

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN )  
PUBLIC SERVICE COMPANY'S )  
APPLICATION FOR REVISION OF ITS )  
RETAIL RATES UNDER ADVICE )  
NOTICE NO. 256 )  
SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
APPLICANT. )**

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**Case No. 15-00296-UT**

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**CERTIFICATION OF STIPULATION**

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**Issued 22 July 2016**

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

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
AG	Attorney General of New Mexico
CCAE	Coalition for Clean Affordable Energy
Commission	New Mexico Public Regulation Commission
DG	Distributed Generation
FEA	Federal Executive Agencies
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
KWh	Kilowatt-hour
LES	Louisiana Energy Services LLC d/b/a/ URENCO USA
NMGC	New Mexico Gas Company
OPL	Occidental Permian Ltd.
PNM	Public Service Company of New Mexico
Rate 59	Rate No. 59, Distributed Generation Standby Service Rider
Signatories	SPS; Commission's Utility Division Staff; Hector H. Balderas, Attorney General of New Mexico; Occidental Permian Ltd.; Federal Executive Agencies; Louisiana Energy Services, LLC; Vote Solar; New Mexico Gas Company; Lea County; and the Coalition for Clean Affordable Energy
SPS	Southwestern Public Service Company, a New Mexico Corporation
Staff	Commission's Utility Division Staff
Stipulation	Unanimous Comprehensive Stipulation

Anthony Medeiros, Hearing Examiner in this case, presents this Certification of Stipulation ("Certification") to the New Mexico Public Regulation Commission ("Commission") in accordance with Rule 1.2.2.20(A)(5)(b) NMAC. This Certification concerns the Unanimous Comprehensive Stipulation ("Stipulation") entered into by Southwestern Public Service Company ("SPS"), the Utility Division Staff of the Commission ("Staff"), Hector H. Balderas, the Attorney General of New Mexico ("AG"), Occidental Permian Ltd. ("OPL"), Federal Executive Agencies ("FEA"), Louisiana Energy Services LLC d/b/a/ URENCO USA ("LES"), Lea County, New Mexico Gas Company ("NMGC"), Vote Solar, and the Coalition for Clean Affordable Energy ("CCAEE") (collectively, the "Signatories"). The Signatories' filing made on May 2, 2016 asserts that the Stipulation resolves and settles all issues in this case and recommends that the Commission approve and adopt it. A copy of the Stipulation is attached to this Certification as Appendix A.

#### **I. STATEMENT OF THE CASE**

SPS initiated this base rate case on September 16, 2015 with the filing of a verified motion for a protective order, requesting that the Commission issue a protective order to govern the filing, disclosure, and use of confidential, competitively sensitive, or proprietary information in the case. On September 30, 2015, the Commission issued an order which both granted SPS's motion and incorporated the Protective Order.

On October 7, 2015, SPS filed a motion for admission of Stephen Fogel to appear in this case *pro hac vice*. The Hearing Examiner issued an order granting Mr. Fogel

admission *pro hac vice* on November 23, 2015. He has since been admitted into the State Bar of New Mexico.<sup>1</sup>

On October 16, 2015, SPS filed its Application for Authority to Change Rates and for Other Approvals and Authorizations and Request to Suspend Rates for an Initial Period of Nine Months ("Application"). SPS requested in the Application that the Commission enter an order granting the following relief concerning its proposed revisions to its New Mexico retail rates and other matters:

- (1) approve and authorize SPS's recovery of New Mexico retail electric rates based on the rate tariffs attached to Advice Notice No. 256;
- (2) approve a decrease in the level of fuel and purchased power costs included in base rates from \$0.031374 per kWh to \$0.027271 per kWh;
- (3) approve SPS's Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") costs and revenues for the period October 1, 2014 through August 31, 2015; and
- (4) grant to SPS whatever other relief the Commission may determine necessary for SPS to implement the revised retail rates and for the other approvals and authorizations granted in this case.

In support of its Application, SPS concurrently filed the Rule 530 Rate Filing Package Schedules and the direct testimony and attachments of: Evan D. Evans, Mary P. Schell, Ann E. Bulkley, Naomi Koch, Lisa H. Perkett, Dane A. Watson, Francis W. Seymore, David C. Harkness, Brad Baldrige, Kenneth R. Munsell, Alan J. Davidson, Lawrence A. Bick, David A. Low, Adam R. Dietenberger, Gene H. Wickes, Richard R.

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<sup>1</sup> Transcript of Public Hearing held in this case on June 1, 2016 . Citations to the transcript are cited as "Tr." followed by the page number(s) of the transcript, *e.g.*, Tr. at \_\_\_\_\_. If the citation refers to a witness's testimony, the witness's surname is included, *e.g.*, Tr. (Gunter) at \_\_\_\_\_.

Schrubbe, Jill H. Reed, William A. Grant, H. Craig Romer, David G. Horneck, Arthur P. Freitas, Jannell E. Marks, John S. Fulton, Ian C. Feters, and Richard M. Luth.

On October 19, 2015, SPS filed an errata notice and corrected Advice Notice No. 256 and associated tariffs, thereby correcting the Advice Notice number from 258 to 256.

On October 26, 2015, NMGC filed a motion for leave to intervene, to which neither SPS nor Staff objected. Thus the requested intervention is deemed allowed by operation of Rule 1.2.2.23(D)(1) NMAC. Those subsequently filed motions to intervene reflected below are likewise deemed allowed.

On October 28, 2015, the Commission issued its Order Suspending Rates and Calling for Appointment of Hearing Examiner. This Order suspended SPS's proposed rates for a period of nine months commencing on November 18, 2015 and called for the appointment of a hearing examiner to preside over this case, but did not designate one at that time.

On October 29, 2015, OPL filed a motion for leave to intervene.

On November 3, 2015, the Commission entered an order appointing the undersigned as Hearing Examiner to preside over this case.

On November 6, 2015, the Hearing Examiner issued an order setting a prehearing conference for November 19, 2015.

On November 16, 2015, FEA filed a motion for leave to intervene.

On November 19, 2015, the Hearing Examiner held a prehearing conference attended, either in person or by phone, by representatives of SPS, the AG, FEA, LES, NMGC, OPL, and Staff.

On November 20, 2015, Staff and the AG filed a joint motion to extend the suspension period in this case by three months. SPS filed a response opposing the extension on November 25, 2105. On December 18, 2015, the Commission issued an order denying the AG and Staff's joint motion.

On November 23, 2015, LES filed a motion for leave to intervene.

On November 23, 2015, the Hearing Examiner issued the first Procedural Order in this case. The Procedural Order provided for, among other matters addressed, the following: (1) required SPS to publish the Notice of Proceeding and Hearing ("Notice") issued with the Procedural Order and send the Notice to customers by mail no later than December 11, 2015, and also post the Notice on the Xcel Energy website by November 30, 2015; (2) set an intervention deadline of January 11, 2016; (3) scheduled a technical conference on December 8, 2015; (4) scheduled a settlement conference on February 18-19, 2016; (5) established a deadline of April 1, 2016 for filing Staff and Intervenor direct testimony; (6) made April 18, 2016 the deadline for filing rebuttal testimony; (7) called for a prehearing conference on April 21, 2016; and (8) scheduled a hearing on the merits to commence on April 28, 2016.

On November 24, 2015, the Hearing Examiner issued an errata notice and order making certain corrections to the Notice.

On November 30, 2015, the AG filed a motion for leave to intervene.

On December 7, 2015, SPS filed a notice of Web publication, and CCAE filed a motion for leave to intervene.

On December 27, 2015, Vote Solar filed a motion for leave to intervene.

On January 5, 2016, SPS filed its Notice of Filing of Affidavits of Publication and Notice by Mail, which confirmed that the Notice was published on December 9, 2015 in the *Carlsbad Current-Argus*, *Clovis News Journal*, *Hobbs News-Sun*, *Portales News Tribune*, *Quay County Sun*, and in the *Roswell Daily Record* on December 10, 2015.

On January 11, 2016, Lea County filed a motion for leave to intervene.

On January 19, 2016, SPS filed its Corrected Advice Notice 256.

On February 2, 2016, SPS filed a motion to amend the Protective Order, requesting that the Hearing Examiner revise the Protective Order to provide that confidential material be returned to the producing party or destroyed at the conclusion of this case. On March 14, 2016, the Hearing Examiner issued his Order Amending Decretal Paragraph M of the Protective Order, which provided that confidential material produced during discovery in this case must be returned to the producing party or destroyed at the conclusion of the case.

On February 2, 2016, SPS filed a notice that the settlement conference has been rescheduled to take place on February 29, 2016.

On February 19, 2016, Vote Solar filed a motion for admission of Jill Tauber and Sara Gersen to appear in this case *pro hac vice*. The Hearing Examiner issued an order granting Ms. Tauber and Ms. Gersen admission to appear *pro hac vice* on March 17, 2016.

On February 24, 2016, Staff filed a second motion to extend the suspension period, this time requesting an additional one to two months due to apparent scheduling conflicts involving the hearing on PNM's rate case. On March 4, 2016, SPS filed a response to Staff's motion opposing Staff's request to extend the suspension period. On March 9,



2016, OPL and Lea County filed their Joint Response, or Alternatively, Joint Reply to SPS's Response to Staff's Motion for an Extension of the Suspension Period.

On March 3, 2016, the Commission issued a bench request order requiring the parties to provide their positions on whether vacating the hearing in PNM's pending rate case would impact Staff's motion for extension of the suspension period. On March 3, 2016, Vote Solar filed a response to the bench request order. On March 4, 2016, SPS, CCAE, LES, OPL, AG, NMGC, FEA, and Staff all filed responses to the bench request order. On March 9, 2016, the Commission issued an order extending the suspension period for one additional month to September 18, 2016.

On March 8, 2016, Vote Solar and CCAE filed the Joint Motion to Dismiss SPS's Proposed Increases to Rate No. 59 and Supporting Brief ("Joint Motion"). On March 21, 2016, SPS and Staff filed responses to the Joint Motion. On April 4, 2016, Vote Solar and CCAE filed a joint motion requesting leave to reply to SPS and Staff's responses to the Joint Motion. On April 18, 2016, SPS filed a notice of abatement of Vote Solar and CCAE's two subject motions.

On March 14, 2016, the Hearing Examiner issued a Second Procedural Order which, among other things, (1) established May 2, 2016 as the deadline for Staff and intervenors to file direct testimony; (2) made May 23, 2016 the deadline for rebuttal testimony; (3) set a prehearing conference on May 26, 2016; and (4) scheduled a hearing on the merits to commence on May 31, 2016.

On March 17, 2016, the Hearing Examiner issued an errata notice to correct a typographical error in the Second Procedural Order.

On April 25, 2016, SPS filed an unopposed motion to abate the procedural schedule, establish a deadline to submit testimony in support of the Stipulation, and set a hearing on Stipulation.

On April 28, 2016, the Hearing Examiner issued an Order Amending Procedural Schedule to Consider Stipulation which, among other things, (1) established a deadline of May 13, 2016 for filing testimony in support of the Stipulation; (2) made May 25, 2016 the deadline for filing rebuttal testimony; and (3) scheduled a hearing on the Stipulation to commence on June 1, 2016.

On May 2, 2016, the Signatories filed the Stipulation.

On May 13, 2016, SPS filed direct testimony in support of the Stipulation prepared by Evan D. Evans, Staff filed direct testimony in support of the Stipulation prepared by John J. Reynolds and Charles W. Gunter, the AG filed direct testimony in support of the Stipulation prepared by Doug Gegax, LES/FEA filed direct testimony in support of the Stipulation prepared by Michael P. Gorman, and OPL filed direct testimony in support of the Stipulation prepared by Jeffry Pollock.

On June 1, 2016, the public hearing on the Stipulation was held. The following appearances were entered at the hearing: Stephen Fogel and Dana S. Hardy for SPS; Joseph Yar for the AG; Lt. Col. John C. Degnan for FEA; Joan E. Drake for LES; Germaine F. Chapelle for OPL; Brian J. Haverly for NMGC; Jason Marks for Vote Solar; and Julie Park for Staff. Counsel for CCAE was excused from the hearing. Counsel for Lea County did not appear. John J. Gillis of the New Mexico Utility Shareholders Alliance submitted

oral and written comment in support of the Stipulation before evidence was taken. Commissioner Patrick H. Lyons attended and participated in portions of the hearing.<sup>2</sup>

The following witnesses appeared at the hearing to testify on behalf of their respective parties in support of the Stipulation: Evan D. Evans for SPS; Jeffrey Pollock for OPL; Michael P. Gorman for LES/FEA; Doug Gegax for AG; and John J. Reynolds and Charles W. Gunter for Staff.

During the hearing, the following documents and pre-filed testimony were admitted into evidence: the Stipulation (Signatories' Exhibit 1); Direct Testimony of Evan D. Evans in Support of Stipulation (SPS Exhibit 1);<sup>3</sup> Rate Filing Package Schedules A1 – Q6 (SPS Exhibit 2); Direct Testimony of Evan D. Evans (SPS Exhibit 3); Direct Testimony of Mary P. Schell (SPS Exhibit 4); Direct Testimony of Ann E. Bulkley (SPS Exhibit 5); Direct Testimony of Naomi Koch (SPS Exhibit 6); Direct Testimony of Lisa H. Perkett (SPS Exhibit 7); Direct Testimony of Dane A. Watson (SPS Exhibit 8); Direct Testimony of Francis W. Seymore (SPS Exhibit 9); Direct Testimony of David C. Harkness (SPS Exhibit 10); Direct Testimony of Brad Baldridge (SPS Exhibit 11); Direct Testimony of Kenneth R. Munsell (SPS Exhibit 12); Direct Testimony of Alan J. Davidson (SPS Exhibit 13); Direct Testimony of Lawrence A. Bick (SPS Exhibit 14); Direct Testimony of David A. Low (SPS Exhibit 15); Direct Testimony of Adam R. Dietenberger (SPS Exhibit 16); Direct Testimony

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<sup>2</sup> Tr. at 9-22.

<sup>3</sup> Citations to pre-filed testimony include the witness's surname and "Dir." for direct testimony and "Stip. Dir." for direct testimony submitted in support of the Stipulation, followed by the page number(s) of the testimony or the attachment, appendix, or exhibit which is part of the testimony, e.g., SPS Exh. 1 (Evans Stip. Dir.) at \_\_\_\_.

of Gene H. Wickes (SPS Exhibit 17); Direct Testimony of Richard R. Schrubbe (SPS Exhibit 18); Direct Testimony of Jill H. Reed (SPS Exhibit 19); Direct Testimony of William A. Grant (SPS Exhibit 20); Direct Testimony of H. Craig Romer (SPS Exhibit 21); Direct Testimony of David G. Horneck (SPS Exhibit 22); Direct Testimony of Arthur P. Freitas (SPS Exhibit 23); Direct Testimony of Jannell E. Marks (SPS Exhibit 24); Direct Testimony of Ian C. Feters (SPS Exhibit 25); Direct Testimony of Richard M. Luth (SPS Exhibit 26); Direct Testimony in Support of Stipulation of John J. Reynolds (Staff Exhibit 1); Direct Testimony in Support of Stipulation of Charles W. Gunter (Staff Exhibit 2); Direct Testimony in Support of Uncontested Stipulation of Doug Gegax on Behalf of the New Mexico Attorney General (AG Exhibit 1); Settlement Testimony of Michael P. Gorman on Behalf of Federal Executive Agencies and Louisiana Energy Services LLC d/b/a URENCO USA (LES-FEA Exhibit 1); and Testimony in Support of the Unanimous Comprehensive Stipulation of Jeffry Pollock on Behalf of Occidental Permian Ltd. (OPL Exhibit 1).

After several colloquies with the parties, the Hearing Examiner issued two bench requests at the hearing. The first bench request instructed SPS to prepare a schedule comparing SPS's current and proposed rates for its Residential Service and Residential Heating Service customers. The second directed SPS to provide an illustrative cost of service study supporting the \$23.5 million base revenue requirement increase provided for

in the Stipulation.<sup>4</sup> These bench requests were directed only to SPS and not the other Signatories.

At the conclusion of the evidentiary phase of the hearing, the Hearing Examiner conferred with the parties and Staff and established a deadline of June 17, 2016 for filing bench request responses and a proposed certification of stipulation.<sup>5</sup>

On June 17, 2016, SPS filed its responses to the bench requests issued at the hearing, and the Signatories filed their Proposed Certification of Stipulation. SPS's response to the first bench request was appended to the Proposed Certification of Stipulation and is attached below as Appendix B. SPS's response to the second bench request was filed separately.

## **II. DISCUSSION**

### **A. Background to the Stipulation**

On October 16, 2016, SPS filed the subject Application requesting a total base rate revenue increase of \$24,236,401 for the New Mexico jurisdiction, which consisted of a non-fuel retail jurisdictional base rate increase of \$45,354,788 and a base fuel rate decrease of \$21,118,387. The filing presented a historical base period of July 1, 2014 through June 30, 2015. The Test Year was July 1, 2014 through June 30, 2015, which included capital additions expected to be placed in service during the period July 1, 2014

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<sup>4</sup> Tr. at 153-154.

<sup>5</sup> *Id.* at 152-154.

through November 30, 2015, and expense adjustments for known and measurable changes.<sup>6</sup>

In addition to the requested base revenue increase, the Application requested, in material part, both a reduction in the base fuel factor from \$0.031374 per kWh to \$0.027271, and approval of SPS's FPPCAC costs and revenues for the period October 1, 2014 through August 31, 2015.

The Application also requested the following relief: (a) to recover the rate case expenses incurred in this case and in Case No. 15-00139-UT; (b) a 15-year amortization period for its new general ledger software that went into service in December 2015; and (c) a depreciation rate of 2.1518% for the Blackhawk natural gas pipeline.<sup>7</sup> SPS submitted revised tariffs with Advice Notice No. 256, including a revised Rate 59, entitled "Distributed Generation Standby Service," which changed how Rate 59 charges are applied, from the current practice of applying the charges to all kWh produced by a customer's distributed generation system, to applying the kWh charges solely to generation that is "customer usage."<sup>8</sup>

SPS's requested increase in total base revenues (non-fuel and fuel in base) would have resulted in an increase of 6.9% in overall rates for the Test Year. An average

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<sup>6</sup> See SPS Exh. 1 (Evans Stip. Dir.) at 13-14.

<sup>7</sup> See, for requests (a)-(c) respectively, SPS Exh. 3 (Evans Dir.) at 42-64; SPS Exh. 7 (Perkett Dir.) at 35-37; and SPS Exh. 7 (Perkett Dir.) at 28.

<sup>8</sup> See Advice Notice No. 245, Second Revised Rate 59 (Mar. 31, 2015); Advice Notice No. 256, Third Revised Rate 59 (Oct. 16, 2015); and SPS Exh. 1 (Evans Stip. Dir.) at 29-30.

Residential Service customer using 900 kilowatt-hours (“kWh”) of energy per month would have seen a non-fuel base rate bill increase of \$14.27 per month or 23.87%. The total bill (including fuel and Energy Efficiency and Renewable riders) would have increased by \$14.81, or 16.26% per month.<sup>9</sup>

SPS asserted that the primary drivers of its originally requested non-fuel base rate increase of \$45.35 million included: (1) net increases in investment in generating facilities (upgrades, retrofits, equipment replacement, etc.); (2) net increases in investment in transmission and distribution facilities; (3) Southwest Power Pool related expenses; (4) a net increase in depreciation and amortization expense; and (5) increases in operation and maintenance expense and in administrative and general expense.<sup>10</sup> For the period from July 1, 2014 through November 30, 2015, SPS closed or expected to close to plant in service capital additions, including \$56.6 million of production investment, \$632.6 million of transmission investment, \$101.2 million of distribution investment, and \$88.8 million of other types of capital investment.<sup>11</sup> SPS says it has experienced significant load growth in its New Mexico service area and expects that growth to continue.<sup>12</sup> SPS believes, however, that sales growth alone will not enable it to fully fund the cost increases SPS is experiencing. SPS claims the primary cause is the “exceptional growth” it is experiencing

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<sup>9</sup> SPS Exh. 1 (Evans Stip. Dir.) at 14.

<sup>10</sup> *Id.* at 15.

<sup>11</sup> SPS Exh. 1 (Evans Dir.) at 7.

<sup>12</sup> *Id.* at 33-34.

in regions within its New Mexico service territory “that previously had little infrastructure.”<sup>13</sup>

The Procedural Order issued on November 23, 2015 required the parties to participate in a settlement conference on February 18-19, 2016. The settlement conference was postponed until February 29, 2016 to afford the parties additional time for discovery. During the meeting, the parties and Staff’s representatives met to discuss the merits of the case, and multiple options were presented to resolve the issues dividing the parties. The parties continued to engage in settlement discussions following the meeting on February 29<sup>th</sup> and met numerous times in March and April.<sup>14</sup>

SPS says it provided Staff and the parties with detailed accounting, financial, economic, engineering, and operational information both before and during settlement discussions.<sup>15</sup> SPS held several technical conferences; responded to both formal and informal discovery requests; created a SharePoint website that provided ready access to all of SPS’s testimony, attachments, and discovery responses, including native spreadsheets and databases; and encouraged the parties to call or email SPS’s technical experts to ask questions or request documents as the need arose during the parties’ review of SPS’s filing.<sup>16</sup>

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<sup>13</sup> *Id.* at 34.

<sup>14</sup> SPS Exh. 1 (Evans Stip. Dir.) at 10.

<sup>15</sup> *Id.* at 10-11.

<sup>16</sup> *Id.*



After numerous discussions, SPS, Staff, and all the other parties were able to reach a compromise and global settlement of the case culminating in the Stipulation filed on May 2, 2016.<sup>17</sup>

## **B. Legal Standards Governing Public Utility Rates**

Under the Public Utility Act (“PUA”),<sup>18</sup> the Commission is charged with balancing the interests of utility shareholders with the interests of customers to implement “just and reasonable” rates.<sup>19</sup> A rate is just and reasonable when it falls within a “zone of reasonableness between utility confiscation and ratepayer extortion,”<sup>20</sup> that is, a zone which is “bounded at one end by the investor interest against confiscation and at the other end by the consumer interest against exorbitant rates.”<sup>21</sup> The legislature has delegated exclusive ratemaking authority to the Commission, and the Commission is vested with substantial discretion in determining the reasonableness of utility rates.<sup>22</sup> With regard to the Commission’s ratemaking process, the New Mexico Supreme Court has “consistently construed the [PUA] broadly rather than to limit the Commission to any one particular

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<sup>17</sup> *Id.* See also Staff Exh. 1 (Reynolds Stip. Dir.) at 11-12.

<sup>18</sup> NMSA 1978, §§ 62-1-1 to -6-28 (1884, as amended through 2015) and NMSA 1978, §§ 62-8-1 to -13-15 (1941, as amended through 2015). See § 62-13-1 (specifying statutes under the PUA).

<sup>19</sup> See § 62-3-1(B).

<sup>20</sup> See *Behles v. N.M. Public Service Comm’n*, 1992-NMSC-047, ¶ 29, 114 N.M. 154, 161 (1992).

<sup>21</sup> *Washington Gas Light Co. v. Baker*, 188 F.2d 11, 15 (DC Cir. 1950) (Bazelon, J.), *cert. denied*, 340 U.S. 952 (1951).

<sup>22</sup> *Hobbs Gas Co. v. Public Service Comm’n*, 1980-NMSC-005, ¶ 4, 94 N.M. 731; see also *N.M. Attorney General v. Public Regulation Comm’n*, 2013-NMSC-042, ¶ 11, 309 P.3d 89.

method; the touchstone is the reasonableness of the ultimate decision.”<sup>23</sup> Thus, in setting rates that are just and reasonable, it is the “end result” reached, not the method used to develop them, that is controlling.<sup>24</sup>

### **C. Commission Standards Governing Approval of Uncontested Stipulations**

The Commission has a well-established policy permitting the filing of stipulations, and it has adopted rules governing procedures to consider settlements negotiated by the parties.<sup>25</sup> The Commission has observed that it favors “the settlement of disputes to avoid costly and protracted litigation” and recognizes that “a cooperative approach may be more effective in reconciling the interest of all the parties than would the polarization which often accompanies adversarial proceedings.”<sup>26</sup> As provided in Rule 1.2.2.20(A)(3) NMAC, the proponents of a stipulation bear the burden of supporting the stipulation with sufficient evidence and legal argument to allow the Commission to approve it. Stipulations

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<sup>23</sup> *N.M. Industrial Energy Consumers v. N.M. Public Service Comm’n*, 104 N.M. 565, 570, 725 P.2d 244, 249 (1986).

<sup>24</sup> See, e.g., *Attorney General v. N.M. Public Service Comm’n*, 111 N.M. 636, 642, 808 P.2d 606, 612 (1991). The classic formulation of the “end result” standard was quoted by the Supreme Court in the *Matter of Rates and Charges of Mountain States Telephone Co.* as follows: “The proper type of inquiry which we make has been expressed by the United States Supreme Court in *Power Comm’n v. Hope Gas Co.*, 320 U.S. 591 [at 602] . . . (1944). ‘It is not the theory but the impact of the rate which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry . . . is at an end. The fact that the method employed to reach that result may contain infirmities is not then important.’” 99 N.M. 1, 8, 653 P.2d 501 (1982).

<sup>25</sup> See 1.2.2.20 NMAC.

<sup>26</sup> See *Application of Southwestern Public Service Company for Revision of its Retail Electric Rates Pursuant to Advice Notice Nos. 217, 218, and 219 and Request for Expedited Interim Relief Authorizing Recovery of Capacity Related Costs Associated with the New Hobbs Generating Station*, Case No. 08-00354-UT, Final Order Conditionally Approving Stipulation, at 12 (July 14, 2009); see also *Attorney General v. N.M. Pub. Serv. Comm’n*, 1991-NMSC-028, ¶13, 115 N.M. 636, 640, 808 P.2d 606, 610 (1991) (“a cooperative approach in reconciling the interests of the parties was consistent with the public policy favoring settlement of disputes.”).

must be fair, just, reasonable, and in the public interest.<sup>27</sup> Additional criteria the Commission has traditionally applied in evaluating stipulations include:

- Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- Does the settlement, as a whole, benefit customers and the public interest?
- Does the settlement, as a whole, violate any important regulatory principle or practice?<sup>28</sup>

The Signatories' burden of proof in this case is established as a matter of law.<sup>29</sup> The rule in administrative proceedings in general and Commission adjudications in particular is that unless a statute provides otherwise, the proponent of an order or moving party has the burden of proof.<sup>30</sup> The burden of proof is two-pronged: it includes both the burden of adducing sufficient evidence to go forward with a claim and the burden of ultimate

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<sup>27</sup> See *Applications of Public Service Company of New Mexico and New Mexico Gas Company, Inc. for the Abandonment, Purchase and Sale of Gas Utility Assets and Services*, Case No. 08-00078-UT, Certification of Stipulation, at 3.

<sup>28</sup> See, e.g., *Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 235*, Case No. 10-00395-UT, Amended Certification of Stipulation, at 18 n.25 and accompanying text), approved by Final Order Partially Adopting Amended Certification of Stipulation (Dec. 28, 2011).

<sup>29</sup> See, e.g., *Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2014 Annual Energy Efficiency and Load Management Report; (2) Approval of its 2016 EE/LM Plan and Associated Programs; (3) Approval of its Cost Recovery Tariff Rider; and (4) a Determination Whether a Separate Process Should be Established to Analyze a Smart-Meter Pilot Program*, Case No. 15-0119-UT, Certification of Stipulation, at 16 (Dec. 18, 2015) (citing *Gray v. State ex rel. Wyoming Workers' Safety and Compensation Div.*, 193 P.3d 246, 251 (Wyo. 2008)); see also NMSA 1978 § 62-8-7(A).

