

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. 282; (2) AUTHORIZATION) **CASE NO. 19-00170-UT**
AND APPROVAL TO SHORTEN THE)
SERVICE LIFE OF AND ABANDON ITS)
TOLK GENERATING STATION UNITS;)
AND (3) OTHER RELATED RELIEF,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT.)
)
_____)**

DIRECT TESTIMONY

of

WILLIAM A. GRANT

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
A&G	Administrative and General
ADIT	Accumulated Deferred Income Tax
Base Period	April 1, 2018 through March 31, 2019
Coffin Renner	Coffin Renner LLP
Commission	New Mexico Public Regulation Commission
DC	Direct current
EEI	Edison Electric Institute
ERCOT	Electric Reliability Council of Texas
FERC	Federal Energy Regulatory Commission
GSEC	Golden Spread Electric Cooperative
Hinkle Firm	Santa Fe office of Hinkle Shanor LLP
kV	Kilovolt
kW	Kilowatt
MOPC	Markets and Operations Policy Committee
MW	Megawatt
MWh	Megawatt-hour
NCF	New Capacity Factor
NSPM	Northern State Power Company, a Minnesota corporation

<u>Acronym/Defined Term</u>	<u>Meaning</u>
NSPW	Northern States Power Company, a Wisconsin corporation
O&M	Operation and Maintenance
OATT	Open Access Transmission Tariff
Operating Companies	NSPM, NSPW, PSCo, and SPS
PNM	Public Service Company of New Mexico
PPA	Purchased Power Agreement
PSCo	Public Service Company of Colorado, a Colorado corporation
PTC	Production Tax Credit
PUA	Public Utility Act
PUCT	Public Utility Commission of Texas
QF	Qualifying Facility
RFP	Rate Filing Package
ROE	Return on Equity
RSC	Regional State Committee
RTO	Regional Transmission Organization
Rule 530	17.9.530 NMAC
SPP	Southwest Power Pool
SPP Tariff	Open Access Transmission Tariff
SPS	Southwestern Public Service Company, a New Mexico corporation

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Staff	Commission Utility Division Staff
Test Year	Historical Test Year Period as defined in 17.9.530.7(S) NMAC, consisting of the Base Period and further incorporating all proper adjustments, such as annualizations and known and measurable changes, and also reflects capital additions that SPS has placed in service or expects to place in service during the period April 1, 2018 through August 31, 2019.
Tolk	Tolk Generating Station
Total company	Total SPS (before jurisdictional allocation)
WACC	Weighted Average Cost of Capital
Winstead Firm	Austin office of Winstead PC
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
WAG-1(CD)	CD containing working versions of all electronic files, including SPS's jurisdictional cost of service model, the class cost allocation study, schedules, attachments, and workpapers
WAG-2	Total Company Amounts and Jurisdictional Percentages (<i>Filename: WAG-2.xlsx</i>)
WAG-3	Summary of Requested Rate Increase (<i>Filename: WAG-3.xlsx</i>)
WAG-4	Map of SPS's High-Voltage Transmission System (<i>Non-native format</i>)
WAG-5	Prior Commitments (<i>Filename: WAG-5.doc</i>)
WAG-6	Total Company Operation and Maintenance Expenses (<i>Filename: WAG-6.xlsx</i>)
WAG-7	Contributions and Donations (<i>Filename: WAG-7.xlsx</i>)
WAG-8	Summary of Rate Case Expenses (<i>Filename: WAG-8.xlsx</i>)
WAG-9	SPP Organizational Chart – 2019 (<i>Non-native format</i>)
WAG-10	Summary of Southwest Power Pool's Cost Allocation Methods (<i>Non-native format</i>)

Case No. 19-00170-UT
Direct Testimony
of
William A. Grant

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is William A. Grant. My business address is 790 South Buchanan
4 Street, Amarillo, Texas 79101.

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

6 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
7 Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel
8 Energy Inc. (“Xcel Energy”). Xcel Energy is a utility holding company that owns
9 several electric and natural gas utility operating companies, a regulated natural
10 gas pipeline company, and three electric transmission companies.¹

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

12 A. I am employed by SPS as Regional Vice President, Regulatory and Strategic
13 Planning.

¹ Xcel Energy is the parent company of four utility operating companies: Northern States Power Company, a Minnesota corporation (“NSPM”); Northern States Power Company, a Wisconsin corporation (“NSPW”); Public Service Company of Colorado, a Colorado corporation (“PSCo”); and SPS (collectively, “Operating Companies”). Xcel Energy’s natural gas pipeline company is WestGas InterState, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also owns three transmission-only operating companies: Xcel Energy Southwest Transmission Company, LLC; Xcel Energy Transmission Development Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which are regulated by the Federal Energy Regulatory Commission (“FERC”).

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1 **Q. Please briefly outline your responsibilities as Regional Vice President,**
2 **Regulatory and Strategic Planning.**

3 A. I am responsible for determining the appropriate planning strategy for SPS. In
4 this role, I work with generation and transmission planning personnel and
5 coordinate with the Southwest Power Pool (“SPP”) on regional policy and cost
6 allocation issues affecting SPS. I am also responsible for:

- 7 • overseeing the activities of the SPS regulatory department to ensure
8 that SPS meets the regulatory requirements of the New Mexico Public
9 Regulation Commission (“Commission”) and the Public Utility
10 Commission of Texas (“PUCT”) as well as FERC; and
11 • overseeing the relationships with the state and federal commissions
12 and managing the relationships and policy decisions with the SPP.

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

14 A. I have over 30 years of experience in both power plant and system operations at
15 Xcel Energy and its predecessors. I have had responsibility for operating several
16 different types of electric generating units ranging from diesel generators, coal-
17 fired steam electric stations, and gas-fired steam units and combustion turbines. I
18 have five years’ experience as a System Operator for the SPS transmission control
19 center. For seven years, I was Director, Power Operations for Xcel Energy
20 Services Inc. (“XES”), where I was responsible for the economic dispatch and
21 analytical support for all of the Xcel Energy Operating Companies, including

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1 SPS. For seven years, I was Manager, Transmission Control Center and Wind
2 Integration for SPS. In 2012, I was named Director, Strategic Planning for SPS.
3 In 2017, I was named Regional Vice President of Regulatory and Strategic
4 Planning.

5 **Q. Please describe your experience with Regional Transmission Organizations**
6 **(“RTO”).**

7 A. Over my career, I have had extensive experience with RTOs and transmission
8 coordination organizations, including serving on a number of committees in SPP
9 and the Western Electricity Coordinating Council. Currently, I serve on the SPP
10 Markets and Operations Policy Committee (“MOPC”) and the Strategic Planning
11 Committee. I have also served on the Consolidated Balancing Authority Steering
12 Committee and the Operations Reliability Working Group, and I have chaired the
13 wind integration taskforce. Additionally, I am familiar with the Midcontinent
14 Independent System Operator (“MISO”) Day 2 Market development and
15 implementation.

16 **Q. Have you testified before any regulatory authorities?**

17 A. Yes. I have testified before the Commission, the PUCT, the Colorado Public
18 Utilities Commission, and the FERC.

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1 **II. PURPOSE AND SUMMARY OF TESTIMONY AND**
2 **RECOMMENDATIONS**

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

4 A. My testimony supports and provides an overview of SPS's Application and the
5 witnesses supporting SPS's requested relief. In particular, I provide testimony on
6 the following topics:

- 7 • an overview of SPS and its operations;
- 8 • the new investment that SPS seeks to include in rate base in this
9 proceeding, including the 478 megawatt ("MW") Hale Wind Project
10 ("Hale Project") that was approved for construction by the
11 Commission in Case No. 17-00044-UT²;
- 12 • SPS's request that the Commission allow SPS to fully recover a return
13 on the Company's generation investment;
- 14 • SPS's compliance with obligations from prior dockets;
- 15 • the reasonableness of SPS's operation and maintenance ("O&M")
16 costs associated with regulatory and general corporate operations;
- 17 • the reasonableness of SPS's professional dues, donations, and
18 contributions;

² *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Issuance of a Certificate of Public Convenience and Necessity Authorizing Construction and Operation of Wind Generation and Associated Facilities, and Related Ratemaking Principals Including and Allowance for Funds Used During Construction for the Wind Generation and Associated Facilities; and (2) Approval of a Purchased Power Agreement to Obtain Wind-Generated Energy, Case No. 17-00044-UT, Final Order Adopting Certification of Stipulation with Modifications (Mar. 21, 2018).*

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- 1 • the reasonableness of SPS’s rate case expenses and related regulatory
2 asset;
- 3 • the services and related charges SPS receives from SPP;
- 4 • the requested Attachment Z2 and Carlsbad Generation Station
5 regulatory assets;
- 6 • approval of SPS’s Depreciation Study and resulting depreciation rates;
- 7 • the requested retirement and abandonment of the Tolk Generating
8 Station (“Tolk”) in 2032; and
- 9 • a summary of the relief that SPS asks the Commission to grant in this
10 case.

11 **Q. Please summarize your testimony.**

12 A. The remainder of my testimony is organized and summarized as follows:

13 Section III – I provide an overview of the filing and SPS’s request for an
14 overall base rate increase of \$50,778,291 for the New Mexico retail jurisdiction
15 and introduce the other SPS witnesses supporting the Company’s request. My
16 testimony explains that the requested increase is largely driven by the \$1,447
17 million (Total Company) in new investment that SPS has placed or expects to
18 place into service between April 1, 2018 and August 31, 2019. Other factors
19 driving the requested revenue requirement include a necessary change in
20 depreciation rates as supported by the Company’s depreciation study and the
21 continuing reduction in SPS’s wholesale purchased power sales.

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1 Section IV – I provide a high-level overview of SPS, including its history,
2 its customer base, and its generation and long-term purchased power resources.

3 Section V – I summarize the \$388 million (NM retail) (\$1,447 million
4 total company) of capital investment that SPS seeks to recover in rates, including
5 the 478 MW Hale Project that was approved for construction by the Commission
6 in Case No. 17-00044-UT. The SPS witnesses supporting the prudence of this
7 capital investment are identified in Section V of my direct testimony.

8 Section VI – I summarize the obligations that have been undertaken
9 voluntarily or imposed on SPS in prior cases and establish SPS’s compliance with
10 those obligations.

11 Section VII – I support the reasonableness and necessity of the
12 Administrative and General (“A&G”) O&M costs in FERC Accounts 901, 902,
13 903, 904, 905, 908, 912, 921, 923, 924, and 928 that SPS seeks to recover. Those
14 costs relate to customer accounts (FERC Accounts 901 through 905), customer
15 service (FERC Account 908), demonstration and selling expense (FERC Account
16 912), office supplies and expenses (FERC Account 921), outside services and
17 consulting attorneys expense (FERC Account 923), property insurance (FERC
18 Account 924), and regulatory expense (FERC Accounts 928 – 928.04).

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1 Section VIII – I support the reasonableness of the professional dues,
2 donations and contributions that SPS seeks to recover under 17.3.350.10 NMAC.

3 Section IX – I support SPS’s request for rate case expenses associated
4 with this case, SPS’s request to recover rate case expenses incurred for Case No.
5 16-00269-UT³, SPS’s request for a one-year amortization of these expenses for
6 those two cases, and SPS’s request for authority to establish a regulatory asset to
7 accrue, with interest, any appellate rate case expenses associated with this case.

8 Section X – I describe the reasonable and necessary services provided to
9 SPS by SPP and support the recovery of those costs in SPS’s base rates.

10 Section XII – I summarize SPS’s request regarding the recovery of and
11 accounting for Attachment Z2 charges imposed by SPP in accordance with the
12 SPP Open Access Transmission Tariff (“OATT”) for the period from 2008-2016
13 and the Company’s request to establish a regulatory asset for the Carlsbad
14 Generating Station.

15 Section XIII – I describe SPS’s request for approval of new depreciation
16 rates.

³ *In the Matter of Southwestern Public Service Company’s Application for Revision of its Retail Rates Under Advice Notice No. 265, Case No. 16-00269-UT, Final Order Partially Adopting Recommended Decision and Dismissing and Ordering SPS to Re-File Application (Apr. 16, 2017).*

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1 Section XIV – I explain SPS’s request for Commission approval to retire
2 and abandon Tolk in 2032 and demonstrate that the Company’s request satisfies
3 the standards set forth in NMSA 1978 § 62-9-5, as well as the four-factor test
4 established in *Commuters’ Committee v. Pennsylvania Public Utility Comm’n*,
5 88 A.2d 420, 424 (Pa. Super. 1952); and

6 Section XV – I summarize the relief that SPS is asking the Commission
7 to grant in this case.

8 **Q. Were Attachments WAG-1(CD)⁴ through WAG-8 prepared by you or under**
9 **your direct supervision or control?**

10 A. Yes.

11 **Q. Are Attachments WAG-9 and WAG-10 true and correct copies of the**
12 **documents you describe in your testimony?**

13 A. Yes.

14 **Q. Do you incorporate the Rate Filing Package (“RFP”) schedules that are**
15 **sponsored or co-sponsored by you into your testimony?**

16 A. Yes. I sponsor RFP schedules B-7, D (all), G-2, H-2, H-3, P-12, and Q-2 and
17 incorporate them into my testimony.

⁴ Attachment WAG-1(CD) is a CD that contains working versions of all electronic files, including SPS’s jurisdictional cost of service model, the class cost allocation study, schedules, attachments, and workpapers.

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1 **Q. How were New Mexico retail jurisdictional amounts in your testimony and**
2 **attachments calculated?**

3 A. Throughout this testimony, I quantify the expense and asset amounts on a New
4 Mexico retail basis based upon the jurisdictional allocation percentages SPS
5 witness Arthur P. Freitas uses to develop the New Mexico retail revenue
6 requirement in his Attachment APF-6. Mr. Freitas is responsible for calculating
7 jurisdictional allocation percentages that apply to the various costs components in
8 the cost of service. My staff and I conferred with Mr. Freitas and his staff to
9 determine these New Mexico retail jurisdictional amounts presented in my
10 testimony and attachments. If the percentages used to allocate amounts to the
11 New Mexico retail jurisdiction change, those new allocation percentages will
12 need to be applied to the total company numbers to derive updated New Mexico
13 retail amounts. Attachment WAG-2 contains the total company numbers and the
14 jurisdictional percentages used to derive the New Mexico retail amounts in my
15 testimony.

1 **III. OVERVIEW OF APPLICATION AND WITNESSES**

2 **A. SPS's Requested Relief**

3 **Q. Please summarize SPS's request for rate relief in this case.**

4 A. SPS's Application requests a total base rate increase of \$50,778,291 on a New
5 Mexico retail basis. Attachment WAG-3 provides a summary of SPS's requested
6 rate increase. The requested rate increase is based upon an April 1, 2018 through
7 March 31, 2019 Test Year Period ("Test Year") along with forecasted capital
8 investment for the period April 1, 2019 through August 31, 2019 as allowed under
9 Sections 62-8-7 and 62-6-14 of the Public Utility Act ("PUA"). The information
10 supporting the Test Year revenue requirement has been developed using 17.9.530
11 NMAC ("Rule 530").

12 **Q. How would the proposed change in base rates affect a typical residential**
13 **customer?**

14 A. Under the rate request proposed in this proceeding, a typical Residential Service
15 customer using 900 kilowatt-hour of energy per month would see a total bill
16 increase of \$7.18 per month, or 7.6%, compared to the current rates.

17 **Q. What are the primary factors that have caused SPS to seek rate relief?**

18 A. As SPS witness and President David T. Hudson explains in more detail in his
19 direct testimony, there are four main cost drivers: (1) investment and operating

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1 costs for the new Hale Project, (2) other investments in infrastructure that were
2 required to support our service area, promote economic development, and to
3 maintain and improve our operations; (3) the further reduction in wholesale power
4 sales; and (4) the new depreciation study SPS is presenting in this case, including
5 the requested shorter operating lives of Tolk assets, and the recovery of
6 investment associated with what has previously been considered SPS's excess
7 generation capacity.

8 **Q. Has SPS included rate case expenses in its requested revenue requirement?**

9 A. Yes. Mr. Freitas included in the cost of service approximately \$2.40 million of
10 rate case expenses that have been incurred or are expected to be incurred in this
11 case by SPS. Mr. Freitas also included \$1.07 million of rate case expenses
12 incurred in Case No. 16-00269-UT.

13 **B. Presentation of Rate Case Information**

14 **Q. What is the Base Period in this case?**

15 A. The Base Period is April 1, 2018 through March 31, 2019. The data presented as
16 the Base Period in this case is unadjusted raw data from the books of SPS,
17 recorded for the Base Period.

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1 **Q. What is the Test Year in this case?**

2 A. The Test Year is a Historical Test Year Period as defined in 17.9.530.7(S)
3 NMAC, consisting of the Base Period and further incorporating all proper
4 adjustments, such as annualizations and known and measurable changes. SPS also
5 seeks to recover capital additions that SPS has placed in service or expects to
6 place in service during the period April 1, 2018 through August 31, 2019.

7 **Q. Has SPS made any known and measurable adjustments to its Test Year?**

8 A. Yes. SPS is making several known and measurable adjustments to the
9 information from the Test Year. Mr. Freitas discusses those known and
10 measurable adjustments in his testimony.

11 **Q. What does SPS consider to be a known and measurable adjustment?**

12 A. Generally speaking, SPS considers a known and measurable adjustment to be an
13 adjustment that is certain and quantifiable. Known and measurable adjustments
14 can relate to events occurring both in the Test Year (in-period adjustments) and
15 outside the Test Year (out of period adjustments). For example, the Company has
16 adjusted its test year direct labor expenses to annualize 2018 calendar year-end
17 base pay and to incorporate a base pay increase that will take effect in 2019. SPS
18 has also adjusted its test year pension and benefits expense to reflect the reduction
19 in actuarially determined pension and benefits expense between 2018 and 2019.

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C. Introduction of SPS Witnesses

Q. Please introduce the other SPS witnesses in this case and their areas of testimony.

A. In addition to my testimony, the following witnesses provide testimony supporting SPS's requests in this case:

Table WAG-1

Witness	Area of Testimony
David T. Hudson	<ul style="list-style-type: none">• Describes the relief SPS is seeking and explains the necessity for the requested base rate increase.• Describes SPS's commitments to provide reliable and affordable electricity, make smart investments for the future, and address environmental concerns.• Describes the challenges that SPS faces, including declining wholesale sales, environmental mandates, and water shortages.
Sarah W. Soong	<ul style="list-style-type: none">• Discusses the financial issues that have important implications for the overall financial integrity of SPS, including the significance of Commission decisions on return on equity ("ROE"), capital structure for the Test Year, and associated cost of financing for SPS's utility operations that should be used for setting rates in this case for SPS's New Mexico retail operations.• Presents SPS's capital structure, cost of debt, and overall required rate of return on its investments.• Discusses SPS's continuing need for access to capital on reasonable terms and SPS's capital expenditure plans.

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Witness	Area of Testimony
Ann E. Bulkley	<ul style="list-style-type: none"> • Presents evidence and provides a recommendation regarding the appropriate cost of equity for SPS. • Explains the methodologies used to arrive at her recommendation, which is based on a proxy group of vertically-integrated electric utilities. • Provides an assessment of SPS’s recommended capital structure as it relates to the cost of equity.
Bryan R. Davis	<ul style="list-style-type: none"> • Explains that SPS maintains its books and records in compliance with Generally Accepted Accounting Principles. • Describes SPS’s recovery of and accounting treatment of SPP’s Attachment Z2 charges for the period from 2008 to 2016.
Laurie J. Wold	<ul style="list-style-type: none"> • Supports SPS’s plant in service balances, including expected plant additions through August 2019, used to determine the Test Year rate base. • Supports SPS’s continued use of unblended book accumulated depreciation and discusses the deferred tax adjustment associated with the depreciation unblending adjustment and calculation of Accumulated Deferred Income Tax (“ADIT”) normalization. • Introduces the depreciation and dismantling studies being presented. Applies proposed depreciation rates to plant balances to develop proposed depreciation expense. • Proposes accounting treatment for the retired Carlsbad Generating Station.
Dane A. Watson	<ul style="list-style-type: none"> • Explains the depreciation analysis philosophy. • Discusses the recent SPS–New Mexico Book Depreciation Accrual Rate Study at December 31, 2018, completed for SPS assets Depreciation Study. • Supports and justifies the recommended depreciation rate changes for SPS assets for the Test Year, based on the results of the Depreciation Study.

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Witness	Area of Testimony
Jeffrey T. Kopp	<ul style="list-style-type: none"> • Describes and supports SPS's Dismantling Study.
Naomi Koch	<ul style="list-style-type: none"> • Supports the amounts of federal and state income tax expense included in the Cost of Service and the amount of ADIT reflected in rate base and explains the role of Internal Revenue Service normalization rules in ratemaking. • Discusses the implications of new federal tax legislation passed in 2015 that extends bonus depreciation and certain federal investment and production tax credits. • Discusses the implications of TCJA, which is federal tax reform law passed in 2017 that lowered the federal income tax rate and made several other changes to deductions previously available to SPS • Quantifies the amount of property taxes in the Test Year.
David C. Harkness	<ul style="list-style-type: none"> • Supports the costs, reasonableness, and necessity of Business Systems capital additions for the period of April 1, 2018 through August 31, 2019.
Casey S. Meeks	<ul style="list-style-type: none"> • Supports the costs, reasonableness, and necessity of Distribution capital additions for the period of April 1, 2018 through August 31, 2019. • Discusses Distribution O&M expense for the Test Year. • Supports proposed tariff modifications associated with area lighting, municipal street lighting and extensions to customers.
Jarred J. Cooley	<ul style="list-style-type: none"> • Supports the costs, reasonableness, and necessity of Transmission capital additions for the period of April 1, 2018 through August 31, 2019. • Discusses Transmission O&M expense for the Test Year.
Bennie F. Weeks	<ul style="list-style-type: none"> • Provides an overview of SPS's resource planning process and evaluation methods. • Discusses the economic analysis that supports SPS's request to move up the retirement date of Tolc to 2032.

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Witness	Area of Testimony
Mark Lytal	<ul style="list-style-type: none"> • Supports the costs, reasonableness, and necessity of the production plant capital additions for the period of April 1, 2018 through August 31, 2019, including the Hale Wind Project. • Discusses SPS’s proposed changes in the useful lives of the Tolk generating units, including considerations underlying why such changes are needed, SPS’s water modeling of various operational scenarios, and cost inputs developed by Energy Supply to SPS’s economic analysis of the Tolk retirement scenarios. • Discusses SPS’s proposed change in the useful life of other generating units. • Discusses and supports the costs of decommissioning and dismantling the Carlsbad Generating Station.
Lawrence A. Bick	<ul style="list-style-type: none"> • Supports the costs, reasonableness, and necessity of Property Services and Physical Security Services capital additions for the period of April 1, 2018 through August 31, 2019. • Discusses Property Services and Physical Security Services O&M expense for the Test Year.
David A. Low	<ul style="list-style-type: none"> • Describes SPS’s generating facilities and its power plant operation, maintenance, outages, and cost control practices. • Discusses energy supply O&M expense for the Test Year.

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Witness	Area of Testimony
Melissa L. Schmidt	<ul style="list-style-type: none"> • Provides an overview of the legal structure and the business area or operational and managerial structure of Xcel Energy and explains how that structure affects SPS. • Explains the XES affiliate accounting processes and how direct and allocated costs are billed from XES, Operating Companies, and other affiliates to and from SPS based on the Service Agreement. • Explains the operation and administration of XES, including the billings, allocation methods, factors, and statistics. • Provides an organization and accounting overview. • Sponsors the accounting for XES affiliate transactions and the affiliate transactions other than XES. • Discusses labor, labor-related and other overhead charges. • Describes how the SCADA system costs are allocated to SPS.
Richard R. Schrubbe	<ul style="list-style-type: none"> • Supports SPS’s request to recover its reasonable and necessary actuarially determined pension and benefit expense. • Supports SPS’s request to recover its active health and welfare costs, which include costs incurred for active health care, miscellaneous benefits, life insurance, and third-party-insured long term disability benefits. • Supports SPS’s request to recover the reasonable and necessary costs incurred for workers’ compensation benefits. • Supports SPS’s request to recover other reasonable and necessary costs associated with benefits, such as the 401(k) match, certain benefit-related consulting costs, and deferred compensation. • Quantifies SPS’s prepaid pension asset and supports the request to continue to include that prepaid pension asset in rate base.

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Witness	Area of Testimony
Michael T. Knoll	<ul style="list-style-type: none"> • Addresses compensation and benefits provided to the employees of SPS and its affiliates. Specifically, base pay costs, annual incentive program costs, long-term incentive program costs, and supplemental incentive program costs included in the Test Year cost of service. • Supports the reasonableness of the compensation and benefit costs included in SPS’s Test Year revenue requirement.
H. Craig Romer	<ul style="list-style-type: none"> • Provides an overview of SPS’s coal procurements under its Coal Supply Agreements with TUCO Inc. for SPS’s Harrington and Tolk coal-fired generation stations. • Explains and supports the reversion of ownership of the Tolk Coal Handling System assets to SPS. • Supports the reasonableness of coal costs included in SPS’s base rates.
Arthur P. Freitas	<ul style="list-style-type: none"> • Presents SPS’s total company and New Mexico retail jurisdictional revenue requirement and sponsors various schedules that support those revenue requirements. • Discusses the various components of the cost of service and the adjustments made to those components, including rate base, operating revenues, O&M expense, A&G expense, taxes other than income taxes, income tax expense, and capital structure. • Supports the jurisdictional and functional allocation used in this proceeding. • Describes the expenses and revenues related to SPS’s wheeling activities, and supports the pro-forma adjustments to these expenses and revenues.
Jannell E. Marks	<ul style="list-style-type: none"> • Describes SPS’s load research function and information used for cost allocation and rate design. • Explains SPS’s weather normalization methodology and adjustments to both sales and demand that have been affected by abnormal weather during the Base Period.

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Witness	Area of Testimony
Richard M. Luth	<ul style="list-style-type: none"> • Explains the development of the annual revenues by rate class for the historical Test Year. • Explains and supports the demand and energy allocation factors for allocating costs among SPS’s New Mexico retail, Texas retail, and wholesale jurisdictions. • Summarizes how the functions involved in providing electric service are reflected in costs and how they serve as the starting point for the Class Cost of Service Study in which costs are assigned to the various New Mexico retail rate classes. • Discusses and supports the allocation of Test Year costs among the New Mexico retail customer classes.
Evan D. Evans	<ul style="list-style-type: none"> • Describes the specific relief that SPS is requesting of the Commission regarding the issues in the Rate Design phase. • Discusses SPS’s compliance with the rate design requirements from NMPRC Case No. 17-00255-UT⁵. • Describes SPS’s proposed distribution of the revenue requirement among the rate classes and present the proof of revenue for the proposed rates. • Explains how SPS has designed the rates necessary to recover the revenue requirement. • Describes the proposed revisions to SPS’s New Mexico retail rule and rate tariffs.

