

**SOAH DOCKET NO. 473-25-09020
DOCKET NO. 57463**

APPLICATION OF SOUTHWESTERN	§	BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR	§	
APPROVAL OF ITS TRANSMISSION	§	OF
AND DISTRIBUTION SYSTEM	§	
RESILIENCY PLAN	§	ADMINISTRATIVE HEARINGS

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Stipulation”) is entered into by and among Southwestern Public Service Company (“SPS”), the Office of Public Utility Counsel (“OPUC”), the Alliance of Xcel Municipalities (“AXM”), Texas Industrial Energy Consumers (“TIEC”), Walmart Inc. (“Walmart”), IBEW Local Union 602 (“IBEW”), Golden Spread Electric Cooperative, Inc. (“GSEC”), and Staff of the Public Utility Commission of Texas (“Staff”) (collectively, the “Signatories,” and each individually, a “Signatory”), through their duly-authorized representatives. The Signatories agree that this Stipulation results in a reasonable resolution of all issues in this proceeding in a manner that serves the public interest. Therefore, in consideration of the mutual agreements expressed herein, the Signatories stipulate and agree as follows.

I. BACKGROUND

SPS is a public utility as defined in § 11.004(1) of the Public Utility Regulatory Act (“PURA”)¹ and an electric utility as that term is defined in PURA § 31.002(6). On December 31, 2024, SPS filed its application for Approval of its Transmission and Distribution System Resiliency Plan (“SRP” or “Plan”) (“Application”) and supporting direct testimony with the Public Utility Commission of Texas (“Commission”).¹ SPS’s Application requested approval of the SRP

¹ SPS filed its Application on December 30, 2024 after 5:00 p.m. (See 16 TAC §22.71(g)).

to enhance the resiliency of SPS's transmission and distribution systems in Texas (the "SPS System"), including \$538.3 million of investments tailored to the characteristics of its service area to be implemented in years 2025-2028, or at least three years after approval of the SRP. SPS's proposed Plan consisted of five measures: (1) Distribution Overhead Hardening; (2) Distribution System Protection Modernization; (3) Communication Modernization; (4) Operational Flexibility; and (5) Wildfire Mitigation.

II. STIPULATION

This Stipulation resolves all issues in this proceeding, and the Stipulation is binding on each of the Signatories for the purpose of resolving issues set forth in the Stipulation. By this Stipulation, the Signatories agree to the following terms in settlement of all issues in this proceeding, and agree as follows:

A. Regulatory Approval.

The Signatories agree that the Commission should issue a final order approving SPS's Application as amended and modified by the agreed terms and conditions provided in Section II.B of this Stipulation.

B. Agreed Terms and Conditions.

- 1. Sufficiency of Application.** SPS's Application and Plan (Attachment A to the Application), meet the standards for approval under PURA § 38.078 and the Resiliency Rule, are in the public interest, and should be approved, subject to the following modifications.

2. Plan Measures. The following measures in SPS's Application should be approved:

a. (1) Distribution Overhead Hardening; (2) Distribution System Protection Modernization; (3) Communication Modernization; and (4) Wildfire Mitigation, as set forth in SPS's Plan provided with its Application, subject to the following modifications:

- i. SPS agrees to remove the five lowest-BCR Distribution Overhead Hardening projects within the Tier 1 wildfire risk area, totaling approximately \$5.9 million;
- ii. SPS agrees to separately track costs under (1) the following existing programs: Wood Pole Inspection and Treatment, Routine Overhead System Maintenance, Feeder Performance Improvement Program, and Advanced Capital Projects Initiative and (2) the Distribution Overhead Hardening measure proposed in the SRP. SPS agrees to report these costs separately in SPS's annual resiliency plan report required by 16 TAC § 25.62(g), including any overlap between the existing programs and the Distribution Overhead Hardening measure;
- iii. SPS agrees to separately track costs under (1) its existing Fault Location Isolation and Service Restoration Project and (2) the Distribution System Protection Modernization measure proposed in the SRP. SPS agrees to report these costs separately in SPS's annual resiliency plan report required by 16 TAC § 25.62(g), including any overlap between the existing programs and the Distribution System Protection Modernization measure;
- iv. SPS agrees, with respect to the private long term evolution ("pLTE")

projects in the Communication Modernization measure that, after installation, it will evaluate opportunities to rent space on its pLTE towers, pursuant to Xcel Energy Inc.'s standard review and approval process. Should SPS receive any revenue associated with renting available space on its SRP-related pLTE towers to third parties, it will incorporate any revenue recorded as a revenue credit in its test-year cost of service in a base rate case proceeding; and

- v. SPS commits to providing detailed explanations of variances of +/-30% of the estimated costs of individual projects included in the annual SRP report; in addition, a discussion of corrective actions for similar planned SRP projects should also be included in the annual SRP report.

- b. SPS agrees to remove its proposed Operational Flexibility measure from the SRP; however, the Signatories acknowledge that SPS may add mobile substations and transmission switches as it deems appropriate, subject to prudence review in a future proceeding.

