

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN	)	
PUBLIC SERVICE COMPANY’S	)	
APPLICATION FOR: (1) AUTHORIZATION	)	
TO ESTABLISH THE VOLUNTARY	)	
SOLAR*CONNECT COMMUNITY	)	
PROGRAM (“SOLAR*CONNECT”) AND	)	
ENTER INTO A PURCHASED POWER	)	
AGREEMENT FOR THE PURCHASE OF	)	CASE NO. 18-00_____ -UT
1.98 MW OF NOMINAL SOLAR CAPACITY	)	
AND ASSOCIATED ENERGY FOR	)	
SOLAR*CONNECT; (2) APPROVAL OF THE	)	
PROPOSED METHODOLOGY FOR	)	
CALCULATING AND ANNUALLY	)	
ADJUSTING THE SOLAR*CONNECT	)	
RATE; AND (3) AUTHORIZATION TO	)	
FLOW THROUGH ALL SOLAR*CONNECT	)	
COSTS AND REVENUES THROUGH THE	)	
SOLAR*CONNECT RIDER AND ITS FUEL	)	
AND PURCHASED POWER COST	)	
ADJUSTMENT CLAUSE,	)	
	)	
SOUTHWESTERN PUBLIC SERVICE	)	
COMPANY,	)	
	)	
APPLICANT.	)	
	)	

APPLICATION

In accordance with the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10 “REA”), the New Mexico Public Utility Act (NMSA 1978, §§ 62-3-1 *et. seq.* “PUA”), and the New Mexico Public Regulation Commission’s (“Commission or NMPRC”) Rule 572 (17.9.572 NMAC – “Rule”), Southwestern Public Service Company’s (“SPS”) requests the Commission enter a final order that:

(a) approves SPS's proposed voluntary renewable energy purchase program, Solar*Connect Community ("Solar*Connect"), which is set forth in the proposed Solar*Connect Community Rate Rider ("Solar*Connect Rider");¹

(b) authorizes SPS to enter into a purchased power agreement ("PPA") with SoCore Clovis 1 LLC ("SoCore") for the purchase of all of the capacity and net energy, including renewable energy certificates ("RECs"), from a 1.98 megawatt ("MW") alternating current ("ac") solar powered electric generating facility to be developed by SoCore (the "SoCore Solar Facility"), for the purpose of supplying SPS's proposed Solar*Connect program;

(c) approves SPS's proposed methodology for establishing the Solar*Connect premium;

(d) authorizes SPS to flow through all costs and revenues associated with the Solar*Connect program through its fuel and purchased power cost adjustment clause ("FPPCAC");

(e) approves SPS's proposed method for implementing and annually updating the Solar*Connect Rider;

(f) approves SPS's proposed plan for notifying and transitioning then-existing Windsource customers to the proposed Solar*Connect program; and

¹ A copy of the proposed Solar*Connect Rider is included as Attachment RMS-2 to the Direct Testimony of SPS witness Ruth Sakya.

(g) 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.

In support of this Application, SPS states the following:

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 Section 62-3-3(G) of the PUA. The Commission has jurisdiction over this Application under the REA, the PUA, and Rule 572.

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 2005.² Xcel Energy is a utility holding company that owns several electric and natural gas utility

² 18 C.F.R. Part 366.

operating companies, a regulated natural gas pipeline company, and three electric transmission companies.³

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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Regulatory Case Specialist II
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512.236.6935 (fax)

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505.982.8623 (fax)
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dhardy@hinklelawfirm.com

³ 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.