⁵ *In the Matter of Southwestern Public Service Company’s Application for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 272, Case No. 17-00255-UT, New Final Order on Partial Mandate from the New Mexico Supreme Court (Mar. 6, 2019).*

1 **IV. SPS OVERVIEW**

2 **Q. Please generally describe SPS's high voltage system and interconnections**
3 **with other systems.**

4 A. SPS is uniquely located relative to the electrical grids of North America. It is a
5 member of the SPP RTO and is synchronously connected to the eastern grid
6 through interconnections with Mid-Kansas Electric Company, Public Service
7 Company of Oklahoma, Sunflower Electric Power Corporation, and Texas North
8 Company. The three primary interconnections with the SPP are a 230 kilovolt
9 ("kV") transmission power line to Elk City, Oklahoma; a 345 kV transmission
10 power line to Oklaunion, Texas; a 345 kV transmission power line between
11 Amarillo and Holcomb, Kansas; and two 345 kV lines to Woodward, Oklahoma
12 (one connected to the north part of the system and the other at TUCO, close to
13 Lubbock). SPS is also connected to the western grid through three high-voltage
14 direct-current ("DC") back-to-back converters, or DC ties: (1) through
15 interconnections with Public Service Company of New Mexico ("PNM") at
16 Clovis, New Mexico; (2) through interconnections with El Paso Electric
17 Company and PNM at Artesia, New Mexico; and (3) through interconnections
18 with PSCo at Lamar, Colorado. Although SPS operates adjacent to the Electric

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1 Reliability Council of Texas (“ERCOT”) grid, it has no direct interconnections
2 with ERCOT transmission owners. Attachment WAG-4 is a map of SPS’s high-
3 voltage transmission system.

4 **Q. Please describe SPS’s load and generating resources.**

5 A. SPS’s generation peak in the Test Year was 4,648 MW as reported in the 2018
6 FERC Form 1. In the Test Year, coal-fired plants produced 39% of the total
7 megawatt-hour (“MWh”) generated and purchased to meet system needs. SPS
8 currently has an installed net generation capacity of 4,472 MW, with
9 approximately 47% of this capacity in coal-fired plants and 53% in natural gas
10 plants. During the Test Year, 26.8% of SPS’s system needs were served by wind
11 and solar generation. SPS also purchases firm power and energy under long-term
12 purchased power contracts.

13 As part of their power purchases, SPS and its Xcel Energy affiliates have
14 been very active in renewable energy development. According to the American
15 Wind Energy Association, Xcel Energy has been the largest purchaser of wind
16 energy in the country between 2005 and 2017. Table WAG-2 lists each
17 intermittent renewable generator with whom SPS has a long-term purchased
18 power agreement (“PPA”), the location of the generating facility, the nameplate

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1 capacity of the facility, and the year in which SPS began or will begin purchasing
2 renewable intermittent energy from that facility. As of 2018, SPS is purchasing
3 1,640 MW of energy from wind and solar production facilities.

4 **Table WAG-2**

Facility	Location	Nameplate Capacity(MW)	Start Year
Caprock	Quay Co, New Mexico	80	2004
San Juan Mesa	Chaves Co, New Mexico	120	2005
Wildorado	Oldham Co, Texas	161	2007
Sun Edison	Lea/Eddy Co, New Mexico	50	2011
Spinning Spur	Oldham Co, Texas	161	2012
Palo Duro	Hansford Co, Texas	249	2014
Mammoth Plains	Dewey/Blaine Co, Oklahoma	199	2015
Roosevelt	Roosevelt Co, New Mexico	250	2015
Roswell Solar	Chaves Co., New Mexico	70	2016
Chaves County Solar	Chaves Co., New Mexico	70	2016
Bonita (Lorenzo)	Crosby Co., Texas	80	2018
Bonita (WildCat Ranch)	Cochran Co., Texas	150	2018

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1 In addition, SPS currently purchases intermittent renewable energy at
2 avoided costs from numerous Qualifying Facility (“QF”) wind generation
3 facilities in the Texas Panhandle. Counting the intermittent renewable energy
4 purchased through long-term PPAs, the intermittent renewable energy received
5 from QFs, the 478 MW from the Hale Wind Project and the 522 MW from the
6 planned Sagamore Wind Project, SPS’s system resources will include over 2,900
7 MW of intermittent renewable energy for its customers.

8 **Q. Does SPS also make wholesale sales?**

9 A. Yes. Historically, wholesale power sales and transmission services have been a
10 significant business segment for SPS and are regulated by FERC pursuant to the
11 Federal Power Act. However, SPS’s wholesale sales have steadily declined in
12 recent years as a result of agreements that SPS entered into with its wholesale
13 customers during the period from 2007 through 2010. Golden Spread Electric
14 Cooperative (“GSEC’s”) purchases of wholesale power from SPS declined from
15 500 MW to 300 MW on June 1, 2015 in accordance with a Replacement Power
16 Sales Agreement between SPS and GSEC. And as I explained earlier, on June 1,
17 2017, GSEC ceased all purchases of wholesale power from SPS. The sales to the
18 four New Mexico electric cooperatives also declined by 80 MW on June 1, 2017.

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1 The contract with West Texas Municipal Power Authority (“WTMPA”) also
2 expired on May 31, 2019, and the Lubbock Power & Light partial requirements
3 contract of 170 MW started June 1, 2019. This represents a reduction of 349 MW.

4 **Q. Do the reductions in wholesale sales volumes affect SPS’s retail customers?**

5 A. Yes. Those reductions affect SPS’s retail customers in three ways. First,
6 reducing wholesale sales frees up lower-cost generating resources that can be
7 used to serve retail customers. That has the effect of lowering the system average
8 fuel costs paid by retail customers. In fact, SPS’s customers have been benefiting
9 from the lower system-average fuel costs caused by the 580 MW reduction in
10 GSEC’s purchases since that reduction took effect on June 1, 2015, and retail
11 customers will benefit even more from the reductions that occurred on June 1,
12 2019, which total 349 MW.

13 Second, the reduction of the wholesale sales also enables SPS to avoid or
14 defer the need to either construct or acquire new generating resources to serve
15 these wholesale loads. This benefits SPS’s retail customers because new
16 generation generally has significantly higher investment costs than older,
17 depreciated generation resources.

18 Finally, the reduction in wholesale sales means that more of SPS’s costs
19 will be allocated to the New Mexico and Texas retail jurisdictions. In this case,

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1 SPS has adjusted the jurisdictional allocators to reflect the departure of 349 MW
2 of WTMPA load in 2019. That change requires the jurisdictional allocators to be
3 adjusted, with the effect that more costs will be shifted to the retail jurisdictions.

1 **V. RECOVERY OF CAPITAL INVESTMENT**

2 **A. Requested Capital Additions**

3 **Q. What amount of new capital investment does SPS seek to recover in this**
4 **case?**

5 A. SPS seeks to begin recovering approximately \$388 million, on a New Mexico
6 retail basis, of new capital investment that SPS either placed in service or expects
7 to place in service during the 17-month period from April 1, 2018 through
8 August 31, 2019.⁶ These capital investments were prudently incurred to construct
9 the Hale Project for the benefit of SPS's customers, support and promote
10 economic development within SPS's service area, and maintain and improve the
11 Company's operations.

12 **Q. Please summarize the capital investment SPS placed into service during the**
13 **Test Year (April 1, 2018 through March 31, 2019) and the SPS witnesses that**
14 **support the reasonableness and necessity of this investment.**

15 A. During the Test Year, SPS placed in service, on a New Mexico retail basis:
16 • Approximately \$11.4 million of production plant investment during the
17 Test Year. Mr. Lytal and Ms. Wold support those capital additions;

⁶ As permitted under Section 62-6-14 of the PUA and Commission precedent, SPS has included investments that it will place in service during the five-month period from April 1, 2019 through August 31, 2019.

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- 1 • Approximately \$52.5 million of transmission investment during the Test
2 Year. Mr. Cooley and Ms. Wold support those capital additions;
- 3 • Approximately \$35.5 million of distribution investment during the Test
4 Year. Mr. Meeks and Ms. Wold support those capital additions; and
- 5 • Approximately \$11.7 million of general plant investment during the Test
6 Year. Mr. Harkness, Mr. Bick, Mr. Lytal, Mr. Cooley, Mr. Meeks, and
7 Ms. Wold support those capital additions.

8 **Q. Is SPS seeking to include in rate base any other investment during the Test**
9 **Year in this case?**

10 A. Yes. SPS is seeking Commission approval to include \$5.1 million of intangible
11 plant investment placed in service during the Test Year. Mr. Harkness, Mr.
12 Cooley, Mr. Meeks, and Ms. Wold support those capital additions.

13 **Q. Please summarize the capital investment SPS placed into service or expects**
14 **to place into service for the period April 1, 2019 through August 31, 2019 and**
15 **the SPS witnesses supporting the reasonableness and necessity of this**
16 **investment.**

17 A. During the period April 1, 2019 through August 31, 2019, SPS has either placed
18 into service or expects to place into service, on a New Mexico retail basis, the
19 following investment:

- 20 • Approximately \$207.6 million in production plant projects. Mr. Lytal
21 and Ms. Wold support those capital additions;

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- 1 • Approximately \$42.6 million in transmission plant projects. Mr.
2 Cooley and Ms. Wold support those capital additions;
- 3 • Approximately \$15.2 million in distribution plant projects. Mr.
4 Meeks and Ms. Wold support those capital additions; and
- 5 • Approximately \$5.7 million in general plant projects. Mr. Harkness,
6 Mr. Bick, Mr. Lytal, Mr. Cooley, Mr. Meeks, and Ms. Wold support
7 those capital additions.

8 **Q. Is SPS seeking to include in rate base any other investment during the period**
9 **April 1, 2019 through August 31, 2019?**

10 A. Yes. Approximately \$1.0 million is attributable to intangible plant projects that
11 SPS placed in service or expects to place in service from April 1, 2019 through
12 August 31, 2019. Mr. Harkness and Ms. Wold support those capital additions.

13 **Q. Please summarize the new capital investment by function and by time period.**

14 A. Table WAG-4 (next page) contains a summary of the amount placed in service on
15 a Total Company basis and Table WAG-5 (next page) contains a summary of the
16 amount placed in service on a New Mexico retail basis.

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**Table WAG-4
Total Company Amount Placed in Service**

Function	Additions to Plant in Service April 1, 2018 – March 31, 2019	Expected Additions to Plant in Service April 1, 2019 – August 31, 2019	Total Requested Additions to Plant in Service
Production	\$ 41,054,425	\$ 725,202,369	\$ 766,256,794
Transmission	256,772,854	197,518,296	454,291,150
Distribution	100,309,251	42,296,556	142,605,807
General	42,013,242	20,445,307	62,458,549
Intangible	18,371,298	3,502,538	21,873,836
Total	\$ 458,521,070	\$ 988,965,065	\$ 1,447,486,135

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**Table WAG-5
New Mexico Retail Amount Placed in Service**

Function	Additions to Plant in Service April 1, 2018 - March 31, 2019	Expected Additions to Plant in Service April 1, 2019 – August 31, 2019	Total Requested Additions to Plant in Service
Production	\$ 11,364,395	\$ 207,638,742	\$ 219,003,137
Transmission	52,507,979	42,633,164	95,141,143
Distribution	35,534,299	15,199,329	50,733,628
General	11,663,475	5,675,909	17,339,383
Intangible	5,101,149	972,354	6,073,503
Total	\$ 116,171,298	\$ 272,119,498	\$ 388,290,795

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1 **Q. Please describe the Hale Project that SPS has recently placed into service.**

2 A. The Hale Project is a 478 MW wind generating plant with associated facilities
3 located in Hale County, Texas. The cost of the Hale Project totaled
4 approximately \$712.5 million (total company) and it began commercial
5 operations in June 2019. The construction of the Hale Project was approved by
6 the Commission in Case No. 17-00044-UT. Mr. Lytal discusses the Hale Project
7 in more detail as well as the cost controls and processes SPS has in place to
8 ensure that its capital investments are reasonable, necessary, and prudently
9 incurred.

10 **Q. Will New Mexico customers benefit from the Hale Project?**

11 A. Yes. The Hale Project will enable SPS to take advantage of the federal
12 Production Tax Credits (“PTC”) associated with those facilities for the benefit of
13 SPS’s customers. More specifically, following the Initial Period,⁷ SPS will credit
14 customers, through eligible fuel expense, with the New Mexico retail portion of
15 the PTCs, including an income tax gross-up, associated with generation from the
16 Hale Project. As part of the stipulation reached in Case No. 17-00044-UT, SPS

⁷ “Initial Period” is defined as the shorter of 30 days after commercial operation or the period from commercial operations until the first day of the Rate Case Suspension Period as defined in Section IV(D)(1) of the *Notice of Signatories Concurrence in Final Order Adopting Certification of Stipulation with Modification* in Case No. 17-00044-UT.

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1 also agreed to provide New Mexico customers with various cost protection
2 measures. In addition to the capital cost cap provided for in the stipulation, SPS
3 has assured that New Mexico retail customers will receive a minimum production
4 guarantee up to the level of the 48% net capacity factor (“NCF”), starting for the
5 Hale Project with the first full calendar year after commercial operation. More
6 specifically, SPS agreed that if the level of production is determined to be less
7 than a 48% NCF, SPS would calculate the amount of cost that was not avoided
8 and make the customer whole as if the facility generated 48%. SPS has also
9 agreed to perform an analysis as specified in the stipulation to ensure that there is
10 no net cost for customers for the first ten years of the operation of the wind
11 facilities. These protections, coupled with the other benefits provided for in the
12 stipulation, demonstrate that New Mexico customers will benefit from the Hale
13 Project.

14 **Q. Does SPS’s inclusion of the Hale Project in this case comply with the capital**
15 **cost cap established in Case No. 17-00044-UT?**

16 A. Yes. The cost of the Hale Project is \$712.5 million. The gross plant in service
17 amount included in the Company’s rate filing is \$1,491 per kilowatt (“kW”)
18 (installed), which does not exceed \$1,675 per kW (installed).

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1 **Q. Has SPS complied with the requirements established in Case No.**
2 **17-00044-UT with regard to depreciation issues?**

3 A. Yes. SPS has conducted a full depreciation study and results of that study are set
4 forth in the direct testimony of Ms. Wold.

5 **B. Available Generating Capacity**

6 **Q. Please summarize the Commission's treatment of SPS's available generating**
7 **capacity in its last rate case.**

8 A. In SPS's last base rate case, Case No. 17-00255-UT, the Hearing Examiner
9 recommended and the Commission adopted a disallowance for the return on 5%
10 of SPS's generation, based on the belief that SPS's excess generating capacity
11 was not fully used and useful. SPS is requesting that the Commission reconsider
12 that decision in this case.

13 **Q. Does the current state of New Mexico's economy and the growing demand**
14 **for power services warrant reconsideration of the Commission's prior**
15 **treatment of SPS's available generating capacity?**

16 A. Yes. The current economic conditions in New Mexico now justify a conclusion
17 that all of SPS's available generating capacity is used and useful and should be
18 recovered in rates. As Mr. Hudson explains in his direct testimony, SPS's

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1 existing capacity is playing an important role in the Company's ability to timely
2 respond to historic retail load growth in its New Mexico service area. In addition,
3 SPS has, in the last several months, begun using all of its gas-fired generation to
4 economically produce electricity on various days to meet the over system needs.
5 This is due to the fact that oil production activities have produced excess natural
6 gas and natural gas pipelines in the region are at capacity. As a result, the price of
7 natural gas in this region has been substantially discounted as compared to the
8 Henry Hub price of natural gas on the New York Mercantile Exchange. In fact,
9 over the past few months, the price of natural gas has been near zero, and even
10 negative on certain days. This has allowed SPS to economically utilize all of its
11 natural gas-fired generating assets.

12 **Q. From the perspective of SPS's New Mexico retail customers, if SPS were to**
13 **retire units, which units would be the best to retire?**

14 A. SPS would retire the oldest and most inefficient units first. For example in SPS
15 recent docket, Case No. 18-00329-UT⁸, SPS had proposed to retire Cunningham
16 1, Plant X 1, and Plant X 2.

⁸ *In the Matter of Southwestern Public Southwestern Public Service Company's Application Requesting Approval to Retire and Abandon Plant X Generating Station Unit 1, Plant X Generating Station Unit 2, and Cunningham Generating Station Unity 1, and Determination of Related Ratemaking Principles and Treatment*, Case No. 18-00329-UT, Final Order Adopting Recommended Decision (Jun. 12, 2019).

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1 **Q. Why would SPS select these units to retire?**

2 A. These would be the best units to retire for a few reasons. First, they are the most
3 inefficient units when it comes to converting fuel to electricity. These three units
4 are non-reheat units and are about 30% more costly than reheat units such as
5 Cunningham 2, Jones steam units, and the other gas steam units on the system.
6 Second, the units are getting close to being 70 years old and employ older
7 technology and are reaching the end of their useful lives.

8 **Q. Why did SPS not retire these units and instead, ask the Commission to allow**
9 **the Company to withdraw its case?**

10 A. SPS determined that with the current conditions and the availability of the below
11 market gas in the SPS area, even with the inefficiency of the units, it was
12 beneficial for the customers for SPS to keep the older inefficient units in service.
13 Even with the units being more than 30% more inefficient to convert gas to
14 electricity, the prices at the units were more than 30% below the available gas
15 prices at other units therefore making them more economic because of the gas
16 prices. At times, the inefficient units have been paid to burn gas, which makes
17 them even more economical in those situations. Please refer to Table WAG-6 for
18 the output of SPS generators during the Test Year.

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**Table WAG-6
SPS Generator Output During Test Year**

Plant Name	Unit ID	Generation (Net MWh)	Net Dependable Capacity (MW)	Available Power %
Cunningham	Unit 1	381,124	71	61.3%
Cunningham	Unit 2	700,150	196	40.8%
Cunningham	Unit 3	194,996	109	20.4%
Cunningham	Unit 4	533,687	109	55.9%
Harrington	Unit 1	1,669,637	347	54.9%
Harrington	Unit 2	2,709,852	347	89.1%
Harrington	Unit 3	2,103,084	347	69.2%
Jones	Unit 1	1,220,982	243	57.4%
Jones	Unit 2	1,028,901	243	48.3%
Jones	Unit 3	406,178	169	27.4%
Jones	Unit 4	434,509	169	29.3%
Maddox	Unit 1	568,569	118	55.0%
Maddox	Unit 2	284,269	60	54.1%
Nichols	Unit 1	313,915	107	33.5%
Nichols	Unit 2	364,872	106	39.3%
Nichols	Unit 3	626,389	244	29.3%
Plant X	Unit 1	100,843	48	24.0%
Plant X	Unit 2	246,154	102	27.5%
Plant X	Unit 3	352,281	103	39.0%
Plant X	Unit 4	916,550	189	55.4%
Tolk	Unit 1	2,472,172	540	52.3%
Tolk	Unit 2	2,324,644	540	49.1%
Total		19,953,758		

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1 **VI. COMMITMENTS FROM PRIOR CASES**

2 **Q. Has SPS complied, or is SPS in the process of complying, with the**
3 **Commission’s final orders issued during the preceding five-year period?**

4 A. Yes. In addition to the requirements I just discussed regarding the Hale Project,
5 over the last five years (2014-2019), various reporting and program obligations
6 have been imposed on SPS by the Commission in a variety of cases. SPS’s cases
7 during the past five years have included: (1) annual renewable energy
8 procurement filings; (2) energy efficiency program filings; (3) securities and
9 related financial filings; (4) PPA approval filings; (5) commission investigations;
10 (6) certification of generation and transmission facilities; (7) customer complaint
11 cases; (8) Fuel and Purchased Power Cost Adjustment Clause filings; and (9) rate
12 cases. Compliance matters, commitments, and obligations from prior cases or
13 non-rate case commitments are detailed in Attachment WAG-5 to my testimony.

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1 These costs include labor, materials, and other non-fuel O&M costs as reflected
2 on Attachment WAG-6.

3 **Q. Do other SPS witnesses also support these expenses?**

4 A. Yes. Ms. Schmidt, Mr. Knoll, and Mr. Schrubbe provide testimony regarding
5 labor and associated costs. Mr. Meeks supports a portion of the FERC Account
6 903 expenses.

7 **Q. What types of charges are included in the FERC accounts that you sponsor?**

8 A. These FERC accounts include O&M expenses comprised of both native SPS costs
9 and affiliate charges. Native SPS costs are those costs incurred directly by SPS to
10 provide electric service to its customers. These costs include labor, materials, and
11 other non-fuel O&M costs. For example, the salaries of SPS employees are
12 native costs. In addition, SPS receives services provided by XES, a centralized
13 service company, which are in addition to, and not duplicative of, the services that
14 SPS employees provide. XES provides these services “at cost,” or without profit.
15 Finally, O&M expenses also include charges to SPS from other Operating
16 Companies or affiliated interests. Similar to the charges from XES, these services
17 are charged to SPS “at cost” and generally involve emergency services, such as
18 storm restoration activities. Ms. Schmidt provides additional details regarding the

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1 methodology of charging affiliate costs to SPS from XES and other affiliated
2 interests.

3 **Q. What types of costs are associated with FERC Account 901, Customer**
4 **Account Supervision?**

5 A. This account includes the cost of labor and expenses incurred in the general
6 direction and supervision of customer accounting and collecting activities.

7 **Q. What types of costs are associated with FERC Account 902, Meter Reading?**

8 A. This account includes the cost of labor and expenses incurred in reading customer
9 meters.

10 **Q. What types of costs are associated with FERC Account 903, Customer**
11 **Records and Collection?**

12 A. This account includes the cost of labor and expenses incurred in work on
13 customer applications, contracts, orders, credit investigations, billing and
14 accounting, collections and complaints.

15 **Q. What types of costs are associated with FERC Account 904, Uncollectible**
16 **Expenses?**

17 A. This account includes billed commodity revenue for electric service that is
18 considered uncollectible from customers. Commodity revenue refers to the

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1 revenue billed to SPS's customers for the cost of utility service, including all
2 regulated charges to customers, such as riders. This definition represents virtually
3 all of SPS's billed retail customer revenue. It does not include comparatively
4 minor ancillary charges such as damage claims.

5 **Q. What types of costs are associated with FERC Account 908, Customer**
6 **Service Expenses?**

7 A. The costs recorded in FERC Account 908 are incurred to comply with energy
8 efficiency and load management standards in both New Mexico and Texas, and
9 for system management purposes.

10 **Q. What types of costs are associated with FERC Account 912, Demonstration**
11 **and Selling Expense?**

12 A. The costs included in FERC Account 912 are those associated with labor and
13 materials for demonstrations and sales. As Mr. Freitas notes in his testimony,
14 image and promotional advertising have been excluded from the cost of service
15 because the Commission has determined that those types of costs are not
16 recoverable. However, other costs in FERC Account 912 are recoverable, and
17 SPS is seeking to recover certain costs in this account.

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1 **Q. What types of costs are associated with FERC Account 921, Office Supplies**
2 **and Expenses?**

3 A. The costs included in FERC Account 921 are those associated with office supplies
4 and expenses incurred with the administration of SPS's operations and are not
5 included in other FERC Accounts. The types of items include expenses for office
6 equipment, office supplies, materials, postage, printing, and communications
7 services.

8 **Q. What types of costs are associated with FERC Account 923, Outside Services**
9 **Employed?**

10 A. The costs included in FERC Account 923 are those associated with the fees and
11 expenses of consultants that are not specific to a particular operating function or
12 other FERC accounts. These expenses include the fees and costs for contract
13 accountants, auditors, appraisers, and engineering consultants. It also includes the
14 supervision fees and expenses paid under contracts for general management
15 services.

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1 **Q. What types of costs are associated with FERC Account 924, Property**
2 **Insurance?**

3 A. FERC Account 924 includes expenses for property insurance, which covers
4 damage to SPS property such as buildings and substations, excluding transmission
5 and distribution lines.

6 **Q. What types of costs are associated with FERC Accounts 928 – 928.04,**
7 **Regulatory Commission Expense?**

8 A. The costs included in FERC Accounts 928 are those expenses incurred by SPS
9 related to formal cases before regulatory commissions, including the Commission,
10 the PUCT, and FERC, as well as fees assessed by regulatory bodies, including
11 those for the administration of the Federal Power Act.

12 **Q. How are O&M activities associated with Regulatory and General Corporate**
13 **Operations identified and funded?**

14 A. Preliminary budgets are developed at the department level based on current
15 operating conditions, activity levels, and estimates of future business needs.
16 These preliminary budgets are then used to develop an over-all budget for SPS.
17 O&M expenditures are controlled by senior management who monitor and review
18 the O&M trends and operating conditions on a frequent basis to ensure that
19 expenditures are reasonable, necessary, and properly directed.

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1 **Q. What efforts do SPS and XES take to control O&M costs on an on-going**
2 **basis?**

3 A. Both SPS and XES strive to control its O&M costs, while maintaining the safety
4 and reliability of its system, as well as providing effective and efficient customer
5 service. The O&M budgeting and monitoring processes ensure that cost controls
6 are in place to operate within reasonable limits. During each fiscal year there is
7 on-going monitoring and management of expenses at each of these levels.
8 Furthermore, management recognizes that O&M cost control is a dynamic
9 process, not an annual or periodic exercise. For that reason, senior management
10 frequently meets to discuss O&M spending levels.

11 **Q. Does the procurement process also control O&M costs?**

12 A. Yes. SPS and XES utilize a procurement process for both its material and
13 supplies as well as for a majority of its service contracts. Depending upon the
14 product to be purchased or the service to be performed, the procurement group,
15 working with the appropriate work group, either utilizes a bid process or a
16 negotiated supplier agreement to obtain the product or service. This procurement
17 process ensures that SPS receives a quality product or service at a reasonable
18 price.

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1 **Q. Are the services and associated O&M costs you sponsor necessary and**
2 **reasonable for SPS's operations?**

3 A. Yes. The regulatory and general corporate operations services discussed above
4 are essential to SPS's operations and include labor, materials, and other non-fuel
5 O&M costs. Mr. Knoll and Mr. Schrubbe support the reasonableness of the labor
6 costs and Ms. Schmidt provides testimony supporting the methodology of billings
7 for labor and labor overheads.

