

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN )  
PUBLIC SERVICE COMPANY'S )  
APPLICATION FOR: (1) REVISION OF )  
ITS RETAIL RATES UNDER ADVICE )  
NOTICE NO. 292; (2) AUTHORIZATION ) CASE NO. 20-00238-UT  
AND APPROVAL TO ABANDON ITS )  
PLANT X UNIT 3 GENERATING )  
STATION; AND (3) OTHER )  
ASSOCIATED RELIEF, )  
)  
)  
)  
SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
)  
)  
APPLICANT. )**

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**DIRECT TESTIMONY**

*of*

**DAVID T. HUDSON**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

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## **GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
Application	SPS's Application in this case
Base Period	October 1, 2019 through September 30, 2020
Commission	New Mexico Public Regulation Commission
Company	Southwestern Public Service Company, a New Mexico corporation, and wholly-owned subsidiary of Xcel Energy Inc.
ERCOT	Electric Reliability Council of Texas
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
IT	Information Technology
kV	kilovolt
kWh	kilowatt-hour
LP&L	Lubbock Power & Light
MW	Megawatt
MWh	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
O&M	Operation & Maintenance
PUA	Public Utility Act
PTCs	Production Tax Credits
ROE	Return on Equity

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
SO <sub>2</sub>	sulfur dioxide
SPP	Southwest Power Pool
SPS	Southwestern Public Service Company, a New Mexico corporation, and wholly-owned subsidiary of Xcel Energy Inc.
TCEQ	Texas Commission on Environmental Quality
Test Year	Historical Test Year Period consisting of the Base Period and further incorporating all proper adjustments and capital additions
Total Company	Total SPS (before jurisdictional allocation)
Xcel Energy	Xcel Energy Inc.

## LIST OF ATTACHMENTS

<b><u>Attachment</u></b>	<b><u>Description</u></b>
DTH-1	Qualifications and Testimony List ( <i>Filename: DTH-1.doc</i> )
DTH-2	SPS Service Area Map ( <i>Non-native format</i> )
DTH-3	SPS Generation Resources Map ( <i>Non-native format</i> )

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**EXECUTIVE SUMMARY**

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**Q. Please summarize the reasons for Southwestern Public Service Company’s (“SPS” or “Company”) application in this case (the “Application”).**

A. Since its last application for a revision to its retail base rates, SPS (doing business as “Xcel Energy”) has made \$1.76 billion in electric infrastructure investments.<sup>1</sup> Over \$1.16 billion of this investment has taken place in New Mexico. These investments have enabled and supported economic growth in SPS’s territory and have become an engine for economic expansion in New Mexico. SPS’s investments have delivered new renewable energy supply in furtherance of New Mexico’s goals while simultaneously producing significant fuel savings on customer bills. With this Application, SPS is seeking to move \$569.6 million into New Mexico rate base.<sup>2</sup> Roughly half of SPS’s total new investment, and the largest driver of this Application, by itself constituting approximately 43% of the

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<sup>1</sup> SPS has been adding transmission and distribution infrastructure, particularly in southeast New Mexico, where electricity loads remain strong and have been growing since the last rate case. SPS has an obligation to serve these loads and is doing so through significant capital investment and regular, ongoing maintenance.

<sup>2</sup> As permitted under Section 62-6-14 of the Public Utility Act (“PUA”) and Commission precedent, SPS has included investments that it will place in service during the five-month period from October 1, 2020 through February 28, 2021.

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1 increased revenue requirement, is the Sagamore wind project in Roosevelt County.

2 (A table summarizing all of the Application drivers is provided below.)

3 The Sagamore wind project provides benefits to customers, enables  
4 economic growth, and supports rural New Mexico. It also supports SPS's  
5 compliance with New Mexico's Energy Transition Act. Projected fuel and  
6 production tax credit savings from Sagamore exceed the associated base rate  
7 revenue requirement associated with the project. SPS has guaranteed that over the  
8 next 10 years savings from Sagamore and its sister project, the Hale wind project,  
9 will exceed customers' costs.<sup>3</sup> In addition to these customer benefits, the  
10 development of the wind farm has already made an enormous positive impact on  
11 the economy of Eastern New Mexico. Sagamore wind provided 400-500 jobs  
12 during construction, and ongoing operations will create 30 fulltime jobs. The  
13 project, which started commercial operations on December 31, 2020, will also  
14 deliver over its lifespan an estimated \$89 million in payments to 175 landowners,

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<sup>3</sup> Following a brief "Initial Period," SPS will credit customers, through eligible fuel expense, with the New Mexico retail portion of the Production Tax Credits ("PTCs"), including an income tax gross-up, associated with generation from the Hale and Sagamore wind projects. New Mexico retail customers will also receive a minimum production guarantee up to the level of the 48% net capacity factor beginning in the first full calendar year after commercial operation.

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1           \$101 million in property taxes, and approximately \$44 million in gross receipts tax  
2           for New Mexico. These benefits will all be achieved within the combined cost cap  
3           established in Case No. 17-00044-UT.<sup>4</sup>

4                     We are thrilled to deliver on our promise of clean, affordable and reliable  
5           energy. In 2021, with the output of the Hale and Sagamore wind projects included,  
6           SPS expects 46.8% of electricity provided to its customers annually to come from  
7           carbon-free renewable wind and solar resources. SPS will be well positioned to  
8           meet the requirements of the Energy Transition Act with very economical  
9           renewable resources on its system.

10                    As shown in the Company's Rate Filing Package, SPS's total New Mexico  
11           retail cost of service based on a Test Year<sup>5</sup> ended September 30, 2020, as adjusted  
12           for known and measurable changes, is approximately \$410.8 million, excluding

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<sup>4</sup> *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 Principles Including an 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 Modification at 4 (Mar. 21, 2018).*

<sup>5</sup> The Test Year is a Historical Test Year Period consisting of the Base Period (October 1, 2019 through September 30, 2020) and further incorporating all proper adjustments and capital additions.



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1 fuel and purchased power cost adjustment clause (“FPPCAC”) revenues. This  
2 includes a proposed cost of equity of 10.35% and a capital structure of 54.72%  
3 equity and 45.28% debt. SPS’s overall cost of capital requested in this case is  
4 7.61%. SPS is also requesting, among other things, the full recovery of its capital  
5 investment, operations and maintenance (“O&M”) expense representative of its  
6 actual ongoing costs, and new depreciation rates.

7 Inclusive of the rates in the Application and the associated reductions in  
8 SPS’s fuel costs, SPS’s proposed bottom-line rates to customers would be 32%  
9 *below the national average and 23% below the New Mexico average*. SPS is asking  
10 the Commission to provide it with the opportunity to earn a reasonable rate of return  
11 on its investment and to recover its necessary expenses, so it can continue  
12 supporting New Mexico’s economy and moving New Mexico toward a lower  
13 carbon future while maintaining reliable, safe, timely, and affordable service to  
14 customers. While SPS is proposing an authorized return on equity (“ROE”) of  
15 10.35% in its Application, the pace of SPS’s continued investment is such that SPS  
16 projects achieving an actual ROE lower than the proposed authorized level in 2022,  
17 the first full year the rates would be in effect. In the absence of any rate adjustment

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1 at all, SPS's earned ROE would be just 3.62%, even before considering the impact  
2 of additional investments that SPS will continue to make on behalf of its customers  
3 after those reflected in this filing.

4 If approved, SPS's base and miscellaneous tariff revenues will increase by  
5 \$87.8 million on a New Mexico retail basis. However, as discussed above, SPS's  
6 investments in projects like Hale and Sagamore wind are causing customers' costs  
7 under the FPPCAC to drop significantly. As shown in Table DTH-1 below, the net  
8 impact on jurisdictional fuel revenues will be a reduction of \$39.9 million  
9 associated with the addition of the Sagamore wind project. Therefore, the net  
10 increase in retail revenues in New Mexico would be \$47.9 million, which is a  
11 10.05% increase in overall New Mexico retail revenues, including fuel and  
12 purchased energy costs.

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**Table DTH-1**

	<b>Current Revenue</b>	<b>Rate Case Request</b>	<b>Proposed Revenues</b>	<b>Net Revenue Increase</b>	<b>Net Percent Increase</b>
<b>Base Rate Revenue</b>	\$323,042,426	\$87,782,544	\$410,824,970	\$87,782,544	<b>27.17%</b>
<b>Energy Efficiency Revenue</b>	\$12,269,169	-	\$12,269,169	-	
<b>RPS Revenue</b>	\$16,140,703	-	\$16,140,703	-	
<b>Net Non-Fuel Revenue</b>	\$351,452,298	\$87,782,544	\$439,234,842	\$87,782,544	<b>24.98%</b>
<b>Fuel and Purchased Energy Revenue</b>	\$124,666,476	(\$39,921,431)	\$84,754,745,045	(\$39,921,431)	<b>(32.02%)</b>
<b>Total New Mexico Revenue</b>	<b>\$476,118,774</b>	<b>\$47,861,113</b>	<b>\$523,979,887</b>	<b>\$47,861,113</b>	<b>10.05%</b>

2

The drivers of the rate changes requested in this Application, recovery of

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which will allow SPS to continue to serve its customers, are as follows:

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**Table DTH-2**

<b>Cost Driver</b>	<b>Dollar Impact on Rate Increase (\$ millions) (NM Retail)</b>
Sagamore Wind Related (includes Capital, O&M, and Property Taxes)	37.7
Hale Wind additional capital	1.8
Distribution Plant Investment	11.1
Production Plant Investment	8.2
Transmission Plant Investment	4.6
General and Intangible Plant Investment	4.5
Property Taxes	5.8
Depreciation Rate Changes	3.4
SPP Schedule 11 Expense	5.5
Purchased Demand Expense	1.4
Change in O&M Expense	1.8
New Mexico Economic Growth Allocation	11.6
Cost of Equity Capital	11.0
NM Sales Growth Revenues	(19.5)
Lubbock Payout	(1.1)
Other, net	(0.2)
<b>NM Retail Base Revenue Deficiency</b>	<b>\$87.8</b>
<b>Fuel and PTC customer savings</b>	<b>(39.9)</b>
<b>Net increase in total NM revenues</b>	<b>\$47.9</b>

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1           A constructive rate review outcome in this case is essential to having a solid  
2 foundation that allows SPS to continue to meet the expectations of our customers,  
3 respond to southeastern New Mexico’s strong oilfield-related growth, support  
4 economic development within the state of New Mexico, continue renewable growth  
5 consistent with New Mexico policy under the Energy Transition Act, and continue  
6 to support our customers during times of economic stress. SPS’s customer base  
7 benefits from having a financially healthy utility. Even during the current  
8 pandemic, we have seen significant load growth (+9%) in our New Mexico territory  
9 requiring upgrades to our transmission and distributions systems. SPS must be able  
10 to connect new customers and load quickly in order to support its customers’  
11 business needs and the State’s economic growth, while at the same time continuing  
12 to provide those customers with low total-bill rates.

13           Finally, SPS is committed to addressing the effects of the global COVID-19  
14 pandemic on its customers and workforce, safely providing the reliable service our  
15 customers depend on. SPS is working collaboratively to manage challenging  
16 financial circumstances resulting from the current pandemic. SPS, for example,  
17 ceased residential disconnections in advance of the New Mexico Public Regulation  
18 Commission’s (“Commission”) own moratorium and offers numerous payment

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1 plans to help customers maintain service, all while continuing to keep its total rates  
2 among the very lowest in the country. For those critical employees who continue  
3 to work on-site in our communities, we are taking heightened steps to maintain a  
4 clean and safe environment. We continue to closely monitor the spread of  
5 COVID-19 and are in constant communications with local and state agencies as  
6 well as other health organizations to track and coordinate responses. As the  
7 situation develops, our commitment to delivering for our customers and helping  
8 everyone stay safe will continue to be our top priority.

