

the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation, or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality, nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 57463 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.
26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses, or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding

them of their obligations under this paragraph. Nothing in this paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible, under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice

³ Tex. Gov't Code §§ 551.001–.146.

⁴ *Id.* §§ 4001.001–4008.105.

specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of § 552.301 of the Public Information Act or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33, and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPUC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the

information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In

addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A to Protective Order

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and, unless I am an employee of the Commission or OPUC, shall be used only for the purpose of the proceeding in Docket No. 57463. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B to Protective Order

I request to view/copy the following documents:

| Document Requested | # of Copies | Non-Confidential | Protected Materials and/or Highly Sensitive Protected Materials |
|--------------------|-------------|------------------|---|
| | | | |
| | | | |
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| | | | |
| | | | |
| | | | |

Signature

Party Represented

Printed Name

Date

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of December, 2024, a true and correct copy of the foregoing was provided to Commission Staff, the Office of Public Utility Counsel, and the parties described in Section VI of this Application by electronic mail, first class mail or overnight delivery, in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664.

/s/ Scottie Agnew

Scottie Agnew

DOCKET NO. 57463

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

DIRECT TESTIMONY
of
ADRIAN J. RODRIGUEZ

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: RodriguezTXDirect.docx; Total Pages: 17)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

| <u>Acronym/Defined Term</u> | <u>Meaning</u> |
|------------------------------------|---|
| C&I | Commercial and Industrial |
| Commission or PUCT | Public Utility Commission of Texas |
| ERCOT | Electric Reliability Council of Texas |
| EDM | EDM International, Inc. |
| NARUC | National Association of Regulatory Utility Commissioners |
| SPS | Southwestern Public Service Company, a New Mexico corporation |
| SRP or Plan | System Resiliency Plan |
| Xcel Energy | Xcel Energy Inc. |

**DIRECT TESTIMONY
OF
ADRIAN J. RODRIGUEZ**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2 **Q. Please state your name, current position, and business address.**

3 A. My name is Adrian J. Rodriguez. I am the President of Southwestern Public
4 Service Company (“SPS”), a New Mexico corporation, and a wholly owned electric
5 utility subsidiary of Xcel Energy Inc. (“Xcel Energy”). My business address is 790
6 South Buchanan Street, Amarillo, Texas 79101.

7 **Q. How long have you worked for SPS?**

8 A. I have worked for SPS since June 2022.

9 **Q. On whose behalf are you testifying in this proceeding?**

10 A. I am testifying on behalf of SPS.

11 **Q. Have you testified previously?**

12 A. Yes. I testified on behalf of SPS before the Public Utility Commission of Texas
13 (“Commission”) in SPS’s most recent base rate case in Docket No. 54634 and
14 before the New Mexico Public Regulation Commission in Case No. 22-00286-UT.
15 I have also testified or appeared before the Washington Utilities and Transportation
16 Commission on behalf of another company.

1 resiliency planning. This initial SRP is balanced to address the highest risks to
2 SPS's system while also providing the right foundation for future resiliency
3 measures.

4 **III. SPS INTRODUCTION**

5 **Q. Please describe SPS.**

6 A. SPS is an electric utility headquartered in Amarillo, Texas, that employs
7 approximately 1,100 people. SPS and its predecessors have provided electric
8 service to customers in the Panhandle and South Plains of Texas for over 100 years.
9 Today, SPS generates, transmits, distributes, and sells electricity to customers in
10 Texas and New Mexico. SPS is a member of the Southwest Power Pool regional
11 transmission organization and is synchronously connected to the Eastern
12 Interconnection electric grid. SPS is also connected to the Western Interconnection
13 electric grid through three high-voltage direct-current converters. Although SPS
14 operates adjacent to the Electric Reliability Council of Texas ("ERCOT") electric
15 grid, it has no direct interconnections with ERCOT. At SPS, we know that the
16 economic growth and prosperity of our communities depends on our ability to
17 deliver electricity to our customers when and where they need it, while keeping
18 customer bills as low as possible. We also know it is our job to plan and prepare
19 for the future. This Plan is intended to offer our recommended actions and
20 investment for the resiliency of the system so that we can continue to provide safe
21 and reliable electricity to support our region.

1 **Q. Please describe SPS's service area.**

2 A. SPS serves customers across a vast area of land covering both Texas and New
3 Mexico. SPS's total service area encompasses a 52,000-square-mile area in the
4 Texas Panhandle, the Texas South Plains, and eastern and southeastern New
5 Mexico. It extends approximately 400 miles from north to south and 200 miles
6 from east to west. This equates to approximately 33.3 million acres of land, much
7 of which is rural. SPS's rural expanses are interspersed with sizable population
8 centers, including Amarillo and Lubbock (which is served by Lubbock Power &
9 Light in ERCOT) in Texas, and Roswell and Hobbs, New Mexico.

10 SPS serves 96 incorporated communities, 80 of which are in Texas, and
11 provides retail electric service to approximately 406,000 customers, including
12 approximately 280,000 retail electric customers in Texas.

13 **Q. Please describe the SPS electric system.**

14 A. As described above, SPS's electric system is expansive and covers customers in
15 both Texas and New Mexico. In developing this Plan, SPS considered its entire
16 retail customer base, and proposes measures and programs to enhance the resiliency
17 of the SPS electric system as a whole. The SRP is developed to address the unique
18 needs of our Texas geography and service area.

19 SPS has fossil fuel and renewable generation, and its electric system is
20 comprised of approximately 24,500 miles of overhead and underground
21 transmission and distribution lines and 449 electric substations. Of those facilities,
22 approximately 17,300 miles of transmission and distribution lines and over 360
23 substations are located in Texas.

1 **Q. Please describe any unique characteristics of SPS’s customers.**

2 A. Due to the largely rural character of SPS’s expansive service territory, SPS’s
3 customer density is far lower than many other Texas utilities. Functionally, this
4 means that SPS will have fewer customers per mile of distribution line. However,
5 while SPS’s customer density may be lower, the impact of SPS’s service territory
6 on Texas and its economy is substantial. SPS serves key industries, and our
7 customers provide resources that are vital to the success of Texas and the nation
8 and require reliable electric service to do so. SPS takes this responsibility to
9 provide reliable electric service seriously and has developed this Plan with its
10 unique customer base, in Texas and New Mexico, at the forefront of its discussions
11 and decisions.

12 **Q. What is SPS’s customer make-up and why is it significant?**

13 A. Unlike many Texas electric utilities, the load on SPS’s system is predominantly
14 commercial and industrial (“C&I”). While residential customers comprise 79% of
15 SPS’s total customer count, they account for only 13% of the load on the SPS
16 system. Regardless, our residential customers benefit from a resilient electric
17 system that continues to keep the lights on in their homes, in the schools where they
18 send their children, in the retail and grocery stores where they shop, and at their
19 places of work, whether it is a small commercial organization, government office,
20 or large C&I company. SPS witness Brianne R. Jole, Manager of System Planning
21 and Strategy, describes in her direct testimony how SPS factored the amount of
22 C&I load on the SPS system into the development of the Plan’s measures and
23 programs.

1 Because C&I customers account for such a large portion of SPS's sales,
2 SPS's provision of safe, reliable electricity supports the Texas economy. Our
3 ability to keep the energy flowing impacts our C&I customers, their employees,
4 their own customers, and, consequently, other major sectors of the State's economy.

5 This unique customer mix both informed and shaped the Plan. SPS witness
6 Jason D. De Stigter explains how this customer mix factored into the benefit-cost
7 analysis our consultant, 1898 & Co., performed.

8 **Q. Are SPS's commercial and industrial customers particularly vulnerable to**
9 **resiliency events?**

10 A. Yes. SPS's C&I customers provide essential services, commodities, and goods that
11 significantly contribute to local and state economies. Resiliency events can cause
12 unplanned outages which present safety risks for C&I employees. They also expose
13 C&I customers to potential loss of material and revenue, breakdown of machinery,
14 and delays of necessary goods and services in both production and delivery.

15 **Q. Are SPS's residential customers vulnerable to resiliency events?**

16 A. Yes. Our neighbors rely on SPS's electric system for the energy they need in their
17 daily lives. In particular, a resilient electric system allows our communities to
18 manage through an emergency and recover from an extreme event safely and
19 quickly. During and following an extreme weather event or community emergency,
20 the availability of electric service allows residents to communicate with each other,
21 stay updated on instructions from governmental authorities, or evacuate a region in
22 an orderly manner. Working traffic signals allow law enforcement and first
23 responders to maintain focus on those in need. Hospitals can address the needs of

1 patients, knowing that electric service is available and allowing them to conserve
2 their own back-up generators. A resilient electric system allows our customers to
3 weather storms and allows our communities to address emergencies when they
4 occur and rebuild quicker when there is damage.

5 **Q. What types of extreme events regularly affect SPS's system and can impact its**
6 **resiliency?**

7 A. Due to the geography of SPS's system, SPS faces unpredictable, intense, and, often
8 times, compounding weather events, ranging from icing and blizzards to extreme
9 heat and drought, flooding, high winds, and tornadoes. These weather conditions,
10 especially drought and high winds, also increase the likelihood and destructiveness
11 of wildfires in the region.

12 **Q. Have there been recent weather events that affected the resiliency of SPS's**
13 **system?**

14 A. Yes. Over the last decade, major weather events have impacted the United States
15 with increasing frequency and intensity. In just the last two years, customers across
16 SPS's Texas system have endured extreme weather events including floods,
17 tornado-force straight-line winds, and ice storms. For example, SPS's communities
18 experienced extreme non-thunderstorm winds of over 70 miles per hour outside of
19 Pampa in February 2023, severe flooding that required evacuations in Hereford and
20 Amarillo in May and June 2023, a devastating tornado that struck Perryton on June
21 15, 2023, severe drought near Dalhart in the summer of 2023, and a blizzard with
22 sustained winds of 35 to 45 miles per hour and 74 mile per hour wind gusts in
23 January 2024. The direct testimony of SPS witness Mr. De Stigter of 1898 & Co.

1 includes a table showing improvements to customer outage data associated with
2 resiliency events such as these under the SRP.

3 **Q. Is mitigating wildfire risk part of SPS's Plan to increase resiliency?**

4 A. Yes. In addition to the risks weather events pose to electric systems, utility
5 infrastructure itself can cause or contribute to wildfire risk, and we understand this
6 issue. Given that approximately 64 percent of SPS's system is located in either
7 Tiers 2 or 3 wildfire risk areas, wildfire is a continual area of focus. Our coworkers
8 had to contend with multiple fires that impacted our families, friends, and neighbors
9 in late February 2024, when the Texas Panhandle was devastated by a series of
10 wildfires collectively called the Amarillo Complex Fires. SPS acknowledged that
11 our equipment appeared to be involved in two ignitions of the Smokehouse Creek
12 Fire and the smaller Reamer Fire, which we believe burned into or merged into the
13 footprint of the Smokehouse Creek Fire. Our thoughts continue to be with our
14 friends, families, and neighbors who were impacted. Our industry is evolving, and
15 so are we.

16 The National Association of Regulatory Utility Commissioners
17 ("NARUC"), of which members of this Commission participate, recently passed a
18 resolution entitled Wildfire Impacts on Utility Customer Reliability and
19 Affordability, recognizing that fires are increasing in frequency and intensity across
20 North America and electric utility infrastructure, such as distribution and
21 transmission lines, is susceptible to damage that can lead to ignition or contribute

1 to an existing ignition during high wind events.¹ The NARUC resolution also
2 recognized that electric utilities are working to address their wildfire risk through
3 increased situational awareness and grid investments to reduce the likelihood of
4 their infrastructure causing an ignition, thereby limiting impacts to customers. SPS
5 is committed to doing what it can to reduce the likelihood of wildfires in the future.
6 With the increasing wildfire activity experienced in the SPS service area, and across
7 the country, SPS's determination to promptly allocate its time and resources to
8 protect against wildfire loss, ignition, and spread has only increased in urgency.
9 Evidence of this can be seen in our Accelerated Pole Replacement Program and
10 Enhanced Power Safety Settings, initiated earlier this year, and other initiatives.
11 SPS is committed to continuing and advancing its wildfire mitigation efforts to
12 protect its customers and provide them with reliable service.

13 As I testified before the House Interim Committee on The Panhandle
14 Wildfires on April 4, 2024, and House Committee on State Affairs on September
15 17, 2024, SPS committed to the Texas Legislature that its SRP will directly address
16 the wildfire risks to the Panhandle. In keeping with this promise and SPS's overall
17 policy relating to wildfire risk mitigation, this SRP proposes numerous measures
18 specific to improving SPS's resiliency and mitigation of wildfire risk.

19 While SPS has not waited to address wildfire risk, the proposed new
20 investment within the Plan will allow SPS to accelerate mitigation efforts given the
21 evolving risk and significant wildfire effects experienced in our communities. In

¹ See National Association of Regulatory Utility Commissioners ("NARUC"), *Resolutions Passed by the NARUC Board of Directors at the November 10-13, 2024 NARUC Annual Meeting and Education Conference In Anaheim, California, Resolution of Wildfire Impacts on Utility Customer Reliability and Affordability*, 4-6 (Nov. 2024), available at 812873F4-E348-B77F-4D75-E513FF13A86D.

1 addition to the resiliency measures that inherently mitigate wildfire risk, this Plan
2 includes various programs addressing wildfire as a standalone resiliency event.
3 Proposed measures will strengthen and amplify SPS's wildfire mitigation efforts
4 by enhancing predictive modeling, system monitoring, and associated identification
5 and detection capabilities. The measures also reduce risk that SPS assets will cause
6 an ignition, increase periodic inspections, and upgrade communication capabilities
7 for protection, response, and recovery when an event occurs.

8 In their direct testimonies, SPS witness Anne Z. Sherwood, Area Vice
9 President of Wildfire Mitigation: Regulatory and Policy, discusses SPS's existing
10 wildfire approach and programs as well as those proposed in the SRP, and SPS
11 witness Ryan Brockbank with EDM International, Inc. ("EDM") discusses the
12 development of SPS's Wildfire Risk Maps² that informed the establishment of
13 SPS's Wildfire Risk Tiers, which is a foundational component of the project
14 prioritization framework SPS has utilized in the development of its SRP along with
15 third-party modeled benefit-cost ratios.

16 **Q. What makes wildfires significant as a resiliency event?**

17 A. Extreme weather and other resiliency events all pose external risks to electric
18 facilities, meaning that those facilities are subjected to damage, potentially resulting
19 in customer outages and restoration work. But, when extreme weather damages the
20 electric system in a manner that can cause the ignition of a wildfire, the electric
21 facilities can contribute to that danger and exacerbate risks to property and public
22 safety. A recently published S&P Global Analyst Comment discussed that for

² In general, the terms Wildfire Risk Map and Wildfire Operations Map are used interchangeably in direct testimony and in the SRP.

1 utilities “most exposed to material wildfire risks, comprehensive mitigation and
2 effective wildfire management plans are clearly important to managing wildfire
3 risks.”³ Accordingly, the Plan proposed in this proceeding comprehensively targets
4 wildfire-related risks, addressing both external risk to SPS facilities and the risk of
5 SPS facilities causing an ignition. SPS’s wildfire-prevention philosophy and
6 programs are addressed in more detail in the direct testimonies of SPS witnesses
7 Ms. Sherwood and Ms. Jole.