Patrick Pearsall, Esq.
Duggins Wren Mann & Romero, LLP
600 Congress Avenue, Suite 1900
Austin, Texas 78701
512.495.8832
512.744.9399 (fax)
ppearsall@dwmrlaw.com

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:

Mario Contreras, Manager Rate Cases: mario.a.contreras@xcelenergy;
Will DuBois, Lead Assistant General Counsel: Will.W.DuBois@xcelenergy.com;
Evan D. Evans, Dir. of Reg and Pricing Analysis: Evan.D.Evans@xcelenergy.com
Ruth Sakya, Manager Regulatory Administration: Ruth.M.Sakya@xcelenergy.com

III. Notice

6. SPS's proposed Notice to Customers is provided as Exhibit A. On the day SPS files this Application, it will serve the proposed Notice to Customers, a copy of this Application, and the supporting testimony, on the Commission's Utility Division Staff, the New Mexico Attorney General, and all parties in SPS's pending Renewable Portfolio Standard ("RPS") case (Case No. 18-00201-UT) and SPS's most recent rate case (Case No. 17-00255-UT).

7. SPS will also publish notice of this Application in each newspaper having general circulation in SPS's New Mexico service territory and will provide notice by direct mail to all affected customers.

8. Following Commission approval of the Solar*Connect program, the Solar*Connect PPA, and the methodology for calculating the annual Solar*Connect premium, SPS will file an advice notice and the Solar*Connect Rider with the Commission based on the final decision in this case.

IV. Background

A. Voluntary Renewable Energy Purchasing Program Mandate

9. Section 62-16-7 of the REA provides that the Commission may require that a public utility offer its retail customers a voluntary program for purchasing renewable energy that is in addition to energy provided by the public utility pursuant to the RPS, under rates and terms that are approved by the Commission.

10. Acting on this authority, the Commission adopted Rule 572.18, which requires public utilities to offer a voluntary renewable energy tariff for those customers who want the option to purchase additional renewable energy.⁴

11. Currently, SPS satisfies its Rule 572.18 mandate through its Windsource program, which allows customers to purchase additional amounts of renewable energy for a premium above base rates.

12. The Windsource program and its corresponding tariff, the Renewable Energy Rate Rider, were originally approved by the Commission in Case No. 2771⁵ and implemented in 1998.

13. Since Windsource's inception, SPS has supplied the program with wind energy purchased through a PPA with the Llano Estacado Wind Ranch in Texico, New Mexico ("Texico PPA"). However, the Texico PPA terminates on December 14, 2018. In Case No. 17-00294-UT, the Commission adopted a Certification of Stipulation recommending approval of the extension of the Texico PPA through December 14, 2020.⁶ In 2020, SPS will seek termination of the Windsource program and its corresponding tariff, the Renewable Energy Rate Rider, effective upon the expiration of the Texico PPA.

B. Proposed Solar*Connect Program

14. In this case, SPS is proposing to replace its Windsource program with a new voluntary renewable energy purchase program, Solar*Connect, under Rule 572.18.

15. The Solar*Connect program will allow customers the opportunity to purchase additional amounts of solar energy above the renewable energy currently in SPS's system resource portfolio.

⁴ See 17.9.572.18 NMAC.

⁵ *In the Matter of Southwestern Public Service Company's Advice Notice No. 179 for Proposed Renewable Energy, Photovoltaic Pumping Systems, and Interruptible Irrigation Rates*, Case No. 2771; Final Order Approving Recommended Decision and Certification of Stipulation (Mar. 16, 1998).

⁶ *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 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*, Case No. 17-00294-UT, Final Order Adopting Certification of Stipulation (Aug. 15, 2018).

16. SPS is proposing a solar-only program, as opposed to a mix of solar and other renewable resources, for two reasons. First, SPS's market research indicates customers prefer solar energy over all other sources of energy. Second, SPS determined that it could not integrate wind resources into its proposed Solar*Connect program without substantially raising the premium above what the market can bear—i.e., the premium would exceed what most customers would be willing to pay to participate in a voluntary renewable energy program.

17. To supply the new Solar*Connect program, SPS executed the “Solar*Connect PPA” with SoCore.

18. Solar*Connect customers will have the option to subscribe for a minimum share of 0.5 kilowatt (“kW”) (with 0.1 kW increments available above the minimum) of the Solar*Connect PPA. Customers will be charged a monthly premium for the solar energy generated from their Solar*Connect subscription, in addition to base charges (including FPPCAC charges), based on the incremental cost of the Solar*Connect PPA.