<sup>30</sup> 3 DAVIS, KENNETH CULP, ADMINISTRATIVE LAW TREATISE § 16.9 at 255-57 (2d ed. 1980). See *Int'l Minerals and Chemical Corp. v. N.M. Pub. Serv. Comm'n*, 81 N.M. 280, 283, 466 P.2d 557, 560 (1970) ("Although the statute does not specifically place any burden of proof on [complainant] International, the courts have uniformly imposed on administrative agencies the customary common-law rule that the moving party has the burden of proof.").

persuasion. The quantum of proof in administrative adjudications is, again unless expressly provided otherwise, a preponderance of the evidence.<sup>31</sup>

#### **D. Summary of the Stipulation**

The Signatories agree that the revenue requirement and associated rates established in the Stipulation are fair, just and reasonable in all material respects. They also agree that, viewed holistically, the provisions of and agreements in the Stipulation constitute a full resolution of all issues in this case, are in the public interest, and should be approved accordingly.<sup>32</sup>

The Stipulation includes the following agreements:

- A \$23.5 million increase in SPS's non-fuel base rate revenues for New Mexico retail service for consumption occurring on and after

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<sup>31</sup> See DAVIS, *supra*, § 16.9 at 256 ("One can *never* prove a fact by something less than a preponderance of the evidence") (emphasis in original); see *id.* *Re Southwestern Public Service Co.*, Case No. 2678, Recommended Decision of the Hearing Examiner (Nov. 15, 1996) ("No matter how the Commission describes its standard of review, SPS bears the burden of proof in this case. SPS must demonstrate that a preponderance of evidence exists in the record on which to base approval of the requested authorizations surrounding the merger."). The prevailing evidentiary standard of proof for decisions issued in administrative agency adjudications should not be confused with the standard of "substantial evidence in the record as a whole," the appellate standard of review applied by the New Mexico Supreme Court in reviewing Commission orders. See, e.g., *New Mexico Indus. Energy Consumers v. PSC 1986*, 1986-NMSC-059, ¶ 32 ("... our review of Commission decisions must be based on *substantial evidence in the record as a whole*") (emphasis added); *New Mexico Exchange Carrier Group v. N.M. Public Regulation Comm'n*, 2016-NMSC-015, ¶ 13 ("A party *challenging* a PRC Order must establish that the order is arbitrary and capricious, *not supported by substantial evidence*, outside the scope of the agency's authority, or otherwise inconsistent with law.") (emphasis added; internal quotation marks and citation omitted). See also Davis, *supra* § 16.9 at 256 ("The requirement of 'clear, unequivocal, and convincing evidence' imposed by the Woodby case applies only to the agency, not to the reviewing court; the standard of substantial evidence applies at the court level. *Espinoza-Espinoza v. Immigration and Naturalization Service*, 554 F.2d 921, 924 (9<sup>th</sup> Cir. 1977).").

<sup>32</sup> SPS Exh. 1 (Evans Stip. Dir.) at 16-41; Staff Exh. 1 (Reynolds Stip. Dir.) at 8-12; Staff Exh. 2 (Gunter Stip. Dir.) at 17-18; AG Exh. 1 (Gegax Stip. Dir.) at 8; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 2-4; OPL Exh. 1 (Pollock Stip. Dir.) at 6-8.

the date of the Commission's final order. In its direct case, SPS had requested a \$45.35 million increase in non-fuel base rate revenues. Thus, under the Stipulation, SPS receives approximately half of its requested increase.

- The average level of fuel and purchased power costs included in SPS's base rates (the base fuel factor) is lowered from \$0.031374 per kWh to \$0.027271 per kWh effective for consumption occurring on and after the date of the Commission's final order.
- The combination of the increase in non-fuel base rate revenue and the reduction in the amount of fuel expense in base rates produces a net increase of \$2.38 million in total base rate revenue under the Stipulation.
- There will be no change in the SPS depreciation rates established in Case No. 12-00350-UT, *Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014). SPS has two new assets that do not have existing Commission-approved depreciation rates. For these two assets, the Signatories recommend that the Commission approve a depreciation rate for the Blackhawk natural gas pipeline of 2.1518% and a 15-year amortization period for SPS's new general ledger system. These depreciation rates are subject to review in SPS's next base rate case.
- SPS's FPPCAC expenses and revenues for the period October 1, 2014 through August 31, 2015 are reconciled and all related issues are resolved.
- SPS will not seek to recover any of the rate case expenses it has requested in this case in any future proceeding.
- The proposed rates and revised tariffs that implement the rates are just and reasonable.<sup>33</sup>

The Signatories agree, as already noted, that the foregoing provisions are beneficial to SPS's New Mexico retail customers and are in the public interest.

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<sup>33</sup> See Staff Exh. 1 (Reynolds Stip. Dir.) at 6-7; SPS Exh. 1 (Evans Stip. Dir.) at 3-4.

### **E. Discussion of the Stipulation's Specific Provisions**

The discussion to follow lays out and analyzes the Stipulation's provisions in order to determine whether the agreements constituting the parties' unanimous Stipulation encompasses a global settlement of the case that results in fair, just and reasonable rates, is in the public interest, and therefore should be certified to the Commission for its review and approval.

#### **1. Agreement as to Base Rate Increase – Stipulation Section I**

Section I of the Stipulation provides for an overall increase in annual base rate revenues of \$23.5 million in SPS's New Mexico retail service area for consumption occurring on and after the date of the Commission's final order. The dollar amount the Signatories' settled on is a "black box" figure, which does not specify the ratemaking treatment of any component in the cost of service other than depreciation rate expenses and rate case expenses. Depreciation rates and rate case expenses have been specified to provide SPS accounting guidance on how to record those expenses on its financial books. Apart from specifying those two cost of service elements, the Stipulation does not articulate the "give and take" process that yielded the end result numbers and the structure of myriad interlocking compromises that produced the comprehensive settlement. In other words, the Signatories did not agree on any particular cost of service study to establish the proposed rates, nor did they agree on whose adjustments have been included in the final numbers.<sup>34</sup> Rather, the revenue increase and distribution provided in the

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<sup>34</sup> Tr. (Evans) at 74, 87-88, (Gorman) 94-96, (Gegax) 106-109, (Gunter) 139-143.

Stipulation represents a negotiated equilibrium balancing numerous diverse interests of the sort one is accustomed to seeing in base rate cases.<sup>35</sup>

Still, mindful of Commission precedent, the Hearing Examiner issued a bench request to SPS at the June 1<sup>st</sup> hearing directing the company to prepare an illustrative and non-binding cost of service study regarding the stipulated \$23.5 million base revenue requirement increase. In response, SPS prepared three illustrative settlement reconciliation scenarios tailored to rate cases before this Commission involving unanimous or uncontested stipulations.<sup>36</sup> SPS's sponsoring witness, Evan Evans, explained the cost of service studies and their significance to the case as follows:

In preparing SPS's response to Bench Request No. 2, I have followed the example of the type of illustrative cost of service the Commission found acceptable in Case No. 09-00171-UT, which involved an unopposed stipulation and was the most recent unopposed stipulation for which an illustrative cost of service was provided.

In SPS's response to Bench Request No. 2, however, I have provided even more detail and information than was provided to the Commission in Case No. 09-00171-UT and formed the basis for the Commission's approval of the stipulation in that rate case. First, I have provided three illustrative costs of service instead of just one.

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<sup>35</sup> Tr. (Evans) at 120, 129.

<sup>36</sup> SPS witness Evans distinguished the illustrative costs of service provided in this uncontested case from the illustrative cost of service PNM prepared in support of a contested stipulation in Case No. 10-00086-UT. See Certification of Stipulation (June 21, 2011), at 33-34 (describing PNM's illustrative cost of service). The stipulation at issue in Case No. 10-00086-UT was opposed by several parties to the case. PNM's illustrative cost of service was akin to those provided in other cases assessing contested stipulations. Consequently, Mr. Evans clarified that "[i]n a situation involving a contested stipulation, there is a need for the illustrative cost of service to go into some level of detail about the components and the calculation of the revenue requirement because the parties opposed to the stipulation are raising questions about the reasonableness of the revenue requirement, and the Commission must resolve the dispute." Affidavit of Evan D. Evans in Support of SPS's Response to Bench Request No. 2 ("Evans Affidavit") (June 16, 2016), p. 2 of 4.

Each of the three costs of service uses a different return on equity ("ROE"), which provides the Commission with a range: an 9.96% ROE, which is SPS's currently authorized ROE as set in Case No. 12-00350-UT; a 9.7% ROE, which is SPS's currently authorized ROE set by the Public Utility Commission of Texas (Docket No. 43695); and a 9.48% ROE, which is the ROE the Commission recently established in EPE's rate case, Case No. 15-00127-UT. Second, the notes provide more specific information than was provided to the Commission in past cases (involving uncontested or unopposed stipulations) about the types of illustrative adjustments that could support the settlement revenue requirement.<sup>37</sup>

In short, SPS's cost of service analyses are simply no more than what they purport to be – comparably detailed studies sponsored and supported solely by one Signatory "to show," as Mr. Evans concluded, "a range of reconciliations based on issues raised by parties in discovery that support the settlement revenue requirement. Multiple other illustrative costs of service scenarios are possible, each of which would support the settlement revenue requirement."<sup>38</sup> Yet, all qualifications aside, Mr. Evans asserted that the information included in SPS's settlement reconciliations confirms the fact that "the settled-upon revenue requirement complies with the Commission's standard ratemaking practices."<sup>39</sup>

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<sup>37</sup> Evans Affidavit, p. 3 of 4. In comparison to SPS's settlement reconciliations, in Case No. 09-00171-UT, EPE's sole settlement reconciliation statement did not specify the numerous rate base components included in the reconciliations in this case, nor did it specify an ROE other than EPE's filed Cost of Capital calculation, which included an ROE of 11.5%. EPE's resulting rate of return or weighted average cost of capital (WACC) was 9.06%, as opposed to WACCs of 8.02%, 7.88%, and 7.76% in SPS's reconciliations. See Case No. 09-00271-UT, Direct Testimony in Support of Stipulation of David G. Carpenter (Oct. 22, 2009), at Exh. 2, pp. 2-4. In its direct case here, SPS requested an overall WACC of 8.17%, with an ROE of 10.25% and a cost of debt of 5.74%. See, e.g., SPS Exh. 1 (Evans Dir.) at 12.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*



Getting back now to the stipulated revenue increase, the \$23.5 million increase in non-fuel base rate revenues constitutes a 48% reduction (\$21.85 million) from SPS's originally filed case, which requested a \$43.35 million increase in non-fuel base rate revenues.<sup>40</sup> Combining the increase in non-fuel base rate revenue with the proposed 13.02% reduction (\$21 million) in the amount of fuel expense in base rates addressed below,<sup>41</sup> the net increase in total base rate revenue is \$2.38 million, which amounts to a 0.68% increase when non-fuel and fuel in base revenues are combined and less than 1% of total company base revenues.<sup>42</sup>

As explained by Staff witness Charles Gunter in his testimony in support of the Stipulation, Staff concluded that the \$23.5 million increase is reasonable, in part, because SPS's Adjusted Base Period Revenue deficiency during the Test Year was \$19,721,061.<sup>43</sup> Adjusted Base Period data consists of per-book figures with limited adjustments for unblended depreciation rates for plant, accounting annualizations and normalizations, and weather normalization of revenues, without any Test Period adjustments.<sup>44</sup> Mr. Gunter said that one way to gauge whether the \$23.5 million revenue increase is, as he put it, "generally reasonable" is to compare the revenue increase to the Adjusted Base Period

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<sup>40</sup> SPS Exh. 1 (Evans Stip. Dir.) at 17-18; Staff Exh. 1 (Reynolds Stip. Dir.) at Exh. JJR-1.

<sup>41</sup> See § II.4 and III *infra*.

<sup>42</sup> See Exh. A to Stipulation, p. 7 of 8 (tables showing settlement base revenue increases by class); AG Exh. 1 (Gegax Stip. Dir.) at 5 ("Overall, the net revenue increase is a relatively modest \$2.38 million, or less than 1% of total Company base revenues.").

<sup>43</sup> Staff Exh. 2 (Gunter Stip. Dir.) at 6-7.

<sup>44</sup> *Id.* at 6-7.

Revenue deficiency. From this concededly broad comparison, Mr. Gunter demonstrated that the \$23.5 million increase is approximately \$3.8 million greater than the \$19.7 million Adjusted Base Period deficiency.<sup>45</sup>

Nonetheless, Mr. Gunter stressed that Staff did not rely solely on comparing the stipulated revenue increase to the Adjusted Base Period deficiency to reach agreement on the \$23.5 million increase. Instead, to determine whether the \$23.5 million increase was supportable on a granular level, Mr. Gunter said that Staff performed a detailed evaluation of SPS's requested cost of service, analyzed SPS's proposed Test Period adjustments, developed the adjustments Staff believes would have been made if the case had been litigated, and concluded that the \$23.5 million base rate increase was reasonable.<sup>46</sup> In fact, Mr. Gunter emphasized that the \$23.5 million increase provided by the Stipulation was lower than the increase Staff would have recommended if the case were fully litigated.<sup>47</sup> Similarly, each of the other Signatories' witnesses testified that the \$23.5 million increase proposed in the Stipulation is reasonable and consistent with their independent analyses of SPS's filing.<sup>48</sup> For example, the AG's witness, Doug Gegax, testified that the "proposed non-fuel increase in the Stipulation is consistent with the analysis of the Attorney General,"<sup>49</sup> within the range of increases the AG would have recommended based on his

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<sup>45</sup> *Id.* at 6.

<sup>46</sup> *Id.* See Tr. (Gunter) at 140-141.

<sup>47</sup> *Id.* at 141.

<sup>48</sup> See AG Exh. 1 (Gegax Stip. Dir.) at 5; OPL Exh. 1 (Pollock Stip. Dir.) at 6-7; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 2-4; Tr. at 110-111 (Gegax); Tr. at 92-93 (Gorman).

<sup>49</sup> AG Exh. 1 (Gegax Stip. Dir.) at 5.

analysis of SPS's rate filing,<sup>50</sup> and "consistent with a likely litigated outcome of this proceeding . . . ."<sup>51</sup>

## **2. Resolution of Accounting Issues and Future Commitments – Stipulation Section II**

Section II of the Stipulation addresses agreements regarding accounting issues and future commitments. This section specifically provides that: (1) there will be no change in the SPS depreciation rates established in SPS's last fully litigated general rate case, Case No. 12-00350-UT; (2) the Signatories recommend that the Commission approve a depreciation rate for the Blackhawk natural gas pipeline of 2.1518%, and a 15-year amortization period for SPS's new general ledger system; and (3) SPS will amortize the rate case expenses it is seeking to recover over a two-year period starting from the effective date of the rates established in this case but will not seek to recover any of those rate case expenses in any future proceeding.<sup>52</sup>

SPS conducted a new depreciation study and initially requested that the Commission approve a \$13.8 million (total company) increase in SPS's depreciation expense.<sup>53</sup> The Stipulation states that there will be no change in the SPS depreciation rates established in Case No. 12-00350-UT. SPS and Staff maintain that this provision benefits

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<sup>50</sup> Tr. (Gegax) at 111.

<sup>51</sup> AG Exh. 1 (Gegax Stip. Dir.) at 5.

<sup>52</sup> SPS Exh. 1 (Evans Stip. Dir.) at 19.

<sup>53</sup> *Id.* at 20.

SPS's customers by reducing the base rate revenue requirement and represents a concession by SPS.<sup>54</sup>

The Stipulation recommends that the Commission approve a depreciation rate for the Blackhawk natural gas pipeline of 2.1518% and a 15-year amortization period for SPS's new general ledger system. The Blackhawk natural gas pipeline is owned by SPS and supplies fuel to the Blackhawk Station cogeneration facility owned by Borger Energy Associates.<sup>55</sup> SPS purchases power from the facility located in Hutchinson County, Texas under a purchased power agreement. The gas pipeline had been fully depreciated with a zero net book value since the ownership of the pipeline was transferred to SPS. It was assumed that SPS paid for the initial investment in the pipeline through the purchased power agreement, so the initial investment was already recovered from customers when the title transfer occurred.<sup>56</sup> Due to gas pipeline safety legislation, SPS was recently required to perform safety and integrity work, including capital additions of approximately \$1.3 million since July 1, 2012.<sup>57</sup> Because SPS had not previously recorded depreciation expense on the asset, the company requested approval of a depreciation rate of 2.1518%, which reflects a life based on the current purchased power agreement.<sup>58</sup>

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<sup>54</sup> *Id.* at 19; Staff Exh. 2 (Gunter Stip. Dir.) at 9-10.

<sup>55</sup> SPS Exh. 7 (Perkett Dir.) at 28.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* See also SPS Exh. 1 (Evans Stip. Dir.) at 21-22; Staff Exh. 2 (Gunter Stip. Dir.) at 10-11. Staff agrees that this depreciation rate is reasonable. Staff Exh. 2 (Gunter Stip. Dir.) at 11.

SPS's new general ledger system went into service in December 2015. Because the in-service date for the new general ledger system falls outside of the period covered in this case, SPS did not seek to include the system in rate base.<sup>59</sup> However, because SPS does need an approved amortization period, the company requested an amortization period of 15 years based on the system's expected useful life.<sup>60</sup>

With respect to rate case expenses, SPS sought to recover the expenses incurred in litigating this case as well as the expenses incurred in filing its prior general rate case, Case No. 15-00139-UT.<sup>61</sup> SPS figured that rate case expenses for this case would equal approximately \$2,047,000 and, in addition, sought to recover \$636,150 in rate case expenses for Case No. 15-00139-UT.<sup>62</sup> The Stipulation provides that SPS's rate case expenses are included within the black box revenue requirement. SPS will 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 will not seek to recover those expenses in any future proceeding. SPS avers the amortization is included in the base rate settlement and will not have any effect on SPS's New Mexico retail

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<sup>59</sup> SPS Exh. 7 (Perkett Dir.) at 35-37.

<sup>60</sup> *Id.*; see also SPS Exh. 1 (Evans Stip. Dir.) at 21-22; Staff Exh. 2 (Gunter Stip. Dir.) at 11. Staff agrees that this amortization period is reasonable. Staff Exh. 2 (Gunter Stip. Dir.) at 12.

<sup>61</sup> The Commission dismissed rejected Case No. 15-00139-UT but subsequently withdrew its order of rejection. *Southwestern Public Service Company's Application for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 255*, Case No. 15-00139-UT, Order on Remand Adopting Dissent as Modified (Feb. 24, 2016).

<sup>62</sup> SPS Exh. 3 (Evans Dir.) at 42-64.

customers.<sup>63</sup> Staff believes this provision is favorable in that it resolves all issues surrounding recovery of rate case expenses and ensures these issues will be fully disposed of in this case.<sup>64</sup>

### **3. Cost Allocation, Revenue Distribution, and Rate Design – Stipulation Section III**

#### **a. Tariffs Reflecting the Settlement Rates (Sections III(a) and (b))**

A wide array of Signatories brought divergent views to the issues of cost allocation, revenue distribution, and rate design. Each Signatory had its own reasons for agreeing to this compromise, and it is likely those reasons are inter-related with the compromises reflected in other sections of the Stipulation such as the amount of the rate increase and discussions during settlement talks about which issues should or should not be hashed out in the Stipulation.<sup>65</sup> The Signatories reached agreement on the distribution of the \$23.5 million increase among the rate classes through negotiations and compromise. The agreed revenue distribution is reflected in the proof of revenue analysis provided as Exhibit A to the Stipulation and shown on Stipulation Exhibit C, page 2, and the effect of the rate increase on each customer class is shown in Attachment EDE-STIP-1 to SPS witness Evan Evan's direct testimony in support of the Stipulation.<sup>66</sup> In addition, SPS prepared in response to a bench request at hearing a customer bill comparison which juxtaposes

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<sup>63</sup> SPS Exh. 1 (Evans Stip. Dir.) at 23.

<sup>64</sup> Staff Exh. 2 (Gunter Stip. Dir.) at 13.

<sup>65</sup> SPS Exh. 1 (Evans Stip. Dir.) at 25.

<sup>66</sup> See SPS Exh. 1 (Evans Stip. Dir.) at Attachment EDE-STIP-1, pp. 1-9 of 9; Appendix A *infra*.

monthly bills for Residential Service and Residential Heating Service at various usage levels under SPS's current rates, SPS's proposed rates in its Application and Advice Notice, and the rates proposed by the settlement.<sup>67</sup> For example, under the Stipulation, Residential Service customer using 750 kWh per month will see an overall (winter and summer months combined) average monthly increase of 8.41%.<sup>68</sup> A Residential Heating Service customer using the same 750 kWh per month will see an overall average monthly increase of 13.38%.<sup>69</sup> Under the rates proposed in SPS's Application and Advice Notice, the analogous increase for the average month would have been 17.10% for the Residential Service customer and 21.23% for the Residential Heating Service customer.<sup>70</sup>

SPS asserts, and the Signatories agree, that the revenue distribution reflected in the Stipulation is consistent with the inter-class gradualism method the Commission approved for distributing the rate increase in Case No. 12-00350-UT.<sup>71</sup> In that case, SPS proposed

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<sup>67</sup> See *infra* Appendix B. SPS provided this bill comparison in response to the Hearing Examiner's Bench Request No. 1.

<sup>68</sup> *Id.* According to the Residential Service table, the customer consuming 750 kWh/month will see an average increase of 6.68% under the 8-month winter seasonal rate and an average of 11.56% during the 4-month summer rate. According to SPS's originally proposed rates, the customer consuming 750 kWh/month would have seen see an average increase of 16.55% under the 8-month winter seasonal rate and an average of 18.09% during the 4-month summer season.

<sup>69</sup> *Id.* Performing the same comparisons as above, the Residential Heating Service customer consuming 750 kWh/month will see an average increase of 11.56% under the 8-month winter seasonal rate and an average of 14.63% during the 4-month summer season. SPS's originally proposed rates would have had the customer consuming 750 kWh/month experience an average increase of 23.38% under the 8-month winter seasonal rate and an average of 18.09% during the 4-month summer season.

<sup>70</sup> *Id.*

<sup>71</sup> SPS Exh. 1 (Evans Stip. Dir.) at 26.

and the Commission adopted a maximum customer class increase of 150% and a minimum increase of 50% of the overall New Mexico retail increase in non-fuel base rates. Under the Stipulation, the overall increase in non-fuel base rates is 12.46%. Using the gradualism standard the Commission applied in Case No. 12-00350-UT, the maximum class increase in this case would be 18.69% (150% of 12.46%) and the minimum would be 6.23% (50% of 12.46%). The Stipulation, on the other hand, provides a narrower range of increases. The maximum class non-fuel base rate increase is 132% of the system average increase, and the minimum class increase is 75% of the system average increase.<sup>72</sup> Consequently, SPS asserts this provision will benefit its customers to the extent that it moderates the relative non-fuel base rate increases and remains within the bounds of the Commission's historical approach to gradualism.<sup>73</sup> The Signatories, however, did not agree on any particular gradualism standard as part of the Stipulation and are not proposing the establishment of a standard to be used in future cases.<sup>74</sup>

Attachment B to the Stipulation provides the rate and rule tariffs reflecting the Signatories' agreement regarding the revenue distribution and rate design of the proposed rates. These rates are the result of negotiations and compromise. SPS notes that this rate design is consistent with the rate design the Commission approved in case No. 12-00350-

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<sup>72</sup> As shown in Exhibit C, page 2 of 2 to the Stipulation (in Appendix A *infra*), the maximum percent increase for all rate classes but one (the Commercial and Industrial ("C&I") class) is 16.40%, which is 132% of the system average increase of 12.46%. The minimum increase is 9.33% for the C&I class, which is 75% of the system average increase of 12.46%.

<sup>73</sup> *Id.* at 26.

<sup>74</sup> Tr. (Evans) at 86-88.



UT.<sup>75</sup> The Signatories evaluated the proposed rate revisions and deemed them reasonable.<sup>76</sup> Resultantly, the Signatories assert that the stipulated revenue increase and distribution apply the principle of gradualism consistent with the Commission's prior practices, and strike an appropriate balance between moving customer classes to their cost of service (or at the same average return on equity) and avoiding rate shock and unintended consequences a result of the Stipulation.<sup>77</sup>

**b. Future Commitment Regarding Residential Service and Residential Heating Service Rate Design (Section III(c))**

As part of the Stipulation, SPS pledges that in its next general base rate case SPS will propose a rate design that produces the same proposed relative rate of return for the Residential Service and Residential Heating Service classes.<sup>78</sup> By proposing that each of these Residential rate classes produce the same rate of return in the class cost of service study, SPS believes the resulting rate design in the next rate case will further reduce the winter differential between the Residential Service and the Residential Heating Service energy charges. While SPS has agreed to propose this rate design in its next rate case, SPS notes the Signatories will be free to take whatever positions they choose regarding the proposed rate design in that case.<sup>79</sup>

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<sup>75</sup> SPS Exh. 1 (Evans Stip. Dir.) at 26.

<sup>76</sup> *Id.*; Staff Exh. 1 (Reynolds Stip. Dir.) at 8-9; AG Exh. 1 (Gegax Stip. Dir.) at 6-8; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3-4; OPL Exh. 1 (Pollock Stip. Dir.) at 7.

<sup>77</sup> SPS Exh. 1 (Evans Stip. Dir.) at 26; Tr. (Evans) at 34-43, (Pollock) 48-55, (Gorman) 99-100, and (Gegax) 103-04.

<sup>78</sup> SPS Exh. 1 (Evans Stip. Dir.) at 26.

<sup>79</sup> *Id.*

**c. Rate Design for Rate No. 59, Distributed Generation Standby Service Rider, in the Settlement Rates (Section III(d))**

Rate No. 59 ("Rate 59") is SPS's Distributed Generation ("DG") Standby Service Rider.<sup>80</sup> The Rate 59 tariff in the stipulated rates reflects a negotiated compromise of certain controversial issues embedded in the DG rider. Under the Stipulation, the Rate 59 tariff reflects: (1) the current per kWh charges, as approved in Case No. 12-00350-UT, for Residential, Small General, and Small Municipal and School customers with DG facilities; (2) a 20% reduction from the current kWh charge, again as approved in Case No. 12-00350-UT, for Irrigation customers; and (3) SPS's proposal to apply the kWh charges solely to generation that is "customer usage," meaning the generation either used directly by the DG customer or applied as an offset to kWh delivered by SPS to the customer. The effect of the third provision is that the kWh charges under Rate 59 will no longer be applied to excess generation by the DG customer's facility that is not consumed by the customer, but is instead sold to SPS.<sup>81</sup> The Signatories support only the approval of the settlement Rate 59 tariff – not any methodology or theory that may support or underlie any of the charges, calculations, formulas, or provisions in the tariff. The Signatories thus reserve all rights, without limitation, pertaining to Rate 59 or any DG standby rates or tariffs in any future proceeding for any utility, rulemaking, or other matter.<sup>82</sup>

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<sup>80</sup> SPS Exh. 26 (Luth Dir.) at 46; Advice Notice No. 256.

<sup>81</sup> SPS Exh. 1 (Evans Stip. Dir.) at 29-30.

<sup>82</sup> *Id.* at 29-30.

Additionally, the compromise reflected in the settlement Rate 59 tariff eliminates the need for the Hearing Examiner, or the Commission, to rule on CCAE and Vote Solar's joint motion to dismiss SPS's proposed increases to Rate 59 and their joint motion for leave to reply to SPS's and Staff's responses to the joint motion to dismiss.<sup>83</sup>

#### **4. FPPCAC and Fuel Costs in Base Rates – Stipulation Section IV**

Section IV of the Stipulation contains the Signatories' agreements involving SPS's fuel and purchased power costs, both those incurred under its FPPCAC and in base rates. The agreements are set forth in two parts. First, regarding SPS's FPPCAC, the Signatories agree in Section IV(a) that the Commission should approve the reconciliation of fuel clause expenses recognized and revenues collected or refunded for the period October 1, 2014 through August 31, 2015. Next, regarding fuel and purchased power costs in base rates, Section IV(b) reflects that Staff and the other parties to the Stipulation support SPS's proposed reduction of the base fuel factor as explained below.

The record demonstrates that Staff and the other Signatories analyzed SPS's fuel and purchased power costs and associated revenues for the period October 1, 2014 through August 31, 2015 and concluded the expenses recognized and revenues collected or refunded by SPS under its FPPCAC for that period were reasonably incurred and accounted for correctly.<sup>84</sup> The Signatories thus agree that for the period October 1, 2014

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<sup>83</sup> SPS Exh. 1 (Evans Stip. Dir.) at 30.

<sup>84</sup> SPS Exh. 1 (Evans Stip. Dir.) at 33-34; Staff Exh. 2 (Gunter Stip. Dir.) at 14-15; *see also* SPS Exh. 2 (Rate Filing Package Schedules) at Schedule H-3, pp. 2 and 3 of 6.

through August 31, 2015, the monthly FPPCAC revenues collected or refunded by SPS are resolved.<sup>85</sup>

To calculate the amount of fuel included in base, SPS used forecasted fuel and purchased power expenses for calendar year ("CY") 2017. The forecast of CY 2017 expenses reflects the level of fuel costs SPS expects to incur during the first calendar year the new rates from this case go into effect rather than the existing amount of fuel and purchased power costs in base, the sum of which is based upon projected costs for CY 2014.<sup>86</sup> In comparing the amount of fuel and purchased power costs estimated for recovery in 2017 versus what was being recovered at the time in base rates, it became apparent that a reduction to the base fuel factor was necessary.<sup>87</sup> So, the need for a reduction in fuel costs being undisputed, the Signatories assert it is reasonable for SPS to reduce the base fuel factor from an average of \$0.031374 per kWh to an average of \$0.027271 per kWh effective on the date the base rate increase becomes effective.<sup>88</sup> The reduction reflects a projected decrease of \$21,118,387 (negative 13.02%) in fuel revenues collected through base rates.<sup>89</sup> Concurrently, the credits provided through the monthly adjusted FPPCAC would be reduced by \$21,118,387, resulting in a zero dollar impact on

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<sup>85</sup> SPS Exh. 1 (Evans Stip. Dir.) at 33-34.

<sup>86</sup> *Id.* at 34-35; SPS Exh. 22 (Horneck Dir) at 4-5.

<sup>87</sup> *Id.* at 9-18; SPS Exh. 1 (Evans Stip. Dir.) at 34-35.

