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

APPLICATION OF SOUTHWESTERN	§	PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR	§	
APPROVAL OF ITS TRANSMISSION	§	OF TEXAS
AND DISTRIBUTION SYSTEM	§	
RESILIENCY PLAN	§	

ORDER

This Order addresses the application of Southwestern Public Service Company (SPS) for approval of its transmission and distribution system resiliency plan. On April 18, 2025, SPS, the Office of Public Utility Counsel (OPUC), Alliance of Xcel Municipalities (AXM), Texas Industrial Energy Consumers (TIEC), Walmart Inc., International Brotherhood of Electrical Workers Local Union 602 (IBEW), Golden Spread Electric Cooperative, Inc., and Commission Staff entered into a unanimous agreement resolving the issues between themselves (the agreement).

The Commission finds that SPS's proposed system resiliency plan, as modified by the agreement and this Order, is in the public interest under PURA¹ § 38.078(e) and approves SPS's proposed system resiliency plan, as modified.

I. Findings of Fact

The Commission makes the following findings of fact.

Application

1. SPS is a New Mexico corporation registered with the Texas secretary of state under filing number 1392306.
2. SPS is a wholly owned subsidiary of Xcel Energy, Inc.
3. SPS owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

4. SPS holds certificate of convenience and necessity number 30153 to provide service to the public.

Application

5. On December 31, 2024, 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 characteristics of its service area.
6. In the application, SPS requested the following:
 - a. a finding that SPS's proposed system resiliency plan is in the public interest and compliant with 16 Texas Administrative Code (TAC) § 25.62 and approval of the proposed system resiliency plan without modification, including SPS's requested flexibility in implementation;
 - b. authorization for SPS to implement the system resiliency plan through 2028 or at least three years after 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 approval of this system resiliency plan;
 - c. authorization for SPS to establish a regulatory asset to capture distribution-related costs related to the implementation of the system resiliency plan and a 12-month amortization period for the regulatory asset;
 - d. authorization for SPS to defer all costs associated with the preparation and defense of its application; and
 - e. approval of SPS's proposed evaluation metrics.
7. On January 23 and April 11, 2025, SPS filed errata to the application.
8. No party challenged the sufficiency of the application, and the presiding officer did not file a written order concluding material deficiencies exist.

Notice

9. On December 30, 2024, SPS provided notice of the application via email, to the following entities:

- a. all parties in SPS's most recent base rate proceeding, Docket No. 54634;²
 - b. all municipalities in SPS's service area that have retained original jurisdiction;
 - c. OPUC; and
 - d. the Southwest Power Pool, Inc.
10. On January 16, 2025, SPS filed the affidavits of Brad Baldridge, senior director of customer and community relations for SPS, and Scottie D. Agnew, regulatory case specialist for SPS, attesting to the provision of notice as described above.
11. No party challenged the sufficiency of notice of the application.

Intervenors

12. In State Office of Administrative Hearings (SOAH) Order No. 2 filed on January 22, 2025, the SOAH ALJ granted the motions to intervene of OPUC, TIEC, Golden Spread, and IBEW.
13. In SOAH Order No. 3 filed on January 23, 2025, the SOAH ALJ granted the motion to intervene of AXM.
14. In SOAH Order No. 5 filed on March 17, 2025, the SOAH ALJ granted the motion to intervene of Walmart.

Testimony and Statements of Position

15. In its application filed on December 31, 2024, SPS included the direct testimonies and attachments of the following 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.
16. On February 28, 2025, OPUC filed the direct testimonies of John Haselden and Ronald L. Keen.
17. On February 28, 2025, AXM filed the direct testimony of Karl J. Nalepa.
18. On February 28, 2025, Walmart filed the direct testimony of Eric S. Austin.

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

19. On February 28, 2025, TIEC filed the direct testimony of Shawn McGlothlin.
20. On March 7, 2025, Commission Staff filed the direct testimonies of Charles Bondurant, David Bautista, Eduardo Acosta, Michael Noth, and Ruth Stark.
21. 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.
22. On March 19, 2025, Golden Spread filed a statement of position.
23. On March 19, 2025, IBEW filed a statement of position.
24. On March 20, 2025, SPS substituted witness Carolyn A. Lee for witness Anne Z. Sherwood through a notice of substitution.
25. On April 29, 2025, SPS filed the testimony of Brooke A. Trammell in support of the agreement.
26. On May 2, 2025, Commission Staff filed the testimony of Eduardo Acosta in support of the agreement.

