable Energy Rule¹ ("Rule 572"), the Renewable
2 Energy Act² ("REA"), the Public Utility Act³, and other statutes and Commission
3 rules affecting renewable energy and ratemaking.

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

5 A. I graduated from the University of Wyoming in 1998 with a Bachelor of Science
6 degree in Finance and, in 2001, with a Master of Science degree in Finance, with
7 an emphasis in Regulatory Economics. I completed the coursework and
8 successfully passed the qualifying exams toward a Ph.D. in Public Affairs from
9 the University of Colorado, Denver.

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

11 A. I began my career in 1999 as an intern with the Illinois Commerce Commission
12 and in 2000 joined the Public Utility Commission of Texas ("PUCT") as a Senior
13 Policy Analyst. I have held various other positions, including Rate Analyst at a
14 multi-jurisdictional electric and gas utility, and Senior Analyst and then
15 Supervising Analyst with a consulting firm specializing in services to regulatory

¹ 17.9.572 NMAC (as revised April 2014).

² 1978 NMSA, §§ 62-16-1 through 62-16-10.

³ 1978 NMSA, §§ 62-3-1 *et seq.*

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1 agencies and municipal entities. In 2004, I accepted a position with Xcel Energy
2 Services Inc. (“XES”) as Senior Rate Analyst. In 2007, I accepted a position with
3 XES as Manager, Regulatory Policy. Beginning January 1, 2012, my position as
4 Manager, Regulatory Policy was transferred to SPS, where my job responsibilities
5 continue to be the same as they have been since 2007.

6 **Q. Have you testified or filed testimony before any regulatory authorities?**

7 A. Yes. I have filed testimony with the Commission, the PUCT, and the Colorado
8 Public Utilities Commission in numerous cases. I have also testified before each
9 of these regulatory authorities regarding, among other things, the topics discussed
10 in this direct testimony.

1 **II. PURPOSE, ASSIGNMENT, AND RECOMMENDATIONS**

2 **Q. What is the purpose of this proceeding?**

3 A. Pursuant to Section 62-16-7 of the REA, SPS is requesting approval and
4 authorization to enter into a two-year extension to the existing purchased power
5 agreement (“PPA”) for 1.98 MW of wind energy from the Llano Estacado Wind
6 Ranch in Texico, New Mexico (“Texico PPA”) for the continued purchase of
7 wind energy to supply SPS’s voluntary renewable energy program, Windsource.
8 The current Texico PPA expires on December 14, 2018.

9 SPS is developing a new voluntary renewable energy program that will be
10 submitted for the Commission’s review in 2018. In the interim, SPS seeks: (1)
11 approval of the two-year extension of the Texico PPA to maintain program
12 continuity of Windsource; (2) approval to charge a cost-based Windsource Rate
13 Rider rate to subscribing customers; (3) continued authorization to apply both the
14 costs and revenues associated with the Windsource program through SPS’s fuel
15 and purchased power cost adjustment clause (“FPPCAC”); and (4) approval of
16 SPS’s Application within 9 months from the date of the filing to comply with the
17 regulatory approval provisions under the Texico PPA.

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1 **Q. What is your assignment in this proceeding?**

2 A. My testimony will:

- 3 • provide the background of Windsource, including the REA and Rule 572
- 4 provisions regarding a voluntary renewable program;
- 5 • support SPS's request to approve a two-year extension to the existing
- 6 Texico PPA;
- 7 • present the Windsource Rate Rider rate; and
- 8 • present SPS's requests to continue applying both the Windsource costs
- 9 and revenues through the FPPCAC.

10 **Q. Please summarize your testimony.**

11 A. Consistent with Rule 572, SPS offers Windsource through its existing PPA with
12 Texico. In this filing, SPS seeks approval of the extension of the Texico PPA that
13 will allow SPS to maintain program continuity while SPS develops a new
14 program for the Commission's review. SPS's also proposes in this filing to
15 develop a cost-based rate. Finally, in this filing SPS requests to continue to pass
16 Windsource costs and revenues through the FPPCAC, provided that program
17 costs and/or revenues do not exceed 2.5 percent of eligible fuel costs, which is
18 consistent with the REA and Rule 572 (regarding cost recovery) and will not
19 adversely impact non-subscribing customers.

