

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY’S)
APPLICATION FOR APPROVAL OF ITS 2025-)
2027 TRANSPORTATION)
ELECTRIFICATION PLAN; PROPOSED)
PLAN RIDERS AND CREDIT; AND OTHER)
ASSOCIATED RELIEF,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY, APPLICANT)**

Case No. 24-00120-UT

UPDATED NOTICE TO SPS CUSTOMERS OF PROCEEDING AND HEARING

To Southwestern Public Service Company (SPS or Company) customers: this document is required by the New Mexico Public Regulation Commission (NMPRC or Commission). The purpose of this document is to provide you with notice of the Application SPS filed with the NMPRC requesting approval of its 2025-2027 Transportation Electrification Plan (TEP or Plan) and associated relief. This Updated Notice:

- Describes the NMPRC process for considering SPS’s Application; and
- Describes how you can participate in this process if you wish to do so.

If you wish to participate in this process, the information below details how you may participate. **If you do not wish to participate, no action is required on your part.**

Therefore, **NOTICE** is given by the NMPRC of the following:

On April 1, 2024, Southwestern Public Service Company (SPS) filed its Application (Application) for Approval of its 2025-2027 Transportation Electrification Plan (TEP) in accordance with NMSA 1978, Section 68-8-12 (TE Statute) which was enacted by the New Mexico Legislature in 2019 to expand the electrification of the transportation sector in New Mexico, and Rule 17.9.574 NMAC (Rule 574) governing applications to expand transportation electrification. SPS has requested approval of its total proposed TEP budget of \$23.1M for plan years 2025, 2026 and 2027, and authorization to recover the costs of the TEP through an Electric Vehicle Infrastructure Rider and Electric Vehicle Charging Optimization Credit.

If SPS’s Application is approved, the annualized monthly bill for a typical Residential Service customer that takes electrical service at 900 kWh will increase by \$0.18 or 0.15%; the annualized monthly bill for a typical Residential Heat Service customer that takes electrical service at 1300 kWh

will increase by \$0.20 or 0.14%; the annualized monthly bill for a typical Small General Service customer that takes electrical service at 1,200 kWh will increase by \$0.19 or 0.15%; the annualized monthly bill for a typical Secondary General Service customer that takes electrical service at 15,500 kWh and 46 kW will increase by \$2.05 or 0.14%; the annualized monthly bill for a typical Irrigation Service customer that takes electrical service at 7,400 kWh and 32 kW will increase by \$1.13 or 0.14%; the annualized monthly bill for a typical Primary General Service customer that takes electrical service at 46,000 kWh and 100 kW will increase by \$4.03 or 0.13%; the annualized monthly bill for a typical Large General Service Transmission – 69 kV customer that takes electrical service at 2,000,000 kWh and 3500 kW will increase by \$112.45 or 0.12%; the annualized monthly bill for a typical Large General Service Transmission – 115 kV customer that takes electrical service at 11,000,000 kWh and 18,000 kW will increase by \$574.31 or 0.12%; the annualized monthly bill for a typical Large Municipal and School Service customer that takes electrical service at 17,500 kWh and 65kW will increase by \$2.29 or 0.14%; and the annualized monthly bill for a typical Small Municipal and School Service customer that takes electrical service at 800 kWh will increase by \$0.12 or 0.14%.

SPS's Application requests that the Commission grant the following relief:

- a. approve SPS's TEP, and associated TEP programs;
- b. approve SPS's proposed TEP budget and grant SPS budget flexibility;
- c. reaffirm the Commission-approved process of placing TEP rebates into a regulatory asset, amortizing the rebates over a 10-year amortization period, and earning a return on the asset at SPS's most recently approved weighted average cost of capital (WACC)(7.17%);
- d. approve SPS's proposed revenue requirement for the TEP, including SPS's proposed distribution capital investment;
- e. approve SPS's proposed EV Infrastructure Rider and EV Charging Optimization Credit Rider, as shown in Advice Notice No. 322;
- f. approve SPS's proposed evaluation and reporting criteria;
- g. find that SPS's TEP complies with the TE Statute and Rule 574, is reasonable, prudent, and in the public interest, and that the proposed cost recovery mechanisms set forth in this Application and supporting Direct Testimony and Attachments will provide for the implementation of just and reasonable rates; and
- h. grant to SPS all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for SPS to implement and effectuate the relief granted in this case.