Referral to SOAH

27. On January 2, 2025, the Commission referred this proceeding to SOAH for a hearing on the merits.
28. On April 18, 2025, the parties filed the agreement resolving the issues between themselves.
29. In SOAH Order No. 7 filed on April 29, 2025, the SOAH ALJ remanded this proceeding to the Commission.

Evidentiary Record

30. In SOAH Order No. 7 filed on April 29, 2025, the SOAH ALJ admitted the following evidence into the record of this proceeding:
 - a. SPS's application, including all attachments, and 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;
 - b. SPS's proof of notice filed on January 16, 2025;

- c. SPS's errata filed on January 23, 2025;
 - d. the direct testimonies and attachments of OPUC witnesses John Haselden and Ronald L. Keen filed on February 28, 2025;
 - e. the direct testimony and attachments of AXM witness Karl J. Nalepa filed on February 28, 2025;
 - f. the direct testimony and attachments of Walmart witness Eric S. Austin filed on February 28, 2025;
 - g. the direct testimony, attachments and workpapers of TIEC witness Shawn McGlothlin filed on February 28, 2025;
 - h. the direct testimonies and attachments of Commission Staff witnesses Charles Bondurant, David Bautista, Eduardo Acosta, Michael Noth, and Ruth Stark filed on March 7, 2025;
 - i. 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;
 - j. SPS's notice of substitution of witness Carolyn A. Lee for Anne Z. Sherwood filed on March 20, 2025;
 - k. SPS's second errata filed on April 11, 2025; and
 - l. the agreement and its attachments filed on April 18, 2025;
31. In Order No. 1 filed on May 15, 2025, the Commission ALJ admitted the following evidence into the record of this proceeding:
- a. the testimony and attachment in support of the agreement of SPS witness Brooke A. Trammell filed on April 29, 2025; and
 - b. the testimony and attachments in support of the agreement of Commission Staff witness Eduardo Acosta filed on May 2, 2025.

Agreement

32. The agreement was executed by the parties on April 18, 2025.

33. The parties agree that SPS's application and system resiliency plan, as modified by 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

34. The parties agree that the following measures in SPS's proposed system resiliency plan should be approved as applied for in the application: distribution overhead hardening, distribution system protection modernization, communication modernization, and wildfire mitigation.
35. In the interest of settlement, the parties agree to the removal of the operational flexibility measure from SPS's proposed system resiliency plan. However, the parties acknowledge that SPS may add mobile substations and transmission switches as it deems appropriate, subject to prudence review in a future proceeding.
36. In the interest of settlement, the parties agree to the removal from SPS's proposed system resiliency plan of the five lowest-benefit-cost ratio distribution overhead hardening projects within the tier 1 wildfire risk area, totaling approximately \$5.9 million.
37. It is appropriate to include the five lowest-benefit-cost ratio distribution overhead hardening projects within the tier 1 wildfire risk area in the system resiliency plan, given the projects' high BCRs and their potential to prevent, withstand, and mitigate wildfire risks within SPS's service area.
38. The parties agree that, after installation of the private long-term evolution projects in the communication modernization measure, SPS will evaluate opportunities to rent space on its private long-term evolution towers, under Xcel Energy's standard review and approval process. Should SPS receive any revenue associated with renting available space on its system resiliency plan-related private long-term evolution 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

39. The parties agree that SPS will separately track costs under the following existing programs: (a) wood pole inspection and treatment, routine overhead system maintenance, feeder performance improvement program, and advanced capital projects initiative; and (b) 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.
40. SPS agrees to separately track costs for the following: (a) its existing fault location isolation and service restoration project; and (b) 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.
41. The parties agree that SPS will provide 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

42. The parties agree that SPS will functionalize all optical ground wire, remote terminal unit investment, and private long-term evolution tower investment to Federal Energy Regulatory Commission (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

43. The parties 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 SPS's most recent base-rate proceeding, which will be updated in accordance with the outcome of subsequent base-rate cases.

44. The parties 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 chapter 36 of PURA. The records 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.
45. The parties agree that recovery of SPS's expenses associated with this system resiliency plan proceeding will be deferred and reviewed in SPS's next base-rate case, where parties may take any position as to the 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.
46. The parties 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

47. The parties agree that, within 30 days of the date of this Order, SPS will reimburse AXM for its reasonable expenses incurred through the completion of this proceeding. The parties agree that SPS will defer these costs for recovery in a future proceeding. Similarly, within 30 days of a final order by the Commission, SPS agrees to reimburse AXM for its reasonable expenses incurred through completion of SPS's next system resiliency plan application. The parties 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

48. The parties agree that the Commission should authorize SPS flexibility in implementing its system resiliency plan, as set forth in the direct testimony of SPS witness