8 In addition, the associated Test Year costs are reasonable, reflect the types
9 of costs all utilities incur, and are representative of the costs SPS will experience
10 in the future. Moreover, the services provided by XES and other affiliated
11 interests to SPS are provided at cost, are necessary to provide electric utility
12 service, and would have to be self-supplied by SPS if not provided by these
13 companies.

14 **Q. Do SPS's New Mexico retail customers benefit from the services associated**
15 **with the specific O&M costs you discuss?**

16 A. Yes. These services allow SPS to provide essential services to its New Mexico
17 retail customers in an efficient manner. These services are provided through a
18 centralized organizational approach that reduces costs and enables the Operating

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1 Companies to benefit from economies of scale, resource sharing during peak
2 workloads, and historical knowledge that enables the employees to respond
3 quickly and with better insights to ensure that the best overall work product is
4 delivered. The centralized organization allows each of the Operating Companies
5 to benefit from the direct experience of the others, leading to improved skills, and
6 improved work practices. Further, the departments within the SPS operating
7 company President organization are focused solely on SPS's operations in New
8 Mexico and Texas, and are attuned to issues, operations, and services directly
9 affecting New Mexico retail customers. In addition, the expenses are reasonable
10 because the costs of the services are managed, reviewed and minimized.

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1 other employees who perform work for SPS. Many of these organizations also
2 provide resources, education, and training that benefits those employees.

3 **Q. What types of organizations are included in the “Business/Economic**
4 **Organizations” category?**

5 A. This category includes chambers of commerce and related economic development
6 organizations in SPS’s service area. Membership in these organizations
7 contributes to the education and professional standing of SPS’s employees by
8 providing opportunities for them to regularly communicate with business and
9 civic leaders and obtain information regarding community concerns and interests.
10 This knowledge allows SPS to better serve its New Mexico retail customers.
11 These organizations also promote economic development, which is in the interest
12 of the communities that SPS serves.

13 **Q. What types of organizations are included in the “Industry Organizations”**
14 **category?**

15 A. Organizations included in this category provide resources, education, and training
16 for the employees who perform work on behalf of SPS. For example, Edison
17 Electric Institute (“EEI”) is the trade association that represents all U.S. investor-
18 owned electric companies. EEI provides essential conferences and forums on

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1 issues such as electric reliability, grid enhancements, and cyber and physical
2 security. EEI also provides industry training courses on regulatory compliance
3 and other issues affecting electric utilities.

4 **Q. Does SPS seek to recover any professional or industry dues that support**
5 **lobbying activities?**

6 A. No. Although the EEI performs some lobbying activities in addition to providing
7 education and resources that benefit SPS's employees, SPS has removed the
8 portion of dues attributed to lobbying activities from the cost of service.

9 **Q. Do all of the membership dues that SPS seeks to recover contribute to the**
10 **professional education and standing of SPS's employees?**

11 A. Yes. The organizations to which SPS has paid dues provide resources, education,
12 training, and information that contributes to the professional education and
13 standing of SPS's employees.

14 **Q. Do the membership dues that SPS seeks to recover benefit SPS's New Mexico**
15 **retail customers?**

16 A. Yes. It is in the best interest of SPS's New Mexico retail customers for SPS to
17 ensure that its employees are appropriately credentialed and trained and that
18 employees have access to the information they need to perform their jobs to the
19 best of their ability.

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1 **Q. Are the membership dues that SPS seeks to recover reasonable?**

2 A. Yes. Considering the many benefits provided by the organizations discussed
3 above, the membership dues that SPS seeks to recover are reasonable.

4 **B. Donations and Contributions**

5 **Q. What types of donations and contributions has SPS included in the cost of**
6 **service?**

7 A. SPS seeks to recover donations and contributions to educational, community, and
8 economic development organizations in SPS's service area. As shown on
9 Attachment WAG-7, these donations and contributions consist of the following
10 categories and amounts: (1) Educational - \$4,038; (2) Community - \$17,939; and
11 (3) Economic Development - \$18,757.

12 **Q. Please describe the organizations that are included in the "Educational"**
13 **category.**

14 A. This category includes schools in SPS's service area and organizations that
15 support those schools.

16 **Q. Please describe the organizations that are included in the "Community"**
17 **category.**

18 A. The organizations included in this category support and benefit communities in
19 SPS's service area through various activities and services.

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1 **Q. Please describe the organizations that are included in the “Economic**
2 **Development” category.**

3 A. This category includes organizations that promote economic development in
4 SPS’s service area, such as chambers of commerce and other related entities.
5 SPS’s contributions to these organizations differ from the membership dues
6 discussed above because they relate primarily to event sponsorships.

7 **Q. Do these donations and contributions benefit SPS’s New Mexico retail**
8 **customers?**

9 A. Yes. SPS’s contributions to Educational organizations support entities and
10 programs that have a broad range of missions that promote the development,
11 education, and training of the youth and young adults that will be needed to fill
12 the future employment needs of SPS and other employers in eastern New Mexico.

13 SPS’s donations and contributions to Community organizations benefit
14 SPS’s New Mexico retail customers by providing service and other support for
15 their communities.

16 The programs and organizations that receive Economic Development
17 contributions have missions that assist existing businesses, encourage the
18 expansion of existing commercial and industrial customers, attract new

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1 businesses, and stimulate economic development in eastern New Mexico. The
2 organizations that receive Economic Development contributions also promote the
3 development of a workforce that will be needed to meet the employment needs of
4 the growing economy.

5 **Q. Has SPS made these donations and contributions solely to maintain**
6 **corporate good will or good corporate citizenship?**

7 A. Although it is important for SPS to maintain corporate good will and good
8 corporate citizenship, that is not the only reason SPS has contributed to the
9 educational, community, and economic development organizations discussed
10 above. Rather, the organizations to which SPS has donated support the schools
11 and communities that supply SPS's workforce. It is important for SPS and other
12 employers in eastern New Mexico to have access to educated, well-rounded, and
13 capable employees, and these organizations promote that goal.

14 **Q. Are these donations and contributions reasonable?**

15 A. Yes. Considering the many benefits provided by these organizations, the
16 donations and contributions that SPS seeks to recover are reasonable.

1 **IX. RATE CASE EXPENSES**

2 **Q. What is the purpose of this section of your testimony?**

3 A. In this section of my testimony, I discuss and express my opinion regarding the
4 reasonableness, necessity, and recoverability of the rate case expenses of SPS in
5 both this rate case and several prior rate proceedings for which recovery of rate
6 case expenses has not yet occurred. These expenses include: (1) the fees and
7 expenses of both outside counsel and consultants who performed work on the
8 current rate case and other litigation matters for SPS; and (2) expenses incurred
9 by SPS personnel associated with the current rate case and prior rate-related
10 matters.

11 In addition to expenses associated with the current docket, SPS is
12 requesting recovery of expenses incurred to prepare and prosecute its prior rate
13 case, Case No. 16-00269-UT.

14 **Q. Are New Mexico utilities allowed to recover rate case expenses through**
15 **rates?**

16 A. Yes. Although I am not an attorney, it is my understanding that New Mexico law
17 requires recovery of expenses that are necessary in providing utility service that

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1 benefits customers, and that are prudently incurred.⁹ Accordingly, along with its
2 other reasonable and prudent operating expenses, a utility is generally allowed the
3 opportunity to recover its rate case expenses through its service rates.¹⁰

4 **Q. Has the New Mexico Supreme Court recognized that rate case proceedings**
5 **are necessary in providing utility services and that those proceedings benefit**
6 **customers?**

7 A. Yes. In *PNM Gas Services*, the New Mexico Supreme Court expressly
8 recognized that rate case proceedings are necessary in providing utility service
9 and that such proceedings benefit customers:

10 Because rate proceedings are a part of the normal course of
11 business for a utility and because rate proceedings, by establishing
12 just and reasonable rates, are conducted for the benefit of both
13 ratepayers and shareholders, it is widely accepted that rate case
14 expenses are one aspect of a utility's operating costs and are
15 recoverable in a general rate proceeding.¹¹

⁹ *Zia Natural Gas Co. v. New Mexico Public Util. Comm'n*, 2000-NMSC-011, ¶ 13, 128 N.M. 728, 998 P.2d 564 (stating that “the Commission has an *obligation* to allow a utility expenses that are necessary in providing service, that benefit ratepayers, and that are prudently incurred” (emphasis added)); see *In re Rates and Charges of Mountain States Tel. & Tel. Co.*, 1982-NMSC-127, ¶¶ 15-16, 99 N.M. 1, 653 P.2d 501.

¹⁰ *West Ohio Gas Co. v. Public Commission*, 294 U.S. 63, 73 (1935); *In re Petition of PNM Gas Services, PNM Gas Services v. New Mexico Pub. Util. Comm'n*, 2000-NMSC-12 at ¶¶ 68, 129 N.M. 1, 24, 1 P.3d 383, 406 (“*PNM Gas Services*”).

¹¹ *In re PNM Gas Servs.*, 2000-NMSC-012, ¶ 68, 129 N.M. 1, 1 P.3d 383.

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1 Therefore, as long as the rate case expenses are prudently incurred, those
2 expenses are recoverable.¹²

3 **Q. Are particular evidentiary standards applicable to the recovery of rate case**
4 **expenses?**

5 A. Yes. Absent evidence to the contrary, a utility's operating expenses are generally
6 presumed to have been made in good faith and with reasonable judgment, and
7 recovery is therefore allowed in rates.¹³ In New Mexico, however, rate case
8 expenses do not benefit from this presumption, and a utility must therefore
9 demonstrate that its rate case expenses are reasonable.¹⁴

¹² *Id.* ¶ 77, 1 P.3d at 409-410 (holding that the Commission could not deny recovery of rate case expenses in their entirety when the utility presented evidence that it had incurred such expenses).

¹³ *West Ohio Gas Co.*, 294 U.S. at 73; *PNM Gas Services*, 2000-NMSC-12 at ¶ 72, 129 N.M. at 25, 1 P.3d at 407; *see, also*, 1 A.J.G. Priest, *Principles of Public Utility Regulation* 50 (Michie 1969) (expenses should not be disallowed unless shown to be excessive, unwarranted, or incurred in bad faith and agency must allow expenses that are fair and reasonable expenses of operation).

¹⁴ NMSA 1978, § 62-13-3; *PNM Gas Services*, 2000-NMSC-12 at ¶¶ 70-77, 129 N.M. at 25-26, 1 P.3d at 407-408.

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1 **Q. Does the absence of a presumption of reasonableness preclude the use of**
2 **estimated rate case expenses?**

3 A. No. In *PNM Gas Services*, the New Mexico Supreme Court recognized that a
4 utility may estimate its rate case expenses in lieu of providing actual expenses
5 provided that it demonstrates the estimates are reasonable.¹⁵

6 **Q. Did the Supreme Court provide any guidance regarding proof of**
7 **reasonableness?**

8 A. Yes, the Court noted that it did not intend to preclude the use of actual expenses
9 as a measure of the reasonableness of the utility's estimate and that the
10 Commission could order the utility to produce evidence of actual expenses for
11 that purpose. The Court added that the Commission could also utilize its own
12 expertise and experience with expenses generally incurred by utilities in
13 comparable proceedings, referring by comparison to a case involving the award of
14 attorney fees. The Court further explained that what the Commission could not
15 do was deny recovery altogether in the face of irrefutable evidence that the utility
16 had incurred substantial, even though unquantifiable, rate case expenses.¹⁶

¹⁵ *PNM Gas Services*, 2000-NMSC-12 at ¶¶ 70-75, 129 N.M. 25-26, 1 303 P.3d 407-408.

¹⁶ *Id.* at ¶¶ 76-77, FN 7, 8, 129 N.M. 26-27, 1 303 P.3d 408-409 (citing *Calderon v. Navarette*, 1990-NMSC-098, 111 N.M. 1, 800 P.2d 1058).

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1 **Q. What criteria have you used to evaluate the reasonableness of SPS's rate case**
2 **expenses?**

3 A. My evaluation of the reasonableness of SPS's requested rate case expenses is
4 based on: (1) my prior experience in preparing, presenting, and managing utility
5 rate cases; (2) my understanding of the complexity of issues in rate cases and the
6 need for specialized technical expertise and legal assistance; (3) my experience
7 and involvement in the selection of the consultants and outside attorneys, and
8 defining and overseeing their performance of services; and (4) a comparison of
9 requested rate case expense to other New Mexico investor-owned utilities.

10 **A. Expenses in Current Rate Case**

11 **Q. Will SPS incur rate case expenses to prepare and prosecute this rate case?**

12 A. Yes. SPS proposes to recover in this case the rate case expenses incurred to
13 prepare the rate case filing as well as the costs it will incur to pursue this base rate
14 case before the Commission and, if necessary, on appeal.

15 **Q. How has SPS managed its current rate case?**

16 A. SPS has reasonably managed its current base rate case by using a mix of internal
17 resources, outside counsel, and external consultants to develop, file, and litigate

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1 its requests in this case, with an eye toward keeping expenses at a reasonable
2 level.

3 As to internal resources, SPS's lead for this case, Mr. Will DuBois, is
4 himself an experienced public utility lawyer who understands the details of a rate
5 filing. Additionally, SPS has appropriately relied on its own employees to
6 provide testimony and back office support for the proceedings in their respective
7 areas of subject matter expertise.

8 For outside counsel, SPS has engaged the Santa Fe office of Hinkle
9 Shanor LLP (the "Hinkle Firm"), Winstead, P.C. (the "Winstead Firm"); and
10 Coffin Renner LLP ("Coffin Renner"). In addition, Amy Shelhamer, of the
11 Amarillo firm of Courtney, Countiss, Brian & Bailey L.L.P., has been engaged
12 through the Hinkle Firm.¹⁷ The Hinkle Firm, the Winstead Firm, and Coffin
13 Renner all have deep experience in handling public utility matters and rate cases.
14 These lawyers are highly regarded and well qualified to handle their case
15 responsibilities. The work has been staffed in a reasonable manner with
16 appropriately experienced lawyers that charge reasonable fees for their services.
17 Most of these lawyers have worked on prior SPS rate cases, other regulatory

¹⁷ Ms. Shelhamer has been engaged through the Hinkle Firm, so for purposes of my testimony, I will refer to two outside law firms and my references to the Hinkle Firm include Ms. Shelhamer as well.

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1 matters before the Commission and the PUCT, or other SPS legal matters. This
2 allows these firms to understand SPS and to efficiently perform the necessary
3 work with a minimum amount of research. Duplication of work is avoided
4 through the attorney work assignment process. Witnesses are in many cases
5 matched with attorneys that have experience in the subject matter fields of the
6 witness, so that the case preparation process is streamlined as much as reasonably
7 possible. Younger and less experienced lawyers are also used in an appropriate
8 way for legal tasks, including time-intensive discovery and research matters.

9 Similarly, the external witnesses and outside consultants are all necessary,
10 experienced and have been delegated with responsibilities that SPS reasonably
11 believes could not be performed efficiently by internal resources. The use of
12 outside consultants to support certain rate case issues is common and helps defray
13 overall costs when their services are not needed on a day-to-day basis to operate
14 the utility. The roles and responsibilities of the consultants are listed in
15 Attachment WAG-8 to my direct testimony.

16 **Q. Is it reasonable and necessary for SPS to retain outside legal counsel?**

17 A. Yes. All of the investor-owned electric utilities in New Mexico use outside legal
18 counsel for rate cases because rate case work is highly specialized and requires
19 additional resources.

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1 As the Commission is aware, the utility has the burden of proof. This
2 necessarily requires the utility to prepare direct and rebuttal testimony sufficient
3 to satisfy this burden and demonstrate the reasonableness and need for the rate
4 relief requested. Although the Commission's rate filing package instructions and
5 required schedules provide the utility with a road map for its filing, the possible
6 issues in a rate case are numerous, are sometimes hard to anticipate until well into
7 the litigation, and in many cases are driven by intervening parties. In addition, the
8 utility must have the resources required to timely respond to discovery, which is
9 often voluminous and complex.

10 Additionally, outside counsel with rate case experience provide both good
11 practice skills and a substantive knowledge of the industry as well as familiarity
12 with accounting, operations, development, and finance issues, among other
13 related issues. Typical issues that must be addressed in rate proceedings include
14 O&M expenses (and adjustments thereto), construction and decisional prudence,
15 ROE, capital structure, cost of debt, employee compensation, pensions,
16 depreciation, federal income taxes, ad valorem taxes, cash working capital, cost
17 allocation, and rate design. These, as well as many other issues and sub-issues,
18 are not always difficult issues, but can be, and are often the subject of intense
19 litigation.

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1 **Q. Was it reasonable for SPS to select the Hinkle Firm, the Winstead Firm, and**
2 **Coffin Renner as outside counsel?**

3 A. Yes. The lawyers from each of these law firms have extensive experience and the
4 resources necessary to efficiently and professionally handle all the requirements
5 of a rate case. In addition, these law firms often represent other utilities that have
6 rate cases before the Commission, other state regulatory commissions, the FERC,
7 or other state agencies, so the firms understand not only the substantive issues
8 involved, but how to prepare and prosecute a rate case without learning how to
9 litigate these types of cases from scratch. In addition, many of the attorneys
10 associated with these firms have experience representing other large electric
11 utilities. As a result, SPS enjoys access to attorneys that have deep and immediate
12 knowledge of a wide breath of regulatory issues that could affect the utility.
13 SPS's outside counsel can also provide immediate and sound advice to SPS
14 without performing the extensive research that some other firms might have to
15 undertake.

16 **Q. Is it reasonable for SPS to employ outside consultants for this case?**

17 A. Yes. Even though SPS relies heavily on internal resources, which defrays costs
18 for external resources, it is common for electric utilities to employ outside experts

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1 and non-testifying consultants to support and prepare portions of rate cases filed
2 at the Commission. There are many subjects germane to the rate case for which
3 expertise is not necessarily found within the utility's employees. This is true of
4 many, if not all, utilities in New Mexico and across the country. Those subjects
5 for which it was reasonable and necessary for SPS to obtain outside assistance
6 include ROE, depreciation, the decommissioning cost study, and the accounting
7 opinion required by Rule 530, Schedule Q-6.

8 **Q. Has SPS been able to realize other efficiencies and economies through the**
9 **engagement of these consultants and outside legal counsel?**

10 A. Yes. In August, SPS will file a general rate case with respect to its retail
11 operations in Texas. All of the consultants listed in Attachment WAG-8 are also
12 assisting SPS with the Texas case. Although each case involves unique facts and
13 circumstances, the contemporaneous engagements for two cases allow
14 efficiencies that would not be realized were the consultants engaged for this case
15 alone. In addition, Mr. Watson provided testimony in Case Nos. 12-00350-UT¹⁸
16 and 15-00296-UT and Ms. Bulkley provided testimony in Case Nos.

¹⁸ *In the Matter of Southwestern Public Service Company's Application for Revision of Its Retail Electric Rates Under Advice Notice No. 245*, Case No. 12-00350-UT, Final Order Partially Adopting Recommended Decision at 7 (Mar. 26, 2014).

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1 15-00296-UT and 17-00255-UT and they have prior knowledge and
2 understanding of the issues addressed in the current rate case.

3 As for legal counsel, aside from their experience and qualifications, the
4 attorneys at the Winstead Firm and Coffin Renner will also represent SPS in its
5 pending Texas rate case. Their assignments in this case include working with the
6 same witnesses and the same issues for which they are responsible in Texas,
7 thereby enabling SPS to realize efficiencies and economies in both consulting and
8 legal expenses.

9 **Q. Are the billing rates, budget projections, and terms of engagement for the**
10 **consulting services reasonable in your opinion?**

11 A. Yes. SPS (or, in some instances, XES) has professional services agreements with
12 each of the consultants or their firms engaged for this case. These agreements
13 detail the scope of work to be performed by the consultant, the applicable billing
14 rates, and the maximum authorized contract amounts for the scheduled work.
15 Change orders must be submitted and approved before the contract limits can be
16 exceeded. The agreements include rigorous terms and conditions intended to
17 control costs, assure quality, on-time performance, and protect the interests of
18 SPS.

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1 Based on my review of the professional services agreements, it is my
2 opinion that SPS has reasonably and prudently engaged each of the consultants
3 and firms to provide services needed for this case, and their rates and charges are
4 reasonable in light of their expertise and experience.

5 **Q. Are the outside counsel billing rates reasonable in your opinion?**

6 A. Yes. Based upon my experience with rate proceedings in both New Mexico and
7 Texas, the hourly billing rates for the attorneys with the Hinkle Firm, the
8 Winstead Firm, and Coffin Renner are reasonable in light of the lawyer's
9 experience and expertise, and the city in which the lawyer is located.

10 **Q. Are the miscellaneous expenses reasonable in your opinion?**

11 A. Yes. With the exception of counsel from the Hinkle Firm, all of the witnesses and
12 attorneys participating in this case, both in house and outside, reside out of state
13 and must travel to Santa Fe to participate in hearings and prehearing conferences
14 and meetings. Rate case filings are voluminous, and during the course of the
15 case, SPS will likely be reproducing thousands of copies of discovery materials
16 for distribution to Commission Utility Division Staff ("Staff") and intervenors.
17 SPS will be publishing and mailing notices to its customers. At key points in the
18 case, temporary employees will be needed to produce and distribute case

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1 materials and provide other logistical support. Implementing new rates at the
2 conclusion of the case will involve substantial reprogramming of billing and
3 accounting systems.

4 **Q. With regard to this case, what amount of rate case expenses is SPS seeking to**
5 **recover?**

6 A. SPS seeks to recover \$2,400,144. This amount assumes a fully litigated case with
7 a hearing, post-hearing briefing, exceptions and replies to exceptions, and motions
8 for rehearing and replies. Please refer to Attachment WAG-8 for a summary of
9 these rate case expenses by consultant, law firm, and expense category. The
10 expense category includes various items of out-of-pocket expenses directly
11 attributable to the rate case.

12 **Q. Does SPS's request include the expense for services of SPS or XES employees**
13 **who are participating in the case?**

14 A. No. The requested rate case expenses do not include the time (and associated
15 compensation and benefits expenses) for the services provided by SPS or XES
16 employees, except for overtime charges for hourly employees. However, the
17 employees' miscellaneous out-of-pocket expenses directly incurred in connection
18 with the rate case, such as travel expenses, are included within rate case expenses.

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1 **Q. Is SPS seeking to recover legal expenses associated with an appeal of the**
2 **Commission’s final order in this case?**

3 A. Not in this case, but SPS requests authority to establish a regulatory asset to
4 accrue expenses if there is an appeal. Based on past experience, it is reasonable
5 for SPS to expect that if this case is fully litigated before the Commission—that
6 is, not resolved through a unanimous or unopposed settlement approved by the
7 Commission—one of the parties to the case will appeal the Commission’s final
8 order to the New Mexico Supreme Court. The expenses associated with an appeal
9 are an extension of the rate case expenses associated with the rate case. Thus,
10 SPS should be allowed to recover those appellate rate case expenses.
11 Consequently, SPS requests authority to establish a regulatory asset to accrue,
12 with interest at its weighted average cost of capital (“WACC”) established in this
13 case, any appellate rate case expenses incurred as part of an appeal of this case.
14 In a later case, SPS would seek recovery of those costs.

15 **Q. Is SPS willing to submit its actual rate case expenses as this case progresses**
16 **as a gauge to evaluate the reasonableness of its estimated expenses?**

17 A. Yes. I caution, however, that much of the actual rate case expense is incurred in
18 the later stages of the case, just before, during, and after the public hearing. Thus,

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1 a great portion of the actual expenses will not be known at the time this case
2 proceeds to hearing.

3 **B. Expenses Incurred for Case No. 16-00269-UT**

4 **Q. Did SPS incur rate case expenses to prepare and prosecute a prior rate case,**
5 **Case No. 16-00269-UT?**

6 A. Yes. SPS has not yet recovered the rate case expenses it incurred to prepare its
7 rate case filing and prosecute the case while it was pending before the
8 Commission. For that reason, SPS seeks to recover those costs in this case.

9 **Q. What amount of rate case expenses incurred for Case No. 16-00269-UT is**
10 **SPS seeking to recover in this case?**

11 A. The total cost for consultants, law firms, and other expenses associated with the
12 preparation and prosecution of Case No. 16-00269-UT was \$1,074,671 for all
13 billings received to date.

14 **Q. Do these expenses include the expense for services of SPS or XES employees**
15 **who participated in the case?**

16 A. No. The requested rate case expenses do not include the time (and associated
17 compensation and benefits expenses) for the services provided by SPS or XES
18 employees, except for overtime charges for hourly employees. However, the

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1 employees' miscellaneous out-of-pocket expenses directly incurred in connection
2 with the rate case, such as travel expenses, are included within rate case expenses.

3 **Q. Are the rate case expenses that SPS seeks to recover for Case No.**
4 **16-00269-UT reasonable and necessary?**

5 A. Yes. I have applied the same criteria used to evaluate the reasonableness of SPS's
6 requested rate case expenses in connection with this case to the costs that were
7 incurred in Case No. 16-00269-UT. Based on this criteria, I conclude that SPS's
8 requested recovery of \$1,074,671 in rate case expenses was reasonable, necessary,
9 and should be approved for recovery in this case.

10 **C. Rate Case Expense Recovery Mechanism**

11 **Q. How does SPS propose to recover rate case expenses approved in this case?**

12 A. SPS is requesting a one-year amortization of its rate case expenses. These
13 expenses include those associated with the current docket as well as expenses
14 associated with all past dockets for which recovery is currently being sought as
15 described above.

16 **Q. Is SPS's request to recover its rate case expenses over a one-year**
17 **amortization period reasonable?**

18 A. Yes. A one-year amortization period is reasonable because SPS remains in a
19 significant multi-year capital spending cycle, and during that time SPS will place

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1 numerous capital projects in service, which will make it necessary for SPS to file
2 frequent rate cases. These frequent filings are required to enable SPS to maintain
3 sufficient investment ratings to obtain access to capital markets. To avoid
4 overlapping amortization periods created by successive rate cases, a one-year
5 amortization period is appropriate for rate case expense recovery.

6 **Q. If the Commission determines that rate case expenses should be recovered
7 over a longer period how does SPS propose to treat these costs?**

8 A. If the Commission spreads SPS's recovery of its rate case expenses over a period
9 of longer than one year, SPS request that the amounts that cannot be recovered
10 during the first year should be included in rate base.

11 **Q. Are the rate case expenses that SPS seeks to recover reasonable and
12 necessary?**

13 A. Yes. In my opinion, the rate case expenses requested by SPS are reasonable and
14 should be recovered over a one-year amortization period.

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X. SOUTHWEST POWER POOL SERVICES

Q. Please describe SPP and the services it provides to its members.

A. SPP, which is a FERC-approved RTO, is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has more than 92 members that include electric cooperatives, federal agencies, independent power producers, independent electric transmission companies, investor-owned electric utilities, marketers, municipal utilities, state authorities, and contract participants.