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1 Accordingly, the Commission should authorize SPS to: (i) enter into the
2 two-year PPA extension with Texico; (ii) implement its proposed Windsource
3 cost-based rate; and (iii) continue to reconcile Windsource costs and revenues
4 through the FPPCAC.

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

7 A. Yes, with respect to Attachment RMS-2, but not with respect to Attachment
8 RMS-1, which is the second amendment to the Texico PPA and implements the
9 two-year extension.

10 **Q. Is Attachment RMS-1 a true and correct copy of the document that you have**
11 **represented it to be?**

12 A. Yes.

13

Q. Please describe the regulatory context of the Windsource program.

A. Section 62-16-7 of the REA provides the Commission may require utilities to offer a voluntary program for purchasing additional renewable energy under a separate Commission-approved rate. Rule 572.18 requires SPS to offer a voluntary renewable energy program. Accordingly, SPS offers its New Mexico retail customers the opportunity to purchase additional renewable energy under the Windsource Rate Rider.

The Windsource Rate Rider was approved and the program was implemented in 1998 in accordance with the Stipulation and Final Order in Case No. 2771.⁴

Q. Please generally describe the Texico facilities and the respective PPA.

A. Since the inception of Windsource, SPS has purchased wind energy from Texico. Originally a single 660 kW wind turbine, Texico eventually expanded to its current size of three 660 kW turbines (1.98 MW total) in 2003. SPS currently purchases the entire output of the facilities on a non-firm basis.

7

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1 **Q. How many SPS customers participated in Windsource in the most recent**
2 **year?**

3 A. In 2016, 817 residential and 86 non-residential customers participated in the
4 Windsource program. New Mexico customers purchased 3,715 megawatt-hours
5 (“MWh”) of wind energy, while the three wind turbines generated 4,262 MWh,
6 resulting in an annual generation surplus of 547 MWh.

7

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1 **IV. REQUEST FOR APPROVAL OF TEXICO PPA EXTENSION**

2 **Q. Why does SPS seek an extension of the existing Texico PPA?**

3 A. SPS is in the process of developing a new voluntary solar offering, but in the
4 interim, a short-term measure is needed to ensure program continuity for the
5 Windsor source program. Accordingly, SPS asked Texico if they would extend the
6 existing contract for two more years. Texico responded with an offer to extend
7 the contract for two years, with a contract price of \$48.29 per MWh, beginning
8 December 15, 2018, with an inflation adjustment factor to be added beginning
9 December 15, 2019.

10 **Q. Is the extension of the Texico PPA conditioned on receiving Commission**
11 **approval?**

12 A. Yes. The extension is conditioned on SPS receiving approval of its Application
13 within 9 months from the date of filing.⁵

14

⁵ See Section 4 of the Texico PPA.

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1 **Q. What is the expected amount of energy to be purchased under the two-year**
2 **PPA extension?**

3 A. SPS expects the annual output to be approximately 4,000 MWh on an annual
4 basis. In 2015 and 2016, the three turbines generated, and SPS purchased, 4,607
5 MWh and 4,262 MWh, respectively.

6 **Q. Please describe the pricing under the PPA extension.**

7 A. The two-year extension is effectuated through a “Second Amendment,” which is
8 provided as Attachment RMS-1 to my testimony. As set forth therein, the pricing
9 for the first year of the extension (i.e., December 15, 2018 – December 14, 2019)
10 is \$48.29 per MWh. Beginning December 15, 2019 and through December 14,
11 2020, an inflation adjustment factor is added to the \$48.29 per MWh price.

12 **Q. How is the inflation adjustment factor determined?**

13 A. As addressed in Section 3 of Attachment RMS-1, the inflation adjustment factor
14 is a fraction of the gross domestic product (“GDP”) implicit price deflator for the
15 fourth quarter of 2018, divided by the GDP implicit price deflator for the fourth
16 quarter of 2017.

17

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1 **Q. How does the pricing of the two-year extension compare to the existing**
2 **pricing?**

3 A. As I noted earlier, the pricing for the first year of the extension (i.e., December
4 15, 2018 – December 14, 2019) is \$48.29 per MWh. The pricing for 2017 under
5 the current Texico PPA is \$60.07 per MWh. Thus, the difference between the
6 first year of the extension and the current 2017 pricing is \$11.87 per MWh.

7 **Q. Other than the change in pricing, are there any other substantive changes**
8 **between the existing, Commission-approved Texico PPA and the two-year**
9 **extension?**

10 A. No. However, the effectiveness of the two-year extension is contingent on SPS
11 receiving Commission approval, as discussed in Section 4 of Attachment RMS-1.