19. Although customers will be subscribing to the Solar*Connect program based on a per kW share of the Solar*Connect PPA, they will be billed on a per kilowatt hour (“kWh”) basis. A 0.5 kW Solar*Connect share is expected to produce 1,451 kWh of energy during the first full year of the Solar*Connect PPA.

20. SPS estimates that the Solar*Connect premium will be \$0.013764/kWh in Year 1 of the Solar*Connect PPA. This is approximately 1.6¢/kWh less than Windsource

in Year 1 of the Solar*Connect PPA (1.4¢/kWh for Solar*Connect compared to 3.0¢/kWh for Windsource).

21. SPS proposes that the Solar*Connect program open for new subscriptions on the first day of the first calendar month after the termination of the Windsource program, which is expected to be January 1, 2021.

22. SPS's then existing Windsource customers will have the first opportunity to participate in the Solar*Connect program. To facilitate their participation, SPS proposes the following two-step notification process:

Step 1: On October 1, 2020, SPS will begin notifying then-existing Windsource customers of the Solar*Connect program. This notice will inform these Windsource customers that:

- the Windsource program will terminate effective at the end of the day December 14, 2020;
- Windsource customers have the right to opt-out of participation in the Solar*Connect program;
- Windsource customers who do not opt-out by December 1, 2020 will be automatically enrolled in the new Solar*Connect program with subscriptions that are equal or lesser on a total annual energy basis than their Windsource subscriptions;
- the Solar*Connect program will begin on or around January 1, 2021 (the actual date will depend on the completion of the solar resource construction);
- Solar*Connect subscriptions will be based on generation shares (kW);
- their estimated Solar*Connect subscription size, and its average monthly cost, if their Windsource subscription were transferred into a

Solar*Connect subscription on an equal or lesser total annual energy basis;
and

- further information concerning the Solar*Connect program will be provided on the website, xcelenergy.com.

Step 2: On November 1, 2020, SPS will provide then-existing Windsorce customers with a second notice containing the same information referenced above.

23. Given the lower pricing and subscription opportunities of the Solar*Connect program as compared to Windsorce, as well as experience gained from launching similar programs in other jurisdictions, SPS believes that fully subscribing the Solar*Connect program within three years of its launch is achievable. To that end, SPS has developed a marketing and consumer education plan, the goal of which is to motivate customers to enroll in the Solar*Connect program by: (1) raising customer awareness of the Solar*Connect program, the program's customer-specific benefits, and how to enroll; and (2) educating customers on what community-scale solar is, how it works, and its benefits.

V. Methodology for Calculating the Solar*Connect Premium

24. The Solar*Connect premium will be based on the incremental cost of the Solar*Connect PPA. Specifically, the premium will be the annual Solar*Connect Charge less the annual Solar*Connect Credit.

25. The Solar*Connect Charge is the annual contract price of the solar energy purchased under the Solar*Connect PPA, which is \$39/megawatt hour ("MWh")

(\$0.039/kWh) for the first year of commercial operation (expected to be 2021), and thereafter escalating by two percent per calendar year.

26. The Solar*Connect Credit is the value, measured on a \$/MWh (\$/kWh) basis, of the forecasted avoided costs to the SPS system as a result of the Solar*Connect PPA. The Solar*Connect Credit will be updated annually.

27. The total monthly cost of an individual Solar*Connect subscription will vary based on the size (total kW) of the subscription.

28. The estimated average monthly bill impact of participation in the Solar*Connect program for a Residential customer taking 300 kWh under the Windsource program, which includes the standard energy charge on those kWh as well as their remaining usage (531 kWh), would be \$4.13. For the average Small General Service customer taking 700 kWh under the Windsource program and 400 kWh of total electric service, the average monthly bill impact of the Solar*Connect program would be \$5.50.