<sup>88</sup> Staff Exh. 2 (Gunter Stip. Dir.) at 15-16; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3.

<sup>89</sup> SPS Exh. 1 (Evans Stip. Dir.) at 34-35.

customers' monthly bills.<sup>90</sup> As with the FPPCAC reconciliation proposal in Section IV(a) of the Stipulation, considering both the end result and the Stipulation as a whole, the Signatories' proposal to reduce the base fuel factor as memorialized in Section IV(b) is reasonable and consistent with similar approvals in prior SPS base rate cases.<sup>91</sup>

That said, guided by a recent Commission determination in a general rate case requiring another investor-owned electric utility to take all fuel and purchased power costs out of base rates and recover them through its FPPCAC instead, the Hearing Examiner is compelled to recommend that the Commission reject Section IV(b). This recommendation is driven by the Final Order Partially Adopting Recommended Decision ("Final Order") in Case No. 15-00127-UT, in which the Commission ordered El Paso Electric Company ("EPE") to remove all fuel and purchased power costs from base rates and bill such costs instead entirely through the FPPCAC.<sup>92</sup> Billing all fuel and purchased power costs through the utility's FPPCAC should provide, the Commission reasoned,

greater transparency . . . with regard to the nature of the charges on their bills. In particular, separation of the highly variable fuel costs from other, more fixed costs, should assist ratepayers in

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<sup>90</sup> SPS Exh. 1 (Evans Stip. Dir.) at 34-35.

<sup>91</sup> See, e.g., *Southwestern Public Service Company's Application for Revision of its Retail Electric Rates Pursuant to Advice Notice Nos. 208 and 209, and all Associated Approvals*, Case No. 07-00319, Corrected Recommended Decision of Hearing Examiner (Jul. 31, 2008), at 156-57 (increasing base fuel factor from \$0.01975 per kWh to \$0.041505 per kWh), approved by Final Order Partially Adopting Recommended Decision (Aug. 26, 2008); Case No. 10-00395-UT, Amended Certification of Stipulation, at 35-37, 81 ¶ J (reducing base fuel factor from \$0.041505 per kWh to \$0.033214 per kWh).

<sup>92</sup> *Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 2436*, Case No. 15-00127-UT, Final Order Partially Adopting Recommended Decision (Jun. 8, 2016), at 106, ¶ 242.

understanding the factors influencing the magnitude and variability of their bill charges.<sup>93</sup>

Upon a close reading, the Commission's ruling in Case No. 15-00127 appears to have established a new policy preference with regard to the specific mechanism at least some electric utilities should use to bill ratepayers for *all* fuel and purchased power costs incurred. The Commission obviously did not say in its Final Order that the ruling directed at EPE is intended for other utilities subject to its jurisdiction; nevertheless, assuming all other things being equal, the Commission's rationale behind its determination logically dictates the conclusion that the policy is generally applicable. That is to say, in Case No. 15-00217-UT, the Commission found that flowing all fuel costs through the FPPCAC should provide ratepayers "greater transparency" regarding the "nature of the charges on their bills." "Such treatment of these costs," the Commission said, "should assist ratepayers in understanding the factors influencing the magnitude and variability of their bill charges."<sup>94</sup> Accordingly, unless the utility is confronted with some reasonably insurmountable impediment against doing what the Commission has ordered EPE to do in the first instance, it would be manifestly unfair to not lend the utility's ratepayers the same assistance EPE's customers are apparently being afforded in trying to better understand the charges on their bills. Therefore, assuming SPS is given the opportunity to show for some valid reason why the new policy should not apply in its unique circumstances, the Commission should order SPS to remove all fuel and purchased power costs incurred from base rates and bill all such fuel costs instead through the company's FPPCAC.

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<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

Having so recommended, the Hearing Examiner acknowledges a possible a near-term problem SPS may need help fixing as it transitions to billing all fuel and purchased power costs entirely through its FPPCAC, if so ordered. The potential difficulty here was addressed by the Commission in Case No. 15-00217-UT in relation to EPE's billing practices. The Commission recognized in the Final Order that EPE's FPPCAC operates on a two-month lag to the extent that the fuel and purchased power cost adjustments stated on customer bills reflect fuel costs incurred two months before. The Commission therefore found that EPE should be allowed to "recover a reasonable estimate of its fuel and purchased power costs" in base rates spread over a two-month transition period.<sup>95</sup> In this case, based on the Hearing Examiner's interpretation of the Recommended Decision in Case No. 14-00348-UT<sup>96</sup> where SPS's FPPCAC was most recently approved, it appears that SPS may be operating under a similar lag in reflecting its fuel and purchased power costs on customer bills. In that case, the Hearing Examiner explained in her Recommended Decision that,

SPS proposes to correct allocation of fuel and purchased power costs among four customer voltage levels for billing months *March 2012* through August 2013 (i.e., for . . . costs incurred during the period *January 2012* through June 2013) and refund customers, or

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<sup>95</sup> *Id.* at 106, ¶ 243 (internal citation omitted).

<sup>96</sup> *Southwestern Public Service Company's Application for: (1) Continued Use of its Fuel and Purchased Power Adjustment Clause ("FPPCAC") Using a Monthly Adjustment Factor under NMPRC Rule 550; and (2) the Report of Expenses Recognized and Revenues Collected or Refunded Under the FPPCAC for the Period of October 2012 Through September 2014*, Case No. 14-00348-UT, Recommended Decision (Jul. 27, 2015), (adopted by Commission's Final Order issued Oct. 21, 2015).

collect from customers, amounts due as a result of the allocation correction.”<sup>97</sup>

Therefore, tracking the Hearing Examiner’s finding above, since SPS bills for fuel costs in a March billing month for costs incurred two months prior during a January billing month, if ordered to bill all fuel costs through its FPPCAC, SPS should be afforded a transition period analogous to EPE’s during which SPS may recover its fuel and purchased power costs in base rates, as apparently reflected in the “Fuel in Base Rate, per kWh” shown in the Proof of Revenue Analysis, attached as Exhibit A to the Stipulation (*see* Appendix A *infra*).

In any event, if the Commission adopts the foregoing recommendations, as pertains to the Signatory’s agreement in Section IV of the Stipulation on fuel costs in base rates, it follows that the Commission should reject the Signatories’ proposal to reduce the base fuel factor and thus delete the corresponding Section IV(b) from the Stipulation.

#### **5. Resolution of Pending Motions – Stipulation Section V**

Section V of the Stipulation states that pending motions should be held in abeyance and disposed of generally consistent with a final order approving the Stipulation. Currently, the only pending motions include CCAE and Vote Solar’s motions regarding SPS’s request to increase charges under Rate No. 59 and the motions embedded in SPS’s rate application. These motions have been resolved through the Stipulation and no specific ruling is necessary. Instead, a general dispositional ruling will suffice consistent

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<sup>97</sup> Recommended Decision, Case No. 14-00348-UT, at 13 (emphasis added, footnoted citation omitted).



with Commission practice in like circumstances.<sup>98</sup> That is to say, in its final orders the Commission often includes catchall language stating that any matter not explicitly ruled on during the hearing or the final order is disposed of consistent with the Commission's final order the given case.<sup>99</sup> Under Section V of the Stipulation, the Signatories request that the Commission resolve pending motions through similar language in a final order approving the Stipulation.<sup>100</sup>

#### **6. Variances – Stipulation Section VI**

Section VI of the Stipulation contains the Signatories' agreement to request that the Commission grant a waiver from Rule 1.2.2.20(A)(3) NMAC and authorize SPS to file the modified version of the reconciliation statement provided in Attachment C to the Stipulation. As required in Rule 1.2.2.20(A)(2) NMAC, the Signatories have provided the dollar effect of the Stipulation and the resulting rates (in Attachments A and C to the Stipulation, Appendix A *infra*). The Signatories ask, however, that the Commission waive the requirement that they provide all of the detail listed in Rule 1.2.2.36(F) NMAC.<sup>101</sup>

The Commission's rule on stipulations states that an uncontested stipulation must be accompanied by a reconciliation statement that provides the dollar effect of the stipulation, the rates resulting from the stipulation, and information listed in Rule

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<sup>98</sup> SPS Exh. 1 (Evans Stip. Dir.) at 36-37; *see also* Staff Exh. 1 (Reynolds Stip. Dir.) at 9.

<sup>99</sup> For example, in SPS's last rate case resolved through a stipulation, Case No. 10-00395-UT, the Amended Certification of Stipulation states that, "The Commission grants the Signatories' request to dispose of the pending motions in this case regarding SPS's use of a future test year in a manner consistent with this Order approving the Stipulation." *See* Amended Certification, at 83, ¶ V.

<sup>100</sup> SPS Exh. 1 (Evans Stip. Dir.) at 36-37.

<sup>101</sup> SPS Exh. 1 (Evans Stip. Dir.) at 38-39; Staff Exh. 2 (Gunter Stip. Dir.) at 16-17.

1.2.2.36(F) NMAC for a fully contested case.<sup>102</sup> Nonetheless, Rule 1.2.2.36(F)(1) NMAC states that the Commission or the presiding officer (in this case the Hearing Examiner) can waive the need for the granular level of detail otherwise required, and recognizes that the detail provided can be simplified and condensed “to the extent necessary for the type of rate regulation applicable.” Therefore, in a rate case such as this one in which there is no dispute over the revenue requirement, a simple reconciliation statement is permissible and appropriate.<sup>103</sup>

Consequently, Section VI of the Stipulation provides for a reconciliation statement crafted for an uncontested rate case and furthers the Commission’s policy promoting settlement by facilitating the parties’ ability to reach an agreement on the stipulated revenue requirement.<sup>104</sup> The Commission approved the same waiver in SPS’s last two base rate cases that were resolved through unopposed stipulations, Case Nos. 10-00395-UT and 08-00354-UT.<sup>105</sup> Section VI of the Stipulation thus is consistent with accepted practice.

## **7. Obligation to Actively Support Stipulation – Stipulation Section VII**

In Section VII of the Stipulation, the Signatories agree to affirmatively support the Stipulation, and each Signatory agrees to file testimony in support of it. Provisions of this type are standard in settlement agreements considered by the Commission.

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<sup>102</sup> See Rule 1.2.2.20(A)(2) NMAC.

<sup>103</sup> *Id.*

<sup>104</sup> SPS Exh. 1 (Evans Stip. Dir.) at 39-40.

<sup>105</sup> Case No. 10-00395-UT, Amended Certification of Stipulation, at 74-75; Case No. 08-00354-UT, Final Order Conditionally Approving Stipulation at 49, ¶ N (July 14, 2009); Unopposed Comprehensive Stipulation, at 16-17, ¶ 14.1 (May 28, 2009).

## **8. Admission of Pre-filed Testimony and Other Filings into Record – Stipulation Section VIII**

Section VIII of the Stipulation states that the Signatories stipulate to admission into the case record all of SPS's pre-filed direct testimony, SPS's filings and the other parties' filings in the case, and all Signatories' testimony filed in support of this Stipulation, together with all errata and updates.<sup>106</sup> This type of provision is also standard in settlement agreements considered by the Commission.<sup>107</sup>

## **9. Effect and Limitation of Stipulation – Stipulation Section IX**

Section IX of the Stipulation acknowledges that the Stipulation has been drafted by all the Signatories and is the result of negotiation, compromise, settlement, and accommodation among the Signatories with respect to the issues set out in the Stipulation, and resolves all issues concerning SPS's Application in this case. The Signatories agree that the Stipulation is fair, just, reasonable, and in the public interest and should be approved and accepted by the Commission.

In Section IX of the Stipulation, the Signatories also agree that the terms and conditions set out in the Stipulation are interdependent and that the various provisions of the Stipulation are not severable. The Signatories agree that none of the provisions of the Stipulation shall become fully operative unless the Commission enters an order approving the Stipulation. If the Commission issues an order inconsistent with the terms of the Stipulation, each Signatory has the right to withdraw from the Stipulation, to take action to

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<sup>106</sup> As noted above the Statement of the Case, SPS, Staff, the AG, OPL LES, and FEA all filed testimony in support of the Stipulation on May 13, 2016.

<sup>107</sup> SPS Exh. 1 (Evans Stip. Dir.) at 41.

protect its interests, and to advocate any position it deems appropriate with respect to any issue in the Stipulation.

Section IX further states that the Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth in the Stipulation in this jurisdiction, and that the Stipulation will not be binding or precedential on a Signatory outside of this case. The Signatories acknowledge that their support of the matters contained in the Stipulation may differ from the position taken or testimony presented in other cases before the Commission or in other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other cases or jurisdictions. Because the Stipulation results in a fully settled resolution of the case, no Signatory is under any obligation to take the same positions as set out in the Stipulation in other cases or jurisdictions, regardless of whether other cases present the same or a different set of circumstances, except as otherwise may be explicitly provided by the Stipulation. The provisions of the Stipulation are intended to relate strictly to the specific matters addressed to in the Stipulation. By agreeing to the Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for in the Stipulation.

In brief, the provisions set out in Section IX of the Stipulation are standard in settlement agreements considered and approved by the Commission.<sup>108</sup>

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<sup>108</sup> SPS Exh. 1 (Evans Stip. Dir.) at 41.

### III. DETERMINATION ON THE MERITS

The Signatories assert that the Stipulation is in the public interest and will result in fair, just and reasonable rates;<sup>109</sup> the Hearing Examiner's analysis of the Stipulation and the record comes to the same conclusion. The Signatories also recommend that the Commission approve the Stipulation without change.<sup>110</sup> Here too, but for the exception of removing all fuel and purchased power costs from base rates and recovering all such fuel costs through the FPPCAC, the Hearing Examiner recommends that the Commission approve the Stipulation as submitted.

Accordingly, the Hearing Examiner, having evaluated the facts in evidence and considered the record as a whole, finds that the Stipulation satisfies each of the Commission's standards for approval. First, the unanimous Stipulation and the global settlement of the case it puts forward, is the result of arms-length negotiations among various parties with competing interests, including the utility; the Commission's Staff; the AG and the residential and small commercial ratepayers he represents; large commercial, industrial, and governmental customers; and environmental interests as well.<sup>111</sup> Each of the parties was represented by capable and knowledgeable experts who brought a full

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<sup>109</sup> *E.g.*, Staff Exh. 1 (Reynolds Stip. Dir.) at 10-12; Staff Exh. 2 (Gunter Stip. Dir.) at 17-18; AG Exh. 1 (Gegax Stip. Dir.) at 7; SPS Exh. 1 (Evans Stip. Dir.) at 16; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3-4; OPL Exh. 1 (Pollock Stip. Dir.) at 6-8.

<sup>110</sup> Staff Exh. 1 (Reynolds Stip. Dir.) at 12; Staff Exh. 2 (Gunter Stip. Dir.) at 18; AG Exh. 1 (Gegax Stip. Dir.) at 8; SPS Exh. 1 (Evans Stip. Dir.) at 16; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 2-4.

<sup>111</sup> SPS Exh. 1 (Evans Stip. Dir.) at 12; Staff Exh. 1 (Reynolds Stip. Dir.) at 8 and 12; AG Exh. 1 (Gegax Stip. Dir.) at 8; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3-4.

range of perspectives to the settlement negotiations.<sup>112</sup> The Stipulation thus reflects serious bargaining among experienced individuals who understand rate case issues.<sup>113</sup>

Secondly, the Stipulation does not violate any regulatory principle or practice, nor does it depart from any Commission rule or precedent. To the contrary, the Stipulation is consistent with sound regulatory policy and Commission practice in approving reasonable black box settlements in past rate cases initiated by this and other utilities.<sup>114</sup>

Finally, and most significantly, the Stipulation taken as a whole is in the public interest and will result in fair, just and reasonable rates.<sup>115</sup> The end result of the Stipulation is a base revenue requirement increase that is approximately one-half of SPS's original proposal, produces rates that fall within the zone of reasonableness, and with the gradualism standard used, will prevent rate shock and mitigate the risk of other unintended consequences.<sup>116</sup> Moreover, the Stipulation balances the interests of

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<sup>112</sup> SPS Exh. 1 (Evans Stip. Dir.) at 12; Staff Exh. 1 (Reynolds Stip. Dir.) at 8 and 12; AG Exh. 1 (Gegax Stip. Dir.) at 8; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3-4.

<sup>113</sup> SPS Exh. 1 (Evans Stip. Dir.) at 12; Staff Exh. 1 (Reynolds Stip. Dir.) at 8 and 12; AG Exh. 1 (Gegax Stip. Dir.) at 8; LES-FEA Exh. 1 (Gorman Stip. Dir.) at 3-4. Moreover, SPS provided the parties with extensive information to assist them in the negotiations. See SPS Exh. 1 (Evans Stip. Dir.) at 10-12.

<sup>114</sup> *Id.*; Staff Exh. 1 (Reynolds Stip. Dir.) at 12. See, e.g., Final Orders of the Commission approving uncontested stipulations in Case Nos. 08-00354-UT (SPS), 09-00171-UT (EPE), and 10-00395-UT (SPS).

<sup>115</sup> See, e.g., Staff Exh. 1 (Reynolds Stip. Dir.) at 10-12; AG Exh. 1 (Gegax Stip. Dir.) at 7-8; SPS Exh. 1 (Evans Stip. Dir.) at 16.

<sup>116</sup> Tr. (Evans) at 35-36, 74-80; AG Exh. 1 (Gegax Stip. Dir.) at 8; OPL Exh. 1 (Pollock Stip. Dir.) at 7-8.

customers in paying reasonable and stable rates with the interests of SPS in recovering the investment and operational expenses necessary to provide reliable, consistent service.<sup>117</sup>

In sum, then, the Hearing Examiner finds that a preponderance of evidence in the record supports the Signatories' request for approval of the Stipulation, as amended, and their request that the Commission grant the relief requested in SPS's Application, as modified by the Stipulation and this Certification. These approvals will establish, among other things, reasonable and fairly apportioned rates. Further, since the Stipulation resolves all issues in the case, the Commission, SPS, Staff, and the other Signatories will avoid having to engage in expensive and time-consuming litigation. The Stipulation thus advances the interest in administrative efficiency and preserves considerable time and resources more wisely spent on other matters. In addition, the Stipulation places no restriction on the Commission's authority and is consistent with Commission policy and accepted ratemaking and regulatory principles. For these and other reasons stated, the Hearing Examiner concludes that the Stipulation provides the Commission a sound basis for approval of SPS's Application, as modified by the Stipulation and this Certification.

#### **IV. FINDINGS FACT AND CONCLUSIONS OF LAW**

1. The foregoing Statement of the Case and Discussion, and all rulings, determinations, and findings and conclusions contained in them, whether or not separately stated, numbered, or designated as such, are incorporated herein as the Commission's findings of fact and conclusions of law.

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<sup>117</sup> SPS Exh. 1 (Evans Stip. Dir.) at 18.

2. SPS is certified and authorized to conduct the business of providing public utility service within the State of New Mexico, provides electric utility services within the State, and as such, is a public utility subject to the jurisdiction of the Commission under the PUA. As a public utility, SPS must among other things furnish adequate, efficient, and reasonable service at just and reasonable rates in conformity with Sections 62-8-1 and 62-8-2 of the PUA.

3. The Commission has jurisdiction over the parties to this case and the subject matter thereof.

4. Due and proper notice of this case has been given.

5. All parties in this case are Signatories to the Stipulation and, thus all parties unanimously support the Stipulation.

6. SPS's present rates are not fair, just, and reasonable.

7. The tariffs filed under Advice Notice No. 256 should not be approved.

8. The Stipulation is supported by a preponderance of evidence, is in the public interest, and should be approved by the Commission.

9. In future rate cases, SPS shall not seek recovery of its rate case expenses for this or Case No. 15-00139-UT as agreed in the Stipulation.

10. The final accounting and resolution of issues related to the expenses recognized and revenues collected or refunded by SPS under its monthly FPPCAC for the period October 1, 2014 through August 31, 2015, as provided in the Stipulation, is fair, just, and reasonable and should be approved.



11. The proposed reduction in the level of fuel and purchased power included in SPS's base rates from \$0.031374 per kWh to \$0.027271 per kWh should not be approved and, accordingly, paragraph IV(b) should be stricken from the Stipulation.

12. SPS should remove all fuel and purchased power costs from the applicable base rates included in Advice Notice No. 256, attached as Exhibit B to the Stipulation, and henceforth bill all such costs through its FPPCAC instead.

13. Given the two-month lag between fuel and purchased power costs being incurred by SPS and adjustments appearing on customer bills, SPS should be granted a two-month transition period during which it may recover the "Fuel in Base Rate, per kWh" shown in the Proof of Revenue Analysis, attached as Exhibit A to the Stipulation, for the first two billing months after the rates approved by the Final Order take effect.

14. The depreciation rate of 2.1518% for the Blackhawk natural gas pipeline as provided in the Stipulation is fair, just, and reasonable and should be approved.

15. The 15-year amortization period for SPS's new general ledger system as provided in the Stipulation is fair, just, and reasonable and should be approved.

16. The Commission should grant the Signatories' request to dispose of the pending motions in this case consistent with this final order approving the Stipulation.

17. The Commission should grant the Signatories' request for a waiver from Rule 1.2.2.20(A) NMAC to authorize the modified version of the reconciliation statement provided in Exhibit C to the Stipulation.

## **V. ORDERING PARAGRAPHS**

The Commission, having adopted and approved the findings of fact and conclusions of law as stated above, **ORDERS** that:

A. The findings and conclusions, decisions, rulings, and determinations made and contained in the Certification of Stipulation shall be carried out and complied with.

B. SPS's rates filed pursuant to Advice Notice No. 256 are disapproved.

C. The Stipulation, if modified consistent with Findings of Fact and Conclusions of Law Nos. 11-13 above, shall be approved.

D. If the Signatories agree to amend the Stipulation consistent with Findings of Fact and Conclusions of Law Nos. 11-13, they shall file their amended Stipulation within five business days of issuance of this Final Order.

E. If the Signatories file an amended Stipulation consistent with Findings of Fact and Conclusions of Law Nos. 11-13, SPS shall file an Advice Notice containing revised rates, rate schedules, and rules at least ten business days prior to their effective date. Commission Staff shall review the rates and filings as to form and compliance within three business days after they are filed with the Commission. Unless otherwise notified by Staff, such rates, rules, and rate schedules shall become effective as provided in the Stipulation and this Final Order.

F. In future rate cases, SPS shall not seek recovery of its rate case expenses for this or Case No. 15-00139-UT as provided in the Stipulation.

G. The final accounting and resolution of issues related to the expenses recognized and revenues collected or refunded by SPS under its monthly FPPCAC for the

period October 1, 2014 through August 31, 2015, as provided in the Stipulation is approved.

H. The depreciation rate of 2.1518% for the Blackhawk natural gas pipeline is approved.

I. The 15-year amortization period for SPS's new general ledger system is approved.

J. The Commission grants the Signatories' request to dispose of the pending motions in this case consistent with this Order approving the Stipulation.

K. The Commission grants the Signatories' request for a waiver from Rule 1.2.2.20(A) NMAC and hereby authorizes the Signatories to file the modified version of the reconciliation statement provided in Exhibit C to the Stipulation.

L. The Signatories are granted all applicable waivers of and variances from the Commission's rules of procedure and other rules that are necessary for the Commission's review and approval of the Stipulation.

M. SPS shall comply with all requirements placed on it in this case, including matters involving future cases before the Commission.

N. Any matter not specifically ruled on during the hearing or in this Final Order is disposed of consistent with this Final Order.

O. SPS's post-hearing responses to the Hearing Examiner's bench requests shall be considered evidence of record pursuant to 1.2.2.37(K) NMAC.

P. The evidentiary record is closed.

Q. In accordance with 1.2.2.35(D) NMAC, the Commission has taken administrative notice of all Commission orders, rules, decisions, and other relevant materials in all Commission proceedings cited in this Order.

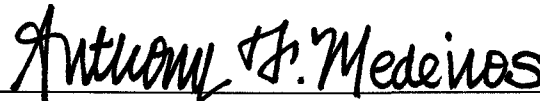
R. Copies of this Final Order shall be mailed to all persons listed on the official service list for this case.

S. This Final Order is effective immediately.

T. This Docket shall close on the date that the Rate Schedules and the revised Rule Tariffs to be filed in accordance with the Stipulation, as amended, become effective as provided in this Final Order.

**ISSUED** at Santa Fe, New Mexico, this 22<sup>nd</sup> day of July 2016.

**NEW MEXICO PUBLIC REGULATION COMMISSION**

A handwritten signature in black ink, reading "Anthony F. Medeiros", is written over a horizontal line.

Anthony F. Medeiros  
Hearing Examiner



**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF SOUTHWESTERN )  
PUBLIC SERVICE COMPANY'S )  
APPLICATION FOR REVISION OF ITS )  
RETAIL RATES UNDER ADVICE )  
NOTICE NO. 256, )  
SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
APPLICANT. )**

**CASE NO. 15-00296-UT**

**UNANIMOUS COMPREHENSIVE STIPULATION**

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**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

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RETAIL RATES UNDER ADVICE )  
NOTICE NO. 256, )  
SOUTHWESTERN PUBLIC SERVICE )  
COMPANY, )  
APPLICANT. )**

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**CASE NO. 15-00296-UT**

**UNANIMOUS COMPREHENSIVE STIPULATION**

The Signatories to this Unanimous Comprehensive Stipulation ("Stipulation"), which is dated as of April 29, 2016, are:

- Utility Division Staff of the New Mexico Public Regulation Commission ("Staff");
- Southwestern Public Service Company ("SPS");
- Occidental Permian Ltd. ("OPL");
- Federal Executive Agencies ("FEA");
- Louisiana Energy Services, LLC d/b/a URENCO USA ("LES");
- Hector H. Balderas, the Attorney General of the State of New Mexico ("AG");
- Coalition for Clean Affordable Energy;
- Vote Solar;
- New Mexico Gas Company ("NMGC"); and
- Lea County.

The parties who are joining this Stipulation shall be referred to individually either as a Signatory or by the acronym assigned above, and collectively as the Signatories. The Signatories submit this Stipulation to the New Mexico Public Regulation Commission ("Commission") as representing a just and reasonable disposition of the issues related to this case consistent with the public interest. The Signatories request approval of this Stipulation and entry of findings, conclusions, and ordering paragraphs consistent with that approval.

On October 19, 2015, in accordance with the Public Utility Act ("PUA"), SPS filed its application with the Commission seeking authority to revise its base rates. SPS's application requested that the Commission: (1) authorize an increase in SPS's New Mexico retail jurisdictional base rate revenues of \$45,354,788 for service rendered on and after the date on which final rates are set in this case; (2) approve a decrease in the level of fuel and purchased power costs included in base rates ("Base Fuel" or "fuel in base rates") from \$0.031374 per kilowatt-hour ("kWh") to \$0.027271 per kWh; (3) authorize SPS to reconcile its fuel and purchased power costs for the period from October 1, 2014 through August 31, 2015; and (4) suspend SPS's proposed rates for an initial period of nine months commencing on November 19, 2015 and set a public hearing concerning the justness and reasonableness of SPS's proposed rates. The Commission suspended the effective date of the requested increase for nine months, and subsequently entered an order extending the suspension period for one additional month.

By this Stipulation, the Signatories agree to resolve all issues among them related to SPS's application, and agree as follows:

**I. Agreement as to Base Rate Increase**

SPS will implement an increase in base rate revenues of \$23.5 million in its New Mexico retail service area, excluding changes for Base Fuel, for consumption occurring on and after the

date of the Commission's final order. The increase by class and revenue proof is reflected in Exhibit A to this Stipulation ("Exhibit A"). The rate tariffs for the increase are provided in Exhibit B to this Stipulation ("Exhibit B").

## **II. Resolution of Accounting Issues and Future Commitments**

The Signatories have reached the following specific agreements as a part of the overall resolution of this proceeding:

- (a) There will be no change in the SPS depreciation rates established in Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*.
- (b) The Commission should approve a depreciation rate for the Blackhawk natural gas pipeline of 2.1518%, and a 15-year amortization period for SPS's new General Ledger system. These depreciation rates are subject to review in SPS's next base rate case.
- (c) SPS will amortize the rate case expenses it is seeking to recover in this case over a two-year period starting from the effective date of the rates established in this case, but SPS will not seek to recover any of those rate case expenses in any future proceeding.

## **III. Cost Allocation, Revenue Distribution, and Rate Design**

- (a) The base rate revenue increase specified in Section I of this Stipulation will be distributed by class as reflected in Exhibit A.
- (b) The SPS rate and rule tariffs as reflected in Exhibit B are reasonable and should be approved.
- (c) SPS agrees that in its next general base rate case filed with the Commission, it



will propose a rate design that produces the same proposed rate of return for the Residential Service and Residential Heating Service customer classes. All Signatories reserve their rights in all future cases regarding the rate design for the Residential Service and Residential Heating Service customer classes.

- (d) With respect to the Rate No. 59 ("Rate 59") tariff included in Exhibit B, the Signatories are not agreeing to any methodology or theory that may support or underlie any of the per kWh charges in the Rate 59 tariff, or any of the calculations, formulas, or provisions in the Rate 59 tariff. The Signatories' agreement regarding the Rate 59 tariff is without prejudice to their positions regarding Rate 59 in any future proceedings, whether rate cases or other types of proceedings. The Signatories reserve all of their rights in all future cases, of any kind, regarding Rate 59 or any DG (distributed generation) standby rates or tariffs.