8 **IV. ACTIONS SPS HAS TAKEN TOWARDS SYSTEM RESILIENCY**
9 **INDEPENDENT OF THE SRP**

10 **Q. Prior to development of its SRP, did SPS prioritize the resiliency of its system?**

11 A. Yes. SPS has a long history of providing safe, reliable, value-added service to our
12 customers. We have made significant investments to ensure our Texas customers
13 receive the reliable electric service they need and expect. When SPS has been
14 affected by resiliency events, such as Winter Storm Finn in 2024 or the
15 Smokehouse Creek Fire, it has taken lessons from the past seriously and adopted
16 strategic measures to avoid future risks.

17 For example, in the wake of the Smokehouse Creek Fire, SPS modified its
18 policy for the timing of pole replacements. This was a pledge I made to the Texas
19 Legislature and communities. Now, SPS replaces certain poles identified as
20 needing emergency replacement within days of inspection, thereby reducing the
21 time poles known to be nearing the end of their life will be on the system. Similarly,
22 SPS has adopted a policy of not re-energizing lines contacted by a foreign object

³ Loughlin & Babitsch, *Wildfire-Exposed U.S. Investor-Owned Utilities Face Increasing Credit Risks Without Comprehensive Solutions*, S&P GLOBAL (Nov. 6, 2024), <https://www.spglobal.com/ratings/en/research/articles/241106-wildfire-exposed-u-s-investor-owned-utilities-face-increasing-credit-risks-without-comprehensive-solutions-13297812>.

1 on high wildfire-risk days until the lines have been patrolled. Recently, SPS
2 announced the initial deployment of cameras to assess the landscape and coordinate
3 with first responders to address potential wildfires, no matter the cause. This
4 responsiveness is part of SPS's culture and commitment to our customers. Actions
5 like these, along with the proposed measures in this SRP, demonstrate our
6 commitment to improving the resiliency of the SPS system.

7 **V. RESILIENCY-FOCUSED INVESTMENT PROPOSED IN THE SRP**

8 **Q. How does resiliency planning presented in this SRP differ from resiliency**
9 **planning SPS does in the ordinary course of business?**

10 A. The Texas Legislature enacted House Bill 2555, codified in Section 38.078 of the
11 Public Utility Regulatory Act, to encourage Texas electric utilities to prioritize
12 resiliency of their transmission and distribution systems by allowing utilities to file
13 and seek approval for system resiliency plans. HB 2555 presents a unique
14 opportunity for Texas electric utilities to prioritize system resiliency to a degree
15 that regulatory cost-recovery mechanisms and utility capital budgets would
16 otherwise struggle to support. SPS advocated for HB 2555 and greatly appreciates
17 the opportunity to present our Plan to the Commission for consideration. The
18 proposed Plan includes new programs and incremental investments tailored to work
19 in conjunction with existing resiliency-related programs to enhance the resiliency
20 of SPS's system.

21 **Q. What priorities drove SPS's decision-making during the development of the**
22 **SRP?**

23 A. We view this SRP as an opportunity to supplement existing resiliency efforts and
24 add improvements to the system beyond those to which we have already committed.

1 Further, the five proposed measures are interrelated, focus primarily on SPS's
2 distribution system, and provide quantified resiliency benefits to customers in the
3 form of reduced frequency and duration of outages, avoided restoration costs,
4 wildfire risk mitigation, and improved service quality in areas of lower
5 performance. Concurrently, we are always mindful of our obligation to provide
6 cost-effective electric service to our customers. Therefore, SPS has worked with
7 experts internally, in addition to external, third-party consulting firms, to analyze
8 data and direct investments to areas of the system with elevated wildfire risk
9 together with leveraging third-party modeled benefit-cost ratios to prioritize
10 projects that target the greatest resiliency risks (i.e., SPS's project prioritization
11 framework). SPS's planning process, prioritization framework, and systematic
12 implementation approach are discussed in detail by the other witnesses, including
13 SPS witnesses Casey S. Meeks, Wendall A. Reimer, Ms. Jole, Ms. Sherwood, and
14 SPS witness Mr. De Stigter of 1898 & Co. SPS witness Brooke A. Trammell, SPS
15 Regional Vice President of Regulatory and Pricing, also provides an overview of
16 the Plan and formally introduces our colleagues and the scope of their testimonies.

17 **VI. RELIEF REQUESTED**

18 **Q. Please summarize the relief SPS is seeking in this proceeding.**

19 A. As recognized by the Texas Legislature and the Commission, the time has come
20 for SPS to accelerate investments to enhance resiliency. While SPS's investment
21 in resiliency requires careful balancing of customer outage risk and cost, SPS agrees
22 with the legislative mandate to increase the resiliency of its system through its
23 proposed Distribution Overhead Hardening, Distribution System Protection

1 Modernization, Communication Modernization, Operational Flexibility, and
2 Wildfire Mitigation measures. The measures proposed in SPS's Plan and discussed
3 in its supporting testimony demonstrate these investments are in the public interest
4 and SPS requests the Commission approve them. As Ms. Trammell discusses in
5 her direct testimony, SPS is not seeking a cost-recovery rider at this time but is
6 seeking approval of the Plan and will defer appropriate costs in a regulatory asset.

7 **Q. Does this conclude your direct testimony?**

8 **A.** Yes.

AFFIDAVIT

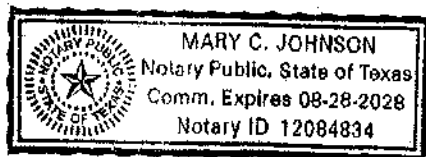
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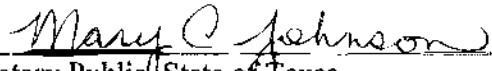
ADRIAN J. RODRIGUEZ, first being sworn on his oath, states:

I am the witness identified in the preceding testimony. I am over 18 years of age, of sound mind, and am capable of making this affidavit. I have read the testimony and the accompanying attachments and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.


ADRIAN J. RODRIGUEZ

Subscribed and sworn to before me this 27th day of December 2024 by ADRIAN J. RODRIGUEZ.




Notary Public, State of Texas

My Commission Expires: 8-28-2028

DOCKET NO. 57463

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

DIRECT TESTIMONY
of
BROOKE A. TRAMMELL

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: TrammellSRPDirect.docx; Total Pages: 36)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

| <u>Acronym/Defined Term</u> | <u>Meaning</u> |
|------------------------------------|---|
| Commission or PUCT | Public Utility Commission of Texas |
| DCRF | Distribution Cost Recovery Factor |
| ERCOT | Electric Reliability Council of Texas |
| FERC | Federal Energy Regulatory Commission |
| GRIP | Grid Resilience and Innovative Partnerships |
| IEEE | Institute of Electrical and Electronics Engineers |
| O&M | Operations and Maintenance |
| PSCo | Public Service Company of Colorado, a Colorado corporation |
| PURA | Public Utility Regulatory Act |
| RAMORT | Reasonable Annual Amortization Amount of a System Resiliency Plan-Related Regulatory Asset created pursuant to 16 TAC § 25.62 |
| SAIDI | System Average Interruption Duration Index |
| SAIFI | System Average Interruption Frequency Index |
| SPS | Southwestern Public Service Company, a New Mexico corporation |
| SRP or Plan | System Resiliency Plan |
| Resiliency Rule | 16 TAC § 25.62 |
| TAC | Texas Administrative Code |
| TCRF | Transmission Cost Recovery Factor |
| TEF | Texas Energy Fund |
| Xcel Energy | Xcel Energy Inc. |

LIST OF ATTACHMENTS

| <u>Attachment</u> | <u>Description</u> |
|-------------------|---|
| BAT-1 | SPS SRP Sponsorship & Witness Testimony (Filename: SRP_Sponsorship_Testimony.docx) |
| BAT-2 | Proposed Measure & Budget Chart (Filename: SRP_Measure_Budget.docx) |
| BAT-3 | List of Prior Testimony (Filename: BAT_Prior_Test.xlsx) |

**DIRECT TESTIMONY
OF
BROOKE A. TRAMMELL**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Brooke A. Trammell. My business address is 790 South Buchanan
4 Street, Amarillo, Texas 79101.

5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
7 Mexico corporation (“SPS”) and wholly owned electric utility subsidiary of Xcel
8 Energy Inc. (“Xcel Energy”). Xcel Energy is a registered holding company that
9 owns several electric and natural gas utility operating companies, a regulated
10 natural gas pipeline company, and three electric transmission companies.¹

11 **Q. By whom are you employed and in what position?**

12 A. I am employed by SPS as Regional Vice President, Regulatory and Pricing.

13 **Q. Please briefly outline your responsibilities as Regional Vice President,**
14 **Regulatory and Pricing.**

15 A. I am responsible for providing leadership, direction, and technical expertise related
16 to regulatory processes and functions for SPS. I manage and oversee regulatory
17 staff assigned to ratemaking, planning, policy, and resource transition matters. My
18 duties include the design and implementation of SPS’s regulatory strategy and

¹ The Xcel Energy Operating Companies are Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS. Xcel Energy’s natural gas pipeline company is WestGas InterState, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also owns three transmission-only operating companies.

1 programs as well as the direction and supervision of SPS's regulatory activities,
2 including oversight of rate filings, administration of tariffs, rules and forms, and
3 regulatory case direction and administration. I oversee the facilitation of the
4 development of policy topics and advocacy to be included in regulatory filings, as
5 well as the coordination of overall preparation of filed testimony, attachments,
6 schedules, and workpapers to produce in accordance with applicable rules and
7 procedures in the regulatory jurisdictions in which SPS operates.

8 **Q. Have you testified before any regulatory authorities?**

9 A. Yes. I have testified in a variety of cases before the Public Utility Commission of
10 Texas ("Commission" or "PUCT") and the New Mexico Public Regulation
11 Commission. In a prior role, I also testified on behalf of Public Service Company
12 of Colorado ("PSCo") in numerous proceedings before the Colorado Public
13 Utilities Commission on a variety of topics related to PSCo's electric, natural gas,
14 and steam utility services.

15 A full list of the regulatory proceedings in which I have testified is provided
16 as Attachment BAT-3 to my direct testimony.

17 **II. SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

18 **Q. What is the purpose of your direct testimony?**

19 A. I support SPS's request for approval of its System Resiliency Plan ("SRP" or
20 "Plan") by initially providing an introductory discussion of the identified and
21 evolving resiliency risks SPS's system faces and how, through the development of
22 Wildfire Risk Maps, Wildfire Risk Tiers, robust third-party benefit-cost modeling,
23 and a thoughtful project prioritization framework, SPS's SRP has been designed to

1 cost-effectively mitigate resiliency risks in the three-year plan period proposed. I
2 also summarize SPS's development of its SRP, including third-party consultant
3 engagement and modeling, measure identification, budget development, project
4 execution planning, and metric creation. Included in this discussion is information
5 related to grant funding that may be available to further support SPS's resiliency
6 efforts. I also introduce the other SPS witnesses that sponsor proposed resiliency
7 measures and/or portions of SPS's SRP, which is provided as Attachment A to
8 SPS's Application.

9 To aid in the Commission's review of SPS's SRP, I present the total
10 estimated cost of the SRP by measure, identify the timing of implementation of
11 SRP measures, and discuss how SPS will track Distribution Cost Recovery Factor
12 ("DCRF") eligible incremental costs associated with SRP measures and projects
13 for inclusion in a regulatory asset, as allowed under 16 Tex. Admin. Code ("TAC")
14 § 25.62 (the "Resiliency Rule"), as well as how SPS will fulfill reporting
15 requirements outlined in the Resiliency Rule. Finally, I summarize the third-party
16 costs that SPS has incurred in the development of its SRP and the preparation of
17 this Application.

18 **Q. Do you sponsor any sections of the SRP or attachments in this proceeding?**

19 A. Yes. Each portion of SPS's proposed SRP is sponsored by me or co-sponsored by
20 myself and other witnesses. Attachment BAT-1 to my direct testimony, which I
21 also sponsor, provides a chart identifying sponsorship of the SRP as well as witness
22 testimony topics. Additionally, I sponsor Attachment BAT-2, which summarizes

1 SPS's proposed measures and budgets, and Attachment BAT-3, which lists my
2 prior testimony experience.

3 **Q. Please summarize your testimony and recommendations.**

4 A. SPS's proposed SRP is consistent with the Texas Legislature's intention in House
5 Bill 2555 to prioritize resiliency of electric systems. The SRP is a product of
6 (1) diligent assessment of the customer impacts of evolving weather-related and
7 other operational resiliency risks on SPS's system; (2) utilization of third-party
8 expertise to assess the wide array of resiliency measures, including through benefit-
9 to-cost analyses and risk maps; and (3) development of a project prioritization
10 framework that results in a robust initial SRP focused on addressing wildfire risk
11 and improving resiliency. SPS's SRP contains five proposed measures:
12 Distribution Overhead Hardening, Distribution System Protection Modernization,
13 Communication Modernization, Operational Flexibility, and Wildfire Mitigation.
14 1898 & Co. conducted a benefit-cost analysis of the Distribution Overhead
15 Hardening, Distribution System Protection Modernization, and Communication
16 Modernization measures, and found that the combined benefit-cost ratio for these
17 measures is 3.4, meaning these measures provide 3.4 times the economic benefit as
18 they will cost to implement. The other measures were assessed either with the
19 assistance of EDM International, Inc. ("EDM") or on a qualitative basis, and, as
20 explained in the Plan and supporting witness testimony, are in the public interest.

21 Overall, SPS's SRP represents approximately \$538.3 million of system
22 investment that benefits customers by expanding upon SPS's current capabilities

1 and introducing valuable new programs that enhance system operations and
2 security, improve public safety, and harden SPS's transmission and distribution
3 networks. Consistent with the requirements of the Resiliency Rule, SPS proposes
4 metrics for evaluating the effectiveness of the Plan in preventing, withstanding,
5 mitigating, or more promptly recovering from the risks associated with the relevant
6 resiliency events.

7 The Resiliency Rule also requires separately tracking investment under the
8 SRP. Relatedly, SPS is requesting to defer certain SRP costs through a regulatory
9 asset. My direct testimony presents SPS's requested amortization period for the
10 regulatory asset balance, describes the reconciliation of the SRP regulatory asset
11 that will occur in SPS's next base rate case, and discusses SPS's plans for
12 addressing SRP operations and maintenance ("O&M") costs through base rates and
13 deferral mechanisms, as appropriate. Further, I discuss SPS's anticipated pursuit
14 of state funding through the Texas Energy Fund ("TEF") as well as SPS's prior
15 grant award and prospective application for funding through the U.S. Department
16 of Energy's Grid Resilience and Innovative Partnerships ("GRIP") program. I then
17 present the metrics that SPS proposes to use in the evaluation of its implementation
18 of the SRP. Lastly, I describe SPS's engagement of third-party consultants and
19 outside counsel in the development of SPS's SRP and this Application.

20 Accordingly, as set forth in its Application, SPS requests that the
21 Commission: (1) find SPS's proposed SRP is in the public interest and compliant
22 with 16 TAC § 25.62, and approve it; (2) authorize SPS to implement the SRP

1 through 2028 or at least three years after any approval of this SRP, whichever is
2 later, unless SPS requests to amend the SRP with the amendment to take effect no
3 later than three years from an approval of this SRP; (3) approve SPS's requested
4 flexibility in implementation as described in the SRP and my testimony;
5 (4) authorize SPS to establish a regulatory asset to capture distribution-related costs
6 related to the implementation of the SRP; (5) authorize a twelve-month
7 amortization period for the regulatory asset requested; (6) approve SPS's proposed
8 metrics; and (7) grant all other relief the Commission deems necessary or
9 appropriate.

