



NOTICE TO SPS CUSTOMERS

SPS (Southwestern Public Service Company) has filed with the Commission an Application requesting approval of revised New Mexico retail electric rates under NMSA 1978, §§ 62-8-7, 62-3-3(P), and 62-6-14(D) of the Public Utility Act, and Sections 17.1.3 (the “Future Test Year Rule”) and 17.9.530 (“Rule 530”) of the New Mexico Administrative Code (“NMAC”), and for other approvals and authorizations described in the Application. (PRC Case No. 25-00079-UT). The revised rates, set forth in Advice Notice No. 341, would increase SPS’s estimated revenue requirement for New Mexico by \$175,354,544.

Details of SPS’s Application are provided in the next paragraphs.

The Application and supporting documents and other documents are accessible online on SPS’s website, https://www.xcelenergy.com/company/rates_and_regulations/filings, and at www.prc.nm.gov, e-Docket-Case Lookup, Case No. 25-00079-UT.

NO ACTION ON YOUR PART IS REQUIRED UNLESS YOU WANT TO INTERVENE AS A PARTY OR PROVIDE COMMENT ON THE APPLICATION

The major events for public participation in this matter will occur as follows:

- Deadline for motions to intervene to become a party: February 12, 2026
- Deadline for Intervenor’s direct testimony: March 27, 2026
- Deadline for rebuttal testimony: April 17, 2026
- Public Evidentiary Hearing: May 26, 2026 - June 5, 2026

THESE ARE NOT THE ONLY DEADLINES, AND POTENTIAL INTERVENORS ARE ADVISED TO READ THE COMPLETE PROCEDURAL ORDER ISSUED ON DECEMBER 15, 2025.

While there is no set deadline for public comment, we encourage the public to provide comments at their earliest convenience, prior to the conclusion of the case. More details on providing comment and about the public hearing appear on the last page of this document.

How to Intervene (Follow Rule 1.2.2.23 (A) & (B) NMAC). If you wish to become a party to this case, you must file a motion for leave to intervene.

For filing with the Commission (Follow Rule 1.2.2.10 -12 NMAC). All filings must comply with the Commission’s electronic filing requirements. For questions or for more information, contact the prc.records@prc.nm.gov or Consumers Relations Bureau at 1-888-427-5772.

The Rules of Procedure cited above are found at <https://srca.nm.gov/nmac-home/nmac-titles/>. The rules are subject to modifications by the Commission or Hearing Examiners.

SPS’s Application asks the Commission to:

1. Authorize SPS to increase its base rate charges for the New Mexico retail jurisdiction by \$175,354,544, a 24.25% increase over current base rate revenue and 16.73% in total revenues, using: a base period of July 1, 2024 through June 30, 2025 (“Base Period”); a linkage data timeframe of July 1, 2025 through November 30, 2026 (“Linkage Data Timeframe”); and a future test year of December 1, 2026 through November 30, 2027 (“Future Test Year”); a New Mexico retail base rate revenue requirement of \$892,652,373; a return on equity (“ROE”) of 10.5%, a 56% equity ratio, and a 5.29% cost of debt; and an overall weighted average cost of capital (“WACC”) of 8.21%;
2. Approve SPS’s request to include in rate base the capital investment SPS has placed in service or will place in service during the Base Period, Linkage Data Timeframe, and Future Test Year;
3. Authorize SPS to include in rate base new renewable generation and storage projects that will enter service during the Future Test Year, including those approved in Case No. 23-00252-UT: Plant X Solar, Cunningham I Solar, Cunningham II Solar, and Cunningham Battery Energy Storage System (“BESS”); and the Plant X BESS proposed in Case No. 25-00066-UT;
4. Authorize a fair return on and recovery of SPS’s investment in those facilities;
5. Approve updated depreciation rates, including depreciation rates that reflect extended service lives for specified generation units;
6. Approve SPS’s proposed change in authorized equity percentage and capital structure;
7. Allow SPS to recover reasonable operating and administrative expenses, including corporate operation and maintenance (“O&M”) costs, professional dues, community contributions, and rate-case and other regulatory expenses;
8. Authorize SPS to assign all Cunningham BESS costs to New Mexico retail customers;
9. Approve SPS’s proposed treatment of federal tax-credit benefits, including:

- a. Investment Tax Credits (“ITCs”) for the Cunningham and Plant X battery projects, which SPS will amortize over five years to reduce its revenue requirement. SPS will apply a return on the unamortized balance of the monetized ITC at its proposed 8.21 percent WACC, and SPS will recover any transfer costs, capped at ten percent of each ITC’s nominal value, through amortization over the same period as the ITC and apply a return on the unamortized balance at its proposed 8.21 percent WACC;
 - b. Production Tax Credits (“PTCs”) from SPS solar facilities, the value of which SPS has been authorized to provide to customers through the FPPCAC along with transfer costs, will be recorded in a Deferred Tax Asset (“DTA”) to the extent they are unused or not yet transferred with a return at the same cost of capital recovered through base rates; and
 - c. PTC transfer costs for the Hale and Sagamore wind facilities;
- 10. Authorize cost recovery mechanisms to address variable costs, including:
 - a. a property tax tracker for expenses above the Future Test Year baseline;
 - b. an Excess Liability Insurance (“ELI”) expense tracker consistent with the Commission’s Final Order in Case No. 25-00030-UT;
 - c. recovery of SPS’s Southwest Power Pool deficiency payments through the Fuel and Purchased Power Cost Adjustment Clause (“FPPCAC”);
- 11. Approve SPS’s request to recover previously approved regulatory assets and fixed deferrals, including:
 - a. a two-year amortization of deferred Excess Liability Insurance (“ELI”) premiums (Case No. 25-00030-UT);
 - b. a two-year amortization of the remaining investment in legacy meters (Case No. 22-00178-UT); and
 - c. recovery of Community Solar Program costs, including regulatory and information technology expenses (Case No. 23-00071-UT);
- 12. Permit SPS to retain 10% of off-system sales margins from the Cunningham and Plant X Solar Projects;
- 13. Approve SPS’s rate case and other regulatory expenses, including recovery of deferred expenses from prior proceedings;
- 14. Approve SPS’s Electric Affordability Program to assist income-eligible residential customers under NMSA 1978, § 62-8-6 (2025);
- 15. Approve SPS’s proposed rate design and cost allocation, including its proposed jurisdictional allocation.
- 16. Set a public hearing concerning the justness and reasonableness of SPS’s proposed rates; and

17. Grant all other approvals, authorizations, and variances that the Commission determines are necessary for SPS to effectuate and implement the relief granted in this case.

The proposed rate changes will affect all retail customers and customer classifications. The present and proposed rates for each customer class proposed by SPS are provided in the QR Code.

The proposed changes in rates stated by class and by consumption levels are for informational purposes only and the final rate design may vary the rates ultimately charged to each class and for each consumption level.

Scan to view SPS's proposed rates



<https://www.prc.nm.gov>

SPS also is proposing to modify the following rate tariff provisions:

- a) Rate Nos. 1 and 39, Residential Service and Residential Heating Service – update Service Availability Charges (to 75% of allocated class cost of service where applicable), revise seasonal and Time-of-Use energy charges to reflect proposed rates, and shift summer On-Peak Hours from 12 p.m.–6 p.m. weekdays to 1 p.m.–8 p.m. daily;
- b) Rate No. 3, Irrigation Power Service – update Service Availability, demand, and Time-of-Use energy charges to reflect proposed rates and shift summer On-Peak Hours to 1 p.m.–8 p.m. daily;
- c) Rate No. 6, Small General Service – revise Applicability, update Service Availability Charges (including Optional Unmetered Service), revise seasonal

and Time-of-Use energy charges to reflect proposed rates, and shift summer On-Peak Hours to 1 p.m.–8 p.m. daily;