#### **IV. SPS's FPPCAC and Fuel Costs in Base Rates**

- (a) The Signatories agree that the Commission should approve the reconciliation of SPS's FPPCAC expenses and revenues for the period October 1, 2014 through August 31, 2015.
- (b) The Signatories support SPS's reduction of the level of fuel and purchased power costs included in the base rates from \$0.031374 per kWh to \$0.027271 per kWh effective for consumption occurring on and after the date of the Commission's final order.

## **V. Resolution of Pending Motions**

The Signatories agree that all pending motions should be held in abeyance and recommend to the Commission that it dispose of the pending motions in a general manner consistent with a final order approving the Stipulation.

## **VI. Variances**

The agreements reflected in this Stipulation do not establish specific agreements on all of the components of SPS's base rate case. Thus, the Signatories agree to request that the Commission grant a variance from Rules 1.2.2.20(A)(2) and 1.2.2.36(F) NMAC and authorize SPS to file the modified version of the reconciliation statement provided in Attachments A and C to this Stipulation.

## **VII. Obligation to Actively Support this Stipulation**

- (a) The Signatories agree that they will affirmatively support this Stipulation before the Commission and will undertake reasonable and good faith efforts to obtain the Commission's approval of this Stipulation.
- (b) SPS, Staff, the AG, OPL, LES, and FEA will file testimony, individually or jointly, in support of this Stipulation, including, among other things, express support for Section III.(a) of this Stipulation.

## **VIII. Admission of Pre-filed Testimony and Other Filings into Record**

The Signatories stipulate to the admission into the case record of SPS's pre-filed direct testimony, SPS's filings and the other parties' filings in the case, and all Signatories' testimony filed in support of this Stipulation, together with all errata and updates.

**IX. Effect and Limitation of Stipulation**

- (a) There are no third-party beneficiaries of this Stipulation. The Signatories agree that this Stipulation resolves issues only with respect to SPS's New Mexico retail jurisdiction and shall not be binding on or have any effect on proceedings in other jurisdictions. Signatories are not agreeing to any methodology or theory that may support or underlie any of the dollar amounts, rates in tariffs, depreciation rates, dollar balances, or other monetary or numerical values set out in, or attached to, this Stipulation.
- (b) This Stipulation has been drafted by all the Signatories and is the result of negotiation, compromise, settlement, and accommodation among the Signatories with respect to the issues set out in this Stipulation. The Stipulation resolves all issues concerning SPS's application in this case. The Signatories believe that the Stipulation resolves the issues in this case in a manner preferable to continued litigation. The Signatories agree that this Stipulation provides benefits to both SPS and its New Mexico retail customers, results in just and reasonable rates, is in the public interest, and should be approved and accepted by the Commission.
- (c) The Signatories further agree that the terms and conditions set out in this Stipulation are interdependent and that the various provisions of this Stipulation are not severable. None of the provisions of this Stipulation shall become fully operative unless the Commission enters an order approving this Stipulation. If the Commission issues an order rejecting (not approving) this Stipulation in total or modifying one or more terms of this Stipulation in a way that is unacceptable to one or more Signatory, then each Signatory shall have the right to withdraw from

this Stipulation, to obtain a hearing on SPS's application, to submit testimony regarding SPS's application, to advocate any position it deems appropriate with respect to any issue regarding SPS's application, and to take action to protect its interests, and to advocate any position it deems appropriate with respect to any issue in this Stipulation.

- (d) This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth in this Stipulation in this jurisdiction only and for no other purposes, and this Stipulation shall not be binding or precedential on a Signatory outside of this proceeding. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other cases before the Commission or in other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other cases or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other cases or jurisdictions, regardless of whether other cases present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. The provisions of this Stipulation are intended to relate to only the specific matters referred to in this Stipulation. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for in this Stipulation. In accordance with 1.2.2.20(D) NMAC, by approving this Stipulation, the Commission is neither granting any approval nor creating any precedent regarding any principle or issue in this or any other proceeding, except

as specifically provided in the final order.

**X. Multiple Counterparts and Signatures**

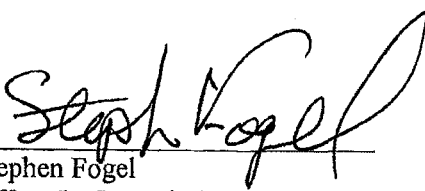
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- (b) Fully and duly authorized representatives of the Signatories have signed this Stipulation as of the date first set forth above.

Respectfully submitted,

**Southwestern Public Service Company**

**Utility Division Staff of the New Mexico  
Public Regulation Commission**

By: \_\_\_\_\_

  
Stephen Fogel  
Jeffrey L. Fornaciari  
Dana S. Hardy  
*Attorneys of Record*

By: \_\_\_\_\_

Julie Park  
*Attorney of Record*

**Hector Balderas, the Attorney General  
of New Mexico**

**Occidental Permian Ltd.**

By: \_\_\_\_\_

P. Cholla Khoury  
Joseph Yar  
*Attorneys of Record*

By: \_\_\_\_\_

Phillip Oldham  
Katie Coleman  
Germaine R. Chappelle  
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By: Telephonically approved 4/29/16  
Julie Park  
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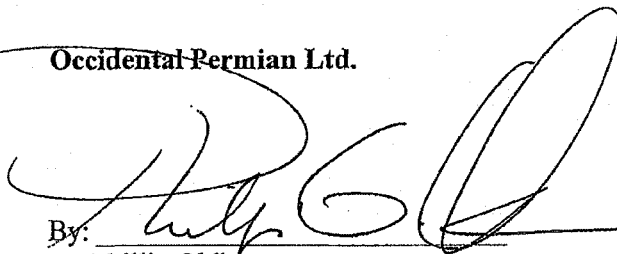
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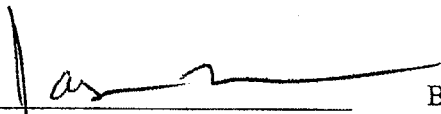
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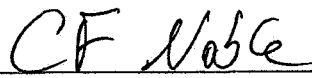
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**Vote Solar**

**Coalition for Clean Affordable Energy**

By:   
Jason Marks  
Jill M. Tauber  
Sara Gersen  
*Attorneys of Record*

By:   
Charles F. Noble  
*Attorney of Record*

**Louisiana Energy Services, LLC**

**Federal Executive Agencies**

By: \_\_\_\_\_  
Joan E. Drake  
Loe E. Lees  
*Attorneys of Record*

By: \_\_\_\_\_  
Thomas A. Jernigan  
*Attorney of Record*

**New Mexico Gas Company**

**Lea County**

By: \_\_\_\_\_  
Brian J. Haverly  
*Attorney of Record*

By: \_\_\_\_\_  
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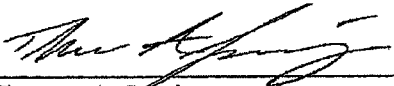
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		Test Year Information Base Rate Revenue at Settlement Base Rates						
Line No.	Customer Class	Billing Units	Rate	Revenue - \$	Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue	
<b>Residential Service</b>								
<b>Residential</b>								
1	Service Availability Charge	697,008 Bills	\$ 8.50 / Month	\$ 5,924,568			\$ 5,924,568	
2	Energy Charge - Summer	231,434,431 kWh	\$ 0.103465 / kWh	\$ 23,945,363	\$ 0.028146	\$ 6,513,953	\$ 17,431,410	
3	Energy Charge - Winter	370,508,957 kWh	\$ 0.088266 / kWh	\$ 32,703,344	\$ 0.028146	\$ 10,428,345	\$ 22,274,999	
4	Total	601,943,388 kWh		\$ 62,573,275		\$ 16,942,298	\$ 45,630,977	
<b>Residential Heating</b>								
5	Service & Facility Charge	337,996 Bills	\$ 8.50 / Month	\$ 3,042,966			\$ 3,042,966	
6	Energy Charge - Summer	166,051,552 kWh	\$ 0.103465 / kWh	\$ 17,180,524	\$ 0.028146	\$ 4,673,687	\$ 12,506,837	
7	Energy Charge - Winter	342,934,841 kWh	\$ 0.073840 / kWh	\$ 25,323,785	\$ 0.028146	\$ 9,652,807	\$ 15,670,978	
8	Total	509,006,393 kWh		\$ 45,547,275		\$ 14,326,494	\$ 31,220,781	
<b>Residential Lighting Standby</b>								
9	Production Standby Charge	377,980 kWh	\$ 0.005499 / kWh	\$ 2,079			\$ 2,079	
10	Transmission and Distribution Standby Charge	377,980 kWh	\$ 0.031157 / kWh	\$ 11,777			\$ 11,777	
11	Total	377,980 kWh		\$ 13,855			\$ 13,855	
12	<b>Total Residential Service</b>	1,110,949,781 kWh (kWh total excludes standby)		\$ 108,134,406		\$ 31,268,792	\$ 76,865,614	
<b>Commercial &amp; Industrial Service</b>								
<b>SGS - Small General Service</b>								
13	Service Availability Charge	134,544 Bills	\$ 14.40 / Month	\$ 1,937,434			\$ 1,937,434	
14	Energy Charge - Summer	59,174,917 kWh	\$ 0.082375 / kWh	\$ 4,874,534	\$ 0.028146	\$ 1,665,537	\$ 3,208,997	
15	Energy Charge - Winter	99,902,061 kWh	\$ 0.074419 / kWh	\$ 7,434,611	\$ 0.028146	\$ 2,811,843	\$ 4,622,768	
16	Total	159,076,978 kWh		\$ 14,246,579		\$ 4,477,380	\$ 9,769,199	
<b>Small General Service Standby</b>								
17	Production Standby Charge	30,888 kWh	\$ 0.004011 / kWh	\$ 124			\$ 124	
18	Transmission and Distribution Standby Charge	30,888 kWh	\$ 0.020097 / kWh	\$ 621			\$ 621	
19	Total	30,888 kWh		\$ 745			\$ 745	
20	<b>Total Small Commercial Service</b>	159,076,978 kWh (kWh total excludes standby)		\$ 14,247,324		\$ 4,477,380	\$ 9,769,944	

Line No.	Customer Class	Test Year Information						
		Base Rate Revenue			Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue	
		at Settlement Base Rates						
Commercial & Industrial Service (Continued)								
SG - Secondary General Service								
21	Service Availability Charge	39,324 Bills	\$ 25.80 /Month	\$ 1,014,559			\$	1,014,559
22	Demand Charge - Summer	720,871 kW-Mo	\$ 16.88 /kW-Mo	\$ 12,168,302			\$	12,168,302
23	Demand Charge - Winter	1,289,726 kW-Mo	\$ 13.95 /kW-Mo	\$ 17,991,678			\$	17,991,678
24	Energy Charge	714,744,500 kWh	\$ 0.033257 /kWh	\$ 23,770,258	\$ 0.028146	\$ 20,117,199	\$	3,653,059
25	Power Factor Charge	122,325 kVar	\$ 0.55 /kVar	\$ 67,279			\$	67,279
26	Power Factor Credit	5,024 kVar	\$ (0.55) /kVar	\$ (2,763)			\$	(2,763)
27	Total	714,744,500 kWh		\$ 55,009,313		\$ 20,117,199	\$	34,892,114
IR - Irrigation Service								
28	Service Availability Charge	12,288 Bills	\$ 24.45 /Month	\$ 300,442			\$	300,442
29	Demand Charge - Summer	136,248 kW-Mo	\$ 1.81 /kW-Mo	\$ 246,609			\$	246,609
30	Demand Charge - Winter	203,152 kW-Mo	\$ 1.45 /kW-Mo	\$ 294,570			\$	294,570
31	Energy Charge	71,446,141 kWh	\$ 0.072895 /kWh	\$ 5,208,066	\$ 0.028146	\$ 2,010,923	\$	3,197,143
32	Total	71,446,141 kWh		\$ 6,049,687		\$ 2,010,923	\$	4,038,764
Irrigation Service Rate No. 59								
33	Production Standby Charge	171,207 kWh	\$ 0.005682 /kWh	\$ 973			\$	973
34	Transmission and Distribution Standby Charge	171,207 kWh	\$ 0.028303 /kWh	\$ 4,846			\$	4,846
35	Total	171,207 kWh		\$ 5,818			\$	5,818
PG - Primary General Service								
36	Service Availability Charge	55,620 Bills	\$ 82.00 /Month	\$ 4,560,840			\$	4,560,840
37	Demand Charge - Summer	912,035 kW-Mo	\$ 15.21 /kW-Mo	\$ 13,872,052			\$	13,872,052
38	Demand Charge - Winter	1,828,689 kW-Mo	\$ 12.57 /kW-Mo	\$ 22,986,621			\$	22,986,621
39	Energy Charge	1,346,795,849 kWh	\$ 0.030566 /kWh	\$ 41,166,162	\$ 0.027616	\$ 37,193,114	\$	3,973,048
40	Power Factor Charge	587,998 kVar	\$ 0.55 /kVar	\$ 323,399			\$	323,399
41	Power Factor Credit	57,303 kVar	\$ (0.55) /kVar	\$ (31,517)			\$	(31,517)
42	Total	1,346,795,849 kWh		\$ 82,877,557		\$ 37,193,114	\$	45,684,443

Southwestern Public Service Company  
 New Mexico Retail  
 Proof of Revenue Analysis  
 12 Months Ended June 30, 2015

Line No.	Customer Class	Billing Units	Rate	Test Year Information Base Rate Revenue at Settlement Base Rates			
				Revenue - \$	Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue
LGS-T - Large General Service - Transmission							
43	Service Availability Billing Charge	72 Bills	\$ 1,433.60 /Month	\$ 103,219			\$ 103,219
44	Demand Charge - Summer	106,011 kW-Mo	\$ 10.29 /kW-Mo	\$ 1,090,853			\$ 1,090,853
45	Demand Charge - Winter	186,570 kW-Mo	\$ 8.53 /kW-Mo	\$ 1,591,442			\$ 1,591,442
46	Energy Charge	165,496,039 kWh	\$ 0.030090 /kWh	\$ 4,979,776	\$ 0.025949	\$ 4,294,457	\$ 685,319
47	Power Factor Charge	160,549 kVar	\$ 0.55 /kVar	\$ 88,302			\$ 88,302
48	Power Factor Credit	kVar	\$ (0.55) /kVar	\$ -			\$ -
49	Total	165,496,039 kWh		\$ 7,853,592		\$ 4,294,457	\$ 3,559,135
LGS-T - Large General Service - Backbone Transmission							
50	Service Availability Billing Charge	264 Bills	\$ 1,433.60 /Month	\$ 378,470			\$ 378,470
51	Demand Charge - Summer	748,571 kW-Mo	\$ 9.98 /kW-Mo	\$ 7,470,739			\$ 7,470,739
52	Demand Charge - Winter	1,475,536 kW-Mo	\$ 8.25 /kW-Mo	\$ 12,173,172			\$ 12,173,172
53	Energy Charge	1,439,140,476 kWh	\$ 0.029869 /kWh	\$ 42,985,687	\$ 0.025754	\$ 37,063,624	\$ 5,922,063
54	Power Factor Charge	443,430 kVar	\$ 0.55 /kVar	\$ 243,887			\$ 243,887
55	Power Factor Credit	49,186 kVar	\$ (0.55) /kVar	\$ (27,052)			\$ (27,052)
56	Total	1,439,140,476 kWh		\$ 63,224,902		\$ 37,063,624	\$ 26,161,278
Total Commercial & Industrial - General Service							
57	Total at Current Rates	3,737,623,005 kWh		\$ 215,020,870		\$ 100,679,317	\$ 114,341,553

Line No.	Customer Class	Billing Units	Rate	Test Year Information		Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue
				Base Rate Revenue at Settlement Base Rates	Revenue - \$			
<b><u>Commercial &amp; Industrial - Standby Service</u></b>								
<b>Standby Service, Primary voltage</b>								
58	Service Availability Charge	60 Bills	\$ 82.00 / Month	\$	4,920			\$ 4,920
59	Tran & Dist Standby Capacity Fee - Summer	704 kW-Mo	\$ 8.19 /kW-Mo	\$	5,766			\$ 5,766
60	Tran & Dist Standby Capacity Fee - Winter	1,408 kW-Mo	\$ 6.78 /kW-Mo	\$	9,546			\$ 9,546
61	Gen Standby Cap Reservation Fee - Summer	704 kW-Mo	\$ 1.76 /kW-Mo	\$	1,239			\$ 1,239
62	Gen Standby Cap Reservation Fee - Winter	1,408 kW-Mo	\$ 1.45 /kW-Mo	\$	2,042			\$ 2,042
63	Firm Demand Charge - Summer	119 kW-Mo	\$ 15.21 /kW-Mo	\$	1,810			\$ 1,810
64	Firm Demand Charge - Winter	160 kW-Mo	\$ 12.57 /kW-Mo	\$	2,011			\$ 2,011
65	Energy Charge	589,686 kWh	\$ 0.030566 /kWh	\$	18,024	\$ 0.027616	\$ 16,285	\$ 1,739
66	Total	589,686 kWh		\$	45,358		\$ 16,285	\$ 29,073
<b>Standby Service, 115kV +</b>								
67	Service Availability Charge-Non Firm stand-by	12 Bills	\$ 1,433.60 / Month	\$	17,203			\$ 17,203
68	Transmission Standby Capacity Fee - Summer	30,710 kW-Mo	\$ 3.73 /kW-Mo	\$	114,548			\$ 114,548
69	Transmission Standby Capacity Fee - Winter	37,106 kW-Mo	\$ 3.08 /kW-Mo	\$	175,886			\$ 175,886
70	Gen Standby Cap Reservation Fee - Summer	30,710 kW-Mo	\$ 1.56 /kW-Mo	\$	47,908			\$ 47,908
71	Gen Standby Cap Reservation Fee - Winter	37,106 kW-Mo	\$ 1.29 /kW-Mo	\$	73,667			\$ 73,667
72	Firm Demand Charge - Summer	kW-Mo	\$ 9.98 /kW-Mo	\$	-			\$ -
73	Firm Demand Charge - Winter	kW-Mo	\$ 8.25 /kW-Mo	\$	-			\$ -
74	Energy Charge	2,702,579 kWh	\$ 0.029869 /kWh	\$	80,723	\$ 0.025754	\$ 69,602	\$ 11,121
75	Total	2,702,579 kWh		\$	509,935		\$ 69,602	\$ 440,333
76	Total Commercial & Industrial - Standby Service	3,292,265 kWh		\$	555,293		\$ 85,887	\$ 469,406
<b><u>Total Commercial &amp; Industrial Service</u></b>								
77	Base Rate Revenue	3,740,915,270 kWh		\$	215,576,163		\$ 100,765,204	\$ 114,810,959

Southwestern Public Service Company  
New Mexico Retail  
Proof of Revenue Analysis  
12 Months Ended June 30, 2015

Test Year Information  
Base Rate Revenue  
at Settlement Base Rates

Line No.	Customer Class	Billing Units	Rate	Revenue - \$	Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue
<b>Public Authority Service</b>							
<u>Large Municipal and School Service</u>							
78	Service Availability Charge	6,360 Bills	\$ 26.75 / Month	\$ 170,130			\$ 170,130
79	Demand Charge - Summer	174,910 kW-Mo	\$ 12.68 /kW-Mo	\$ 2,217,859			\$ 2,217,859
80	Demand Charge - Winter	273,788 kW-Mo	\$ 10.25 /kW-Mo	\$ 2,806,327			\$ 2,806,327
81	Energy Charge	120,341,859 kWh	\$ 0.034423 /kWh	\$ 4,142,528	\$ 0.028146	\$ 3,387,142	\$ 755,386
82	Power Factor Charge	9,335 kVar	\$ 0.58 /kVar	\$ 5,414			\$ 5,414
83	Power Factor Credit	578 kVar	\$ (0.58) /kVar	\$ (335)			\$ (335)
84	Total	120,341,859 kWh		\$ 9,341,923		\$ 3,387,142	\$ 5,954,781
<u>Small Municipal and School Service</u>							
85	Service Availability Charge	14,220 Bills	\$ 16.75 / Month	\$ 238,185			\$ 238,185
86	Energy Charge - Summer	4,676,230 kWh	\$ 0.068465 /kWh	\$ 320,158	\$ 0.028146	\$ 131,617	\$ 188,541
87	Energy Charge - Winter	8,260,011 kWh	\$ 0.062387 /kWh	\$ 515,317	\$ 0.028146	\$ 232,486	\$ 282,831
88	Total	12,936,241 kWh		\$ 1,073,660		\$ 364,103	\$ 709,557
<u>Small Municipal and School Standby</u>							
89	Production Standby Charge	kWh	\$ 0.003087 /kWh	\$ -			\$ -
90	Transmission and Distribution Standby Charge	kWh	\$ 0.016923 /kWh	\$ -			\$ -
91	Total	kWh		\$ -			\$ -
92	<b>Total Public Authority Service</b>	133,278,100 kWh (kWh total excludes standby)		\$ 10,415,583		\$ 3,751,245	\$ 6,664,338



Southwestern Public Service Company  
New Mexico Retail  
Proof of Revenue Analysis  
12 Months Ended June 30, 2015

Line No.	Customer Class	Billing Units	Rate	Test Year Information		Revenue - \$	Fuel in Base Rate, per kWh	Fuel Revenue	Nonfuel Revenue
				Base Rate Revenue	at Settlement Base Rates				
				kWh per unit					
93	7,000 MV 175 watt	32,208	\$ 13.04	68	\$	419,992	\$ 0.028146	\$ 61,644	\$ 358,349
94	15,000 HPS 150 watt	110,216	\$ 12.23	56	\$	1,347,942	\$ 0.028146	\$ 173,720	\$ 1,174,222
95	27,500 HPS 250 watt	608	\$ 15.04	97	\$	9,144	\$ 0.028146	\$ 1,660	\$ 7,484
96	50,000 HPS 400 watt	8,367	\$ 19.22	159	\$	160,814	\$ 0.028146	\$ 37,444	\$ 123,370
97	140,000 HPS 1,000 watt	9,698	\$ 33.22	350	\$	322,168	\$ 0.028146	\$ 95,536	\$ 226,632
98	14,000 MTHL 175 watt	119	\$ 13.58	62	\$	1,616	\$ 0.028146	\$ 208	\$ 1,408
99	20,500 MTHL 250 watt	173	\$ 15.96	97	\$	2,761	\$ 0.028146	\$ 472	\$ 2,289
100	36,000 MTHL 400 watt	3,203	\$ 18.59	136	\$	59,544	\$ 0.028146	\$ 12,261	\$ 47,283
101	110,000 MTHL 1,000 watt	6,113	\$ 34.97	359	\$	213,772	\$ 0.028146	\$ 61,768	\$ 152,003
102	Subtotal	170,705 lights 15,800,208 kWh			\$	2,537,752	\$ 0.028146	\$ 444,713	\$ 2,093,039
<b>Street Lights</b>									
103	7,000 MV 175 watt	55,025	\$ 13.07	68	\$	719,172	\$ 0.028146	\$ 105,313	\$ 613,859
104	20,000 MV 400 watt	13,800	\$ 18.83	151	\$	259,854	\$ 0.028146	\$ 58,651	\$ 201,203
105	35,000 MV 700 watt	348	\$ 27.39	257	\$	9,532	\$ 0.028146	\$ 2,517	\$ 7,014
106	50,000 MV 1,000 watt	144	\$ 33.50	363	\$	4,824	\$ 0.028146	\$ 1,471	\$ 3,353
107	15,000 HPS 150 watt	41,263	\$ 12.27	56	\$	506,301	\$ 0.028146	\$ 65,038	\$ 441,263
108	27,500 HPS 250 watt	40,800	\$ 15.08	97	\$	615,264	\$ 0.028146	\$ 111,391	\$ 503,873
109	50,000 HPS 400 watt	6,648	\$ 19.27	159	\$	128,107	\$ 0.028146	\$ 29,751	\$ 98,356
110	Subtotal	158,028 lights 13,292,568 kWh			\$	2,243,054	\$ 0.028146	\$ 374,133	\$ 1,868,922
111	<b>Total Lighting Service</b>								
112	Base Rate Revenue	328,733 Lights 29,092,776 kWh			\$	4,780,806		\$ 818,845	\$ 3,961,961
113	<b>Total Company</b>								
	Total NM Retail Revenue Requirement	5,173,312,905 kWh			\$	353,154,281		\$ 141,881,466	\$ 212,072,815

Southwestern Public Service Company  
Settlement Base Revenue Increases by Class

Rate Class	Present Base Revenues	Target Non-Fuel Revenue Increase	Target Non-Fuel Revenues at Settlement Rates	% Increase in Revenues	Non-Fuel Revenues at Present Rates	Non-Fuel Revenues at Settlement Rates	\$ Increase	% Increase
Total Residential	\$ 66,035,952	\$ 10,829,896	\$ 76,865,848	16.400%	\$ 66,035,952	\$ 76,865,614	\$ 10,829,661	16.400%
Small General Service	\$ 8,393,384	\$ 1,376,515	\$ 9,769,899	16.400%	\$ 8,393,384	\$ 9,769,944	\$ 1,376,559	16.401%
Commercial and Industrial	\$ 105,015,423	\$ 9,796,414	\$ 114,811,837	9.329%	\$ 105,015,423	\$ 114,810,959	\$ 9,795,536	9.328%
Small Municipal and School Service	\$ 609,579	\$ 99,971	\$ 709,550	16.400%	\$ 609,579	\$ 709,557	\$ 99,978	16.401%
Large Municipal and School Service	\$ 5,115,782	\$ 838,989	\$ 5,954,771	16.400%	\$ 5,115,782	\$ 5,954,781	\$ 838,998	16.400%
Municipal Street Lighting Service	\$ 1,605,593	\$ 263,317	\$ 1,868,910	16.400%	\$ 1,605,593	\$ 1,868,922	\$ 263,328	16.401%
Area Lighting Service	\$ 1,798,158	\$ 294,898	\$ 2,093,056	16.400%	\$ 1,798,158	\$ 2,093,039	\$ 294,882	16.399%
Total New Mexico	\$ 188,573,872	\$ 23,500,000	\$ 212,073,872	12.462%	\$ 188,573,872	\$ 212,072,815	\$ 23,498,943	12.461%

Including Fuel and Purchased Power in Base Rates

Rate Class	Present Base Revenues	Target Revenue Increase	Target Settlement Rates	% Increase in Revenues	Base Rate Revenues at Present Rates	Base Rate Revenues at Settlement Rates	\$ Increase	% Increase
Total Residential	\$ 102,102,937	\$ 6,031,704	\$ 108,134,641	5.907%	\$ 102,102,937	\$ 108,134,406	\$ 6,031,469	5.907%
Small General Service	\$ 13,557,818	\$ 689,461	\$ 14,247,279	5.085%	\$ 13,557,818	\$ 14,247,324	\$ 689,505	5.086%
Commercial and Industrial	\$ 220,712,561	\$ (5,135,489)	\$ 215,577,072	-2.327%	\$ 220,712,561	\$ 215,576,163	\$ (5,136,398)	-2.327%
Small Municipal and School Service	\$ 1,029,554	\$ 44,099	\$ 1,073,653	4.283%	\$ 1,029,554	\$ 1,073,660	\$ 44,106	4.284%
Large Municipal and School Service	\$ 9,022,681	\$ 319,233	\$ 9,341,914	3.538%	\$ 9,022,681	\$ 9,341,923	\$ 319,242	3.538%
Municipal Street Lighting Service	\$ 2,037,136	\$ 205,906	\$ 2,243,042	10.108%	\$ 2,037,136	\$ 2,243,054	\$ 205,918	10.108%
Area Lighting Service	\$ 2,311,111	\$ 226,657	\$ 2,537,768	9.807%	\$ 2,311,111	\$ 2,537,752	\$ 226,641	9.807%
Total New Mexico	\$ 350,773,799	\$ 2,381,571	\$ 353,155,370	0.679%	\$ 350,773,799	\$ 353,154,281	\$ 2,380,483	0.679%

Southwestern Public Service Company  
Settlement Base Revenue Increases by Class

Including Fuel and Purchased Power in Base Rates, adjusted for Change in Fuel and Purchased Power

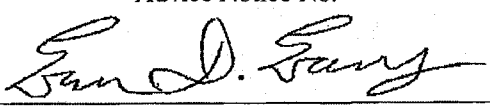
Rate Class	Present Base Revenues	Target Revenue Increase	Target Revenues at Settlement Rates	% Increase in		Base Rate Revenues at Present Rates	Base Rate Revenues		Base Rate Revenues at Settlement Rates	Base Rate Revenues		Fuel and Purchased Power		% Increase
				Base Rate Revenues	Revenues		at Present Rates	Base Rate Revenues		at Settlement Rates	Base Rate Revenues	Purchased Power	Cost Adjustment	
Total Residential	\$ 102,102,937	\$ 6,031,704	\$ 108,134,641	5.907%	\$ 13,557,818	\$ 102,102,937	\$ 108,134,406	\$ 108,134,406	\$ 108,134,406	\$ 108,134,406	\$ 108,134,406	\$ 108,134,406	\$ 108,134,406	10.607%
Small General Service	\$ 13,557,818	\$ 689,461	\$ 14,247,279	5.085%	\$ 13,557,818	\$ 13,557,818	\$ 14,247,324	\$ 14,247,324	\$ 14,247,324	\$ 14,247,324	\$ 14,247,324	\$ 14,247,324	\$ 14,247,324	10.153%
Commercial and Industrial	\$ 220,712,561	\$ (5,135,489)	\$ 215,577,072	-2.327%	\$ 220,712,561	\$ 220,712,561	\$ 215,576,163	\$ 215,576,163	\$ 215,576,163	\$ 215,576,163	\$ 215,576,163	\$ 215,576,163	\$ 215,576,163	4.438%
Small Municipal and School Service	\$ 1,029,554	\$ 44,099	\$ 1,073,653	4.283%	\$ 1,029,554	\$ 1,029,554	\$ 1,073,660	\$ 1,073,660	\$ 1,073,660	\$ 1,073,660	\$ 1,073,660	\$ 1,073,660	\$ 1,073,660	9.711%
Large Municipal and School Service	\$ 9,022,681	\$ 319,233	\$ 9,341,914	3.538%	\$ 9,022,681	\$ 9,022,681	\$ 9,341,923	\$ 9,341,923	\$ 9,341,923	\$ 9,341,923	\$ 9,341,923	\$ 9,341,923	\$ 9,341,923	9.299%
Municipal Street Lighting Service	\$ 2,037,136	\$ 205,906	\$ 2,243,042	10.108%	\$ 2,037,136	\$ 2,037,136	\$ 2,243,054	\$ 2,243,054	\$ 2,243,054	\$ 2,243,054	\$ 2,243,054	\$ 2,243,054	\$ 2,243,054	12.926%
Area Lighting Service	\$ 2,311,111	\$ 226,657	\$ 2,537,768	9.807%	\$ 2,311,111	\$ 2,311,111	\$ 2,537,752	\$ 2,537,752	\$ 2,537,752	\$ 2,537,752	\$ 2,537,752	\$ 2,537,752	\$ 2,537,752	12.759%
Total New Mexico	\$ 350,773,799	\$ 2,381,571	\$ 353,155,370	0.679%	\$ 350,773,799	\$ 350,773,799	\$ 353,154,281	\$ 353,154,281	\$ 353,154,281	\$ 353,154,281	\$ 353,154,281	\$ 353,154,281	\$ 353,154,281	6.699%

## SOUTHWESTERN PUBLIC SERVICE COMPANY

**SEVENTY-SEVENTH REVISED TABLE OF CONTENTS**  
**CANCELING SEVENTY-SIXTH REVISED TABLE OF CONTENTS**  
**ELECTRIC RATE SCHEDULES**

X  
X

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Rate No.	Tariff No.	Title	Territory	
			Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari	
1	1018.17	Residential Service		X
3	2002.21	Irrigation Power Service		X
4	3018.33	Purchases from Qualifying Facility		
6	3110.18	Small General Service		X
13	4106.17	Primary General Service		X
14	5027.12	Municipal Street Lighting Service		X
16	6016.17	Large Municipal and School Service		X
26	7004.8	Miscellaneous Service Charges		X
27	4107.6	SLCA Integrated Projects Energy Rider	Cannon AFB, Clovis	X
28	5118.7	Area Lighting Service		X
31	7201.2	Photovoltaic Water Pumping Systems		
				256 X
				Advice Notice No.
				