10 **III. SPS SYSTEM RESILIENCY PLAN & BENEFITS**

11 **A. Resiliency Events**

12 **Q. Has SPS identified the most impactful resiliency events on its system?**

13 A. Yes. Due to its location in the Texas Panhandle and South Plains regions, SPS's
14 system is susceptible to a variety of severe weather-related resiliency events,
15 particularly wind and winter weather. In SPS's service territory, severe weather
16 impacts can combine, increasing the impact and complexity of resiliency events.
17 SPS worked with 1898 & Co., who used weather-based event data from the
18 National Oceanic and Atmospheric Administration ("NOAA") and SPS's outage
19 management system to understand the frequency and impacts of a range of weather-
20 related resiliency events to SPS's Texas retail customers. As evidenced in the 1898
21 & Co. Report, the number of weather-related resiliency events and the profile of
22 resiliency-event types vary significantly from year-to-year and location-to-location

1 across SPS's service area, demonstrating the challenge SPS faces in building and
2 maintaining a resilient system.

3 Severe weather-related resiliency risks also present an elevated and
4 evolving wildfire threat in SPS's service territory. As discussed in the direct
5 testimony of SPS witness Anne Z. Sherwood, SPS's service area is particularly
6 susceptible to wildfire due to geographic and climate attributes such as flammable
7 vegetation and wind and drought weather patterns. Because of the significance and
8 complexity of this wildfire risk, SPS engaged EDM to help it assess wildfire risk.
9 EDM's expertise supports SPS's selection of the wildfire mitigation activities in
10 the Plan.

11 As discussed in more detail by SPS witness Wendall A. Reimer, SPS faces
12 elevated operational risk due to the lack of robust and contiguous public
13 communication networks and associated equipment across its service territory.
14 This risk is especially problematic given the rural nature and low customer density
15 across SPS's expansive, 52,000 square mile service territory, 33,000 square miles
16 of which are in Texas.

17 **Q. How has SPS identified these key risks?**

18 A. These key risks have been identified through third-party evaluation of NOAA-
19 recorded weather-related resiliency events, historical SPS outage data, and wildfire
20 risks, as well as the experience of SPS personnel.

21 First, with respect to severe weather-related resiliency events, SPS engaged
22 1898 & Co. to conduct various analyses, including an analysis of SPS's recorded

1 outages by Customer Minutes Interrupted (“CMI”)² over the period of 2010
2 through 2023. This analysis found that approximately 65% of SPS’s forced outages
3 occurred during one of the weather-related resiliency events recorded by NOAA.
4 This demonstrates that major weather events experienced in SPS’s service territory
5 significantly contribute to customer outages and highlights the need for resiliency
6 investments to mitigate these impacts.

7 Second, SPS worked with EDM to produce wildfire risk map outputs that
8 identify Hazardous Fire Areas (“HFAs”), Fire Tiers, and Operational Tiers, and
9 develop a Wildfire Operations Map.³ The establishment of these tools assisted SPS
10 with the prioritization and implementation of wildfire risk mitigation measures and
11 provides a regional snapshot of SPS’s landscape and population wildfire risk
12 categorization across its service territory, including those extending beyond its
13 Texas service territory.

14 Third and finally, as discussed by Mr. Reimer in his direct testimony,
15 communications with field devices on SPS’s distribution system are limited to areas
16 covered by public cellular networks. This severely restricts SPS’s ability to deploy
17 and take advantage of communications-enabled field devices. Public cellular
18 networks are also more susceptible to cyber-attack and lack redundancy for
19 operational technology communications to ensure that no single event can disrupt
20 SPS’s control over the system.

² See 1898 & Co. Report at Section 3.2.2.

³ In general, the terms Wildfire Risk Map and Wildfire Operations Map are used interchangeably in direct testimony and in the SRP.

1 **B. Measure Identification**

2 **Q. Has SPS's SRP been designed to mitigate these key risks?**

3 A. Yes. SPS's SRP includes five measures, which consist of various programs and
4 activities, designed to specifically address key severe weather-related resiliency
5 events, wildfire risk, and the elevated operational effectiveness risk as a result of
6 sparse public cellular network coverage (and cyber security risk related to reliance
7 on public cellular networks). These five measures include:

- 8 1. Distribution Overhead Hardening – The activities in this measure
9 include replacing and reinforcing distribution poles, replacing
10 conductor, replacing line transformers, replacing open-wire
11 secondary, mitigating long span-lengths, and, in heightened wildfire
12 risk areas, wrapping poles with fire resistant coatings and replacing
13 arrestors and transformer fuses with non-expulsion alternatives.
- 14 2. Distribution System Protection Modernization – The activities in
15 this measure include installing sectionalizing reclosers, installing tie
16 reclosers, installing communications equipment on existing
17 reclosers, replacing substation relay panels, replacing substation
18 breakers, installing lateral reclosers, and performing studies to
19 optimize protection schemes with new equipment. Additionally, in
20 areas of heightened wildfire risk, SPS will install fault current
21 indicators and replace tap-level fuses with non-expulsion
22 alternatives.

- 1 3. Communication Modernization – The activities in this measure
2 include building out a private LTE network (“pLTE”), installing
3 Fiber Optic cable, and adding remote terminal units (“RTUs”) at
4 select substations.
- 5 4. Operational Flexibility – The activities in this measure include
6 procuring mobile substation equipment and installing additional
7 switching devices on select transmission circuits.
- 8 5. Wildfire Mitigation – The activities in this measure include
9 acquiring weather stations to enhance SPS’s meteorological
10 capabilities, adopting weather and fire science modeling, deploying
11 Artificial Intelligence (“AI”) cameras to more effectively detect
12 wildfire threats, vegetation management to create defensible spaces
13 around structures, wood substation conversions, and detailed visual
14 inspections.

15 All of these measures have been designed to help SPS prevent, withstand,
16 mitigate, or more promptly recover from resiliency events experienced on its
17 system.

18 **Q. How did SPS determine the five proposed measures were the most appropriate**
19 **measures to propose in its SRP?**

20 A. Ultimately, SPS selected the measures, programs, and activities presented in this
21 SRP based on several objectives, including (1) mitigating the impacts of resiliency
22 events with the greatest impacts on the SPS system and its customers, as determined
23 by SPS’s operational experience and third party analyses; (2) furthering SPS’s long-

1 term resiliency objectives, including mitigating wildfire risk and modernizing
2 system protection capabilities; (3) leveraging the expertise of third-party
3 consultants, including the resilience and risk benefit-cost ratio (“BCR”) calculated
4 by 1898 & Co., which accounts for the historical performance of SPS’s system
5 during resiliency events; and (4) optimizing the overall size of the Plan, with
6 consideration for the costs to customers and SPS’s ability to execute on the full
7 portfolio of proposed investments between 2025 and 2028. The measures and
8 programs in the SRP will work in conjunction with existing programs to support
9 the continued reliable service that SPS customers, the Commission, and the Texas
10 Legislature have come to expect from SPS and ensure that SPS’s system is resilient
11 against a wide array of potential events.

12 SPS prioritized the five proposed measures as the most appropriate
13 measures to mitigate the key severe weather-related, wildfire-related, and
14 operational effectiveness resiliency risks identified through a two-step process.
15 First, SPS personnel coordinated with 1898 & Co. and EDM to select and design a
16 set of measures that would address the resiliency risks to the SPS system and
17 advance SPS’s long-term resiliency objectives. Second, SPS evaluated alternatives
18 to each proposed measure. SPS witness Brianne R. Jole discusses the alternatives
19 considered for the Distribution Overhead Hardening, Distribution System
20 Protection Modernization, and Operational Flexibility measures, which she co-
21 sponsors. Additionally, discussion of alternatives considered are included in the
22 direct testimony of Mr. Reimer, who co-sponsors the Communication

1 Modernization measure, and Ms. Sherwood, who co-sponsors the Wildfire
2 Mitigation measure.

3 **Q. Why are the proposed measures reasonable and in the public interest?**

4 A. 1898 & Co.'s calculated resilience and risk BCR is a robust and reliable measure
5 to help understand the justification for resilience investment activities included in
6 the Distribution Hardening, Distribution System Protection Modernization, and
7 Communication Modernization measures,⁴ and it provides confidence that SRP
8 investments will provide benefits in excess of costs for customers. As discussed in
9 the 1898 & Co. Report, the benefit-cost evaluation shows significant opportunities
10 to improve system resiliency for customers, with each measure and program
11 providing quantified customer benefits in excess of cost.

12 The Operational Flexibility measure includes industry-standard programs
13 and activities that will result in improved customer outage frequency and duration.
14 As discussed by SPS witness Ms. Jole in her direct testimony, the programs under
15 this measure were selected over alternatives due to deployment time, reliability,
16 and cost.

17 Finally, SPS engaged EDM as a consultant with expertise in utility wildfire
18 mitigation practices to assist in its assessment and selection of programs to include
19 in its Wildfire Mitigation measure. SPS witness Ryan Brockbank of EDM testifies

⁴ Although the Communication Modernization measure does not itself create independent quantified benefits, it is necessary to fully realize the benefits of the Distribution System Protection Modernization measure and, when considered in conjunction with that measure, results in a BCR of 1.8. In the average 3.4 BCR for all measures evaluated by 1898 & Co., the Communication Modernization measure is assumed to be fully deployed in the Distribution System Protection Modernization measure.

that the Wildfire Mitigation measure are intended to be dynamic and evolving, consistent with leading-utility practices.

C. Budget Development

Q. Has SPS developed an estimated budget for each proposed measure?

A. Yes. SPS's SRP details the types of incremental capital investments and O&M expenses SPS plans to expend in the Plan period for programs that will enhance the resilience of SPS's system. Attachment BAT-2 to my direct testimony contains a chart that provides details of proposed SRP measure/program activities and corresponding budget estimates. Table BAT-1 below summarizes SPS's estimated budget by measure. These individual measure budgets are co-sponsored by Ms. Jole, Mr. Reimer, and Ms. Sherwood. I discuss funding and cost recovery associated with SPS's proposed measures in the next section of my testimony.

Table BAT-1: SPS's SRP Budget by Measure

| Measure | Estimated Capital Spend (\$) | Estimated O&M Spend (\$) | Total Estimated Spend (\$) |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| Distribution Overhead Hardening | 253.0M | -- | 253.0M |
| Distribution System Protection Modernization | 92.3M | -- | 92.3M |
| Communication Modernization | 112.7M | -- | 112.7M |
| Operational Flexibility | 43.7M | 0.006M | 43.7M |
| Wildfire Mitigation | 19.8M | 16.8M | 36.6M |
| Total | 521.5M | 16.8M | 538.3M |

Q. Is SPS requesting flexibility in the implementation of its SRP?

A. Yes. As stated in the direct testimony of Mr. Meeks, SPS is requesting flexibility in the implementation of its SRP to allow SPS to make adjustments, as appropriate,

1 in response to changing conditions and industry developments. Such adjustments
2 may include the deployment of proposed program activities within measures or the
3 reallocation of budgeted expenses between approved measures. SPS's requested
4 implementation flexibility will not change the total cost of the overall Plan as
5 approved but will instead allow SPS to accommodate potential changes in
6 conditions or technologies as they are encountered. SPS is also requesting
7 flexibility in terms of its business operations, timing, and methods for
8 implementing its SRP to allow SPS to adopt efficient practices discovered
9 throughout this process.

10 **IV. SRP COST RECOVERY AND ACCOUNTING**

11 **Q. What is the purpose of this section of your testimony?**

12 A. In this section of my direct testimony, I discuss SPS's plans for recovery of SRP-
13 related costs, including deferral of distribution invested capital to a regulatory asset,
14 potential state and federal funding for resiliency measures, and SPS's request to
15 defer costs associated with the preparation of this Application and adjudication of
16 this proceeding into a regulatory asset for evaluation and recovery in a future base
17 rate proceeding.

18 **Q. Do the measures proposed in SPS's SRP result in distribution related costs**
19 **only?**

20 A. No. Certain measures proposed in SPS's SRP are applicable to SPS's transmission
21 and general plant infrastructure. For example, increased inspections and defensible
22 space parameters included in the Wildfire Mitigation measure are applicable to
23 transmission circuits as well as distribution circuits. Additionally, the Operational

1 Flexibility measure includes transmission investments, and the Communication
2 Modernization measure includes general plant investments. These measures are
3 discussed in the direct testimonies of Ms. Sherwood, Ms. Jole, and Mr. Reimer.

4 **Q. How does SPS plan to recover the costs of its SRP?**

5 A. For transmission-related investments approved under the SRP, SPS currently
6 intends to recover costs in a future Transmission Cost Recovery Factor (“TCRF”)
7 proceeding or base rate proceeding. With respect to distribution invested capital,
8 as authorized under 16 TAC § 25.62(f), SPS intends to defer all DCRF-eligible
9 capital costs and all distribution-related operation and maintenance expenses
10 incurred under its approved SRP for recovery through a regulatory asset. SPS is
11 not planning to request approval of a Resiliency Cost Recovery Rider.

12 **A. Distribution SRP Deferral**

13 **Q. Does the Resiliency Rule specify which mechanism is to be used to recover the**
14 **regulatory asset balance if approved resiliency-related costs are deferred?**

15 A. Yes. If SPS defers certain resiliency-related distribution costs through a regulatory
16 asset, and if SPS then files a DCRF application (before a base rate case), 16 TAC
17 § 25.62(f)(2)(A) states that those deferred costs must be included for recovery in
18 DCRF rates subject to the formula set forth in the Resiliency Rule at 16 TAC
19 § 25.62(f)(2)(B).

20 Consistent with the Commission’s definition of “distribution invested
21 capital” prescribed in 16 TAC § 25.62(b), the resiliency-related distribution
22 invested capital will reflect incremental invested capital placed into service and
23 functionalized as distribution plant, distribution-related intangible plant, and

1 distribution-related communication equipment and networks properly recorded in
2 FERC Uniform System of Accounts 303, 352, 353, 360 through 364, 391, and 397.
3 The proposed Plan estimates incremental O&M expense associated with
4 implementing certain resiliency measures, as shown in Table BAT-1. Additionally,
5 depreciation and amortization expense, return on SPS's resiliency investments,
6 income taxes, Texas Gross Margin Tax, and ad valorem taxes related to the
7 resiliency-related distribution invested capital will be recorded and tracked as
8 resiliency-related expenses.

9 **Q. Which distribution costs will SPS include in its SRP regulatory asset?**

10 A. The regulatory asset will include the accumulated distribution invested capital's
11 associated depreciation and amortization expense, ad valorem taxes, carrying costs,
12 and associated income and Texas Gross Margin tax. The regulatory asset will also
13 include the deferred distribution-related O&M associated with the Commission-
14 approved SRP, such as the distribution-related O&M associated with SPS's
15 proposed Defensible Space Around Poles ("DSAP") program in the Wildfire
16 Mitigation measure.