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**I. INTRODUCTION**

**Q. Please state your name, current position, and business address.**

A. My name is David T. Hudson. I am the President of SPS, a wholly-owned electric utility subsidiary of Xcel Energy Inc. (“Xcel Energy”). My business address is 790 S. Buchanan St., Amarillo, Texas 79101. My qualifications and list of prior testimony are provided in Attachment DTH-1.<sup>6</sup>

**Q. How long have you worked for SPS and Xcel Energy?**

A. I have worked for SPS for 37 years.

**Q. On whose behalf are you testifying in this proceeding?**

A. I am testifying on behalf of SPS.

**Q. What is the purpose of your testimony in this proceeding?**

A. My testimony provides an overview of SPS, its operations, and the Company’s commitment to its customers. I summarize the Company’s Rate Filing Package, including the reasons and need for this filing. I also describe how this rate case is an integral part of SPS’s long-term plan to ensure adequate, reliable and economical electric services in our service area, to expand the infrastructure necessary to power

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<sup>6</sup> Attachments DTH-1, DTH-2, and DTH-3 , which I discuss later in my testimony, were prepared by me or under my direct supervision and control.

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1 the regional economy in our service area, and to achieve cost savings for our  
2 customers. As shown in the Company's Rate Filing Package, SPS's total New  
3 Mexico retail cost of service based on a Test Year ended September 30, 2020, as  
4 adjusted for known and measurable changes, is approximately \$410.8 million,  
5 excluding fuel and purchased power cost adjustment clause ("FPPCAC") revenues.  
6 This includes a proposed cost of equity of 10.35% and use of SPS's actual capital  
7 structure of 54.72% equity and 45.28% debt. SPS's overall cost of capital requested  
8 in this case is 7.61%. SPS is also requesting, among other things, the full recovery  
9 of its capital investment, operations and maintenance ("O&M") expense  
10 representative of its actual ongoing costs, and new depreciation rates. If approved,  
11 SPS's base and miscellaneous tariff revenues will increase by \$87.8 million on a  
12 New Mexico retail basis. However, SPS's investments in projects like Hale and  
13 Sagamore wind are causing customers' costs under the FPPCAC to drop  
14 significantly, given that wind power does not have an associated fuel cost.  
15 Furthermore, the federal production tax credits ("PTCs") associated with the Hale  
16 and Sagamore wind projects are credited (including a tax gross up) to customers  
17 through the FPPCAC. As shown in Table DTH-1 below, the net impact on  
18 jurisdictional fuel revenues will be a reduction of \$39.9 million associated with the



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1 addition of the Sagamore wind project. Therefore, the net increase in retail  
2 revenues in New Mexico would be \$47.9 million, which is a 10.05% increase in  
3 overall New Mexico retail revenues, including fuel and purchased energy costs.

4 **Table DTH-1**  
5 **(Restated from Executive Summary)**

	<b>Current Revenue</b>	<b>Rate Case Request</b>	<b>Proposed Revenues</b>	<b>Net Revenue Increase</b>	<b>Net Percent Increase</b>
<b>Base Rate Revenue</b>	\$323,042,426	\$87,782,544	\$410,824,970	\$87,782,544	<b>27.17%</b>
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<b>Fuel and Purchased Energy Revenue</b>	\$124,666,476	(\$39,921,431)	\$84,745,045	(\$39,921,431)	<b>(32.02%)</b>
<b>Total New Mexico Revenue</b>	<b>\$476,118,774</b>	<b>\$47,861,113</b>	<b>\$523,979,887</b>	<b>\$47,861,113</b>	<b>10.05%</b>

6 Constructive rate review is essential to the Company's continued mission  
7 to ensure our customers receive the safe, clean, and reliable energy services they  
8 want at an affordable price. These principles drive our actions along with our

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1           commitment to moving New Mexico toward a lower carbon future. These  
2           principles also translate into a workforce that shares a deep sense of duty to our  
3           communities and other stakeholders. I look forward to working with the New  
4           Mexico Public Regulation Commission (“Commission”) and all stakeholders to  
5           ensure that the new rates established for SPS continue to allow the Company to  
6           make necessary investments in its system to safely and reliably serve its customers,  
7           provide clean affordable energy, and support economic growth within the state of  
8           New Mexico.

1                   **II. COMPANY DESCRIPTION AND GOALS**

2           **A. Company Description**

3   **Q. Can you provide a general description of SPS's electric operations?**

4   A. Yes. SPS is a New Mexico corporation and a wholly-owned electric utility  
5       subsidiary of Xcel Energy. SPS's total company service territory encompasses a  
6       52,000-square-mile area in eastern and southeastern New Mexico, the Texas  
7       Panhandle, and the Texas South Plains. SPS's primary business as an electric utility  
8       is generating, transmitting, distributing, and selling electric energy. SPS provides  
9       retail electric services in New Mexico and Texas and serves approximately 394,000  
10      customers and 93 communities on its two-state system. SPS serves approximately  
11      124,000 customers and 14 communities in New Mexico. The Company's electric  
12      system is comprised of approximately 29 power plant generating units/renewable  
13      energy projects. SPS has more than 23,796 miles of overhead and underground  
14      transmission and distribution lines in its two-state system. A map of the SPS  
15      service area is included as Attachment DTH-2 to my testimony. A map showing  
16      SPS's owned and purchased power resources is Attachment DTH-3 to my  
17      testimony.

18                   SPS has a long history of providing safe, reliable, value-added service to  
19      our customers. Our strategic priorities are to lead the clean energy transition,

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1 enhance the customer experience, and keep customer bills low. We believe that  
2 these priorities are shared by the Commission and stakeholders. Importantly, these  
3 priorities manifest themselves in this rate review filing and everything we do in  
4 New Mexico. It is our goal to be responsive to the needs and desires of our  
5 customers by continually evolving and improving the customer experience, gaining  
6 efficiencies, and reducing carbon emissions without losing sight of our core  
7 competency—safely delivering reliable and affordable electricity supply to  
8 customers.

9 **Q. Are there any aspects of SPS’s New Mexico service territory that are unusual?**

10 A. Yes. Unlike many utility service areas, SPS’s New Mexico service territory is  
11 primarily comprised of large commercial and industrial loads. These New Mexico  
12 commercial and industrial loads are growing rapidly, despite the pandemic. Only  
13 16.3% of SPS’s New Mexico load is residential service.

14 **B. Company Goals**

15 *1. Providing Reasonably Priced and Reliable Electric Service*

16 **Q. Does SPS work to ensure that its customers receive reasonably priced electric  
17 service?**

18 A. Absolutely. SPS is conscious of ensuring that its service is reasonably priced. SPS  
19 has been very successful in this regard, and we have the numbers to prove it. SPS’s

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1 current New Mexico residential price of 10.15 cents per kilowatt-hour (“kWh”),  
2 inclusive of fuel and other revenues, has dropped 3.4% since 2017 (when the price  
3 was 10.51 cents per kWh). If the full request in this case were approved and the  
4 projected fuel cost savings and PTCs from the Sagamore wind Project were  
5 considered, SPS’s residential electric price would be 11.1 cents per kWh. This  
6 represents an increase of 5.7% over the 2017 average price, but is still 16% lower  
7 than the national average of 13.14 cents per kWh and 15% lower than the New  
8 Mexico average of 13.02 cents per kWh. The proposed New Mexico average price  
9 across all customer classes, inclusive of fuel, other revenues, and the Sagamore  
10 wind project savings, would be 7.2 cents per kWh, 32% lower than the national  
11 average price of 10.66 cents per kWh and 23% lower than the New Mexico average  
12 of 9.41 cents per kWh.<sup>7</sup> Please see Charts DTH-1 and DTH-2 (next page).

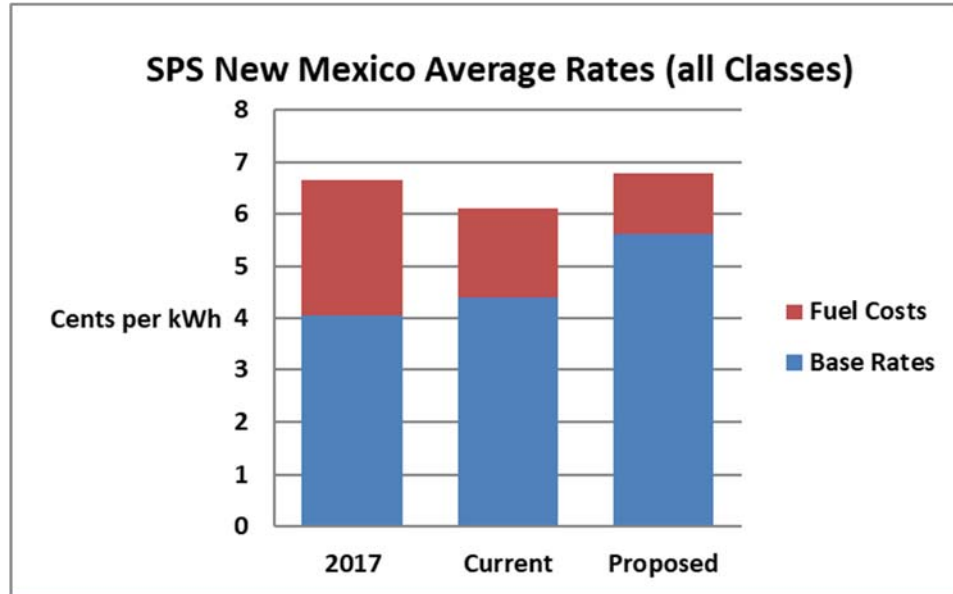
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<sup>7</sup> Source: U.S. Energy Information Administration Electric Power Monthly with Data for August 2020, Table 5.6.B.

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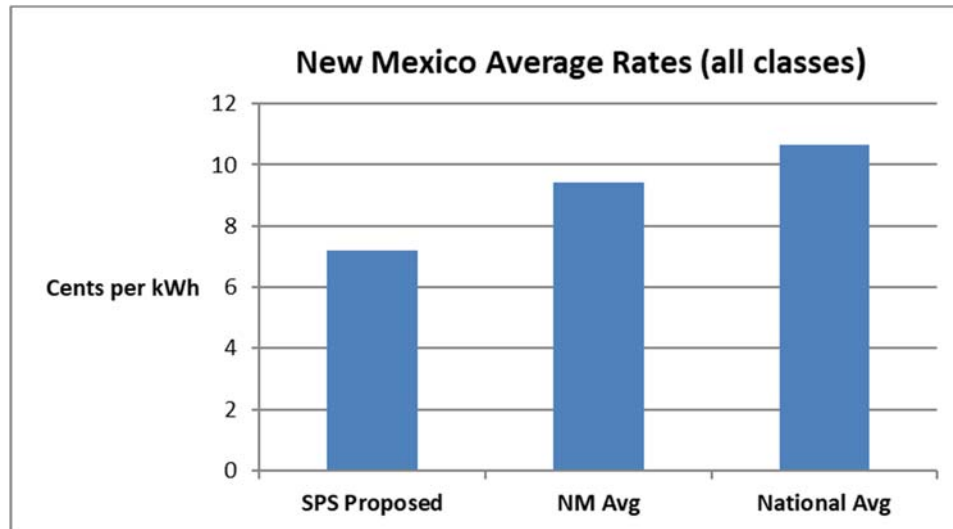
Chart DTH-1



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Chart DTH-2



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1 **Q. In addition to ensuring customers receive reasonably priced electric service, is**  
2 **SPS also working to enhance reliability and resilience?**

3 A. Yes, SPS has been making significant investments to ensure that our New Mexico  
4 customers receive the reliable electric service they need and expect. For example,  
5 we are continuing to modernize the distribution lines and facilities that deliver  
6 power directly to New Mexico customers by upgrading these facilities to a higher,  
7 standard voltage. This provides more options to quickly restore service by moving  
8 electricity from neighboring power sources. These voltage conversions also boost  
9 the economic prospects of older areas by increasing the amount of power available  
10 for new and expanding businesses. And, in an effort to improve grid resilience, we  
11 have upgraded the class of our wooden distribution poles and have increased the  
12 strength of our cross arms by transitioning to fiberglass arms on distribution  
13 structures.

