

FOR IMMEDIATE RELEASE:
December 14, 2017

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AG Balderas Announces \$57 Million Clean Energy Jobs Package As Part of Sagamore Wind Project

Albuquerque, NM – This afternoon, Attorney General Hector Balderas announced that he has reached an agreement with Southwestern Public Service Company, Western Resources Associates and Collation for Clean Affordable Energy on a \$57 million jobs package as part of the Sagamore Wind Project. The agreement will foster and expand skilled construction and environmental job opportunities throughout the State. The jobs package that was agreed to and filed today will help to develop local, clean energy businesses and provide opportunities for New Mexico’s from New Mexico’s abundant renewable resources.

“This agreement will not only increase clean energy production in New Mexico, but will increase our skilled labor for the development of renewable energy so that New Mexico business are truly positioned to become a leader in renewable energy development,” said Attorney General Hector Balderas. “This investment means that real dollars will go to New Mexico businesses, and that New Mexicans will have real opportunities for prosperity as we work to bring clean, affordable energy to our state”

This type of cooperation between Utilities, environmental advocates and Office of the Attorney General will bring substantial business and employment opportunities to rural New Mexico. The jobs package agreement also provides for an independent monitor who will report to the parties in real time on the hiring of local contractors and employees. The agreement also helps with training for jobs that are targeted to environmental projects and to create a platform for the development of these types of jobs here in New Mexico.

Another focus of the job’s package is the creation of green jobs that are higher paying and require specific skills that resident business in New Mexico could provide and build a workforce around. The agreement will provide for training in wind specific programs by including grants to local community college wind energy programs.

A copy of the signed agreement is attached.

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION REQUESTING: (1))
ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING CONSTRUCTION AND)
OPERATION OF WIND GENERATION AND)
ASSOCIATED FACILITIES, AND RELATED)
RATEMAKING PRINCIPALS INCLUDING)
AN ALLOWANCE FOR FUNDS USED)
DURING CONSTRUCTION FOR THE WIND)
GENERATION AND ASSOCIATED)
FACILITIES; AND (2) APPROVAL OF A)
PURCHASED POWER AGREEMENT TO)
OBTAIN WIND-GENERATED ENERGY,)
)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
)
APPLICANT.)**

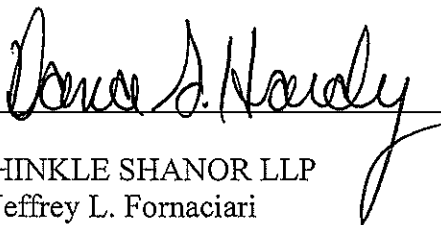
CASE NO. 17-00044-UT

DEC 14 '17 AM 10:39

NOTICE OF FILING OF LETTER AGREEMENT

The New Mexico Attorney General (“AG”), the Coalition for Clean Affordable Energy (“CCAIE”), Western Resource Advocates (“WRA”), and Southwestern Public Service Company (“SPS”) submit the attached December 14, 2017 Letter Agreement (“Agreement”) for filing with the New Mexico Public Regulation Commission (“Commission”) Records Division. The AG, CCAIE, WRA, and SPS are filing the Agreement to provide the Commission, the Hearing Examiner, the Commission’s Utility Division Staff, and the Intervenors with notice of the Agreement, but the AG, CCAIE, WRA, and SPS are not requesting that the Commission take any action with respect to the Agreement.

Respectfully submitted,

By: 

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14 December 2017

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Re: New Mexico Resident Business Sourcing Preference for Sagamore Wind Project in
Roosevelt County

Dear Messrs. Yar, Michel, and Noble:

Letter Agreement

This Letter Agreement (“Agreement”) memorializes the agreement among and between the New Mexico Attorney General (“AG”), Southwestern Public Service Company d/b/a Xcel Energy (“SPS”), Coalition for Clean Affordable Energy (“CCAIE”), and Western Resource Advocates (“WRA”) (collectively, “Parties”; or individually, “Party” or the acronym identified earlier) regarding the Sagamore Wind Project (“Sagamore”), a 522 megawatt (“MW”) wind generating plant and associated facilities located in Roosevelt County, New Mexico, which currently is scheduled to begin commercial operation in May 2020.