- 3. Plan timeline.** SPS should be authorized to implement the Plan through at least three years after final approval of the Plan, unless SPS requests to amend the Plan with the amendment to take effect no later than three years from this approval.
- 4. Functionalization.** SPS shall functionalize for Texas retail ratemaking purposes all optical ground wire, remote terminal unit investment, and pLTE tower investment to FERC account 397 – General Plant until its next base rate case, at which time parties can take whatever positions they choose as to the proper functionalization and allocation of these type of investments in that rate case.

- 5. Flexibility in Implementation.** SPS shall have flexibility in implementation of its Plan, as set forth in the Direct Testimony of Casey S. Meeks at pages 18 – 19, to adjust the selection of proposed programs within measures, or to adjust budgets and expenses between measures, without changing the total cost of the overall Plan as approved, in order to accommodate potential changes in conditions or technologies as they are encountered, as well as flexibility in terms of its business operations, timing, and methods for implementing the SRP, subject to the following limitations:
- a. SPS agrees not to shift proposed Plan dollars between distribution and transmission functions;
 - b. SPS agrees not to shift proposed Plan dollars between capital expenditures and O&M expense; and
 - c. SPS agrees not to shift proposed Plan dollars in a manner that would increase or decrease the total cost of any measure by more than 20% (except related to reallocations from the Wildfire Mitigation measure).
- 6. Cost deferral.** SPS should be authorized to defer all of the distribution-related costs and establish a regulatory asset, including depreciation expense and carrying costs at the weighted average cost of capital established in the Commission’s final order in SPS’s most recent base-rate proceeding, which shall be updated in accordance with subsequent such final orders. SPS shall maintain its books and records related to the regulatory asset approved in this proceeding in such a manner that all costs recorded in the regulatory asset are supported in sufficient detail to enable a comprehensive reconciliation and review of the prudence, reasonableness, and necessity of all amounts recovered through rates, as well as demonstrate compliance with the provisions of PURA Chapter 36. This must include

the dates when the individual resiliency-related projects began providing service to the public, as well as supporting documentation for the costs associated with the individual resiliency-related projects.

7. **AXM Expenses.** Within 30 days of the Commission’s final order in this SRP proceeding, SPS shall reimburse AXM for its reasonable expenses incurred through the completion of this proceeding. SPS will defer these costs for recovery in a future proceeding. Similarly, within 30 days of a final order, SPS will reimburse AXM for its reasonable expenses incurred through completion of SPS’s next SRP application. SPS will defer these costs for recovery in a future proceeding. SPS agrees to reimburse AXM for its reasonable expenses incurred in participating in each of SPS’s annual resiliency plan report proceedings applicable to this SRP required by 16 TAC § 25.62(g). SPS will not defer these costs for recovery in a future proceeding.
8. **SPS Expenses.** SPS’s expenses associated with this SRP proceeding will be deferred and reviewed in SPS’s next rate case, where parties may take any position as to reasonableness and necessity of the expenses, as well as whether recovery of deferred expenses from customers is appropriate. Deferral of the review of SPS’s requested expenses is not a guarantee of future recovery.
9. **Grant Funding.** SPS will evaluate and pursue appropriate grant funding when available, for example, through the Department of Energy’s Grid Resilience and Innovation Partnerships Program.
10. **Evaluation Metrics.** The following evaluation metrics should be approved:
 - a. Rolling 5-Year Average System Average Interruption Duration Index (“SAIDI”), modified to track resiliency events by subtracting normalized SAIDI from Total

- SAIDI, resulting in tracking Major Event Days as a proxy for resiliency events;
- b.** Rolling 5-Year Average System Average Interruption Frequency Index (“SAIFI”), modified to track resiliency events by subtracting normalized SAIFI from Total SAIFI;
 - c.** Storm Restoration Duration as set forth in the Plan;
 - d.** Average Hardened Protection Zone (“AHPZ”) Customer Minutes Interrupted (“CMI”) versus Average Protection Zone (“APZ”) CMI Comparison by County (Hardened Only);
 - e.** AHPZ CMI Percentage Improvement;
 - f.** Radio Access Network (“RAN”) Tower Completion as set forth in the Plan;
 - g.** End-Device Connectivity as set forth in the Plan;
 - h.** Units Completed in Defensible Space Around Poles (“DSAP”) as set forth in the Plan;
 - i.** Transmission Inspections as set forth in the Plan;
 - j.** Number of Artificial Intelligence (“AI”) camera fire detections;
 - k.** Number of wildfire ignitions associated with electric overhead power lines within each wildfire tier;
 - l.** Number of downed transmission and distribution wires within each wildfire risk tier;
 - m.** Total number of wildfires reported by the National Interagency Fire Center in Texas counties in which SPS provides electric service; and
 - n.** Percentage of on-cycle vegetation management activities for transmission and distribution assets in each wildfire risk tier.

11. No Prejudice. It is the intent of the Signatories that this Stipulation fully resolves the issues contained in this SRP but will be non-precedential with respect to future SRP filings or rate cases, except to the extent necessary to enforce the terms of the Stipulation, with the Commission not endorsing or approving any principle or methodology that may underlie the Stipulation. This Stipulation is with no prejudice to any party as to any argument or position it may take with respect to future SRP filings.