12

1 **V. PROPOSAL TO AMEND WINDSOURCE RATE**

2 **Q. How is Windsource currently priced?**

3 A. Windsource customers have the choice of selecting between 100 kilowatt-hour
4 ("kWh") blocks at a premium of \$3.00 per block or contracting for 100 percent of
5 their monthly energy at \$0.03 per kWh. Both of these charges are in addition to
6 the base rate energy charge per kWh under which the customer takes service.
7 Windsource customers do not pay the FPPCAC charges.

8 **Q. Is SPS proposing to modify the existing pricing structure for Windsource?**

9 A. Yes. SPS is proposing to incorporate the FPPCAC into the pricing structure and
10 include quarterly true-ups. The modified pricing structure will continue to ensure
11 minimal cross-subsidization between program subscribers and non-program
12 subscribers while enabling program subscribers to purchase additional renewable
13 energy. In addition, subscribing customers will see a decrease to the overall
14 premium, which reflects the current trend of decreasing wind energy prices.

15 **Q. Is the proposed Windsource Rate Rider method cost-based?**

16 A. Yes. The proposed Windsource Rate Rider methodology is based on the total
17 costs of the Texico PPA used to supply the Windsource program.

18

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1 **Q. Please describe the proposed Windsource Rate Rider pricing.**

2 A. As I mentioned earlier, Windsource participants will pay the FPPCAC plus a
3 premium for their participation in this voluntary wind program, which results in
4 Windsource participants paying the incremental costs of the Texico PPA.

5 The initial premium will be calculated based on comparing the prior
6 calendar year average FPPCAC rate (on a \$/MWh basis) to the Texico PPA rate
7 (on a \$/MWh basis). On a quarterly basis, SPS will compare the actual FPPCAC
8 rate to the actual Texico rate and make a bill adjustment (credit or charge). This
9 methodology is similar to what SPS uses to calculate payments to small
10 distributed generation customers for excess generation, which was approved by
11 the Commission in Case No. 15-00208-UT.⁶

12 **Q. What would Windsource subscribers be charged under the proposed**
13 **Windsource Rate Rider pricing?**

14 A. The charges will depend largely on the percentage of power that the customer
15 purchases under the Windsource program. The average monthly bill for the

⁶ Case No. 15-00208-UT, *In the Matter of Southwestern Public Service Company's Application Regarding: (1) its 2014 Annual Renewable Portfolio Report; (2) its 2016 Annual Renewable Energy Portfolio Procurement Plan; and (3) Associated Requests for Waivers, Clarification, and Relief*, Final Order (Dec. 16, 2015).

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1 average residential customer taking 300 kWh under the Windsource program,
2 which includes the standard energy charge and FPPCAC on those kWh, would be
3 \$6.91, or 8.4 percent. For the average Small General Service customer taking 700
4 kWh under the Windsource program, the average monthly bill related to the
5 Windsource program would be \$16.12, or 16.8 percent.

6 **Q. Is SPS providing a copy of the proposed revisions to Third Revised Rate**
7 **No. 33 in this case?**

8 A. Yes. A copy of Fourth Revised Rate No. 33, Renewable Energy Rate Rider,
9 which includes redlined changes reflecting the proposed methodology, is provided
10 as Attachment RMS-2. Once approved, SPS will file an advice notice and final
11 tariff to reflect the approved methodology for calculating the Windsource rate.

12 **Q. Do you expect that customers will leave the program if the Windsource rate**
13 **changes?**

14 A. Yes, there could be some customer attrition, although SPS will work to explain
15 the program pricing changes and maintain as many current subscriptions as
16 possible.

17

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1 **Q. Will SPS be able to offset that customer attrition with new program**
2 **participants?**

3 A. Yes. SPS has not actively marketed Windsource for the last few years because
4 the program is nearly fully-subscribed. With any customer attrition, SPS will
5 actively market the program to increase participation.

6

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1 VI. **REQUEST TO CONTINUE TO RECONCILE WINDSOURCE COSTS AND**
2 **REVENUES THROUGH THE FPPCAC**

3 Q. How are the costs and revenues of the Windsource program accounted for?

4 A. Currently, SPS passes all Windsource costs and revenues through the FPPCAC,
5 provided that program costs and/or revenues do not exceed 2.5 percent of eligible
6 fuel costs in accordance with the Final Order in Case No. 07-00319-UT.⁷ The
7 revenues are derived from the premiums charged to Windsource customers.