1. **Spirit of Agreement.** The Parties agree that it is in their mutual interest to identify and utilize qualified New Mexico resident businesses (as used in NMSA 1978, § 13-1-22) when reasonably possible. The intent of this Agreement is to assist SPS, SPS’s general contractor for Sagamore, and Sagamore Wind to identify and utilize cost-effective New Mexico resident businesses and vendors, to provide New Mexico the opportunity to develop the expertise needed to be a leader in renewable energy development, without increasing costs for Sagamore. SPS will direct its Sagamore general contractor to work in good faith with the third-party Advisor described in Paragraph 3 below.
2. **Policy to Promote Cost-Effective and Qualified New Mexico Resident Business Sourcing.** SPS, SPS’s general contractor for Sagamore, and Sagamore

Wind will establish a goal that 30% (including local sub-contractors, vendors, and labor) of the balance of plant costs of Sagamore be from cost-effective and qualified New Mexico resident businesses and construction labor. These sub-contractors and vendors tasks may include the items listed on Attachment 1 to this Agreement, as well as: construction of roads and foundations; installation of electrical work; supporting site quality management; supporting site safety management; rail unloading; procurement; general site inspection and maintenance; and others. The ultimate percentage achieved will depend on: local sub-contractor, vendor, and labor force dynamics; sub-contractor, vendor, and labor force qualifications, cost effectiveness, safety record, and interest; and the commitment that the programs and activities described and contained in this Agreement will not result in additional costs for Sagamore.

3. Third Party Advisor/Support Program.

- (A) The Parties will select a mutually agreeable third party advisor (“Advisor”), subject to Paragraph 3(C) below, who will advise in real time, and cooperatively work with SPS’s Sagamore construction team to implement the following deliverables:
 - (I) Develop a program scope and methodology for selection aimed at maximizing the use of New Mexico resident businesses, subject to the considerations set out in Paragraph 2 above, including:
 - (a) identify New Mexico resident businesses and individuals that support the project construction (and ongoing operation) needs; and
 - (b) establish biannual reporting requirements to insure compliance with the identified objectives of this Agreement.
 - (II) Monitor and report on the implementation of this Agreement by the SPS Sagamore construction team, including:
 - (a) the procurement process and accountability for goals;
 - (b) the implementation of targeted goals during construction; and
 - (c) providing reports, as needed, but at least biannually, and a final project report. SPS and the general contractor will provide the Advisor with such information and status updates as reasonably needed for the Advisor to complete these reports.

- (III) To the extent the Advisor's reports contain trade secret information, as designated by the person whose trade secret information has been provided to the Advisor, that information will be exempt from public disclosure consist with New Mexico law.
- (IV) The Advisor will support SPS's general contractor by:
 - (i) assisting in identification and reviewing capabilities of identified New Mexico resident vendors to ensure ability to perform;
 - (ii) assisting in establishing criteria for activity-specific hiring; and
 - (iii) reviewing support program implementation and compliance.
- (B) SPS and SPS's general contractor will have ultimate decision-making authority on all: sub-contractor, vendor, and other hiring decisions; and decisions about the criteria to be used to evaluate bids, bidders, and other hiring. Should SPS's general contractor's decision be in conflict with the recommendations of the Advisor, the Advisor will provide the Parties with a Notice of Dispute. Such a notice will require the Parties, the Advisor, and the general contractor to meet and confer regarding the general contractor's decision. Such notice will contain both the Advisor's and the general contractor's positions, with each stating its justifications for such position(s), and the general contractor will explain how the general contractor considered the Advisor's recommendations(s).
- (C) The Advisor's fees will be borne initially by SPS at a rate or amount to be negotiated by the Advisor and SPS, subject to approval from the Parties. The Parties' expectation is that the Advisor's costs will be kept at a reasonable level, but if the Advisor anticipates that its costs will exceed \$500,000 in order to perform the tasks described in this Agreement, the Advisor will so inform the Parties, and the Parties will meet and confer about whether Advisor expenditures exceeding \$500,000 are warranted and should be incurred. The Parties acknowledge that SPS intends to seek recovery of the Advisor's costs solely from SPS's New Mexico retail customers in retail rate proceedings that propose to include the costs of Sagamore in retail rates. The Parties do and will, support SPS's request to recover those costs. Subject to the Parties' expectation about the Advisor's costs as stated earlier in this Sub-Paragraph, the fees of the Advisor, which shall not be unreasonably withheld, shall be sufficient to ensure the Advisor's ability to adequately perform the functions, in a manner acceptable to SPS and the other Parties, as described in this Agreement. The Advisor shall have the ability to hire New Mexico resident experts as he or she determines appropriate.