C. Obligation to Support this Stipulation.

The Signatories support this Stipulation and support the Commission's entry of an order consistent with this Stipulation. The Signatories agree that the Commission should issue the proposed order, included as Attachment A to this Stipulation, which is consistent with the terms of this Stipulation.

D. Agreed Evidence.

The Signatories agree to the admission into evidence of the documents listed in the Agreed Motion to Admit Evidence, included as Attachment B to this Stipulation.

E. Effect of Stipulation.

The Signatories arrived at this Stipulation through negotiation and compromise. The Stipulation reflects a compromise, settlement, and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that the Stipulation is in the public interest. All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order consistent with this Stipulation. If the Commission does not accept the Stipulation as presented or enters an order inconsistent with any material term of this Stipulation, any Signatory shall be released from all commitments and obligations and shall have the right to seek hearing on all issues, present

evidence, and advance any positions it desires, as if it had not been a Signatory.

This Stipulation is binding on each Signatory only for the purpose of settling the issues as set out herein and for no other purpose. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation, including all terms provided herein, shall not be binding or precedential on a Signatory outside of this case except for a proceeding to enforce the terms of this Stipulation. The Signatories acknowledge and agree that a Signatory's support of the matters contained in this Stipulation may differ from its position or testimony in other proceedings. To the extent there is a difference, a Signatory does not waive its position in such other proceedings. Because this is a settlement agreement, a Signatory is under no obligation to take the same position as set out in this Stipulation in any other proceeding not referenced in this Stipulation, whether that proceeding presents the same or a different set of circumstances, except as may otherwise be explicitly provided in the Stipulation. A Signatory's agreement to entry of a final order of the Commission consistent with this Stipulation should not be regarded as an agreement to the appropriateness or correctness of any assumption, methodology, or legal or regulatory principle that may have been employed in reaching this Stipulation.

The Stipulation is not tied to any particular litigation position espoused by a party. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other proceeding, and the failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding. The terms of this Stipulation may not be used either as an admission or concession or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of settlement negotiations may not be used for any purpose other than as

necessary to support the entry by the Commission of an order implementing the Stipulation. All oral or written statements made during the course of settlement negotiations are governed by TEX. R. EVID. 408.

There are no third-party beneficiaries of this Stipulation. This Stipulation contains the entire understanding and agreement of the Signatories and supersedes all other written and oral exchanges or negotiations among the Signatories or their representatives with respect to the subjects contained herein. Neither this Stipulation nor any of the terms of this Stipulation may be altered, amended, waived, terminated, or modified, except by written agreement properly executed by the Signatories.

F. Execution.

The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures. Each person executing this Stipulation represents that he or she is authorized to sign on behalf of the party represented.

AGREED:

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**SOAH DOCKET NO. 473-25-09020
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APPLICATION OF SOUTHWESTERN	§	BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR	§	
APPROVAL OF ITS TRANSMISSION AND	§	OF
DISTRIBUTION SYSTEM RESILIENCY	§	
PLAN	§	ADMINISTRATIVE HEARINGS

PROPOSED ORDER

This Order addresses the application of Southwestern Public Service Company (SPS) for Approval of its Transmission and Distribution System Resiliency Plan filed on December 31, 2024. SPS and the other parties to this proceeding, the Office of Public Utility Counsel (OPUC), the Alliance of Xcel Municipalities (AXM), Texas Industrial Energy Consumers (TIEC), Walmart Inc. (Walmart), IBEW Local Union 602 (IBEW), Golden Spread Electric Cooperative, Inc. (GSEC), and Commission Staff, (collectively, the signatories) entered into a Unanimous Stipulation and Settlement Agreement (agreement) that resolves all issues among them.

The Commission finds that SPS's proposed system resiliency plan, as modified by the agreement, is in the public interest under PURA § 38.078(e) and approves SPS's system resiliency plan to the extent provided in this Order.

I. FINDINGS OF FACT

The Commission makes the following findings of fact.

Applicant

1. SPS is a New Mexico corporation registered with the Texas secretary of state under filing number 1392306.
2. SPS owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.
3. SPS is required under certificate of convenience and necessity number 30153 to provide service to the public and retail electric utility service within its certificated area.

Application

4. On December 31, 2024¹, SPS filed the application at issue in this proceeding seeking approval of a system resiliency plan, including \$538.3 million of investments tailored to the

¹ SPS filed its Application on December 30, 2024 after 5:00 p.m. (See 16 TAC §22.71(g)).

characteristics of its service area.

5. In the application, SPS requested the following:
 - a. a Commission finding that SPS's proposed system resiliency plan is in the public interest and compliant with 16 TAC § 25.62 and approval of the proposed system resiliency plan without modification, including SPS's requested flexibility in implementation;
 - b. Commission authorization for SPS to implement the system resiliency plan through 2028 or at least three years after any approval of the system resiliency plan, whichever is later, unless SPS requests to amend the system resiliency plan with the amendment to take effect no later than three years from an approval of the system resiliency plan;
 - c. Commission authorization for SPS to establish a regulatory asset to capture distribution-related costs related to the implementation of the system resiliency plan and a twelve-month amortization period for the regulatory asset;
 - d. Commission authorization for SPS to defer all costs associated with the preparation and defense of its application; and
 - e. Commission approval of SPS's proposed evaluation metrics.
6. On January 23 and April 11, 2025, SPS filed errata to the application.
7. No party challenged the sufficiency of the application, and the presiding officer did not file a written order concluding material deficiencies exist.