Commission Rule 574.12(C) NMAC requires that the Commission complete its review of a public utility's TEP application no later than six months after the filing of the Application but allows the Commission to extend the review period for an additional three months, should the Commission

find that a longer review period is required. The Commission has set the review period in this case for eight months.

SPS’s TEP presents the following three portfolios that target customers in Residential (including low income) and Commercial segments:

1. **Residential Portfolio**

- (A) Home Charging and Wiring Rebate
- (B) Low-Income Charging and Wiring Rebate
- (C) EV Optimization (Managed Charging)

2. **Commercial Portfolio**

- (A) EV Infrastructure
- (B) Public Fast Charging Rebate
- (C) Commercial Electric Vehicle Supply Infrastructure
- (D) Support Existing Company-Owned Fast Charging
- (E) Distribution
- (F) Line Extensions
- (G) Proactive Feeder Upgrades

3. **Advisory Services**

- (A) Residential Advisory Services
- (B) Fleet and Communities Advisory Services

To estimate the possible bill impact of the TEP, the tables on the following pages present the current bills and anticipated bills under each affected customer class and for the indicated levels of consumption pursuant to SPS’s Plan. The average consumption for each customer class is identified with (A):

Residential Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with Proposed EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
0 kWh	\$11.59	\$11.61	\$0.02	0.17%
250 kWh	\$40.93	\$41.00	\$0.07	0.17%
500 kWh	\$70.28	\$70.38	\$0.10	0.14%
750 kWh	\$99.62	\$99.77	\$0.15	0.15%
900 kWh (A)	\$117.23	\$117.41	\$0.18	0.15%
1,000 kWh	\$128.97	\$129.16	\$0.19	0.15%
2,000 kWh	\$246.36	\$246.72	\$0.36	0.15%

Residential Heat Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
0 kWh	\$11.59	\$11.61	\$0.02	0.17%
250 kWh	\$37.01	\$37.07	\$0.06	0.16%
500 kWh	\$62.44	\$62.54	\$0.10	0.16%
750 kWh	\$87.87	\$88.00	\$0.13	0.15%
1,000 kWh	\$113.29	\$113.46	\$0.17	0.15%
1,300 kWh (A)	\$143.81	\$144.01	\$0.20	0.14%
2,000 kWh	\$215.00	\$215.32	\$0.32	0.15%

Small General Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
0 kWh	\$22.24	\$22.28	\$0.04	0.18%
500 kWh	\$67.32	\$67.42	\$0.10	0.15%
800 kWh	\$94.37	\$94.51	\$0.14	0.15%
1,200 kWh (A)	\$130.44	\$130.63	\$0.19	0.15%
2,000 kWh	\$202.56	\$202.86	\$0.30	0.15%
2,500 kWh	\$247.65	\$248.00	\$0.35	0.14%
7,000 kWh	\$653.37	\$654.30	\$0.93	0.14%

Secondary General Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
5,500 kWh and 25 kW	\$727.80	\$728.88	\$1.08	0.15%
9,500 kWh and 35 kW	\$1,051.35	\$1,052.88	\$1.53	0.15%
15,500 kWh and 46 kW (A)	\$1,453.08	\$1,455.13	\$2.05	0.14%
22,500 kWh and 60 kW	\$1,931.83	\$1,934.52	\$2.69	0.14%
40,000 kWh and 100 kW	\$3,283.32	\$3,287.83	\$4.51	0.14%