As an RTO, SPP provides several services to its members, including:

- reliability coordination;
- tariff administration;
- regional scheduling;
- transmission expansion planning;
- market operation;
- contingency reserve sharing;
- generation interconnection studies;
- scheduling authority function;
- compliance;
- training; and
- outage coordination.

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1 **Q. How are SPP’s policies, rules, and tariffs developed?**

2 A. SPP is a member-driven organization. As a result, various committees exist within
3 SPP to develop policy, rules, and tariff provisions related to a wide variety of
4 topics. The primary role of SPP stakeholder committees and working groups is to
5 drive major initiatives that improve or enhance SPP operations. The stakeholder
6 process also focuses on planning for the future. The various committees and
7 working groups provide recommendations to the SPP independent Board of
8 Directors on technical issues. The committees are further composed of working
9 groups, steering committees, and task forces. The committees and groups are
10 made up of representatives of SPP members, including SPS. An organizational
11 chart of SPP’s committees and working groups is attached to my testimony as
12 Attachment WAG-9.

13 **Q. Do state retail rate regulators have a role in the SPP member-driven**
14 **process?**

15 A. Yes. The Regional State Committee (“RSC”) is composed of retail regulators
16 across the SPP footprint and has its own working group, the Cost Allocation
17 Working Group, which is made up of staff members of the retail regulatory
18 authorities. The RSC actively engages in a broad range of issues where SPP has

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1 ceded authority, including transmission planning and cost allocation, resource
2 adequacy, allocation of transmission rights, and market evolution issues. For
3 example, the RSC determines: (1) the approach for resource adequacy across the
4 entire region and with respect to transmission planning; (2) whether transmission
5 upgrades for remote resources will be included in the regional transmission
6 planning process; and (3) the role of transmission owners in proposing
7 transmission upgrades in the regional planning process.

8 **Q. Have the services that SPS receives from SPP changed since the Company's**
9 **last rate case, Case No. 17-00255-UT?**

10 A. No. As a member of SPP, SPS continues to receive the same services that the
11 Commission reviewed in the Company's last case.

12 **Q. How are the costs associated with new transmission infrastructure within**
13 **SPP allocated to SPS?**

14 A. SPP costs have been allocated to SPS based on four different allocation methods:
15 (1) Pre-2005; (2) Original Base Plan Funding; (3) the Balanced Portfolio; and (4)
16 the Highway/Byway (Current Base Plan Funding). A matrix showing the effects
17 of these methods during the Test Year is shown in Attachment WAG-10. These

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1 same allocation methodologies were reviewed and approved by the Commission
2 in Case No. 17-00255-UT.

3 **Q. How does SPP administer these cost allocations and collect the revenue for**
4 **the regional transmission funding?**

5 A. SPP administers the process through Attachment J of the SPP OATT and recovers
6 the revenue through the resulting Schedule 11 charges under the SPP OATT. SPP
7 collects both the zonal and any regionally-allocated costs under Schedule 11. SPP
8 then distributes this revenue to the Transmission Owners.

9 **Q. How is SPS charged for the transmission planning function performed by**
10 **SPP?**

11 A. SPS is located in Zone 11. As such, the retail customers of SPS are assessed
12 Schedule 11 charges for their share of regional transmission projects and their
13 share of transmission system projects in Zone 11. Mr. Freitas discusses specific
14 Schedule 11 charges assessed by SPP to SPS in the Test Year.

15 **Q. What is the SPP administrative fee?**

16 A. The SPP applies the administrative fee to all transmission service customers to
17 cover its expenses for several of the services it provides under its OATT, such as
18 reliability coordination, tariff administration, and seams agreements. The fee is

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1 set annually by the SPP Board of Directors based on the next year's expected
2 budget, including reconciliation from the previous year's over-or-under-
3 collection. The fee is assessed based upon transmission services purchased or
4 provided pursuant to the SPP Tariff. The SPP administrative fee is recorded in
5 FERC Accounts 561.4, 561.8, and 575.7.

6 **Q. How does SPP collect these administrative fees?**

7 A. SPP collects these fees through Schedule 1-A of its OATT.

8 **Q. What administrative fee is SPS using in its Test Year?**

9 A. In December 2017, the SPP Board of Directors approved the 2018 Administrative
10 Fee of \$0.429 per MWh. In December of 2018, the SPP Board of Directors
11 approved the 2019 Administrative Fee of \$0.394 per MWh. Because the Test
12 Year is April 1, 2018 through March 31, 2019, both the administrative fees for
13 2018 (for April 1, 2018 – December 31, 2018) and 2019 (for January 1, 2019 –
14 March 31, 2019) were used for Test Year purposes.

15 **Q. Are the new transmission investment amounts charged by SPP and the SPP
16 administrative fee a reasonable and necessary cost of providing service?**

17 A. Yes, the transmission investment has allowed SPS to reliably serve its customers
18 while gaining greater access to economic market resources to serve the SPS

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1 customers. The administrative fee which covers the transmission planning cost
2 and operating the SPP Integrated Market has been beneficial to the SPS
3 customers.

1 **XI. REQUESTED REGULATORY ASSETS/LIABILITIES**

2 **A. Attachment Z2 Charges**

3 **Q. Please describe SPS's request with respect to the recovery of amounts paid to**
4 **SPP for Attachment Z2 charges for the 2008 through 2016 time period**
5 **("Attachment Z2 Historical Period").**

6 **A.** As discussed in Mr. Davis's direct testimony, SPS proposes to continue to recover
7 from customers the amounts billed for the Attachment Z2 Historical Period as
8 originally approved in Case No. 17-00255-UT and to defer, as a regulatory asset
9 or liability, any differences between \$2,602,450 (the amount assigned to New
10 Mexico and approved in Case No. 17-00255-UT) and the New Mexico retail
11 share of the final amount billed by SPP, excluding interest.¹⁹

12 **B. Carlsbad Generating Station**

13 **Q. Please describe SPS's request with respect to the Carlsbad Generating**
14 **Station.**

15 **A.** The Commission approved the abandonment of the Carlsbad Generating Station
16 in Case No. 17-00089-UT. As discussed in Ms. Wold's direct testimony, SPS is

¹⁹ SPS will also incur Attachment Z2 charges going forward, but those amounts are included within the normal Schedule 11 charges. The amounts I am discussing in this section of my testimony are only the Attachment Z2 charges attributable to the period from 2008-2016.

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1 seeking in this case to establish a regulatory asset to recover all unrecovered costs
2 associated with this facility.

3 **Q. Please explain why SPS is seeking to recover all unrecovered costs associated**
4 **with the Carlsbad Generating Station.**

5 A. The Carlsbad Generating Station was certificated by the Commission in Case No.
6 1253, was installed in 1967, and was used to serve SPS's customers for over 50
7 years. In Case No. 17-00089-UT, the Commission granted SPS's request to
8 abandon the unit under Section 62-9-5 of the PUA because the public
9 convenience and necessity no longer required operation of the unit and the
10 retirement was cost-effective and in the best interest of SPS's customers.²⁰ The
11 Carlsbad Generating Station has now been dismantled. Mr. Lytal describes the
12 dismantling costs, and Ms. Wold describes SPS's remaining unrecovered
13 investment in the plant. The dismantling costs and SPS's investment in the plant
14 were prudent, the unit served SPS's customers for many years, and the retirement
15 was in the best interest of SPS's customers. Accordingly, SPS is entitled to

²⁰ See Case No. 17-00089-UT, *In the Matter of Southwestern Public Service Company's Application Requesting Approval to Retire and Abandon its Carlsbad Generating Station*, Final Order Adopting Recommended Decision at ¶ 14 (Dec. 7, 2017); Recommended Decision at 28-31 (Nov. 16, 2017).

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1 recover its remaining unrecovered costs. SPS's request to create a regulatory asset
2 for that purpose is reasonable, appropriately balances the interests of SPS and its
3 customers, and should be approved.

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1 **XII. DEPRECIATION RATES AND RELATED EXPENSE**

2 **Q. Please summarize SPS's depreciation request in this case?**

3 A. Consistent with the obligation imposed in Case No. 17-00044-UT, SPS is
4 providing a complete depreciation study that covers all of its depreciable assets,
5 including the Hale Project. The depreciation study is sponsored by Mr. Watson
6 and proposed depreciation rates are discussed by Ms. Wold.

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1 **XIII. RETIREMENT AND ABANDONMENT OF TOLK**

2 **Q. Please summarize SPS's request with respect to Tolk.**

3 A. In SPS's last case, SPS sought to shorten the retirement dates of Tolk for
4 depreciation purposes, but did not affirmatively request approval to retire and
5 abandon Tolk in 2032. In this case, SPS is affirmatively requesting that the
6 Commission authorize SPS to retire and abandon the Tolk units as generating
7 assets in 2032. Specifically, SPS proposes to change the retirement date of Tolk
8 Unit 1 from 2042 to 2032, and SPS is proposing to change the retirement date of
9 Tolk Unit 2 from 2045 to 2032.²¹ SPS is supporting its request by providing a
10 complete new depreciation study, presented by Mr. Watson, and a
11 decommissioning study reflecting various retirement scenarios, presented by Mr.
12 Kopp. Ms. Wold, Mr. Lytal, Ms. Weeks, and Mr. Cooley also present information
13 related to SPS's request to retire Tolk in 2032.

14 **Q. Is SPS committed to retiring Tolk in 2032?**

15 A. Yes. SPS is committed to retiring Tolk in 2032, if Commission approval of the
16 retirement is granted in this case.

²¹ It should be noted that future environmental regulations may even further reduce the life span of the plant. The Tolk units will, however, 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 **Q. What standard applies to an application to abandon facilities used to provide**
2 **utility service?**

3 A. I am not an attorney, but it is my understanding that abandonment of utility
4 facilities is governed by NMSA 1978 § 62-9-5, which provides as follows:

5 No utility shall abandon all or any portion of its facilities subject to
6 the jurisdiction of the commission, or any service rendered by
7 means of such facilities, without first obtaining the permission and
8 approval of the commission. The commission shall grant such
9 permission and approval, after notice and hearing, upon finding
10 that the continuation of service is unwarranted or that the present
11 and future public convenience and necessity do not otherwise
12 require the continuation of the service or use of the facility; . . . In
13 considering the present and future public service and convenience
14 and necessity, the commission shall specifically consider the
15 impact of the proposed abandonment of service on all consumers
16 served in this state, directly or indirectly, by the facilities sought to
17 be abandoned.

18
19 In prior cases, including SPS's recent application to abandon the Carlsbad
20 Generating Facility,²² the Commission has also applied the *Commuters'*
21 *Committee* four-factor test to determine whether the public convenience and
22 necessity requires that a utility facility continue operating:

²² *In the Matter of the Application of Southwestern Public Service Company's Application Requesting Approval to Retire and Abandon its Carlsbad Generating Station*, Case No. 17-00089-UT, Final Order Adopting Recommended Decision at 4 (Dec. 7, 2017).

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- 1 1. The extent of the carrier’s loss on the particular branch or
2 portion of the service, and the relation of that loss to the
3 carrier’s operation as a whole;
- 4 2. The use of the service by the public and the prospects as to
5 future use;
- 6 3. A balancing of the carrier’s loss with the inconvenience
7 and hardship to the public upon discontinuance of the
8 service; and,
- 9 4. The availability and adequacy of service to be substituted.²³

10 **Q. Would the retirement of the Tolk Generating Station satisfy the applicable**
11 ***Commuters’ Committee* standards?**

12 A. Yes. The first factor refers to the “extent of the carrier’s loss on the particular
13 branch or portion of the service, and the relation of that loss to the carrier’s
14 operation as a whole.” As I understand the *Commuters’ Committee* factors, the
15 first factor refers to the amount it would cost the utility to maintain the facility in
16 service. With respect to Tolk, both Mr. Lytal and Ms. Weeks explain in their
17 direct testimonies that there is no feasible operational scenario that would allow
18 SPS to economically maintain the Tolk generating units until the end of their
19 currently approved service lives in 2042 and 2045.

²³ Case No. 17-00089-UT, Recommended Decision at 9 (citing *Commuters’ Committee v. Pennsylvania Public Utility Comm’n*, 88 A.2d 420, 424 (Pa. Super. 1952)).

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1 **Q. Are any other provisions of the PUA relevant to SPS's requests regarding**
2 **Tolk?**

3 A. Yes. Section 62-9-4 of the PUA authorizes the Commission to modify the time
4 period that a Certificate of Public Convenience and Necessity remains in effect.

5 **Q. In SPS's last base rate case, SPS analyzed an operational scenario where the**
6 **Tolk units could be kept in service until 2042 and 2045, respectively. Why is**
7 **this no longer a viable option?**

8 A. That operational scenario contemplated the installation of a water pipeline and
9 hybrid cooling towers. Collectively, the estimated cost of those projects was
10 approximately \$400 million (total company). SPS has subsequently determined
11 that the water pipeline project is not possible and the hybrid cooling tower project
12 is not feasible.

13 With respect to the water pipeline project, negotiations would need to take
14 place with the City of Lubbock to secure the appropriate amount of water.
15 However, the City of Lubbock has since advised that it will not be able to sell the
16 needed amount of water to SPS for use at Tolk. Given that the City of Lubbock
17 has been unable to deliver on its full contractual requirements to supply water to
18 SPS's Jones Plant, this is not surprising.

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1 Regarding the hybrid cooling towers, the application of this technology
2 within the context of power plant operations is untested. The hybrid cooling
3 tower would cost approximately \$118 million per tower (total company), and it is
4 estimated that two towers would be needed to obtain the desired level of water
5 savings. Consequently, SPS has determined that the installation of hybrid cooling
6 towers at Tolk would be economically imprudent given the age of Tolk, the
7 uncertainty and cost of the technology, and the potential for increased
8 environmental costs that may occur at some point in the future. Moreover,
9 continued low natural gas prices make the relative economics of coal-fired
10 generation a challenge. The Energy Information Administration estimates that at
11 least 25 gigawatts of coal-fired capacity will retire within the next three years
12 (2018-2020), according to planned retirements reported to the agency. These
13 retirements are likely based on a myriad of reasons, but nonetheless underscore
14 that SPS is not alone when it comes to assessing the economics of continued
15 investment in its coal-fired units.

16 **Q. Please address the second factor, which refers to “use of the service by the**
17 **public and the prospects as to future use.”**

18 A. As Mr. Lytal explains in his direct testimony, Tolk relies exclusively on
19 groundwater from the Ogallala Aquifer for generation cooling, and the Ogallala

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1 Aquifer is in an irreversible decline. The Ogallala Aquifer is being depleted to
2 support overlying agricultural, municipal, and industrial uses and the depletion of
3 the aquifer has been accelerated by significant regional drought. These factors are
4 causing the aquifer to decline to a point where the water supply will no longer be
5 sufficient to support peak generation demands and there are no feasible prospects
6 for Tolk's future use beyond 2032.

7 **Q. What steps has SPS taken to operate Tolk until 2032?**

8 A. SPS added 8 new water wells to Tolk between 2018 and 2019 in order to help
9 offset the predicted production deficits that Mr. Lytal discusses in his testimony.
10 In addition, SPS commissioned a 2018 groundwater study to assist the Company
11 in developing an overall strategy for the operation of the Tolk generating units
12 through 2032. The results of that study led SPS to conclude that the prudent
13 course of action is to reduce operations at Tolk in order to extend Tolk's life and
14 maintain its capacity value on the system, and to install synchronous condensers
15 to stabilize voltage on the transmission system during periods that Tolk is not
16 generating. The 2018 groundwater study results also confirm that, with
17 reasonable mitigation efforts, sufficient water should be able to be produced to
18 support these future operations.

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1 **Q. The third *Commuters' Committee* factor refers to a “balancing of the**
2 **carrier’s loss with the inconvenience and hardship to the public upon**
3 **discontinuance of the service.” How should the Commission view that**
4 **balance?**

5 A. The retirement of the Tolk generating units prior to their currently approved
6 service lives in 2042 and 2045 is inevitable. For that reason, it is essential to
7 begin to plan for the retirement of Tolk now because, as Ms. Weeks explains, the
8 resumption of “normal” operations at Tolk will have the effect of further
9 shortening the useful lives of the Tolk units to EOY 2025 instead of EOY 2032.
10 This would, in turn, cause the need for the acquisition of a large amount of
11 generation capacity to meet SPP’s reliability requirements and the transmission
12 needs on the SPS system. The earlier acquisition of capacity will cause an earlier
13 cost impact to customers.

14 **Q. Please address the last factor, which is the “availability and adequacy of**
15 **service to be substituted.”**

16 A. Attempting to keep the capacity provided by the Tolk plant until 2032 not only
17 minimizes the cost impact to customers, but it affords the opportunity for SPS to
18 engage in long-range planning many years in advance of the proposed retirement

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1 date for Tolk. This, in turn, ensures that SPS will have time to integrate new
2 resources in a cost-effective and prudent manner that complies with the PUA and
3 the 2019 Energy Transition Act.

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- 1 (8) authorize SPS to establish a regulatory asset to accrue, with
2 interest at its WACC established in this case, its appellate rate case
3 expenses, if any, associated with the Commission's order in this
4 case on appeal;
5
6 (9) approve SPS's proposed cost allocation, revenue distribution, and
7 rate design, and its proposed changes to SPS's rule tariffs and rate
8 tariffs as shown in Advice Notice No. 282;
9
10 (10) suspend SPS's proposed rates for, at most, a period of no more
11 than nine months commencing on July 31, 2019 and set a public
12 hearing concerning the justness and reasonableness of SPS's
13 proposed rates; and,
14
15 (11) grant all approvals, authorizations, variances, and other relief that
16 are necessary for SPS to implement the New Mexico retail rates set
17 forth in Advice Notice No. 282 and associated rate and rule
18 schedules, and to effectuate and implement the relief granted in
19 this case.
20

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

22 A. Yes.

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**IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE
COMPANY'S APPLICATION FOR: (1) REVISION OF ITS RETAIL
RATES UNDER ADVICE NOTICE NO. 282; (2) AUTHORIZATION AND
APPROVAL TO SHORTEN THE SERVICE LIFE OF AND ABANDON ITS
TOLK GENERATING STATION UNITS; AND (3) OTHER RELATED RELIEF**

Attachment WAG-1(CD)

Southwestern Public Service Company
Total Company Amounts and Jurisdictional Percentages

Witness	Description	Page No.	Line No.	Total Company Amount	Number Scale	Allocator (Name)	TY Allocator (%)	NM Amount
Grant	Section II - New Investment	6	3	\$ 1,447	million	(1)		\$ 388
Grant	Section III - Rate Case Expenses (this case)	11	9	\$ 2.40	million	Direct		\$ 2.40
Grant	Section III - Rate Case Expenses (16-00269-UT case)	11	11	\$ 1.07	million	Direct		\$ 1.07
Grant	Section V - Capital Investment (Test Year)	26	5	\$ 1,447	million	(1)		\$ 388
Grant	Section V - Production Plant Investment (Test Year)	26	16	\$ 41.1	million	(1)		\$ 11.4
Grant	Section V - Transmission Investment (Test Year)	27	1	\$ 256.8	million	(1)		\$ 52.5
Grant	Section V - Distribution Investment (Test Year)	27	3	\$ 100.3	million	(1)		\$ 35.5
Grant	Section V - General Plant Investment (Test Year)	27	5	\$ 42.0	million	(1)		\$ 11.7
Grant	Section V - Intangible Plant Investment (Test Year)	27	10	\$ 18.4	million	(1)		\$ 5.1
Grant	Section V - Production Plant Investment (5 months beyond Test Year)	27	20	\$ 727.2	million	(1)		\$ 207.6
Grant	Section V - Transmission Investment (5 months beyond Test Year)	28	1	\$ 197.5	million	(1)		\$ 42.6
Grant	Section V - Distribution Investment (5 months beyond Test Year)	28	3	\$ 42.3	million	(1)		\$ 15.2
Grant	Section V - General Plant Investment (5 months beyond Test Year)	28	5	\$ 20.4	million	(1)		\$ 5.7
Grant	Section V - General Plant Investment (5 months beyond Test Year)	28	10	\$ 3.5	million	(1)		\$ 1.0
Grant	Section V - Production Plant Additions during Test Year	29	Tables WAG-4.5	\$ 41,054,425	dollars	(1)		\$ 11,364,395
Grant	Section V - Production Plant Additions during 5 months beyond Test Year	29	Tables WAG-4.5	\$ 725,202,369	dollars	(1)		\$ 207,638,742
Grant	Section V - Total Production Plant Additions	29	Tables WAG-4.5	\$ 766,256,794	dollars	(1)		\$ 219,003,137
Grant	Section V - Transmission Additions during Test Year	29	Tables WAG-4.5	\$ 256,772,854	dollars	(1)		\$ 52,507,979
Grant	Section V - Transmission Additions during 5 months beyond Test Year	29	Tables WAG-4.5	\$ 197,518,296	dollars	(1)		\$ 42,633,164
Grant	Section V - Total Transmission Additions	29	Tables WAG-4.5	\$ 454,291,150	dollars	(1)		\$ 95,141,143
Grant	Section V - Distribution Additions during Test Year	29	Tables WAG-4.5	\$ 100,309,251	dollars	(1)		\$ 35,534,299
Grant	Section V - Distribution Additions during 5 months beyond Test Year	29	Tables WAG-4.5	\$ 42,296,556	dollars	(1)		\$ 15,199,329
Grant	Section V - Total Distribution Additions	29	Tables WAG-4.5	\$ 142,605,807	dollars	(1)		\$ 50,733,628
Grant	Section V - General Plant Additions during Test Year	29	Tables WAG-4.5	\$ 42,013,242	dollars	(1)		\$ 11,663,475
Grant	Section V - General Plant Additions during 5 months beyond Test Year	29	Tables WAG-4.5	\$ 20,445,307	dollars	(1)		\$ 5,675,909
Grant	Section V - Total General Plant Additions	29	Tables WAG-4.5	\$ 62,458,549	dollars	(1)		\$ 17,339,383
Grant	Section V - Intangible Plant Additions during Test Year	29	Tables WAG-4.5	\$ 18,371,298	dollars	(1)		\$ 5,101,149
Grant	Section V - Intangible Plant Additions during 5 months beyond Test Year	29	Tables WAG-4.5	\$ 3,502,538	dollars	(1)		\$ 972,354
Grant	Section V - Total Intangible Plant Additions	29	Tables WAG-4.5	\$ 21,873,836	dollars	(1)		\$ 6,073,503
Grant	Section V - Hale Project	30	4	\$ 712.5	million	(1)		\$ 204.4
Grant	Section VIII - Professional Dues, Donations, and Contributions	46	6	\$ 228,213	dollars	Direct		\$ 228,213
Grant	Section VIII - Total Professional Dues	46	11	\$ 187,479	dollars	Direct		\$ 187,479
Grant	Section VIII - Dues to Professional Organizations	46	13	\$ 34,331	dollars	Direct		\$ 34,331
Grant	Section VIII - Dues to Business/Economic Organizations	46	14	\$ 6,515	dollars	Direct		\$ 6,515
Grant	Section VIII - Dues to Industry Organizations	46	14	\$ 146,634	dollars	Direct		\$ 146,634
Grant	Section VIII - Educational Donations and Contributions	49	10	\$ 4,038	dollars	Direct		\$ 4,038
Grant	Section VIII - Community Donations and Contributions	49	10	\$ 17,939	dollars	Direct		\$ 17,939
Grant	Section VIII - Economic Development Donations and Contributions	49	11	\$ 18,757	dollars	Direct		\$ 18,757
Grant	Section IX - Rate Case Expenses (this case)	64	6	\$ 2,400,144	dollars	Direct		\$ 2,400,144

Southwestern Public Service Company

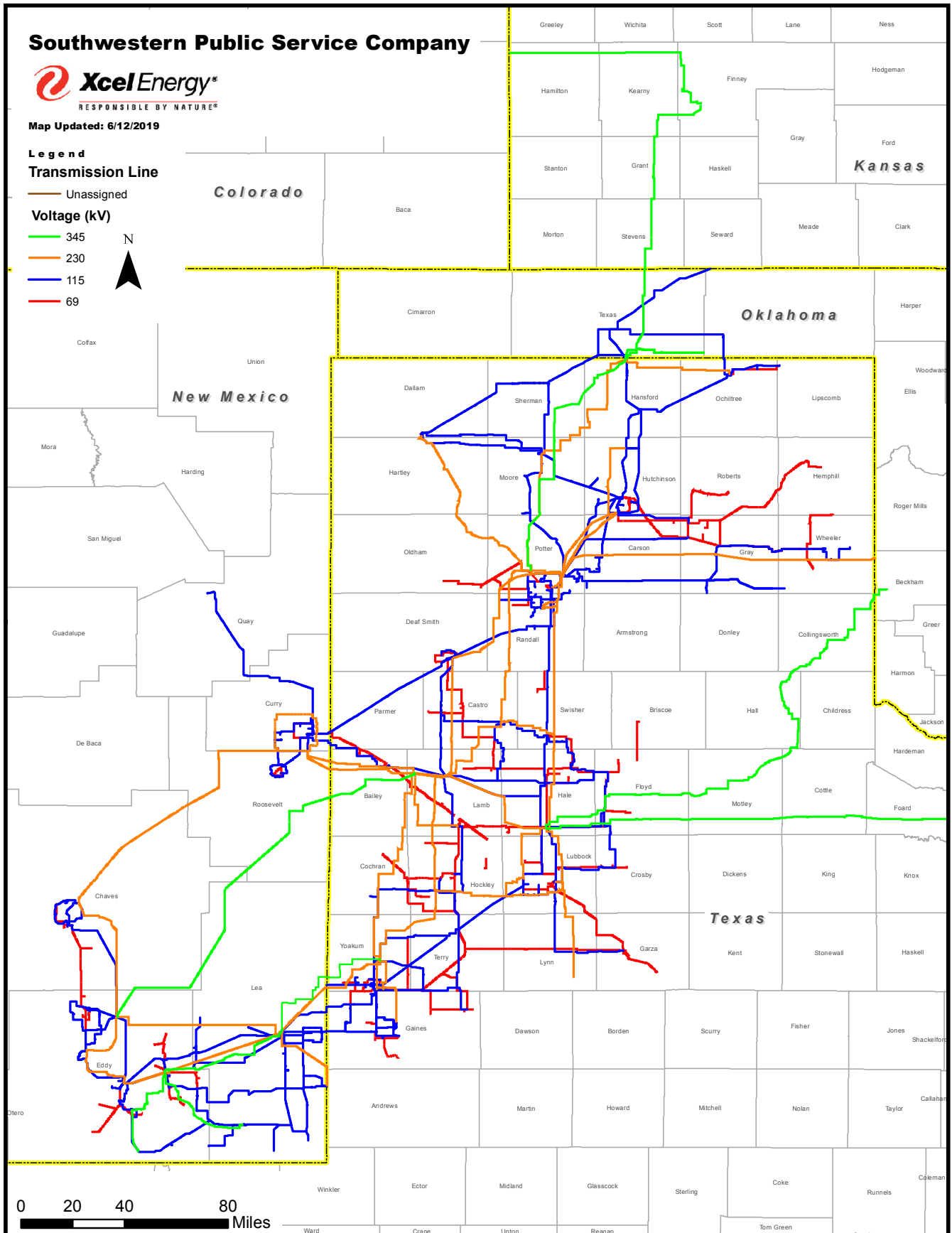
Total Company Amounts and Jurisdictional Percentages

Grant	Section IX - Rate Case Expenses (case 16-00269-UT)	66	12	\$	1,074,671	dollars	Direct	\$	1,074,671
Grant	Section IX - Rate Case Expenses (case 16-00269-UT)	67	8	\$	1,074,671	dollars	Direct	\$	1,074,671

(1) Derived by allocating each functional class as described below.
 Production Assets allocated using 12CP-PROD (27.68%), other than Hale which is allocated using ENERGY (28.69%).
 Transmission Assets primarily allocated using 12CP-TRAN (20.45%), Radial Line assets direct assigned.
 Distribution Assets direct assigned according to location.
 General Plant allocated using LABXAG (27.76%).
 Intangible Plant primarily allocated using LABXAG (27.76%) with a few projects allocated by CUST-RET (31.08%).
 * SPS billed \$12,761,952 by SPP for Attachment Z2. Of that amount, \$2,124,440 is directly assigned to wholesale leaving \$10,637,512 to be paid by SPS's retail customers

Southwestern Public Service Company
Summary of New Mexico Retail Rate Increase Request

Line No.	Description	Current Revenue	Rate Case Request	Proposed Revenues	Net Revenue Increase	Net Percent Increase
1	Base Rate Revenue	\$ 272,697,842	\$ 50,778,291	\$ 323,476,133	\$ 50,778,291	18.62%
2	Energy Efficiency Revenue	11,944,287	-	11,944,287	-	
3	RPS Revenue	26,114,747	-	26,114,747	-	
4	Net Non-Fuel Revenue	\$ 310,756,876	\$ 50,778,291	\$ 361,535,167	\$ 50,778,291	16.34%
5	Fuel and Purchased Energy Revenue	137,997,916	(25,261,613)	112,736,303	(25,261,613)	-18.31%
6	Total New Mexico Retail Revenue	\$ 448,754,792	\$ 25,516,678	\$ 474,271,470	\$ 25,516,678	5.69%



SPS Prior Case Commitments in accordance with 17.1.2.10(B)(2)(d) NMAC

RATE CASES

Case No. 15-00296-UT

The Commission's Final Order required SPS to:

- Amortize its actual rate case expenses from this case and Case No. 15-00139-UT over a two-year period starting from the effective date of the rates established in this case but not seek to recover those expenses in any future proceeding.
- propose in its next general base rate case a rate design that produces the same proposed relative rate of return for the Residential Service and Residential Heating Service classes.
- File a new advice notice and revised rates at least three business days prior to their effective date.
- Remove all fuel and purchased power costs from base rates and bill those costs entirely through the FPPCAC. The Final Order required SPS to implement this change over a four-month transition period.