8 Q. Is SPS requesting the continuation of using the FPPCAC as the rate
9 mechanism for reconciling monthly imbalances between Windsource
10 revenues and costs?

11 A. Yes. The FPPCAC represents a reasonable basis for reconciling monthly
12 imbalances between the cost of Windsource generation and Windsource billings,
13 and will not unduly influence the FPPCAC because Windsource generation costs,
14 net of charges to Windsource customers, represent a small percentage of total fuel
15 costs applicable to the FPPCAC. Additionally, since SPS cannot directly assign
16 Windsource generation to Windsource customers because of SPS's integrated
17 generation and delivery system, the FPPCAC is an appropriate mechanism to

⁷ In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice Nos. 208 and 209 and all Associated Approvals; Case No. 07-00319-UT; Final Order Partially Approving Recommended Decision (Aug. 26, 2008).

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1 account for monthly imbalances between Windsource revenues and costs. Any
2 difference will then become part of the FPPCAC. As discussed previously, this
3 approach of flowing the costs and revenues through the FPPCAC was authorized
4 in Case No. 07-00319-UT. The requirement from Case No. 07-00319-UT that
5 Windsource costs remain 2.5 percent or less of fuel and purchased power costs
6 ensures that Windsource will not impact non-Windsource customers to a
7 significant extent, so continuing to reconcile relatively minor Windsource costs
8 and charges through the FPPCAC in this filing is reasonable and appropriate.

9 **Q. Why is reconciliation through the FPPCAC appropriate?**

10 A. The proposal ensures that SPS neither profits nor suffers losses as a result of its
11 Windsource program. SPS is required to offer a voluntary renewable energy
12 program under Rule 572, so it is a regulated source of energy supply available to
13 its regulated customers. Though a voluntary program on the part of customers, it
14 is analogous to other sources of power supply recoverable through the FPPCAC
15 because the Texico PPA is the source of supply for the Windsource program, not
16 unlike the sources of supply included in the FPPCAC for non-Windsource
17 customers.

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

19 A. Yes.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

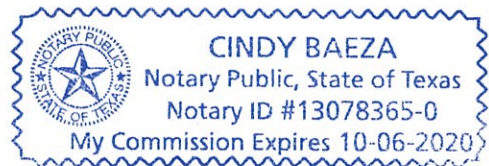
Ruth M. Sakya, first being sworn on her oath, states:

I am the witness identified in the preceding testimony. I have read the testimony and the accompanying attachments and am familiar with their contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.

Ruth M. Sakya
RUTH M. SAKYA

SUBSCRIBED AND SWORN TO before me this 28 day of November 2017.

Cindy Baeza
Notary Public of the State of Texas
My Commission Expires: 10-06-2020



**SECOND AMENDMENT TO
POWER PURCHASE AGREEMENT
SALE OF NON-FIRM ELECTRIC ENERGY
FROM TEXICO WIND, LP
TO SOUTHWESTERN PUBLIC SERVICE COMPANY**

This Second Amendment To Power Purchase Agreement – Sale Of Non-Firm Electric Energy From Texico Wind, LP To Southwestern Public Service Company (“**Second Amendment**”) is entered into this 14th day of August, 2017 by TEXICO WIND, LP a TEXAS limited partnership that is authorized to do business in the State of New Mexico (“**Seller**”), and SOUTHWESTERN PUBLIC SERVICE COMPANY, A New Mexico Corporation (“**Southwestern**”), doing business as XCEL ENERGY. Seller and Southwestern will sometime be referred to in the Second Amendment individually as a “**Party**” or collectively “**Parties**”.

Recitals:

WHEREAS, Seller and Southwestern are parties to that certain Power Purchase Agreement dated as of September 22, 1998, a First Amendment to Power Purchase Agreement, Dated as of October 30, 2002 (“**PPA**”); and

WHEREAS, by its terms the PPA is scheduled to terminate on December 14, 2018 at 12:00 PM; and,

WHEREAS, the Parties desire to extend the term of the PPA by two years to an including to December 14, 2020 at 12:00 PM.

WHEREAS, commencing December 15, 2018 at 12:01 AM the Parties desire to change the Energy Payment.