14 We have also made significant information technology (“IT”) investments  
15 due to the need for greater focus on and attention to IT and data solution needs  
16 within the Company. Our investment evolution tracks that of the broader industry  
17 with an upward trend in the technology investments needed to keep pace with the

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1 emergence of cybersecurity issues as well as changing customer expectations.  
2 These investments assist Company operations, protect important data, support  
3 customer service, and help other areas effectively manage O&M to reasonable  
4 levels.

5 *2. Supporting Economic Growth in New Mexico*

6 **Q. How has SPS worked to respond to the economic growth it is experiencing in**  
7 **its New Mexico service territory?**

8 A. We have worked hard to respond to eastern New Mexico's growing economy and  
9 the resulting accelerated demand for new electric service, especially in counties  
10 where oil and natural gas development is foundational to local economies and the  
11 State's tax base. Despite the pandemic, we continue to see year over year growth  
12 in both load and customers in our New Mexico service area. To meet this growth,  
13 we have completed several substation projects in New Mexico to increase capacity,  
14 including substation work in Loving and south Eddy County. We have also  
15 conducted major re-conductor upgrade work in Carlsbad, where there has been  
16 substantial electric customer load growth. Additionally, we are working on partial  
17 voltage upgrades to circuits in the oilfield to relieve loading on substations in the



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1 area. Most new circuits in Lea County and Eddy County are now being built with  
2 a higher 22.9 kilovolt (“kV”) primary distribution network to increase the capacity  
3 and efficiency in large load requests in that service region. SPS continues to  
4 complete key transmission projects that have been identified to increase reliability  
5 and bring required capacity to a growing New Mexico. SPS completed the 34 mile  
6 345kV transmission line between the Eddy County and Kiowa substations this year  
7 on time and under budget. This work is completed and in service and thus included  
8 in the test year New Mexico retail rate base investment.

9 Additionally, we have modified our processes to more closely track the  
10 large number of service requests caused by growth in our New Mexico service area.  
11 As described in our prior rate case, in recent years we added five new  
12 engineer/design employees to support SPS’s New Mexico operations in order to  
13 mitigate the wait time associated with new connection requests. We have also  
14 established contracts with design contract resources to supplement our design  
15 workforce who can be called upon when the economy returns to a more normal  
16 pace of economic activity. An additional land rights agent was also added this year  
17 to timely acquire the necessary right of ways for distribution projects.

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1 **Q. Are these investments made by SPS to support New Mexico's economic growth**  
2 **a significant driver of this rate case?**

3 A. Yes. Even aside from SPS's investment in the Sagamore wind project (the costs of  
4 which are offset by fuel savings), SPS's expenditures on New Mexico infrastructure  
5 supporting economic growth are a significant driver of this rate case.

6 *3. Furthering Our Commitment to Clean Energy*

7 **Q. Please describe SPS's pursuit of clean energy for its customers and**  
8 **communities.**

9 A. More than a decade ago, we began preparing for the future by shaping our  
10 generation fleet to meet the changing needs of customers and economically  
11 transitioning to cleaner sources of energy. We are accomplishing this while  
12 maintaining the system reliability customers expect from SPS and ensuring the  
13 affordability of the service the Company provides. This effort has taken on  
14 additional importance and emphasis in New Mexico in light of the Renewable  
15 Energy Act and particularly with the adoption of the Energy Transition Act. In  
16 New Mexico and neighboring Texas, we have already achieved a 38% reduction in  
17 carbon emissions as of 2020. In 2019, following adoption of the Energy Transition  
18 Act, SPS decided to move forward with the Sagamore wind project and proceeded

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1 with breaking ground on and building the project on time despite the worldwide  
2 pandemic. In 2021, with the output of the Hale and Sagamore wind projects, SPS  
3 expects 46.8% of its electricity provided to customers to come from carbon-free  
4 renewable wind and solar resources. Also, beneficial electrification of customer  
5 operations will decrease customer emissions from the customer's fossil-fueled  
6 mechanical drives.

7 *4. Benefitting Our New Mexico Customers and Communities*

8 **Q. Please describe the overall support that SPS provides to its New Mexico**  
9 **communities.**

10 A. The Company's infrastructure investments generate immediate, well-paying jobs  
11 in the state, opportunities for long-term employment at the Company's facilities,  
12 and increased tax revenues for local and State tax jurisdictions. Our infrastructure  
13 investments also provide necessary support for other businesses and become  
14 engines of economic growth. We work with our communities to provide a more  
15 attractive environment for current residents as well as potential, future residents of  
16 this state. Specifically, by being an active partner and creating an attractive energy  
17 option, we are able to attract businesses to our jurisdiction, which in turn brings  
18 more jobs, health, and vitality to all our communities. Additionally, SPS has a

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1 strong record of supporting local educational institutions, local charities, and non-  
2 profit organizations to improve the quality of life for citizens in our service area.  
3 Xcel Energy and SPS support employee volunteer service on non-profit boards, and  
4 Xcel Energy offers a variety of ways for employees to direct the corporate  
5 philanthropy efforts.

6 SPS and the Xcel Energy Foundation support our community nonprofits  
7 and civic organizations through sponsorships and foundation grants. We target  
8 educational programs that grow Science Technology Engineering and Mathematics  
9 (STEM) instruction as well as partner programs that provide economic  
10 sustainability in our communities. We increased our support in 2020 with  
11 donations to our local United Way agencies and area food banks to offset the  
12 pressure placed on non-profits by COVID-19. We even donated masks to local  
13 medical providers in the early stages of the pandemic to allow their supply chains  
14 time to meet the increased demand for personal protective equipment.

15 Additionally, SPS supports Chamber of Commerce activities through event  
16 contributions as well as local economic development corporation efforts to attract  
17 and develop new business and industry that will strengthen and diversify the  
18 economic base in eastern and southern New Mexico.

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1           Finally, Xcel Energy partners with state and local economic development  
2 organizations to achieve economic growth and job creation. We have utilized a  
3 comprehensive site selection service to establish three certified sites in our New  
4 Mexico service territory that are staged and ready for prospective businesses to  
5 develop immediately. We are working to add a fourth certified site in Roswell.

6 **Q. Are there any third-party indications that SPS is doing a good job of serving**  
7 **its New Mexico customers and communities?**

8 A. Yes. SPS can point to a strong record of achievement in recent years on many of  
9 the issues that are important to our customers, including rapid restoration after  
10 storm events, the rapidly growing petrochemical economy in southeastern New  
11 Mexico, and the renewable energy projects that provide much-needed revenues for  
12 our local communities. SPS currently purchases wind and solar renewable energy  
13 from ten projects in New Mexico with a total of 640 megawatts (“MW”) in installed  
14 capability. (See Attachment DTH-3.)

15           Listed below are some of the honors that Xcel Energy has received in the  
16 past few years.

17 **2020**

- 18           • For the seventh year in a row, Xcel Energy has been honored as one of  
19 the World’s Most Admired Companies by Fortune Magazine. The

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1 utility ranked among the most admired gas and electric companies in the  
2 country.

3 • Xcel Energy was named one of the 2020 World's Most Ethical  
4 Companies by Ethisphere, a global leader in defining and advancing the  
5 standards of ethical business practices.

6 • Xcel Energy received a national 2020 Climate Leadership Award for  
7 top Organizational Leadership, recognizing the company's significant  
8 carbon reductions, as well as support of customers and communities in  
9 achieving their clean energy goals.

10 • The percentage of military veterans in Xcel Energy's workforce topped  
11 10%, an accomplishment noted by the Texas Workforce Commission  
12 when it named the company Veteran Friendly Employer of the Year.

13 • For the fourth year in a row, Xcel Energy has been honored as a best  
14 place to work for lesbian, gay, bisexual, transgender and queer  
15 (LGBTQ) equality. The Minneapolis-based company again earned a  
16 perfect score on the Human Rights Campaign's 2020 Corporate  
17 Equality Index (CEI).

18 **2019**

19 • Xcel Energy was selected among the nation's top corporations for  
20 LGBTQ equality by earning a perfect score on the Human Rights  
21 Campaign's 2019 Corporate Reliability Index.

22 • For the fifth consecutive year, Fortune Magazine ranked Xcel Energy  
23 on its list of World's Most Admired Companies.

24 • A University of Denver analysis confirmed Xcel Energy's carbon  
25 reduction vision is consistent with temperature goals of the Paris climate  
26 agreement.  
27  
28

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- 1                   • Xcel Energy was named to the 2019 Military Times Best for Vets  
2                   Employers rankings, the sixth straight year the company received this  
3                   honor.  
4
- 5                   **2018**
- 6                   • Xcel Energy’s commitment to the community and dedication to hiring  
7                   and retaining military veterans were cited by MilitaryHire.com in its  
8                   naming of Xcel Energy as a 2018 Top Veteran Employer.
- 9                   • Xcel Energy was honored for the fifth consecutive year as “Best of the  
10                  Best Top Veteran-Friendly” by US Veteran’s Magazine.
- 11                  • Xcel Energy was recognized on the Forbes Global 2000 list of World’s  
12                  Best Employers for the second year in a row.
- 13                  • Xcel Energy was recognized by Fortune Magazine as one of the World’s  
14                  Most Admired Companies for the fourth consecutive year.

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1           **III.   OVERVIEW OF THE COMPANY'S RATE REVIEW FILING**

2   **Q.    Please describe SPS's filing in this case.**

3    A.    The Company's filing has been prepared consistent with the requirements of the  
4           applicable statutes, Commission Substantive and Procedural Rules, and prior  
5           Commission orders. SPS's filing is based on a Base Period and Test Year ended  
6           September 30, 2020, and includes capital investment for the five-month period from  
7           October 1, 2020 through February 28, 2021.

8                   The Company's Rate Filing Package includes the sworn direct testimony of  
9           26 internal and external witnesses (some of whom cover multiple subjects), direct  
10          testimony work papers, revised tariffs, required schedules, and schedule work  
11          papers. The filing reflects the considerable effort of many Company employees  
12          and external resources. The filing provides an accurate and transparent view of our  
13          business and is responsive to feedback received during the Company's last rate case  
14          requesting additional clarity on certain issues. The witnesses submitting direct  
15          testimony in support of SPS's Rate Filing Package and the topics they address are  
16          described in SPS witness William A. Grant's direct testimony.