SPS has complied with these requirements. In Case No. 16-00269-UT, SPS proposed a rate design that produced the same proposed relative rate of return for the Residential Service and Residential Heating Service classes. SPS filed a new advice notice and revised rates on August 10, 2016, and those rates took effect on August 15, 2016. SPS removed all fuel and purchased power costs from base rates over a four-month transition period and recovers those costs entirely through SPS's FPPCAC.

Case No. 16-00269-UT

The Commission's Final Order required SPS to:

- Re-file a complete rate case application and supporting testimony. SPS complied with this requirement by filing Case No. 17-00255-UT.

Case No. 17-00255-UT

The Commission's Final Order required SPS to:

- File a new advice notice and revised rates to become effective upon Staff's approval within ten days of filing. SPS complied with this requirement.
- In a new Advice Notice, cancel Rates Nos. 59, 67, 50, 60, and 61. SPS complied with this requirement.
- Amortize its non-protected excess ADIT over five years and its ADIT related to the net operating loss over 44 years. SPS is complying with these requirements.
- Implement a 15-year amortization period for a new group of large software systems. SPS is complying with this requirement.
- Revise its voltage class adjustment factors to calculate monthly FPPCAC factors. SPS has complied with this requirement.
- Upon the effective date of new rates, credit New Mexico retail customers with 100% of SPS's off-system sales. SPS has complied with this requirement.
- In SPS's next RPS case, propose to recover through its Renewable Energy Rider the cost of renewable energy PPAs that it uses to comply with the RPS. SPS complied with this requirement in Case No. 18-00201-UT.
- Prior to filing its next base rate case, meet with interested parties regarding the allocation of radial line costs and report on the results of this meeting in SPS's next base rate case filing. SPS has complied with this requirement.
- In SPS's next base rate case, report information regarding its Experimental Time of Use rates. SPS has complied with this requirement.
- In SPS's next base rate case filing, propose Time of Use Rates or explain why SPS does not propose permanent Time of Use Rates. SPS has complied with this requirement.
- Prior to filing its next base rate case, perform a New Mexico-specific study that analyzes: the reasonably determinable embedded and incremental costs to serve new interconnected customers; the reasonably determinable benefits to the utility system provided by new interconnected customers during each three-year period after which the new interconnected customer rate riders take effect; if applicable, whether the unavailability factors used in Rates 59 and 67 should be updated; if applicable, whether other changes should be made to cancelled Rates 59 and 67, including potential adjustments to the T&D

Standby Charges. SPS has not proposed distributed generation standby rates in this case and will comply with this requirement prior to doing so.

- Within three months of issuance of the Final Order, meet with Staff and parties to discuss the depth of analysis and detail to include in the study described in the above paragraph and report on the results of this meeting in SPS's next base rate case filing. Participants shall consider the merits of SPS conducting a value of solar study and ELCC study to comply with Section 62-13-13.2. SPS has not proposed distributed generation standby rates in this case and will comply with this requirement prior to doing so.
- Within three months of issuance of the Final Order, meet with AG witness Crane to discuss Ms. Crane's criticisms and attempt to mitigate them in SPS's next base rate case filing, and report on those discussions in SPS's next base rate case filing. SPS has complied with this requirement.

The Commission's New Final Order on Partial Mandate from the New Mexico Supreme Court required SPS to:

- Within five days of issuance of the New Final Order on Partial Mandate: file a new advice notice and revised rates consistent with the order; file a motion to dismiss SPS's appeal of the Commission's Final Order in Case No. 18-00016-UT; and file a motion to dismiss SPS's appeal of the Commission's Final Order in Case No. 16-00269-UT. SPS complied with these requirements.

FINANCING CASES

Case No. 14-00178-UT. SPS's Application for Approvals Regarding Notes under Credit Agreements

SPS was ordered to:

- Report each credit agreement that it enters into pursuant to the approvals and authorizations granted herein in its annual informational financing report filed in accordance with 17.1.2.8 NMAC, and in that filing, SPS shall include a cross-reference to this Order. On April 30, 2015, SPS made this filing as part of its Annual Report for 2015.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS filed the required report on September 14, 2016.

Case No. 15-00150-UT. SPS's Application for Authority to Issue Securities (\$300 Million FMB) and enter into rate hedging agreements

SPS was ordered to:

- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS priced \$200 Million FMB on September 9, 2015 and the transaction closed on September 16, 2015. SPS filed the required report on November 19, 2015.

Case No. 16-00125-UT. SPS's Application for Authority to Issue Securities (\$400 Million FMB) and enter into rate hedging agreements

SPS was ordered to:

- Report each credit agreement that it enters into pursuant to the approvals and authorizations granted herein in its annual informational financing report filed in accordance with 17.1.2.8 NMAC, and in that filing, SPS shall include a cross-reference to this Order. On April 30, 2017, SPS made this filing as part of its Annual Report.

- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS priced \$400 Million FMB during 2016 and the transaction issued through the period ending December 31, 2016. SPS filed the required report on November 9, 2016.

Case No. 17-00100-UT. SPS's Application for Authority to Issue Securities (\$550 Million FMB), recover certain refunding costs, and enter into rate hedging agreements

SPS was ordered to:

- Report each credit agreement that it enters into pursuant to the approvals and authorizations granted herein in its annual informational financing report filed in accordance with 17.1.2.8 NMAC. On April 30, 2018, SPS made this filing as part of its Annual Report.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; and the terms and conditions of the transactions. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS priced \$450 Million FMB on August 2, 2017, and the transaction closed on August 9, 2017. SPS filed the required report on November 7, 2017.

Case No. 18-00232-UT. SPS's Application for Authority to Issue Securities (\$300 Million FMB), recover certain refunding costs, enter into rate hedging agreements, extend authorization to issue notes under revolving credit agreements, and increase the maximum amount of notes issuable under its credit agreement to \$600,000,000

SPS was ordered to:

- File final documents following the close of the securities transactions and identify every change from the documents presented with SPS's Application. SPS filed the required documents on November 15, 2018.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; the terms and conditions of the transactions; and hedging activities and the impacts of those activities. SPS will

also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS priced \$300 Million FMB on October 29, 2018, and the transaction closed on November 5, 2018. SPS filed the required report on January 16, 2019.

Case No. 19-00038-UT. SPS's Application for Authority to Issue Securities (\$400 Million FMB), recover certain refunding costs, and enter into rate hedging agreements

SPS was ordered to:

- File final documents following the close of the securities transactions and identify every change from the documents presented with SPS's Application. SPS will file the required documents after the transaction closes.
- File a notarized report within 90 days following the consummation of the subject securities transactions, stating: the consummation; the amount of the proceeds; the expenses actually incurred by SPS; the terms and conditions of the transactions, and hedging activities and the impacts of those activities. SPS will also demonstrate in the report that the overall cost of debt was lowered a result of any refinancing transaction. SPS will file the required report within 90 days after the transaction closes.

ENERGY EFFICIENCY CASES

Case No. 15-00119-UT. SPS's 2016 EE/LM Plan

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements.

- SPS was required to file within 10 days of issuance of the Final Order an advice notice to commence collection of program costs under the approved 2016 EE Rider. SPS complied with this provision by filing Advice Notice No. 260.
- SPS was required to file within 10 days of issuance of the Final Order to file its Residential Smart Thermostat Pilot tariff (Original Rate No. 75) under the advice notice ordered in Decretal Paragraph E. SPS complied with this provision by filing Advice Notice No. 260.
- SPS was required to file within 60 days of issuance of the Final Order to file a modified 2016 Energy Efficiency and Load Management (EE/LM) Plan incorporating all approved changes in both the final (clean) version, and in legislative (redline/strikeout) format. SPS complied with this provision by filing its modified 2016 EE/LM Plan on February 19, 2016.
- Subsection 1.1(a) of the Stipulation required SPS to review the potential to add participants to the Energy Feedback program in its 2017 EE/LM Plan, and if feasible, SPS would propose to increase the number of participants in its 2017 EE/LM Plan. In its 2017 EE/LM Plan (Case No. 16-00110-UT), SPS's evaluation indicated that expansion was not cost-effective, and, therefore, it did not propose to increase the number of participants.
- Subsection 1.1(b) of the Stipulation required SPS to determine whether there are instances of participants in the Residential Cooling program switching from evaporative cooling to central air conditioning (technology switching) and if so, implement restrictions to prevent it. SPS discussed this issue in Case No. 17-00159-UT.
- Subsection 1.1(b) of the Stipulation required SPS to determine whether to continue the program in its 2017 and 2018 plan filings. In its 2017 EE/LM Plan, SPS proposed to continue the Smart Thermostat Pilot program in 2017.

Case No. 16-00110-UT. SPS's 2017 EE/LM Plan

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements.

- Within 60 days of issuance of the Final Order, file a modified 2017 EE/LM Plan incorporating all approved changes in red-lined format. SPS complied with this requirement by filing its modified 2017 EE/LM Plan on January 9, 2017.
- Within 10 days of issuance of the Final Order, file an advice notice to implement the approved 2017 EE rider and commence collections in the first full billing month after filing the advice notice, but not before January 1, 2017, provided there are at least 10 business days for the Signatories to review the advice notice prior to collection in the first full billing month after filing the advice notice. If the Signatories do not have 10 business days to review the advice notice prior to the first full billing month, SPS shall implement the proposed 2017 EE Rider in the second full billing month after filing the advice notice. SPS complied with this requirement by filing Advice Notice No. 266 on November 18, 2016.
- Review the Residential Cooling Program to determine whether there are instances of customers switching from evaporative cooling to central air conditioning when choosing to participate in the Program and propose restrictions to prevent rebating of technology switching by customers if it is occurring. SPS discussed this issue in Case No. 17-00159-UT and Case No. 19-00140-UT.
- Section 1.1(a) of the Stipulation in Case No. 16-00110-UT required SPS to review the potential to add participants to the Energy Feedback Program for plan year 2018. SPS conducted this review in 2016.
- Section 1.1(e) of the Stipulation required SPS to investigate 'strategic energy management' enhancements for capturing savings from business operational improvements. SPS has complied with this requirement.
- Sections 2.1 and 2.2 of the Stipulation required SPS to make a yearly filing seeking approval of the creation of a regulatory asset or liability caused by the differential between collection and spending levels and approval of a yearly reconciliation of the incentive earned by SPS for the 2017 program year versus collections. The Stipulation required SPS to make a limited filing with the Commission in 2018 to request a regulatory liability and reconciliation of the incentive earned by SPS for the 2017 program year. SPS complied with these requirements by filing Case Nos. 17-00159-UT and 18-00139-UT.

Case No. 17-00159-UT. SPS's 2018 EE/LM Plan

The Final Order Adopting Certification of Stipulation required SPS to comply with the following requirements.

- Within 10 days of issuance of the Final Order, file an advice notice to commence collection of program costs under the proposed EE rider in the first full month after filing the advice notice. SPS complied with this requirement by filing Advice Notice No. 269 on December 14, 2017.
- Within 60 days of issuance of the Final Order, file a modified 2018 EE/LM Plan incorporating all approved changes in red-lined format. SPS had not filed an EE/LM Plan and, therefore, did not file a modified plan.
- Subsection 1.7 of the Stipulation required SPS to address the merits of using a particular WACC in its next EE/LM filing in 2019. This requirement was rendered moot by the 2017 amendment to Rule 17.7.2 NMAC.

Case No. 18-00139-UT. Regarding SPS's Petition Seeking Commission Determination of an Appropriate Energy Efficiency and Load Management Filing.

SPS was ordered to:

- Include in its May 2019 triennial EE/LM filing all necessary information and requests for approval required by Sections 2.1 and 2.2 of the Stipulation in Case No. 16-00110-UT. SPS has complied with this requirement in Case No. 19-00140-UT.
- Prior to SPS's May 2019 triennial EE/LM filing, SPS will book in the 2017 plan year balancing account the estimated under-spend amount as a regulatory liability and apply the appropriate amounts to its 2019 and 2020 plan year budgets, subject to the Commission's review, reconciliation, approval, and or modification. SPS has complied with this requirement.
- Prior to SPS's May 2019 triennial EE/LM filing, the Signatories to the stipulation in Case No. 16-00110-UT are instructed to attempt to agree on how to address and resolve, going forward, the inconsistency between the Stipulation and the amendments to the EE Rule, subject to Commission approval in the May 2019 case. The parties to the Stipulation discussed these issues but given the number of cases and other business of the parties, no resolution was reached.

RENEWABLE PORTFOLIO STANDARD (“RPS”) CASES

Case No. 14-00198-UT. Regarding SPS’s 2013 Annual RPS Report; the 2015 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- Provide the 2015 and 2016 evaluation of non-wind renewable resources in its service area (in compliance with the orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT) as part of its 2016 RPS filing. SPS complied with this requirement by including the evaluation in the Renewable Energy Act Plan that was part of Case No. 15-00208-UT, which was filed on July 1, 2015.
- Meet with parties in the case prior to the filing of SPS’s 2016 RPS Plan filing to discuss the methodology, inputs and assumptions for the required Rule 572.14(C) analysis. SPS complied with this requirement and conducted three meetings with parties on January 26, February 10, and March 5, 2015. SPS was ordered to provide this analysis in its 2016 RPS case, which was filed on July 1, 2015, Case No. 15-00208-UT.

Case No. 15-00208-UT. Regarding SPS’s 2014 Annual RPS Report; the 2016 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- File an advice notice within 10 days of the order to revise the RPS Rider to commence collection of its 2016 RPS-related costs. SPS complied with this requirement by filing Advice Notice No. 259.
- File an advice notice within 10 days of the order to reflect approved changes to applicable DG tariffs. SPS would provide in its annual report the prior year’s information showing the monthly excess generation, the average estimated price paid, the actual price, and a reconciliation of the cost on a quarterly basis. SPS complied with this requirement by filing Advice Notice No. 259.
- File an advice notice within 10 days of the order to reflect revised Rate No. 57 and revised Rate No. 58 to reflect closing Small SDG-REC and Medium SDG-REC to new customers. SPS complied with this requirement by filing Advice Notice No. 259.
- File an advice notice within 10 days of the order to reflect approval of changes to SSDG-REC and MSDG-REC (Windsorce) tariffs. SPS complied with this requirement by filing Advice Notice No. 259.

- In relation to issues deferred for consideration (a) SPS's request for approval of the calculation of the RCT for purposes of determining whether SPS can procure additional renewable resources for future RPS compliance in accordance with Rule 572.14(C); and (b) SPS's proposal for calculating the avoided energy related to the SunE solar LTPPAs based on the SPP's hourly DAMLMP beginning January 1, 2016), SPS, CCAE, and Staff were required to confer in good faith to attempt to resolve and/or clarify and refine the issue or issues which remained in dispute at the earliest opportunity. To that end, SPS met with the parties on February 25, 2016.
- As part of its 2016 RPS filing, submit an analysis on the matter of exercising of its option under the NextEra LTPPAs to purchase solar RECs to satisfy some portion of SPS's future RPS solar diversity requirements. SPS complied with this provision in its 2016 RPS filing, Case No. 16-00183-UT, filed July 1, 2016.
- As part of its 2016 RPS filing, comply with the rulings in Case No. 15-00166-UT (PNM's 2015 RPS filing). SPS complied with the February 4, 2016 Modified Notice to SPS and EPE issued in Case No. 15-00166-UT in its 2016 RPS filing, Case No. 16-00183-UT, filed July 1, 2016.

Case No. 16-00183-UT Regarding SPS's 2015 Annual RPS Report; the 2017 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- File an advice notice within 10 days of the order to revise the RPS Rider to commence collection of its 2017 RPS-related costs. SPS complied with this requirement by filing Advice Notice No. 263.
- Discuss with NextEra the possibility of purchasing solar RECs outside the NextEra PPA's purchase option and report to the Commission the status of those negotiations in SPS's 2017 RPS filing. SPS complied with this requirement in its 2017 RPS filing, Case No. 17-00161-UT, filed on July 3, 2017.

Case No. 17-00161-UT Regarding SPS's 2016 Annual RPS Report; the 2018 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- File an advice notice within 10 days of the order to revise the RPS Rider to commence collection of SPS's 2018 RPS-related costs. SPS complied with this requirement by filing Advice Notice No. 270 on December 14, 2017.

- Provide the Rule 572.14(C)(1) revenue requirement analyses in its 2019 RPS Plan filing. SPS complied with this requirement in Case No. 18-00201-UT.
- In its 2018 RPS filing, show that, when calculating the RPS, that the large customer adjustment has been calculated consistent with previous Commission's decisions, specifically the Final Order in Case No. 17-00129-UT. SPS complied with this requirement in Case No. 18-00201-UT.

Case No. 18-00201-UT Regarding SPS's 2017 Annual RPS Report; the 2019 Annual Renewable Energy Portfolio Procurement Plan; and Associated Relief

SPS was ordered to:

- Obtain Commission approval before changing any terms of the Caprock, San Juan, and SunEdison PPAs. SPS will comply with this requirement.
- When SPS files a Renewable Energy Act plan and the plan projects that SPS will not procure RECs beyond its RPS compliance requirement in the plan year, SPS shall, beginning in that plan year, recover all of its RPS compliance costs through its RPS Cost Rider and use gross cost to calculate the Large Customer Adjustment. Until that time, SPS may continue to recover its economic RPS compliance costs through its FPPCAC and use net cost to calculate the Large Customer Adjustment. SPS will comply with this requirement.
- Retire the RECs associated with the Sagamore and Hale wind facilities for RPS compliance as needed; and sell Sagamore and Hale RECs not used for RPS compliance or to offset any greenhouse gas standards and allocate the proceeds as credits to SPS's New Mexico retail customers through SPS's FPPCAC. SPS will comply with these requirements.
- In future RPS cases, SPS shall update information regarding distributed generation REC purchase programs. SPS will comply with this requirement.

Case No. 17-00294-UT. Regarding SPS's Request for Approval of Extension of WindSource PPA

The Final Order Approving Certification of Stipulation provided:

- SPS is authorized to execute a two-year extension of the Texico PPA consistent with the terms and conditions of the Stipulation, Commission rules, and any applicable provisions of prior orders. SPS will comply with this requirement.

- SPS is authorized to continue the use of its FPPCAC to flow through the costs and revenues associated with the PPA extension and to reconcile any imbalances between Windsorce costs and revenues consistent with the terms and conditions of the Stipulation, Commission rules, and any applicable provisions of prior orders. SPS will comply with this requirement.
- As part of its filing for a new voluntary renewable energy program, SPS shall address potential cross-subsidies related to the recovery of costs of the proposed new voluntary program. SPS has complied with this requirement in Case No. 18-00308-UT.

APPROVAL OF PURCHASED POWER AGREEMENTS (“PPA”)

Case No. 15-00083-UT. Regarding SPS’s Request for Approval of Solar PPAs

SPS was ordered to:

- File for CCN approval if it exercises the option to acquire the facilities under the solar PPAs. SPS has not exercised the option at this time.
- File a report within 45 day of receipt of the final Aggregate Facility Study prepared by the SPP explaining SPP’s determination regarding transmission service, capital costs, annual revenue requirement, cost per kilowatt-hour and an explanation and justification of SPS’s solution relative to transmission service. SPS filed the report on May 9, 2016.

CERTIFICATE OF CONVENIENCE AND NECESSITY CASES

Case No. 14-00114-UT. Regarding SPS's Request for a CCN for the Potash Junction to Roadrunner Transmission Line

SPS was ordered to file:

- Copies of all final construction permits received within two weeks of receipt. As required, SPS filed copies of the construction permits issued by the New Mexico Department of Transportation on February 9, 2015.
- The actual costs of the Proposed Project as soon as they become available. SPS filed this report on May 23, 2016.
- Notice of the dates that the Proposed Project is placed in service. SPS filed this report on May 23, 2016.

Case No. 16-00126-UT. Regarding SPS's Request for a CCN for the Hobbs to China Draw Transmission Line

SPS was ordered to file:

- Copies of all final construction permits received within two weeks of receipt. SPS filed copies of the construction permits on September 20, 2017.
- The actual costs of the Proposed Project as soon as they become available. SPS filed the required information on September 28, 2018.
- Notice of the dates that the Proposed Project is placed in service. SPS filed the required information on September 28, 2018.

Case No. 17-00044-UT. Regarding SPS's Request for a CCN for Wind Generation Facilities

The Final Order Adopting Certification of Stipulation With Modification required SPS to comply with the following requirements.

- File copies of all construction and required environmental permits received for Hale within two weeks of receipt of the final permit for Hale, and all construction and required environmental permits received for Sagamore within two weeks of receipt of the final permit for Sagamore. SPS shall make the filings under Case

No. 17-00044-UT and serve all Signatories by e-mail. SPS will comply with this requirement.

- SPS shall file the actual costs of each Wind Facility as soon as the actual costs are available. SPS shall make the filings under Case No. 17-00044-UT and serve all Signatories by e-mail. SPS will comply with this requirement.
- Within five business days of the date each Wind Facility is declared in commercial operation, SPS shall file a notice of that Wind Facility's commercial operation date. SPS shall make the filings under Case No. 17-00044-UT and serve all Signatories by e-mail. SPS will comply with this requirement.
- Comply with the terms of the Stipulation regarding the sale of energy generated by the Wind Facilities and the crediting of Production Tax Credits. SPS will comply with this requirement.
- File historic test year rate cases to include the Wind Facilities in rates and propose specific ratemaking provisions established by the Stipulation for the Wind Facilities. SPS has complied with this requirement for Hale in this case and will comply with this requirement for Sagamore.
- For New Mexico retail ratemaking purposes, the gross plant-in-service amount combined for the Hale and Sagamore projects to be included in SPS's rate base in the initial rate cases for the projects will not exceed \$1,675 per kW installed (total company). SPS has complied with this requirement for Hale and will comply with this requirement for Sagamore.
- Provide customers with a guaranteed level of generation as described in the Stipulation and make an annual informational filing by May 15th showing the production level for the prior year and the amount of any credit or recapture. SPS will comply with this requirement.
- Track net savings for customers for the first ten years of each Wind Facility's operation in the manner described in the Stipulation and compensate customers for net costs. SPS will make an annual informational filing by May 15th showing the calculation of net savings for the prior calendar year. SPS will comply with this requirement.
- Credit New Mexico retail customers with the value of 100% of the New Mexico retail portion of the PTCs related to the actual output generated by turbines placed in service at the Wind Facilities after December 31, 2020 through SPS's FPPCAC. SPS will comply with this requirement.

- For the first base rate case SPS files to include each facility in rates and subsequent rate cases in which final orders are issued before December 31, 2025, include in rate base the end-of-test-year balance of any unused PTCs, up to \$630 million. SPS will comply with this requirement.
- Allocate costs of the Wind Facilities using an energy allocator. SPS has complied with this requirement for Hale and will comply with this requirement for Sagamore.
- In the first SPS base rate case that seeks to recover the costs of Hale through rates, file a complete depreciation study that covers all of SPS's depreciable assets, including Hale. SPS has complied with this requirement in this case.
- Address the sale of RECs created by production from Hale and Sagamore in SPS's 2018 RPS case. SPS complied with this requirement in Case No. 18-00201-UT.
- The New Mexico retail jurisdictional portion of the margins from any off-system sales of generation from the Hale and Sagamore projects will be provided 100% to customers. SPS will comply with this requirement.
- Meet with customers should SPS decide to cancel or reduce the size of one or both of the Wind Facilities prior to operation. SPS has not cancelled or reduced the size of the Wind Facilities.