29. The estimated monthly cost for SPS's average residential customer to subscribe for a Solar*Connect share approximately equal to 100% of monthly energy consumption would be \$11.31 per month on average.

VI. Authorization for SPS to Enter into the Solar*Connect PPA

30. On June 28, 2018, SPS and SoCore executed the Solar*Connect PPA, subject to Commission approval, which includes in material part the following terms and conditions:

- a) The Solar*Connect PPA will provide for the purchase of the nominal solar energy and associated RECs from a new solar facility (the SoCore Solar Facility) to be developed by SoCore;
- b) The SoCore Solar Facility will consist of a new 1.98 MWac (at the Point of Delivery) solar powered electric generation facility interconnected to SPS at the Clovis West substation near Clovis, New Mexico.
- c) The term of the Solar*Connect PPA is 20 years, with an estimated commercial operation date of December 15, 2020.
- d) The initial price for commercial operation Year 1 is \$39/MWh (\$0.039/kWh), and thereafter escalating by 2% per calendar year. The levelized price is approximately \$45.46 per MWh over the Solar*Connect PPA's 20-year term.
- e) SPS expects the SoCore Solar Facility to produce approximately 5,747 MWh of solar energy in the first year and average approximately 110,672 MWh of solar energy over the Solar*Connect PPA's 20-year term.
- f) The Solar*Connect PPA is based on the Model PPA SPS uses in negotiations of renewable energy purchases.

31. SPS is seeking approval of the Solar*Connect PPA under Rule 572.18.

VII. Proposed Rate Design of the Solar*Connect Program

32. SPS's goal in designing the Solar*Connect rate was to ensure that the incremental costs associated with the Solar*Connect program are borne, to the extent reasonably possible, by program subscribers.

33. SPS proposes to flow both the Solar*Connect PPA costs and the Solar*Connect program revenues—*i.e.*, total premiums collected from subscribers—through the FPPCAC.

34. The premium paid by Solar*Connect subscribers is designed to offset the increase in FPPCAC charges to non-subscribers resulting from the Solar*Connect PPA.

VIII. Implementation of the Solar*Connect Rate Methodology

35. SPS proposes a two-step process for implementing the Solar*Connect rate methodology: (1) formal approval of the revised Solar*Connect Rider following the conclusion of this case; and (2) annual informational filings to update the Solar*Connect Credit.

36. Immediately following the Commission's decision in this case, SPS will file an advice notice and revised Solar*Connect Rider with the Commission. The revised Solar*Connect Rider will be based upon the Commission-approved terms and conditions, and Solar*Connect credit calculation methodology.

37. An annual update of the Solar*Connect Credit will be necessary to account for updates to the avoided cost credit calculation. SPS proposes to file these informational filings, along with an advice notice, with its RPS filings, beginning in 2020. The advice notice will include the revised Solar*Connect Rider and the applicable credit for the upcoming year. The scope review of the annual informational filing would be limited to:

- whether SPS has properly applied the approved methodology to calculate the updated Solar*Connect credit; and

- whether the data included in the informational filing is accurate and otherwise proper.

38. The Commission Staff and intervenors in SPS's RPS proceedings will have 30 days to review the Solar*Connect informational filing and identify issues. If no issues are raised following review of the informational filing, then the updated Solar*Connect Rider will be deemed approved and become effective for implementation on January 1 of the following year. If the Commission Staff and intervenors submit issues to the Commission for resolution, then the updated Solar*Connect Rider will become effective upon the issuance of a final order by the Commission, but no later than January 1 of the following year.