Notice

8. On December 31, 2024, SPS provided notice of its application to all parties in SPS's most recent base rate proceeding, Docket No. 54634,² to all municipalities in SPS's service area that have retained original jurisdiction, to OPUC, and to the Southwest Power Pool (SPP).
9. On January 16, 2025, SPS filed the affidavits of Brad Baldridge, SPS's Senior Director of Customer and Community Relations, and Scottie D. Agnew, SPS's Regulatory Case Specialist, attesting that notice was provided as described above.

² *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 54634, Order (Apr. 11, 2024).

10. On January 27, 2025, Commission Staff recommended that SPS's notice meets the requirements of 16 TAC § 25.62(d)(1) and be found sufficient.
11. No party objected to the adequacy of notice of the application.
12. SPS's notice is sufficient.

Intervenors

13. Commission Staff participated in this docket.
14. In State Office of Administrative Hearings (SOAH) Order No. 2 filed on January 22, 2025, the SOAH administrative law judge (ALJ) granted intervenor status to OPUC, TIEC, GSEC, and IBEW.
15. In SOAH Order No. 3 filed on January 23, 2025, the SOAH ALJ granted intervenor status to AXM.
16. In SOAH Order No. 5 filed on March 17, 2025, the SOAH ALJ granted intervenor status to Walmart.

Referral to SOAH and SOAH Proceedings

17. On January 2, 2025, the Commission referred this docket to SOAH for a hearing on the merits.
18. In SOAH Order No. 4, issued January 7, 2025, the SOAH ALJ adopted a procedural schedule, set a hearing on the merits, and addressed procedures for discovery and the submission of evidence.
19. On January 27, 2025, Commission Staff recommended that SPS's application is sufficient for further review. No party objected to the sufficiency of the application.
20. On March 24, 2025, SPS filed an agreed motion to abate, stating that SPS, OPUC, TIEC, GSEC, IBEW, Walmart, AXM and Staff had reached a unanimous agreement resolving all issues regarding its proposed system resiliency plan, and requesting that the SOAH ALJ cancel the hearing on the merits.
21. In SOAH Order No. 6 issued the same day, the SOAH ALJ granted the agreed motion to abate, canceled the hearing scheduled for March 25 and 26, 2025, and required that the parties file, on or before April 7, 2025, a settlement agreement with supporting materials or a status report on the settlement negotiations.
22. On April 18, 2025, the signatories filed the agreement resolving the issues between themselves.

23. In SOAH Order No. ___ filed on _____ 2025, the SOAH ALJ remanded this proceeding to the Commission.

Testimonies and Statements of Position

24. On December 31, 2024, SPS filed the direct testimonies of Adrian J. Rodriguez, Brooke A. Trammell, Casey S. Meeks, Brianne R. Jole, Wendall A. Reimer, Jason D. De Stigter, Anne Z. Sherwood, and Ryan Brockbank with its application.
25. On February 28, 2025, OPUC filed the direct testimonies of John Haselden and Ronald L. Keen.
26. On February 28, 2025, AXM filed the direct testimony of Karl J. Nalepa.
27. On February 28, 2025, Walmart filed the direct testimony of Eric S. Austin.
28. On February 28, 2025, TIEC filed the direct testimony of Shawn McGlothlin.
29. On March 7, 2025, Commission Staff filed the direct testimonies of Charles Bondurant, David Bautista, Eduardo Acosta, Michael Noth, and Ruth Stark.
30. On March 17, 2025, SPS filed the rebuttal testimonies of Brooke A. Trammell, Casey S. Meeks, Brianne R. Jole, Wendall A. Reimer, and Anne Z. Sherwood.
31. On March 19, 2025, GSEC filed a statement of position.
32. On March 19, 2025, IBEW filed a statement of position.
33. On March 20, 2025, SPS substituted witness Carolyn A. Lee for witness Anne Z. Sherwood through a Notice of Substitution.
34. On _____, 2025, SPS filed the testimony of Brooke A. Trammell, in support of the agreement.
35. On _____, 2025, _____ filed the testimony of _____, in support of the agreement.

Evidentiary Record

36. In SOAH Order No. ___, issued on _____ 2025, the SOAH ALJ admitted the following evidence into the record:
- a. SPS's complete application, including all attachments, filed on December 31, 2024;
 - b. the direct testimonies and attachments of SPS witnesses Adrian J. Rodriguez, Brooke A. Trammell, Casey S. Meeks, Brianne R. Jole, Wendall A. Reimer, Jason D. De Stigter, Anne Z. Sherwood, and Ryan Brockbank