Case No. 17-00143-UT. Regarding SPS's Request for a CCN for Lea County Transmission Line

SPS was ordered to file:

- Copies of all final construction permits and environmental permits within 30 days of receipt. SPS will comply with this requirement.
- The actual costs of the Proposed Project as soon as they become available. SPS will comply with this requirement.
- Notice of the dates that the Proposed Project is placed in service. SPS will comply with this requirement.

Case No. 17-00089-UT. Regarding SPS's Request for Approval to Retire and Abandon the Carlsbad Generating Station

SPS was ordered to:

- Abandon and decertify the Carlsbad Generating Station (“CGS”). SPS has complied with this requirement.
- After SPS dismantles the CGS, file a report with the Commission identifying and justifying all expenses incurred if the net cost of removal exceeds \$150,000 (New Mexico retail). The CGS has been dismantled, and the cost of removal did not exceed \$150,000 (New Mexico retail).
- Explain all CGS-related costs SPS may seek to recover in a future rate case that will be filed after dismantling is complete. SPS has provided this information in this case.

OTHER CASES

Case No. 14-00348-UT. Regarding SPS's Request for Approval to Continue Use of FPPCAC and Reconciliation of FPPCAC Expenses

SPS was ordered to:

- Continue use of its FPPCAC. SPS has complied with this requirement.
- Implement SPS's 2013 Transmission and Distribution System Loss Evaluation Study for calculation of monthly FPPCAC factors. SPS has complied with this requirement.
- Correct its allocation of FPPCAC expenses by voltage level. SPS has complied with this requirement.
- Within one-month following the Final Order, refund to customers an overpayment made during the period of an FPPCAC allocation error. SPS has complied with this requirement.
- Over a twelve-month period following the Final Order, collect from customers an underpayment that resulted from a FPPCAC allocation error. SPS has complied with this requirement.

Case No. 16-00252-UT. Regarding SPS's Eighth Revised Rule No. 16 and Application of Policy on Contribution in Aid of Construction

SPS was ordered to:

- Retain and manage documentation pertaining to all cost estimates provided to suburban developers who make line extension requests. SPS has complied with this requirement.

Case No. 16-00263-UT. Regarding SPS's Application for Approval of Modification of Cost Recovery Methodology Under its Fuel and Purchased Power Cost Adjustment Clause

SPS was ordered to:

- Recover FPPCAC costs from New Mexico retail customers based on loss-adjusted sales. SPS has complied with this requirement.

- Work with Staff and the parties to develop additional work papers and calculations that SPS will file with its monthly FPPCAC reports. SPS has been filing an additional work paper with its monthly FPPCAC reports that shows how the loss-adjusted FPPCAC allocator was derived.
- File its monthly FPPCAC reports from other jurisdictions at the time they are filed in the other jurisdictions. SPS has complied with this requirement.
- Include with its annual FPPCAC report a separate report that provides detailed calculations showing SPS's fuel and purchased power costs for all jurisdictions for the prior calendar year. SPS has complied with this requirement.
- In its next general rate case filing, justify SPS's sharing of non-firm off system sales between customers and SPS on a 90%-10% basis. SPS complied with this requirement in Case No. 17-00255-UT.

Case No. 17-00104-UT Regarding SPS's Application for Revision of Rate No. 26 Under Advice Notice No. 268 and Request for Waivers

SPS was ordered to:

- File an Advice Notice removing its Optional Credit Card Charge from Rate No. 26 of its tariff within ten days of the Commission's Final Order. SPS complied with this requirement.

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Production				
1	500	Operation Supervision and Engineering	\$ 2,268,554	\$ 627,965
2	501.35	Coal Non-Mine; Non-Freight	36,822,078	10,563,515
3	507.70	Coal Ash Sales	(638,126)	(183,066)
4	502	Steam Expenses	10,999,173	3,044,713
5	505	Electric Expenses	9,804,750	2,714,081
6	506	Miscellaneous Steam Power Expenses	12,308,638	3,407,190
7	507	Rents	6,346,153	1,756,697
8	509	Steam Operation SO2 Allowance Expense	159,720	69,444
9	510	Maintenance Supervision and Engineering	1,487,576	411,780
10	511	Maintenance of Structures	5,165,862	1,429,977
11	512	Maintenance of Boiler Plant	17,498,911	5,020,086
12	513	Maintenance of Electric Plant	12,292,355	3,526,430
13	514	Maintenance of Miscellaneous Steam Plant	11,085,594	3,068,636
14	546	Operation Supervision and Engineering	20,803	5,759
15	548	Generation Expenses	607,534	168,173
16	549	Misc Other Power Generation Expenses	4,229,813	1,209,556
17	550	Rents	509,638	141,074
18	551	Maintenance Supervision and Engineering	215,299	59,598
19	552	Maintenance of Structures	396,710	109,815
20	553	Maintenance of Generating and Electric Equipment	5,156,506	1,466,076
21	554	Maintenance of Misc Other Power Generation Plant	303,609	84,043
22	556	System Control and Load Dispatching	1,086,063	300,636
23	557	Purchased Power Other	1,649,520	476,935
24	Total Production O&M Expense		\$ 139,776,736	\$ 39,479,115

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Transmission				
25	560	Operation Supervision and Engineering	\$ 9,782,898	\$ 2,049,023
26	561	Load Dispatch - Reliability	231,641	47,369
27	561	Load Dispatch - Monitor and Operate Trans. System	3,248,302	664,252
28	561	Scheduling, System Control and Dispatching Services	4,043,263	989,084
29	562	Reliability, Planning and Standards Development	31	6
30	562	Transmission Service Studies	66,498	13,598
31	562	Generation Interconnection Studies	(55,916)	(11,434)
32	562	Reliability Planning and Standards Development Services	3,190,183	875,170
33	562	Station Expenses	1,936,338	405,565
34	563	Overhead Line Expenses	834,686	174,825
35	564	Underground Line Expenses	-	-
36	565	Wheeling Lamar DC Tie	(420)	(116)
37	565	Wheeling Meter Charges	912,309	-
38	565	Wheeling Miscellaneous	31,117	6,363
39	565	Wheeling Schedule 12	1,833,497	588,980
40	565	Wheeling Schedule 12 - Wholesale	493,218	-
41	565	Wheeling Schedule 1 - Wholesale	762,783	-
42	565	Wheeling Schedule 2	4,678	1,503
43	565	W-Wheeling Schedule 2 - Wholesale	1,115	-
44	565	Wheeling Schedule 7&8	-	-
45	565	Wheeling Schedule 9	6,062,371	1,239,706
46	565	Wheeling Schedule 9 - Wholesale	25,175,406	-
47	565	565000S11T-Wheeling Schedule 11 - Total	135,171,319	33,009,456
48	565	565Z2DAUC - Z2 Direct Assigned Upgrade Charge	81,490	26,180
49	565	565Z2DAUCW - Z2 Direct Assigned Upgrade Charge - Wholesale	16,962	-
50	565	565Z2Sch11 - Z2 Schedule 11 Charges	(182,512)	(58,629)
51	565	565Z2Sch11W - Z2 Schedule 11 Charges - Wholesale	(4,093)	-
52	566	Misc Transmission Expenses	3,050,286	638,881
53	567	Rents	1,966,505	411,884
54	568	Maintenance Supervision and Engineering	8,520	1,784
55	570	Maintenance of Station Equipment	1,742,671	365,002
56	571	Maintenance of Overhead Lines	1,288,468	269,869
57	Sub-Total Total Transmission O&M Expenses		\$ 201,693,613	\$ 41,708,320
Regional Market Expenses				
58	575	Operation Supervision	\$ 158,137	\$ 45,366
59	575	Day-Ahead and Real-Time Market Administration	306,568	87,948
60	576	Ancillary Services Market Administration	24,516	7,033
61	576	Market Monitoring and Compliance	41,429	11,885
62	576	Market Admin, Monitoring, and Compliance Services	8,199,872	2,005,954
63	576	Regional Market Rents	51,609	14,806
64	Total Regional Market Expenses		\$ 8,782,132	\$ 2,172,993
65	Total Transmission O&M Expenses		\$ 210,475,744	\$ 43,881,313

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Distribution				
66	580	Operation Supervision and Engineering	\$ 3,163,274	\$ 1,111,790
67	581	Load Dispatching	313,310	111,864
68	582	Station Expenses	1,595,635	569,703
69	583	Overhead Line Expenses	3,666,655	1,454,447
70	584	Underground Line Expenses	145,869	50,477
71	585	Street Lighting and Signal Systems Expenses	154,975	55,332
72	586	Meter Expenses	3,381,132	1,205,442
73	587	Customer Installations Expenses	918,200	327,833
74	588	Misc Distribution Expense	13,631,759	3,709,454
75	589	Rents	2,595,221	799,926
76	590	Maintenance Supervision and Engineering	19,407	6,929
77	591	Maintenance of Structures	4,271	(2,928)
78	592	Maintenance of Station Equipment	789,883	282,019
79	593	Maintenance of Overhead Lines	7,027,707	2,463,915
80	594	Maintenance of Underground Lines	407,483	130,209
81	595	Maintenance of Line Transformers	346	346
82	596	Maintenance of Street Lighting and Signal Systems	637,197	242,783
83	597	Maintenance of Meters	13,267	4,737
84	598	Maintenance of Misc Distribution Plant	(240,996)	(158,415)
85		Total Distribution O&M Expenses	\$ 38,224,594	\$ 12,365,862
Customer Accounts				
86	901	Supervision	\$ 29,486	\$ 9,165
87	902	Meter Reading Expenses	4,784,352	1,487,047
88	903	Customer Records and Collection Expenses	6,947,307	2,159,325
89	904	Uncollectible Expenses	4,380,461	1,361,536
90	904	Uncollectible Expenses Misc	1,058,042	328,861
91	905	Customer Acct - Misc	-	-
92	DEPINT	Customer Deposit Interest Expense	151,110	34,508
93		Total Customer Accounts Expense	\$ 17,350,759	\$ 5,380,441
Customer Service				
94	908	Customer Asst Expense	\$ 2,113,147	\$ 656,797
95	908	Historical EE Amortization	388,237	-
96	908	SaversSwitch	855,119	-
97	909	Informational and Instructional Advertising Expense	600,478	186,641
98	910	Miscellaneous Customer Service Expense	17,088	5,311
99		Total Customer Service Expense	\$ 3,974,069	\$ 848,749

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Sales				
100	912	Demonstration and Selling Expense-Economic Development	260,978	81,116
101		Total Sales Expense	\$ 260,978	\$ 81,116
Administrative and General Expenses				
102	920	Administrative and General Salaries	\$ 28,862,730	\$ 8,012,705
103	921	Office Supplies and Expenses	19,880,024	5,518,978
104	922	Administrative Expenses Transferred-Credit	(17,541,474)	(4,869,763)
105	923	Outside Services Employed	10,024,264	2,782,878
106	924	Property Insurance	3,263,374	866,236
107	925	Injuries and Damages	6,582,771	1,827,471
108	926	Employee Pensions and Benefits	34,553,810	9,592,630
109	926	Deferred Pension Expense	(2,798,525)	-
110	928	Regulatory Commission Expense - NM	6,452,462	6,452,462
111	928	Regulatory Commission Expense - Misc	5,528,868	30,507
112	929	Duplicate Charges-Credit	(1,390,153)	(367,516)
113	930	Misc General Expenses	1,192,983	315,390
114	931	A&G Rents	12,941,448	3,752,019
115	935	Maintenance of General Plant	185,735	51,677
116		Recoverable Contributions, Dues, and Donations	228,213	228,213
117		Total Administrative and General Expenses	\$ 107,966,529	\$ 34,193,886
118		Total Operations and Maintenance Expense	\$ 518,029,409	\$ 136,230,481

Southwestern Public Service Company

Contributions and Donations

Total Requested Contributions

Line No.	Description	Total Requested New Mexico Retail Amount
1	Total Educational, Community & Economic Development Contributions	\$ 40,733
2	Total Professional/Industry Association and Chamber Dues	\$ 187,479
3	Total Requested Contributions	<u>\$ 228,213</u>

Southwestern Public Service Company

Contributions and Donations

Summary of Educational, Youth, and Economic Development Contributions

Line No.	Description	Total Requested New Mexico Retail Amount
1	Educational Contributions	\$ 4,038
2	Community Contributions	18,089
3	Economic Development Contributions	\$ 18,607
4	Total Contributions and Donations	<u>\$ 40,733</u>

Southwestern Public Service Company
Contributions and Donations

Educational Contributions

Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization	
1	426.1	Clovis Municipal School District	\$ 350	100%	\$ 350	100%	\$ 350	Clovis Schools Foundation Banquet	
2	426.1	Eastern New Mexico University - Roswell	1,000	100%	1,000	100%	1,000	Sponsor Annual Honors Banquet	
3	426.1	Hobbs High School	412	100%	412	100%	412	Xcel Energy Donated a Sponsorship Banner	
4	426.1	New Mexico Junior College	600	100%	600	100%	600	New Mexico Junior College Foundation Fundraiser	
5	426.1	New Mexico Junior College	500	100%	500	100%	500	New Mexico Junior College Foundation Fundraiser and Booster Club	
6	426.1	University of the Southwest	150	100%	150	100%	150	University of the Southwest Foundation Free Enterprise Dinner	
7	426.1	Golden Apple Foundation	26	100%	26	100%	26	Sponsorship -Processing Fee	
8	426.1	Golden Apple Foundation	\$ 1,000	100%	\$ 1,000	100%	\$ 1,000	Sponsored the Golden Apple Teachers Awards to honor a Roswell Science Teacher	
9	Total Educational Contributions/Donations							\$ 4,038	\$ 4,038

Southwestern Public Service Company
Contributions and Donations

Community Contributions

Line No.	FERC Acct	Organization	Allocation to SPS		Test Year Amount to SPS	Allocation to New Mexico		Total Requested New Mexico Retail Amount	Brief Purpose of Organization *
			Total Amount	%		Total Amount	%		
1	426.1	Albertson's Market	\$ 51	100%	\$ 51	100%	\$		Purchase Supplies for Arcing Demonstration.
2	426.1	Albertson's Market	37	100%	37	100%		37	Purchase Supplies for Arcing Demonstration.
3	426.1	Albertson's Market	400	100%	400	100%		400	Isaiah's Kitchen Holiday Sponsorship - Isaiah's Soup Kitchen is a non-profit organization offering free food, clothing, and household goods to the needy in the Hobbs, New Mexico area.
4	426.1	Clovis/Curry County Chamber of Commerce	300	100%	300	100%		300	Sponsored Humane Animal Society fund raising event hosted by the chamber pet project of Clovis Assistant City Manager.
5	426.1	Albertson's Market	100	100%	100	100%		100	Stuff a Truck door prizes.
6	426.1	Altrusa International Roswell	400	100%	400	100%		400	Altrusa International of Roswell, NM, Inc. Altrusa is an international non-profit organization making our local communities better through leadership, partnership, and service. The club offers an opportunity to make a real difference in Chaves County. They undertake a variety of service, literacy, fundraising and international projects each year.
7	426.1	Artesia Main street	100	100%	100	100%		100	Artesia Main Street Halloween Safe Stop.
8	426.1	Bottomless Triathlon	1,000	100%	1,000	100%		1,000	Food Bank Sponsorship.
9	426.1	Boys and Girls Club	400	100%	400	100%		400	Sponsorship for Annual Gus Macker Basketball Tournament benefiting the Boys and Girls Club.
10	426.1	Court Appointed Special Advocates (CASA) of Lea County	500	100%	500	100%		500	Court Appointed Special Advocates (CASA) of Lea County strives to make Lea County, New Mexico a safer environment for our communities' abused and neglected children through highly trained volunteer advocacy and other child centered programs.
11	426.1	Character Counts in Chaves County	1,000	100%	1,000	100%		1,000	Sponsor Annual Awards - Character Counts is an organization working to instill the values of trustworthiness, respect, responsibility, fairness, caring and citizenship to our children; to implement the six pillars of character through community service projects; to recognize students for their accomplishments; and to decrease violence in the community.
13	426.1	Chaves County Court Appointed Special Advocates (CASA)	1,700	100%	1,700	100%		1,700	Support Chaves County Court Appointed Special Advocates (CASA).
14	426.1	Community Drug Coalition of Lea County	250	100%	250	100%		250	Lea County Community Drug sponsorship Ad.
15	426.1	Eastern New Mexico Water Utility Authority	250	100%	250	100%		250	ENMWUA Membership Reception Sponsorship.
17	426.1	Eunice Animal Shelter	300	100%	300	100%		300	Sponsor Animal Shelter program.
18	426.1	Friends of the Roswell Zoo	500	100%	500	100%		500	Support Friends of the Zoo - The Friends of the Zoo is a non-profit group established to partner with and support the ongoing efforts and growth at the Spring River Park & Zoo. Their mission is to raise money through membership drives and fundraisers which is appropriated to exhibits, enclosures, and enrichment for the animals.
21	426.1	Irma Rodriguez	305	100%	305	100%		305	4th Annual Skeet Shoot Cancer fundraiser.
22	426.1	New Mexico Farm and Livestock Bureau	750	100%	750	100%		750	Sponsor Ag seminar and roundtable.
23	426.1	Pecos Flavors	47	100%	47	100%		47	Sponsorship for the Roswell Symphony Orchestra.

Southwestern Public Service Company
Contributions and Donations

Community Contributions

Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico		Brief Purpose of Organization *	
						Retail	New Mexico Retail Amount		
24	426.1	Ronald McDonald House	500	100%	500	100%	500	Sponsored Run fundraiser for the House fundraiser for Ronald McDonald House event - The Ronald McDonald House provides a home away from home for families of children being treated at area hospitals and supports community programs that serve the needs of children.	
27	426.1	Roswell Elks Lodge (Sponsorship for veteran fundraiser)	500	100%	500	100%	500	Sponsor Elks for Vets Fundraiser - Elks connect with veterans and military members in their communities, providing them with services where they live, including rehabilitation through adaptive sports programs and therapy kits, and services for those veterans experiencing homelessness.	
30	426.1	State Line Tribune	500	100%	500	100%	500	Sponsor Bordertown Days Celebration.	
31	426.1	Tech Trek NM Inc.	1,000	100%	1,000	100%	1,000	Tech Trek New Mexico is a week long camp at New Mexico Tech campus in Socorro, NM for girls who are passionate about Science, Technology, Engineering, and Mathematics (STEM). Recent 60 Minutes Clip reported 60 rising eighth grade girls from all over New Mexico will attend camp June 9-15, 2019.	
32	426.1	The Hartley House	250	100%	250	100%	250	Donation to Hartley House, a domestic violence shelter committed to ending the epidemic of domestic violence by providing physical and emotional refuge and advocating freedom from violence through education, intervention and treatment.	
33	426.1	United Way	500	100%	500	100%	500	United Way 2018 Santa 5k Run Sponsorship.	
34	426.1	United Way	333	100%	333	100%	333	Sponsor Awards Banquet.	
35	426.1	United Way	312	100%	312	100%	312	211 Diaper Drive Giveaway.	
36	426.1	United Way	5,000	100%	5,000	31.08%	1,554	United Way 2018 Live United Partner.	
37	426.1	United Way	1,500	100%	1,500	100%	1,500	Campaign Compadre Sponsorship.	
38	426.1	United Way	2,500	100%	2,500	100%	2,500	Hobbs Circle of Excellence.	
40	426.1	Wal-Mart	250	100%	250	100%	250	Cissey Senior Food Bag Drive.	
41	Total Community Service Contributions /Donations				\$ 21,535		\$ 21,535		\$ 18,089

Southwestern Public Service Company
Contributions and Donations

Economic Development Contributions

Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount
1	426.1	Carlsbad Department of Development	\$ 3,000	100%	\$ 3,000	100%	\$ 3,000
2	426.1	Clovis Industrial Development Corp	4,000	100%	4,000	100%	4,000
3	426.1	Economic Development Corporation of Lea County	2,000	100%	2,000	100%	2,000
4	426.1	Hobbs Chamber of Commerce	350	100%	350	100%	350
5	426.1	Hobbs Chamber of Commerce	1,292	100%	1,292	100%	1,292
6	426.1	Hobbs Hispano Chamber of Commerce	250	100%	250	100%	250
7	426.1	Portales County Chamber of Commerce	400	100%	400	100%	400
8	426.1	Roosevelt County Chamber of Commerce	1,500	100%	1,500	100%	1,500
9	426.1	Roswell Chamber of Commerce	300	100%	300	100%	300
10	426.1	Roswell Chamber of Commerce	300	100%	300	100%	300
11	426.1	Roswell Chamber of Commerce	500	13%	65	100%	65
12	426.1	Roswell Chaves County Economic Development Corporation	5,000	100%	5,000	100%	5,000
13	426.1	Albertson's Market	150	100%	150	100%	150
14	Total Economic Development Contributions/Donations		\$ 19,042		\$ 18,607		\$ 18,607

Annual Dues
Annual Dues
Evening with Lea County Sponsorship
Hobbs Chamber Annual Banquet Ad
Hobbs Chamber of Commerce
Committee for Hobbs Light Up Night Contest
Hobbs Hispano Chamber Sponsorship
Portales Chamber Christmas Light Sponsorship
Portales Chamber processed check for
Roosevelt County Community Development
Corp yearly dues. They share the same building
Sponsor Roswell Balloon Rally
Sponsor Leadership Roswell Event
Sponsorship of Roswell Cinco de Mayo
Annual Dues
New Mexico Economic Development Efficient
Program Meeting

Southwestern Public Service Company

Contributions and Donations

Membership Dues

Line No.	FERC Acct	Category	Total Requested New Mexico Retail Amount
1	Various	Professional Organizations	\$ 34,331
2	Various	Business/Economic Organizations	6,515
3	Various	Industry Organizations	\$ 146,634
4	Total Membership Dues		\$ 187,479

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
1	417.1	American Institute of Architects	787	16.18%	127	31.08%	40	The AIA is the voice of the architectural profession and a resource for its members in service to society.
2	417.1	American Society of Heating Refrigerating And Engineers	955	16.31%	156	31.08%	48	The Society and its members focus on building systems, energy efficiency, indoor air quality, refrigeration and sustainability within the industry.
3	417.1	American Society of Mechanical Engineers	228	16.34%	37	31.08%	12	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
4	417.1	Association of Energy Engineers	265	16.25%	43	31.08%	13	The Association of Energy Engineers, founded in 1977, is a nonprofit professional society of over 16,000 members in 90 countries. AEE offers a full array of informational outreach programs including seminars, conferences, journals, books, and certification programs.
5	417.1	Construction Specifications Institute	450	16.17%	73	31.08%	23	The Construction Specifications Institute (CSI) is an organization that keeps and changes the standardization of construction language as it pertains to building specifications.
6	417.1	Coronet Global Inc.	750	16.17%	121	31.08%	38	The organization's mission is to advance the practice of corporate real estate through professional development opportunities, publications, research, conferences, designations and networking in 47 local chapters globally.
7	417.1	Industrial Asset Management Council	850	16.18%	137	31.08%	43	Founded in the summer of 2002 by Atlanta-based Conway Inc. and its founder McKinley Conway, IAMC has grown into a highly influential professional association of more than 600 dues-paying members. IAMC is the leading trade association for corporate real estate executives focused on the needs of an industrial portfolio.
8	417.1	International Facility Managers Association	5,383	16.26%	875	31.08%	272	Founded in 1980, IFMA is the world's largest and most widely recognized international association for facility management professionals, supporting 24,000 members in 100+ countries.
9	417.1	US Green Build Council	15,000	16.17%	2,426	31.08%	754	The U.S. Green Building Council, co-founded by Mike Italiano, David Gottfried and Rick Fedrizzi in 1993, is a private 5013, membership-based non-profit organization that promotes sustainability in building design, construction, and operation.
10	426.4	American Bar Association	45	12.88%	6	31.08%	2	The ABA's most important stated activities are the setting of academic standards for law schools, and the formulation of model ethical codes related to the legal profession.
11	426.4	American Institute of CPAs	11	12.91%	1	31.08%	0	The AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to Mexico	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
12	426.4	American Society of Safety Engineers	2	14.59%	0	31.08%	0	The American Society of Safety Engineers is the world's oldest safety society. With 35,000 occupational safety, health and environmental professional members who manage, supervise, research and consult on safety, health, and the environment in all industries, government and education. ASSE is a nonprofit organization.
13	426.4	Board of Accountancy	100	14.44%	14	31.08%	4	The Board of Accountancy provides assurance to the public that the CPA profession operates at the highest level of professional competence through... •Verification of education and experience credentials Monitoring the requirements for continuing education & Investigation of consumer complaints.
14	426.4	National Society of Professional Engineers	155	46.79%	72	31.08%	22	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
15	500	American Society of Mechanical Engineers	276	66.63%	184	31.08%	57	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
16	500	International Association of Administrative Professionals	150	21.95%	33	31.08%	10	The International Association of Administrative Professionals (IAAP) is a 501 (c)(6) registered not-for-profit professional association for administrative professionals. IAAP strives to ensure individuals working in office and administrative professions have the opportunity to connect, learn, lead, and excel.
17	501	American Industrial Hygiene Association	2,750	100.00%	2,750	31.08%	855	The American Industrial Hygiene Association is a 5016 non-profit organization, whose mission is "Creating knowledge to protect worker health." The American Industrial Hygiene Association works to provide information and resources to Industrial Hygienists and Occupational Health professionals.
18	502	American Water Works Association	83	100.00%	83	31.08%	26	The American Water Works Association is an international, nonprofit, scientific and educational society dedicated to providing total water solutions assuring the effective management of water.
19	506	American Association of Notaries	34	100.00%	34	31.08%	11	The National Notary Association is committed to serving and educating Notaries throughout the United States. As the foremost authority on the American Notary office, the NNA is dedicated to imparting knowledge, understanding and unity among all Notaries, and instilling in them the highest ethical standards of conduct and sound notarial practices.
20	506	American Society for Materials (ASM)	122	21.95%	27	31.08%	8	ASM International is the preeminent association for engaging and connecting materials professionals and their organizations to the resources necessary to solve problems, improve outcomes, and advance society.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC No. Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
21	506	American Society for Quality	159	21.96%	35	31.08%	11	ASQ (American Society for Quality) is a global community of people dedicated to quality who share the ideas and tools that make our world work better. With individual and organizational members around the world, ASQ has the reputation and reach to bring together the diverse quality champions who are transforming the world's corporations, organizations and communities to meet tomorrow's critical challenges.
22	506	American Society of Safety Engineers	180	100.00%	180	31.08%	56	The American Society of Safety Engineers is the world's oldest safety society. With 35,000 occupational safety, health and environmental professional members who manage, supervise, research and consult on safety, health, and the environment in all industries, government and education. ASSE is a nonprofit organization.
23	506	American Welding Society	88	21.95%	19	31.08%	6	The American Welding Society was founded in 1919, as a nonprofit organization with a global mission to advance the science, technology, and application of welding and allied joining and cutting processes including brazing, soldering and thermal spraying.
24	506	American Society of Mechanical Engineers	474	73.98%	351	31.08%	109	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
25	506	Institute of Electrical and Electronics Engineers (IEEE)	317	100.00%	317	31.08%	99	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
26	506	Institute of Hazardous Materials Management (IHMM)	160	100.00%	160	31.08%	50	For over thirty years the Institute of Hazardous Materials Management (IHMM), a not-for-profit organization founded in 1984, has been protecting the environment and the public's health, safety, and security through the administration of credentials recognizing professionals who have demonstrated a high level of knowledge, expertise, and excellence in the management of hazardous materials.
27	506	National Registry of Environmental Professionals	95	100.00%	95	31.08%	30	The National Registry of Environmental Professionals provides professional growth through certifications related to environmental and safety industries.
28	506	New Mexico Water and Waste Water Association	40	100.00%	40	100%	40	The New Mexico Water and Wastewater Association is a non profit organization based on scientific and educational purposes that endeavors to assist in protecting the public health and the environment and preserving the investment of public funds in New Mexico by promoting proper design, construction, operation, performance evaluation, and management of water and wastewater utilities.
29	506	Professional Development Hour Online	199	100.00%	199	31.08%	62	Continuing Education for Engineers.