Casey S. Meeks at pages 18 and 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 SPS's business operations, timing, and methods for implementing the system resiliency plan, subject to the following limitations:

- 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 operations and maintenance expense; and
- 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

49. The parties agree to the following evaluation metrics:
 - a. rolling five-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 five-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 customer minutes interrupted versus average protection zone customer minutes interrupted comparison by county (hardened only);
 - e. average hardened protection zone customer minutes interrupted percentage improvement;
 - f. radio access network 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 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 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 SPS provides electric service; and
 - n. percentage of on-cycle vegetation management activities for transmission and distribution assets in each wildfire risk tier.
50. The evaluation metrics and criteria in SPS's application, as modified by the terms of the agreement, meet the requirements of 16 TAC § 25.62(c)(2)(C) and should be approved.
51. 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

52. 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.
53. SPS's system resiliency plan is organized by measure, including a description of the activities, programs, actions, standards, services, procedures, practices, structures, or equipment associated with each measure, in accordance with 16 TAC § 25.62(c)(2).
54. 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).

55. 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).
56. 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).
57. 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.
58. 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.
59. 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, with respect to SPS's wildfire mitigation measure.
60. Based on the record evidence and the terms set forth in the agreement, 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.

61. SPS's 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

62. More than 15 days have passed since the completion of notice provided in this docket.
63. No person filed a protest.
64. SPS, OPUC, AXM, TIEC, Walmart, Golden Spread, IBEW, and Commission Staff are the only parties to this proceeding.
65. No hearing is needed.
66. Commission Staff recommends approval of SPS's application, as modified by the agreement.
67. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under PURA §§ 14.001 and 38.078.
2. SPS is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
3. SOAH exercised authority 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 Texas Government Code §§ 2001.051 and 2001.052. The hearing was subsequently cancelled, at the request of the parties.
6. SPS's proposed system resiliency plan was filed in compliance with PURA § 38.078(b) and (c).

³ Tex. Gov't Code §§ 2001.001–.903.

7. SPS provided notice of the application and proposed system resiliency plan in compliance with 16 TAC § 25.62(d)(1).
8. SPS's application is sufficient, in compliance with 16 TAC § 25.62(d)(2).
9. 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).
10. SPS's proposed system resiliency plan, as modified by the agreement and this Order, uses measures in compliance with PURA § 38.078(b) and 16 TAC § 25.62(c)(1) and explains a systematic approach for the plan's implementation in compliance with PURA § 38.078(c) and 16 TAC § 25.62(c)(2)(E).
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 and this Order, 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 agreement and this Order, meet the requirements of 16 TAC § 25.62(c)(2)(C).
14. 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.
15. 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.
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 this Order.
17. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

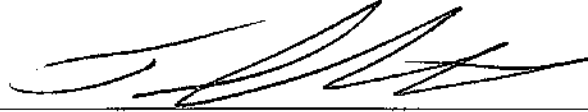
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves SPS's proposed system resiliency plan, as modified by the agreement and to the extent provided in this Order.
2. The Commission modifies the proposed 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 include the five projects, totaling approximately \$5.9 million, removed from the distribution overhead hardening measure by the agreement.
4. SPS must functionalize all optical ground wire, remote terminal unit investment, and private long-term evolution tower investment under the system resiliency plan 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 43.
6. SPS must meet the agreement's terms regarding reimbursement of participating municipal groups' expenses as set forth in Finding of Fact 47.
7. SPS must have flexibility in implementing its system resiliency plan, as set forth in Finding of Fact 48.
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 48 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 all applicable requirements concerning the implementation of its system resiliency plan, including but not limited to all applicable transmission and planning requirements set by the Southwest Power Pool.
11. Within 30 days of the date of this Order, SPS must file a copy of its system resiliency plan that conforms to the terms of this Order in Docket No. 58143, *Compliance Filing for Docket No. 57463 (Application of Southwestern Public Service Company for Approval of Its Transmission and Distribution System Resiliency Plan)*. In Docket No. 58143, Commission Staff must file a recommendation on whether the redlined system resiliency plan incorporates the terms of the agreement and this Order and whether the compliance docket should be closed. The presiding officer in Docket No. 58143 must establish a schedule by which the recommendation must be filed.
12. SPS may seek to amend its resiliency plan, provided that no amendment may take effect before the third anniversary of the Commission's order on SPS's most recently approved resiliency plan.
13. The entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedent as to the appropriateness of any principle or methodology underlying the agreement.
14. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas on the 10th day of July 2025.

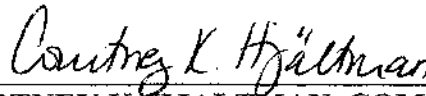
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