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1 **Q. What is the total non-fuel cost SPS incurs to provide service to its customers**  
2 **in New Mexico?**

3 A. As described and supported in the Company's Rate Filing Package, SPS's total cost  
4 of service based on a Test Year ended September 30, 2020, as adjusted for known  
5 and measurable changes, is approximately \$410.8 million, excluding fuel and  
6 purchased power costs adjustment clause revenues. As previously stated, this  
7 includes a proposed cost of equity of 10.35%, a capital structure of 54.72% equity  
8 and 45.28% debt, and a proposed overall weighted average cost of capital of 7.61%  
9 for the Test Year.<sup>8</sup> As demonstrated by SPS witness Stephanie N. Niemi's direct  
10 testimony, the Company has prepared the filing using actual Base Period books and  
11 records, adjusted for known and measurable changes, and using traditional and  
12 widely accepted ratemaking principles.

13 **Q. Please describe the rate increase SPS is requesting in this case.**

14 A. SPS is asking to increase its base and miscellaneous tariff revenues by \$87.8 million  
15 on a New Mexico retail basis. However, focusing only on the base and  
16 miscellaneous revenue increase does not paint a complete picture. The FPPCAC

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<sup>8</sup> Please refer to the Direct Testimony of Dylan D'Ascendis regarding the proposed cost of equity and to the Direct Testimony of Patricia L. Martin regarding the capital structure.

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1 will be reduced because of the addition of the Sagamore wind project, a significant  
2 wind resource that incurs no fuel cost and yields significant federal PTCs, resulting  
3 in a reduction of \$39.9 million in jurisdictional fuel revenues. The net increase in  
4 jurisdictional revenues taking into account fuel savings and available federal PTCs  
5 is \$47.9 million, or 10.05%. Table DTH-1 above is a summary of the proposed  
6 increase on a New Mexico retail jurisdictional basis, shown on a base revenue and  
7 total jurisdictional revenue basis. Mr. Grant discusses in detail the specifics of  
8 SPS's rate request in his direct testimony.

9 **Q. What effect would the Company's proposed increase have on residential**  
10 **customers?**

11 A. Under the rate request proposed in this proceeding, a typical Residential Service  
12 customer using 900 kWh of energy per month would see a total bill increase of  
13 \$8.86 per month, or 9.13%, compared to current rates.

14 **Q. What does SPS hope to accomplish in this case?**

15 A. SPS's service area economy continues to grow despite the COVID-19 pandemic  
16 and worldwide declines in oil-related consumption. It is an interesting time in New  
17 Mexico, and we are committed to doing our part to support the State's economic  
18 growth. This filing will allow the Company to begin recovering the more than \$165

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1 million on a New Mexico retail basis (\$498 million total company) in capital  
2 improvements that have been made in our service area between October 1, 2019  
3 and September 30, 2020, the Base Period in this case. In addition, SPS forecasts  
4 that it will place in service approximately \$404 million on a New Mexico retail  
5 basis (\$1,237 million total company) of additional capital investment during the  
6 five-month period from October 1, 2020 through February 28, 2021. This amounts  
7 to more than \$569 million in new investment on a New Mexico retail basis (\$1,734  
8 million total company) that has been invested since the period covered by the last  
9 rate case. Table DTH-3 below illustrates capital additions since the last rate case.

**Table DTH-3**

	<b>Additions to Plant-in-Service (Total Company)</b>	<b>Additions to Plant-in-Service (NM Retail)</b>
September 1, 2019 – September 30, 2019 <sup>9</sup>	\$24,748,745	\$7,501,365
October 1, 2019 – September 30, 2020	\$497,979,366	\$165,461,863
October 1, 2020 – February 28, 2021	\$1,236,589,713	\$404,136,631
<b>Total</b>	<b>\$1,759,317,824</b>	<b>\$577,099,859</b>

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<sup>9</sup> The capital additions included in rate base for the first time in this case include all capital additions placed in service from September 1, 2019 through February 28, 2021.

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1   **Q.   Have economic changes within SPS’s New Mexico service area impacted the**  
2       **Company’s cost of service since its last rate case?**

3   A.   Yes. SPS is meeting the needs associated with the economic and load growth in its  
4       New Mexico service areas, particularly in the Eddy County and Lea County  
5       Permian Basin oil and natural gas customer segments. Since the last rate case,  
6       SPS’s New Mexico retail sales in megawatt-hour (“MWh”) have grown 9%, and  
7       SPS has worked tirelessly to connect all customers demanding new power services.  
8       In addition, since the last rate case, SPS’s New Mexico retail peak load has grown  
9       by 115 MW, and the Company is serving this load growth with existing capacity.  
10      SPS’s large commercial and industrial MWh (Primary General and  
11      LGS-Transmission) energy growth has been close to 12% since the last rate case  
12      test year 18 months ago.

13   **Q.   Has SPS’s existing capacity played an important role in the Company’s ability**  
14       **to timely respond to economic and load growth in its New Mexico service area**  
15       **and reduce retail customers’ fuel costs?**

16   A.   Yes. SPS’s New Mexico service area has relied upon and is continuing to utilize  
17      this available capacity in responding to the historic retail load growth. Our service

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1 territory, and the State generally, will continue to benefit from SPS's available  
2 generating capacity as the economy and related demand for additional power within  
3 New Mexico continue to grow. Further, reductions in wholesale sales over the past  
4 several years have freed up existing generation capacity, enabling our New Mexico  
5 retail customers to save money on the fuel portion of their bills and use the available  
6 capacity for the rapidly growing New Mexico retail loads.<sup>10</sup> SPS's rapidly growing  
7 New Mexico large commercial and industrial load growth, along with low natural  
8 gas prices, make the operation of SPS's entire generating fleet, including older gas  
9 resources, beneficial to customers.

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<sup>10</sup> SPS ended the contractual wholesale power sales to West Texas Municipal Power Agency in accordance with the agreements approved in Case Nos. 04-00426-UT and 05-00341-UT and reduced its wholesale sales to four New Mexico electric cooperatives in accordance with the agreement approved in Case No. 10-00074-UT. *In the Matter of the Petition by the Staff of the New Mexico Public Regulation Commission for a Review of the Operations of Southwestern Public Service Company's Fuel and Purchased Power Cost Adjustment Clause*, Case No. 04-00426-UT, and *In the Matter of Southwestern Public Service Company's Application for Approval of (1) Continued Use of Its Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") Using a Monthly Adjustment Factor Pursuant to NMPRC Rule 550, (2) The Existing Variance From Rule 550.14(A), and (3) The Report Regarding Collections Under the Previous Annual FPPCAC Adjustment Clause in Effect During the Period October 2001 Through January 2002, and Collections Under the Existing Monthly FPPCAC for the Period February 2002 Through May 2005*, Case No. 05-00341-UT, Final Order Approving Stipulation at 5 (Aug. 26, 2008); *In the Matter of the Application of Southwestern Public Service Company for Approval of System Average Cost Assignments in the Replacement Power Sales Agreements with Central Valley Electric Cooperative, Inc., Farmers' Electric Cooperative of New Mexico, Inc., Lea County Electric Cooperative, Inc., and Roosevelt County Electric Cooperative, Inc., in Accordance with the Final Orders in Case Nos. 04-00426-UT and 05-00341-UT*, Case No. 10-00074-UT, Final Order Adopting Certification of Stipulation at 2 (Aug. 19, 2010).

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1 **Q. Has SPS worked to successfully control or reduce its cost of service?**

2 A. Yes. The Company works hard to control its operating costs while continuing to  
3 provide safe and reliable service at reasonable rates and has a number of processes  
4 and procedures in place to ensure the Company's costs are properly managed and  
5 remain at reasonable levels.

6 **Q. What are the main factors that have contributed to the need for SPS to seek  
7 an increase in rates?**

8 A. There are three main cost drivers: (1) investments in infrastructure required to  
9 support our service area, to promote economic development, and to maintain and  
10 improve our operations, including investment and operating costs for the Sagamore  
11 wind project; (2) reductions in wholesale transmission service sales; and (3)  
12 changes in depreciation expense, including the requested shorter operating lives of  
13 the Tolk Generating Station assets and the conversions of the Harrington  
14 Generating Station from gas to coal. I'll discuss each of these cost drivers in the  
15 next section of my testimony.

16 **Q. Is approval of SPS's requested rate relief important to support continued  
17 investment in ongoing growth and to maintain high levels of customer service?**

18 A. Yes. It is critical that SPS be able to recover its increased costs and earn a  
19 reasonable return on its capital investments so that it will continue to have

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1 reasonable access to the capital needed to maintain its system and to make the  
2 investments necessary to support New Mexico's growth and economy. We strive  
3 to be responsive to the needs and desires of our customers by continually evolving  
4 and improving the customer experience, and reducing carbon emissions without  
5 losing sight of our core competency—safely delivering reliable and affordable  
6 electricity supply to customers. To achieve these goals, constructive rate case  
7 outcomes are essential. This filing presents the opportunity to establish a solid  
8 foundation that will enable SPS to continue to meet the expectations of our  
9 customers, respond to growth, and support economic development within the state  
10 of New Mexico.





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<b>Cost Driver</b>	<b>Dollar Impact on Rate Increase (\$ millions) (NM Retail)</b>
SPP Schedule 11 Expense	5.5
Purchased Demand Expense	1.4
Change in O&M Expense	1.8
New Mexico Economic Growth Allocation	11.6
Cost of Equity Capital	11.0
NM Sales Growth Revenues	(19.5)
Lubbock Payout	(1.1)
Other, net	(0.2)
<b>NM Retail Base Revenue Deficiency</b>	<b>\$87.8</b>
<b>Fuel and PTC customer savings</b>	<b>(39.9)</b>
<b>Net increase in total revenues</b>	<b>\$47.9</b>

- 1       **A.     Capital Investments**
- 2       **Q.     You testified that SPS’s need to recover and earn a return on and of recent**
- 3       **capital investments is a primary factor driving the requested rate increase.**
- 4       **Why has SPS made these investments?**
- 5       **A.     SPS has an obligation to serve New Mexico retail customers. SPS prides itself on**
- 6       **working with stakeholders and the Commission so that SPS can continue to provide**
- 7       **reliable, affordable and clean electricity for our New Mexico customers’ benefit**
- 8       **and the benefit of the state as a whole.**

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1           In the service of that goal, we have incurred capital expenditures on the  
2 following: (1) replacement, improvement, and expansion of the SPS generation,  
3 transmission, and distribution systems (including the Sagamore wind project  
4 discussed below) for increased adequacy and reliability to serve the growing  
5 customer base in SPS's New Mexico service area; (2) increased North American  
6 Electric Reliability Corporation reliability standards; and (3) increasing mandatory  
7 environmental standards. In short, SPS is making substantial investments in its  
8 system to meet the growing electric loads in New Mexico and to economically meet  
9 renewable portfolio requirements set by the State.

10 **Q. Are these new capital investments that SPS has placed into service currently**  
11 **benefiting New Mexico retail customers?**

12 A. Yes. These capital investments make it possible for SPS to maintain and improve  
13 service and reliability, and some of the new investment allows SPS to import lower-  
14 cost power from elsewhere in the Southwest Power Pool ("SPP") footprint. These  
15 investments also ensure our generation fleet is able to meet customer demand in an  
16 economical and environmentally compliant manner, and the new investment helps  
17 keep fuel costs lower than they otherwise would be. In addition, our capital  
18 investment has been crucial to strengthening the economy in SPS's service area by

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1 helping to foster growth in the New Mexico oil and gas industries and by expanding  
2 the areas available for crop irrigation, among other benefits. SPS's investment in  
3 the economic success of its service area will continue to generate benefits for many  
4 years to come by providing the necessary electrical infrastructure to support better  
5 jobs and a higher standard of living in SPS's service area.