- filed on December 31, 2024;
- c. SPS's proof of notice, filed on January 16, 2025;
 - d. SPS's errata, filed on January 23, 2025;
 - e. the direct testimonies and attachments of OPUC witnesses John Haselden and Ronald L. Keen, filed on February 28, 2025;
 - f. the direct testimony and attachments of AXM witness Karl J. Nalepa, filed on February 28, 2025;
 - g. the direct testimony and attachments of Walmart witness Eric S. Austin, filed on February 28, 2025;
 - h. the direct testimony, attachments and workpapers of TIEC witness Shawn McGlothlin, filed on February 28, 2025;
 - i. the direct testimonies and attachments of Staff witnesses Charles Bondurant, David Bautista, Eduardo Acosta, Michael Noth, and Ruth Stark filed on March 7, 2025;
 - j. the rebuttal testimonies and attachments of SPS witnesses Brooke A. Trammell, Brianne R. Jole, Casey S. Meeks, Wendall A. Reimer, and Anne Z. Sherwood filed on March 17, 2025;
 - k. SPS's notice of substitution of witness (Carolyn A. Lee for Anne Z. Sherwood) filed on March 20, 2025;
 - l. SPS's second errata, filed on April 11, 2025;
 - m. the agreement and its attachments, filed on April 18, 2025;
 - n. the testimony and attachment in support of the agreement of SPS witness Brooke A. Trammell filed on _____, 2025; and
 - o. the testimony in support of the agreement of _____ witness _____, filed on _____, 2025.

Agreement

- 37. The agreement was executed by SPS, OPUC, TIEC, AXM, Walmart, IBEW, GSEC, and Staff.
- 38. The agreement resolves all disputed issues among the parties in this proceeding.
- 39. The signatories agree that SPS's application and system resiliency plan, as modified by the terms and conditions of the agreement, meet the standards of approval under PURA § 38.078

and the Commission's requirements for approval under 16 TAC § 25.62, is in the public interest, and should be approved.

Resiliency Measures

40. Under the agreement, the signatories agree that the Commission should approve four measures contained in SPS's application: (1) Distribution Overhead Hardening; (2) Distribution System Protection Modernization; (3) Communication Modernization; and (4) Wildfire Mitigation, as set forth in SPS's system resiliency plan.
41. The signatories agree to remove the Operational Flexibility measure from the system resiliency plan. However, the signatories acknowledge that SPS may add mobile substations and transmission switches as it deems appropriate, subject to prudence review in a future proceeding.
42. The signatories agree to remove the five lowest-BCR Distribution Overhead Hardening projects within the Tier 1 wildfire risk area, totaling approximately \$5.9M.
43. The signatories agree that, after installation of the private long-term evolution (pLTE) projects in the Communication Modernization measure, SPS will evaluate opportunities to rent space on its pLTE towers, pursuant to Xcel Energy's standard review and approval process. Should SPS receive any revenue associated with renting available space on its system resiliency plan-related pLTE towers to third parties, it will incorporate any revenue recorded as a revenue credit in its test year cost of service in a base rate case proceeding.

Cost Management

44. The signatories agree that SPS will separately track costs under (1) the following existing programs: Wood Pole Inspection and Treatment, Routine Overhead System Maintenance, Feeder Performance Improvement Program, and Advanced Capital Projects Initiative and (2) the Distribution Overhead Hardening measure proposed in the system resiliency plan. SPS agrees to report these costs separately in SPS's annual resiliency plan report required by 16 TAC § 25.62(g), including any overlap between the existing programs and the Distribution Overhead Hardening measure.
45. SPS agrees to separately track costs under (1) its existing Fault Location Isolation and Service Restoration Project and (2) the Distribution System Protection Modernization measure proposed in the system resiliency plan. SPS agrees to report these costs separately in SPS's annual resiliency plan report required by 16 TAC § 25.62(g), including any overlap

between the existing programs and the Distribution System Protection Modernization measure.

46. The signatories agree that SPS will providing detailed explanations of variances of +/-30% of the estimated costs of individual projects included in the annual system resiliency plan report. SPS will also include a discussion of corrective actions for similar planned system resiliency projects in the annual report.

Cost Functionalization

47. The signatories agree that SPS will functionalize all optical ground wire, remote terminal unit investment, and pLTE tower investment to FERC account 397 – General Plant until its next base rate case, at which time parties can take whatever positions they choose as to the proper functionalization and allocation of these type of investments in that rate case.

Approval to Create a Regulatory Asset

48. The signatories agree that the Commission should authorize SPS to defer all of the distribution-related costs and establish a regulatory asset, including depreciation expense and carrying costs at the weighted average cost of capital established in the Commission's final order in SPS's most recent base-rate proceeding, which will be updated in accordance with subsequent such final orders.
49. The signatories agree that SPS will maintain its books and records related to the regulatory asset in such a manner that all costs recorded in the regulatory asset are supported in sufficient detail to enable a comprehensive reconciliation and review of the prudence, reasonableness, and necessity of all amounts recovered through rates, as well as demonstrate compliance with the provisions of PURA Chapter 36. This must include the dates when the individual resiliency-related projects began providing service to the public, as well as supporting documentation for the costs associated with the individual resiliency-related projects.
50. The signatories agree that recovery of SPS's expenses associated with this system resiliency plan proceeding will be deferred and reviewed in SPS's next rate case, where parties may take any position as to reasonableness and necessity of the expenses as well as whether recovery of deferred expenses from ratepayers is appropriate. Deferral of the review of SPS's requested expenses is not a guarantee of future recovery.
51. The signatories agree that SPS will evaluate and pursue appropriate grant funding when

available, for example, the Department of Energy's Grid Resilience and Innovation Partnerships Program.