17 **B. Accounting of SRP Costs**

18 **Q. How does SPS propose to account for the capital investment and incremental**
19 **expenses attributable to implementing its SRP once approved?**

20 A. As I explain in more detail in the following sections of my direct testimony, SPS
21 proposes to use its accounting structures and workorder processes currently in place
22 to account for all costs associated with its SRP to ensure that costs are directed to

1 the appropriate accounts. SPS will separately track investments and expenditures
2 incurred under SPS's SRP from non-SRP activities.

3 **Q. Does this mean that all SRP costs will be tracked separately from general**
4 **system investment?**

5 A. Yes. The costs of these expansions and accelerations that are approved by the
6 Commission as SRP measures will be tracked and accounted for separate and apart
7 from existing system investment programs.

8 **Q. How will SPS account for the resiliency-related distribution invested capital**
9 **under its SRP?**

10 A. SPS will record the resiliency-related capital expenditures in a manner that will
11 readily allow for identification, tracking, and reporting on a monthly basis. SPS
12 will maintain records of resiliency-related investment in a manner that will allow
13 the Commission to fully review the costs in SPS's next base rate case. Upon
14 Commission approval of SPS's SRP, SPS will begin tracking investment in
15 resiliency distribution capital through the use of appropriate FERC accounts,
16 property unit records, SRP-identifiable project structures, and activity codes. An
17 SRP project structure will be assigned to each resiliency-related capital project and
18 will be unique to each resiliency measure and method as defined in the SRP. This
19 tracking will provide for the reporting and reconciliation of the resiliency
20 distribution plant that has been placed in service.

- 1 **Q. How will SPS track and record retirements related to implementing its SRP?**
- 2 A. As described in its Plan, SPS anticipates performing a number of capital
3 replacements that will enhance system resiliency. When the new capital asset is
4 installed, it will be necessary to remove and retire the replaced asset from service.
5 With the exception of certain general plant assets, such as computer equipment
6 recorded in FERC Account 391 and communication equipment recorded in FERC
7 Account 397, the retirement will be recorded at the same time or shortly after the
8 new asset is placed in service, and will be tracked in the same manner as the
9 distribution investment using the appropriate FERC account, property unit record,
10 and unique SRP project structure such that the retirement is reflected as resiliency-
11 related. Identifying the retirement as resiliency-related will ensure that the
12 appropriate amount of depreciation and amortization expense attributable to
13 resiliency-related net invested capital is calculated and recorded. For certain
14 general plant investments recorded in FERC Accounts 391 and 397, depreciation
15 and retirements are based on a vintaged group methodology. Retirements for these
16 capital assets are recognized at the end of the asset's approved depreciable life.
- 17 **Q. How will SPS account for incremental SRP expenses separate from any**
18 **existing resiliency-related programs or initiatives?**
- 19 A. SPS will record resiliency-related incremental expenses in a manner that will
20 readily allow for their identification, tracking, and reporting on a monthly basis.
21 Upon approval of the SRP, SPS will begin tracking its incremental distribution-
22 related expenses associated with the implementation of its SRP in the appropriate

1 FERC expense accounts with a unique SRP project structure that will categorize
2 the expenses by resiliency measure and method as defined in the approved SRP.
3 This tracking methodology will allow for the reporting and reconciliation of the
4 resiliency-related incremental expenses. It will also support the deferral of
5 distribution invested capital through a regulatory asset as allowed by the Resiliency
6 Rule.

7 **Q. How will SPS track and record O&M expenses related to its SRP?**

8 A. As previously described, SPS will use the appropriate FERC expense accounts
9 combined with a unique SRP project structure to record the incremental SRP O&M
10 costs as the costs are incurred. In other words, each SRP project will be identified
11 and individually tracked to ensure all costs are accounted for appropriately. This
12 cost recording methodology will allow for the identification, tracking, and reporting
13 of resiliency-related O&M expenses. Only incremental O&M expenses associated
14 with the approved SRP measures and not already included in base rates will be
15 identified as resiliency-related.

16 **Q. How will SPS track and record depreciation and amortization expenses on**
17 **resiliency-related assets?**

18 A. As described earlier in my direct testimony, distribution invested capital will be
19 separately identifiable through the use of appropriate FERC accounts, unique
20 project structures, and activity codes. SPS will record depreciation and
21 amortization expenses related to these specific assets monthly. Depreciation
22 expense is calculated by taking the original cost of the asset less retirements and

1 then applying the applicable depreciation rate established in SPS's last base rate
2 case, Docket No. 54634. The depreciation and amortization expenses will be
3 recorded to the appropriate FERC expense account identifiable with a unique
4 project structure as resiliency-related.

5 **Q. How will SPS track and record ad valorem taxes for resiliency-related assets?**

6 A. The appropriate amount of ad valorem taxes will be calculated by applying the
7 factor derived from the ad valorem and net plant amounts from Docket No. 54634
8 baselines to the incremental resiliency-related net plant amounts that are not being
9 recovered in base rates.

10 **Q. How will SPS record carrying costs in the regulatory asset?**

11 A. The Resiliency Rule specifically allows for the recovery of carrying costs
12 associated with balance of unrecovered resiliency-related costs incurred for the
13 implementation of an approved SRP and not otherwise included in rates. SPS will
14 calculate monthly the amount of carrying costs based on SPS's weighted average
15 cost of capital approved in the most recent base rate proceeding related to the
16 balance of unrecovered distribution-related net rate base (plant in service and
17 associated accumulated depreciation and accumulated deferred income taxes) as
18 well as unrecovered balance of costs recorded through a regulatory asset.

19 **Q. Please explain the carrying costs that will be included in the regulatory asset.**

20 A. Carrying costs will be calculated on a monthly basis using SPS's weighted average
21 cost of capital approved in the most recent base rate proceeding, 7.11%, and applied
22 to the distribution-related unrecovered rate base (plant in service and associated

1 accumulated depreciation and accumulated deferred income taxes) as well as the
2 balance of unrecovered resiliency-related costs booked through a regulatory asset.

3 **Q. Please summarize how SPS proposes to utilize the resiliency-related**
4 **regulatory asset for recording and recovering SRP-related costs.**

5 A. As I have described throughout my testimony, SPS will record its resiliency-related
6 costs in a manner such that the costs can be readily identified. Each month, the
7 total amount of distribution-related O&M expense, depreciation and amortization
8 expense, return on SPS's resiliency investments, income taxes, Texas Gross Margin
9 tax, ad valorem taxes, and carrying costs applicable to implementing SPS's SRP
10 will be recorded through a regulatory asset. SPS will seek recovery of its resiliency-
11 related regulatory asset balance over a 12-month amortization period through its
12 DCRF applications. All resiliency-related costs, including those approved for
13 recovery in SPS's approved DCRF and TCRF applications, and amortization of the
14 unrecovered regulatory asset balance for the respective period will be included in
15 SPS's next base rate filing for review and inclusion in base rates.

16 **Q. How does 16 TAC § 25.62 prescribe the recovery of the regulatory asset in a**
17 **DCRF?**

18 A. 16 TAC § 25.62(f)(2)(B) provides a formula that must be used when filing a DCRF
19 that includes the amortization of the regulatory asset related to distribution spend
20 associated with an approved SRP. While the formula starts out the same as the
21 DCRF required in 16 TAC § 25.243(d)(1), the Resiliency Rule adds "RAMORT,"
22 where RAMORT is equal to a reasonable annual amortization amount of the SRP-

1 related regulatory asset. In addition, upon the Commission's approval of SPS's
2 DCRF rates, the resiliency-related regulatory asset balance will be reduced at an
3 annual rate by the value of RAMORT.

4 **Q. What amortization period does SPS propose be applied to its SRP regulatory**
5 **asset balance?**

6 A. SPS proposes a 12-month amortization period be applied to its SRP regulatory asset
7 balance in DCRF proceedings following SRP approval. By proposing approval of
8 the 12-month amortization period in this proceeding, SPS intends to alleviate the
9 pressures of time constraints that may be present in a future DCRF proceeding
10 given the 60-day decision deadline for such a case.⁵ In addition, PURA
11 § 36.210(d), allows for the adjustment of a utility's DCRF no more than twice per
12 year; thus, SPS will likely file two DCRFs on a semi-annual cadence as it deploys
13 its approved SRP investments, which should provide gradual price impacts to bills
14 for customers instead of requesting approval of a larger increase in a base rate
15 application two or three years after the investments are made. A 12-month
16 amortization period would also incur fewer carrying costs for customers. SPS's
17 proposal is consistent with its commitment to keep customer bills as low as possible
18 while making its system more resilient to meet their needs.

⁵ See Senate Bill 1015 (became effective on June 18, 2023). This bill amended PURA § 36.210 and requires the Commission to issue a final order in a DCRF proceeding no later than 60 days after the DCRF application is filed, unless there is good cause to extend by 15 days.

1 **C. Reconciliation**

2
3 **Q. Please explain the reconciliation requirement in 16 TAC § 25.62(f)(3).**

4 A. In accordance with 16 TAC § 25.62(f)(3), all Commission-approved, SRP-related
5 costs recovered through rates in SPS's approved DCRF or TCRF applications will
6 be subject to review and reconciliation in SPS's first base rate proceeding that is
7 filed after the effective dates of the related rates. As part of the reconciliation
8 process in a base rate case, the Commission will determine if the resiliency-related
9 costs were reasonably and prudently expended consistent with SPS's approved
10 SRP. Therefore, it will be necessary for SPS to include sufficient details of the
11 incurred SRP costs in its base rate case filing such that a comprehensive review can
12 be completed. The detailed tracking and recording of SPS's SRP costs in its books
13 and records will also be provided to support the reconciliation. As required by the
14 Resiliency Rule, SPS will file an annual resiliency plan report by May 1 each year
15 following the year the SRP is approved.

16 **D. State and Federal Funding**

17
18 **Q. Does SPS intend to pursue any state funding to help address costs associated**
19 **with resilience in its Texas service territory?**

20 A. Yes. SPS intends to pursue state funding for resiliency investment through the TEF
21 when the Commission's TEF rulemaking is finalized. The TEF is a Texas grant
22 program under which non-ERCOT utilities can apply for funding for investments
23 such as resiliency-related facility enhancements. If appropriate under the adopted
24 rule, SPS intends to pursue TEF grant funds for portions of the Distribution

1 Overhead Hardening measure and Distribution System Protection Modernization
2 measure activities.

3 **Q. Has SPS previously pursued, or is SPS considering pursuing, any federal**
4 **funding to help address the costs associated with resilience in its Texas service**
5 **territory?**

6 A. Yes. SPS will explore the possibility of including certain SRP-related components
7 in an application for funding through the federal GRIP program in Spring 2025. As
8 Ms. Sherwood discusses in her testimony, SPS, and the larger Xcel Energy
9 organization, previously received federal funding for aspects of wildfire hardening
10 activities through the GRIP program in 2023, but details are still being finalized.
11 Xcel Energy will continue to evaluate whether it is appropriate to apply GRIP funds
12 to SPS's SRP. Xcel Energy will also consider the inclusion of additional SPS
13 resiliency projects in areas related to distribution, transmission, and/or wildfire in a
14 2025 GRIP application as that program's new cycle criteria becomes available for
15 a 2025 application submission and competition.

16 **E. Case Costs**
17

18 **Q. Will SPS seek approval of any costs incurred prior to the Commission's**
19 **approval of the SRP?**

20 A. Yes. SPS will request approval for costs associated with the preparation of this
21 SRP Application. SPS will defer these costs by recording them in a regulatory asset
22 and request recovery in SPS's next base rate proceeding after Commission approval
23 of its SRP.

1 **Q. Has SPS incurred contracting costs associated with data analytics used to**
2 **prepare this SRP?**

3 A. Yes. SPS engaged 1898 & Co. and EDM International Inc., both third-party
4 consultants that assisted SPS in developing, applying, and understanding
5 quantitative evaluation tools and evaluating wildfire risk. This allowed SPS to
6 conduct a data-informed approach to preparing its SRP and prioritizing projects
7 included in each measure.

8 **Q. Please further explain the process by which SPS worked with 1898 & Co. to**
9 **develop its SRP.**

10 A. SPS engaged 1898 & Co. to help evaluate certain proposed resiliency projects.
11 Specifically, 1898 & Co. provided outside data analysis of the costs and benefits of
12 the Distribution Overhead Hardening, Distribution System Protection
13 Modernization, and Operational Flexibility measures as they relate to system
14 resiliency improvements. To facilitate its analysis, SPS provided 1898 & Co. with
15 prior SPS reports, such as annual Storm Hardening Reports and comprehensive data
16 sets related to SPS's distribution assets, historical outages, restoration costs, and
17 other operations figures. SPS then arranged routine workshops with 1898 & Co. to
18 discuss unique aspects of SPS's system as they relate to the SRP and resiliency in
19 general. During these regular workshops, supplemental data was provided as new
20 issues for analysis were uncovered.

21 To inform SPS's selection of proposed SRP activities, 1898 & Co.
22 performed a benefit-to-cost ratio analysis for certain SRP measures. In conjunction

1 with the discussions during SPS's routine workshops with 1898 & Co., SPS
2 strategically leveraged 1898 & Co.'s analysis to maximize the benefits of the
3 resiliency investments proposed in the SRP. SPS examined 1898 & Co.'s BCR of
4 various initial programs and measures to determine which investments would yield
5 the highest system-resiliency benefit for SPS's customers. Additionally, 1898 &
6 Co.'s analysis provided guidance as to the most efficient implementation plan for
7 certain resiliency-based programs.

8 **Q. Please further explain the process by which SPS worked with EDM**
9 **International, Inc. to develop its SRP.**

10 A. SPS engaged EDM to aid in the development of portions of the SRP pertaining to
11 wildfire mitigation. Through collaboration with EDM, SPS assessed wildfire risk
12 to its service territory and developed a Wildfire Risk Map with three distinct tiers
13 for identification and prioritization of wildfire mitigation programs, as seen
14 throughout SPS's SRP. EDM also provided its assessment, as a consulting firm
15 specializing in wildfire mitigation, of SPS's SRP wildfire mitigation programs.
16 The direct testimonies of Ms. Sherwood and Mr. Brockbank further detail the
17 coordinated efforts between SPS and EDM in developing the SRP.

18 **Q. Did SPS contract any outside legal counsel to support the development of this**
19 **Application?**

20 A. Yes. SPS engaged the assistance of three outside legal firms, Dorsey & Whitney,
21 LLP, Vinson & Elkins LLP, and Wilkinson Barker Knauer, LLP, to support the
22 development of SPS's SRP, Application, testimony, and supporting documentation.

1 These firms will continue their engagement throughout the pendency of this
2 proceeding, and SPS will include costs incurred by these firms in the same
3 regulatory asset as the deferred costs associated with 1898 & Co.'s and EDM's
4 work.

5 **V. ANNUAL REPORTING & PROPOSED METRICS**

6 **Q. Please explain the annual reporting requirements in 16 TAC § 25.62(g).**

7 A. 16 TAC § 25.62(g) defines the annual reporting requirements for a Commission-
8 approved SRP beginning the year after the plan is approved. Among other things,
9 the annual report must include “the actual capital costs and operations and
10 maintenance expenses incurred in the prior year attributable to each measure.” SPS
11 will identify actual resiliency-related costs incurred in sufficient detail to meet the
12 Commission’s annual reporting requirements.