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Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
30	506	Project Management Institute	60	22.85%	14	31.08%	4	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
31	506	Society of Tribologists and Lubrication Engineers (STLE)	150	100.00%	150	31.08%	47	The Society of Tribologists and Lubrication Engineers (STLE) is the premier technical society serving the needs of more than 13,000 individuals and 250 companies and organizations that comprise the tribology and lubrication engineering business sector. STLE supports these distinguished men and women with a variety of professional education and certification programs.
32	506	Waste Management Association	98	100.00%	98	31.08%	30	Waste management manages waste from its inception to its final disposal. This includes the collection, transport, treatment and disposal of waste, together with monitoring and regulation of the waste management process.
33	506	Women's Energy Network	100	100.00%	100	31.08%	31	Women's Energy Network is to be the premier organization that educates, attracts, retains, and develops women working across the value chain. WEN's mission is to provide networking opportunities and foster career and leadership development of those who work in the energy industries.
34	507	American Society of Heating Refrigeration and Engineers	259	15.83%	41	31.08%	13	The Society and its members focus on building systems, energy efficiency, indoor air quality, refrigeration and sustainability within the industry.
35	507	Green Business Certification Inc.	85	15.82%	13	31.08%	4	Green Business Certification Inc. is an organization that adopts green business practices to help enhance environmental performance and human health benefits.
36	507	US Green Build Council	109	15.83%	17	31.08%	5	The U.S. Green Building Council, co-founded by Mike Italiano, David Gottfried and Rick Fedrizzi in 1993, is a private 5013, membership-based non-profit organization that promotes sustainability in building design, construction, and operation.
37	510	American Society of Mechanical Engineers	32	100.00%	32	31.08%	10	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
38	510	Institute of Electrical and Electronics Engineers (IEEE)	260	100.00%	260	31.08%	81	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.

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						SPS	Retail		
39	512	Project Management Institute	164	100.00%	164	31.08%	51	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.	
40	513	Institute of Electrical and Electronics Engineers (IEEE)	238	100.00%	238	31.08%	74	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.	
41	514	American Welding Society	470	100.00%	470	31.08%	146	The American Welding Society was founded in 1919, as a nonprofit organization with a global mission to advance the science, technology, and application of welding and allied joining and cutting processes including brazing, soldering and thermal spraying.	
42	514	American Society of Mechanical Engineers	158	100.00%	158	31.08%	49	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.	
43	514	Institute of Electrical and Electronics Engineers (IEEE)	240	100.00%	240	31.08%	75	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.	
44	514	International Council for Machinery Lubrication	135	100.00%	135	31.08%	42	The International Council for Machinery Lubrication (ICML) is a vendor-neutral, not-for-profit organization founded to serve global industry as the world-class authority on machinery lubrication that advances the optimization of asset reliability, utilization and costs.	
45	514	Vibration Institute	170	100.00%	170	31.08%	53	The Vibration Institute offers programs including education, training, certification, and opportunities for exchanging technical knowledge, information, procedures, and data that are offered through meetings, publications, formal training and networking.	
46	556	American Meteorological Society	18	100.00%	18	31.08%	6	The American Meteorological Society advances the atmospheric and related sciences, technologies, applications, and services for the benefit of society.	
47	560	American Bar Association	662	29.56%	196	31.08%	61	The ABA's most important stated activities are the setting of academic standards for law schools, and the formulation of model ethical codes related to the legal profession.	
48	560	American Institute of Steel Construction	225	29.56%	67	31.08%	21	The American Institute of Steel Construction is a non-partisan, not-for-profit technical institute and trade association established in 1921 to serve the structural steel design community and construction industry in the United States.	

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					SPS	Retail	Amount	
49	560	American Society of Civil Engineers	3,857	40.92%	1,578	31.08%	490	The American Society of Civil Engineers (ASCE) is a tax-exempt professional body founded in 1852 to represent members of the civil engineering profession worldwide.
50	560	American Society of Mechanical Engineers	316	64.78%	205	31.08%	64	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
51	560	American Society for Testing and Materials International	75	29.56%	22	31.08%	7	The American Society for Testing and Materials International is a not-for-profit company that develops and publishes technical standards for materials, products, systems, and services.
52	560	Council IGRE - Council on Large Electric Systems	450	29.56%	133	31.08%	41	Founded in 1921, CIGRE, the Council on Large Electric Systems, is an international non-profit Association for promoting collaboration with experts from all around the world by sharing knowledge and joining forces to improve electric power systems of today and tomorrow.
53	560	Energy Bar Association	222	29.56%	66	31.08%	20	The mission of EBA is to promote the professional excellence and ethical integrity of its members in the practice, administration, and development of energy laws, regulations, and policies by providing: superior educational programming, networking opportunities, and information resources.
54	560	Information Systems Audit and Control Association (ISACA)	40	29.55%	12	31.08%	4	As an independent, nonprofit, global association, ISACA engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems.
55	560	Institute of Electrical and Electronics Engineers (IEEE)	16,543	53.50%	8,850	31.08%	2,751	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
56	560	Insulated Conductors Committee	300	29.56%	89	31.08%	28	The ICC, one of the committees of the IEEE Power & Energy Society, is focused on developing and servicing IEEE technical guides, recommended practices and standards for the design, manufacturer, testing, operation and maintenance of insulated cables including high voltage transmission and distribution cables usually associated with utility power systems, commercial and industrial wire, and their related accessories and subsystems.
57	560	International Right of Way Association	835	100.00%	835	31.08%	260	The International Right of Way Association is a professional member organization comprised of global infrastructure real estate practitioners. Since its inception as a not-for-profit association in 1934, IRWA has served professionals who acquire, manage and transfer the land rights needed for building and maintaining energy and transportation infrastructure.
58	560	National Council of Examiners for Engineering and Surveying (NCEES)	1,725	58.14%	1,003	31.08%	312	The National Council of Examiners for Engineering and Surveying is a national non-profit organization composed of engineering and land surveying licensing boards representing all U.S. states and territories.

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59	560	National Society of Professional Engineers	1,355	45.10%	611	31.08%	190	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
60	560	New Mexico Board of Licensure for Engineers	2,730	46.72%	1,275	100%	1,275	Licenses can offer consulting engineering or surveying services to private and public entities. Engineers can perform engineering design or construction on private and public works. Licensed engineers and surveyors are required to adhere to a code of professional conduct established by the Board. Additional information is found in the New Mexico Engineering and Surveying Practice Act and the New Mexico Administrative Code.
61	560	Project Management Institute	1,446	56.89%	823	31.08%	256	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
62	560	Society of Corporate Compliance and Ethics	100	29.56%	30	31.08%	9	The Society of Corporate Compliance and Ethics is a nonprofit, individual membership association which provides resources for ethics and compliance professionals from various industries. SCCCE supports the compliance and ethics profession with educational opportunities, certification, networking, and other resources you won't find anywhere else.
63	561.2	Institute of Electrical and Electronics Engineers (IEEE)	240	100.00%	240	31.08%	75	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
64	566	National Notary Association Services, LLC (NNAS)	203	100.00%	203	31.08%	63	The NNAS was established in 1957 and delivers the supplies, services, training and information you need to perform your Notary and Signing Agent duties professionally, confidently and safely.
65	580	American Society of Civil Engineers	310	11.84%	37	31.08%	11	The American Society of Civil Engineers (ASCE) is a tax-exempt professional body founded in 1852 to represent members of the civil engineering profession worldwide.
66	580	American Society for Testing and Materials International	75	11.84%	9	31.08%	3	American Society for Testing and Materials, is an international standards organization that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems, and services.

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67	580	Illuminating Engineering Society	2,797	11.83%	331	31.08%	103	Established in 1906, the IES is the recognized technical and educational authority on illumination. For over 100 years, its objective has been to communicate information on all aspects of good lighting practice to its members, to the lighting community, and to consumers through a variety of programs, publications, and services.
68	580	Institute of Electrical and Electronics Engineers (IEEE)	3,822	44.11%	1,686	31.01%	523	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
69	580	Insulated Conductors Committee	300	11.83%	36	31.08%	11	The ICC, one of the committees of the IEEE Power & Energy Society, is focused on developing and servicing IEEE technical guides, recommended practices and standards for the design, manufacturer, testing, operation and maintenance of insulated cables including high voltage transmission and distribution cables usually associated with utility power systems, commercial and industrial wire, and their related accessories and subsystems.
70	580	National Society of Professional Engineers	288	100.00%	288	31.08%	90	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
71	580	New Mexico Board of Licensure for Engineers	155	100.00%	155	100%	155	Licensed engineers can offer consulting engineering or surveying services to private and public entities. Engineers can perform engineering design or construction on private and public works. Licensed engineers and surveyors are required to adhere to a code of professional conduct established by the Board. Additional information is found in the New Mexico Engineering and Surveying Practice Act and the New Mexico Administrative Code.
72	580	Project Management Institute	159	11.84%	19	31.08%	6	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
73	583	American Wood Protection Association	194	100.00%	194	31.08%	60	Founded in 1904, the American Wood Protection Association is a non-profit organization which is responsible for promulgating voluntary wood preservation standards.

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74	583	American Society for Photogrammetry and Remote Sensing (ASPRS)	38	100.00%	38	31.08%	1,166	The mission of the American Society for Photogrammetry and Remote Sensing is to promote the ethical application of active and passive sensors, the disciplines of photogrammetry, remote sensing, geographic information systems, and other supporting geospatial technologies; to advance the understanding of the geospatial and related sciences; to expand public awareness of the profession; and to promote a balanced representation of the interests of government, academia, and private enterprise.
75	583	Project Management Institute	40	100.00%	40	31.08%	12	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
76	586	Institute of Electrical and Electronics Engineers (IEEE)	205	100.00%	205	31.08%	64	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
77	588	American Society of Mechanical Engineers	343	100.00%	343	31.08%	107	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
78	588	Institute of Electrical and Electronics Engineers (IEEE)	1,868	100.00%	1,868	31.08%	581	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
79	588	Leadercast Now	398	100.00%	398	31.08%	124	Provides online leadership videos to develop leadership skills in individuals and teams.
80	588	National Society of Professional Engineers	712	100.00%	712	31.08%	221	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
81	588	New Mexico Board of Licensure for Engineers	465	100.00%	465	100%	465	Licensure can offer consulting engineering or surveying services to private and public entities. Engineers can perform engineering design or construction on private and public works. Licensed engineers and surveyors are required to adhere to a code of professional conduct established by the Board. Additional information is found in the New Mexico Engineering and Surveying Practice Act and the New Mexico Administrative Code.

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82	901	American Institute of CPAs	655	6.99%	46	31.08%	14	The AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations.
83	903	IFO Institute for Economic Research	265	8.58%	23	31.08%	7	The Institute of Financial Operations provides accounts receivable, account payable and procure to pay seminars, training and certifications to its members.
84	903	Project Management Institute	268	11.10%	30	31.08%	9	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
85	908	Association of Energy Engineers	1,215	100.00%	1,215	31.08%	378	The Association of Energy Engineers, founded in 1977, is a nonprofit professional society of over 16,000 members in 90 countries. AEE offers a full array of informational outreach programs including seminars, conferences, journals, books, and certification programs.
86	908	Institute of Electrical and Electronics Engineers (IEEE)	480	100.00%	480	31.08%	149	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
87	908	New Mexico Board of Licensure for Engineers	155	100.00%	155	100%	155	Licenses can offer consulting engineering or surveying services to private and public entities. Engineers can perform engineering design or construction on private and public works. Licensed engineers and surveyors are required to adhere to a code of professional conduct established by the Board. Additional information is found in the New Mexico Engineering and Surveying Practice Act and the New Mexico Administrative Code.
88	908	Project Management Institute	164	100.00%	164	31.08%	51	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
89	908	Southeastern NM Home Builders Association	503	100.00%	503	100%	503	The Southeastern New Mexico Home Builders Association works to improve conditions in the construction industry, by providing the citizens of New Mexico with safe, quality housing.
90	921	Association For Computer Operations Management	599	14.17%	85	31.08%	26	AFCOM advances data center and IT infrastructure professionals by delivering comprehensive an vendor-neutral education and peer-to-peer networking to its members around the world.
91	921	American Bar Association	2,658	12.88%	342	31.08%	106	The ABA's most important stated activities are the setting of academic standards for law schools, and the formulation of model ethical codes related to the legal profession.

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92	921	American Board of Industrial Hygiene	450	13.90%	63	31.08%	19	The American Board of Industrial Hygiene is the premier credentialing organization for professionals focused on the science of protecting and enhancing the health, safety, and environment of people at work and in their communities. It serves its credentialed practitioners by establishing and administering a valid, reliable, and rigorous credentialing process to protect the public and meet the needs of employers.
93	921	American Coal Council	7,127	24.44%	1,742	31.08%	541	American Coal Council (ACC) provides relevant educational programs, market intelligence, advocacy support and peer-to-peer networking forums to advance members' commercial and professional development interests.
94	921	American Conference of Governmental Industrial Hygienists	342	12.88%	44	31.08%	14	The American Conference of Governmental Industrial Hygienists is a professional association of industrial hygienists and practitioners of related professions.
95	921	American Industrial Hygiene Association	630	13.46%	85	31.08%	26	The American Industrial Hygiene Association is a 5016 non-profit organization, whose mission is "Creating knowledge to protect worker health." The American Industrial Hygiene Association works to provide information and resources to Industrial Hygienists and Occupational Health professionals.
96	921	American Institute of CPAs	2,329	13.14%	306	31.08%	95	The AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations.
97	921	American Institute of Graphic Arts	150	12.87%	19	31.08%	6	The American Institute of Graphic Arts is a professional organization for design. Its members practice all forms of communication design, including graphic design, typography, interaction design, branding and identity.
98	921	American Society of Industrial Security (ASIS International)	35	14.37%	5	31.08%	2	Founded in 1955, ASIS International is a global community of security practitioners, each of whom has a role in the protection of assets--people, property, and/or information.
99	921	American Society of Safety Engineers	2,248	14.40%	324	31.08%	101	The American Society of Safety Engineers is the world's oldest safety society. With 35,000 occupational safety, health and environmental professional members who manage, supervise, research and consult on safety, health, and the environment in all industries, government and education. ASSE is a nonprofit organization.
100	921	American Welding Society	646	88.35%	571	31.08%	177	The American Welding Society was founded in 1919, as a nonprofit organization with a global mission to advance the science, technology, and application of welding and allied joining and cutting processes including brazing, soldering and thermal spraying.
101	921	American Wind Energy Association	960	12.88%	124	31.08%	38	The American Wind Energy Association is a Washington, D.C.-based national trade association formed in 1974, representing wind power project developers, equipment suppliers, service providers, parts manufacturers, utilities, researchers, and others involved in the wind industry.

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102	921	America's SAP User Group	6,050	13.90%	841	31.08%	261	For 25 years, our members have been at the forefront of digital transformation, and they have always had the company of fellow visionaries and pioneers who understood the potential of SAP technology and the path ahead. We are the collaborators, drivers, and inventors that move the industry forward.
103	921	Appraisal Institute	1,375	14.44%	199	31.08%	62	The Appraisal Institute is a global professional association of real estate appraisers, with nearly 18,000 professionals in almost 50 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide.
104	921	Association of Records Managers and Administration International	225	12.88%	29	31.08%	9	ARMA International is a community of professionals in the information management and information governance industry, providing educational resources and networking opportunities at home and around the world.
105	921	American Society of Industrial Security (ASIS International)	1,605	35.19%	565	31.08%	176	Founded in 1955, ASIS International is a global community of security practitioners, each of whom has a role in the protection of assets--people, property, and/or information.
106	921	American Society of Mechanical Engineers	784	66.92%	525	31.08%	163	ASME is a not-for-profit membership organization that enables collaboration, knowledge sharing, career enrichment, and skills development across all engineering disciplines, toward a goal of helping the global engineering community develop solutions to benefit lives and livelihoods.
107	921	Association for Computers and Taxation	500	14.44%	72	31.08%	22	Organization for tax professionals who are interested in advancing operational effectiveness through the broad use of technology.
108	921	Association for Financial Professionals	1,075	12.88%	138	31.08%	43	The Association for Financial Professionals establishes and administers the certified treasury professional and certified corporate FP&A Professional credentials, which set standards in finance.
109	921	Association of Certified Fraud Examiners	485	12.88%	62	31.08%	19	Established in 1988 this association provides tools and training in anti-fraud protection.
110	921	Association of Change Management Professionals	696	12.88%	90	31.08%	28	ACMP provides resources needed to change management leadership as well as promotes career growth and promotes professional networking.
111	921	Association of Corporate Citizenship Professionals	6,250	12.91%	807	31.08%	251	ACCP is a nonprofit advocacy and continuing education organization that helps corporations identify and adopt best practices and provides training for contributions professionals in the contributions, community relations, and volunteerism fields.
112	921	Association of Corporate Counsel	6,335	12.88%	816	31.08%	254	The Association of Corporate Counsel (ACC) is a global bar association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other private-sector organizations through information, education, networking opportunities and advocacy initiatives.
113	921	Association of Energy Engineers	195	15.69%	31	31.08%	10	The Association of Energy Engineers, founded in 1977, is a nonprofit professional society of over 16,000 members in 90 countries. AEE offers a full array of informational outreach programs including seminars, conferences, journals, books, and certification programs.

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114	921	Board of Accountancy	1,226	13.40%	164	31.08%	51	The Board of Accountancy provides assurance to the public that the CPA profession operates at the highest level of professional competence through verification of education and experience credentials. Monitoring the requirements for continuing education & Investigation of consumer complaints.
115	921	New Mexico Board of Bar Examiners	100	12.85%	13	31.08%	4	The mission of the New Mexico Board of Bar Examiners is to: (1) investigate the professional qualifications and good moral character of applicants for admission or reinstatement to the bar of New Mexico; (2) prepare, arrange for and administer examinations for admission to the bar of New Mexico; (3) make recommendations to the Supreme Court with respect to reinstatement or readmission to practice of lawyers who have for any reason withdrawn from the state bar of New Mexico; (4) discuss with applicants for admission to the bar the general problems of purposes, policies and procedures of the bar examination; and (5) administer these rules and adopt its own practices not inconsistent with these rules.
116	921	Board of Certified Safety Professionals	2,720	18.77%	511	31.08%	159	The Board of Certified Safety Professionals is recognized as the leader in high quality credentialing for safety, health, and environmental practitioners in order to enhance the safety of people, property, and the environment. BCSP:
117	921	Business Continuity Planners Association	665	12.88%	86	31.08%	27	The mission of BCPA is to provide a professional and educational environment for the exchange of experience, dissemination of information, professional growth, and for added value of mutual interest to the membership.
118	921	Buying Legal Council	250	12.88%	32	31.08%	10	Support professionals tasked with sourcing legal services and managing legal services supplier relationships through advocacy, networking, education, research, and information.
119	921	Center for Legal Inclusiveness	2,500	12.88%	322	31.08%	100	The Center for Legal Inclusiveness (CLI) is a 501(c)(3) nonprofit dedicated to advancing diversity in the legal profession by actively educating and supporting private and public sector legal organizations in their own individual campaigns to create cultures of inclusion. CLI's innovative programs and initiatives are national models.
120	921	Center for Workplace Compliance	13,500	14.40%	1,945	31.08%	604	Organization dedicated to helping its members understand and manage their workplace compliance requirements and risks.
121	921	Charter Financial Analysis Institute	780	12.88%	100	31.08%	31	The CFA Institute leads the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.
122	921	Charter Financial Analysis Society	800	12.88%	103	31.08%	32	Charter Financial Analysis Society provides knowledge of investment management, financial analysis, quantitative analysis, equities, fixed income and derivatives.
123	921	CHWMEG Inc.	4,800	14.85%	713	31.08%	221	CHWMEG Inc. is a non-profit trade organization that efficiently manages the waste management aspects of environmental stewardship programs.
124	921	Communications Media Managers Association	250	14.38%	36	31.08%	11	CMMA provides professional development, networking opportunities, and leadership for communications media managers.

Southwestern Public Service Company

Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico		Brief Purpose of Organization
						SPS	Retail	
125	921	Corporate Executive Board	77,500	14.26%	11,049	31.08%	3,434	CEB, the leading member-based advisory company, equips more than 10,000 organizations around the globe with insights, tools and actionable solutions to transform enterprise performance. By combining advanced research and analytics with best practices from member companies, CEB helps leaders realize outsized returns by more effectively managing talent, information, customers and risk.
126	921	Corporate Legal Operations Consortium	585	12.88%	75	31.08%	23	Corporate Legal Operations Consortium helps legal operation professionals and other corporate legal industry players optimize the legal service delivery models needed to support the needs of legal departments.
127	921	Customer Experience Professionals Association	195	15.69%	31	31.08%	10	Founded in 2011, the Customer Experience Professionals Association is the premier global non-profit organization dedicated to the advancement and cultivation of the Customer Experience profession. The CXPA supports the professional development of its members and advances the field by providing shared best practices and education, developing standards, offering networking opportunities, promoting the industry, and creating a better understanding of the discipline of Customer Experience.
128	921	Disability Management Employer Coalition	599	14.38%	86	31.08%	27	The Disability Management Employer Coalition (DMEC) is committed to providing focused education for absence management professionals. From face-to-face conferences to helpful tools and resources, we give you what you need to reduce costs, minimize lost work time, and increase staff productivity.
129	921	Disaster Recovery Institute International	1,400	12.88%	180	31.08%	56	DR International is the non-profit that helps organizations prepare for and recover from disasters. We achieve this through education, accreditation, and thought leadership in business continuity and related fields. DRI International strives for a more resilient world.
130	921	Electronic Commerce-Council	80	12.88%	10	31.08%	3	Professional organization that certifies individuals in various e-business and security skills.
131	921	Energy Bar Association	1,837	13.24%	243	31.08%	76	The mission of EBA is to promote the professional excellence and ethical integrity of its members in the practice, administration, and development of energy laws, regulations, and policies by providing superior educational programming, networking opportunities, and information resources.
132	921	Energy Providers Coalition for Education	12,000	14.40%	1,729	31.08%	537	Since 2000, the Energy Providers Coalition for Education (EPCE) has offered timely and relevant online energy programs that meet the emerging needs of the energy industry. The EPCE coalition represents energy employers across the country working together to create, sponsor and offer easily accessible online education and training pathways for the energy workforce.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to Mexico	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
133	921	Ethisphere Institute	14,500	12.88%	1,867	31.08%	580	The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust, and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights from our Ethics Quotient, and works with the world's largest companies to enhance culture capital with the insights from our culture assessment data set, which is grounded in our 8 Pillars of Ethical Culture.
134	921	Gartner Inc.	64,800	12.88%	8,344	31.08%	2,593	Global research advisory firm providing insights, advice, and tools for leaders in HR, IT, Legal, finance, customer service support and compliance.
135	921	Green Business Certification Inc.	85	15.69%	13	31.08%	4	The Green Business Certification Inc. administers leadership in energy and environmental design, performing third-party technical reviews and verification of registered projects. Dedicated to Green Business Certification Inc. technical experts ensure the building certification process meets the highest levels of quality and integrity.
136	921	In House Benefits Counsel Network	100	12.88%	13	31.08%	4	In House Benefits Counsel Network is an organization that offers a unique forum for members to share practice issues, concerns and ideas in an informal setting. They are committed to providing our members with the tools and connections that will help them achieve their business and career objectives.
137	921	Informal Business Media Inc.	23,900	13.90%	3,322	31.08%	1,033	Informal Business Media Inc. provides listings of charter companies, fuel suppliers, ground transportation, maintained, and catering services.
138	921	Information Systems Audit and Control Association (ISACA)	3,423	12.88%	441	31.08%	137	As an independent, nonprofit, global association, ISACA engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems.
139	921	Information Systems Security Association	115	12.88%	15	31.08%	5	The Information Systems Security Association is a not-for-profit, international organization of information security professionals and practitioners. It provides educational forums, publications, and peer interaction opportunities that enhance the knowledge, skill, and professional growth of its members.
140	921	Institute for Professionals in Taxation	1,000	14.44%	144	31.08%	45	Institute for Professionals in Taxation is a professional organization that educates, certifies and establishes strict codes of conduct for state and local income, property and sales & use tax professionals who represent taxpayers.
141	921	Institute of Electrical and Electronics Engineers (IEEE)	1,336	46.94%	627	31.08%	195	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
142	921	Institute of Hazardous Materials Management (IHMM)	160	12.88%	21	31.08%	6	For over thirty years the Institute of Hazardous Materials Management (IHMM), a not-for-profit organization founded in 1984, has been protecting the environment and the public's health, safety, and security through the administration of credentials recognizing professionals who have demonstrated a high level of knowledge, expertise, and excellence in the management of hazardous materials.
143	921	Institute of Management Accountants	1,585	14.18%	225	31.08%	70	The Institute of Management Accountants is a worldwide association of accountants and financial professionals in business that safeguard a company's integrity, and help plan for business stability.
144	921	International Association of Emergency Managers	45	12.89%	6	31.08%	2	The International Association of Emergency Managers is a non-profit organization, dedicated to promoting the profession of emergency management by working with its membership to promote the goals of saving lives and protecting property during emergencies and disasters.
145	921	International Association of Privacy Professionals	500	12.88%	64	31.08%	20	The International Association of Privacy Professionals (IAPP) is a resource for professionals who want to develop and advance their careers by helping their organizations successfully manage these risks and protect their data.
146	921	International Association of Risk Management Professionals	250	12.88%	32	31.08%	10	The International Association of Risk Management Professionals works with professional associations to promote, develop, and share risk management practices globally.
147	921	International Economic Development Council	1,530	14.44%	221	31.08%	69	The International Economic Development Council (IEDC) is a non-profit, non-partisan membership organization serving economic developers. With more than 5,000 members, IEDC is the largest organization of its kind. Economic developers promote economic well-being and quality of life for their communities, by creating, retaining and expanding jobs that facilitate growth, enhance wealth and provide a stable tax base.
148	921	International Information System Security Certification Consortium (ISCC)	2,389	12.88%	308	31.08%	96	(ISCC) is an international, nonprofit membership association for information security leaders like you. We're committed to helping our members learn, grow and thrive.