Participating Municipal Groups' Expenses

52. The signatories agree that, within 30 days of the Commission's final order in this system resiliency plan proceeding, SPS will reimburse AXM for its reasonable expenses incurred through the completion of this proceeding. Signatories agree that SPS will defer these costs for recovery in a future proceeding. Similarly, within 30 days of a final order, SPS agrees to reimburse AXM for its reasonable expenses incurred through completion of SPS's next system resiliency plan application. Signatories also agree that SPS will defer these costs for recovery in a future proceeding. SPS agrees to reimburse AXM for its reasonable expenses incurred in participating in each of SPS's annual resiliency plan report proceedings applicable to this system resiliency plan proceeding as required by 16 TAC § 25.62(g). SPS will not defer these costs for recovery in a future proceeding.

Flexibility in Implementation

53. The signatories agree that the Commission should authorize SPS flexibility in implementing its system resiliency plan, as set forth in the Direct Testimony of Casey S. Meeks at pages 18 – 19, to adjust the selection of proposed programs within measures, or to adjust budgets and expenses between measures, without changing the total cost of the overall plan as approved, to accommodate potential changes in conditions or technologies as they are encountered, as well as flexibility in terms of its business operations, timing, and methods for implementing the system resiliency plan.
- a. SPS agrees not to shift proposed system resiliency plan dollars between distribution and transmission functions.
 - b. SPS agrees not to shift proposed system resiliency plan dollars between capital expenditures and O&M expense.
 - c. SPS agrees not to shift proposed system resiliency plan dollars in a manner that would increase or decrease the total cost of any measure by more than 20% (except related to reallocations from the Wildfire Mitigation measure).

Evaluation Metrics and Criteria

54. The signatories agree to the following evaluation metrics:
- a. Rolling 5-Year Average System Average Interruption Duration Index

- (SAIDI), modified to track resiliency events by subtracting normalized SAIDI from Total SAIDI, resulting in tracking Major Event Days (MED) as a proxy for resiliency events
- b. Rolling 5-Year Average System Average Interruption Frequency Index (SAIFI), modified to track resiliency events by subtracting normalized SAIFI from Total SAIFI
 - c. Storm Restoration Duration as set forth in SPS's system resiliency plan
 - d. Average Hardened Protection Zone (AHPZ) Customer Minutes Interrupted (CMI) versus Average Protection Zone (APZ) CMI Comparison by County (Hardened Only).
 - e. AHPZ CMI Percentage Improvement
 - f. Radio Access Network (RAN) Tower Completion as set forth in SPS's system resiliency plan
 - g. End Device Connectivity as set forth in SPS's system resiliency plan
 - h. Units Completed in Defensible Space Around Poles (DSAP) as set forth in SPS's system resiliency plan
 - i. Transmission Inspections as set forth in SPS's system resiliency plan
 - j. Number of Artificial Intelligence (AI) camera fire detections
 - k. Number of wildfire ignitions associated with electric overhead power lines within each Wildfire Risk Tier
 - l. Number of downed transmission and distribution wires within each Wildfire Risk Tier
 - m. Total number of wildfires reported by the National Interagency Fire Center in counties in which SPS provides electric service
 - n. Percentage of on-cycle vegetation management activities for transmission and distribution assets in each Wildfire Risk Tier
55. The evaluation metrics and criteria in SPS's application, as modified by the terms of the agreement summarized above, meet the requirements of 16 TAC § 25.62(c)(2)(C) and should be approved by the Commission.
56. Under the agreement, SPS will use the agreed-upon evaluation metrics and criteria and will include those evaluation metrics and criteria in the annual reports filed under 16 TAC

§ 25.62(g).

Evaluation of SPS's Proposed System Resiliency Plan

57. SPS's system resiliency plan, as modified by the terms of the agreement, contains four measures that are each intended to prevent, withstand, mitigate, or more promptly recover from the risks posed by one or more specified resiliency events to SPS's transmission or distribution system.
58. SPS's system resiliency plan is organized by measure, including a description of any activities, programs, actions, standards, services, procedures, practices, structures, or equipment associated with each measure, in accordance with 16 TAC § 25.62(c)(2).
59. Each measure included in SPS's system resiliency plan uses one or more of the methods provided in 16 TAC § 25.62(c)(1)(A)-(J).
60. SPS's system resiliency plan distinguishes each proposed measure from other existing programs or measures, or programs or measures otherwise required by law, and where appropriate, explains how the related items work in conjunction with one another in accordance with 16 TAC § 25.62(c)(2)(D).
61. SPS's resiliency plan uses a systematic implementation approach over a period of at least three years and provides sufficient implementation details for each of the proposed measures in accordance with 16 TAC § 25.62(c)(2)(E).
62. SPS's application included the direct testimonies of eight witnesses and a proposed system resiliency plan, which collectively provide the information required under 16 TAC § 25.62(c)(2)(A)(i)-(vi) for each of the proposed measures, including the prioritization of each identified resiliency event to be mitigated by the proposed measure; the evidence of effectiveness of the proposed measure in mitigating the identified risk posed by relevant resiliency events; the expected benefits of the proposed measure; whether the proposed measure is a coordinated effort with federal, state, or local government programs or may benefit from any government funding opportunities; the selection of the proposed measures over reasonable and readily-identifiable alternatives; and whether each measure may require a transmission system outage to implement.
63. SPS's application included analysis, direct testimony, and a report from 1898 & Co., an independent third-party expert who performed a quantitative, performance-based analysis of the costs and benefits of the measures in SPS's proposed system resiliency plan except for

the Operational Flexibility and Wildfire Mitigation measures.