				REGIONAL VICE PRESIDENT RATES AND REGULATORY AFFAIRS

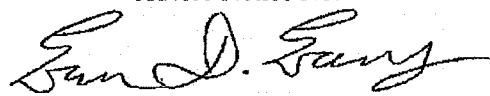
## SOUTHWESTERN PUBLIC SERVICE COMPANY

**SEVENTY-SEVENTH REVISED TABLE OF CONTENTS**  
**CANCELING SEVENTY-SIXTH REVISED TABLE OF CONTENTS**  
**ELECTRIC RATE SCHEDULES**

X

X

Page 2 of 3

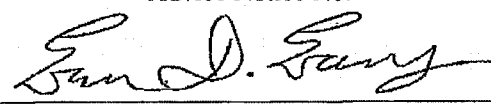
Rate No.	Tariff No.	Title	Territory
			Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
33	7202.2	Renewable Energy Rate Rider	
34	4110.5	Large General Service - Transmission	X
39	1017.4	Residential Heating Service	X
40	4060.4	Secondary General Service	X
42	6018.4	Small Municipal and School Service	X
44	7203.10	Energy Efficiency Rider	
48	1022.1	Residential Controlled Air Conditioning and Water Heating Rider	
49	3009.1	Commercial and Industrial Controlled Air Conditioning Rider	
50	4040.2	Interruptible Credit Option	
52	5004.6	Small Solar Distributed Generation Program	
53	5005.6	Medium Solar Distributed Generation Program	
54	5006.5	Large Solar Distributed Generation Program	
57	5009.2	Small SDG-REC Purchase Program	
			256 X
			Advice Notice No.
			
			REGIONAL VICE PRESIDENT RATES AND REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SEVENTY-SEVENTH REVISED TABLE OF CONTENTS  
CANCELING SEVENTY-SIXTH REVISED TABLE OF CONTENTS  
ELECTRIC RATE SCHEDULES**

**X  
X**

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<u>Rate No.</u>	<u>Tariff No.</u>	<u>Title</u>	<u>Territory</u>
			Except where otherwise stated; Artesia, Carlsbad, Clovis, Dexter, Eunice, Hagerman, Hobbs, Jal Lake Arthur, Loving, Malaga, Otis, Portales, Roswell, Texico, and Tucumcari
58	5010.2	Medium SDG-REC Purchase Program	
59	5011.3	Distributed Generation Standby Service	<b>X</b>
60	5012.1	Voluntary Load Reduction Purchase Option	
61	5013.1	Summer Only Interruptible Credit Option	
62	5014.2	3 <sup>rd</sup> Party Small Solar Distributed Generation Program	
63	5015.2	3 <sup>rd</sup> Party Medium Solar Distributed Generation Program	
64	5016.1	3 <sup>rd</sup> Party Large Solar Distributed Generation Program	
65	5017.1	3 <sup>rd</sup> Party Small Biomass Distributed Generation Program	
66	5018.1	3 <sup>rd</sup> Party Medium Biomass Distributed Generation Program	
67	4026.3	Standby Service Rider	<b>X</b>
70	7204.1	Renewable Portfolio Cost Rider	
72	7107.1	Fuel and Purchased Power Cost Adjustment Clause	<b>X</b>
73	4030	General Service – Experimental Time of Use Rate	<b>X</b>
			<b>256 X</b>
			Advice Notice No.
			
			REGIONAL VICE PRESIDENT RATES AND REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**ELEVENTH REVISED RATE NO. 1  
CANCELING TENTH REVISED RATE NO. 1**

X  
X

**RESIDENTIAL SERVICE**

**Tariff No. 1018.17**

X

**Page 1 of 3**

**APPLICABILITY:** To residential Customers for electric service used for domestic purposes in private residences and separately metered individual apartments when all service is supplied at one point of delivery, and measured through one kilowatt hour (kWh) meter, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. Single-phase motors not to exceed 10 horsepower, individual capacity, may be served under this rate.

**TERRITORY:** All areas served by Company in New Mexico.

**RATE:** Service Availability Charge: \$8.50 month.

X

Energy Charge:

\$0.088266 per kWh for all kWh used per month during winter months

X

\$0.103465 per kWh for all kWh used per month during summer months

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

**RATE:** Service Availability Charge: \$9.50 per month.

X

Energy Charge:

\$0.079436 per kWh for all kWh used during Off-Peak hours

X

\$0.217997 per kWh for all kWh used during On-Peak hours

X

**ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

X

X

256

X

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****ELEVENTH REVISED RATE NO. 1  
CANCELING TENTH REVISED RATE NO. 1****X  
X****RESIDENTIAL SERVICE****Tariff No. 1018.17****X****Page 2 of 3****OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.**X**

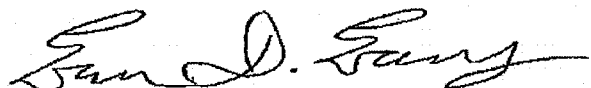
Availability limited to a maximum of 50 customers that qualify for service under Residential Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

**X****TERMS OF PAYMENT:** Net in 20 days after mailing date. If the Twentieth day falls on a holiday or weekend, the date will be the next workday.**CHARACTER OF SERVICE:** A-C; 60 hertz; secondary voltage, either single phase 120/240 volts; or where available, three phase 240 volts.**LINE EXTENSIONS:** Company will make line extensions in accordance with its standard line extension policy.**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality or taxing authority in which jurisdiction Customer's consuming facility resides, when applicable. The franchise fee will appear on the bill as a separate item.**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.**X****AVERAGE MONTHLY PAYMENT:** Upon request, any residential Customer may be billed monthly based on a levelized payment plan. A Customer's levelized monthly payment amount is calculated by obtaining the most recent twelve months of actual consumption and dividing that amount by twelve, and applying Company's current rates to the average kWh consumption. Company's current rates shall include Company's most recent applicable fuel and purchased power

256

**X**

Advice Notice No.


**REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS**



**SOUTHWESTERN PUBLIC SERVICE COMPANY****ELEVENTH REVISED RATE NO. 1  
CANCELING TENTH REVISED RATE NO. 1****X****X****RESIDENTIAL SERVICE****Tariff No. 1018.17****X****Page 3 of 3****AVERAGE MONTHLY PAYMENT (cont.):**

cost adjustment charge per kWh as specified by NMPRC Rule 550 (NMAC 17.9.550). Each levelized monthly payment account is automatically reviewed every three months. If the review shows an annual payment surplus or deficiency that exceeds a corporate-wide annual variance threshold, the account will be adjusted to reflect the most current average.

The account will be settled every twelve months. The settlement amount will be equal to the difference between the total of the prior twelve months' levelized payments and the actual billings for the corresponding most recent twelve month period. A Customer may enter the levelized payment plan during any month of the year and may exit the plan at any time by providing 30 days written notice and paying any balance due Company. Any over-collection will be credited on Customer's next regular billing.

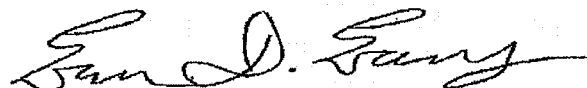
**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SEVENTH REVISED RATE NO. 3  
CANCELING SIXTH REVISED RATE NO. 3**

X  
X

**IRRIGATION POWER SERVICE**

**Tariff No. 2002.21**

X

**Page 1 of 3**

**APPLICABILITY:** To Customers whose electric needs will mainly be for irrigation purposes, with irrigation service being recognized by Company as when Customers intend to use electric power to pump water to irrigate a tract of land on a permanent basis with plans of producing a crop. Customers may only receive service under the Irrigation Power Service rate if their motor load is equal to or greater than 5 horsepower.

**TERRITORY:** All territory served by the Company in New Mexico.

**RATE:** Service Availability Charge: \$24.45 per month

X

Energy Charge: \$0.072895 per kWh for all kWh used during the month

X

Demand Charge:

\$ 1.45 per kW of demand used per month during each winter month

X

\$ 1.81 per kW of demand used per month during each summer month

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

X

**RATE:** Service Availability Charge: \$26.35 per month.

Energy Charge:

\$0.055760 per kWh for all kWh used during Off-Peak hours

\$0.220858 per kWh for all kWh used during On-Peak hours

Demand Charge:

\$ 1.44 per kW of demand used per month during each winter month

X

\$ 1.44 per kW of demand used per month during each summer month

256

X

Advice Notice No.

*San D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****SEVENTH REVISED RATE NO. 3  
CANCELING SIXTH REVISED RATE NO. 3**

X

X

**IRRIGATION POWER SERVICE****Tariff No. 2002.21**

X

**Page 2 of 3****ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

X

**OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 20 customers that qualify for service under Irrigation Power Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

X

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase, at one available standard secondary voltage. Any existing irrigation Customers who received service at a primary voltage and received service at the irrigation power service rate prior to January 1<sup>st</sup>, 2014 will continue to receive service at the irrigation power service rate.

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

**TERMS OF PAYMENT:** Net in 20 days after mailing date. If the twentieth day falls on a holiday or weekend, the due date will be the next workday.

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

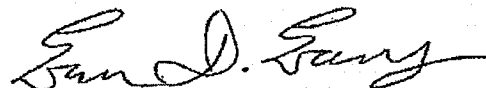
X

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or

256

X

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SEVENTH REVISED RATE NO. 3**

**X**

**CANCELING SIXTH REVISED RATE NO. 3**

**X**

**IRRIGATION POWER SERVICE**

**Tariff No. 2002.21**

**X**

**Page 3 of 3**

**TAX ADJUSTMENT (cont.):**

privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**TENTH REVISED RATE NO. 6**  
**CANCELING NINTH REVISED RATE NO. 6**

X  
X

**SMALL GENERAL SERVICE**

**Tariff No. 3110.18**

X

**Page 1 of 3**

**APPLICABILITY:** To commercial Customers for electric service used at secondary voltage and used for commercial purposes when all service is supplied at one Point of Delivery, and measured through one meter, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, not to exceed 25 kW of demand in any month. Single phase motors not to exceed 25 horsepower, individual capacity, may be served under this rate.

X

Not applicable to standby, supplementary, resale or shared service, or service to oil and natural gas production Customers.

**TERRITORY:** All areas served by Company in New Mexico.

**RATE:** Service Availability Charge: \$14.40 per month.

X

Energy Charge: \$0.074419 per kWh for all kWh used per month during each winter month.

\$0.082375 per kWh for all kWh used per month during each summer month.

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

X

**RATE:** Service Availability Charge: \$15.40 per month.

Energy Charge:

\$0.064913 per kWh for all kWh used during Off-Peak hours

\$0.207656 per kWh for all kWh used during On-Peak hours

X

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X

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**TENTH REVISED RATE NO. 6**  
**CANCELING NINTH REVISED RATE NO. 6**

X  
X

**SMALL GENERAL SERVICE****Tariff No. 3110.18**

X

**Page 2 of 3**

**ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

X

**OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 25 customers that qualify for service under Small General Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

X

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

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

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

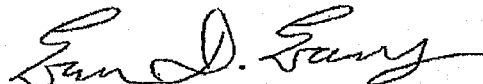
X

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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X

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**TENTH REVISED RATE NO. 6**  
**CANCELING NINTH REVISED RATE NO. 6**

**X**  
**X**

**SMALL GENERAL SERVICE**

**Tariff No. 3110.18**

**X**

**Page 3 of 3**

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase, at one available standard secondary voltage.

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

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

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**TENTH REVISED RATE NO. 13**  
**CANCELING NINTH REVISED RATE NO. 13**

X  
X

**PRIMARY GENERAL SERVICE**

**Tariff No. 4106.17**

X

**Page 1 of 3**

**APPLICABLE:** To all oil and gas production and commercial and industrial electric service supplied at primary voltage of 2.4 kV or higher but less than 69 kV, and at a single Point of Delivery measured through approved electrical metering determined by Company, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served.

Not applicable to standby, supplementary, resale or shared service.

**TERRITORY:** All areas served by the Company in New Mexico.

**RATE:** Service Availability Charge: \$82.00 per month

X

Energy Charge:

\$0.030566 per kWh for all kWh used during the month

Demand Charge:

\$12.57 per kW of demand used per month during each winter month

\$15.21 per kW of demand used per month during each summer month

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**COINCIDENTAL METERING AND BILLING DEMAND PROVISION:**

Coincidental metering and billing demand is available at Customer's request to have multiple service points served under this rate aggregated such that load point coincidental demands and kWh are combined for billing. The Service Availability Charge is applicable for each aggregated service point. Each load point shall be under contract and individually qualify under the Primary General Service rate and normally contribute not less than 200 kW to the coincidental demand each

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X

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS



**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**TENTH REVISED RATE NO. 13**  
**CANCELING NINTH REVISED RATE NO. 13**

**X**  
**X**

**PRIMARY GENERAL SERVICE**

**Tariff No. 4106.17**

**X**

**Page 2 of 3**

**COINCIDENTAL METERING AND BILLING DEMAND PROVISION (cont.):**

month. If a load point coincidental demand falls below 200 kW demand three or more months during any twelve-month period, Company has the option of removing that load point from coincidental billing. Customer will pay for and allow Company to install all necessary metering and communication equipment to determine the aggregate coincidental demand.

**LOSS ADJUSTMENT:** The meter readings used for billing shall be increased to include all transformation losses, when secondary voltage metering is installed on Customer's side of the Point of Delivery.

**DETERMINATION OF DEMAND:** The kW determined from Company's demand meter for the 30-minute period of Customer's greatest kW use during the month.

**ALLOCATION OF REVENUE:** Revenue will be allocated to each individual meter on an energy basis for the purposes of taxation and determination.

**POWER FACTOR ADJUSTMENT:** Bills computed under the above rate will be increased \$0.55 for each kvar by which the reactive demand exceeds, numerically, 0.33 times the measured kW demand, and will be reduced \$0.55 for each kvar by which the reactive demand is less than, numerically, 0.33 times the measured kW demand.

**X**  
**X**

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered, exceeds, or is less than \$0.027616 per kWh, as specified by NMPRC Rule 550.

**X**

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase at Company's available primary voltage that is higher than 2.4 kV but less than 69 kV.

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****TENTH REVISED RATE NO. 13****X****CANCELING NINTH REVISED RATE NO. 13****X****PRIMARY GENERAL SERVICE****Tariff No. 4106.17****X****Page 3 of 3**

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

**CONTRACT PERIOD:** One year or longer.

**LINE EXTENSIONS:** Company will make line extensions in accordance with its standard line extension policy. No transformation will be made by Company at the Point of Delivery.

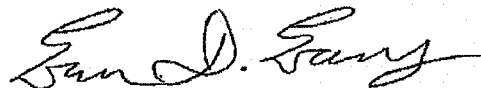
**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality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

**RULES, REGULATIONS AND CONDITIONS OF SERVICE:** Service supplied under this schedule is subject to the terms and conditions set forth in Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission. A Contract may be required by Company to be executed prior to extending service if Customer's load is expected to be greater than 200 kW. The contract term shall contain a minimum contract period with an automatic renewable provision from year to year thereafter.

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 14**  
**CANCELING EIGHTH REVISED RATE NO. 14**

X  
X

**MUNICIPAL STREET LIGHTING SERVICE**

**Tariff No. 5027.12**

X

**Page 1 of 5**

**APPLICABILITY:** To municipal Customers for street lighting service where facilities of adequate capacity and suitable voltage are adjacent to the point of service.

Pursuant to the Federal Energy Policy Act of 2005, mercury vapor lamp ballasts shall not be manufactured or imported after January 1, 2008. When Company's inventory of mercury vapor ballasts and lamps is exhausted, Customers will be given the option of having the lighting facilities removed, or replaced with another type of light at the rate for the replacement light.

**TERRITORY:** All towns served by Company in New Mexico.

**RATE:** The charge per lamp per month shall be in accordance with the following rates:

**Municipal Street Light Rates**

X

<b>Lumen</b>	<b>Light Type</b>	<b>Rate</b>
7,000	MV	\$ 13.07
20,000	MV	\$ 18.83
35,000	MV	\$ 27.39
50,000	MV	\$ 33.50
15,000	HPS	\$ 12.27
27,500	HPS	\$ 15.08
50,000	HPS	\$ 19.27
4,000	LED	\$ 16.38
6,000	LED	\$ 17.67
14,000	LED	\$ 21.92
25,000	LED	\$ 30.26

X

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X

Advice Notice No.

*Sam D. Gandy*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 14**  
**CANCELING EIGHTH REVISED RATE NO. 14**

**X**  
**X**

**MUNICIPAL STREET LIGHTING SERVICE****Tariff No. 5027.12****X****Page 2 of 5****Customer-owned Street Lighting Option****X**

**AVAILABILITY:** For year round illumination of public streets and parkways by electric lamps mounted on standards where Customer owns Company approved street light systems complete with standards, luminaries with globes, lamps, and other appurtenances, together with all necessary cables extending between standards and to the point of connection to Company's facilities as designated by Company.

Customer is responsible for maintaining customer-owned street light systems.

**X**

**RATE:** The monthly charge to provide energy and services for customer-owned lighting facilities is \$0.074376 per kWh per month at locations acceptable to the Company. Since lighting installations are generally unmetered, the monthly kWh shall be determined by the Company prior to use of Company facilities and based upon the type of lamp installed in the customer-owned light facility.

**X****X**

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**FUEL COST ADJUSTMENT:****MERCURY VAPOR**

7,000 lumen lamp use 68 kWh per month  
 20,000 lumen lamp use 151 kWh per month  
 35,000 lumen lamp use 257 kWh per month  
 50,000 lumen lamp use 363 kWh per month

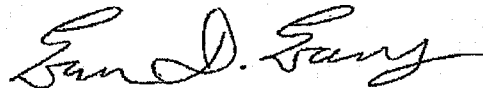
**HIGH PRESSURE SODIUM**

15,000 lumen lamp use 56 kWh per month  
 27,500 lumen lamp use 97 kWh per month  
 50,000 lumen lamp use 159 kWh per month

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 14  
CANCELING EIGHTH REVISED RATE NO. 14**

X  
X

**MUNICIPAL STREET LIGHTING SERVICE**

**Tariff No. 5027.12**

X

Page 3 of 5

**LED**

X

4,000 lumen lamp use 13 kWh per month  
6,000 lumen lamp use 21 kWh per month  
14,000 lumen lamp use 51 kWh per month  
25,000 lumen lamp use 81 kWh per month

KWh for other light types and sizes as determined by Company prior to use of Company facilities by the lighting facility.

X

The charge per lamp of the above rate shall be increased or decreased (based on the kWh use per month) by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

X

If any street light is permanently removed from service at the City's request, the City will pay to Company, at the time of removal from service of such light, the original cost of the equipment taken out of service, less depreciation of four percent (4%) per year. If any street light is removed from service temporarily (at least two months) at the City's request, the monthly rate for such light during such temporary disconnection will be the base charge per lamp as stated above. Fuel cost adjustment will not be charged on any temporarily disconnected street light.

In the event the City requests that an operable non-LED street light lamp and fixture be replaced with an LED street light lamp and fixture, the City will pay abandonment and removal costs to Company, at the time of removal of such equipment from service based on the table shown below:

X

X

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X

Advice Notice No.

*Sam D. Gandy*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 14  
CANCELING EIGHTH REVISED RATE NO. 14**

X  
X

**MUNICIPAL STREET LIGHTING SERVICE**

**Tariff No. 5027.12**

X

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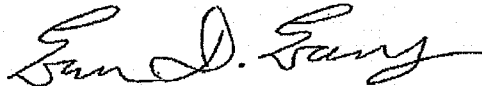
Light Type	Lumen	Years Installed		X
		More Than One Year	Less Than One Year	
All MVs		\$ 114.97	N/A	
HPS	15,000	\$ 123.75	\$ 289.81	
HPS	25,000	\$ 121.57	\$ 293.28	
HPS	50,000	\$ 123.75	\$ 351.93	X

**CONDITIONS OF SERVICE:** Excluding any maintenance and replacement to underground wires installed by the City, the foregoing rates include the furnishing by Company of the electric power and energy necessary to operate the street lighting system, the replacement of lamps, and the normal maintenance of fixtures, SPS installed wires, transformers and all other component parts of the street lighting system, as such replacements and maintenance become necessary. In the event maintenance and/or lamp and the glassware replacements become excessive due to vandalism or similar causes, Company will notify the City and the City will exert whatever means are at its disposal in the form of law enforcement agencies or other protective measures to eliminate destruction of street lighting equipment. If such vandalism persists, Company reserves the right to remove street lights.

Company will install, own, operate and maintain the street lighting system. If, for any reason, Company is unable to continue service of particular equipment, such equipment, at the option of the City, will be removed or replaced by Company with currently available equipment, and the City will pay the appropriate rate for new equipment.

Street light burning time will be from approximately one-half hour after sunset to approximately one-half hour before sunrise.

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

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REGIONAL VICE PRESIDENT RATES AND REGULATORY AFFAIRS	

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 14**  
**CANCELING EIGHTH REVISED RATE NO. 14**

**X**  
**X**

**MUNICIPAL STREET LIGHTING SERVICE**

**Tariff No. 5027.12**

**X**

**Page 5 of 5**

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

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

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**NINTH REVISED RATE NO. 16**  
**CANCELING EIGHTH REVISED RATE NO. 16**

X  
X

**LARGE MUNICIPAL AND SCHOOL SERVICE**

**Tariff No. 6016.17**

X

**Page 1 of 3**

**APPLICABILITY:** To all K-12 schools both public and private supplied electric service at primary or secondary voltage measured through one meter and at one Point of Delivery, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, exceeding 25 kW of demand in any month.

X  
|  
X

Not applicable to standby, supplementary, or shared service, or to service for which a specific rate schedule is provided.

**TERRITORY:** All towns served by Company in New Mexico.

**RATE:** Service Availability Charge: \$26.75 per month

X

Energy Charge: \$0.034423 per kWh for all kWh used during the month

Demand Charge: \$10.25 per kW of demand used per month during each winter month  
\$12.68 per kW of demand used per month during each summer month

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

X

**RATE:** Service Availability Charge: \$28.75 per month.

Energy Charge:  
\$0.034423 per kWh for all kWh used during Off-Peak hours  
\$0.176016 per kWh for all kWh used during On-Peak hours

Demand Charge: \$7.86 per kW of demand used per month

X

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X

Advice Notice No.

*Sam D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS



**SOUTHWESTERN PUBLIC SERVICE COMPANY****NINTH REVISED RATE NO. 16****X****CANCELING EIGHTH REVISED RATE NO. 16****X****LARGE MUNICIPAL AND SCHOOL SERVICE****Tariff No. 6016.17****X****Page 2 of 3****ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.**X****OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 20 customers that qualify for service under Large Municipal and School Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

**X****TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

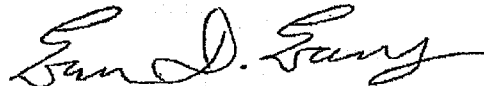
**X****CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase service at an available standard Company secondary or primary voltage.**LINE EXTENSIONS:** Company will make line extensions in accordance with its standard line extension policy.

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****NINTH REVISED RATE NO. 16  
CANCELING EIGHTH REVISED RATE NO. 16****X****X****LARGE MUNICIPAL AND SCHOOL SERVICE****Tariff No. 6016.17****X****Page 3 of 3**

**DEMAND:** Company will furnish at its expense the necessary metering equipment to measure Customer's kW demand for the 30-minute period of greatest use during the month. In no month, shall the billing demand be greater than the kW value determined by dividing the kWh sales for the billing period by 80 hours.

**POWER FACTOR ADJUSTMENT:** Bills computed under the above rate will be increased \$0.58 for each kvar by which the reactive demand exceeds, numerically, 0.33 times the measured kW demand, and will be reduced \$0.58 for each kvar by which the reactive demand is less than, numerically, 0.33 times the measured kW demand.

**X****X**

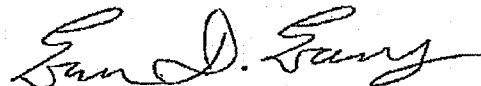
**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality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

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

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**EIGHTH REVISED RATE NO. 26  
CANCELING SEVENTH REVISED RATE NO. 26**

X  
X

**MISCELLANEOUS SERVICE CHARGES**

**Tariff No. 7004.8**

X

**Page 1 of 5**

**APPLICABILITY:** The service charges listed below are applicable to all Customers served by Company and are in addition to any other charges made under Company's tariff for electric service.

**TERRITORY:** All areas served by Company in New Mexico.

<u>Name</u>	<u>Charge</u>	
1. Returned Check Charge	\$16.00	
2. After Hours Connection Charge	\$60.00	
3. Reconnect Charge		
Reconnect during business hours	\$40.00	
Reconnect during non-business hours	\$60.00	
<del>4. Field Collection Charge</del>	<del>\$10.00</del>	X
4. Special Bill Form Charge	\$10.00	X
5. Facilities Rental Charge	2.00% per month applied to net reproduction cost of facilities.	X
6. Restoration of Tampered Service Charge	\$200.00 during business hours each occurrence, \$225.00 during non-business hours each occurrence, plus cost of damages.	X
7. Relocation of Facilities Charge	Cost of relocation.	X

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X

Advice Notice No.