IX. Miscellaneous Matters

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

Ruth M. Sakya, whose testimony:

- provides an overview of SPS's Application and the topics to be covered by other SPS witnesses;
- provides a brief description and overview of SPS's current voluntary renewable program, Windsource;
- describes SPS's proposed Solar*Connect program, and presents SPS's proposed Solar*Connect Rider tariff;
- discusses SPS's compliance with agreements made in Case No. 17-00294-UT to address potential cross-subsidization related to the recovery of costs associated with its proposed Solar*Connect program and to present its proposed rate methodology for the Solar*Connect program to

the Case No. 17-00294-UT Stipulation signatories in advance of this filing;

- discusses SPS's proposed methodology for determining the Solar*Connect charge and credit for participating customers, and explains how that methodology protects non-participants from financial harm;
- provides the estimated customer bill impacts for customers choosing to participate in Solar*Connect; and
- discusses: (1) the underlying policy of the REA and Rule 572 in regards to Solar*Connect; and (2) SPS's efforts to address and minimize any cross-subsidization between Solar*Connect participants and non-participants.

Ms. Tara Fowler, whose testimony:

- describes SPS's negotiations with SoCore regarding the execution of the Solar*Connect PPA;
- presents and describes the key terms and conditions of the Solar*Connect PPA; and
- describes the SoCore Solar Facility.

Ms. Bennie F. Weeks, whose testimony:

- provides an overview of SPS's 2017 Solar*Connect Request for Proposals to supply generation for the proposed Solar*Connect program; and
- addresses certain impacts of the Solar*Connect PPA on SPS and its customers.

Mr. Ryan A. Matley, whose testimony:

- demonstrates that there is sufficient demand in SPS's New Mexico service territory to support the proposed Solar*Connect program;
- describes SPS's proposed marketing and customer education plan, and concludes they are prudent and will facilitate SPS's goal of ensuring the program is fully subscribed within a reasonable time period;

- provides an overview of projected administrative costs associated with the Solar*Connect program; and
- concludes that SPS's planned consumer education program complies with Rule 572.

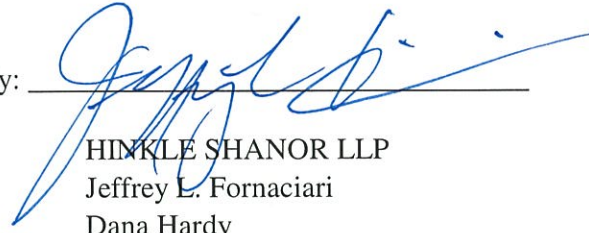
X. Relief Requested

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

- (A) approves the terms and conditions of SPS's proposed Solar*Connect program, and corresponding Solar*Connect Rider;
- (B) authorizes SPS to enter into the Solar*Connect PPA to supply renewable energy for the Solar*Connect program;
- (C) approves SPS's proposed methodology for establishing the Solar*Connect premium;
- (D) authorizes SPS to flow through all costs and revenues associated with the Solar*Connect program through its FPPCAC;
- (E) approves SPS's proposed method for implementing and annually updating the Solar*Connect Rider;
- (F) approves SPS's proposed plan for notifying and transitioning then-existing Windsorce customers to the proposed Solar*Connect program; and
- (G) grants to SPS all other approvals, authorizations, waivers, variances, or such other relief that the Commission determines necessary for SPS to implement and effectuate the relief granted in this case.

Respectfully submitted,

By: _____



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(motion to appear *pro hac vice* pending)

ATTORNEYS FOR SOUTHWESTERN PUBLIC SERVICE COMPANY

EXHIBIT A

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN	)	
PUBLIC SERVICE COMPANY'S	)	
APPLICATION FOR: (1) AUTHORIZATION	)	
TO ESTABLISH THE VOLUNTARY	)	
SOLAR*CONNECT COMMUNITY PROGRAM	)	
("SOLAR*CONNECT") AND ENTER INTO A	)	
PURCHASED POWER AGREEMENT FOR	)	
THE PURCHASE OF 1.98 MW OF NOMINAL	)	
SOLAR CAPACITY AND ASSOCIATED	)	CASE NO. 18-_____ -UT
ENERGY FOR SOLAR*CONNECT; (2)	)	
APPROVAL OF THE PROPOSED	)	
METHODOLOGY FOR CALCULATING AND	)	
ANNUALLY ADJUSTING THE	)	
SOLAR*CONNECT RATE; AND (3)	)	
AUTHORIZATION TO FLOW THROUGH ALL	)	
SOLAR*CONNECT COSTS AND REVENUES	)	
THROUGH THE SOLAR*CONNECT RIDER	)	
AND ITS FUEL AND PURCHASED POWER	)	
COST ADJUSTMENT CLAUSE,	)	
	)	
SOUTHWESTERN PUBLIC SERVICE	)	
COMPANY,	)	
	)	
APPLICANT.	)	