6 **Q. Have these new capital investments also benefited the State of New Mexico as**  
7 **a whole?**

8 A. Yes. SPS's infrastructure investment is powering a region in New Mexico that is  
9 driving the state's economic expansion and strongly impacting the state's revenue  
10 stream, which benefits all New Mexicans. Significant amounts of additional gross  
11 receipts tax revenue were generated in 2019, and two counties—Lea and Eddy—  
12 were responsible for close to two-thirds of that additional revenue, largely through  
13 oil and gas activities. I understand that oil and gas tax revenues support over 33%  
14 of the State's tax revenues. It is no coincidence that Xcel Energy has made  
15 substantial investments in grid improvements in those two counties, keeping pace  
16 with a large increase in electricity demand and ensuring our investments are made  
17 in a timely manner.

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1 **Q. Is the Sagamore wind project a significant capital investment that SPS is**  
2 **seeking to start recovering in this case?**

3 A. Yes. The 522 MW, 240-turbine, wind project was placed into service in December  
4 2020 as planned and is currently benefitting SPS's customers. As SPS witness  
5 Mark Lytal explains in his direct testimony, the project capital cost for Sagamore  
6 wind was \$858 million, including assigned transmission interconnection  
7 infrastructure and an allowance for funds used during construction.<sup>11</sup> That capital  
8 expenditure results in \$37.7 million of the total increase requested by SPS in this  
9 case. However, that amount does not reflect the benefits that customers will enjoy  
10 because of the Sagamore wind project. As described by Mr. Grant and SPS witness  
11 Bennie F. Weeks in detail, Sagamore wind will enable SPS to take advantage of the  
12 federal PTCs associated with the facility for the benefit of SPS's customers through  
13 eligible fuel expense. When this is combined with the net capacity factor  
14 guarantees provided by SPS and the no-fuel cost wind generation, customers will  
15 see significant benefits that will mitigate a substantial portion of the base rate

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<sup>11</sup> The cost of the 478 MW Hale Wind Project was \$700 million. Therefore, the combined average cost per kW for the two wind projects is \$1,562 per kW, which is less than and compares favorably to the \$1,675/kW cost cap approved in Case No. 17-00044-UT.

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1 impact of this capital investment. The totality of these protections and benefits  
2 demonstrate that New Mexico customers will benefit from the Sagamore wind  
3 project.

4 **Q. How can the Commission support the Company's ability to attract the capital**  
5 **investment that is necessary for continued safety and reliability and supportive**  
6 **of economic growth?**

7 A. The Commission's decisions with respect to return on equity ("ROE") and capital  
8 structure will have a significant impact on the ability of the Company to meet its  
9 investment goals in the future. In order to balance the interests of our customers  
10 and investors, SPS is requesting a capital structure comprised of 54.72% equity and  
11 45.28% debt and a cost of equity of 10.35%. Ms. Martin and Mr. D'Ascendis  
12 support the reasonableness of this request and explain that ratings agencies are  
13 keenly aware of the challenges that utilities face when funding large capital  
14 investment projects, as well as other aspects of the utility business that impact cash  
15 flows. Supportive decisions on ROE and capital structure from regulators are  
16 viewed positively by the ratings agencies, which, in turn, provide the ratings by  
17 which utilities ultimately finance necessary capital investment. To put it

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1 differently, better ratings result in better financing opportunities, rates and terms  
2 for utilities, which ultimately benefit customers through a lower cost of debt.

3 **Q. Will a constructive regulatory result in this case benefit customers and the**  
4 **State of New Mexico?**

5 A. Absolutely. SPS is committed to providing the electricity that our region needs to  
6 remain strong and vibrant. Our regional economy cannot grow without a reliable  
7 and robust electric grid, and the construction of that grid is a large part of what is  
8 driving the need for this rate case. We want to help the communities and businesses  
9 in our service area grow, including the farms and ranches that are very important to  
10 our local economy, but the expansion of our facilities requires that we recover our  
11 current costs and earn a reasonable return on our investment. This is all the more  
12 important because, as discussed by Ms. Martin, SPS experienced a downgrade in  
13 its credit rating in the fourth quarter of 2018. This deterioration in SPS's credit  
14 rating was partially due to the lack of regulatory support that SPS experienced in  
15 New Mexico. This current case represents an opportunity for SPS and the  
16 Commission to build a constructive regulatory relationship that changes investor  
17 opinion and ensures that SPS's generation resources and transmission and

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1 distribution systems can meet growth requirements and is safe, resilient and  
2 reliable.

3 **Q. Does SPS's customer mix have a direct impact on its capital requirements?**

4 A. Yes. Unlike many utilities, SPS serves a very large amount of large commercial  
5 and industrial retail load. In fact, approximately 81% of New Mexico retail sales  
6 are to large and small industrial and commercial customers, and at least 54% of  
7 SPS's New Mexico retail jurisdictional sales are to oil and natural gas businesses.  
8 These customers rightfully expect timely, expanded, and reliable capital investment  
9 and reliable electric service from SPS. The predominance of commercial and  
10 industrial customers in SPS's service territory means we must always be prepared  
11 to make substantial investments promptly in order to address the service needs of  
12 our commercial and industrial customers, which can involve significant  
13 incremental load additions, and to thereby support the economy of New Mexico.  
14 As I discuss above, SPS has an obligation to serve, and SPS's ability to respond to  
15 the needs of these customers is in the State's best interest. Table DTH-4 illustrates  
16 SPS's customer sales mix during the Test Year.

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**Table DTH-4**

<b>Retail Class</b>	<b>MWh Sales</b>	<b>Percent</b>
Total Residential	1,193,511	16.30%
Small General Service	151,579	2.07%
Secondary General	725,502	9.91%
Primary General	2,053,489	28.04%
Large General Service- Transmission	2,972,699	40.59%
Small Municipal & School	10,904	0.15%
Large Municipal & School	114,066	1.56%
Irrigation Service	75,816	1.04%
Street Lighting	10,551	0.14%
Area Lighting	15,252	0.21%
<b>Total</b>	<b>7,323,368</b>	<b>100.00%</b>

2 **Q. How has this changed since the last base rate case?**

3 A. Table DTH-5 shows the MWh sales in the last rate case test year and compares  
4 them to the class sales in this case's test year.



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**Table DTH-5**

<b>Retail Class</b>	<b>MWh Sales Case No. 20-00238-UT</b>	<b>MWh Sales Case No. 19-00170-UT</b>	<b>MWh Change</b>	<b>% Change</b>
Total Residential	1,193,511	1,141,353	52,158	4.57%
Small General Service	151,579	158,285	-6,706	-4.24%
Secondary General	725,502	781,806	-56,304	-7.20%
Primary General	2,053,489	1,840,441	213,048	11.58%
Large General Service – Transmission	2,972,699	2,563,356	409,343	15.97%
Small Municipal and School	10,904	11,520	-616	-5.35%
Large Municipal and School	114,066	119,766	-5,700	-4.76%
Irrigation Service	75,816	71,500	4,316	6.04%
Street Lighting	10,551	13,359	-2,808	-21.02%
Area Lighting	15,252	15,369	-117	-0.76%
<b>Total</b>	<b>7,323,368</b>	<b>6,716,755</b>	<b>606,613</b>	<b>9.03%</b>

2

**B. Reduction in Wholesale Transmission Sales**

3

**Q. You previously mentioned that a reduction in SPS’s wholesale transmission sales since its last rate case is a driver of the requested rate increase. Please explain why this is the case.**

4

5

6

**A. As described more fully by Mr. Grant, Lubbock Power & Light (“LP&L”) was previously a wholesale customer of SPS. Although SPS no longer provides**

7

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1 wholesale power service to LP&L, LP&L has remained a wholesale transmission  
2 customer of SPS. However, as a result of a settlement agreement approved the  
3 Public Utility Commission of Texas in Docket No. 47576,<sup>12</sup> LP&L will move  
4 approximately 400 MW of peak load from SPS's transmission system to the  
5 ERCOT power grid in May 2021. This is all a result of the agreements in New  
6 Mexico and Texas to reduce SPS's wholesale power sales to benefit New Mexico  
7 retail customers.<sup>13</sup> As of June 1, 2021, LP&L will no longer be a transmission  
8 customer of SPS. In the Texas docket, LP&L agreed to pay SPS \$24 million for  
9 lost transmission revenues.<sup>14</sup> SPS agreed to credit those revenues to its customers,  
10 including SPS's New Mexico customers, and the credit is reflected in the cost of

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<sup>12</sup> *Application of the City of Lubbock Through Lubbock Power and Light for Authority to Connect a Portion of its System with the Electric Reliability Council of Texas*, PUCT Docket No. 47576 (Mar. 15, 2018).

<sup>13</sup> *In the Matter of the Petition by the Staff of the New Mexico Public Regulation Commission for a Review of the Operations of Southwestern Public Service Company's Fuel and Purchased Power Cost Adjustment Clause*, Case No. 04-00426-UT, and *In the Matter of Southwestern Public Service Company's Application for Approval of (1) Continued Use of Its Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") Using a Monthly Adjustment Factor Pursuant to NMPRC Rule 550, (2) The Existing Variance From Rule 550.14(A), and (3) The Report Regarding Collections Under the Previous Annual FPPCAC Adjustment Clause in Effect During the Period October 2001 Through January 2002, and Collections Under the Existing Monthly FPPCAC for the Period February 2002 Through May 2005*, Case No. 05-00341-UT, Final Order Approving Stipulation at 5 (Aug. 26, 2008).

<sup>14</sup> *Id.* Order at 7.

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1 service analysis. However, LP&L's departure from SPS's system will increase the  
2 transmission costs that are allocated to SPS's retail customers, including those in  
3 New Mexico. Therefore, it is appropriate to reflect the transmission demand  
4 jurisdictional allocation impact as a known and measurable change in this base rate  
5 case as well as the allocated share of the LP&L \$24 million payment to SPS.

6 **C. Depreciation Request**

7 **Q. Please explain the Company's depreciation request.**

8 A. The Company's depreciation request is based on the Technical Update conducted  
9 by SPS witness Dane A. Watson. The Technical Update retains the lives and net  
10 salvage values proposed and supported by Mr. Watson's full depreciation study in  
11 Case No. 19-00170-UT, with the exception of the adjustments to the terminal  
12 retirement dates for Tolk Station and Plant X Unit 3, as well as the conversion of  
13 Harrington Station coal-related facilities to natural gas by the end of the year 2024.  
14 There has also been additional investment in all asset accounts and additions to  
15 their respective depreciation reserves since the last depreciation study. SPS witness  
16 Mark P. Moeller discusses the impact of the new depreciation rates on SPS's Test  
17 Year depreciation expense.

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1                    *I. Tolk Generating Station*

2    **Q. Please describe the Tolk Generating Station.**

3    A. Tolk Station is a two unit 1,082 MW unit steam-powered coal-fueled electric  
4       generating plant in Lamb County, Texas, east of Muleshoe, Texas.