*Sam D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

EIGHTH REVISED RATE NO. 26  
CANCELING SEVENTH REVISED RATE NO. 26X  
X

## MISCELLANEOUS SERVICE CHARGES

Tariff No. 7004.8

X

Page 2 of 5

8. Account History Charge	\$25.00 or cost, whichever is higher	X
9. Temporary Service Charge	At cost.	X
10. Meter Testing Charge	See description.	X
11. Switchover Policy Charge	See description.	X
12. Load Control Equipment Charge	At cost, see Articles IV and V of Electric Demand Signal Agreement.	X
13. Miscellaneous Charges	At cost.	X
14. Optional Credit Card payment charge.	\$4.85	X
15. Non-Routine Charges	At cost	X
16. Out of Cycle Meter Reading Charge	\$40.00	X
17. Sale of Renewable Energy Certificates	At Agreed-upon price	X

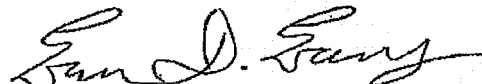
## DESCRIPTION:

1. **Returned Check Charge** is made when Customer's check has been dishonored by the maker's bank and returned to Company.
2. **After Hours Connection Charge** is made when a new connection is requested by Customer to be made outside of regular working hours.
3. **Reconnect Charge** is made when Customer requests reconnection of electric service after having been disconnected because of a delinquent account.

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X

Advice Notice No.


REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**EIGHTH REVISED RATE NO. 26  
CANCELING SEVENTH REVISED RATE NO. 26**

X  
X

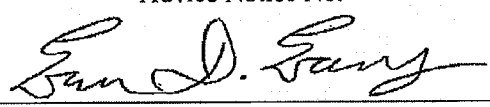
**MISCELLANEOUS SERVICE CHARGES**

**Tariff No. 7004.8**

X

**Page 3 of 5**

4.	<del>Field Collection Charge is made when Company makes contact at Customer's premises for collection of delinquent bill or deposits. Only one charge is made per month.</del>	X X X
4.	<b>Special Bill Form Charge</b> is made each time Company provides a manually prepared special bill analysis.	X
5.	<b>Facilities Rental Charge</b> is made when Customer rents facilities owned and maintained by the Company.	X
6.	<b>Restoration of Tampered Service Charge</b> is applied to any Customer who has tampered with the meter installed on Customer's premises, or by any manner or means has prevented the total energy from being registered by the meter installed for such purposes.	X
7.	<b>Relocation of Facilities Charge</b> is made when Customer requests the relocation of facilities for Customer's benefit or convenience.	X
8.	<b>Account History Charge</b> is made each time Customer requests and Company provides a billing/usage premise history or analysis for more than the most recent 13 months. The charges for these services will equal Company's labor, material, overhead and data processing expense for processing the request or \$25.00, whichever is greater.	X
9.	<b>Temporary Service Charge</b> is made when a Customer requests temporary services. In addition to the cost of service rendered under the applicable rate, Customer will be charged the cost of installing and removing the facilities required to provide temporary service, in excess of any salvage realized.	X
10.	<b>Meter Testing Charge</b> may be made if the meter has been tested within the last 18 months. Company may charge Customer an amount necessary to recover the cost of the test, such charges to be refunded to Customer whenever the meter proves to be in excess of two percent error.	X

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Advice Notice No.	
	
REGIONAL VICE PRESIDENT RATES AND REGULATORY AFFAIRS	

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**EIGHTH REVISED RATE NO. 26  
CANCELING SEVENTH REVISED RATE NO. 26**

**X  
X**

**MISCELLANEOUS SERVICE CHARGES**

**Tariff No. 7004.8**

**X**

**Page 4 of 5**

**11. Switchover Policy Charge** may be made prior to disconnection according to the following: **X**

- a. A charge of \$140.00 to cover average direct labor and transportation costs involved in the disconnection.
- b. A charge for any facilities rendered idle as a result of disconnection based on the original installed cost of the facilities less accumulated depreciation, salvage, and any previous contribution in aid of construction.
  - (i) A charge for the direct and indirect labor and transportation costs involved in removing any idle facilities. This charge will only apply if removal is requested by the disconnecting Customer, or required for safety reasons, or if the salvage value of the facilities exceeds such removal costs.
- c. All charges for electric service up to the disconnection.

**12. Load Control Equipment Charge** is equal to the cost for materials, labor, transportation, miscellaneous expenses, and all applicable overheads for the installation necessary to provide the required signals. In certain cases, Customer may be charged for totalizing and/or recording equipment. Customer will also be charged for the operation and maintenance expenses in accordance with Articles IV and V of the Electric Demand Signal Agreement. **X**

**13. Miscellaneous Charges** are made for services performed at the request of Customer but not covered specifically by any rate. The charges will be the reasonable costs incurred for performing such service including but not limited to, parts, labor, and transportation. **X**

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**X**

Advice Notice No.

*Sam J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**EIGHTH REVISED RATE NO. 26  
CANCELING SEVENTH REVISED RATE NO. 26**

X  
X

**MISCELLANEOUS SERVICE CHARGES**

**Tariff No. 7004.8**

X

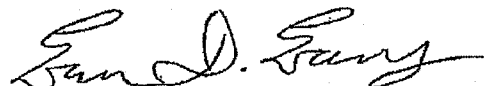
**Page 5 of 5**

- |     |  |   |
|-----|--|---|
| 14. | <b>Optional Credit Card Payment Charge</b> is made when a Customer chooses to pay their electric bill with credit or debit card. This amount is collected by a third party provider who will process Customer's payment.   | X |
| 15. | <b>Non-Routine Charge</b> is made for maintenance and replacement of street lighting facilities, other than what is provided for in the street light tariff. These costs include labor, material, transportation, processing and special equipment. This includes, without limitation, cost for traffic control as required by federal, state and local laws and regulations.  | X |
| 16. | <b>Out of Cycle Meter Reading Charge</b> is made when a Customer requests a meter reading outside of the regularly scheduled meter reading cycle.  | X |
| 17. | <b>Sale of Renewable Energy Certificates ("RECs").</b> Renewable Energy Certificates, as defined in section 62-16-3.F of the Renewable Act [62-16-1 et seq NMSA 1978], may be sold by Company to end-use Customers or members of the public at large (individuals, governmental entities, corporations, partnerships, sole proprietorships or closely held business entities, trusts, lessees, receivers, or any other type of firm or entity) at a price to be determined by Company and the buyer. Sale of RECs by SPS to the buyer does not alter the buyer's responsibilities under the conditions and rates for electric service provided through another tariff. | X |

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REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SIXTH REVISED RATE NO. 27**  
**CANCELING FIFTH REVISED RATE NO. 27**

**X**  
**X**

**SLCA INTEGRATED PROJECTS ENERGY RIDER**  
**FOR CANNON AIR FORCE BASE, NEW MEXICO**

**Tariff No. 4107.6**

**X**

**Page 1 of 3**

**AVAILABILITY:** Available by agreement in the territory in which Southwestern Public Service Company ("SPS") operates, to Cannon AFB, who is a long-term full requirements retail Customer purchasing all of its load and energy requirements from SPS, for energy delivered to SPS either through the Blackwater direct current interconnection with the Western Electricity Coordinating Council or other mutually agreed upon delivery points, from the Salt Lake City Area Integrated Projects ("SLCA Integrated Projects"), administered by the Western Area Power Administration ("Western"), which is an agency of the United States Department of Energy.

**MONTHLY ADJUSTMENT:** SPS shall reduce Cannon AFB's monthly bill for SLCA Integrated Projects energy received from SLCA Integrated Projects, adjusted for losses. The monthly adjustment shall be determined as the product of the SLCA Integrated Project energy scheduled in a given month, less an amount for losses, times the sum of the amount of fuel cost in the base rate and SPS's respective monthly retail FUEL AND PURCHASED POWER COST ADJUSTMENT factor calculated in accordance with the New Mexico Large General Service - Transmission Rate No. 34.

If Cannon AFB arranges for real time delivery of WAPA resources to the SPS system, Cannon AFB will receive the following credits to its bill:

**Demand Credit:**

\$9.98 per kW of power delivered per summer month

\$8.25 per kW of power delivered per winter month

**X**

**Energy Credit:**

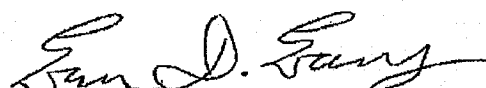
\$0.029869 per kWh for all kWh delivered during the month

**X**

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS



## SOUTHWESTERN PUBLIC SERVICE COMPANY

SIXTH REVISED RATE NO. 27  
 CANCELING FIFTH REVISED RATE NO. 27

X  
 X

SLCA INTEGRATED PROJECTS ENERGY RIDER  
 FOR CANNON AIR FORCE BASE, NEW MEXICO

Tariff No. 4107.6

X

Page 2 of 3

**MONTHLY ADJUSTMENT (cont.):**

Real time delivery means capacity and energy delivered to the SPS system in a manner that allows SPS to reduce its capacity needs. At the termination of deliveries of WAPA resources by SPS to Cannon AFB, any power, for which Cannon AFB has received a credit but which has not been delivered to Cannon AFB, will belong to SPS.

**MONTHLY CHARGE:** Cannon AFB shall reimburse SPS monthly for all costs associated with delivery services provided to SPS by third parties required to deliver SLCA Integrated Projects energy to SPS and for Cannon AFB's portion of administrative costs incurred by SPS to receive the energy.

Third Party Delivery Charge: Cannon AFB shall be charged the delivery charge made to SPS from one or more third party entities for providing delivery service to deliver SLCA Integrated Projects energy to SPS.

Administrative Charge: \$.001 per kWh of Cannon AFB's monthly scheduled SLCA Integrated Projects energy, less losses, plus Cannon AFB's proportionate share of administrative costs incurred by SPS for the energy, where Cannon AFB's proportionate share of administrative costs will be determined as:

$$CAE = (TAE * (SLCA_i / SLCA_T)) + (.001 * MSLCA_i)$$

where:

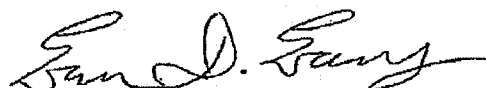
CAE = Cannon AFB's proportionate share of administrative expense incurred by SPS.

TAE = the total actual out-of-pocket administrative expense incurred by SPS for the receipt of SLCA Integrated Projects energy, including applicable

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REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SIXTH REVISED RATE NO. 27**

**X**

**CANCELING FIFTH REVISED RATE NO. 27**

**X**

**SLCA INTEGRATED PROJECTS ENERGY RIDER  
FOR CANNON AIR FORCE BASE, NEW MEXICO**

**Tariff No. 4107.6**

**X**

**Page 3 of 3**

filing fees and outside services fees.

$SLCA_i$  = the SLCA Integrated Projects energy scheduled to  
Cannon AFB through SPS during the corresponding  
year.

$SLCA_T$  = the total SLCA Integrated Project energy credited  
to all Customers by SPS during the corresponding  
year.

$MSLCA_i$  = the SLCA Integrated Projects energy scheduled  
to Cannon AFB through SPS during the corresponding  
month.

**SPS LOSSES:** The loss percentage for determining SPS losses in accordance with this  
agreement shall be 3.754 percent.

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTH REVISED RATE NO. 28  
 CANCELING SIXTH REVISED RATE NO. 28

X  
 X

## AREA LIGHTING SERVICE

Tariff No. 5118.7

X

Page 1 of 3

**APPLICABLE:** Under contract to all night outdoor flood light and guard light service where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served.

Pursuant to the Federal Energy Policy Act of 2005, mercury vapor lamp ballasts shall not be manufactured or imported after January 1, 2008. When Company's inventory of mercury vapor ballasts and lamps is exhausted, Customers will be given the option of having the lighting facilities removed, or replaced with another type of light at the rate for the replacement light.

This tariff was closed to new Customers as of September 8, 2008 and no additional lights will be installed for existing Customers. Ownership of existing Guard Lights may be transferred to a new Customer if the property that the Guard Light serves is sold to the new Customer and the new Customer agrees to the monthly charge for the applicable Guard Light.

**TERRITORY:** Area served by Company in New Mexico.

**RATE:** The charge per lamp per month shall be in accordance with the following rates.

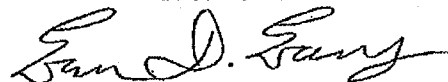
Lamp Size <u>Lumen</u>	Lamp <u>Type</u>	Price <u>Per Light</u>	
7,000	MV	\$ 13.04	X   X
15,000	HPS	\$ 12.23	
27,500	HPS	\$ 15.04	
50,000	HPS	\$ 19.22	
140,000	HPS	\$ 33.22	
14,000	MTHL	\$ 13.58	
20,500	MTHL	\$ 15.96	
36,000	MTHL	\$ 18.59	
110,000	MTHL	\$ 34.97	

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added after 15 days.

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

SEVENTH REVISED RATE NO. 28  
 CANCELING SIXTH REVISED RATE NO. 28

X  
 X

## AREA LIGHTING SERVICE

Tariff No. 5118.7

X

Page 2 of 3

## DETERMINATION OF ENERGY USE:

<u>Lamp</u> <u>Wattage</u>	<u>Lumen</u>	<u>Mercury Vapor</u> <u>kWh</u>		
175	7000	68		
<u>Lamp</u> <u>Wattage</u>	<u>Lumen</u>	<u>Metal Halide</u> <u>kWh</u>	<u>Lumen</u>	<u>High Pressure Sodium</u> <u>kWh</u>
150	---	---	15,000	56
175	14,000	62	---	---
250	20,500	97	27,500	97
400	36,000	136	50,000	159
1,000	110,000	359	140,000	350

**FUEL COST RECOVERY:** The charge per lamp of the above rate shall be increased or decreased (based on the above kWh use per month) by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

X

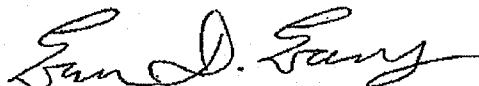
**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of service.

**CONDITIONS OF SERVICE:** Lights will not be installed on any mounting device which in Company's opinion is unsafe or not suitable for this purpose. Customer is responsible for any trenching and backfilling necessary for construction and

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**SEVENTH REVISED RATE NO. 28**  
**CANCELING SIXTH REVISED RATE NO. 28**

X  
X

**AREA LIGHTING SERVICE**

**Tariff No. 5118.7**

X

**Page 3 of 3**

**CONDITIONS OF SERVICE (cont.):**

maintenance of the underground electrical system. The ditch will be trenched to the specifications provided by Company.

**CHARACTER OF SERVICE:** A-C; 60 hertz; single phase; 120 volts.

**TERM OF CONTRACT:** A period of not less than three years.

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

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

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

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Advice Notice No.

*Sam D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FIFTH REVISED RATE NO. 34**  
**CANCELING FOURTH REVISED RATE NO. 34**

**X**  
**X**

**LARGE GENERAL SERVICE - TRANSMISSION****Tariff No. 4110.5****X****Page 1 of 5**

**APPLICABILITY:** Under contract to all commercial and industrial electric service, where facilities of adequate capacity and suitable voltage of 69 kV or higher are adjacent to the premises to be served.

Not applicable to standby, supplementary, resale or shared service.

**TERRITORY:** All areas served by the Company in New Mexico.

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**SUB TRANSMISSION SERVICE OF 69 kV:**

**RATE:** Service Availability Charge: \$ 1,433.60 per month

**X**

Energy Charge: \$ 0.030090 per kWh for all kWh used during the month

Demand Charge: \$ 8.53 per kW of demand used per month during each winter month

\$ 10.29 per kW of demand used per month during each summer month

**BACKBONE TRANSMISSION SERVICE OF 115 kV AND ABOVE:**

**RATE:** Service Availability Charge: \$1,433.60 per month

Energy Charge: \$ 0.029869 per kWh for all kWh used during the month

Demand Charge: \$ 8.25 per kW of demand used per month during each winter month

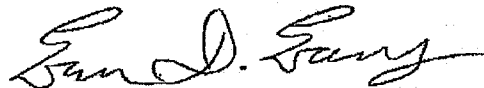
\$ 9.98 per kW of demand used per month during each summer month

**X**

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****FIFTH REVISED RATE NO. 34  
CANCELING FOURTH REVISED RATE NO. 34****X  
X****LARGE GENERAL SERVICE - TRANSMISSION****Tariff No. 4110.5****X****Page 2 of 5****WINTER MONTHS:** The billing months of October through May.**SUMMER MONTHS:** The billing months of June through September.**COINCIDENTAL METERING AND BILLING DEMAND PROVISION:**

Coincidental metering and billing of Demand is available at Customer's request to have multiple service points served under this rate aggregated such that load points, coincidental demands and kWh are combined for billing. Each load point shall be under contract and individually qualify under the Large General Service - Transmission Rate and contribute not less than 200 kW to the coincidental demand each month. If a load point coincidental demand falls below 200 kW demand three or more months during any twelve-month period, Company has the option of removing that load point from coincidental billing. Customer will pay for and allow Company to install all necessary metering and communication equipment to determine the aggregate coincidental demand.

**DETERMINATION OF DEMAND:** The kW determined from Company's demand meter for the 30-minute period of Customer's greatest kW demand during the month. When Customer is being billed under the coincidental metering and billing demand provision of this rate, the demand is determined from Company's demand meters for the 30-minute period of Customer's aggregate greatest coincidental kW demand during the month. No individual meter demand shall be taken as less than 60% of the highest demand established in the preceding eleven months.

**ALLOCATION OF REVENUE:** Revenue will be allocated to each individual meter on an energy basis for the purposes of taxation and determination of any minimum charge billings, discounts or surcharges.

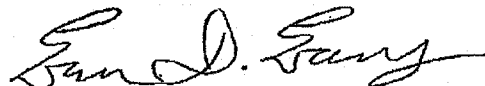
**POWER FACTOR ADJUSTMENT:** Bills computed under the above rate will be increased \$0.55 for each kvar by which the reactive demand exceeds, numerically, 0.33 times the measured kW demand, and will be reduced \$0.55 for each kvar by

**X  
X**

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**X**

Advice Notice No.


**REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS**

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FIFTH REVISED RATE NO. 34**  
**CANCELING FOURTH REVISED RATE NO. 34**

**X**  
**X**

**LARGE GENERAL SERVICE - TRANSMISSION**

**Tariff No. 4110.5**

**X**

**Page 3 of 5**

**POWER FACTOR ADJUSTMENT (cont.):**

which the reactive demand is less than, numerically, 0.33 times the measured kW demand.

**LOSS ADJUSTMENT:** The meter reading used for billing shall be increased to include all transformer losses when metering is installed on the secondary side of less than 69 kV of any voltage transformation made on Customer's side of the Point of Delivery.

**FUEL COST ADJUSTMENT:** The charge per kWh of the sub transmission rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.025949 per kWh, as specified by NMPRC Rule 550.

**X**

The charge per kWh of the backbone transmission rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.025754 per kWh, as specified by NMPRC Rule 550.

**X**

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

**CHARACTER OF SERVICE:** A-C; 60 hertz; three phase service supplied to the entire premises at approximately 69 kV or above.

**CONTRACT PERIOD:** A period of not less than three years.

**SUBSTATION LEASE:** Company reserves the option to lease substation facilities.

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS



**SOUTHWESTERN PUBLIC SERVICE COMPANY****FIFTH REVISED RATE NO. 34  
CANCELING FOURTH REVISED RATE NO. 34****X  
X****LARGE GENERAL SERVICE - TRANSMISSION****Tariff No. 4110.5****X****Page 4 of 5**

If the substation facilities to be leased serve a Customer must lease 100% of the facilities. If the substation facilities to be leased serve multiple Customers, Company will determine the percentage of the substation capacity to be leased to the lessee, but no less than 4000 kVA of substation capacity will be leased to a single Customer.

For substations subleased before January 1, 2009, the rates shall be as specified in the initial contract.

For substations leased on or after January 1, 2009, the monthly lease payment will be in the amount of two percent (2%) of the net reproduction cost of the leased facilities calculated as of the commencement of the lease and shall be paid by Customer to Company along with the monthly invoice for electric service.

Company reserves the right to increase the monthly lease payment whenever Company spends more than \$100,000 in repairs, replacements, or upgrades to the leased substation facilities in any twelve consecutive months during the term of the lease.

The initial minimum lease term shall be 120 months and shall continue month to month thereafter until the lease agreement is terminated. The lease agreement may be terminated by Customer upon at least six months prior written notice to Company. If the Customer terminates the lease earlier than 120 months from the commencement of the lease, the following termination penalty will apply:

Customer will pay a lease termination penalty in the amount of the net present value using a rate of 8.17 percent (Company Weighted Cost of Capital) applied to the sum calculated as follows:

**X**

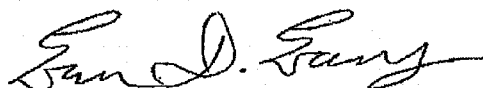
120 less the number of monthly lease payments made times the monthly lease payment, but not less than six times the monthly lease payment.

**LINE EXTENSIONS:** All cost of equipment, supplies, and labor related to the installation of facilities necessary to make service available shall be paid by Customer in advance. No transformation will be made by Company at the point of service.

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**X**

Advice Notice No.

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FIFTH REVISED RATE NO. 34**

**X**

**CANCELING FOURTH REVISED RATE NO. 34**

**X**

**LARGE GENERAL SERVICE - TRANSMISSION**

**Tariff No. 4110.5**

**X**

**Page 5 of 5**

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

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

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**X**

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FOURTH REVISED RATE NO. 39  
CANCELING THIRD REVISED RATE NO. 39**

X  
X

**RESIDENTIAL HEATING SERVICE**

**Tariff No. 1017.4**

X

**Page 1 of 3**

**APPLICABILITY:** To residential Customers for electric service with predominately electric space heating used for domestic purposes in private residences and separately metered individual apartments when all service is supplied at one Point of Delivery, and measured through one kilowatt hour (kWh) meter, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served. Single-phase motors not to exceed 10 horsepower, individual capacity, may be served under this rate. Electric space heating includes permanently installed space heating equipment in regular use, including heat pumps and electric resistance heating, excluding bathroom heaters.

**TERRITORY:** All areas served by Company in New Mexico.

**RATE:** Service Availability Charge: \$8.50 per month.

X

Energy Charge:

\$0.073840 per kWh for all kWh used per month during winter months

\$0.103465 per kWh for all kWh used per month during summer months

X

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

X

**RATE:** Service Availability Charge: \$9.50 per month.

Energy Charge:

\$0.079436 per kWh for all kWh used during Off-Peak hours

\$0.217997 per kWh for all kWh used during On-Peak hours

X

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X

Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****FOURTH REVISED RATE NO. 39  
CANCELING THIRD REVISED RATE NO. 39**X  
X**RESIDENTIAL HEATING SERVICE****Tariff No. 1017.4**

X

**Page 2 of 3****ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

X

**OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 15 customers that qualify for service under Residential Heating Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

X

**TERMS OF PAYMENT:** Net in 20 days after mailing date. If the Twentieth day falls on a holiday or weekend, the date will be the next workday.**CHARACTER OF SERVICE:** A-C; 60 hertz; single phase 120/240 volts; or where available, three phase 240 volts.**LINE EXTENSIONS:** Company will make line extensions in accordance with its standard line extension policy.**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality or taxing authority in which jurisdiction Customer's consuming facility resides, when applicable. The franchise fee will appear on the bill as a separate item.**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550

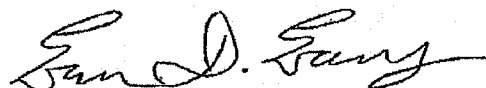
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**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and

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REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FOURTH REVISED RATE NO. 39**  
**CANCELING THIRD REVISED RATE NO. 39**

**X**  
**X**

**RESIDENTIAL HEATING SERVICE****Tariff No. 1017.4****X****Page 3 of 3****TAX ADJUSTMENT (cont.):**

federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

**AVERAGE MONTHLY PAYMENT:** Upon request, any residential Customer may be billed monthly based on a levelized payment plan. A Customer's levelized monthly payment amount is calculated by obtaining the most recent twelve months of actual consumption and dividing that amount by twelve, and applying Company's current rates to the average kWh consumption. Company's current rates shall include Company's most recent applicable fuel and purchased power cost adjustment charge per kWh as specified by NMPRC Rule 550 (NMAC 17.9.550). Each levelized monthly payment account is automatically reviewed every three months. If the review shows an annual payment surplus or deficiency that exceeds a corporate-wide annual variance threshold, the account will be adjusted to reflect the most current average.

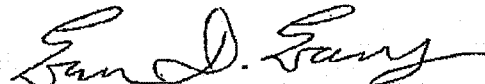
The account will be settled every twelve months. The settlement amount will be equal to the difference between the total of the prior twelve months' levelized payments and the actual billings for the corresponding most recent twelve month period. A Customer may enter the levelized payment plan during any month of the year and may exit the plan at any time by providing 30 days written notice and paying any balance due the company. Any over-collection will be credited on Customer's next regular billing.

**RULES, REGULATIONS AND CONDITIONS OF SERVICE:** Service supplied under this schedule is subject to the terms and conditions set forth in Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission. In addition, Customer will provide Company with a signed affidavit indicating Customer is eligible for service under this tariff.

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**X**

Advice Notice No.



**REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS**

**SOUTHWESTERN PUBLIC SERVICE COMPANY****FOURTH REVISED RATE NO. 40  
CANCELING THIRD REVISED RATE NO. 40****X  
X****SECONDARY GENERAL SERVICE****Tariff No. 4060.4****X****Page 1 of 3**

**APPLICABILITY:** To all commercial and industrial electric service supplied at secondary voltage and at one Point of Delivery, and measured through one meter with a demand greater than 25 kW and served where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served.

Not applicable to resale or shared service, or service to oil and natural gas production Customers.

**TERRITORY:** All areas served by Company in New Mexico.

**RATE:** Service Availability Charge: \$25.80 per month

**X**

**Energy Charge:** \$0.033257 per kWh for all kWh used during the month

**Demand Charge:**

\$ 13.95 per kW of demand used per month during each winter month

\$ 16.88 per kW of demand used per month during each summer month

**X**

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**DEMAND:** Company will furnish at its expense the necessary metering equipment to measure Customer's kW demand for the 30-minute period of greatest use during the month. In no month, shall the billing demand be greater than the kW value determined by dividing the kWh sales for the billing period by 80 hours.

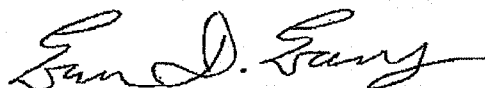
**POWER FACTOR ADJUSTMENT:** Bills computed under the above rate will be increased \$0.55 for each kvar by which the reactive demand exceeds, numerically, 0.33 times the measured kW demand, and will be reduced \$0.55 for each kvar by which the reactive demand is less than, numerically, 0.33 times the measured kW demand.

**X  
X**

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****FOURTH REVISED RATE NO. 40**  
**CANCELING THIRD REVISED RATE NO. 40****X**  
**X****SECONDARY GENERAL SERVICE****Tariff No. 4060.4****X****Page 2 of 3**

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

**X**

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase, at one available standard secondary voltage.

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

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

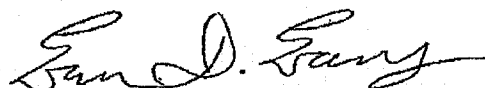
**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality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

**RULES, REGULATIONS AND CONDITIONS OF SERVICE:** Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission. A contract may be required by Company to be executed prior to extending service if Customer's load is expected to be greater than 200 kW. The contract term shall contain a minimum contract period with an automatic renewable provision from year to year thereafter.

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**X**

Advice Notice No.

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

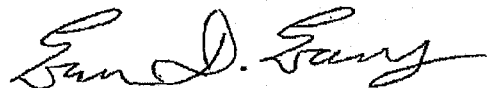
**SOUTHWESTERN PUBLIC SERVICE COMPANY****FOURTH REVISED RATE NO. 40  
CANCELING THIRD REVISED RATE NO. 40****X  
X****SECONDARY GENERAL SERVICE****Tariff No. 4060.4****X****Page 3 of 3****COINCIDENTAL METERING AND BILLING DEMAND PROVISION:**

Coincidental metering and billing demand is available at Customer's request to have multiple service points served under this rate aggregated such that load point coincidental demands and kWh are combined for billing. The Service Availability Charge is applicable for each aggregated service point. Each load point shall be under contract and individually qualify under the Secondary General Service rate and normally contribute not less than 200 kW to the coincidental demand each month. If a load point coincidental demand falls below 200 kW demand three or more months during any twelve-month period, Company has the option of removing that load point from coincidental billing. Customer will pay for and allow Company to install all necessary metering and communication equipment to determine the aggregate coincidental demand.

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**X**

Advice Notice No.

**REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS**



**SOUTHWESTERN PUBLIC SERVICE COMPANY****FOURTH REVISED RATE NO. 42  
CANCELING THIRD REVISED RATE NO. 42****X  
X****SMALL MUNICIPAL AND SCHOOL SERVICE****Tariff No. 6018.4****X****Page 1 of 3**

**APPLICABILITY:** To Municipal facilities and K-12 schools both public and private for electric service used at secondary voltage and used for municipal and school purposes when all service is supplied at one point of delivery, and measured through one meter, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, not to exceed 25 kW of demand in any month. Single phase motors not to exceed 25 horsepower, individual capacity, may be served under this rate.

**X  
X**

Each year, Company will review the demand of all Customers receiving service under this tariff for whom Company has installed the necessary equipment to measure Customer's kW demand.