**PROPOSED NOTICE TO XCEL ENERGY CUSTOMERS REGARDING A
VOLUNTARY RENEWABLE ENERGY PURCHASE PROGRAM**

NOTICE IS HEREBY GIVEN that:

Southwestern Public Service Company ("SPS"), d/b/a Xcel Energy Inc., filed its Application with the New Mexico Public Regulation Commission ("Commission") on September 28, 2018, requesting that the Commission grant the following relief:

(A) approve SPS's proposed voluntary renewable energy purchase program, Solar*Connect Community ("Solar*Connect"), which are set forth in the proposed Solar*Connect Community Rate Rider ("Solar*Connect Rider");

(B) authorize SPS to enter into a purchased power agreement ("PPA") with SoCore Clovis 1 LLC ("SoCore") for the purchase of all of the capacity and net energy, including renewable energy certificates ("RECs"), from a 1.98 megawatt ("MW") alternating current ("ac") solar-powered electric generating facility to be developed by SoCore (the "SoCore Solar Facility"), for the purpose of supplying SPS's proposed Solar*Connect program;

(C) approve SPS's proposed methodology for establishing the Solar*Connect premium;

(D) authorize SPS to flow through all costs and revenues associated with the Solar*Connect program through its fuel and purchased power cost adjustment clause ("FPPCAC");

(E) approve SPS's proposed method for implementing and annually updating the Solar*Connect Rider;

(F) approve SPS's proposed plan for notifying and transitioning then-existing Windsorce customers to the proposed Solar*Connect program; and

(G) 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. Section 62-16-7 of the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10) provides the Commission may require utilities offer a voluntary program for purchasing additional renewable energy under a separate Commission-approved rate. As required by Commission Rule 572.18, SPS currently offers its New Mexico retail customers the opportunity to purchase additional renewable energy via a Renewable Energy Rate Rider, Windsource.

2. SPS currently purchases 1.98 MW of wind energy from the Llano Estacado Wind Ranch under the Texico Purchased Power Agreement (“Texico PPA”) to supply the Windsource program. In Case No. 17-00294-UT, the Commission adopted a Certification of Stipulation recommending approval of the extension of the Texico PPA through December 14, 2020. SPS will seek termination of the Windsource program and its corresponding tariff, the Renewable Energy Rate Rider, effective upon the expiration of the Texico PPA.

3. SPS is proposing in this case to replace its Windsource program with a new voluntary renewable energy purchase program, Solar*Connect. The Solar*Connect program will allow customers the opportunity to purchase additional amounts of solar energy above the renewable energy currently in SPS’s system resource portfolio.

4. SPS has entered into the Solar*Connect PPA to purchase all of the solar energy and associated RECs from a new solar facility to be developed by SoCore near Clovis, New Mexico.

5. Solar*Connect customers will have the option to subscribe for a minimum share of 0.5 kW (with 0.1 kW increments available above the minimum) of the Solar*Connect PPA. Customers will be charged a monthly premium for the solar energy generated from their Solar*Connect subscription, in addition to base charges (including FPPCAC charges), based on the incremental cost of the Solar*Connect PPA.

6. Although customers will be subscribing to the Solar*Connect program based on a per kW share of the Solar*Connect PPA, they will be billed on a per kWh basis. A 0.5 kW Solar*Connect share is expected to produce 1,451 kWh of energy during the first full year of the Solar*Connect PPA.