13 **Q. Please describe the metrics SPS proposes for its SRP measures in accordance**
14 **with the requirements of 16 TAC § 25.62(c)(2)(C).**

15 A. As required by 16 TAC § 25.62(c)(2)(C), SPS proposes metrics for evaluating the
16 effectiveness of each SRP measure in preventing, withstanding, mitigating, or more
17 promptly recovering from the risks associated with the identified resiliency event.

18 Subsection 4 of each measure description within Section IV, and Section V,
19 of SPS’s SRP discusses the metric(s) and criteria for evaluating the measure. SPS
20 proposes the following metrics:

- 21 • **Underperforming Area Count:** This metric identifies the number of
22 underperforming areas across SPS’s Texas system as categorized by the

Resiliency Rule. “Underperforming Areas” include distribution feeders for which the System Average Interruption Duration Index (“SAIDI”) or System Average Interruption Frequency Index (“SAIFI”) exceeds the system average by more than 300% for two or more consecutive years.

- **Rolling 10-Year Average SAIDI:** This metric evaluates all measures except for the Wildfire Mitigation measure by calculating the average duration of all outage events over the last 10 years, normalized for customer counts. The calculation used for this metric is reproduced below.

$$\text{Rolling 10 Year Average SAIDI} = \frac{\sum_{i=1}^{10} \text{Total SAIDI}_i}{10}$$

- **Storm Restoration Duration:** This metric evaluates system improvement from all measures except for Wildfire Mitigation. The metric uses the formula, below, to calculate an average storm restoration duration for Major Event Days with more than 2.5 beta, as defined by IEEE 1366, a standard developed by the Institute of Electrical and Electronics Engineers (“IEEE”). Each year, a new average restoration duration will be calculated and compared with the average durations from the previous three years.

$$\text{Storm Restoration Duration} = \frac{\sum_{i=1}^n (\text{Restoration Duration})_i}{\text{Total Number of Major Event Days}}$$

- **Average Hardened Protection Zone (“AHPZ”) CI vs Average Protection Zone (“APZ”) CI Comparison by County (Hardened Only):**

This metric compares hardened protection zones with non-hardened protection zones to show the effectiveness of hardening measures using the calculations reproduced below.

$$AHPZ\ CI = \frac{\sum_{i=1}^n Total\ CI_i}{Hardened\ Protection\ Zone\ Miles}$$

$$APZ\ CI = \frac{\sum_{i=1}^n Total\ CI_i}{Non\ Hardened\ Protection\ Zone\ Miles}$$

- **AHPZ CI Percentage Improvement:** This metric uses the calculation reproduced below to estimate the performance improvement between non-hardened protection zones and hardened protection zones. This metric includes all interruptions.

$$AHPZ\ CI\ \% Improvement = \frac{AHPZ\ CI\ (Hardened) - APZ\ CI\ (Non\ Hardened)}{APZ\ CI\ (Non\ Hardened)}$$

- **RAN Tower Completion:** This metric will track and report cellular tower construction completion, testing, and in-servicing as compared to the SRP to objectively measure SPS’s implementation of the Communication Modernization measure and related activities.
- **End Device Connectivity:** This metric will report connectivity of end devices to pLTE cellular towers, including acceptance from the business unit on end-to-end testing validation in accordance with the Plan to provide data to evaluate whether the added connectivity is reducing the impacts of

1 resiliency events for SPS customers, which is the ultimate goal of this
2 measure.

3 • **Units Completed in DSAP:** This metric calculates and reports the number
4 of units identified and completed in Tiers 2 and 3 for DSAP compared to
5 the Plan.

6 • **Transmission Inspections:** This metric involves the detailed inspections
7 executed in Tiers 2 and 3 wildfire areas, with associated number of
8 emergency and high-priority defects identified and remediated to
9 demonstrate program progress and ensure the durations of defects on the
10 system are limited.

11 The table below identifies the metric(s) that will be used to evaluate the
12 effectiveness of each proposed SRP measure.

Table BAT-2: SPS's SRP Proposed Metrics

| Metric | Distribution Overhead Hardening | Distribution System Protection Modernization | Communication Modernization | Operational Flexibility | Wildfire Mitigation |
|---|--|---|--|--------------------------------|----------------------------|
| Underperforming Area Count | X | X | X | | |
| Rolling 10-Year Average SAIDI | X | X | X | X | |
| Storm Restoration Duration | X | X | X | | |
| Average Hardened Protection Zone (AHPZ) CI vs Average Protection Zone (APZ) CI Comparison by County (Hardened Only) | X | | | | |
| AHPZ CI Percentage Improvement | X | | | | |
| RAN Tower Completion | | | X | | |
| End Device Connectivity | | | X | | |
| Units Completed in DSAP | | | | | X |
| Transmission Inspections | | | | | X |

2 **Q. How often will SPS review the results of applying the proposed metrics to the**
3 **measures proposed in its SRP?**

4 **A. SPS will apply its above-described metrics to the proposed SRP measures as shown**
5 **in Table BAT-2 and review the results annually, with the exception of the Rolling**
6 **10-Year Average SAIDI metric and the Storm Restoration Duration metric. These**
7 **two metrics will require the impact of resiliency measures to accumulate over the**

1 first several years of the investment before they can be used to evaluate
2 effectiveness.

3 **VI. CONCLUSION**

4 **Q. Please summarize the relief requested by SPS in this proceeding.**

5 A. SPS respectfully requests that the Commission: (1) find SPS's proposed SRP is in
6 the public interest and compliant with 16 TAC § 25.62, and approve it; (2) authorize
7 SPS to implement the SRP through 2028 or at least three years after any approval
8 of this SRP, whichever is later, unless SPS requests to amend the SRP with the
9 amendment to take effect no later than three years from an approval of this SRP;
10 (3) approve SPS's requested flexibility in implementation as described in the SRP
11 and my testimony; (4) authorize SPS to establish a regulatory asset to capture
12 distribution-related costs related to the implementation of the SRP; (5) authorize a
13 twelve-month amortization period for the regulatory asset requested; (6) approve
14 SPS's proposed metrics; and (7) grant all other relief the Commission deems
15 necessary or appropriate.

16 **Q. Does this conclude your direct testimony?**

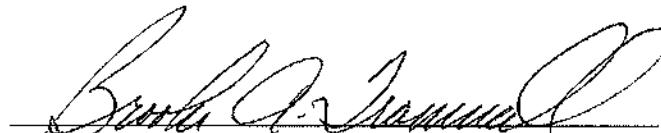
17 A. Yes.

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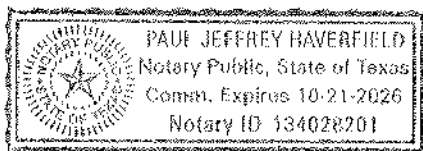
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COUNTY OF POTTER)

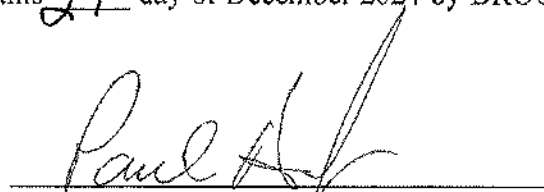
BROOKE A. TRAMMELL, first being sworn on her oath, states:

I am the witness identified in the preceding testimony. I am over 18 years of age, of sound mind, and am capable of making this affidavit. I have read the testimony and the accompanying attachments and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.


BROOKE A. TRAMMELL

Subscribed and sworn to before me this 27th day of December 2024 by BROOKE A. TRAMMELL.




Notary Public, State of Texas

My Commission Expires: 10-21-2026

SPS SRP Filing Package Direct Testimony & Sponsorship

| Witness | Area of Testimony | Bates Page # | Sponsored SRP Section(s) |
|---|--|--------------|---|
| Adrian J. Rodriguez SPS President | Introduces and supports SPS's SRP; provides overview of SPS's service territory, customer makeup, and resiliency events that pose a risk to the SPS System; discusses SPS's approach to resiliency and the actions it is currently taking to advance resiliency of its system. | 311 | None |
| Brooke A. Trammell SPS Regional Vice President, Regulatory and Pricing | Supports SPS's SRP, including all measures and programs therein; presents budgeting for the SRP; discusses SRP cost recovery; explains and supports SPS's proposed tracking and accounting plan for SRP-related costs; discusses state and federal resiliency-related funding opportunities; describes SPS's proposed SRP evaluation metrics. | 328 | All Sections |
| Casey S. Meeks SPS Regional Vice President, Distribution Operations | Describes SPS's distribution system and specific factors connected to resiliency issues; explains the impact resiliency events have on SPS distribution system operations; discusses SPS's SRP implementation strategy. | 372 | Section III.C Section V |
| Brianne R. Jole Xcel Energy Services Inc. Manager, System Planning and Strategy, Distribution Integrated Planning | Describes SPS's coordination with 1898 & Co. in developing the SRP; introduces SRP measures; discusses SPS's current and ongoing approach to resilience and prioritization in SRP program selection; describes and supports the Distribution Overhead Hardening, Distribution System Protection Modernization, and Operational Flexibility SRP measures. | 400 | Section III Section IV.A Section IV.B Section IV.D |
| Wendall A. Reimer Xcel Energy Services Inc. Director II (IT) - Application Delivery, Technology Services | Supports the Communication Modernization measure; discusses migration of SPS's OT communications to a private LTE network; explains the resiliency benefits associated with the proposed | 445 | Section II.C Section IV.C Section V |

| Witness | Area of Testimony | Bates Page # | Sponsored SRP Section(s) |
|---|---|--------------|--|
| | private communications infrastructure. | | |
| Jason D. De Stigter 1898 & Co. Director, Utility Investment Planning | Introduces, summarizes, incorporates, and supports the Resilience Investment Study performed by 1898 & Co. for SRP development (the "1898 & Co. Report"); explains the methodology used by 1898 & Co. in its evaluation. | 470 | Section II.A 1898 & Co. Report (SRP Attachment A) |
| Anne Z. Sherwood Xcel Energy Services Inc. Area Vice President, Wildfire Mitigation: Regulatory and Policy | Supports and describes the Wildfire Mitigation measure; discusses wildfire risks within SPS's service area and SPS's current wildfire mitigation and risk assessment activities; describes SPS's engagement of outside expert consultants to advance wildfire-related resiliency. | 520 | Section IV.E Section V |
| Ryan Brockbank EDM International, Inc. Principal | Discusses and supports the Wildfire Mitigation measure; provides an explanation of wildfire risk mapping and SPS's Wildfire Operations Map. | 542 | Section II.B |

Proposed Measure & Budget Chart

| Measure | Program | Resiliency Risk Event | Activities | Justification | Estimated SRP Spend (\$) |
|--|--|---|--|---|---|
| Distribution Overhead Hardening | Distribution Circuit Hardening Rebuild | Wind, Flood, Tornado, Winter, Heat, Cold, and Wildfire | 1) Pole Replacements 2) Conductor and Open-Wire Secondary Replacements 3) Line Transformer Replacements 4) Pole wraps 5) Pole Trussing 6) Wildfire Transmission Ignition Mitigation Fuse Replacements 7) Wildfire Arrestor Replacements | Plan Section IV.A 1898 & Co. Report Jason D. De Stigter Direct Testimony Brianna R. Jole Direct Testimony Casey S. Meeks Direct Testimony | Capital: 253.0M O&M: -- Total: 253.0M |
| Distribution System Protection Modernization | Mainline Automated Reclosing Deployment | Wind, Flood, Tornado, Winter, Heat, Cold, and Wildfire | 1) Sectionalizing Recloser Installation 2) Tie Recloser Installation 3) Existing Recloser Communication Installation 4) Substation Relay Panel Replacements 5) Substation Breaker Replacements 6) Fault Indicator Installation 7) Enhanced Powerline Safety Setting Feeder Upgrades 8) Wildfire Fuse Replacements | Plan Section IV.B 1898 & Co. Report Jason D. De Stigter Direct Testimony Brianna R. Jole Direct Testimony Anne Z. Sherwood Direct Testimony Wendall A. Reimer Direct Testimony | Capital: 90.1M O&M: -- Total: 90.1M |
| | Lateral Reclosing Deployment Lateral Reclosing Deployment | Wind, Flood, Tornado, Winter, Heat, and Cold | 1) Installation of Lateral Reclosers | Plan Section IV.B 1898 & Co. Report Jason D. De Stigter Direct Testimony Brianna R. Jole Direct Testimony Wendall A. Reimer Direct Testimony | Capital: 2.1M O&M: -- Total: 2.1M |
| Communication Modernization | Communication Modernization | Wind, Flood, Tornado, Winter, Heat, Cold, Wildfire, and Cybersecurity | 1) Private LTE Network Buildout Private Fiber Optic and RTU Installation | Plan Section IV.C 1898 & Co. Report Jason D. De Stigter Direct Testimony Brianna R. Jole Direct Testimony Wendall A. Reimer Direct Testimony | Capital: 112.7M O&M: -- Total: 112.7M |

Proposed Measure & Budget Chart

Docket No. 57463

| Measure | Program | Resiliency Risk Event | Activities | Justification | Estimated SRP Spend (\$) |
|-------------------------|---|--|---|---|--|
| Operational Flexibility | Mobile Substation Equipment Procurement | Wind, Flood, Tornado, Winter, Heat, and Cold | 1) Equipment Procurement | Plan Section IV.D Brienne R. Jole Direct Testimony Casey S. Meeks Direct Testimony | Capital: 30.8M O&M: 0.006M* Total: 30.8M *Calculated based on a \$36/month charge |
| | Installation of Transmission Switches | Wind, Flood, Tornado, Winter, Heat, and Cold | 1) Installation of Transmission Switches | Plan Section IV.D Brienne R. Jole Direct Testimony | Capital: 12.9M O&M: -- Total: 12.9M |
| Wildfire Mitigation | Situational Awareness | Wildfire | 1) Enhanced Meteorology Capabilities 2) Weather and Fire Science Modeling 3) Artificial Intelligence Cameras 4) Wildfire Tier Maps | Plan Section IV.E Anne Z. Sherwood Direct Testimony Ryan Brockbank Direct Testimony | Capital: 17.8M O&M: 2.3M Total: 20.1M |
| | Operational Mitigation | Wildfire | 1) Defensible Space Around Poles (DSAP) 2) Wood Substation Conversion 3) Transmission Wildfire Annual Visual Inspection | Plan Section IV.E Anne Z. Sherwood Direct Testimony Ryan Brockbank Direct Testimony | Capital: 2.0M O&M: 14.5M Total: 16.5M |