Irrigation Power Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
2,200 kWh and 10 kW	\$256.83	\$257.20	\$0.37	0.14%
7,400 kWh and 32 kW (A)	\$784.23	\$785.36	\$1.13	0.14%
10,000 kWh and 35 kW	\$1,024.37	\$1,025.83	\$1.46	0.14%
30,000 kWh and 100 kW	\$2,995.08	\$2,999.35	\$4.27	0.14%

Primary General Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
10,000 kWh and 35 kW	\$981.38	\$982.78	\$1.40	0.14%
22,000 kWh and 60 kW	\$1,742.66	\$1,745.05	\$2.39	0.14%
46,000 kWh and 100 kW (A)	\$3,059.43	\$3,063.46	\$4.03	0.13%
72,000 kWh and 150 kW	\$4,623.13	\$4,629.16	\$6.03	0.13%
128,000 kWh and 250 kW	\$7,832.79	\$7,842.87	\$10.08	0.13%

Large General Service Transmission – 69 kV

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
650,000 kWh and 1,500 kW	\$36,860.53	\$36,907.59	\$47.06	0.13%
2,000,000 kWh and 3,500 kW (A)	\$93,917.26	\$94,029.71	\$112.45	0.12%
4,200,000 kWh and 7,500 kW	\$197,859.55	\$198,097.42	\$237.87	0.12%
5,800,000 kWh and 10,000 kW	\$265,509.96	\$265,828.63	\$318.67	0.12%

Large General Service Transmission – 115 kV+

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
3,500,000 kWh and 6,000 kW	\$160,345.04	\$160,535.97	\$190.93	0.12%
7,600,000 kWh and 12,000 kW	\$326,740.91	\$327,127.25	\$386.34	0.12%
11,000,000 kWh and 18,000 Kw (A)	\$478,944.68	\$479,518.99	\$574.31	0.12%
20,000,000 kWh and 30,000 kW	\$824,545.31	\$825,518.97	\$973.66	0.12%

Large Municipal and School Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
7,500 kWh and 30 kW	\$833.11	\$834.26	\$1.15	0.14%
17,500 kWh and 65 kW (A)	\$1,620.66	\$1,622.95	\$2.29	0.14%
25,000 kWh and 75 kW	\$2,000.21	\$2,002.96	\$2.75	0.14%
36,000 kWh and 100 kW	\$2,725.53	\$2,729.23	\$3.70	0.14%

Small Municipal and School Service

	Annualized Monthly Bill at Present Rates	Annualized Monthly Bill with EV Rider	\$ Change	% Change
Consumption Level	Present	2025	2025	2025
500 kWh	\$60.66	\$60.74	\$0.08	0.13%
800 kWh (A)	\$83.71	\$83.83	\$0.12	0.14%
1,000 kWh	\$99.08	\$99.22	\$0.14	0.14%
2,000 kWh	\$175.91	\$176.15	\$0.24	0.14%

The TEP filing includes SPS's request to continue its existing and approved depreciation rates for the assets included in the TEP.

The TEP filing includes a proposal to continue recording the costs of the rebates paid to customers for charging equipment incentive in a regulatory asset, as approved in SPS's initial TEP in Case No. 20-00150-UT. The regulatory asset balance would be placed on SPS's balance sheet and would be amortized over a ten-year period, earning at SPS's most recently approved WACC. The rebates proposed in the TEP are primarily designed to incentivize and support increasing access to EV charging by assisting customers with the installation of household EV chargers, which have an expected useful life of 10 years.