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Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
149	921	International Sanitary Supply Association	120	12.88%	15	31.08%	5	The leading trade association for the cleaning industry worldwide, ISSA has a membership that includes more than 9,200 distributor, manufacturer, manufacturer representative, building service contractor, in-house service provider, residential cleaning, and associated service members. ISSA helps its members and their employees make valuable contacts through the industry's largest cleaning shows. ISSA also helps increase members' professionalism and success through its popular global website, www.issa.com, and by offering business tools, educational products, industry standards, publications, and legislative and regulatory services that specifically focus on the professional cleaning industry. It is through these initiatives that ISSA helps its members demonstrate the true value of clean to their varied constituents.
150	921	IT Service Management Forum	878	13.90%	122	31.08%	38	The IT Service Management Forum is an independent, international, not-for-profit organization of IT Service Management professionals worldwide.
151	921	Leading Edge Human Resource Network	1,622	61.71%	1,001	31.08%	311	Fuel Work, formerly LEHRN, is a professional community sharing knowledge and experience on the successful alignment of Human Resources/Human Capital Management (HR/HCM) and talent management information systems to support best business practices.
152	921	National Association for Business Economics	480	14.44%	69	31.08%	22	The National Association for Business Economics is the largest international association of applied economists, strategists, academics, and policy-makers committed to the application of economics. Founded in 1959, it is one of the member organizations of the Allied Social Sciences Association.
153	921	National Association of Legal Assistants	125	12.88%	16	31.08%	5	The National Association of Legal Assistants (NALA) is the leading paralegal association in the U.S. Its mission is to provide continuing education and professional development to all paralegals. NALA provides current information about the profession, continuing education programs, networking opportunities, professional certification programs, occupational survey reports, and publications to help paralegals excel in the workplace.
154	921	National Black MBA Association	200	12.88%	26	31.08%	8	The National Black MBA Association® is the premier business organization serving Black professionals. The mission of the National Black MBA Association® is to lead in the creation of educational, wealth building, and growth opportunities for those historically underrepresented throughout their careers as students, entrepreneurs and professionals.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
155	921	National Board of Boiler and Pressure and Vessel Inspectors (NBIC)	45	100.00%	45	31.08%	14	The National Board of Boiler and Pressure Vessel Inspectors was created in 1919 to promote greater safety to life and property through uniformity in the construction, installation, repair, maintenance, and inspection of pressure equipment. The National Board membership oversees adherence to laws, rules, and regulations relating to boilers and pressure vessels. The National Board Members are the chief boiler inspectors representing most states and all provinces of North America, as well as many major cities in the United States.
156	921	National Coal Transportation Association	1,850	25.11%	464	31.08%	144	The National Coal Transportation Association is a non-profit corporation whose primary purpose and objectives are to promote the operative and effective transportation of coal, to ensure adequate transportation services, facilities, and equipment for the transportation of coal, and to educate and inform NCTA association members and the general public on issues related to the use and effective transportation of coal. The NCTA is a voluntary organization whose members are companies with an interest in the safe and effective use and transportation of coal.
157	921	National Fire Protection Association	445	14.40%	64	31.08%	20	The National Fire Protection Association is a United States trade association, albeit with some international members, that creates and maintains private, copyrighted, standards and codes for usage and adoption by local governments.
158	921	National Human Resources Group	1,831	14.40%	264	31.08%	82	The National Human Resource Group provides professional support and networking for HR professionals.
159	921	National Investment Relations Institute	2,355	12.88%	303	31.08%	94	Founded in 1969, NIRI is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts and other financial community constituents.
160	921	National Notary Association Services, LLC (NNAS)	138	12.88%	18	31.08%	6	The National Notary Association Services provides supplies, services, training and information needed to perform notary duties for professionals.
161	921	National Society of Black Engineers	50	12.88%	6	31.08%	2	The National Society of Black Engineers increases the number of culturally responsible Black engineers who excel academically, succeed professionally, and positively impact the community.
162	921	National Society of Professional Engineers	1,965	100.00%	1,965	31.08%	611	In 1934, a group of professional engineers met in New York City to establish an organization dedicated to the non-technical concerns of licensed professional engineers. The National Society of Professional Engineers stands today as the only national organization committed to addressing the professional concerns of licensed PEs across all disciplines.
163	921	New Mexico Emergency Management Association	60	12.88%	8	100%	8	Founded in 1992 the New Mexico Emergency Association helps in the protection of, planning for, mitigation of, response to, and recovery from natural and man-made disasters in the state of New Mexico.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC No. Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
164	921	New Mexico State Bar	450	12.88%	58	100%	58	The State Bar of New Mexico is a professional membership organization of attorneys licensed to practice law in New Mexico. The organization was established in 1886 and is currently a 501(c)(6) corporation. The mission of the State Bar is to be a united and inclusive organization serving the legal profession and the public.
165	921	Norex Inc.	20,500	13.90%	2,850	31.08%	886	NOREX is a member-driven, peer to peer collaborative network of Information Technology professionals.
166	921	Project Management Institute	2,627	24.71%	649	31.08%	202	The Project Management Institute is a US nonprofit professional organization for project management. The PMI provides services including the development of standards, research, education, publication, networking-opportunities in local chapters, hosting conferences and training seminars, and providing accreditation in project management.
167	921	Society for Human Resource Management	3,679	18.51%	681	31.08%	212	The Society for Human Resource Management is a professional human resources membership association headquartered in Alexandria, Virginia. SHRM promotes the role of HR as a profession and provides education, certification, and networking to its members, while lobbying Congress on issues pertinent to labor management.
168	921	Society of Corporate Compliance and Ethics	1,540	14.34%	221	31.08%	69	The Society of Corporate Compliance and Ethics is a nonprofit, individual membership association which provides resources for ethics and compliance professionals from various industries. SCCE supports the compliance and ethics profession with educational opportunities, certification, networking, and other resources you won't find anywhere else.
169	921	Society of Corporate Governance	326	12.88%	42	31.08%	13	The Society for Corporate Governance, Inc. (the "Society") is a non-profit organization (Section 501(c)(6)) comprised principally of corporate secretaries and business executives in governance, ethics and compliance functions at public, private and not-for-profit organizations. The Society seeks to be a positive force for responsible corporate governance, providing news, research and "best practice" advice and providing professional development and education through seminars and conferences.
170	921	State Bar of New Mexico	1,275	93.17%	1,188	100%	1,188	The State Bar of New Mexico is a professional membership organization of attorneys licensed to practice law in New Mexico. The organization was established in 1886 and is currently a 501(c)(6) corporation. The mission of the State Bar is to be a united and inclusive organization serving the legal profession and the public.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC No. Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
171	921	Strategic and Competitive Intelligence Professionals	195	15.69%	31	31.08%	10	Strategic and Competitive Intelligence Professionals (SCIP), is a 501(3)(c) global nonprofit membership community of business experts across industry, academia, and government who come together to build and share strategic intelligence, research decision-support tools, processes and analytics capabilities. The resulting collaboration of our membership supports strategy and other organizational disciplines to drive competitive advantage.
172	921	Tax Executives Institute	450	13.66%	61	31.08%	19	Tax Executives Institute, Inc. is the preeminent, global association of in-house tax professionals. TEI's members are business executives responsible for the tax affairs of their employers in an executive, administrative, or managerial capacity. TEI serves its members and advances the profession by education, networking, and advocacy throughout the world.
173	921	The eLearning Guild	99	14.40%	14	31.08%	4	The eLearning Guild is the oldest and most trusted source of information, networking, and community for eLearning professionals. Our goal is to create a place where eLearning professionals can share their knowledge, expertise, and ideas to build a better industry—and better learning experiences—for everyone.
174	921	The Institute of Internal Auditors	5,109	13.29%	679	31.08%	211	The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.
175	921	Women in Cyber Security	95	12.87%	12	31.08%	4	Women in Cyber Security is a community bringing women together to share knowledge, research, experience and allow networking and mentoring in the cybersecurity area.

Southwestern Public Service Company
Contributions and Donations

Professional Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
176	921	Women's Energy Network	2,000	13.90%	278	31.08%	86	Women's Energy Network is to be the premier organization that educates, attracts, retains, and develops women working across the value chain. WEN's mission is to provide networking opportunities and foster career and leadership development of those who work in the energy industries.
177	921	World at Work	795	14.40%	115	31.08%	36	World at work serves those who design and deliver total rewards programs to cultivate engaged, effective workforces that power thriving organizations.
178	921	New Mexico Association of Commerce and Industry	65	100.00%	65	100%	65	NMACI provides tools, resources, and expertise for businesses interested in improving New Mexico's economy.
179	930.2	American Society of Safety Engineers	185	14.41%	27	31.08%	8	The American Society of Safety Engineers is the world's oldest safety society. With 35,000 occupational safety, health and environmental professional members who manage, supervise, research and consult on safety, health, and the environment in all industries, government and education. ASSE is a nonprofit organization.
180	930.2	Institute of Electrical and Electronics Engineers (IEEE)	714	41.41%	296	31.08%	92	IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
181	930.2	International Society of Arboriculture	45	100.00%	45	31.08%	14	Through research, technology, and education, the International Society of Arboriculture (ISA) promotes the professional practice of arboriculture and fosters a greater worldwide awareness of the benefits of trees. ISA exists so that professionals, allied professionals, public officials, and consumers worldwide recognize the economic, environmental, and societal benefits and values of trees and their care at a cost that demonstrates the wise stewardship of resources.
182	930.2	New Mexico Association of Commerce and Industry	2,600	100.00%	2,600	100%	2,600	NMACI provides tools, resources, and expertise for businesses interested in improving New Mexico's economy.
183	426.1	Center for Legal Inclusion	3,000	13%	386	31.08%	120	CLI is dedicated to advancing diversity in the legal profession by actively educating and supporting private and private sector legal organizations in their own individual campaigns to create cultures of inclusion - 2018 Summit Sponsorship.
184	426.1	Center for Legal Inclusion	500	13%	65	31.08%	20	CLI is dedicated to advancing diversity in the legal profession by actively educating and supporting private and private sector legal organizations in their own individual campaigns to create cultures of inclusion.

185 **Total Professional Dues**

\$ 419,717.07

\$ 92,309.95

\$ 34,331

Southwestern Public Service Company
Contributions and Donations

Chamber Dues

Line No.	FERC Acct	Description	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	
1	426.4	Artesia Chamber of Commerce	\$ 550	100%	\$ 550	100%	\$ 550	
2	426.4	Carlsbad Chamber of Commerce	425	100%	425	100%	425	
3	426.4	Clovis/Curry County Chamber of Commerce	2,865	100%	2,865	100%	2,865	
4	426.4	Eunice Chamber of Commerce	600	100%	600	100%	600	
5	426.4	Hobbs Chamber of Commerce	550	100%	550	100%	550	
6	426.4	New Mexico Hospitality Association	575	100%	575	100%	575	
7	426.4	Roswell Hispano Chamber of Commerce	450	100%	450	100%	450	
8	426.4	Tucumcari Chamber of Commerce	\$ 500	100%	\$ 500	100%	\$ 500	
9	Total Business & Economic Development Contributions							\$ 6,515.00

Chamber of Commerce is an action agency designed to meet community needs. It is a voluntary organization of individuals and businesses who band together to advance the commercial, financial, industrial, agricultural and civic interests of the community. Any person sharing a common interest in community promotion and activity is eligible for membership.

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The New Mexico Hospitality Association's mission is to make New Mexico Hospitality Association the unified voice to influence and inspire a growing hospitality industry in New Mexico

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Southwestern Public Service Company

Contributions and Donations

Industry Dues

Line No.	FERC Acct	Organization	Allocation to SPS		Test Year Amount to SPS	Allocation to New Mexico		Total Requested New Mexico	Brief Purpose of Organization
			Total Amount	to SPS		Retail	Retail Amount		
1	506	Electric Power Research Institute (EPRI)	\$ 300	100%	\$ 300	31.08%	\$ 93	The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.	
2	921	Utility Economic Development Association	775	14%	112	31.08%	35	The Utility Economic Development Association is a non-profit international organization of investor owned utility economic development professionals and allies. It is dedicated to meeting the unique needs of its members through on-going economic development education and networking programs, and also by serving as an information source and conduit to its members.	
3	921	Utility Safety and Ops Leadership Network	290	14%	42	31.08%	13	The Utility Safety & Ops Leadership Network is a non-profit corporation for utility safety and operations personnel to network, share ideas, and professionally develop in order to build strong safety cultures within their utility work environment.	
4	930.2	American Wind Energy Association	83,750	14%	12,095	31.08%	3,759	The American Wind Energy Association is a Washington, D.C.-based national trade association formed in 1974, representing wind power project developers, equipment suppliers, service providers, parts manufacturers, utilities, researchers, and others involved in the wind industry.	
5	930.2	Association of Edison Illuminating Companies (AEIC)	20,175	13%	2,598	31.08%	807	AEIC encourages research and the exchange of technical information and best practices through a committee structure staffed with experts from management of member companies and focuses on finding solutions to problems of mutual concern to electric utilities worldwide.	

Southwestern Public Service Company
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Industry Dues

Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico		Total Requested	Brief Purpose of Organization
						Retail	Retail Amount		
6	930.2	Association of Energy Services Professionals	50	16%	8	31.08%	2		The Association of Energy Services Professionals is a not-for-profit association dedicated to improving the delivery and implementation of energy efficiency, demand-side management, and demand response programs. AESP provides professional development programs, access to a network of energy practitioners, and promotes the transfer of knowledge and experience.
7	930.2	Edison Electric Institute	1,766,317	15%	257,974	31.08%	80,178		The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums. (Non-Lobbying Portion)
8	930.2	Electric Power Research Institute (EPRI)	334,203	31%	102,691	31.08%	31,916		The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.
9	930.2	Electric Power Research Institute (EPRI)	48,000	13%	6,181	31.08%	1,921		The Electric Power Research Institute conducts research on issues related to the electric power industry in USA. EPRI is a nonprofit organization funded by the electric utility industry, founded and headquartered in Palo Alto, California. EPRI is primarily a US-based organization, but receives international participation. EPRI's area covers different aspects of electric power generation, delivery and its use.
10	930.2	Gartner Inc.	49,200	14%	7,087	31.08%	2,203		Gartner Inc. is the leading research and advisory company, providing senior leaders across the enterprise with the indispensable business insights, advice and tools needed to achieve mission-critical priorities and build the organizations of tomorrow.

Southwestern Public Service Company
Contributions and Donations

Industry Dues

Line No.	FERC Acct	Organization	Allocation to SPS		Test Year Amount to SPS	Allocation to New Mexico		Brief Purpose of Organization
			Total Amount	%		Total Retail	% Retail	
11	930.2	Greentech Media	60,000	13%	7,726	2,401	31.08%	Greentech Media is a media company based in Massachusetts, United States, that generates daily report, market research study and news on electricity systems and green technology and green jobs.
12	930.2	Keystone Policy Center	20,000	13%	2,583	803	31.08%	Keystone Policy Center is a trusted non-profit organization founded in 1975 to drive actionable, shared solutions to contentious agriculture, environment, energy, education, and public health issues. Keystone is recognized by public, private, and civic-sector leaders throughout the United States for independent, collaborative problem-solving approaches that offer a proven blueprint for progress and collective impact.
13	930.2	MJ Bradley & Associates	2,888	100%	2,888	898	31.08%	M.J. Bradley & Associates provides strategic and technical advisory services to address critical energy and environmental matters including: energy policy, regulatory compliance, emission markets, energy efficiency, renewable energy, and advanced technologies.
14	930.2	NERC	38	100%	38	12	31.08%	The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America. NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the bulk power system through system awareness; and educates, trains, and certifies industry personnel.
15	930.2	North American Transmission	190,324	30%	56,255	17,484	31.08%	The North American Transmission Forum is built on the principle that the open and candid exchange of information among its members is the key to improving the reliability of the transmission systems in the U.S. and Canada.
16	930.2	Powder River Basin Coal Users' Group	330	100%	330	103	31.08%	The Powder River Basin Coal Users' Group is a nonprofit organization that was formed in 2000 to promote safe, efficient, and economic use of Powder River Basin coal by generating companies that currently use, or are considering the use of, Powder River Basin coals.

Southwestern Public Service Company

Contributions and Donations

Industry Dues

Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico		Total Requested New Mexico Retail Amount	Brief Purpose of Organization
						100%	31.08%		
17	930.2	Roswell Utility Council	200	100%	200	100%	200	200	The Roswell Utility Council is made up of local utilities providing service within Roswell, NM and membership is required by the City of Roswell. The group meet bi-monthly to discuss upcoming projects.
18	930.2	The Business Council	25,000	13%	3,219	31.08%	1,000	1,000	The Business Council is an association of the Chief Executive Officers of the world's most important business enterprises. Membership is by invitation only.
19	930.2	Utilities Tech Council	8,696	13%	1,140	31.08%	354	354	The Utilities Tech Council serves critical infrastructure providers around the world by focusing on Information and Communications Technology. Through advocacy, education and collaboration, the Utilities Tech Council delivers exceptional value for today's decisions and tomorrow's planning.
20	930.2	Utility Arborist Association	1,250	100%	1,250	31.08%	389	389	The Utility Arborist Association is an organization of over 5,000 individuals with interest in and a commitment to the maintenance of trees and other vegetation for the purpose of ensuring the safe and reliable distribution of energy, including electric, oil and gas, to business and residences.
21	930.2	Utility Variable Generation Integration Group	2,833	100%	2,833	31.08%	881	881	The Utility Variable-Generation Integration Group (UVIG) is the leading source of global expertise for wind and solar operations and power system integration.
22	930.2	Western LAMPAC	4,000	14%	576	31.08%	179	179	The Western LAMPAC is an association of electric utilities and the International Brotherhood of Electrical Workers (IBEW). For more than 30 years, LAMPAC has represented the mutual interests of its membership in matters related to public affairs affecting the utility industry.

Southwestern Public Service Company
Contributions and Donations

Industry Dues

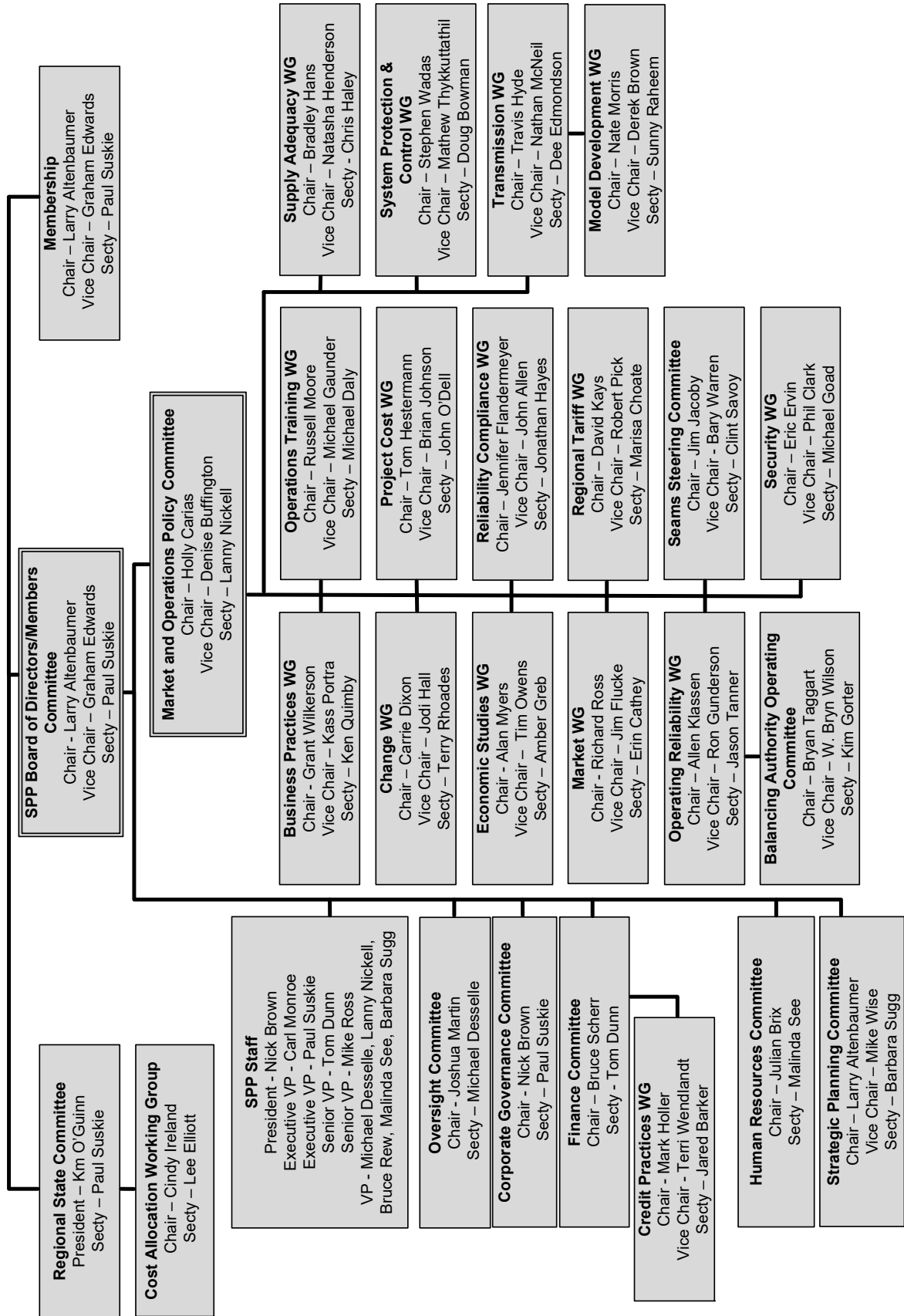
Line No.	FERC Acct	Organization	Total Amount	Allocation to SPS	Test Year Amount to SPS	Allocation to New Mexico Retail	Total Requested New Mexico Retail Amount	Brief Purpose of Organization
23	426.1	Center for Energy Workforce Development	\$ 25,000	13%	\$ 3,226	31.08%	\$ 1,003	The CEWD is a non-profit consortium of electric, natural gas, and nuclear utilities and their associations - Edison Electric Institute, American Gas Association, American Public Power Association, Nuclear Energy Institute, and National Rural Electric Cooperative Association. CEWD was formed to help utilities work together to develop solutions to the coming workforce shortage in the utility industry. It is the first partnership between utilities, their associations, contractors, and unions to focus on the need to build a skilled workforce pipeline that will meet future industry needs.
24	Total Industry Organization Dues		<u>\$ 2,643,618</u>		<u>\$ 471,352</u>		<u>\$ 146,634</u>	

Southwestern Public Service Company

Summary of Rate Case Expenses

Line No.	Category	Estimated
	<u>Consultants</u>	
1	Alliance Consulting	\$ 13,500
2	Concentric Energy Advisors Ann Bulkley Witness	90,500
3	Burns and McDonnell	71,550
4	Deloitte and Touche	150,000
5	Total Consultants	<u>\$ 325,550</u>
	<u>Outside Legal Counsel</u>	
6	Coffin Renner	\$ 687,500
7	Hinkle Law Firm	444,594
8	Winstead	645,000
9	Total Legal Counsel	<u>\$ 1,777,094</u>
	<u>Miscellaneous Expenses</u>	
10	Temporary Employees/Over Time	\$ 20,000
11	Printing & Supplies	27,500
12	Employee Travel Expenses & Hearing Expenses	150,000
13	FedEx, Postage	50,000
14	Other Miscellaneous	50,000
15	Total Miscellaneous	<u>\$ 297,500</u>
16	Total Rate Case Expenses	<u>\$ 2,400,144</u>

Group Organizational Chart



Summary of SPP Cost Allocation Methods							
Date Range	Upgrade Type	Zonal	Regional	Customer	Sponsor	Comments	
Pre-2005	Pre-BPF Needs	100%				Before Regional Cost Sharing	
	Other	100%					
Traditional Base Plan Funding NTC Issue Date Before June 19, 2010	Sponsored				100%		
	Reliability	67%	33%			Based on Need-By Date - Zonal on MW-Mi beneficiary %	
	Generation Interconnection			100%			
	NITS Service Upgrade costs covered by Safe Harbor limit	67%	33%			Zonal on MW-Mi	
	NITS Service Upgrade costs NOT covered by Safe Harbor limit			100%		Safe Harbor Limit: E&C Cost <=\$180,000/MW Requested	
Balanced Portfolio	PIP Service Upgrade costs that do not qualify for Base Plan Funding			100%		costs in excess of access charges	
	Balanced Portfolio Sponsored		100%		100%		
Base Plan Funding (Highway Byway NTC) Issue Date of June 19, 2010 or later	Reliability/Economic Updgrade Voltage greater than or equal to 300 kv	0%	100%				
	Reliability/Economic Updgrade Voltage greater than or equal to 100 kv and under 300 kv	67%	33%				
	Reliability/Economic Updgrade Voltage under 100 kv	100%	0%				
	Upgrades related to delivery of power from Wind projects outside TSR Customer's Load Zone and less than 300kv		67%		33%		Effective in 2009
	Upgrades related to delivery of power from Wind projects greater than or equal to 300kv		100%				
	NITS Service Upgrade costs covered by Safe Harbor limit		Voltage Dependent: =>300kv=100% Regional, 100KV to 299kv=33% Regional+67% Zonal, <100kv=100% Zonal				"Highway/Byway" method, upgrade =>300kv 100% Regional in all cases
	NITS Service Upgrade costs NOT covered by Safe Harbor limit or do not qualify for Base Plan Funding				100%		
	PIP Service Upgrade costs that do not qualify for Base Plan Funding				100%		
	Generation Interconnection					100%	