- d) Rate Nos. 13 and 40, Primary General Service and Secondary General Service – revise Applicability where applicable, update Service Availability and energy charges, restructure Demand Charges into separate Distribution Demand and seasonal Generation & Transmission Demand components, modify Power Factor Adjustment charges, and discontinue Power Factor credits;
- e) Rate Nos. 14 and 28, Municipal Street Lighting Service and Area Lighting Service – update monthly rates per lamp type/size and per-kWh rates for customer-owned systems to reflect proposed rates;
- f) Rate Nos. 16 and 42, Large Municipal and School Service and Small Municipal and School Service – revise Applicability, update Service Availability, demand, and Time-of-Use energy charges to reflect proposed rates, shift summer On-Peak Hours to 1 p.m.–8 p.m. daily, update optional unmetered service rates where applicable, modify Power Factor Adjustment charges, and discontinue Power Factor credits;
- g) Rate No. 26, Miscellaneous Service Charges – update Returned Check, After-Hours Connection, Reconnect, Special Bill Form, Restoration of Tampered Service, Account History, Out-of-Cycle Meter Reading, and Switchover Policy charges to reflect proposed rates;
- h) Rate No. 27, SLCA Integrated Projects Energy Rider for Cannon Air Force Base – update Energy and Demand Credits, and revise SPS loss percentage;
- i) Rate No. 34, Large General Service – Transmission – update Service Availability, energy, and seasonal demand charges for both Sub-Transmission (69 kV) and Backbone Transmission (115 kV and above), revise Determination of Demand provisions, modify Power Factor Adjustment charges, and discontinue Power Factor credits;
- j) Rate No. 72, Fuel and Purchased Power Cost Adjustment Clause – add provisions for an Optional Time-of-Use Pilot Rate (including Applicability, Availability, On-Peak/Off-Peak hours, and Monthly Rate);

- k) Rate No. 73, General Service – Time of Use Rate – revise Applicability, update Service Availability, On-Peak/Off-Peak energy, Distribution Demand, and Transmission Demand charges to reflect proposed rates, shift summer On-Peak Hours to 1 p.m.–8 p.m. daily, and modify Power Factor charges;
- l) Rate No. 85, Standby Service Rider – shift summer On-Peak Hours to 1 p.m.–8 p.m. daily, revise Supplementary Power terms, update Service Availability and Meter Charges, revise standby generation/transmission reservation and energy charges (seasonally differentiated where applicable) under both Option 1 and Option 2 for 69 kV and 115 kV-and-above classes, and modify Power Factor charges;
- m) Rate No. 87, Community Solar Program Credit Rider – revise Solar Bill Credit Rate calculations and components, add 69 kV and 115 kV-and-above transmission classes to credit tables, and update Appendix A CSP Component Costs per kWh;
- n) Rate No. 89, Electric Affordability Program – new rider (substantially unchanged from prior New Mexico rate case) to mitigate bill impacts for qualified low-income residential customers;
- o) Rate No. 91, Large Customer RenewableConnect Rate Rider – revise summer and winter RenewableConnect Unbundled Production Credits; and
- p) Finally, SPS is proposing a modification to Rule No. 16, Extensions to Customers. Specifically, SPS is proposing updates to the line extension policy to better align with modern infrastructure needs, improve coordination with third-party vendors, enhance wildfire mitigation efforts, and ensure equitable cost distribution.

PUBLIC HEARING

A public hearing will be held beginning at **9:00 a.m. on May 26, 2026, and will continue through June 5, 2026**. The public hearing is where the Commission receives testimony, exhibits, and legal arguments about the Application. Members of the public can watch the hearing via a livestream on the Commission’s YouTube channel and its website,

<https://www.prc.nm.gov/public-hearings/>. Please contact the Commission for confirmation of the hearing because hearings are occasionally cancelled or rescheduled.

PUBLIC COMMENT

If you are interested in the case but do not wish to become a party, you may make oral or written comment as allowed by Rule 1.2.2.23(F) NMAC. The Commission will host a public comment session at which members of the public may make comments in person. The date, time, and place of the public comment session will be announced on the Commission's website.

Public comment can be provided at Commission open meetings. The open meetings schedule is available on the Commission website at www.prc.nm.gov/nmprc-open-meeting-agenda/.

Public comment will not be taken at the evidentiary hearing because comments are not evidence. You may send written comments before the Commission takes final action by sending the comment, which must specifically reference Case No. 25-00079-UT, to prc.records@prc.nm.gov, or Commission Records Management Bureau, P.O. Box 1269, Santa Fe, NM 87504. The Commission may be reached by telephone at 1-888-427-5772.

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER, OR ANY OTHER FORM OF AUXILIARY AID OR SERVICE TO ATTEND OR PARTICIPATE IN THE HEARING. OR FOR A SUMMARY OR OTHER TYPE OF ACCESSIBLE FORMAT OF PUBLIC DOCUMENTS, PLEASE CONTACT THE DIRECTOR OF ADMINISTRATIVE SERVICES OF THE COMMISSION AT (505) 827-8019 AS SOON AS POSSIBLE PRIOR TO THE HEARING.

Anyone needing more information about this case may contact the Commission by phone at (505) 827-4084 or 1-888-427-5772 or by email at Ryan.Jimenez@prc.nm.gov