5    **Q. What is the current operating condition of Tolk Station?**

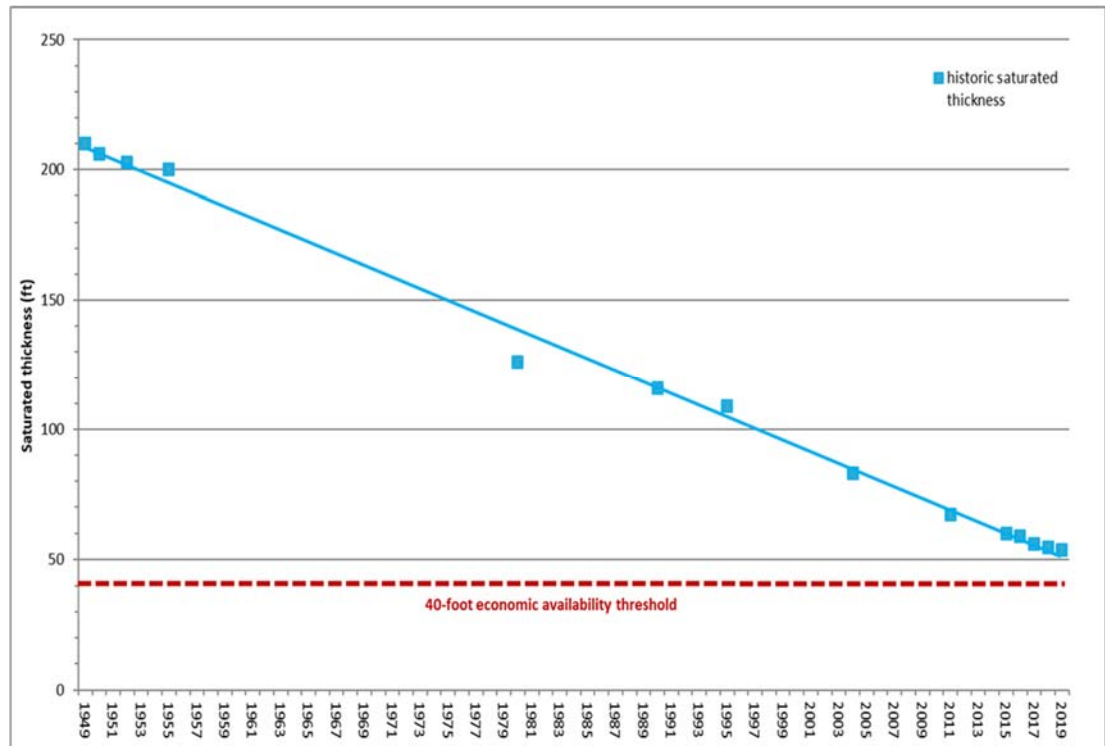
6    A. SPS's has been concerned for years about the availability and longevity of ground  
7       water used to cool the coal units' steam cycles. As SPS witness Richard L. Belt  
8       explains in his testimony, SPS and other stakeholders in the Lamb County, Texas  
9       region of the Ogallala Aquifer have seen a dramatic reduction in the ground water  
10      aquifer level in recent years.<sup>15</sup> This significantly affects SPS because the Tolk  
11      Generating Station requires a significant amount of water to operate and cool the  
12      used steam back into a liquid form so that it can be pumped back to the top of the  
13      boiler. The graph below shows that the ground water table has been declining for  
14      decades due to heavy drawdowns of the aquifer by the agricultural producers in the  
15      region, as discussed by Mr. Belt. See Figure RLB-1 from Mr. Belt's testimony  
16      below.

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<sup>15</sup> This is the same phenomenon that the water wells in the Clovis area are experiencing.

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**Figure RLB-1: Saturated Thickness History of Tolk Wellfield Through 2019**



1

2

3

**Q. How will the lack of groundwater available for the Tolk Generating Station impact SPS's ability to achieve recovery of and on the Tolk investment?**

4

5

A. Because of the lack of groundwater available at reasonable prices, it will be cost-prohibitive to continue operating the Tolk Generating Station past 2032. Therefore, SPS is proposing in this case to change the retirement date of Tolk Units 1 and 2

6

7

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1 for depreciation purposes from 2037 to 2032.<sup>16</sup> SPS is also proposing to increase  
2 the depreciation expense attributable to the Tolk Generating Station to ensure that  
3 impacted portions of the facility are completely depreciated by 2032. Our  
4 projections are that there will no longer be sufficient ground water supplies to cool  
5 the steam cycles at these two coal generating units beyond 2032, even with limited  
6 off-peak operations of the coal plant.

7 In order to maximize the value of the 1,082 MW of Tolk summer capacity  
8 to meet customer demand plus a planning reserve margin, we plan to operate Tolk  
9 only during the four peak months of the year, June through September, so that we  
10 can preserve groundwater. This will elongate the ability to use the valuable  
11 generating capacity during peak period. Otherwise the units would only make it  
12 with the remaining groundwater through the mid 2020's.

13 The generating units have been converted to synchronous condensers to  
14 provide critical network voltage support and power stability as SPS uses more and  
15 more renewables on its electrical network. During the eight off-peak months, the

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<sup>16</sup> The Tolk units will be used for voltage stability purposes through 2055. In its depreciation study, SPS has identified the existing assets at Tolk that will remain to support operation of the synchronous condensers, and SPS is proposing a depreciable life for those assets ending in 2055.

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1 generators will not be powered and, therefore, will not use the precious and scarce  
2 groundwater. The generators will instead be detached from the steam turbines,  
3 spun up to 3600 rpm by motors and then used as synchronous generators.

4 **Q. How did the parties to the Stipulation in SPS's last base rate case, Case No.**  
5 **19-00170-UT, agree to treat Tolk Station's depreciable life in this rate case?**

6 A. The parties to the Stipulation agreed that they would not oppose basing the plant  
7 depreciation life and depreciation rates for Tolk on a 2032 retirement date.

8 *2. Harrington Generating Station*

9 **Q. Please describe the Harrington Generating Station.**

10 A. Harrington Station is a three unit, 1,050 MW steam-powered electric generating  
11 plant located in Potter County, Texas, just northeast of Amarillo, Texas.

12 **Q. When were the three Harrington Station units built, and how old are they**  
13 **now?**

14 A. Unit One went into service in 1976, Unit Two in 1978, and Unit Three in 1980.  
15 The units are now 44, 42 and 40 years old, respectively. These units were originally  
16 designed for a 35-year lifespan.

17 **Q. Do the Harrington Units have sulfur dioxide ("SO<sub>2</sub>") scrubbers on them?**

18 A. No. Since the units burn low-sulfur coal, they have environmental permit levels  
19 that previously did not require installation of additional controls.

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1   **Q.   If the Harrington Units were to continue to operate as they are currently,**  
2       **would scrubbers have to be installed in the future?**

3   A.   Yes. Potter County, Texas, was designated unclassifiable on September 12, 2016  
4       for the 2010 SO<sub>2</sub> National Ambient Air Quality Standards (“NAAQS”) by the  
5       federal Environmental Protection Agency, as published in the *Federal Register* on  
6       July 12, 2016, 81 *Fed. Reg.* 45039. The Texas Commission on Environmental  
7       Quality (“TCEQ”) collected three years of SO<sub>2</sub> emissions data over January 2017  
8       through December 2019. On March 5, 2020, TCEQ Region 1 provided SPS  
9       information indicating an alleged violation of the NAAQS requirements and  
10      referral to enforcement. TCEQ Region 1 informed SPS that the Harrington Station  
11      Power Plant is emitting the majority of SO<sub>2</sub> in the area, contributing to the  
12      exceedance of this NAAQS standard. SPS began discussions with TCEQ on a  
13      compliance plan. Given that the units are now over 40 years old, SPS conducted  
14      studies of its options, including building costly environmental controls, such as dry  
15      scrubbers and dry sorbent injection into the boilers. The installation of scrubbers  
16      is extremely costly (in excess of \$500 million) and thus was not deemed prudent  
17      given the remaining life of the plant. All three boilers are, however, capable of  
18      burning natural gas with minor burner modifications. Natural gas emits much lower



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1 SO<sub>2</sub>. SPS therefore plans to retire the coal components in the plant and run the  
2 units on natural gas starting no later than the end of 2024. The TCEQ has approved  
3 this compliance plan.

4 **Q. So, what is the company requesting with regard to Harrington in this case?**

5 A. SPS is asking to shorten the depreciable lives of the Harrington coal-related assets  
6 for retirement at the end of the year 2024. These coal-related assets to be retired  
7 by 2024 are the coal handling equipment, coal bunkers, coal mills (grinders) ash  
8 handling equipment, soot blower air compressors, ash handling, bag houses and  
9 coal ash precipitator. We will include the natural gas conversion costs in a future  
10 rate proceeding once they are completed and in service. There will also be a  
11 reduction in plant O&M expenses in 2025 due to the retirement of these plant  
12 facilities.



**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN )  
PUBLIC SERVICE COMPANY'S )  
APPLICATION FOR: (1) REVISION OF )  
ITS RETAIL RATES UNDER ADVICE )  
NOTICE NO. 292; (2) AUTHORIZATION ) CASE NO. 20-00238-UT  
AND APPROVAL TO ABANDON ITS )  
PLANT X UNIT 3 GENERATING )  
STATION; AND (3) OTHER )  
ASSOCIATED RELIEF, )  
)  
)  
**SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
)  
)  
APPLICANT. )****

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**VERIFICATION**

On this day, January 3, 2021, I, David T. Hudson, swear and affirm under penalty of perjury under the law of the State of New Mexico, that my testimony contained in Direct Testimony of David T. Hudson is true and correct.

*/s/ David T. Hudson*  
**DAVID T. HUDSON**

## **QUALIFICATIONS AND PRIOR TESTIMONY OF DAVID T. HUDSON**

My name is David T. Hudson. I am filing testimony on behalf of Southwestern Public Service Company, a New Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel Energy Inc. (“Xcel Energy”). I am employed by SPS as President. My duties as President of SPS include overall responsibility for the operations of SPS, including customer and community relations, quality of service, communications, legislative relations, media relations, regulatory administration, and financial performance.

I graduated Cum Laude from Texas Tech University in December 1983, receiving a Bachelor of Science degree in Industrial Engineering. In May 1990, I graduated from West Texas State University (now known as West Texas A&M University), receiving a Master of Business Administration degree.

Since graduating from Texas Tech University in 1983, I have been doing cost-of-service, rate, and regulatory work for SPS, New Century Services, Inc., and Xcel Energy Services Inc., the service company subsidiary of Xcel Energy. I have served in numerous capacities within those companies, including:

- Rate Engineer;
- Supervisory Rate Engineer;
- Senior Engineer of Rate Research;
- Manager of Rate and Economic Research;
- Director, Regulatory and Pricing Administration;
- Director, Electric Business Support for Delivery Services;
- Director, Regulatory Administration;
- Director, Strategic Planning;

- Director, Customer and Community Relations;
- Interim Regional Vice President of Rates and Regulation; and
- President of SPS.

Among other duties in those positions, I have been responsible for the design and implementation of SPS's regulatory strategy and programs, including oversight of rate case applications before the New Mexico Public Regulation Commission ("Commission"), Public Utility Commission of Texas ("PUC"), and the Federal Energy Regulatory Commission ("FERC"). In addition to my rate and regulatory work, I have served in strategic planning and customer and community relations positions for SPS.

In addition to my formal education and my experience at SPS, I have completed the advanced rate design course of the Edison Electric Institute. I have also attended the Public Utility Conference sponsored by New Mexico State University's Center for Management and Professional Development. I am also a licensed professional engineer in Texas, and I am a member of the Texas Society of Professional Engineers and the Institute of Electrical and Electronic Engineers.

