

123 FERC ¶ 61,255
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 11, 2008

In Reply Refer To:
Southwestern Public Service Company
Docket No. ER08-749-000

Jones Day
51 Louisiana Avenue, NW
Washington, DC 20001

Attention: Ms. Carolyn Thompson
Southwestern Public Service Company

Reference: Motion to Delay Effective Date of Rates

Dear Ms. Thompson:

1. On June 3, 2008, Southwestern Public Service Company (SPS) submitted a motion to delay the June 1, 2008 effective date of the rates the Commission accepted for filing, subject to refund, in its order, *Southwestern Public Service Company*, 123 FERC ¶ 61,225 (2008). In its June 3 motion, SPS represented that none of the affected customers oppose the motion, and SPS requested that the Commission not await the end of the public comment period and provide expedited consideration. The Commission grants SPS's motion.

2. On March 31, 2008, SPS submitted for filing increased rates, particularly related to costs and projected fuel cost savings for a new plant, with a proposed effective date of June 1, 2008, applicable to full-requirements service for certain customers. On May 30, 2008, the Commission suspended the effectiveness of the filed rate changes for a nominal period and permitted the changed rates to become effective June 1, 2008, subject to refund. The Commission set the matter for hearing but held the hearing in abeyance to permit the parties to engage in settlement discussions.

3. SPS has contracted to purchase the energy output of a new generating plant being constructed by Lea Power Partners, LLC (Lea Power). The costs related to the plant, as well as the resulting fuel savings that will be flowed through SPS's fuel cost adjustment clause, will be charged to the full-requirements customers at issue in this rate case. When SPS filed the changed rates, it expected the plant to go into service by June 1, 2008.

Accordingly, SPS urged the Commission to allow the proposed rates to become effective June 1, 2008, so the affected customers would begin to pay their share of the costs and fuel savings when they were incurred. However, the Lea Power plant did not go into service on June 1, 2008.

4. The motion states that SPS would continue to collect the full-requirements rates in effect for these customers prior to June 1, 2008, for a short additional period of time. The rates the Commission accepted for filing, subject to refund, would take effect on the date of commercial operation of the new plant. SPS proposes to advise the Commission of the commercial in-service date of the Lea Power plant as soon as the date is known and to put the increased rates accepted for filing in this docket into effect, subject to refund, as of such date.

5. Because the primary reason for SPS's filing was to recover its costs associated with the Lea Power plant, SPS states it is willing to absorb any shortfall in revenues related to its other increased costs for this period.

6. The Commission finds that SPS's request to delay the effective date of the rates is appropriate given the circumstances. The Commission grants the motion to delay the June 1, 2008 effective date of the rates the Commission accepted for filing, in the May 30, 2008 order. SPS is directed to give the Commission notice of the commercial in-service date of the Lea Power plant, as soon as the date is known, and request that the rates go into effect on that date. The Commission will take action on that filing at that time.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.