List of Prior Testimony

| No. | Case Description | Regulatory Agency | Company |
|----------------------------|--|---|---------|
| NMPRC Case No. 24-00270-UT | <i>In The Matter Of Southwestern Public Service Company's Application For Approval Of: Continued Use Of Its Fuel And Purchased Power Cost Adjustment Clause ("FPPCAC") Using A Monthly Adjustment Factor Under NMPRC Rule 550. And For Implementation Of Certain Matters Through The FPPCAC.</i> | New Mexico Public Regulation Commission | SPS |
| NMPRC Case No. 24-00114-UT | <i>In the Matter of Southwestern Public Service Company's Application Requesting a Determination on Location Approval of Two Solar Facilities, a Battery Energy Storage System, and a 230 kV Transmission Generation Tie Line in Lea County and Other Associated Relief</i> | New Mexico Public Regulation Commission | SPS |
| PUCT Docket No. 55973 | <i>Application of Southwestern Public Service Company for Authority to Reconcile Fuel and Purchased Power Costs for the Period July 1, 2021 Through June 30, 2023</i> | Public Utility Commission of Texas | SPS |
| NMPRC Case No. 23-00384-UT | <i>In the Matter of Southwestern Public Service Company's Application Requesting Approval of Two Long Term Purchased Power Agreements</i> | New Mexico Public Regulation Commission | SPS |
| NMPRC Case No. 23-00271-UT | <i>In the Matter of Southwestern Public Service Company's Application for Authorization of Large Customer Renewable*Connect Program and Tariff and Other Associated Relief</i> | New Mexico Public Regulation Commission | SPS |
| PUCT Docket No. 55255 | <i>Application of Southwestern Public Service Company to Amend Its Certificate of Convenience and Necessity to Construct Generation Facilities in Lamb County, Texas and Lea County, New Mexico: for Good-Cause Exceptions; and for Related Relief</i> | Public Utility Commission of Texas | SPS |
| NMPRC Case No. 23-00252-UT | <i>In the Matter of Southwestern Public Service Company's Application Requesting: (1) Issuance of a Certificate of Public Convenience and Necessity to Construct and Operate Solar Generation and Battery Storage Projects and Associated Facilities; (2) Authorization of Related Ratemaking Principles Including Accrual of an Allowance for Funds Used During Construction; (3) Authorization to Abandon the Cunningham Unit 2 Generating Facility; and (4) Other Associated Relief</i> | New Mexico Public Regulation Commission | SPS |
| PUCT Docket No. 54952 | <i>Application of Southwestern Public Service Company to Revise its Fuel Factor Formula; Interim Approval; and for Related Relief</i> | Public Utility Commission of Texas | SPS |
| PUCT Docket No. 54634 | <i>Application of Southwestern Public Service Company for Authority to Change Rates</i> | Public Utility Commission of Texas | SPS |
| NMPRC Case No. 22-00286-UT | <i>In the Matter of Southwestern Public Service Company's Application for: (1) Revision of Its Retail Rates Under Advice Notice No. 312; (2) Authority to Abandon the Plant X Unit 1, Plant X Unit 2, and Cunningham Unit 1 Generation Stations and Amend the Abandonment Date of the Tolk Generating Station; and (3) Other Associated Relief</i> | New Mexico Public Regulation Commission | SPS |
| PUCT Docket No. 53529 | <i>Application of the City of Lubbock, Acting By and Through Lubbock Power & Light, for Authority to Connect the Remaining Portion of its Load with the Electric Reliability Council of Texas and for Approval of Settlement Agreement</i> | Public Utility Commission of Texas | SPS |
| PUCT Docket No. 53034 | <i>Application of Southwestern Public Service Company to Reconcile Fuel and Purchased Power Costs for the Period July 1, 2018 through June 30, 2021</i> | Public Utility Commission of Texas | SPS |
| NMPRC Case No. 22-00178-UT | <i>In the Matter of Southwestern Public Service Company's Application for Authorization to Implement Grid Modernization Components that Include Advanced Metering Infrastructure and Recover the Associated Costs through a Rider, Issuance of Related Accounting Orders, and Other Associated Relief</i> | New Mexico Public Regulation Commission | SPS |

List of Prior Testimony

| No. | Case Description | Regulatory Agency | Company |
|--------------------------------|--|--------------------------------------|---------|
| CPUC Proceeding No. 22AL-0046G | <i>In the Matter of Advice No. 993 - Gas of Public Service Company of Colorado to Revise its Colorado P.U.C. No. 6 - Gas Tariff to Increase Jurisdictional Base Rate Revenues, Implement New Base Rates for All Gas Rate Schedules, and Make Other Proposed Tariff Changes Effective February 24, 2022</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0298E | <i>In the Matter of the Application of Public Service Company of Colorado for Certificates of Public Convenience and Necessity for Interconnection Facilities and Network Upgrades Associated with the Colorado Energy Plan Portfolio</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0472G | <i>In the Matter of the Application of Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for the West Metro Gas Project</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0071G | <i>In the Matter of the Verified Application of Public Service Company of Colorado for Approval to Extend the Company's Pipeline System Integrity Adjustment ("PSIA") Rider for Certain Projects Through 2024, with Subsequent Wind-Down of the Rider</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0370E | <i>In the Matter of the Application of Public Service Company of Colorado for an Order Approving Expenses Incurred for the Period January 2020 through December 2020 that are Recovered Through the Electric Commodity Adjustment and Approving of the Calculation of 2020 Short Term Sales Margins</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21AL-0317E | <i>In the Matter of Advice Letter No. 1857 - Electric filed by Public Service Company of Colorado to Revise its Colorado P.U.C. No. 8 - Electric Tariff to Revise Jurisdictional Base Rate Revenues, Implement New Base Rates for All Electric Rate Schedules, and Make Other Proposed Tariff Changes to Become Effective August 2, 2021</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0279F | <i>In the Matter of the Application of Public Service Company of Colorado for Approval to Amend the Certificate of Public Convenience and Necessity for its Advanced Grid Intelligence and Security (AGIS) Initiative</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0203ST | <i>In the Matter of The Application of Public Service Company of Colorado for Recovery of Costs Associated with the February 2021 Extreme Weather Event for its Steam Utility</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0192EG | <i>In the Matter of the Application of Public Service Company of Colorado for Recovery of Costs Associated with the February 2021 Extreme Weather Event for its Electric and Gas Utilities</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0141E | <i>In the Matter of the Application of Public Service Company of Colorado for Approval of its 2021 Electric Resource Plan and Clean Energy Plan</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 21A-0096F | <i>In the Matter of the Application of Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for Colorado's Power Pathway 345 kV Transmission Project and Associated Findings Regarding Noise and Magnetic Field Reasonableness</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 20AL-0432E | <i>In the Matter of Advice No. 1835 - Electric of Public Service Company of Colorado to Revise its Colorado P.U.C. No. 8 - Electric Tariff to Eliminate the Currently Effective General Rate Schedule Adjustments to Place into Effect Revised Base Rates and Other Phase II Tariff Proposals to Become Effective November 19, 2020</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 20A-0082E | <i>In the Matter of the Application of Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for the High Point Substation Project</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 20A-0327E | <i>In the Matter of the Application of Public Service Company of Colorado for an Order Approving Expenses Incurred for the Period January 2019 through December 2019 that are Recovered through the Electric Commodity Adjustment and Approving of the Calculation of 2019 Short Term Sales Margins</i> | Colorado Public Utilities Commission | PSCo |

List of Prior Testimony

| No. | Case Description | Regulatory Agency | Company |
|--|---|--------------------------------------|---------|
| CPUC Proceeding Nos. 19A-0728E, 20A-0063E (consolidated) | <i>In the Matter of the Application of Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for the Voltage Control Facilities Associated with the Colorado Energy Plan</i> <i>In the Matter of the Application of Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for the Greenwood to Denver Terminal 230 kV Transmission Project Associated with the Colorado Energy Plan. Associated Findings of Noise and Magnetic Field Reasonableness, and Uprate Projects</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 19A-0225F | <i>In the Matter of the Application of Public Service Company of Colorado for Approval of its Community Resiliency Initiative Pursuant to § 40-2-203(4), C.R.S.</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 20AI-0049G | <i>In the Matter of Advice No. 961 - Gas of Public Service Company of Colorado to Revise its Colorado P.U.C. No. 6 - Gas Tariff to Increase Jurisdictional Base Rate Revenues, Implement New Base Rates for All Gas Rate Schedules, and Make Other Proposed Tariff Changes Effective March 7, 2020</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 20A-0300E | <i>In the Matter of the Application of Public Service Company of Colorado for Approval of Wildfire Mitigation Plan and Wildfire Protection Rider</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 19A-0425E | <i>In the Matter of the Application of Public Service Company of Colorado for an Order Approving Expenses Incurred for the Period January 2018 Through December 2018 that are Recovered Through the Electric Commodity Adjustment and Approving the Calculation of 2018 Short Term Sales Margins</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 19AI-0687E | <i>In the Matter of Advice Letter No. 1814 - Electric of Public Service Company of Colorado to Revise its Colorado P.U.C. No. 8 - Electric Tariff to Reflect a Modified Schedule RE-TOU and Related Tariff Changes to be Effective on Thirty-Days' Notice</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 19AI-0309G | <i>In the Matter of Advice No. 949 - Gas Filed by Public Service Company of Colorado to Revise its Colorado P.U.C. No. 6 - Gas Tariff to Reflect Revised Rates and Rate Schedules, Revise its Transportation Tariff, and Make Other Proposed Tariff Changes to be Effective on Thirty-Days' Notice</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 19AL-0268E | <i>In the Matter of Advice No. 1797 - Electric of Public Service Company of Colorado to Revise its Colorado P.U.C. No. 8 - Electric Tariff to Implement Rate Changes Effective on Thirty-days' Notice</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 18A-0905E | <i>In the Matter of the Application of Public Service Company of Colorado for Approval of the 500 MW Cheyenne Ridge Wind Project, a Certificate of Public Convenience and Necessity for the Cheyenne Ridge Wind Farm, and a Certificate of Public Convenience and Necessity for the 545 kV Generation Tie Line and Associated Findings of Notice and Magnetic Field Reasonableness</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 17AI-0363G | <i>In the Matter of Advice Letter No. 912 - Gas Filed by Public Service Company of Colorado to Revise its Colorado P.U.C. No. 6-Gas Tariff to Implement a General Rate Schedule Adjustment and Other Rate Changes Effective on 30-Days Notice</i> | Colorado Public Utilities Commission | PSCo |
| CPUC Proceeding No. 18M-0401E | <i>In the Matter of the Commission's Consideration of the Revised Stipulation and Settlement Agreement Regarding the Incorporation of the Impacts of the Tax Cut and Jobs Act of 2017 Into the Rates of Public Service Company of Colorado for Electric Service</i> | Colorado Public Utilities Commission | PSCo |
| PUCT Docket No. 45560 | <i>Application of Southwestern Public Service Company for Authority to Refund Remaining Gain-on-Sale Amounts Associated with Docket Nos. 41430 and 44671</i> | Public Utility Commission of Texas | SPS |

List of Prior Testimony

| No. | Case Description | Regulatory Agency | Company |
|-------------------------------|---|--------------------------------------|---------|
| PUCT Docket No. 44498 | <i>Review of Rate Case Expenses Incurred by Southwestern Public Service Company and Municipalities in Docket No. 43695</i> | Public Utility Commission of Texas | SPS |
| PUCT Docket No. 42004 | <i>Application of Southwestern Public Service Company for Authority to Change Rates and Reconcile Fuel and Purchased Power Costs for the Period of July 1, 2012 through June 30, 2013</i> | Public Utility Commission of Texas | SPS |
| PUCT Docket No. 39362 | <i>Texas-New Mexico Power Company Request for Approval to Adjust the Energy Efficiency Cost Recovery Factor (EECRF) and Related Relief</i> | Public Utility Commission of Texas | TNMP |
| PUCT Docket No. 39362 | <i>Texas-New Mexico Power Company Request for Approval to Adjust the Energy Efficiency Cost Recovery Factor (EECRF)</i> | Public Utility Commission of Texas | TNMP |
| CPUC Proceeding No. 20A-0375E | <i>In the Matter of the Application of Public Service Company of Colorado for Approval of the PPA Termination Agreement with KLEPCO Solar of Alamosa, LLC and Authority to Establish a Regulatory Asset and Recover Costs Associated with the PPA Termination Agreement through the Electric Commodity Adjustment</i> | Colorado Public Utilities Commission | PSCo |

DOCKET NO. 57463

**APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
APPROVAL OF A SYSTEM § OF TEXAS
RESILIENCY PLAN §
§**

DIRECT TESTIMONY

of

CASEY S. MEEKS

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: MeeksDirect.docx; Total Pages: 28)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

| <u>Acronym/Defined Term</u> | <u>Meaning</u> |
|------------------------------------|--|
| 1898 & Co. Report | SPS System Resiliency Investment Study |
| Commission or PUCT | Public Utility Commission of Texas |
| C&I | Commercial and Industrial Customers |
| DSAP | Defensible Space Around Poles |
| EPC | Engineering, Procurement, and Construction |
| FPIP | Feeder Performance Improvement Program |
| NESC | National Electric Safety Code |
| PURA | Public Utility Regulatory Act |
| SPS | Southwestern Public Service Company |
| SRP | System Resiliency Plan |
| Wood Pole Program | Wood Pole Inspection and Treatment Program |
| Xcel Energy | Xcel Energy Inc. |

LIST OF ATTACHMENTS

| <u>Attachment</u> | <u>Description</u> |
|--------------------------|--|
| CSM-1 | SRP Estimated Spend by Implementation Year (<i>Filename: Attachment CSM-1.xlsx</i>) |

**DIRECT TESTIMONY
OF
CASEY S. MEEKS**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Casey S. Meeks. My business address is 4201 Frankford Avenue,
4 Lubbock, Texas 79407.

5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
7 Mexico corporation ("SPS"). SPS is a wholly-owned electric utility subsidiary of
8 Xcel Energy Inc. ("Xcel Energy").

9 **Q. By whom are you employed and in what position?**

10 A. I am employed by SPS as the Regional Vice President, Distribution Operations.

11 **Q. Please briefly outline your responsibilities as Regional Vice President,
12 Distribution Operations.**

13 A. My responsibilities include leading the SPS Distribution Operations organization,
14 which includes electric distribution design and layout, construction, operations,
15 maintenance, and emergency repair activities for SPS's distribution system. As
16 such, I provide the central point of contact for all issues regarding SPS Distribution
17 Operations. I am also responsible for deploying Distribution Operations personnel
18 in an effective and efficient manner, with an emphasis on safety, reliability,
19 customer satisfaction, and compliance.

1 **Q. Please describe the responsibilities of SPS's Distribution Operations**
2 **organization.**

3 A. Distribution Operations focuses on reliability, safety, customer service, operational
4 efficiency, and the fiscal oversight necessary to construct, operate, and maintain
5 SPS's electric distribution system in Texas and New Mexico. Distribution
6 Operations has the primary responsibility for siting and land rights, design, work
7 coordination, construction, distribution control center operations, and contract and
8 utility services.

9 **Q. Please describe your educational background.**

10 A. I received a Bachelor of Science degree in Mechanical Engineering from Texas
11 Tech University in Lubbock, Texas, in December of 2007.

12 **Q. Please describe your professional experience.**

13 A. I was hired by SPS in Hobbs, New Mexico, as a distribution engineer in January of
14 2008. As a distribution engineer, I was responsible for the design, procurement of
15 materials, and management of projects primarily related to the extension of
16 electrical service to new customers in and around the Hobbs, New Mexico area. In
17 2011, I took a position as Manager of Distribution Design for the Texas South (with
18 responsibility for the portion of SPS's service territory in the southern part of the
19 Texas Panhandle and counties surrounding Lubbock) and New Mexico regions
20 (with responsibility for all of the portion of SPS's service territory in New Mexico)
21 of SPS, leading a team of designers and engineers responsible for the design of
22 projects that safely serve new electric customers and provide for distribution system
23 reliability. In 2013, I was promoted to Director of Distribution Engineering,
24 Construction and Maintenance for the Texas South division of SPS. In October of

1 2018, I was promoted to Senior Director of Distribution Operations for SPS and
2 have been in my current position as Regional Vice President since July 2024. I
3 continue to devote my time to operating SPS's Texas and New Mexico electric
4 distribution systems.