4. **Job Opportunity Advertising and Recruitment.** In carrying out the goals contained in this Letter Agreement, SPS and SPS's general contractor in consultation with the Advisor retained under Paragraph 3 above will:
- (A) engage in print, radio, social media, and on-line advertising throughout the State;
 - (B) contact local Trade and Technical Schools with the goal of hiring potential candidates who can develop into leadership roles such as Lead Field Engineers, Foreman, and Superintendents;
 - (C) work with New Mexico chambers of commerce or job service entities, or both, to recruit potential candidates, and hold job fairs, and engage in advertising prior to these events, throughout the state of New Mexico;
 - (D) actively pursue qualified local subcontractors for work elements such as concrete, roads, and trucking, and actively pursue local service providers for security, sanitation, auto parts and repair, food service, and miscellaneous supplies;
 - (E) in 2018, conduct further due diligence on the work scope and service areas where local labor can be employed;
 - (F) in the 2018-2019 period, in conjunction with SPS and its general contractor, refine and execute on these local labor subcontractor strategies to coincide with Sagamore's construction schedule; and
 - (G) pursue other opportunities to advance the goals of this Agreement as may be identified and agreed upon by the general contractor and the Advisor.

The cost of the activities described in the subparagraphs to this Paragraph 4 are not considered part of the Advisor's fee.

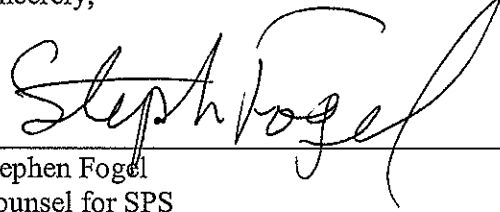
5. **Reports and Meetings Regarding Implementation and Results.** SPS will provide periodic reports and will host periodic meetings among the Parties to discuss the Advisor's reports, notice(s) of dispute, the Advisor's fees to date, and construction activities, as well as SPS's progress in achieving the goals contained in Paragraph 2 above.
6. **Wind Technician Program.** SPS will provide a sponsorship grant to Mesalands Community College's North American Wind Research and Training Center in Tucumcari. The sponsorship will be comparable to the sponsorships of the vocation programs at New Mexico Junior College in Hobbs. This sponsorship is intended to provide support for developing New Mexico's job workforce in order to position New Mexico to become a leader in the renewable energy economy.
7. **Understanding and Intent.** It is the Parties' understanding and intent that neither New Mexico Public Regulation Commission ("NMPRC") Utility Division Staff nor the intervenors in NMPRC Case 17-00044-UT, other than Parties, are

bound by this Agreement in any way. The Parties are not seeking any NMPRC action regarding this Agreement, and do not believe any is needed because this Agreement is an obligation solely among the Parties about their future activities. The Parties also understand and intend that the NMPRC retains full authority over, and to review, any costs for Sagamore that may be included in SPS's New Mexico retail rates, and this Agreement should not be construed as limiting, or attempting to limit, the Commission's authority in any way.

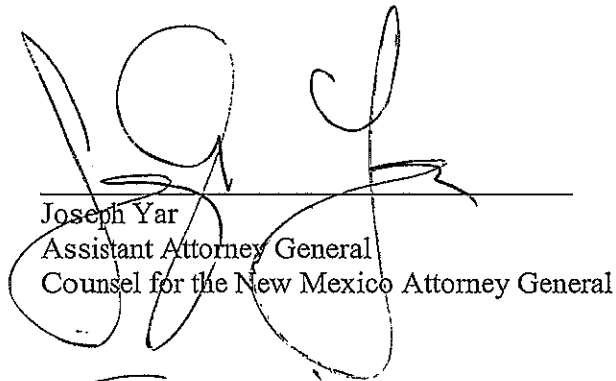
[signature page follows]

Please sign below to indicate your agreement to this Agreement.