**TERRITORY:** All towns served by Company in New Mexico.

**RATE:** Service Availability Charge: \$16.75 per month.

**X**

Energy Charge:

\$0.062387 per kWh for all kWh used per month during each winter month  
\$0.068465 per kWh for all kWh used per month during each summer month.

**X**

**WINTER MONTHS:** The billing months of October through May.

**SUMMER MONTHS:** The billing months of June through September.

**ALTERNATE EXPERIMENTAL TIME OF USE RIDER****X**

**RATE:** Service Availability Charge: \$17.75 per month.

Energy Charge:

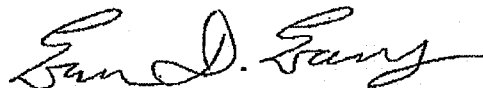
\$0.055819 per kWh for all kWh used during Off-Peak hours  
\$0.194955 per kWh for all kWh used during On-Peak hours

**X**

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**X**

Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FOURTH REVISED RATE NO. 42**

X

**CANCELING THIRD REVISED RATE NO. 42**

X

**SMALL MUNICIPAL AND SCHOOL SERVICE**

**Tariff No. 6018.4**

X

**Page 2 of 3**

**ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

X

**OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 20 customers that qualify for service under Small Municipal and School Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

X

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase, at one available standard voltage.

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

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

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

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

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Advice Notice No.

*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**FOURTH REVISED RATE NO. 42**  
**CANCELING THIRD REVISED RATE NO. 42**

**X**  
**X**

**SMALL MUNICIPAL AND SCHOOL SERVICE**

**Tariff No. 6018.4**

**X**

**Page 3 of 3**

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that the Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered exceeds or is less than \$0.028146 per kWh, as specified by NMPRC Rule 550.

**X**

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**X**

Advice Notice No.

*Sam D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRD REVISED RATE NO. 59  
CANCELING SECOND RATE NO. 59**

X  
X

**DISTRIBUTED GENERATION STANDBY SERVICE RIDER**

**Tariff No. 5011.3**

X

**Page 1 of 4**

**APPLICABILITY:** Applicable to Residential, Small General Service, Irrigation, and Small Municipal and School Service Customers participating in any of the Renewable Distributed Generation Programs available under Company's tariffs, and all other Residential, Small General Service, Irrigation, and Small Municipal and School Service Customers not participating in these programs, but who have installed Renewable Distributed Generation Systems under Company's Interconnection Agreement. All power supplied by Company shall be provided by Company under the applicable standard Service Schedules for the Service Class under which Customer falls.

**RATE:** Production Standby Charge (PSC) + Transmission and Distribution Standby Charge (TDSC), as defined below

**DEFINITIONS**

~~Monthly Actual Production (AP). The actual monthly kWh that is produced from the Customer's Renewable Distributed Generation System, as measured by the production meter of the Customer's Renewable Distributed Generation System.~~

X  
X  
X

Customer Usage (CU). Monthly kWh from Monthly Actual Production used by the Customer with Distributed Generation, either used directly from Customer's Distributed Generation, or applied as an offset to kWh delivered from SPS distribution system.

X  
|  
X

Production Capacity Cost per kWh (P). Company cost per kWh for Production Facilities, by Customer class:

Residential	\$0.010375
Small General	\$0.007568
Irrigation	\$0.010912
Small Municipal and School	\$0.005824

X  
|  
X

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X

Advice Notice No.

*San D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

THIRD REVISED RATE NO. 59  
CANCELING SECOND RATE NO. 59X  
X

## DISTRIBUTED GENERATION STANDBY SERVICE RIDER

Tariff No. 5011.3

X

Page 2 of 4

Production Capacity Unavailability (UF) Percentage of production capacity, shown below, that Company must have standing by to serve Customer's type of Renewable Distributed Generation.

For a Solar System	53.0 %
For a Biomass System	30.0 %
For a Wind System	94.9 %

Production Standby Charge (PSC). The monthly standby charge for production facilities, calculated under the following formula:

$$PSC = P \times UF \times CU$$

X

Transmission and Distribution Standby Capacity Cost per kWh (TD) Company cost per kWh for Transmission and Distribution Facilities, by Customer class:

Residential	\$0.031157
Small General	\$0.020097
Irrigation	\$0.028303
Small Municipal and School	\$0.016923

X

X

Transmission and Distribution Standby Charge (TDSC). The monthly standby charge for transmission and distribution facilities, calculated under the following formula:

$$TDSC = TD \times CU$$

X

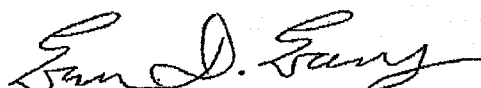
**METER INSTALLATION:** Company shall install, own, operate, and maintain, the metering to measure the electric power and energy supplied to Customer to allow for proper billing of the separate Applicable Tariff and Standby Service demands and usage hours identified above.

As a result of the electrical or physical configuration of Customer's generation facility, Company may determine that it is more practical or economical to use generation metering installed and owned by Customer, rather than Company-

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Advice Notice No.


REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRD REVISED RATE NO. 59**  
**CANCELING SECOND RATE NO. 59**

**X**  
**X**

**DISTRIBUTED GENERATION STANDBY SERVICE RIDER**

Tariff No. 5011.3

**X**

Page 3 of 4

**METER INSTALLATION (cont.):**

owned metering equipment. If Company, at its sole discretion, makes such a determination, then Customer-owned generation metering may be used for the billing purposes, so long as such metering equipment meets Company's standards for quality and accuracy.

If through the course of Company's evaluation of the metering requirements for the generation meter(s), Company determines, at its sole discretion that it is impracticable, uneconomical or unnecessary to install metering on Customer's generator(s), Company shall determine the billing for the provision of the Standby Service tariff on an un-metered and calculated basis. This determination can only be made if the only electrical load located at Customer's site is station power equipment as defined by the Federal Energy Regulatory Commission. Regardless of the Company's ultimate determination of the requirement (or lack thereof) for installation of the generation metering, a meter will always be required at the point of interconnection between the company and Customer and such meter will measure both delivered and received capacity and energy.

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

**TERMS OF PAYMENT:**

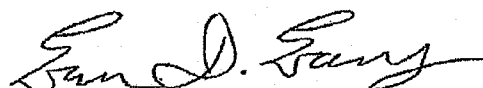
Residential – Net bill due in 20 days after the mailing date. If the twentieth day falls on a holiday or weekend, the date will be the next workday.

Commercial or governmental – Net bill due in 15 days after mailing date. 2% added to bill after 15 days.

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
 REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRD REVISED RATE NO. 59  
CANCELING SECOND RATE NO. 59**

**X  
X**

**DISTRIBUTED GENERATION STANDBY SERVICE RIDER**

**Tariff No. 5011.3**

**X**

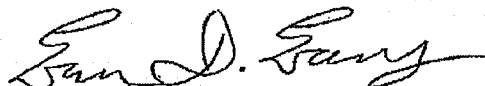
**Page 4 of 4**

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

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**X**

Advice Notice No.



**REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS**

**SOUTHWESTERN PUBLIC SERVICE COMPANY****THIRD REVISED RATE NO. 67  
CANCELING SECOND RATE NO. 67****X  
X****STANDBY SERVICE RIDER****Tariff No. 4026.3****Page 1 of 5****X**

**APPLICABILITY:** Under contract for electric service provided under the Secondary General Service, Primary General Service, Large Municipal and School Service or Large General Service Transmission tariffs ("Applicable Tariffs") at applicable voltage supplied at one point of delivery, for which Company's service is used as standby backup or maintenance service. Applies to Customers who operate any electric generating equipment in parallel with Company's electric system which normally serves all or a portion of Customer's electrical load requirements; who requires Standby Capacity from Company; and who desire use of Company's electrical service for temporary backup or maintenance power and energy. Not applicable to power generated for resale.

**AVAILABILITY:** Service hereunder is available only to Customers who have executed an Electric Standby Agreement with Company that specifies the Customer's Contract Standby Capacity and Total Load requirements. All power service supplied by Company to Customer in excess of the contract Standby Capacity shall be provided by Company under the Applicable Tariff. Service hereunder is not available to Customers taking service under Company's Interruptible Credit Option ("ICO") Summer Only ICO, or Voluntary Load Reduction Purchase Option tariffs. Customers receiving service under this rider shall be billed on a calendar month basis, such that the first day of each month shall be the beginning and the last day of each month shall be the end of the monthly billing period.

**RATES:****SECONDARY:**

Service Availability Charge:	\$25.80 per month	<b>X</b>
Transmission & Distribution Standby Capacity Fee – Summer:	\$9.29/ kW Month	
Transmission & Distribution Standby Capacity Fee – Winter:	\$8.00/ kW Month	
Generation Standby Capacity Fee – Summer:	\$1.80/ kW Month	
Generation Standby Capacity Fee – Winter:	\$1.49/ kW Month	
Energy Charge:	\$0.033257 per kWh	

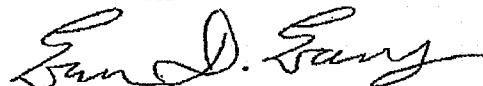
**PRIMARY:**

Service Availability Charge:	\$82.00 per month	
Transmission & Distribution Standby Capacity Fee – Summer:	\$8.19/ kW Month	<b>X</b>

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**X**

Advice Notice No.


**REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS**



**SOUTHWESTERN PUBLIC SERVICE COMPANY****THIRD REVISED RATE NO. 67  
CANCELING SECOND RATE NO. 67****X  
X****STANDBY SERVICE RIDER****Tariff No. 4026.3**

Page 2 of 5

**X**

Transmission & Distribution Standby Capacity Fee – Winter:	\$6.78 / kW Month	<b>X</b>
Generation Standby Capacity Fee – Summer:	\$1.76 / kW Month	
Generation Standby Capacity Fee – Winter:	\$1.45 / kW Month	
Energy Charge:	\$0.030566 per kWh	

**LARGE MUNICIPAL AND SCHOOL:**

Service Availability Charge:	\$26.75 per month
Transmission & Distribution Standby Capacity Fee – Summer:	\$7.55/ kW Month
Transmission & Distribution Standby Capacity Fee – Winter:	\$6.25/ kW Month
Generation Standby Capacity Fee – Summer:	\$1.58/ kW Month
Generation Standby Capacity Fee – Winter:	\$1.32/ kW Month
Energy Charge:	\$0.034423 per kWh

**TRANSMISSION – 69kV:**

Service Availability Charge:	\$1,433.60 per month
Transmission & Distribution Standby Capacity Fee – Summer:	\$4.00/ kW Month
Transmission & Distribution Standby Capacity Fee – Winter:	\$3.31/ kW Month
Generation Standby Capacity Fee – Summer:	\$1.57/ kW Month
Generation Standby Capacity Fee – Winter:	\$1.30/ kW Month
Energy Charge:	\$0.030090 per kWh

**TRANSMISSION - BACKBONE:**

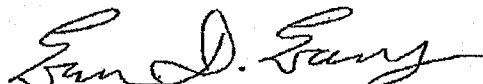
Service Availability Charge:	\$1,433.60 per month
Transmission & Distribution Standby Capacity Fee – Summer:	\$3.73/ kW Month
Transmission & Distribution Standby Capacity Fee – Winter:	\$3.08/ kW Month
Generation Standby Capacity Fee – Summer:	\$1.56/ kW Month
Generation Standby Capacity Fee – Winter:	\$1.29/ kW Month

**X**

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**X**

Advice Notice No.


REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY****THIRD REVISED RATE NO. 67  
CANCELING SECOND RATE NO. 67****X****X****STANDBY SERVICE RIDER****Tariff No. 4026.3****X**

Page 3 of 5

Energy Charge:

\$0.029869 per kWh

**X****EXCESS USAGE:**

If Customer Usage Hours exceed 120 Usage Hours, the above charges shall not apply and Customer shall pay the Applicable Tariff rates for all demand and energy supplied by Company. Further, Customer shall not be eligible to take service under this Standby Service Rider until June 1 of the following calendar year.

**SUMMER MONTHS:** The billing months of June – September.

**WINTER MONTHS:** The billing months of October – May.

**DEFINITIONS:**

**CUSTOMER'S TOTAL LOAD:** Customer's Total Load shall be determined by meter measurement as total capacity requirements of Customer, regardless of whether such capacity is supplied by Company, Customer's own generation equipment, or a combination of both.

**CONTRACT STANDBY CAPACITY:** The level of Contract Standby Capacity in kilowatts the Company reserves in its transmission and distribution systems and its generation for the Customer as set forth in the Electric Standby Service Agreement. For each year the Customer's maximum standby capacity shall represent the difference between the Customer's peak 30-minute Total Load from the previous calendar year and the average Total Load from the Company in the previous calendar year. Subject to the comparison of the Customer peak 30-minute Total Load provided by the Company and the average Total Load provided by the Company, the Contract Standby Capacity is limited to and is the lesser of:

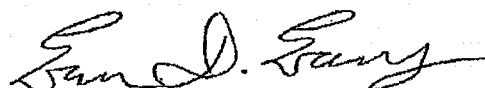
- the Customer's Total Load,
- the Customer's generation capacity, or
- an amount agreed to by the Company and the Customer.

**SUPPLEMENTAL DEMAND:** If Customer's Total Load is in excess of the Contract Standby Demand, the Supplemental Demand (kW) is equal to Customer's Total Load minus the Contract Standby Capacity. Supplemental Demand and energy will be billed on the Applicable Tariff.

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRD REVISED RATE NO. 67  
CANCELING SECOND RATE NO. 67**

**X  
X**

**STANDBY SERVICE RIDER**

**Tariff No. 4026.3**

**X**

Page 4 of 5

**STANDBY SERVICE:** Standby Service shall be the service provided by Company under this Standby Service rider.

**PEAK HOURS:** Peak hours are 12 p.m. through 8 p.m. every day during the Summer Months.

**USAGE HOURS:** Each Peak Hour during which a 30-minute interval of Customer generation is less than the lower of Customer usage or 60% of Contract Standby Capacity is considered a Usage Hour. If the number of Usage Hours in a Summer is 121 or more hours, Customer shall pay according to the provisions of Excess Usage.

**CONTRACT PERIOD:** All contracts under this schedule shall be for a minimum period of one year and one-year periods thereafter until terminated, where service is no longer required, on 30 days notice. Greater minimum periods may be required by contract in situations involving large or unusual loads. In addition, if Customer is selling Renewable Energy Credits ("REC") to Company, then the contract period for Standby Service must be the same as the term of contract under which Customer sells RECs to Company.

**METER INSTALLATION:** Company shall install, own, operate, and maintain, the metering to measure the electric power and energy supplied to Customer to allow for proper billing of the separate Applicable Tariff and Standby Service demands and usage hours identified above. Specifically, Company will install interval data recording ("IDR") meters or equivalent that measure the flow of power and energy of both Customer's own generating facility ("generation metering") and Customer's load ("Load Metering").

As a result of the electrical or physical configuration of Customer's generation facility, Company may determine that it is more practical or economical to use generation metering installed and owned by Customer, rather than Company-owned metering equipment. If Company, at its sole discretion, makes such a determination, then Customer-owned generation metering may be used for the billing purposes, so long as such metering equipment meets Company's standards for quality and accuracy.

If through the course of Company's evaluation of the metering requirements for the generation meter(s), Company determines, at its sole discretion, that it is impracticable, uneconomical or unnecessary to install metering on Customer's generator(s), Company shall determine the billing for the provision of the Standby Service tariff on an un-metered and calculated basis. This determination can only be made if the only electrical

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**X**

Advice Notice No.

*Sam D. Gary*

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRD REVISED RATE NO. 67  
CANCELING SECOND RATE NO. 67**

X

X

**STANDBY SERVICE RIDER**

**Tariff No. 4026.3**

X

Page 5 of 5

**METER INSTALLATION (cont.):**

load located at Customer's site is station power equipment as defined by the Federal Energy Regulatory Commission.

Regardless of Company's ultimate determination of the requirement (or lack thereof) for installation of the generation metering, a meter will always be required at the point of interconnection between Company and Customer and such meter will measure both delivered and received capacity and energy.

**ADDITIONAL TERMS AND CONDITIONS OF SERVICE WITH STANDBY  
SCHEDULED MAINTENANCE:**

Qualifying Scheduled Maintenance Periods must occur within the winter months as defined above. Customer must provide Company with 30 days written notice of scheduled maintenance prior to the beginning of the maintenance period.

**FUEL COST ADJUSTMENT:** Same as applicable class of service.

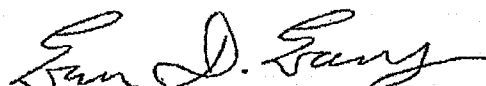
**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**CHARACTER OF SERVICE:** Alternating current; 60 hertz; single or three phase, at one available standard voltage.

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

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## ORIGINAL RATE NO. 73

## GENERAL SERVICE – EXPERIMENTAL TIME OF USE RATE

Tariff No. 4030

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**APPLICABILITY:** Optional rate limited to a combination of 40 commercial and industrial electric service customers supplied at either secondary or primary voltage at one Point of Delivery and measured through one meter, where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, in excess of 25 kW of demand.

If Customer elects service under this rate schedule, Customer must continue to take service under this optional rate for a minimum of 12 consecutive months.

Each year, Company will review the demand of all Customers receiving service under this tariff. If the average of Customer's twelve monthly demands in the immediately preceding calendar year does not exceed 25 kW, then Customer is not eligible to continue receiving service under this tariff.

Not applicable to standby, supplementary, resale or shared service, or service to oil and natural gas production Customers.

**TERRITORY:** New Mexico service territory.

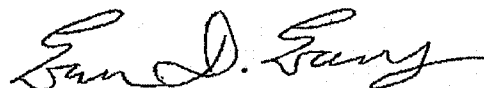
**RATE:**

	Secondary Voltage	Primary Voltage
Service Availability Charge	\$27.80	\$84.00
Energy Charge, Off-Peak hours	\$0.033257	\$0.030566
Energy Charge, On-Peak hours	\$0.164255	\$0.139001
Demand Charge	\$11.29	\$11.57

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**ALTERNATE EXPERIMENTAL TIME OF USE RIDER**

**ON-PEAK HOURS:** 12 p.m. through 6 p.m., Monday through Friday during the months of June through September.

**OFF-PEAK HOURS:** All other hours not covered in the On-Peak period.

Availability limited to a maximum of 20 customers that qualify for service under Secondary General Service and 20 customers that qualify for service under Primary General Service. Customers must contract for service under this experimental tariff for a minimum of 12 consecutive calendar months.

**POWER FACTOR ADJUSTMENT:** Bills computed under the above rate will be increased \$0.55 for each kvar by which the reactive demand exceeds, numerically, 0.33 times the measured kW demand, and will be reduced \$0.55 for each kvar by which the reactive demand is less than, numerically, 0.33 times the measured kW demand.

**TERMS OF PAYMENT:** Net in 15 days after mailing date; 2% added to bill after 15 days.

**COINCIDENTAL METERING AND BILLING DEMAND PROVISION:**

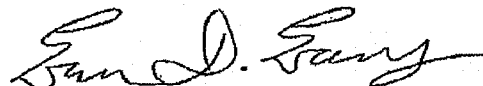
Coincidental metering and billing demand is available at Customer's request to have multiple service points served under this rate aggregated such that load point coincidental demands and kWh are combined for billing. The Service Availability Charge is applicable for each aggregated service point. Each load point shall be under contract and individually qualify under the Secondary General Service or Primary General Service rate and normally contribute not less than 200 kW to the coincidental demand each month. If a load point coincidental demand falls below 200 kW demand three or more months during any twelve-month period, Company

**COINCIDENTAL METERING AND BILLING DEMAND PROVISION (cont.):**

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has the option of removing that load point from coincidental billing. Customer will pay for and allow Company to install all necessary metering and communication equipment to determine the aggregate coincidental demand.

**LOSS ADJUSTMENT:** For Primary General Service Accounts, meter readings used for billing shall be increased to include all transformation losses, when secondary voltage metering is installed on Customer's side of the Point of Delivery.

**DETERMINATION OF DEMAND:** The kW determined from Company's demand meter for the 30-minute period of Customer's greatest kW use during the month.

**ALLOCATION OF REVENUE:** Revenue will be allocated to each individual meter on an energy basis for the purposes of taxation and determination.

**FUEL COST ADJUSTMENT:** The charge per kWh of the above rate shall be increased or decreased by the amount that Company's voltage level adjusted average cost of fuel and purchased power per kWh delivered, exceeds, or is less than \$0.027616 per kWh (Primary) and \$0.028146 per kWh (Secondary), as specified by NMPRC Rule 550.

**CHARACTER OF SERVICE:** A-C; 60 hertz; single or three phase at Company's available primary voltage that is higher than 2.4 kV but less than 69 kV.

**TAX ADJUSTMENT:** Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

**CONTRACT PERIOD:** One year or longer.

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**PRIMARY GENERAL SERVICE LINE EXTENSIONS:** Company will make line extensions in accordance with its standard line extension policy. No transformation will be made by Company at the Point of Delivery.

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

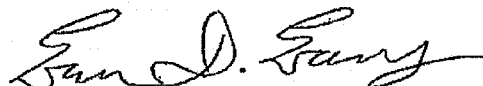
**FRANCHISE FEE:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality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

**RULES, REGULATIONS AND CONDITIONS OF SERVICE:** Service supplied under this schedule is subject to the terms and conditions set forth in Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission. A Contract may be required by Company to be executed prior to extending service if Customer's load is expected to be greater than 200 kW. The contract term shall contain a minimum contract period with an automatic renewable provision from year to year thereafter.

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**RULES AND REGULATIONS - ELECTRIC**

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CANCELING SEVENTH REVISED RULE NO. 16**

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**RULES AND REGULATIONS - ELECTRIC**

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**16. EXTENSION TO CUSTOMERS**

**General Policy:**

If a line Extension is required by a Customer other than a large industrial or commercial Customer or if facilities are not available, Company will inform Customer within 10 working days of receipt of the application, and will give Customer an estimated completion date.

Following assessment of necessary line work, Company will explain to Customer any construction cost options such as sharing of construction costs between Company and Customer, or sharing of costs between Customer and other Applicants.

Company will make an Extension to provide service to a new Customer when the revenue to be derived from such Extension will provide a suitable return. Extensions requiring an excessive expenditure in relation to revenues shall be made only when Customer makes a nonrefundable contribution as an aid to construction. Such nonrefundable contribution will reduce Company's net Extension expenditure to a value which will provide a suitable return from expected revenues, thereby preventing undue hardship on the other Customers of Company. Construction shall not commence until the contribution is paid in full.

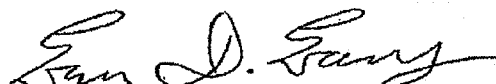
Requested alterations or relocations of Company facilities without a contribution in aid to construction impose an unfair burden on other Customers. Customer making such request shall make a nonrefundable contribution as an aid to construction for the full cost of the alterations or relocations except where prohibited by law, franchise or the authority having jurisdiction.

The cost of a line Extension is based on an estimate of the cost of material for the specific line Extension. The cost includes the cost of material, labor, necessary transportation and equipment, necessary right of way and easement and appropriate overheads applied in a uniform manner throughout Company's New Mexico service territory.

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**16. EXTENSION TO CUSTOMERS (cont.)**

Customer shall have the option of performing all ditching and backfilling required for the installation of all underground wires and cables, in accordance with Company specifications. If Customer is unable or unwilling to do ditching and backfilling, Company shall do it at Customer's expense.

Expected annual revenue, which excludes the base fuel factor, is to be estimated by applying current rates to Customer's estimated load data. Average-use data may be used to calculate annual revenue when appropriate, for example, if Customer's load is highly weather sensitive.

A suitable return, as used in this rule, is provided when an economic analysis results in a return on the investment in plant and equipment related to the line Extension equal to or greater than the allowed return granted in Company's most recent rate case. Such economic analysis will incorporate estimated annual revenue, operating and maintenance expenses, line Extension cost, other costs as appropriate, and expected duration of service to the new Customer.

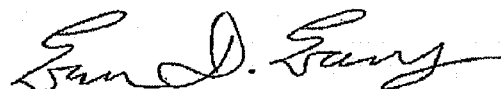
Extensions to Customers will be made in compliance with Company's distribution standards. Each Extension shall be considered upon its individual merits and will be governed where applicable, by the following Extension policy statements and exhibits:

- A Except for service to Customers specifically addressed in paragraphs B., C., and D. below, Company will make an Extension at its cost to Customers who qualify for service under its applicable tariffs, when the cost of the Extension does not exceed 3.0 times the expected annual revenue to be derived from such Extension, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution as an aid to construction, all costs of such

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16. EXTENSION TO CUSTOMERS (cont.)

extension which exceed 3.0 times the expected annual revenue figure described in the preceding sentence. When a new home is constructed and is certified as an Energy Star Home, the construction allowance will be increased by 15%.

- B. Primary and Secondary General Service: Due to the complexities and substantial costs often involved in this type of service Extension, each request for service will be evaluated on its individual costs and benefits. For Customers requesting service for oil or natural gas production, the Company will extend a primary voltage above 2.4 kV but less than 69 kV to the Customer's lease line.

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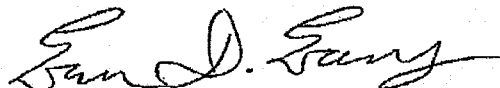
Company will extend its facilities to serve Customers qualifying for service under its Primary and Secondary General Service Tariff based upon the following guidelines:

1. For extensions costing \$300,000 or less and not being made under paragraph 2 below, the Company will extend service at its cost when the total cost of service does not exceed the expected annual revenue multiplied by a factor of 3.0, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution as an aid to construction, all costs for such Extension that exceed 3.0 times the expected annual revenue figure described in the preceding sentence. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.

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**16. EXTENSION TO CUSTOMERS (cont.)**

2. For Extensions costing more than \$300,000, the following shall apply:

a. For distribution facility Extensions Company will

(i) make the distribution facility Extension at its cost if the expected revenue from the electric service provides a suitable return;

or

(ii) require Customer to make a nonrefundable Contribution in Aid to Construction (CIAC) if Company determines that the distribution facility extension will require an excessive expenditure in relation to Company's expected return, thereby lowering Company's investment in the service to an amount on which a suitable return can be realized.

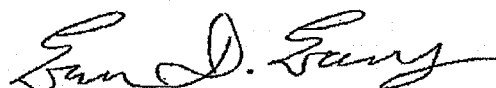
b. For Extensions requiring significant transmission and substation construction (Transmission Facilities) to provide distribution service where the total cost of the facilities other than the Transmission Facilities exceeds the expected annual revenue multiplied by a factor of 3.0 (excluding fuel and purchased power cost revenue), Company will:

(i) require Customer[s] requesting service to pay a Contribution in Aid to Construction for the costs of the Transmission Facilities (T&S CIAC); and

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**16. EXTENSION TO CUSTOMERS (cont.)**

- (ii) enter into a special contract with Customer[s] requesting service that
  - (a) describes the requirements for Customer's payment of T&S CIAC, and, if more than one Customer is being furnished service by the Transmission Facilities, the contracts will prorate the T&S CIAC among all Customers requesting service based on each Customer's percentage of the overall load connection request,
  - (b) requires each Customer subsequently requesting new or expanded service from distribution facilities served by the Transmission Facilities to enter into a special contract that establishes the new or expanding Customer's obligation to pay a pro rata share of the original T&S CIAC based on the new Customer's, or expanding Customer's, additional the Transmission Facilities including the new loads, and load as a percentage of the overall load to be served by the Transmission Facilities including the new loads, and
  - (c) authorizes Company to collect a T&S CIAC payment from each new or expanding Customer for the purpose of refunding to the prior contributing Customers, on a pro rata basis, the amounts of T&S CIAC paid by new or expanding Customers, for a period of five years following the date of commercial operation of the Transmission Facilities; and

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**16. EXTENSION TO CUSTOMERS (cont.)**

(d) includes other appropriate provisions regarding Company's rates, tariffs, and rules that relate to the proposed service from the Transmission Facilities; and

(iii) for distribution construction beyond the Transmission Facilities required to provide distribution services to Customers, the Extension policy in subsections 16(C)(1) and 16(C)(2)(a) above will apply.

In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.

3. A Service Agreement or Special Contract may be required by Company to be executed prior to extending service. The contract term shall contain a minimum contract period with an automatic renewable provision from year to year thereafter.

C. Extension policies defining other specific service conditions are included in the following exhibits:

**X**

1. Underground Distribution Extension – Exhibit "A"

2. Suburban Development Extension – Exhibit "B".

3. Municipal Requested Streetlight Extension – Exhibit "C"

Any request for an Extension that cannot be agreeably resolved between Company and Customer shall be referred to the regulatory body having jurisdiction.