64. SPS's application also included analysis and direct testimony from EDM International, Inc., an independent third-party engineering consulting firm with expertise in wildfire mitigation and vegetation management, regarding SPS's Wildfire Mitigation measure.
65. It is reasonable to expect that SPS's implementation of the measures set forth in SPS's system resiliency plan, as modified by the agreement and this Order, will provide significant enhancements to system resiliency, within a reasonable timeframe and at a reasonable cost in light of the expected benefits, and will provide corresponding benefits to customers.
66. SPS's application and proposed system resiliency plan, as modified by the agreement and this Order, is in the public interest in accordance with PURA § 38.078 and should be approved.

Informal Disposition

67. More than 15 days have passed since completion of the notice provided in this docket.
68. No protests were filed.
69. SPS, OPUC, AXM, TIEC, Walmart, GSEC, IBEW and Staff are the only parties to this proceeding.
70. The hearing scheduled to begin on March 25, 2025, was abated at the request of parties by SOAH Order No. 6, issued on March 24, 2025.
71. Commission Staff recommends approval of SPS's application, as modified by the agreement.
72. This decision is not adverse to any party.

II. CONCLUSIONS OF LAW

The Commission makes the following conclusions of law.

1. SPS is a public utility as that term is defined in Public Utility Regulatory Act PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001 and 38.078.
3. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code § 2003.049.
4. The Commission processed this docket in accordance with the requirements of PURA, the Administrative Procedure Act (APA),³ and Commission rules.
5. The hearing on the merits was set and notice of the hearing was given in compliance with

³ Tex. Gov't Code §§ 2001.001-.903.

APA §§ 2001.051 and 2001.052. The hearing was subsequently cancelled, at the request of the parties.

6. SPS's system resiliency plan was filed in compliance with PURA § 38.078(b) and (c).
7. SPS's application is sufficient under 16 TAC § 25.62(d)(2).
8. SPS's system resiliency plan uses measures in compliance with PURA § 38.078(b) and 16 TAC § 25.62(c)(1) and explains a systematic approach for the system resiliency plan implementation in compliance with PURA § 38.078(c) and 16 TAC § 25.62(c)(2)(E).
9. SPS provided notice of the application and proposed system resiliency plan in compliance with 16 TAC § 25.62(d)(1).
10. The Commission must approve, deny, or modify SPS's system resiliency plan no later than 180 days after the system resiliency plan was filed, in accordance with PURA § 38.078(e) and 16 TAC § 25.62(d)(3).
11. The Commission's consideration of the agreement complies with PURA § 14.054 and 16 TAC § 22.206.
12. The Commission evaluated SPS's system resiliency plan, as modified by the agreement, in accordance with the requirements of PURA § 38.078(d) and 16 TAC § 25.62(d)(4).
13. The evaluation metrics and criteria in SPS's proposed system resiliency plan, as modified by the terms of the agreement and this Order, meet the requirements of 16 TAC § 25.62(c)(2)(C).
14. Under PURA § 38.078(k) and 16 TAC § 25.62(f), SPS may defer its distribution-related costs relating to the implementation of its system resiliency plan for recovery as a regulatory asset.
15. SPS's system resiliency plan, as modified by the agreement and this Order, is in the public interest under PURA § 38.078(e) and 16 TAC § 25.62(d)(4)(C) and should be approved.
16. Under PURA § 38.078(g), SPS may seek to amend its system resiliency plan, provided that no amendment may take effect before the third anniversary of the Commission's order on SPS's most recently approved system resiliency plan.
17. This docket contains no remaining contested issues of fact or law.
18. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues

the following orders:

1. The Commission approves SPS's system resiliency plan, as modified by the agreement and this Order.
2. The Commission modifies the system resiliency plan to remove the Operational Flexibility measure. This Order does not prohibit SPS from adding mobile substations and transmission switches as it deems appropriate, subject to prudence review in a future proceeding.
3. The Commission modifies the system resiliency plan to reduce the costs of the Distribution Overhead Hardening measure by approximately \$5.9 million, pursuant to the program modifications described in finding of fact 42.
4. SPS shall functionalize all optical ground wire, remote terminal unit investment, and pLTE tower investment under the SRP to FERC account 397 – General Plant until its next base rate case.
5. SPS may establish a regulatory asset to capture its distribution-related costs relating to the implementation of SPS's system resiliency plan for future recovery as a regulatory asset including depreciation expense and carrying costs at its weighted average cost of capital as described in finding of fact 48.
6. SPS must meet the agreement terms regarding reimbursement of participating municipal groups' expenses as set forth in finding of fact 52.
7. SPS shall have flexibility in implementing its system resiliency plan, as set forth in finding of fact 53.
8. SPS must comply with all reporting requirements in 16 TAC § 25.62(g) and must utilize the metrics and evaluation criteria described in finding of fact 54 when reporting on the effectiveness of SPS's system resiliency plan measures.
9. SPS must comply with all commitments described in this Order.
10. SPS must comply with applicable law concerning the implementation of its system resiliency plan.
11. The entry of this Order does not indicate the Commission's endorsement of any principle or methodology that may underlie the settlement agreement. Entry of this Order must not be regarded as precedent as to the appropriateness of any principle or methodology underlying the settlement agreement.
12. The Commission denies all other motions and any other requests for general or specific relief

that have not been expressly granted.