The TEP filing includes a request to develop a revenue requirement and earn a return on the capital investments made pursuant to the Public Utility Act (PUA). The revenue requirement calculation methodology forecasts the revenue requirement prior to each calendar year which is then trued up to actual costs and actual revenue. SPS will file a true-up annually on August 1. SPS proposes to utilize its most recently approved cost of debt (WACC), Return on Equity (ROE), and capital structure. The costs included in the revenue requirement calculation include the plant placed in service, the associated plant-related costs (depreciation expense, accumulated depreciation, accumulated deferred income tax), operations and maintenance (O&M) expense, income tax expense, and the cost of rebates provided to customers for the installation of the necessary equipment. The proposed revenue requirement calculation also credits any revenues generated by the TEP assets towards the revenue requirement calculation. The projected TEP annual revenue requirement for 2025 is \$1,615,082. On October 1 each year, beginning in 2025, SPS will file the projected revenue requirement and rates with the Commission.

To implement its proposed TEP programs, SPS seeks Commission approval for its proposed Rate No. 78, EV Infrastructure Rider. The EV Infrastructure Rider recovers the EV infrastructure revenue requirement through a percentage-based charge that may vary periodically, to recover SPS's reasonable capital costs for the TEP, as well as O&M and the costs of rebates. The percentage-based charge will apply to the amount charged to each customer for all base rate charges, as provided in the applicable SPS tariff for electric service. The capital recovered in this rider is included in the revenue requirement through the return and depreciation expense components of the revenue requirement. In order to calculate the return component a WACC is necessary. SPS proposes for this rider to use the currently approved WACC of 7.17%, which was approved in Case No. 22-00286-UT. That WACC is based on an ROE of 9.50%, a cost of debt of 4.34% and a capital structure consisting of 54.70% equity and 45.30% debt. To the extent that the approved WACC changes during the TEP plan horizon, SPS will reflect the currently-approved WACC in the EV rider. SPS proposes to calculate the difference between costs and revenue and apply the annual customer deposit interest rate set by the Commission under Section 62-13-13 of the PUA and 17.9.560.12(B)(2)(A) NMAC symmetrically to the difference.

SPS also seeks Commission approval for its proposed Rate No. 80, EV Charging Optimization Credit Rider. For customers participating in the EV Optimization program, the credit is a mechanism by which SPS may issue an annual \$50.00 credit to reward the optimal use of the SPS electric power and delivery system for EV charging. Credits will apply to the customer's bill for SPS electric service each applicable year. A second charging optimization option introduced in this TEP plan referred to as 'Charging Perks' allows SPS to optimize charging customer EVs remotely, as opposed to based on

fixed time period. Participants in the Charging Perks option will be provided with an upfront \$50.00 credit at the time that customer signs up under the program, and an annual \$50.00 credit.

SPS also has an existing Public Electric Vehicle Charging Service Rider, Rate No. 81, which establishes rates for SPS-owned DCFC public charging stations. SPS is not proposing to make any changes to this rate.

SPS currently has an EV Charging Equipment Rider, Rate No. 79. SPS proposes to discontinue its EV Accelerate at Home offering and terminate the EV Charging Equipment Rider on a going-forward basis.

Further information regarding this case can be obtained by contacting SPS or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Case No. 24-00120-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case established in the Hearing Examiners' May 6, 2024 Second Procedural Order is as follows:

a. Any person desiring to become a party (intervenor) to this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC with the Commission's records department at PRC.records@prc.nm.gov on or before July 5, 2024. All motions for leave to intervene must be served on all existing parties and other proposed intervenors of record.

b. The Commission's Utility Division Staff shall, and any intervenors may, file direct testimony on or before July 12, 2024. Staff testimony shall include Staff's opinion and proposed determination on every SPS request.

c. Any stipulation and supporting documents pursuant to 1.2.2.20 NMAC including the reconciliation statement containing the information listed in 1.2.2.36(F) NMAC may be filed by July 19, 2024.

d. Any opposition to a Stipulation shall be filed by July 24, 2024.

e. Testimony in support of any Stipulation, or in the alternative, any rebuttal testimony shall be filed by July 31, 2024.

f. Testimony in opposition to any stipulation shall be filed by August 7, 2024.

g. For direct testimony, any motions in limine, motions to strike testimony, or other prehearing motions must be filed on or before July 26, 2024. Responses to such motions must be filed on or before August 1, 2024.