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**16. EXTENSION TO CUSTOMERS (cont.)**

**EXHIBIT A**

**Extension Policy**

**TITLE:** Underground Distribution Extension.

**PURPOSE:** To establish a policy under which Company can extend its electric facilities for the above titled service. Company's tariffs covering electricity consumption are all based on service being supplied by normal overhead facilities. Requirements imposed on the owner or developer, herein called owner, under this policy are designed so that the Company may provide underground service when requested by the owner without causing undue hardship on other Customers of the Company. Undue hardship is placed on other Customers of the Company when Company's cost of making the requested extension is such that the revenues to be derived from the extension will not provide a suitable return as described in Company's Rules, Regulations and Conditions of Service-Extensions to Customers.

**POLICY DEFINITION:** Company will provide a distribution system placed underground utilizing pad mounted type transformers and enclosures. The distribution system may provide single or three phase, three or four wire service at a nominal 120/240 Volts, 120/208 Volts or 277/480 Volts at a Point of Delivery acceptable to the Company. Metering will be provided and installed by the Company.

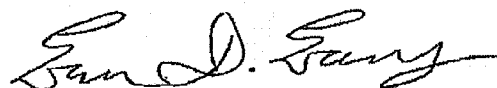
**REQUIREMENTS FOR OWNER:** The owner shall provide, at no expense to Company, the following:

- A. **Survey and Plats:** Certified plats identifying property corners that have been located on the ground by a qualified surveyor in a Company approved format.

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**16. EXTENSION TO CUSTOMERS (cont.)**

- B. Easements and Rights-of-Way:** Valid easements and rights-of-way, as required by Company, to cover the distribution system.
- C. Ditching and Backfilling:** All ditching and backfilling required for the installation of all underground wires and cables, in accordance with Company specifications.
- D. Compliance with Company Standards:** All aspects of interconnection shall comply with Company standards, electrical codes and the rules of the jurisdiction having authority.
- E. Contribution as an Aid to Construction:** Company will make an Extension at its cost to Customers who qualify for service under its applicable tariffs, when the cost of the Extension does not exceed 3.0 times the expected annual revenue to be derived from such Extension, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution as an aid to construction, all costs of such Extension which exceed 3.0 times the expected annual revenue figure described in the preceding sentence.
- F. Overhead to Underground Conversion:** Company will agree to place existing or future feeder circuits and distribution lines underground only when the cost is borne by the owner or others. Costs associated with such underground feeder circuits and distribution lines shall be determined by Company.

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**16. EXTENSION TO CUSTOMERS (cont.)**

**EXHIBIT B**

**Extension Policy**

**TITLE:** Suburban Development Extension.

**PURPOSE:** The purpose of this Extension policy is to establish a means by which Company can provide requested extensions of electric distribution facilities into a specific residential development area for service to future Company Customers within that area without causing an undue hardship on other Company Customers. Undue hardship is placed on other Customers when Company's cost of making a requested extension is such that the revenue to be derived from the extension will not provide a suitable return to Company.

**AVAILABILITY:** Extension of electric distribution facilities is available to any developer engaged in subdividing a contiguous parcel of land, located within Company's New Mexico service area, into specified lots or tracts intended for sale or lease and utilization as lots for residential occupancy. However, the development must be under the control of a responsible developer who shall comply with the terms and conditions of this policy.

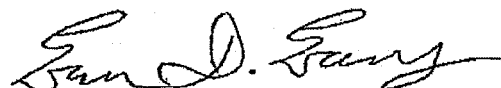
**STATEMENT OF POLICY:**

1. Company will extend a primary voltage line to serve the development, including a secondary voltage line as needed by developer ("Extension").
2. Developer will provide a non-refundable contribution as an aid to construction in the amount of Company's estimated total cost of the Extension.

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16. EXTENSION TO CUSTOMERS (cont.)

3. Company may make other extensions, alterations, or additions to the Extension for service to Customers outside of the development.
4. Upon the request of any owner of a lot within the development, Company will extend service from the Extension to the Point of Delivery in accordance with Company's Rules, Regulations and Conditions of Service.
5. The subdivided parcel of land shall be defined by a recorded plat, a copy of which shall be provided to Company in Company approved format.
6. The developer shall provide at no expense to Company, valid easements and rights-of way as required by Company covering all Company's facilities.

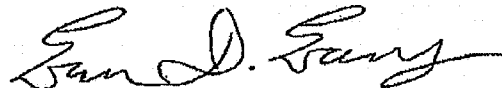
**STREET LIGHTING:** Company will provide street lighting requested by a municipal authority having jurisdiction within the specified area being developed under this policy, provided that the type of lighting requested is compatible with the distribution system and the municipal authority agrees to the monthly service charges specified on the applicable tariffs.

Installed costs of all street lighting facilities for the requested type of service will be included with any required distribution extension costs for extension cost calculation purposes.

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**16. EXTENSION TO CUSTOMERS (cont.)**

**EXHIBIT C**

**Extension Policy**

**TITLE:** Municipal Requested Streetlight Extension.

**PURPOSE:** The purpose of this Extension policy is to establish a means by which Company can provide Municipal Requested Streetlights in any developed area that the requesting Municipal Authority has jurisdiction without causing an undue hardship on other Company Customers. Undue hardship is placed on other Customers when Company's cost of making a requested extension is such that the revenue to be derived from the extension will not provide a suitable return to Company.

**AVAILABILITY:** Extension of electric distribution facilities is available in any previously developed area being under the jurisdiction of the requesting Municipal Authority located within Company's New Mexico service area.

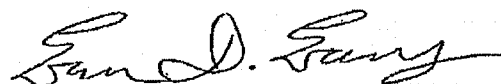
**STATEMENT OF POLICY:**

1. Company will install and maintain all necessary facilities as determined by Company to fulfill the Municipal Authorities request.
2. Municipal Authority will provide Company with a letter including, but not limited to, the following information:
  - a. Location of Streetlight(s)
  - b. Number of Streetlights desired at each location
  - c. Type of Streetlight(s) desired at each location

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**RULES AND REGULATIONS - ELECTRIC**

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**16. EXTENSION TO CUSTOMERS (cont.)**

3. Company will make the Extension at its cost when the total cost of service does not exceed the total streetlight credit. The streetlight allowance will be the expected annual revenue for the requested streetlight type multiplied by a factor of 3.0, excluding any fuel and purchased power cost revenue. The Municipal Authority shall pay to Company a nonrefundable Contribution In Aid to Construction, all costs which exceed the total streetlight allowance.
4. A streetlight will be provided that is compatible with the distribution system given that the requesting Municipal Authority agrees to the monthly service charges specified on the applicable tariffs.

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*San J. Gary*

REGIONAL VICE PRESIDENT RATES AND  
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## SOUTHWESTERN PUBLIC SERVICE COMPANY

FIRST REVISED RULE NO. 26  
CANCELING ORIGINAL RULE NO. 26X  
X

## RULES AND REGULATIONS TARIFF

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## 26. DEDUCT AND ANCILLARY METERS

**PURPOSE:** Subject to the execution of a Special Metering Agreement between Company and all parties involved, Company will allow the installation of Deduct Meters or Ancillary Meters after considering the following:

- Characteristics of the load being served
- Cost to construct new facilities to serve Customer from Company facilities or from Customer owned facilities.
- Expectation of neighboring Customer load additions.
- Future plans for expansion by Company or either Customer involved.

**CONDITIONS OF SERVICE:** A Deduct Meter or Ancillary Meter is used when a Customer requests electric service in an area where Company supplies electric service to another Customer ("Customer A") at a voltage greater than 2.4 kV at Customer A's Point of Delivery. If Customer A's facilities are in close proximity to the location of the Customer that is requesting service ("Customer B"), occasionally it is more cost effective for Customer B's service to be provided by facilities owned by Customer A rather than Company constructing new facilities to serve Customer B's load.

When this situation occurs, Customer B's electric service is provided through Customer A's facilities and SPS will install a meter at Customer B's location.

As long as Customer B is receiving service through the use of Customer A's facilities, Company is not liable to Customer B for any interruptions of service, losses or damages that Customer B may incur. Company shall not be held responsible to perform any maintenance on Customer A's or Customer B's facilities.

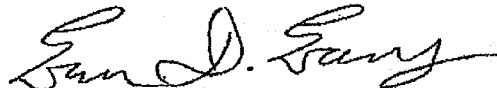
**SINGLE PHASE CUSTOMERS:** When Customer B requests single phase service from facilities owned by Customer A, Company will estimate the cost to directly serve this Customer and calculate the Contribution in Aid to Construction (CIAC) in accordance with its standard line extension policy. If Company determines the CIAC to be equal to or greater than \$23,500, SPS will consider

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Revised 256

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Advice Notice No.


REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

FIRST REVISED RULE NO. 26  
CANCELING ORIGINAL RULE NO. 26X  
X

## RULES AND REGULATIONS TARIFF

Page 2 of 2

**SINGLE PHASE CUSTOMERS (cont.)**

allowing Customer B to receive service from Customer A's facilities and will meter Customer B utilizing either a Deduct or Ancillary Meter pursuant to a signed Special Metering Agreement between Company, Customer A and Customer B.

**THREE PHASE CUSTOMERS:** When Customer B requests three phase service from facilities owned by Customer A, Company will estimate the cost to directly serve this Customer and calculate the CIAC in accordance with its standard line extension policy. If Company determines the CIAC to be equal to or greater than \$84,000, Company will consider allowing Customer B to receive service from Customer A and will meter Customer B utilizing a Deduct or Ancillary Meter pursuant to a signed Special Metering Agreement between Company, Customer A and Customer B.

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**METERING AND BILLING SPECIFICATIONS:** If Company has installed a Primary Meter at Customer A's Point of Delivery, Company will install a Deduct Meter at Customer B's Point of Service to measure Customer B's energy usage and demand. Company agrees to subtract Customer B's energy usage as recorded on Customer B's Deduct Meter from the energy usage that is recorded on Customer A's Primary Meter.

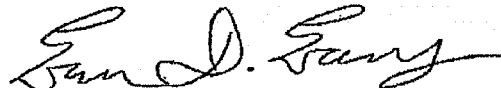
If Company has not installed a Primary Meter at Customer A's Point of Delivery and is instead metering Customer A through a secondary meter or secondary meters, Company will install an Ancillary Meter to record Customer B's energy usage and demand. Without a meter installed at Customer A's Point of Delivery, Customer A's and Customer B's energy usage and demand will be metered separately at all times as there will be no electrical connection between Customer A's secondary meter(s) and Customer B's electrical load.

**CHANGE OF OWNERSHIP:** Change of Ownership shall be governed by the contract between Company and involved parties.

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Advice Notice No.


REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

## SOUTHWESTERN PUBLIC SERVICE COMPANY

X

## ORIGINAL RULE NO. 27

## RULES AND REGULATIONS TARIFF

Page 1 of 1

**27. TEMPORARY OR PERMANENT RELOCATION/MODIFICATION OF COMPANY FACILITIES.**

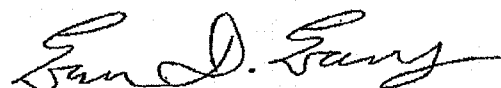
**PURPOSE:** A Customer, Customer's authorized representative, or a non-Customer may request the Company make changes in existing overhead or underground systems or facilities. Such requests must be made at least seven days prior to the date when the Customer, Customer's authorized representative, or non-Customer desires the change to be made. The Company shall undertake reasonable efforts to meet the proposed date when the Customer, Customer's authorized representative, or non-Customer desires the change to be made.

**CONDITIONS OF SERVICE:** The Company shall assess the full cost to undertake such changes (including but not limited to any governmental assessment, fee or tax, including any income tax which may be due by Company on any such payments) to the Customer or non-Customer based upon its estimated actual costs at the time the request is made. The Customer or non-Customer shall pay the full cost in advance of the work being performed. The Company may alter the notice requirements herein as necessary to accommodate special or extraordinary circumstances.

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Advice Notice No.

REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS



Southwestern Public Service Company

Summary of Proposed Rate Increase

Line No.	Description	(1) Test Year Current Revenue (\$)	(2) Rate Case Impacts (\$)	(3) Proposed Revenues (\$)	(4) Net Revenue Increase (\$)	(5) Net Percent Increase (%)
1	Total Base Revenue Excluding Base Fuel and Purchased Power	\$ 188,573,872	\$ 45,354,788	\$ 233,928,660		24.05%
2	Base Fuel and Purchased Power	\$ 162,199,927	\$ (21,118,387)	\$ 141,081,540		-13.02%
3	Total Base Revenue	\$ 350,773,799	\$ 24,236,401	\$ 375,010,200	\$ 24,236,401	6.91%
4	Fuel and Purchased Power Cost Adjustment Revenue	(21,118,387)	21,118,387	-	21,118,387	
5	Energy Efficiency Rider <sup>1</sup>	9,815,238	-	9,815,238	-	
6	RPS Rider <sup>2</sup>	15,114,194	-	15,114,194	-	
7	Total Revenue	\$ 354,584,844		\$ 399,939,632	\$ 45,354,788	12.79%

<sup>1</sup> The Energy Efficiency Rider is set by the Commission in other cases. For the purposes of this illustration, the 2015 percentage is applied to the estimate of Test Year billings subject to EE charges, net of large customer maximums.

<sup>2</sup> The RPS Rider is set by the Commission in other cases. For the purposes of this illustration, charges approved in Case No. 14-00198-UT are applied to the estimated Test Year billings subject to the RPS Cost Rider, net of large customer maximums.

Summary of Settled Rate Increase

Line No.	Description	(1) Test Year Current Revenue (\$)	(2) Rate Case Impacts (\$)	(3) Proposed Revenues <sup>1</sup> (\$)	(4) Net Revenue Increase (\$)	(5) Net Percent Increase (%)
1	Total Base Revenue Excluding Base Fuel and Purchased Power	\$ 188,573,872	\$ 23,498,943	\$ 212,072,815		12.46%
2	Base Fuel and Purchased Power	\$ 162,199,927	\$ (21,118,461)	\$ 141,081,466		-13.02%
3	Total Base Revenue	\$ 350,773,799	\$ 2,380,482	\$ 353,154,281	\$ 2,380,482	0.68%
4	Fuel and Purchased Power Cost Adjustment Revenue	(21,118,461)	21,118,461	-	21,118,461	
5	Energy Efficiency Rider <sup>2</sup>	9,815,238	-	9,815,238	-	
6	RPS Rider <sup>3</sup>	15,114,194	-	15,114,194	-	
7	Total Revenue	\$ 354,584,770		\$ 378,083,713	\$ 23,498,943	6.63%

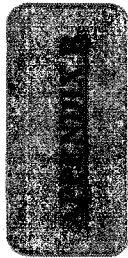
<sup>1</sup> Reflects billing of fuel and non fuel in base rates from proof of revenues.

<sup>2</sup> The Energy Efficiency Rider is set by the Commission in other cases. For the purposes of this illustration, the 2015 percentage is applied to the estimate of Test Year billings subject to EE charges, net of large customer maximums.

<sup>3</sup> The RPS Rider is set by the Commission in other cases. For the purposes of this illustration, charges approved in Case No. 14-00198-UT are applied to the estimated Test Year billings subject to the RPS Cost Rider, net of large customer maximums.

**Southwestern Public Service Company  
Summary of Non-Fuel Revenue Increase by Rate Class**

<b>Rate Class</b>	<b>Present Non-Fuel Base Revenues</b>	<b>Proposed Increase</b>	<b>Percent Increase</b>	<b>Settlement Increase</b>	<b>Percent Increase</b>
Residential Service	\$ 66,035,952	\$ 18,007,271	27.27%	\$ 10,829,661	16.40%
Small General Service	\$ 8,393,384	\$ 2,525,608	30.09%	\$ 1,376,559	16.40%
Commercial and Industrial	\$ 105,015,423	\$ 22,312,085	21.25%	\$ 9,795,536	9.33%
Small Municipal and School Service	\$ 609,579	\$ 164,724	27.02%	\$ 99,978	16.40%
Large Municipal and School Service	\$ 5,115,782	\$ 1,538,027	30.06%	\$ 838,998	16.40%
Municipal Street Lighting Service	\$ 1,605,593	\$ 482,711	30.06%	\$ 263,328	16.40%
Area Lighting Service	<u>\$ 1,798,158</u>	<u>\$ 324,362</u>	18.04%	<u>\$ 294,882</u>	16.40%
Total New Mexico	\$ 188,573,872	\$ 45,354,788	24.05%	\$ 23,498,943	12.46%



**Southwestern Public Service Company**  
**Comparison of Monthly Bills under Current Rates, Proposed Rates, and Settlement Rates**

**Residential Service**

kWh	Summer			Winter			Average Month			Average Month	
	Present	Proposed	Settlement	Present	Proposed	Settlement	Present	Proposed	Settlement	Increase --Settlement	%
100	\$ 18.07	\$ 21.84	\$ 19.88	\$ 17.09	\$ 20.53	\$ 18.30	\$ 17.42	\$ 20.97	\$ 18.83	\$ 1.41	8.10%
250	\$ 32.87	\$ 39.20	\$ 36.45	\$ 30.42	\$ 35.93	\$ 32.51	\$ 31.24	\$ 37.02	\$ 33.82	\$ 2.59	8.28%
500	\$ 57.54	\$ 68.13	\$ 64.07	\$ 52.64	\$ 61.59	\$ 56.18	\$ 54.27	\$ 63.77	\$ 58.81	\$ 4.54	8.36%
750	\$ 82.19	\$ 97.06	\$ 91.69	\$ 74.86	\$ 87.25	\$ 79.86	\$ 77.30	\$ 90.52	\$ 83.80	\$ 6.50	8.41%
1,000	\$ 106.87	\$ 125.99	\$ 119.32	\$ 97.08	\$ 112.91	\$ 103.54	\$ 100.34	\$ 117.27	\$ 108.80	\$ 8.46	8.43%
1,500	\$ 156.21	\$ 183.86	\$ 174.57	\$ 141.52	\$ 164.24	\$ 150.91	\$ 146.42	\$ 170.78	\$ 158.80	\$ 12.38	8.46%
2,000	\$ 205.53	\$ 241.71	\$ 229.81	\$ 185.96	\$ 215.55	\$ 198.26	\$ 192.48	\$ 224.27	\$ 208.78	\$ 16.29	8.46%
3,000	\$ 304.21	\$ 357.43	\$ 340.32	\$ 274.84	\$ 318.18	\$ 292.99	\$ 284.63	\$ 331.26	\$ 308.77	\$ 24.14	8.48%

**Residential Heating Service**

kWh	Summer			Winter			Average Month			Average Month	
	Present	Proposed	Settlement	Present	Proposed	Settlement	Present	Proposed	Settlement	Increase --Settlement	%
100	\$ 18.07	\$ 21.84	\$ 19.88	\$ 15.09	\$ 18.75	\$ 16.79	\$ 16.08	\$ 19.78	\$ 17.82	\$ 1.74	10.80%
250	\$ 32.87	\$ 39.20	\$ 36.45	\$ 25.43	\$ 31.47	\$ 28.76	\$ 27.91	\$ 34.05	\$ 31.32	\$ 3.41	12.23%
500	\$ 57.54	\$ 68.13	\$ 64.07	\$ 42.66	\$ 52.67	\$ 48.70	\$ 47.62	\$ 57.83	\$ 53.82	\$ 6.20	13.03%
750	\$ 82.19	\$ 97.06	\$ 91.69	\$ 59.87	\$ 73.87	\$ 68.63	\$ 67.31	\$ 81.60	\$ 76.32	\$ 9.01	13.38%
1,000	\$ 106.87	\$ 125.99	\$ 119.32	\$ 77.10	\$ 95.07	\$ 88.57	\$ 87.02	\$ 105.38	\$ 98.82	\$ 11.80	13.56%
1,500	\$ 156.21	\$ 183.86	\$ 174.57	\$ 111.56	\$ 137.48	\$ 128.45	\$ 126.44	\$ 152.94	\$ 143.82	\$ 17.38	13.75%
2,000	\$ 205.53	\$ 241.71	\$ 229.81	\$ 146.00	\$ 179.88	\$ 168.31	\$ 165.84	\$ 200.49	\$ 188.81	\$ 22.97	13.85%
3,000	\$ 304.21	\$ 357.43	\$ 340.32	\$ 214.92	\$ 264.68	\$ 248.07	\$ 244.68	\$ 295.60	\$ 278.82	\$ 34.14	13.95%

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN  
PUBLIC SERVICE COMPANY'S  
APPLICATION FOR REVISION OF ITS  
RETAIL RATES UNDER ADVICE NOTICE  
NO. 256,

SOUTHWESTERN PUBLIC SERVICE  
COMPANY, APPLICANT.

Case No. 15-00296-UT

OFFICIAL CERTIFICATE OF SERVICE

I CERTIFY that on this day sent via email to the individuals listed below a true and correct copy of the *Certification of Stipulation* of July 22, 2016.

VIA E-MAIL:

Stephen Fogel  
Jeffrey L. Fornaciari  
Dana S. Hardy  
Richard M. Luth  
Mary P. Schell  
Evan Evans  
Linda Hudgins  
Amy Shelhamer  
Sonya Mares  
Doug Gegax  
Ron H. Moss  
G. Meyer  
Randall Childress  
Benjamin Phillips  
Thomas M. Domme  
Nicole V. Strauser  
Phillip Oldham  
Katherine Coleman  
Germaine Chappelle  
Melissa Trevino  
Anthony J. Trujillo  
Randall Woolridge  
David Pitts  
Jason Marks  
Jill Tauber  
Sara Gersen  
Rick Gilliam  
Joan Drake  
Zoe E. Lees  
Carla Sonntag  
Cholla Khoury

[stephen.e.fogel@xcelenergy.com](mailto:stephen.e.fogel@xcelenergy.com);  
[jfornaciari@hinklelawfirm.com](mailto:jfornaciari@hinklelawfirm.com);  
[dhardy@hinklelawfirm.com](mailto:dhardy@hinklelawfirm.com);  
[mike.luth@xcelenergy.com](mailto:mike.luth@xcelenergy.com);  
[mary.p.schell@xcelenergy.com](mailto:mary.p.schell@xcelenergy.com);  
[evan.d.evans@xcelenergy.com](mailto:evan.d.evans@xcelenergy.com);  
[linda.l.hudgins@xcelenergy.com](mailto:linda.l.hudgins@xcelenergy.com);  
[ashelhamer@courtnelawfirm.com](mailto:ashelhamer@courtnelawfirm.com);  
[smares@hinklelawfirm.com](mailto:smares@hinklelawfirm.com);  
[dgegax@nmsu.edu](mailto:dgegax@nmsu.edu);  
[rhmoos@winstead.com](mailto:rhmoos@winstead.com);  
[gmeyer@consultbai.com](mailto:gmeyer@consultbai.com);  
[randy@childresslaw.com](mailto:randy@childresslaw.com);  
[ben.phillips@pnmresources.com](mailto:ben.phillips@pnmresources.com);  
[tdomme@tecoenergy.com](mailto:tdomme@tecoenergy.com);  
[nvtrauser@tecoenergy.com](mailto:nvtrauser@tecoenergy.com);  
[phillip.oldham@tklaw.com](mailto:phillip.oldham@tklaw.com);  
[katherine.coleman@tklaw.com](mailto:katherine.coleman@tklaw.com);  
[germaine.chappelle@gknet.com](mailto:germaine.chappelle@gknet.com);  
[Melissa\\_Trevino@oxy.com](mailto:Melissa_Trevino@oxy.com);  
[ajt@gknet.com](mailto:ajt@gknet.com);  
[jrwoolridge@gmail.com](mailto:jrwoolridge@gmail.com);  
[david.pitts@gmail.com](mailto:david.pitts@gmail.com);  
[lawoffice@jasonmarks.com](mailto:lawoffice@jasonmarks.com);  
[िताuber@earthjustice.org](mailto:िताuber@earthjustice.org);  
[sgersen@earthjustice.org](mailto:sgersen@earthjustice.org);  
[Rick@votesolar.org](mailto:Rick@votesolar.org);  
[jdrake@modrall.com](mailto:jdrake@modrall.com);  
[zel@modrall.com](mailto:zel@modrall.com);  
[Carla@nmusa.org](mailto:Carla@nmusa.org);  
[ckhoury@nmag.gov](mailto:ckhoury@nmag.gov);

Joseph Yar  
Loretta Martinez  
Andrea Crane  
Steven S. Michel  
Charles F. Noble  
Ramona Blaber  
Don Hancock  
David Van Winkle  
Glenda Murphy  
Megan A. O'Reilly  
Lt. Col John Degnan  
Toribio Garcia  
Thomas Jernigan  
Ebony Payton  
Perry Robinson  
Rebecca A. Carter  
Brian J. Haverly  
Julie Park  
Bradford Borman  
John Reynolds  
Charles Gunter  
Bruno Carrara  
Heidi Pitts  
Elisha Leyba-Tercero  
Milo Chavez  
Judith Amer  
Michael Gorman  
Sally Wilhelms  
Chris Dizon

[Jyar@nmag.gov](mailto:Jyar@nmag.gov);  
[lmartinez@nmag.gov](mailto:lmartinez@nmag.gov);  
[ctcolumbia@aol.com](mailto:ctcolumbia@aol.com);  
[smichel@westernresources.org](mailto:smichel@westernresources.org);  
[noble.ccae@gmail.com](mailto:noble.ccae@gmail.com);  
[Ramona.blaber@sierraclub.org](mailto:Ramona.blaber@sierraclub.org);  
[Sriedon@earthlink.net](mailto:Sriedon@earthlink.net);  
[david@vw77.com](mailto:david@vw77.com);  
[glenda.murphy@westernresources.org](mailto:glenda.murphy@westernresources.org);  
[arcresearchandanalysis@gmail.com](mailto:arcresearchandanalysis@gmail.com);  
[john.degnan@us.af.mil](mailto:john.degnan@us.af.mil);  
[toribio.garcia@us.af.mil](mailto:toribio.garcia@us.af.mil);  
[Thomas.Jernigan.3@us.af.mil](mailto:Thomas.Jernigan.3@us.af.mil);  
[ebony.payton.ctr@us.af.mil](mailto:ebony.payton.ctr@us.af.mil);  
[Perry.Robinson@urenc.com](mailto:Perry.Robinson@urenc.com);  
[racarter@tecoenergy.com](mailto:racarter@tecoenergy.com);  
[bjh@keleher-law.com](mailto:bjh@keleher-law.com);  
[julie.park@state.nm.us](mailto:julie.park@state.nm.us);  
[Bradford.Borman@state.nm.us](mailto:Bradford.Borman@state.nm.us);  
[john.reynolds@state.nm.us](mailto:john.reynolds@state.nm.us);  
[charles.gunter@state.nm.us](mailto:charles.gunter@state.nm.us);  
[Bruno.carrara@state.nm.us](mailto:Bruno.carrara@state.nm.us);  
[Heidi.pitts@state.nm.us](mailto:Heidi.pitts@state.nm.us);  
[Elisha.Leyba-Tercero@state.nm.us](mailto:Elisha.Leyba-Tercero@state.nm.us);  
[Milo.Chavez@state.nm.us](mailto:Milo.Chavez@state.nm.us);  
[Judith.Amer@state.nm.us](mailto:Judith.Amer@state.nm.us);  
[mgorman@consultbai.com](mailto:mgorman@consultbai.com);  
[swilhelms@consultbai.com](mailto:swilhelms@consultbai.com);  
[nwdiver93@gmail.com](mailto:nwdiver93@gmail.com);

**VIA FIRST CLASS**

**POSTAGE PRE-PAID MAIL TO BE MAILED ON JULY 25, 2016:**

Jeffrey L. Fornaciari, Esq.  
Dana S. Hardy, Esq.  
218 Montezuma  
Santa Fe, NM 87501

Steven S. Michel, Esq.  
Western Resource Advocates  
409 East Palace Ave., #2  
Santa Fe, NM 87501

Cholla Khoury, Esq.  
NM Attorney General  
408 Galisteo Street  
Santa Fe, NM 87501

Rebecca Carter  
New Mexico Gas Co.  
7120 Wyoming Blvd. NE  
Albuquerque, NM 87109

Phillip Oldham, Esq.  
Katherine Coleman, Esq.  
Thompson & Knight  
98 San Jacinto Blvd. Ste. 1900  
Austin, TX 78701

Charles F. Noble, Esq.  
CCAE  
409 East Palace Ave., #2  
Santa Fe, NM 87501

Lt Col John Degnan  
AFLOA/JACL-ULFSC  
139 Barnes Dr. Suite 1  
Tyndall AFB, FL 32403-5319

Andrea Crane  
The Columbia Group  
Post Office Box 810  
Georgetown, CT 06829

Joan E. Drake  
Modrall Sperling  
P.O. Box 2168  
Albuquerque, NM 87103-2168

**HAND-DELIVERED:**

Julie Park  
NMPRC-Legal Division  
1120 Paseo de Peralta  
Santa Fe, NM 87501

Milo Chavez  
NMPRC-Utilities Division  
1120 Paseo de Peralta  
Santa Fe, NM 87501

Judith Amer  
NMPRC- Assoc. General  
Counsel  
1120 Paseo de Peralta  
Santa Fe, NM 87501

**DATED** this 22nd day of July 2016.

**NEW MEXICO PUBLIC REGULATION COMMISSION**

  
\_\_\_\_\_  
Ana C. Kippenbrock, Law Clerk

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