Signed at Austin, Texas the _____ day of _____ 2025.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER

**SOAH DOCKET NO. 473-25-09020
DOCKET NO. 57463**

APPLICATION OF SOUTHWESTERN	§	BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR	§	
APPROVAL OF ITS TRANSMISSION	§	OF
AND DISTRIBUTION SYSTEM	§	
RESILIENCY PLAN	§	ADMINISTRATIVE HEARINGS

AGREED MOTION TO ADMIT EVIDENCE AND REMAND PROCEEDING

Southwestern Public Service Company (“SPS”) respectfully submits this agreed motion to admit certain pre-filed exhibits and certain other materials into evidence and remand the docket to the Public Utility Commission of Texas (“Commission”) (the “Agreed Motion”). This Agreed Motion is submitted concurrently with the Unanimous Stipulation and Settlement Agreement (“Stipulation”). SPS is authorized to file this Agreed Motion on behalf of the signatories to the Stipulation, which are all parties to this proceeding: the Office of Public Utility Counsel (“OPUC”), the Alliance of Xcel Municipalities (“AXM”), Texas Industrial Energy Consumers (“TIEC”), Walmart Inc. (“Walmart”), IBEW Local Union 602 (“IBEW”), Golden Spread Electric Cooperative, Inc. (“GSEC”), and Staff of the Public Utility Commission of Texas (“Staff”) (collectively, with SPS, the “Parties”).

The Parties request that the following evidence be admitted:

1. SPS’s complete Application, including all Attachments, and the supporting Direct Testimonies and Attachments of SPS witnesses Adrian J. Rodriguez, Brooke A. Trammell, Casey S. Meeks, Brianne R. Jole, Wendall A. Reimer, Jason D. De Stigter, Anne Z. Sherwood and Ryan Brockbank filed on December 31, 2024¹ (Interchange Item No. 2).
2. SPS’s Proof of Notice, filed on January 16, 2025 (Interchange Item No. 10).

¹ SPS filed its Application on December 30, 2024 after 5:00 p.m. (See 16 TAC §22.71(g)).

3. SPS's SRP Errata, filed on January 23, 2025 (Interchange Item No. 19).
4. The Direct Testimonies and Attachments of OPUC witnesses John Haselden and Ronald L. Keen, filed on February 28, 2025 (Interchange Item Nos. 48, 50).
5. The Direct Testimony, Attachments, and Workpapers of AXM witness Karl J. Nalepa, filed on February 28, 2025 (Interchange Item No. 49).
6. The Direct Testimony and Attachments of Walmart witness Eric S. Austin, filed on February 28, 2025 (Interchange Item No. 51).
7. The Direct Testimony, Workpapers and Attachments of TIEC witness Shawn McGlothlin, filed on February 28, 2025 (Interchange Item Nos. 53-54).
8. The Direct Testimonies and Attachments of Staff witnesses Charles Bondurant, David Bautista, Eduardo Acosta, Michael Noth, and Ruth Stark filed on March 7, 2025 (Interchange Item Nos. 55-59).
9. The Rebuttal Testimonies and Attachments of SPS witnesses Brooke A. Trammell, Brianne R. Jole, Casey S. Meeks, Wendall A. Reimer, and Anne Z. Sherwood, filed on March 17, 2025 (Interchange Item Nos. 63-67).
10. SPS's Notice of Substitution of Witness (Carolyn A. Lee for Anne Z. Sherwood) filed on March 20, 2025 (Interchange Item No. 79).
11. SPS's Second SRP Errata, filed on April 11 2025 (Interchange Item No. 85).
12. The Stipulation, including its Attachments filed on April 18, 2025 (Interchange Item No. ____).
13. The Testimony in Support of the Stipulation of SPS witness Brooke A. Trammell, including attachments, filed on _____, 2025 (Interchange Item No. ____).
14. The Direct Testimony in support of the Stipulation of _____ witness _____, filed on

_____, 2025 (Interchange Item No. ____).

As evidenced by the concurrently filed Stipulation, there are no disputed issues, and the scheduled hearing for this proceeding was abated at the request of the Parties by SOAH Order No. 6. Therefore, the Parties request this docket be remanded to the Commission to allow the Commission to review and consider the Stipulation as soon as possible.

Respectfully Submitted,

XCEL ENERGY SERVICES INC.

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ATTORNEYS FOR SOUTHWESTERN PUBLIC SERVICE COMPANY

CERTIFICATE OF SERVICE

I certify that on the 18th day of April 2025, a true and correct copy of the foregoing instrument was served on all parties of record by electronic service.

/s/ *Scottie D. Agnew*