7. The total monthly cost of an individual Solar*Connect subscription will vary based on the size (total kW) of the subscription. SPS estimates that the Solar*Connect premium will be \$0.013764/kWh in Year 1. This is approximately 1.6¢/kWh less than Windsource in Year 1 of the Solar*Connect PPA (1.4¢/kWh for Solar*Connect compared to 3.0¢/kWh for Windsource).

8. The estimated average monthly bill impact of participation in the Solar*Connect program for a Residential customer taking 300 kWh under the Windsource program, which includes the standard energy charge on those kWh as well as their remaining usage (531 kWh), would be \$4.13. For the average Small General Service customer taking 700 kWh under the Windsource program and 400 kWh of total electric service, the average monthly bill impact of the Solar*Connect program would be \$5.50.

9. SPS's then existing Windsource customers will have the first opportunity to participate in the Solar*Connect program and will be notified of the right to opt-out from participation in the Solar*Connect program in late 2020. SPS proposes that the Solar*Connect program open for new subscriptions on the first day of the first calendar month after the termination of the Windsource program. That date is expected to be January 1, 2021.

10. SPS proposes to flow both the Solar*Connect PPA costs and the Solar*Connect program revenues—*i.e.*, total premiums collected from subscribers—through the FPPCAC. The premium paid by Solar*Connect subscribers is designed to offset the increase in FPPCAC charges to non-subscribers resulting from the Solar*Connect PPA.

11. Further information regarding this case may be obtained by contacting SPS or the Commission at the addresses and telephone numbers provided below. All inquiries or written comments concerning this matter should refer to Case No. 18-_____-UT.

12. A public hearing on the Application will be held beginning on _____, 2019, and continuing thereafter if necessary, at the offices of the Commission, PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive testimony, exhibits, arguments, and any other appropriate matters pertaining to the Application.

13. By no later than _____, 2018, any person who desires to become a party to this case must file a motion for leave to intervene, pursuant to 1.2.2.23.A and 1.2.2.23.B NMAC.

14. By no later than _____, 201_, the Utility Division Staff shall, and any Intervenors may, file direct testimony.

15. Any desired rebuttal testimony shall be filed on or before _____, 201_.

16. SPS's Application, together with supporting pre-filed direct testimony, and any exhibits and related papers, may be examined by any interested person online at the SPS website <http://www.xcelenergy.com./regulatory>, or the Commission's website Case Lookup E-Docket <http://www.nmprc.state.nm.us/>, or in person at the offices of SPS or the Commission at the following addresses, and all inquiries or written comments should refer to Case No. 18-_____-UT:

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

Records Management Bureau
New Mexico Public Regulation Commission
PERA Building – 1120 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone: 505-827-6968

17. Any interested person may appear at the time and place of hearing and make 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 Case No. 18-_____-UT, to the Commission at the address set out above. All such comments will not be considered as evidence in this case.

18. The procedural dates and requirements provided herein are as provided in the Procedural Order issued in this case, and are subject to further order of the Commission or Hearing Examiner.

19. Any interested person should contact the Commission at 505-827-6956 for confirmation of the hearing date, time and place since hearings are occasionally rescheduled.

20. Anyone filing pleadings or testimony will serve copies thereof on all parties of record and the Utility Division Staff by first class mail or hand-deliver and by e-mail as provided by the Procedural Order. Any person whose testimony has been pre-filed will attend the hearing and submit to examination under oath.

21. All documents mailed to the Commission and its personnel shall be mailed to: P.O. Box 1269, Santa Fe, New Mexico, 87504. The physical address of the Commission shall be used only for special or hand deliveries. Copies of all filings shall be served on all parties of record and Staff as specified in the most recent Certificate of Service issued in this case.

22. The Commission's Rules of Procedure found at 1.2.2 NMAC will apply to this case unless modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and are available online at the official NMAC website <http://www.nmcpr.state.nm.us/nmac/>.

23. Any person with a disability requiring special assistance in order to participate in this case should contact the Commission at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico, this _____ day of _____ 2018.

NEW MEXICO PUBLIC REGULATION COMMISSION