Agreement

NOW THEREFORE, in consideration of the mutual covenants herein contained, the sufficiency and adequacy of which are hereby acknowledge, the Parties hereby agree as follows:

1. Section 2.2, Term, shall be modified by deleting the phrase “fifteen (15)” and inserting the phrase “seventeen (17)”: so that the Section now reads:

2.2 Term: The term of this Agreement as it applies to the First Turbine, begins on September 22, 1998, and continues for a period of seventeen (17) years from the In Service Date, unless terminated earlier, or extended in accordance with the terms of this Agreement. The term of this Agreement as it applies to the Additional Turbines, begins on the Additional Turbine In-Service Date, and continues for a period of seventeen years from the Additional Turbine In Service Date, unless terminated earlier, or extended in accordance with the terms of this Agreement. Once the Additional Turbine In-Service Date has occurred, the term of this Agreement as it applies to the First Turbine shall be changed so that it continues until the expiration of the term for the Additional Turbines. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to reflect the intent of the Parties and, as applicable, to provide for

disconnection of the Facility from Southwestern's System, final billings, and adjustments related to the period prior to termination, and payment of any money due and owing Seller or Southwestern pursuant to this Agreement.

2. Section 3.2(B), Payment Rate shall be modified by adding the phrase "and shall terminate on December 15, 2018 at 12:00 AM" to the end of the first sentence so that the sentence now reads:

(B) The following provision shall be applicable to payments for Energy Output after Seller achieves the Additional Turbine In-Service Date and shall terminate on December 15, 2018 at 12:00 AM.

3. A new Section 3.2(C) is added to the PPA as follows:

(C) Beginning on December 15, 2018 at 12:01 AM and ending on the date of the termination of this Agreement on December 14, 2020 at 12:00 AM, Southwestern shall pay Seller for the Energy Output, delivered at the Delivery Point, at an energy price of \$.04829/KWh. For the period from December 15, 2019 at 12:01 AM to December 14, 2020 at 12:00 AM, the energy price of energy price of \$.04829/KWh will be adjusted by an inflation adjustment factor. The inflation adjustment factor shall be a fraction, the numerator of which is the GDP implicit price deflator for the fourth (4th) quarter of 2018, and the denominator of which is the GDP implicit price deflator for the fourth (4th) quarter of 2017. The term GDP implicit price deflator means the implicit price deflator for the gross domestic product as computed and published by the U. S. Department of Commerce

4. Conditions Precedent for this Second Amendment

This Second Amendment shall not take effect until the New Mexico Public Regulation Commission ("NMPRC") approval is received for this Second Amendment. For purposes of this Second Amendment, "PUC Approval" means a written order of the NMPRC which makes an affirmative determination that all costs incurred under this Second Amendment are recoverable from Southwestern's retail customers pursuant to applicable law, subject only to the requirement that the NMPRC retains ongoing prudence review of Southwestern's performance and administration of this Agreement. In the event PUC Approval is not obtained or is granted with conditions unsatisfactory to Southwestern as determined by Southwestern in its sole discretion, or in the event Southwestern has not received PUC Approval in nine (9) months after the filing date of Southwestern's application for approval, then this Second Amendment shall automatically terminate without any further financial or other obligation by Southwestern under this Second Amendment.

5. **Representations Regarding This Amendment.** By their execution of this Second Amendment, each Party represents and warrants that it is authorized to enter into the Second Amendment, that the second Amendment does not conflict with any contract, lease, instrument or other obligation to which it is a party or by which it is bound, and that the second amendment represents it valid and binding obligation, enforceable against such Party in accordance with its terms.
6. **No Other Amendments.** Except as specifically provided in this Second Amendment no other amendments, revisions or changes are made or have been made to the Agreement.

All other terms and conditions of the agreement remain in full force and effect, and the parties hereby ratify and confirm their rights and obligations under the Agreement, as amended hereby.

7. **Effectiveness of Amendment.** The second amendment shall become effective upon the execution of this Second Amendment by the Parties.
8. **Governing Law.** The Second Amendment shall be governed by and interpreted in accordance with the laws of the State of New Mexico and Federal law, as applicable.
9. **Counterparts.** The Second Amendment may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

[THIS SPACE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first written above.