5 **Q. Do you hold any professional licenses?**

6 A. Yes. I am a licensed Professional Engineer in Texas and New Mexico.

7 **Q. Are you a member of any professional organizations?**

8 A. Yes. I am a member of the American Society of Mechanical Engineers.

9 **Q. Have you testified or submitted pre-filed written testimony in any prior**
10 **proceedings?**

11 A. Yes. I submitted pre-filed written testimony in Public Utility Commission of Texas
12 ("Commission") Docket Nos. 49831, 51802, 54634, 56595, and 57135. I have also
13 submitted pre-filed written testimony to the New Mexico Public Regulation
14 Commission.

15 **II. ASSIGNMENT AND SUMMARY OF TESTIMONY**

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. The purpose of my testimony is to support SPS's application for approval of its
18 System Resiliency Plan ("SRP") by discussing operational factors unique to SPS's
19 resiliency of its distribution system and the implementation of SRP projects, if
20 approved. Specifically, I (1) provide an overview of the SPS distribution system
21 and how resiliency events impact SPS distribution system operations, particularly
22 given SPS's unique system challenges; (2) describe how SPS will implement
23 projects proposed within the SRP, including contracting, supply chain, and timeline

1 issues; and (3) discuss metrics SPS will use for evaluating the Distribution
2 Overhead Hardening, Distribution System Protection Modernization, and
3 Operational Flexibility measures, which are described in more detail in the SRP.

4 **Q. What has been your role in the development of the SRP?**

5 A. In my role with Distribution Operations, I participated in the collection of
6 information about SPS's distribution system and providing it to the outside
7 consulting company engaged by SPS in this filing: 1898 & Co. The 1898 & Co.
8 SPS System Resiliency Investment Study ("1898 & Co. Report"), which is
9 provided as Attachment A to the SRP, addresses the specific data 1898 & Co.
10 reviewed and relied upon in conducting its cost-benefit analysis of the measures in
11 the SRP. I also met regularly with 1898 & Co. as they prepared their model and
12 provided input to them and to the SPS internal team developing the SRP. I was
13 also involved in analyzing and planning how SPS will implement the programs
14 proposed in the SRP.

15 **Q. What is your anticipated role in implementing the SRP if it is approved?**

16 A. Given my responsibilities associated with siting and land rights, design, work
17 coordination, construction, distribution control center, and contract and utility
18 services for projects affecting SPS's distribution system, I anticipate being involved
19 in SRP implementation activities.

20 **Q. Please summarize your testimony and recommendations.**

21 A. In my testimony, I (1) provide an overview of the SPS distribution system, SPS's
22 existing resiliency programs, and the resiliency events that impact the SPS system;
23 (2) describe how SPS will implement projects proposed within the SRP, including

1 by addressing contracting, supply chain, and timeline issues, and stating SPS's
2 request for flexibility in implementation; and (3) identify metrics SPS will use for
3 evaluating the measures, which are described in more detail in the SRP.

4 **III. OVERVIEW OF THE SPS DISTRIBUTION SYSTEM**

5 **Q. What is the purpose of this section of your testimony?**

6 A. The purpose of this section of my direct testimony is to provide an overview of
7 SPS. In particular, I discuss the service area, distribution system characteristics,
8 and distribution organization.

9 **Q. Please describe the SPS distribution system.**

10 A. SPS's service territory is generally marked by low customer density. The service
11 area also contains large open areas with lengthy overhead spans. SPS owns,
12 operates, and maintains approximately 16,500 circuit miles of distribution lines.
13 The SPS distribution system consists of 93% overhead lines and 7% underground
14 lines. In Texas, SPS has approximately 10,641 overhead circuit primary miles of
15 distribution lines, nearly 266,000 poles, more than 360 feeders, and over 267,000
16 points of delivery. Comprehensive information regarding the SPS distribution
17 system was provided to 1898 & Co. and is reflected in the SRP and the 1898 & Co.
18 analysis.

19 **Q. How does the low customer density of SPS's system affect resiliency planning?**

20 A. Given that many of SPS customers reside or are located in rural settings, SPS's
21 lines must cross long distances to reach relatively small population centers. As a
22 result, the amount spent to upgrade equipment, sprawling wire, and volume of

1 structures is necessarily high relative to the number of customers who are affected
2 by the upgrades.

3 **Q. Is there anything notable about SPS's customer mix?**

4 A. Yes. SPS's commercial and industrial customers ("C&I") make up only 19% of its
5 total customers, but they account for 65% of total sales. That proportion of C&I
6 load is uncommon among utilities.

7 **Q. How do the rural nature of the service area and customer density affect SPS's**
8 **system?**

9 A. As described above, SPS has low customer density generally and especially among
10 residential customers, some of whom reside in relatively isolated areas. As a
11 practical matter, the number and density of SPS's customers means that SPS must
12 invest more dollars per customer in the improvements needed to maintain the
13 system and to ensure prompt restoration of service in the event of outages.

14 **Q. Please describe how the resiliency events in SPS's service area impact system**
15 **performance.**

16 A. Located in the Texas Panhandle and South Plains region, SPS's system is
17 susceptible to winter weather and winter storms (particularly icing), thunderstorms,
18 tornadoes, and high winds, among other weather event categories. A complete list
19 of weather resiliency events, with definitions, is provided in the 1898 & Co. Report.
20 Drought, heat, and high winds also have the effect of increasing the risk of wildfire
21 ignition.

22 These weather events are damaging when they occur as stand-alone weather
23 events, but they also tend to occur in tandem, resulting in more severe and

1 prolonged resiliency events. High winds have a multiplying effect on both heat and
2 cold weather events. For example, in the winter, freezing rain often leaves ice on
3 SPS's lines. While the weight of the ice alone can cause problems, more damage
4 occurs when high winds gallop the ice-laden lines. Mr. De Stigter's testimony and
5 the 1898 & Co. Report provide specific data regarding the frequency of these and
6 other resiliency events affecting the SPS service area.

7 **Q. What risks do these resiliency events pose to the SPS system?**

8 A. These resiliency events impact certain elements of SPS's system in ways that drive
9 outages. Based on the 1898 & Co. analysis over the period of 2010 through 2023,
10 approximately 65.4% of SPS outages occurred during one of the resiliency events
11 recorded by NOAA.¹ This finding demonstrates that major weather events
12 significantly contribute to customer outages and highlights the need for resilience
13 investment to mitigate these impacts.

14 **Q. How does SPS currently work to maintain and improve system resiliency?**

15 A. From an operations standpoint, SPS has a number of dedicated efforts to ensure the
16 resiliency and reliability of its system. Three of SPS's key resiliency programs are
17 (1) the Wood Pole Inspection and Treatment Program ("Wood Pole Program"), in
18 which all poles are tested on a 12-year cycle and evaluated for replacement or
19 trussing; (2) Assess and Rebuild Program, in which SPS provides an overhead
20 assessment and rebuild on a three- to five-year cadence; and (3) the Feeder
21 Performance Improvement Program ("FPIP"), in which SPS evaluates the

¹ 1898 & Co. measures SPS recorded outages by Customer Minutes Interrupted, or "CMI." See 1898 & Co. Report at Section 3.2.2.

1 frequency and duration of electrical interruptions at the feeder level and, when
2 necessary, replaces underground tap and feeder cable. Additionally, SPS uses
3 Advanced Capital Projects for specific pieces of equipment, such as conductor
4 replacements or full rebuilds. These projects are generally prioritized based on a
5 number of factors, including current line health, capacity, future growth, and
6 specific customer needs. SPS poles and other assets are maintained according to
7 National Electric Safety Code (“NESC”) Grade B standards.

8 **Q. Please elaborate on SPS’s existing resiliency programs.**

9 A. Regularly inspecting the health of poles is a crucial element in asset management
10 and system resiliency, because wooden poles decay with time and exposure to
11 elements and wildlife. To manage pole health, SPS’s Distribution Operations
12 conducts frequent assessments and maintains a continuous pole replacement
13 schedule. Since 2020, SPS has invested approximately \$109 million in over 21,000
14 wooden pole replacements on the distribution system through the Wood Pole
15 Program.² The Wood Pole Program provides for a ground line inspection and
16 remedial protective treatment for wood distribution and transmission poles. Wood
17 poles are on a rotating cycle for inspection, with all wood poles receiving a visual
18 inspection and poles older than 10 years old receiving an invasive ground line
19 inspection, assessment, and remedial treatment to arrest any existing deterioration
20 and prevent future damage from insects and fungi. Poles receiving an invasive
21 inspection are assessed for remaining strength in the ground line region of the pole
22 using a software program to calculate the remaining pole strength from

² Including in 2020, and for all of SPS service territory.

1 measurements of the pole and any defects. To further reduce outages related to
2 pole failures, SPS's distribution construction standards were upgraded in 2014 to
3 move from Grade C to Grade B for all new and rebuilt distribution poles.
4 Construction Grade B includes an approximately 50% stronger pole class strength
5 and 50% stronger guy strength than Grade C. Each pole inspected is classified as
6 compliant with or not compliant with NESC guidelines. Poles found to be
7 compliant with the NESC guidelines receive remedial treatments and remain in
8 service. Poles found to be non-compliant with the NESC guidelines are prioritized
9 for either replacement with Grade B construction or for ground line reinforcement
10 to bring the pole into compliance with the NESC guidelines. Pole inspections have
11 played and will continue to play an important part in identifying and mitigating pole
12 failures.

13 As noted above, SPS also conducts an assessment of its overhead system
14 for rebuilds on a three- to five- year cadence through the Assess and Rebuild
15 Program. Aspects of the underground system are reviewed as a part of the program;
16 however, the primary focus is the assessment of overhead pole equipment,
17 including crossarms, cutouts, arresters, conductors, jumpers, insulators and other
18 supporting equipment, and hardware. The program is intended to capture defects
19 and resolve issues prior to failure. Maintaining cross arms is another crucial
20 element in asset management and system resiliency. SPS transitioned to a
21 fiberglass crossarm standard approximately 10 years ago and has had
22 improvements in crossarm failure rates as a result. Prior to this transition, wooden
23 crossarms were standard, and like wooden poles, the crossarms were susceptible to

1 weather degradation and weakening over time. Crossarms can also fail due to
2 changes in conductor tensions driven by galloping cables, excessive cable sags,
3 damaged poles, and more. Fiberglass crossarms, being stronger and resistant to
4 degradation, are now utilized for Grade B construction standards. SPS replaced
5 approximately 21,000 crossarms in Texas between 2020 and 2022. Since the
6 inception of the Assess and Rebuild Program in 2017, SPS has resolved defects at
7 over 49,000 locations, the majority of which have been related to crossarms.

8 Finally, through the FPIP program, SPS works to identify the worst
9 performing feeders within its service territory and to develop and implement
10 projects to improve system reliability. On an annual basis, SPS compiles a list of
11 distribution feeders and ranks them based on multiple reliability metrics. The
12 feeders are evaluated, and projects are created to improve the reliability of the
13 feeder.

14 Consistent with the Resiliency Rule (16 TAC § 25.62), SPS intends to
15 significantly increase the amount of hardening work that will be accomplished
16 through the Overhead Hardening measure of its proposed SRP. Activities included
17 in the Overhead Hardening measure consist of incremental actions beyond SPS's
18 current activities in the three existing resiliency programs I have outlined. And, as
19 discussed in the next section of my direct testimony and by other SPS witnesses,
20 SPS's proposed Distribution System Protection Modernization and Operational
21 Flexibility measures will further support distribution system resiliency.

1 **IV. PLAN IMPLEMENTATION AND EXECUTION**

2 **Q. What is the purpose of this section of your testimony?**

3 A. In this section of my testimony, I discuss SPS's implementation strategy for the
4 Overhead Hardening, Distribution System Protection Modernization, and
5 Operational Flexibility measures. I also address the Defensible Space Around
6 Poles ("DSAP") for vegetation management and the wood substation conversion
7 activities within the Wildfire Physical Mitigation Program elements of the Wildfire
8 Mitigation measure that is otherwise addressed by SPS witness Anne Z. Sherwood.
9 I also discuss how SPS plans to execute on its SRP, including costs, contracts,
10 supply chain and materials procurement, and the timeline for completion. SPS
11 witness Wendall A. Reimer discusses implementation of the Communication
12 Modernization measure.

13 **Q. What was Distribution Operations' role in developing the SRP?**

14 A. Distribution Operations provided distribution system data to 1898 & Co. and
15 participated with 1898 & Co. as it studied SPS's system vulnerabilities and ongoing
16 projects. Distribution Operations provided feedback to 1898 & Co. about
17 implementation of the proposed SRP programs and assisted in the development of
18 its SRP project prioritization framework. The prioritization framework, discussed
19 in more detail by SPS witness Brianne Jole, is the manner in which SPS has
20 prioritized and selected projects for inclusion in this SRP based upon the 1898 &
21 Co. modeled benefit-to-cost ratio and wildfire risk in SPS's Texas service territory.
22 Just as this project prioritization framework guided SPS's selection of the measures
23 and projects in the development of this SRP, the project prioritization framework

1 will guide the implementation sequence of projects and activities included in SPS's
2 SRP measures.

3 **Q. Please summarize the estimated costs associated with SPS's implementation of**
4 **its proposed SRP.**

5 A. Attachment CSM-1 summarizes the estimated costs associated with SPS's
6 implementation of its proposed SRP by measure.

7 **Q. What are the relevant cost drivers that impact these estimates?**

8 A. SPS is confident in its cost estimation process, based on historical projects of
9 similar scale, industry knowledge, collaboration with its vendors, and intra-
10 company experience implementing measures like those proposed in the SRP. The
11 cost drivers for each measure, including the estimated structures, equipment, and
12 mileages associated with SPS's proposed programs, are discussed in the SRP in
13 subsection 4 of each measure description in Section IV.

14 **Q. Will SRP expenditures be kept separate from base Operations expenditures?**

15 A. Yes. SPS witness Brooke A. Trammell explains how SPS will account for them and
16 maintain separate records for SRP projects.

17 **Q. Is SPS requesting flexibility in the implementation of the SRP?**

18 A. Yes. SPS is requesting flexibility in the implementation of its SRP to ensure that it
19 can adapt to changing conditions and incorporate new technologies as they become
20 available. Specifically, SPS is seeking flexibility to adjust the selection of proposed
21 programs within measures, or to adjust budgets and expenses between measures,
22 without changing the total cost of the overall plan as approved to accommodate
23 potential changes in conditions or technologies as they are encountered. SPS is

1 also seeking flexibility in terms of its business operations, timing, and methods for
2 implementing the SRP.

3 **Q. Does SPS propose a method for tracking its implementation of the Plan?**

4 A. Yes. SPS will utilize its work and asset management system, SAP, to plan and
5 track work. SPS will also use data visualization and reporting programs such as
6 Power BI.

