

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION FOR: (1) AUTHORIZATION)
TO ENTER INTO A TWO-YEAR)
EXTENSION OF THE CURRENT)
PURCHASED POWER AGREEMENT)
FOR THE PURCHASE OF NON-FIRM)
ENERGY FOR WINDSOURCE;)
(2) AUTHORIZATION TO IMPLEMENT)
A COST-BASED RATE METHODOLOGY)
FOR CALCULATING AN ANNUAL)
WINDSOURCE RATE; AND (3) FLOW)
THROUGH ALL WINDSOURCE COSTS)
AND REVENUES THROUGH ITS FUEL)
AND PURCHASED POWER COST)
ADJUSTMENT CLAUSE,)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
APPLICANT.)**

Case No. 17-00294-UT

NOTICE OF PROCEEDING

NOTICE is hereby given by the New Mexico Public Regulation Commission (“Commission”) of the following matter:

Southwestern Public Service Company (SPS) filed its Application with the New Mexico Public Regulation Commission (“Commission”) on November 29, 2017, requesting that the Commission grant the following relief:

- 1) authorize SPS to enter into a two-year extension to the existing purchased power agreement (PPA) for non-firm wind energy from the Llano Estacado Wind Ranch in Texico, New Mexico (“Texico PPA”) for SPS’s voluntary renewable energy “Windsource” program;
- 2) authorize SPS to charge a cost-based Windsource voluntary renewable energy rate rider rate to subscribing customers;

- 3) authorize SPS to flow through all renewable energy costs and revenues associated with Windsource through its fuel and purchased power cost adjustment clause (FPPCAC), not to exceed 2.5% of eligible fuel costs;
- 4) issue its order approving SPS's Application within 9 months from the date of filing to comply with the regulatory approval provisions under the Texico PPA; and
- 5) grant all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for SPS to implement and effectuate the relief granted in this case.

Section 62-16-7 of the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to -10) (2004, as amended through 2014) provides the Commission may require utilities offer a voluntary program for purchasing additional renewable energy under a separate Commission-approved rate. As required by Commission Rule 572.18 NMAC, SPS offers its New Mexico retail customers the opportunity to purchase additional renewable energy via a Renewable Energy Rate Rider, Windsource.

Since the inception of Windsource, SPS has purchased wind energy from the Llano Estacado Wind Ranch in Texico, New Mexico. SPS currently purchases 1.98 megawatts of wind energy through the Texico PPA to supply Windsource. However, the current Texico PPA terminates on December 14, 2018.

On August 14, 2017, SPS and Texico Wind, LP executed a two-year extension to the Texico PPA. The Application indicates that the pricing under the extension is lower than the existing Texico PPA. In particular, the pricing for 2017 under the current Texico PPA is \$60.07 per megawatt-hour (MWh), whereas the price for the first year of the extension is \$48.29 per MWh, or \$11.87 per MWh lower than the pricing for 2017.

The Application states that SPS seeks approval of the extension of the Texico PPA that will allow SPS to maintain program continuity while SPS develops a new solar program for the Commission's review. Section 4 of the Texico PPA requires that SPS receive regulatory approval

of its Application within 9 months, and, therefore, SPS is requesting the Commission issue an order approving SPS's Application no later than August 29, 2018.

SPS also proposes to develop a cost-based rate to ensure subscribing customers receive accurate price signals regarding incremental renewable energy purchases.

Under the new cost-based rate, the average monthly bill for the average residential customer taking 300 kWh under the Windsource program, which includes the standard energy charge and FPPCAC on those kWh, would be \$6.91, or 8.4 percent. For the average Small General Service customer taking 700 kWh under the Windsource program, the average monthly bill related to the Windsource program would be \$16.12, or 16.8 percent.

SPS proposes to continue to flow through its FPPCAC the costs and revenues associated with the Windsource PPAs to correct any imbalances between Windsource costs and revenues, so long as the Windsource costs and revenues remain below 2.5 percent of SPS's overall fuel and purchased power costs.

Further information regarding this case can be obtained by contacting SPS or the Commission at the addresses and telephone numbers set forth below. The Commission has assigned Case No. 17-00294-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that docket number. In addition, further details regarding this case and its procedural requirements are provided in the Procedural Order issued by the undersigned Hearing Examiner on January 24, 2018.

The procedural schedule for this proceeding is as follows:

- A. Any person desiring to become a party ("intervenor") in this case must file the original and five copies of a motion for leave to intervene in conformity with Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before March 9, 2018. All motions for leave to intervene shall be served on all existing parties and prospective intervenors of record.

- B. A settlement meeting attended by the parties shall be held on March 12, 2018 at a location to be determined. The settlement meeting date may be changed at the discretion of the parties. The parties also may hold subsequent settlement meetings as desired.
- C. Staff shall, and intervenors may, file direct testimony concerning the Application on or before April 9, 2018. In the alternative, should a settlement be reached, a stipulation may be filed on or before April 9, 2018.
- D. If a stipulation is filed as provided above, SPS and Staff shall, and any intervenors may, file direct testimony concerning the stipulation no later than April 23, 2018. Alternatively, if a stipulation is not filed, any rebuttal testimony to the direct testimony filed on April 9, 2018 shall be filed on or before April 23, 2018.
- E. If direct testimony concerning a stipulation is filed, any rebuttal testimony shall be filed on or before May 3, 2018.
- F. A public hearing shall be held in this case on May 9, 2018, commencing at 9:00 a.m. MDT in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, to hear and receive evidence, arguments, and any other relevant matters in this case. The hearing shall continue, if necessary, on May 11, 2018.

Interested persons may provide oral or written public comment at the public hearing without becoming an intervenor. Interested persons may also send written comments, which shall reference Case No. 17-00294-UT, to the Commission at the address provided below. Comments shall not be considered as evidence in this case.

SPS's Application, together with supporting pre-filed direct testimony, and any exhibits and related papers, may be examined by any interested person online at the SPS website at <http://www.xcelenergy.com/regulatory> or in person at the offices of SPS at the following address:

ATTN: Mike McLeod
Southwestern Public Service Company
111 East Fifth Street
P.O. Box 1937
Roswell, NM 88201
Telephone: 575-625-5499 or 1-800-895-4999

The public record for this case may be accessed on the Commission's website at <http://www.nmprc.state.nm.us/> under Case Lookup E-docket or examined in person at the

Commission's Records Bureau in the P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, (505) 827-6968.

The Commission's Rules of Procedure at 1.2.2-40 NMAC shall apply to this case except as modified or varied by order of the Hearing Examiner or Commission. The Rules of Procedure can be obtained from the offices of the Commission and are available online at the official NMAC website, <http://www.nmcpr.state.nm.us/nmac/>.

The procedural dates and requirements established for this case are subject to further Order of the Commission or the Hearing Examiner.

Interested persons should contact the Commission at (505) 827-6956 for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled or, if deemed not required, canceled at the discretion of the Hearing Examiner or Commission.

ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT (505) 827-6956 AS SOON AS POSSIBLE PRIOR TO THE COMMENCEMENT OF THE PUBLIC HEARING.

ISSUED at Santa Fe, New Mexico this 24th day of **January 2018**.

NEW MEXICO PUBLIC REGULATION COMMISSION

Anthony F. Medeiros
Hearing Examiner