Dated: Aug 14, 2017

TEXICO WIND, LP a Texas limited partnership
by its sole general partner, Cielo Wind Power,
LLC, a Texas Limited liability company

By: [Signature]
Name: Walt Hornaday
Title: President

Dated: August 14, 2017

SOUTHWESTERN PUBLIC SERVICE
COMPANY, a New Mexico Corporation
("Southwestern"), doing business as Xcel Energy

By: [Signature]

Name: Tim Kawakami

Title: Director, Purchased Power

Xcel Energy Services Inc., as agent for

Southwestern Public Service Company of

New Mexico

SOUTHWESTERN PUBLIC SERVICE COMPANY

~~THIRD-FOURTH~~ REVISED RATE NO. 33
CANCELING ~~SECOND-THIRD~~ RATE NO. 33

X
X

RENEWABLE ENERGY RATE RIDER

Tariff No. 7202.~~43~~

X

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APPLICABILITY: This rate rider is available as an option to all Customers taking retail electric service from Company.

TERRITORY: Area served by Company in New Mexico.

RATE: Participants will pay the Fuel and Purchased Power Cost Adjustment Clause (FPPCAC) plus a premium for their participation.

The initial premium will be calculated based on comparing the prior calendar year average FPPCAC rate (on a \$/MWh basis) to the Texico PPA rate (on a \$/MWh basis). On a quarterly basis, SPS will compare the actual FPPCAC rate to the actual Texico rate and make a bill adjustment (credit or charge). The following charges are applicable to service provided to Customers who choose to purchase Renewable Energy:

Energy Charge per 100 kWh block = \$3.00

Energy Charge when contracting for
100% of monthly energy = \$0.03 per kWh

These charges are in addition to the charge assessed under Customer's standard tariff rate.

FUEL COST ADJUSTMENT: All service taken under this rate is subject to the provisions of the Company's Rate Schedule No. 72 Fuel and Purchased Power Cost Adjustment Clause. The fuel cost adjustment is not applicable to kWh purchased under this rate rider.

TAX ADJUSTMENT: Billings under this Rate Rider may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state, and federal income taxes) payable by the utility and levied or assessed by any

259273

Advice Notice No.

X

REGIONAL VICE PRESIDENT RATES AND
REGULATORY AFFAIRS DIRECTOR –
REGULATORY AND PRICING ANALYSIS

SOUTHWESTERN PUBLIC SERVICE COMPANY

**~~THIRD-FOURTH~~ REVISED RATE NO. 33
CANCELING ~~SECOND-THIRD~~ RATE NO. 33**

RENEWABLE ENERGY RATE RIDER

Tariff No. 7202.43

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governmental authority on the public utility service rendered, or on the right of privilege of rendering the service, or on any object or event incidental to the rendition of the service.

X
X

CONTRACT PERIOD: A minimum of one year for residential Customers. Month to month thereafter until one month prior notification is received by Company. A minimum of three years for commercial Customers. Year to year thereafter until one year prior notification is received by Company.

X

CONTRACT PERIOD (cont.): This rate rider shall at all times be subject to change or modification by order of the New Mexico Public Regulation Commission or successor agency.

This Tariff will be temporarily closed to new Customers when Windsource is fully subscribed. During times this tariff is closed, Customers may sign up on a waiting list.

When a participating Windsource customer ends service at one address and starts electric service at a new address within Xcel Energy service territory, that customer's Windsource subscription will automatically transfer to the new address. In the event the customer chooses to cancel their Windsource subscription, they may do so when they notify Xcel Energy of their move.

X
X

LINE EXTENSIONS: Company will make line extensions in accordance with its standard line extension policy.

FRANCHISE FEE: All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality or taxing authority in which jurisdiction Customer's consuming facility resides, when applicable. The franchise fee will appear on the bill as a separate item.

259273

Advice Notice No.

**REGIONAL VICE PRESIDENT RATES AND
REGULATORY AFFAIRS DIRECTOR –
REGULATORY AND PRICING ANALYSIS**

SOUTHWESTERN PUBLIC SERVICE COMPANY

**~~THIRD-FOURTH~~ REVISED RATE NO. 33
CANCELING ~~SECOND-THIRD~~ RATE NO. 33**

RENEWABLE ENERGY RATE RIDER

Tariff No. 7202.~~43~~

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RULES, REGULATIONS AND CONDITIONS OF SERVICE: Service supplied under this schedule is subject to the terms and conditions set forth in Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission.

Effective Date ~~January 1, 2016~~ — ~~Case No. 15-00208-UT~~ December 29, 2017

~~259273~~

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