I have filed testimony before the Commission in numerous SPS proceedings, including base rate cases, Case Nos. 07-00319-UT, 08-00354-UT, 17-00255-UT and 19-000170-UT. My testimony in those base rate cases encompassed a wide variety of topics, including regulatory policy and rate design. I have testified in other types of Commission cases as well, such as Certificate of Convenience and Necessity, Fuel and Purchased Power Cost Adjustment Clause Continuation and business combination cases. I have also filed testimony with the PUC in various cases, including base rate cases, Docket Nos. 11520, 32766, 35763, 38147, 42004, 45524, 47527 and 49831. In addition, I have been a witness in cases before the Oklahoma

Corporation Commission, the Kansas Corporation Commission, the Wyoming Public Service Commission, and FERC. The following is a listing of the cases in which I have testified.

### **NEW MEXICO PUBLIC REGULATION COMMISSION**

1. Case No. 2113, Application for New Rates Pursuant to Second Revised General Order No. 37.
2. Case No. 2205, Southwestern Public Service Company - General Order No. 37 Compliance Filing and Application for a Variance in the Requirements of Section 5.1 of General Order No. 37.
3. Case No. 2512, In the Matter of the Consideration and Determination Concerning Whether it is Appropriate to Implement the Standards Set Out in Section 712 of the Energy Policy Act of 1992.
4. Case No. 2575, Application of El Paso Electric Company and Central and Southwest Corporation to Merge and Related Approvals.
5. Case No. 2651, In the Matter of Staff's Petition for an Order Requiring Southwestern Public Service Company to Show Cause Why Its "System Purchase Option and Rate Guarantee" is Not in Violation of the Public Utility Act.
6. Case No. 2678, In the Matter of the Application of Southwestern Public Service Company for Approvals and Authorizations to (i) Merge with Public Service Company of Colorado and to Form a Holding Company, (ii) Divest its Non-Utility Subsidiaries, (iii) Issue Securities to the Holding Company, (iv) Amend its General Diversification Plan, and (v) Obtain All Other Approvals and Authorizations Necessary to Effectuate the Merger, Reorganization and Related Transactions.
7. Case No. 2717, In the Matter of Southwestern Public Service Company's Application for Approval of a Certificate of Public Convenience and Necessity to Construct and Operate a 100 MW Class Combustion Turbine Unit at its Cunningham Station Near Hobbs, New Mexico, and Avoided Capacity Cost Filings Under NMPUC Rule 570.18.
8. Case No. 2770, In the Matter of Southwestern Public Service Company's Request for Approvals and Authorizations Necessary to (I) Enter into a Contract for the Purchase of Capacity and Energy from the Phillips Cogeneration Project; and (ii) Contract with its Affiliated Interest, Quixx Corporation, to the Purchase Capacity and Energy from the Phillips Project.
9. Case No. 2771, In the Matter of Southwestern Public Service Company's Advice Notice No. 179 for Proposed Renewable Energy, Photovoltaic Pumping Systems, and Interruptible Irrigation Rates.
10. Case No. 2798, In the Matter of the Commission's Investigation of the Rates for Southwestern Public Service Company.
11. Case No. 3116, In The Matter of the Application of Southwestern Public Service Company for Approvals and Authorizations of the Merger Between New Century Energies, Inc., Southwestern's Parent/Holding Company, Into Northern States Power Company/Xcel Energy Inc., Approval of Southwestern's Second Amended General

- Diversification Plan that Reflects the Merger; and All Other Approvals and Authorizations Required to Effectuate and Implement the Merger.
12. Case No. 3220, Application of Southwestern Public Service Company for approval of Competitive Transition Plan in Accordance with the New Mexico Electric Industry Restructuring Act.
  13. Case No. 3709, Application of Southwestern Public Service Company for approval of Continued Use of its Fuel and Purchased Power Cost Adjustment Clause (“FPPCAC”) using a Monthly Adjustment Factor Pursuant to NMPRC Rule 550, Authorization to Implement the Proposed Monthly Adjustment Factor on an Interim Basis, Granting a Variance from Rule 550.9(a), and Approval of the Reconciliation of its Collections Under the FPPCAC for the Period October 1999 through September 2001.
  14. Case No. 3849, In the Matter of Southwestern Public Service Company’s Application for NMPRC Approval of and Authorization for TRANSLink Transmission Company, LLC to Operate and Control Southwestern’s New Mexico Certificated Transmission Facilities in Accordance with the Proposed Private Power Operating Agreement Between Southwestern Public Service Company and TRANSLink Transmission Company, LLC.
  15. Case No. 04-00060-UT, In the Matter of Southwestern Public Service Company’s Application for an Order Approving and Authorizing (1) Southwestern’s Participation in the Xcel Energy Utility Money Pool, (2) Southwestern’s Class II Transactions Related to its Participation in the Utility Money Pool, and (3) Required Amendments to Southwestern Public Service Company’s General Diversification Plan.
  16. Case No. 03-00371-UT, In the Matter of Staff’s Petition for an Order to Show Cause, for Implementation of Temporary Billing Measures and for an Investigation into Southwestern Public Service Company’s Estimated Billings Practice.
  17. Case No. 04-00253-UT, In the Matter of the Commission’s Determination of the Reasonable Cost Threshold for Renewable Energy.
  18. Case No. 04-00334-UT, In the Matter of Southwestern Public Service Company’s 2003 Annual Portfolio Report and 2004 Annual Portfolio Procurement Plan Pursuant to the Renewable Energy Act (Laws 2004, Ch 65).
  19. Case No. 05-00271-UT, Petition of Southwestern Public Service Company for Approval of Renewable Energy Cost Recovery Methodology in Accordance with Renewable Energy Act, (Laws 2004, Ch 65).
  20. Case No. 05-00341-UT, In The Matter Of Southwestern Public Service Company’s Application For Approval Of (1) Continued Use Of Its Fuel And Purchased Power Cost Adjustment Clause (“FPPCAC”) Using A Monthly Adjustment Factor Pursuant To NMPRC Rule 550, (2) The Existing Variance From Rule 550.14(A), And (3) The Report Regarding Collections Under The Previous Annual FPPCAC In Effect During The Period October 2001 Through January 2002, And Collections Under The Existing Monthly FPPCAC For The Period February 2002 Through May 2005.
  21. Case No. 05-00354-UT, Southwestern Public Service Company’s Annual Renewable Energy Portfolio Report and Petition of Southwestern Public Service Company for Approval of Its Annual Renewable Energy Portfolio Procurement Plan.

22. Case No. 06-00432-UT, In the Matter of Lea Power Partners. LLC's Application for the Location of the Hobbs Generation Station in the SW ¼ of Section 24, Township 18s Range 36E Pursuant to the Public Utility Act, NMSA 62-9-3.
23. Case No. 07-00084-UT, In the Matter of Southwestern Public Service Company's Application for Issuance of a Certificate of Convenience and Necessity Authorizing Southwestern Public Service Company to Construct and Operate 115 and 230 kV Transmission Lines and Substation Facilities that will be Associated with Lea Power Partners, LLC's Hobbs Generating Station in Lea County, New Mexico, and for Approval of the Location of the Proposed 230 kV Transmission Line.
24. Case No. 07-00319-UT, In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Electric Rates Pursuant to Advice Notice Nos. 208 and 209 and All Associated Approvals.
25. Case No. 07-00390-UT, In the Matter of an Investigation into the Prudence of Southwestern Public Service Company's Participation in the Southwest Power Pool Regional Transmission Organization.
26. Case No. 08-00331-UT, In the Matter of the Joint Application of Southwestern Public Service Company and Golden Spread Electric Cooperative, Inc., For Approval of Their Replacement Power Sales Agreement in Accordance with the Final Orders in Case Nos 04-00426-UT and 05-00341-UT.
27. Case No. 08-00354-UT, In the Matter of the Application of Southwestern Public Service Company for Revision of its Retail Electric Rates Pursuant to Advice Notice Nos. 217, 218, and 219 and Request for Expedited Interim Relief Authorizing Recovery of Capacity Related Costs Associated with the New Hobbs Generating Station.
28. Case No. 10-00170-UT, In the Matter of Southwestern Public Service Company's Application For: (1) Issuance of a Certificate of Convenience and Necessity For an Additional Combustion Turbine at Jones Station in Lubbock County, Texas; and (2) Approval of a Contract for the Purchase of Capacity and Energy from Calpine Energy Services, L.P. From 2012 through 2018 in Accordance with Case No. 08-00354-UT.
29. Case No. 17-00044-UT, In the Matter of Southwestern Public Service Company's Application Requesting: (1) Issuance of a Certificate of Convenience and Necessity Authorizing Construction and Operation of Wind Generation and Associated Facilities, and Related Ratemaking Principles Including an 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.
30. Case No. 17-00255-UT, In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 272.
31. Case No. 19-00170-UT, In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 282; Authorization and Approval to Shorten the Service Life of and Abandon its Tolk Generating Station Units; and Other Related Relief.

#### **PUBLIC UTILITY COMMISSION OF TEXAS**

1. Docket No. 6063, Standard Avoided Cost Filing of SPS Pursuant to P.U.C. SUBST. R. 23.66(h)(3).



2. Docket No. 7288, Standard Avoided Cost Filing of SPS Pursuant to P.U.C. SUBST. R. 23.66(h)(3).
3. Docket No. 7934, Standard Avoided Cost Filing of SPS Pursuant to P.U.C. SUBST. R. 23.66(h)(3).
4. Docket No. 8484, Application of Southwestern Public Service Company to Amend Tariff Concerning J. M. Huber Corp.
5. Docket No. 9229, Standard Avoided Cost Filing of SPS Pursuant to P.U.C. SUBST. R. 23.66(h)(3).
6. Docket No. 10836, Standard Avoided Cost Filing of SPS Pursuant to P.U.C. SUBST. R. 23.66(h)(3).
7. Docket No. 11248, Application of Southwestern Public Service Company and Cap Rock Electric Cooperative, Inc. for Certificate of Convenience and Necessity to Construct Transmission Facilities.
8. Docket No. 11520, Petition of the General Counsel for an Inquiry into the Reasonableness of Rates and Services of Southwestern Public Service Company.
9. Docket No. 12592, Application of Cap Rock Electric Cooperative, Inc., to Amend CCN for Proposed Transmission Line and Substation within Midland, Glasscock, Reagan, Upton, Howard, and Mitchell Counties.
10. Docket No. 12700, Application of El Paso Electric Company and Central and Southwest Corporation for Approval to Merge.
11. Docket No. 13827, Application of Southwestern Public Service Company for Approval of Notices of Intent for a 203 MW Phillips Cogeneration Project and a 103 MW Combustion Turbine Project.
12. Docket No. 14980, Application of Southwestern Public Service Company Regarding Proposed Business Combination with Public Service Company of Colorado.
13. City of Spearman, TX, Ordinance No. 676, City of Spearman, Texas PURA Section 2.211 Complaint Against Southwestern Public Service Company.
14. Docket No. 16738, Application of Southwestern Public Service Company to Amend Certificated Service Area Boundaries to Provide for Dual Certification in Hockley and Cochran Counties, Texas.
15. Docket No. 17525, Application of Southwestern Public Service Company for Certificate of Qualifying Facility Purchased Power Contract Under Section 2.209 of PURA 95.
16. Docket No. 19512, Petition of Southwestern Public Service Company for: (1) Reconciliation of its Fuel and Purchased Power Costs for 1995 through 1997; (2) Findings of Special Circumstances.
17. Docket No. 20395, Application of Southwestern Public Service Company for Approval of Preliminary Integrated Resource Plan and for Good-Cause Exception.