h. A public hearing will be held beginning at 9:00 a.m. on August 12, 2024 and will continue through August 13, 2024, as determined to be necessary by the Hearing Examiner.

i. The evidentiary hearing will be conducted via the Zoom videoconference platform. Access to and participation in the public hearing shall be limited to party participants (*i.e.*, counsel and witnesses), the Commissioners, and other essential Commission personnel. Any Zoom hearing will be livestreamed through YouTube and will be displayed on the Commission's website at <https://www.nm-prc.org>. Persons not participating in the evidentiary hearing as an attorney or witness may view the hearing on the Commission's website and shall not join the hearing via Zoom except to provide oral comments as allowed below.

j. The Commission's Rules of Procedure (Rule 1.2.2 NMAC) shall apply in this case except as modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and are available online at the official NMAC website: <https://www.srca.nm.gov/nmac-home/nmac-titles/>.

k. Interested persons who are not affiliated with a party may make oral or written comments in accordance with Rule 1.2.2.23(F) NMAC without becoming an intervenor. Oral comments shall be taken at the beginning of the evidentiary hearing on August 12, 2024, and commenters shall be limited to three minutes per comment. As part of the public hearing, public comment will be taken via the Zoom platform; therefore, persons wishing to make an oral public comment must register in advance, not later than 8:30 a.m. MT on August 12, 2024, by emailing Ana Kippenbrock at Ana.Kippenbrock@prc.nm.gov. Written public comments may be submitted before the Commission takes final action in this proceeding by sending the comment, which shall reference Case No. 24-00120-UT, to PRC.records@prc.nm.gov. In accordance with Rule 1.2.2.23(F) NMAC, oral or written comments shall not be considered as evidence in this proceeding.

l. Any interested person may examine SPS's Application and supporting documents and other documents filed in the public record at the Commission's website, <https://www.prc.nm.gov> or contact SPS at 1-800-895-4999, or view SPS's Application and supporting documents at the SPS offices at 111 E. Fifth Street, Roswell, New Mexico, telephone (505) 625-5499 or go to SPS's website, [https://www.xcelenergy.com/company/rates and regulations/filings](https://www.xcelenergy.com/company/rates_and_regulations/filings).

m. Anyone filing pleadings, testimony, or other documents in this case shall (1) serve copies on all parties of record and the Commission Staff via email on the date they are filed with the Commission and (2) comply with the Commission's Electronic Filing Policy, as amended from time to time. The Electronic Filing Policy requires all filings to be made by emailing the filing in PDF format and with electronic signatures to PRC.records@prc.nm.gov within the regular business hours of the due date to be considered timely filed. Documents received after regular business hours will be considered filed the next business day. Regular business hours are 8:00 a.m.–5:00 p.m. MT. All filings shall also be sent to the Hearing Examiners at Elizabeth.Hurst@prc.nm.gov and John.Kreienkamp@prc.nm.gov and shall include versions created in Microsoft Word or other applicable native formats if available.

n. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the Hearing Examiner. Interested persons should contact the Commission at (505) 690-4191 or Ana.Kippenbrock@prc.nm.gov for confirmation of the hearing date, time, and place because hearings are occasionally rescheduled or canceled if deemed not required in the discretion of the Hearing Examiner or the Commission.

o. Any person filing prepared testimony consistent with Rule 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath. No person shall testify at the hearing unless that person has pre-filed testimony.

p. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiners' May 6, 2024, Second Procedural Order.

PERSONS WITH DISABILITIES

ANY PERSON WITH A DISABILITY REQUIRING ACCOMODATION TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT (505) 827-8019 AT LEAST 14 DAYS PRIOR TO THE COMMENCEMENT OF THE HEARING.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico this 6th day of May 2024.

NEW MEXICO PUBLIC REGULATION COMMISSION



Elizabeth C. Hurst

Elizabeth C. Hurst
Hearing Examiner