7 **Q. Please explain how SPS will implement the full suite of programs in its SRP.**

8 A. SPS implements large projects and programs through planning, engineering, and
9 design, construction, and close-out processes. To determine the best
10 implementation method for each SRP program, SPS will evaluate the scope and
11 technical expertise required to complete the program. The planning process
12 involves initial scoping of the project to identify permitting and material
13 procurement needs and helps to identify key constraints that could impact timelines
14 and budgets. Long-lead-time and high-volume materials and services are generally
15 ordered and begin well in advance to ensure no major impacts to the timeline. The
16 engineering and design process involves a detailed review of the scope of work and
17 site visit to ensure equipment identified for replacement is justified and sized
18 appropriately based on loading conditions. The construction phase typically begins
19 several weeks after scoping and pre-construction. In the construction phase, SPS
20 sets detailed schedules, coordinates permits and contractors, reporting, field
21 assessments, minor project adjustments, and quality assurance and quality control
22 activities. After construction is completed, work continues with final as-built
23 documentation, financial work closure, and project close-out. SPS uses this process

whether it is completing the process using internal resources or local vendors.

Alternatively, SPS may use full engineering, procurement, and construction (“EPC”) contracts to implement SRP measures. EPC contracts are with large vendors who take SPS-established standards for a project and design, engineer, and complete work to meet those standards. When using EPC contracts, SPS is responsible for establishing scope and managing the contract. EPC contracts stand in contrast to alternative implementation methods, such as working with local vendors with long term unit-based contracts.

A. Measure Implementation: Overhead Hardening, Distribution System Modernization, and Operational Flexibility

Q. How does SPS propose to implement the Overhead Hardening, Distribution System Protection Modernization, and Operational Flexibility measures, and the DSAP and wood substation conversion activities of the Wildfire Mitigation Program?

A. SPS will use its partner vendors, internal resources, or full EPC contracts to deliver the programs in each of the SRP’s proposed measures. SPS will define the parameters for each program, including managing labor, setting and tracking milestones, and ultimately execution of each program.

Q. Will any of the Overhead Hardening, Distribution System Protection Modernization, or Operational Flexibility measures, or DSAP or wood substation conversion activities require transmission system outages?

A. For Overhead Hardening measure and DSAP activity, SPS does not expect that execution of the SRP will require transmission system outages. For the Distribution

1 System Protection Modernization and Operational Flexibility measures, and the
2 wood substation conversions, implementation of some projects may require brief
3 transmission outages. SPS will evaluate each project to determine options for
4 completion of the work that would eliminate or minimize impacts to customers and
5 the bulk electrical system. SPS will coordinate any outages with Southwest Power
6 Pool, Inc., per standard procedures.

7 **Q. Will any of these measures require SPS to coordinate with any government**
8 **entities or programs?**

9 A. From an operations stand point, generally, no. SPS coordinates with government
10 entities in its normal course of business, for compliance, permitting, or other
11 regulatory reasons. SPS witness Ms. Trammell discusses coordination with
12 government entities related to government-sponsored funding opportunities.

13 **Q. What is the timeline for implementing the SRP?**

14 A. SPS proposes to conduct work in each of the SRP's proposed measures and
15 activities throughout the duration of the SRP period. Work will begin in 2025 and
16 continue through 2028.

17 **Q. What has SPS used to develop its cost estimates for the measures and**
18 **activities?**

19 A. SPS based its cost estimates on historical projects of similar scale, industry
20 knowledge, collaboration with its vendors, intra-company experience
21 implementing measures like those proposed in our SRP, and reasonably anticipated
22 supply and demand pressures. For instance, for measures addressing wildfire risk,
23 including the Overhead Hardening measure and the Wildfire Mitigation measure,

1 SPS anticipates it will use some of the same vendors that currently serve SPS's
2 affiliate Public Service Company of Colorado in implementing measures similar to
3 its 2020 Wildfire Mitigation Plan.

4 With respect to programs proposed under the Distribution System
5 Protection Modernization measure, many of the costs may be equipment costs,
6 which are subject to some fluctuation based on supply chain issues, inflation, and
7 other market constraints.

8 Additionally, as a project is ongoing, SPS is routinely updating cost
9 estimates based on institutional knowledge of supply chain constraints, inflation,
10 and other market pressures that impact the price of materials and labor it sources.

11 **B. Materials**

12 **Q. How will SPS identify and procure the materials required to perform new and**
13 **ongoing work?**

14 A. SPS's typical procurement process proceeds as follows: (1) the project scope of
15 work is designed and engineered according to common construction standards
16 (compliant with regulation and industry standards); (2) SPS's sourcing group
17 creates contracts for the commonly-used materials, which establishes competitive
18 pricing for materials, standard materials are acquired through those contracts; and
19 (3) SPS's design engineering group then determines a list of needed materials based
20 on the scope of work. For programs implemented through EPC contracts, SPS
21 anticipates that most of the material acquisition will continue to be handled through
22 its standard processes. However, if there is a market advantage to certain materials
23 being provided by the EPC vendors, SPS would consider the specific opportunity

1 and evaluate whether to take advantage of those opportunities.

2 **Q. How does SPS's sourcing team manage lead time and material availability?**

3 A. SPS maintains sufficient internal stock and inventory levels to satisfy its emergency
4 and short-cycle material needs. SPS uses wholesale material contracts and vendors
5 to provide direct-ship material and large quantities of materials for specific orders.
6 Specific orders may be used when the volume of material is high, not on hand, or
7 for large capital projects. Outside SPS's usual material supply, SPS determines
8 project needs and projected quantities needed over time to develop a sourcing
9 strategy. Like the industry more broadly, SPS generally uses a just-in-time stocking
10 strategy, so that it has less unused material on hand at a given time. Under this
11 model, SPS works with wholesale vendors who are responsible for stocking the
12 inventory SPS relies upon. If an EPC vendor is used for program implementation,
13 lead time and material supply would be managed by the vendor.

14 **Q. Please explain how SPS's sourcing team works to obtain the best pricing for**
15 **materials.**

16 A. SPS employs a comprehensive supply chain management strategy to ensure it
17 obtains the best pricing for materials. Some of the key practices SPS uses include:
18 1. Systematic Sourcing Method: SPS follows a five-step sourcing process that
19 includes preparation, request for information, request for proposal, contract
20 evaluation and negotiation, and implementation.
21 2. Market Intelligence and Business Analytics: A team dedicated to researching
22 macro-level supply market conditions and developing cost models helps
23 understand the requirements for labor, subcomponents, and raw materials,

- 1 which aids in negotiating better prices.
- 2 3. Supplier Relationships: SPS views its supplier relationships as strategic
- 3 partnerships. It works closely with suppliers to control costs and deliver greater
- 4 value, which ultimately helps keep customer bills low.
- 5 4. Local Sourcing: Whenever possible, Xcel Energy sources materials from local
- 6 businesses within its eight-state service area. This not only supports local
- 7 economies but also helps reduce costs associated with transportation and
- 8 logistics.
- 9 5. Supplier Diversity Program: SPS has a strong focus on supplier diversity, which
- 10 includes conducting outreach to diverse suppliers and encouraging their
- 11 participation in procurement processes. This broadens SPS's supplier base and
- 12 can lead to more competitive pricing.
- 13 6. By combining these strategies, SPS ensures it procures materials at the best
- 14 possible prices, which helps keep customer bills low.

15 **C. Contract Resources**

16 **Q. How does SPS propose to determine what contract labor resources will be**

17 **needed to perform new and ongoing work?**

18 A. Due to the incremental nature of the SRP and tight timelines, SPS will be

19 contracting a significant portion of the work. Existing per-unit metrics along with

20 holistic EPC agreements will be used in order to ensure timely completion of scope

21 to budget. SPS does not need to precisely determine contractor schedules and

22 resourcing as this is an obligation of the vendor. The vendor retains the

23 responsibility for the delivery of the project scope.

1 **Q. How will SPS ensure it will be able to secure the contract labor it needs to**
2 **execute the SRP programs?**

3 A. SPS's Variable Resource and Contracting group along with internal Sourcing
4 departments ensures SPS has the right contracts in place to meet the labor needs of
5 the operational budget. Partner vendors have a long history of proven success at
6 meeting the variable resource needs of SPS; however, when these capabilities are
7 stretched, EPC vendors will be used to holistically deliver the project while limiting
8 the impact to SPS internal employees.

9 **Q. Does SPS plan to leverage its master services agreements to secure services for**
10 **its SRP?**

11 A. Yes, to the extent practicable, SPS will utilize existing and new master service
12 agreements to ensure adequate services to deliver on the SRP. Existing master
13 service agreements will allow for pre-existing terms and conditions between parties
14 and reduce negotiation times between SPS and potential vendors. In many cases,
15 existing contracts are already established and will allow for quick turnaround at
16 competitive pricing.

17 **D. Timeline**

18 **Q. Please describe SPS's proposed schedule for implementing its SRP.**

19 A. As discussed above, SPS will implement the SRP measures for at least three years,
20 beginning in 2025 (pending approval by the Commission and the timing of that
21 approval) through 2028.

1 **Q. Does SPS's proposed implementation schedule account for the possibility of**
2 **construction and other implementation delays?**

3 A. SPS has identified measures, and programs within those measures, that it
4 reasonably anticipates being able to implement given its current understanding of
5 its operational and business needs, financial conditions and constraints, and supply
6 chain or labor conditions.

7 **V. PLAN METRICS**

8 **Q. Is SPS proposing metrics for evaluating the effectiveness of the measures it**
9 **proposes in this SRP?**

10 A. Yes, it is. SPS is proposing metrics that collectively cover all measures. I discuss
11 the metrics associated with Distribution Overhead Hardening, Distribution System
12 Protection Modernization, and Operational Flexibility. Wildfire Mitigation metrics
13 are addressed by Anne Z. Sherwood; Communication Modernization metrics are
14 addressed by Wendell A. Reimer. Detailed explanations of all metrics are provided
15 in Section V of the SRP.

16 **A. Distribution Overhead Hardening**

17 **Q. What metrics will SPS use for evaluating the effectiveness of the Distribution**
18 **Overhead Hardening measure?**

19 A. SPS proposes the following metrics for evaluating the effectiveness of the
20 Distribution Overhead Hardening measure:

- 21 • Rolling 10-Year Average SAIDI;
- 22 • Underperforming Area Count;
- 23 • Storm Restoration Duration;

- 1 • Average Hardened Protection Zone (“AHPZ”) CI vs Average Protection
- 2 Zone (“APZ”) CI Comparison by County (Hardened Only); and
- 3 • AHPZ CI Percentage Improvement.

4 **Q. Why are these metrics appropriate for evaluating the effectiveness of the**
5 **Distribution Overhead Hardening measure?**

6 A. The Distribution Overhead Hardening measure is designed to reduce customer
7 interruptions and restoration durations. Each of the five metrics proposed to
8 evaluate the effectiveness of SPS’s proposed Distribution Overhead Hardening
9 work measures reductions in customer interruptions or restoration durations for
10 major events. Specifically, system average SAIDI performance measures the
11 average time of service interruption for the average customer; the Underperforming
12 Area Count metric measures reliability improvements in underperforming areas of
13 the SPS System; the Storm Restoration Duration metric measures improvements in
14 SPS’s ability to restore service after major events; the AHPZ vs APZ CI
15 Comparison by County metric measures improvements in outages on hardened
16 lines compared to non-hardened lines in the same area and the AHPZ CI Percentage
17 Improvement metric measures the same comparison, but on a system level.

18 **B. Distribution System Protection Modernization**

19 **Q. What metrics will SPS use for evaluating the effectiveness of the Distribution**
20 **System Protection Modernization measure?**

21 A. SPS proposes use of the Rolling 10-Year Average SAIDI, Underperforming Area
22 Count, and Storm Restoration Duration metrics for evaluating the effectiveness of
23 the Distribution System Protection Modernization measure.

1 **Q. Why are these metrics appropriate for evaluating the effectiveness of the**
2 **Distribution System Protection Modernization measure?**

3 A. The Distribution System Protection Modernization measure is designed to reduce
4 customer interruptions and restoration durations. Each of the three metrics
5 proposed for evaluating effectiveness of SPS's proposed Distribution System
6 Protection Modernization work measures reductions in customer interruptions and
7 restoration durations for major events. For instance, system average SAIDI
8 performance measures the average time of service interruption for the average
9 customer, the Underperforming Area Count metric measures reliability
10 improvements in underperforming areas of the SPS System, and the Storm
11 Restoration Duration metric measures improvements in SPS's ability to restore
12 service after major events.

13 **C. Operational Flexibility**

14 **Q. What metrics will SPS use for evaluating the effectiveness of the Operational**
15 **Flexibility measure?**

16 A. SPS proposes use of the Rolling 10-Year Average SAIDI metric for evaluating the
17 effectiveness of the Operational Flexibility measure. Section V of the SRP includes
18 a detailed description of the metric and its calculation.

19 **Q. Why is the Rolling 10-Year Average SAIDI metric appropriate for evaluating**
20 **the effectiveness of the Operational Flexibility measure?**

21 A. The Operational Flexibility measure is designed to reduce the average time of
22 service interruption for the average customer. System average SAIDI performance

measures the average time of service interruption for the average customer. The Rolling 10-Year Average SAIDI will reflect the effectiveness of the Operational Flexibility measure by showing reductions in outages stemming from transmission assets and transmission and distribution substations.

VI. CONCLUSION

Q. Does this conclude your direct testimony?

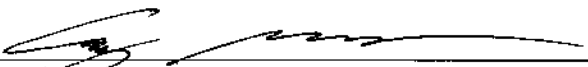
A. Yes.

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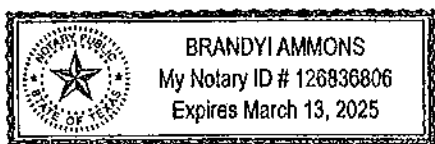
STATE OF TEXAS)
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COUNTY OF POTTER)

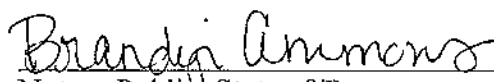
CASEY S. MEEKS, first being sworn on his oath, states:

I am the witness identified in the preceding testimony. I am over 18 years of age, of sound mind, and am capable of making this affidavit. I have read the testimony and the accompanying attachments and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.


CASEY S. MEEKS

Subscribed and sworn to before me this 9th day of December 2024 by CASEY S. MEEKS.




Notary Public, State of Texas

My Commission Expires: March 13, 2025

SRP Estimated Spend by Implementation Year

Southwestern Public Service Company

System Resiliency Plan

Estimated Spend by Implementation Year

2025-2028 SRP Capital and Operations & Maintenance Expenses by Measure

| Measure | 2025 | | 2026 | | 2027 | | 2028 | | Total Plan | |
|----------------------------------|---------|------|---------|--------|---------|----------|----------|----------|-----------------|----------------|
| | Capital | O&M | Capital | O&M | Capital | O&M | Capital | O&M | Capital | O&M |
| Overhead Hardening | \$19.5M | | \$56.1M | | \$75.7M | | \$101.7M | | \$253.0M | |
| Distribution Modernization | \$8.1M | | \$19.4M | | \$28.3M | | \$36.5M | | \$92.3M | |
| Communication Modernization | | | \$34.2M | | \$37.1M | | \$41.4M | | \$112.7M | |
| Wildfire Mitigation | \$2.5M | \$2M | \$7.6M | \$4.5M | \$8M | \$5.20 | \$1.7M | \$5.1M | \$19.8M | \$16.8M |
| Op. Flex | \$3.1M | | \$10.1M | | \$23.8M | \$0.002M | \$6.7M | \$0.004M | \$43.7M | \$0.006M |
| Total | | | | | | | | | \$521.5M | \$16.8M |
| Total Capital and O&M | | | | | | | | | \$538.3M | |