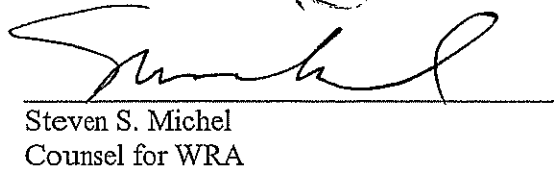
Sincerely,



Stephen Fogel
Counsel for SPS



Joseph Yar
Assistant Attorney General
Counsel for the New Mexico Attorney General



Steven S. Michel
Counsel for WRA



Charles F. Noble
Counsel for CCAE

Attachment 1 to 12-14-17 Letter Agreement
Sagamore Wind Facility
Construction Work Tasks for New Mexico Resident Sourcing Goal

| Task Descriptions |
|--|
| General |
| Mobilization |
| General Conditions (consumables, temporary facilities, etc.) |
| WTG Foundation Engineering Spread Footing |
| Civil Engineering |
| Substation Engineering |
| Collection System Engineering |
| Transmission Line Engineering |
| Surveying |
| Testing and Inspections |
| |
| Site Work and Access Roads |
| Public Road Improvements |
| Intersection Modifications |
| Approaches |
| Road Maintenance and Dust Control |
| Access Road and Access Road Shoulders |
| Unforeseen Cement Stabilization |
| Low Water Crossing |
| Culvert |
| Rock Rings |
| Spur Roads |
| Laydown Yard |
| Batch Plant(s) |
| Gates & Fencing Allowance |
| Erosion Control |
| Restoration |
| Drain Tile Repair |
| Irrigation Supply Repair |
| Drip Irrigation Repair |
| |
| Wind Turbines |
| WTG Foundations |

| |
|--|
| WTG Embedded Conduit and earthing kit installation |
| WTG Erection |
| WTG Tower Wiring |
| WTG FAA Lights |
| |
| Collection System |
| MV Cable Terminations |
| 22 kV Elbow Arrestor |
| Junction Boxes |
| MV Cable |
| Trench Grounding |
| Trench |
| Plowing |
| Fiber Optic Cable |
| Directional Bore with Sleeve |
| Studies, Reports, Testing, and Commissioning |
| |
| Substations |
| Site Work |
| Fencing |
| Foundations |
| Foundations - Transformers |
| Foundations - Breakers |
| Structural Steel |
| High Side Circuit Breakers |
| Low Side Circuit Breakers |
| High Side GOAB Switch |
| Low Side GOAB Switch |
| Low Side Hook Switch Set |
| Ground Grid, Conduit, and Cable Trench |
| Electrical Equipment Enclosure Installation and Wiring |
| Station Power from Local Distribution |
| Potential Transformers |
| Current Transformers |
| CCVT's |
| String Static Lighting Protection Cable |
| Grounding Transformers |
| Outside Lighting and Receptacles |
| High Side Bus Arrestors |

| |
|--|
| Low Side Bus Arrestors |
| High Side Bus Assembly |
| Low Side Bus Assembly |
| Bus Terminations |
| Cap Bank and Cap Switchers |
| Neutral Ground Reactor |
| Met Tower |
| Storage for Substation |
| Studies, Reports, Testing, and Commissioning |
| |
| Operation and Maintenance Building |
| Site Work |
| Building (includes building and finish out) |
| Backup Generator |
| |
| Transmission Line (345 kV) |
| Weathering Steel Structures |
| String, Sag, and Clip |
| Studies, Reports, Testing, and Commissioning |
| Crossings (County Road, Highway, Distribution, & Transmission) |
| Transmission Tap Structure |

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OBTAIN WIND-GENERATED ENERGY.)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
APPLICANT.)

CASE NO. 17-00044-UT

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the *Notice of Filing of Letter Agreement* was sent via electronic mail, Federal Express and/or hand-delivery, as indicated below, to each of the following on this 14th day of December, 2017:

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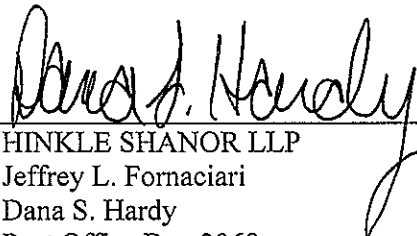
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