18. Docket No. 21190, Application of Southwestern Public Service Company Regarding Proposed Merger Between New Century Energies and Northern States Power Company.
19. Docket Nos. 21952 and 21990, Application of Southwestern Public Service Company for Approval of its Proposed Business Separation Plan Pursuant to PURA § 39.051(e).
20. Docket No. 22351, Application of Southwestern Public Service Company for Approval of Unbundled Cost of Service Rate Pursuant to PURA § 39.201 and Public Utility Commission Substantive Rule § 25.344.
21. Docket No. 23345, Application of Southwestern Public Service Company for Approval of Its Transition to Competition Plan and Related Relief.
22. Docket No. 23718, Application of Southwestern Public Service Company for Authority to: (1) Revise its Fixed Voltage Level Fuel Factors; (2) Surcharge its Historical Fuel Under-Recoveries; (3) Surcharge its Estimated Fuel Under-Recoveries; and (4) Related Good-Cause Waivers.
23. Docket No. 25088, Application of Southwestern Public Service Company to Recover Transition to Competition Costs Pursuant to Section 39-409 of PURA.
24. No. 24229, Remand of Docket No. 14454, Petition of Lamb County Electric Cooperative, Inc. for a Cease and Desist Order Against Southwestern Public Service Company and Petition of Bailey County Electric Cooperative Association for a Cease and Desist Order Against Southwestern Public Service Company.
25. Docket No. 27052, Application of Southwestern Public Service Company to Transfer Functional Control of Electric Transmission Facilities to TRANSLink Transmission Company, LLC, and for Related Relief.
26. Docket No. 26186, Application of Southwestern Public Service Company for: (1) Reconciliation of its Fuel and Purchased Power Costs for 2000 and 2001; and (2) Related Relief.
27. Docket No. 27751, Application of Southwestern Public Service Company for: (1) Authority to Revise its Fuel Factors; (2) Authority to Institute Quarterly Adjustments to its Fuel Factors; (3) Authority to Surcharge its Fuel Cost Under-Recoveries; and (4) Related Good Cause Exceptions.
28. Docket No. 29801, Application of Southwestern Public Service Company for: (1) Reconciliation of its Fuel Costs for 2002 and 2003; (2) A Finding of Special Circumstances; and (3) Related Relief.
29. Docket No. 32766, Application Of Southwestern Public Service Company For: (1) Authority to Change Rates; (2) Reconciliation of Its Fuel Costs for 2004 and 2005; (3) Authority to Revise the Semi-Annual Formulae Approved in Docket No. 27751 Used to Adjust Its Fuel Factors; And (4) Related Relief.
30. Docket No. 34442, Complaint of JD Wind 1, LLC, JD Wind 2, LLC, JD Wind 3, LLC, JD Wind 4, LLC, JD Wind 5, LLC, JD Wind 6, LLC, Against Southwestern Public Service Company.

31. Docket No. 35763, Application of Southwestern Public Service Company for Authority to Change Rates, to Reconcile Fuel and Purchased Power Costs for 2006 and 2007, and to Provide a Credit for Fuel Cost Savings.
32. Docket No. 37901, Southwestern Public Service Company's: (1) Report of Sale of Assets; (2) Request For a Finding that the Sale of Assets is in the Public Interest; (3) Request for Authority to Discontinue Retail Electric Service in its Dually Certificated Service Area Within the City of Lubbock and Adjacent Areas; and (4) Request for Findings Regarding Wholesale Power Sales Agreements.
33. Docket No. 38147, Application of Southwestern Public Service Company for Authority to Change Rates and to Reconcile Fuel and Purchased Power Costs for 2008 and 2009.
34. Docket No. 42004, Application of SPS for Authority to Change Rates and to Reconcile Fuel and Purchased Power Costs for the Period July 1, 2012 through June 30, 2013.
35. Docket No. 45524, Application of Southwestern Public Service Company for Authority to Change Rates.
36. Docket No. 46936, Application of Southwestern Public Service Company for Approval of Transactions with ESI Energy, LLC and Invenergy Wind Development North America LLC, to Amend a Certificate of Convenience and Necessity for Wind Generation Projects and Associated Facilities in Hale County, Texas and Roosevelt County, New Mexico, and Related Approvals
37. Docket No. 47527, Application of Southwestern Public Service Company for Authority to Change Rates.
38. Docket No. 49831, Application of Southwestern Public Service Company for Authority to Change Rates.

#### **PUBLIC UTILITIES COMMISSION OF COLORADO**

1. Docket No. 95A-531EG, Application of Public Service Company of Colorado Regarding Proposed Business Combination with Southwestern Public Service Company.
2. Docket No. 00A-600E, Application of Public Service Company of Colorado for a 345 KV CCN (Tie Line).

#### **FEDERAL ENERGY REGULATORY COMMISSION**

1. Docket No. EL89-50-000, Golden Spread Electric Cooperative, Inc. Rate Investigation.
2. Docket No. ER85-477-010, Southwestern Public Service Company (On Remand).
3. Docket Nos. EC94-7-000 and ER94-898-000, El Paso Electric Company and Central and Southwest Services, Inc., November 11, 1994.
4. Docket No. ER95-1138-000, Southwestern Public Service Company Application for Open Access Transmission Service Tariffs.
5. Docket No. EL95-24-000, Golden Spread Electric Cooperative, Inc. v. Southwestern Public Service Company.

6. Docket No. EC96-2-000, Public Service Company of Colorado and Southwestern Public Service Company, November 9, 1995.
7. Docket No. ER96-1551-000, Public Service Company of New Mexico.
8. Docket No. OA96-200-000, El Paso Electric Company Open Access Transmission Tariff.
9. Docket No. ER00-536-000, Southwestern Public Service Company Rate Application.
10. Docket No. ER04-1174-000, Southwestern Public Service Company and Public Service Company of Colorado Rate Application.
11. Docket No. ER01-205-007, Xcel Energy Services Updated Market-Based Rate Application.
12. Docket No. EL05-19-002, Golden Spread Electric Cooperative, Inc. v. Southwestern Public Service Company.
13. Docket No. ER06-274-000, Southwestern Public Service Company.
14. Docket No. ER08-313-000, Southwestern Public Service Company.
15. Docket No. ER08-749-000, Southwestern Public Service Company.

#### **KANSAS CORPORATION COMMISSION**

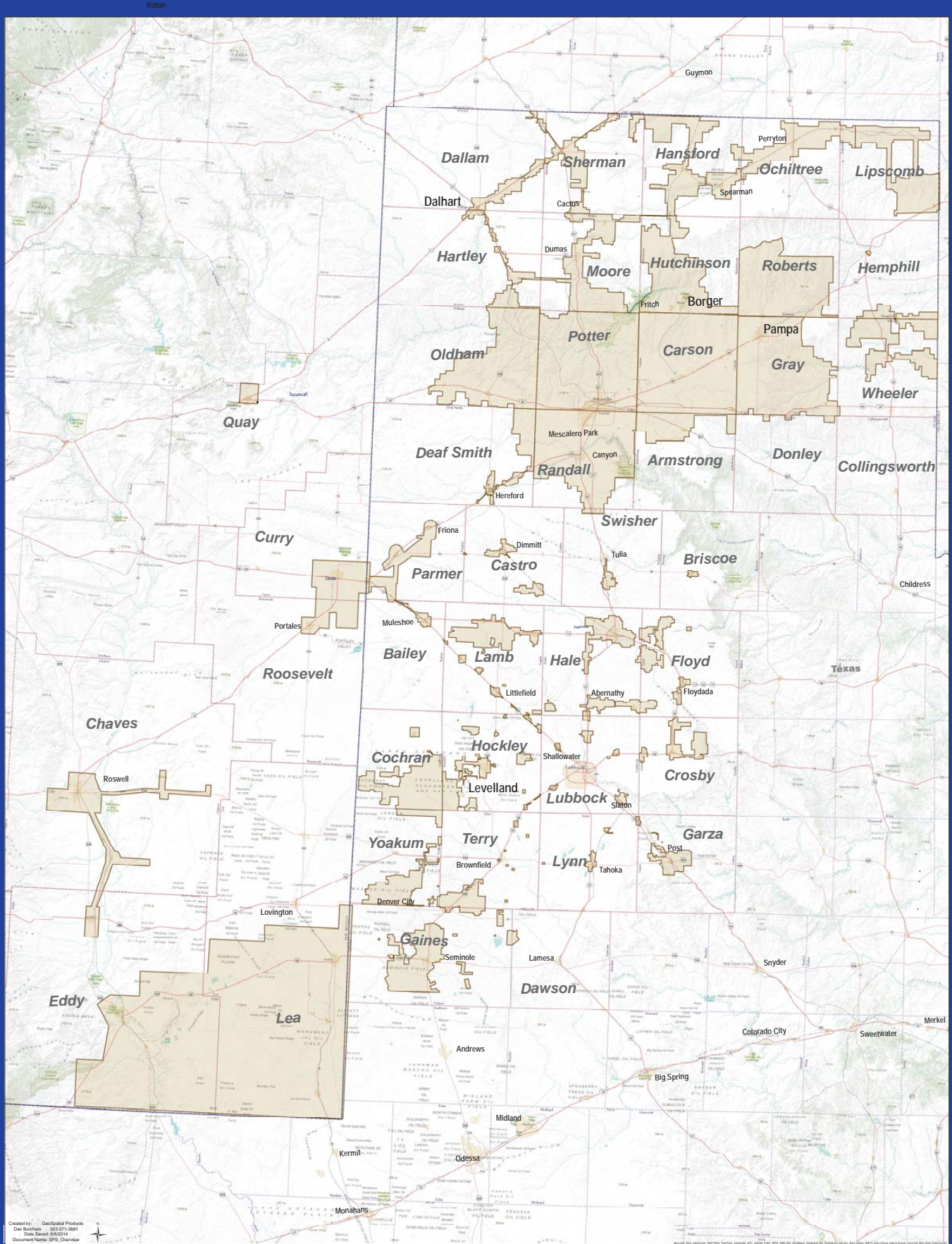
1. Docket No. 99-SWPE-764-MIS, In the Matter of the Application of Southwestern Public Service Company for a Siting Permit for the construction of a 345 kV Transmission Line in Hamilton, Kearny, Finney, Grant, and Stevens Counties, Kansas.

#### **WYOMING PUBLIC SERVICE COMMISSION**

1. Docket Nos. 30005-GA-95-39 and 20003-EA-95-40, Application of Cheyenne Light, Fuel and Power Company (SPS/PSCo Merger).

#### **OKLAHOMA CORPORATION COMMISSION**

1. Cause No. PUD990000037, Application of Southwestern Public Service Company for a Certificate Authorizing it to Create Liens on its Properties in the State of Oklahoma to Secure up to \$105,000,000 Principal Amount of its First Mortgage Bonds.
2. Cause No. PUD 990000621, Application of Ernest G. Johnson, Director of the Public Utility Division of the Oklahoma Corporation Commission to review the Impact of the Merger of the New Century Energy, Inc., with and into Northern States Power Company, On Oklahoma Jurisdictional Customers of Southwestern Public Service Company, a wholly owned Subsidiary of New Century Energy, Inc.
3. Cause No. PUD 200000031, Application of Southwestern Public Service Company for Approval of Merger Savings Credit Rider to Retail Tariffs.



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**XCEL ENERGY INC. SERVICE AREA BOUNDARIES**  
**Southwestern Public Service**

19-04-615

