

DOCKET NO. \_\_\_\_\_

APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION  
PUBLIC SERVICE COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF TEXAS

**DIRECT TESTIMONY**

*of*

**CAROL C. BOUW**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

*(Filename: BouwRRDirect.doc)*

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## **GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
Commission	Public Utility Commission of Texas
FERC	Federal Energy Regulatory Commission
GC	General Counsel
O&M	operation and maintenance
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS
Operating Company	One of the Operating Companies
SEC	Securities and Exchange Commission
SME	subject matter expert
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	October 1, 2019 through September 30, 2020
Total Company or total company	Total SPS (before jurisdictional allocation)
TPA	third-party administrator
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

## LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
CCB-RR-1	Organization Chart – General Counsel ( <i>Non-native format</i> )
CCB-RR-2	Native SPS Costs for Outside Law Firms and Third-Party Legal Vendors ( <i>Filename: CCB-RR-2.docx</i> )
CCB-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method ( <i>Filename: CCB-RR-ABCD.xlsx</i> )
CCB-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account ( <i>Filename: CCB-RR-ABCD.xlsx</i> )
CCB-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS ( <i>Filename: CCB-RR-ABCD.xlsx</i> )
CCB-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account ( <i>Filename: CCB-RR-ABCD.xlsx</i> )

**DIRECT TESTIMONY  
OF  
CAROL C. BOUW**

1           **I.   WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3   A.   My name is Carol C. Bouw. My business address is 401 Nicollet Mall,  
4       Minneapolis, Minnesota 55401.

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”).

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

10  A.   I am employed by Xcel Energy Services Inc. (“XES”), the service company  
11       subsidiary of Xcel Energy, as Director of Strategy & Performance.

12  **Q.   Please briefly outline your responsibilities as Director of Strategy &  
13       Performance.**

14  A.   I serve as Chief of Staff to the General Counsel (“GC”) and manage GC’s legal  
15       operations team. My duties include managing the financial management,  
16       operations, and business planning for the GC organization.

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

18  A.   I graduated from St. Mary’s University of Minnesota with a bachelor of science  
19       degree in business management.

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

21  A.   Prior to my employment with XES, I spent eight years in the property  
22       management industry, running affordable housing facilities in the Midwest. I

1 provided regional management and compliance responsibilities for over 1,000  
2 rental units among Minnesota, Indiana, and Kentucky. I was hired as a Strategy  
3 and Planning Analyst for XES in September of 2007. I worked in that role within  
4 Xcel Energy's facilities team for five years before moving on to serve as Chief of  
5 Staff to the Chief Administrative Officer. I became the Chief of Staff to the  
6 Senior Vice President of the Corporate Secretary & Executive Services  
7 organization in June 2015 and served in that role until January 2017. At that time,  
8 I was promoted to Director of Strategy & Performance for the GC organization.

9 **Q. Have you attended or taken any special courses or seminars relating to**  
10 **public utilities?**

11 A. Yes, I have attended a conference related to change management strategies  
12 specific to the utility industry. I have also taken courses or seminars specific to  
13 the functions that I serve within the organization.

14 **Q. Have you previously testified or filed testimony at any regulatory**  
15 **commission?**

16 A. Yes. I filed testimony before the Public Utility Commission of Texas  
17 ("Commission") in Docket No. 45524 supporting the operation and maintenance  
18 ("O&M") expenses and the administrative and general expenses for the Corporate  
19 Secretary & Executive Services affiliate class.

1                   **II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND**  
2   **RECOMMENDATIONS**

3   **Q.     What is your assignment in this proceeding?**

4   A.     I support the Updated Test Year (January 1, 2020 through December 31, 2020)<sup>1</sup>  
5           O&M expenses and the administrative and general expenses for the following  
6           three classes of affiliate services:

- 7                   1. GC Claims;  
8                   2. GC Legal Services; and  
9                   3. Corporate Secretary.

10          In regard to each of these affiliate classes, my testimony will:

- 11                   • describe the services included in the class;  
12                   • explain that those services are reasonable and necessary for SPS's  
13                   operation;  
14                   • explain that the costs for those services are reasonable and necessary;  
15                   • explain that these services do not duplicate services that SPS provides  
16                   to itself through its own employees or that are provided from any other  
17                   source; and  
18                   • explain that each charge from SPS's affiliates for these services is  
19                   billed at cost, and is no higher than the charge by those affiliates to any  
20                   other entity for the same or similar service.

21          In addition, I address legal costs from outside law firms and third-party legal  
22          vendors that SPS incurred directly ("native SPS costs"), rather than through XES,  
23          and explain why these costs are reasonable and necessary for SPS's operation.

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<sup>1</sup> The Test Year in this case is October 1, 2019 through September 30, 2020, and the Update Period is October 1, 2020 through December 31, 2020. The Updated Test Year consists of the last nine months of the Test Year and the three months in the Update Period. In addition to supporting the Updated Test Year costs, I have also reviewed the costs for the first three months of the Test Year for the classes I support and find those costs to be reasonable.

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

2    A.     The estimated Updated Test Year costs that SPS seeks to recover for the services  
3           of each of the three affiliate classes that I support are reasonable and necessary  
4           because they support SPS's ability to provide electric service to its Texas retail  
5           customers. SPS does not provide these services for itself, and the services do not  
6           duplicate services provided by others. The costs for these services are reasonable  
7           because they are shared with other affiliates, include reasonable personnel costs,  
8           and are subjected to rigorous budgeting and cost control processes. Each charge  
9           from SPS's affiliates for these services is no higher than the charge by those  
10          affiliates to any other entity for the same or similar service.

11                 In addition to charges for legal services provided through XES, during the  
12          Updated Test Year, SPS directly incurred costs associated with charges from  
13          outside law firms and other third party legal vendors. These costs, which are  
14          reflected on my Attachment CCB-RR-2, are reasonable and necessary to support  
15          SPS's ability to provide service to its Texas retail customers.<sup>2</sup>

16   **Q.     You mention that certain costs that you present in your testimony are**  
17   **estimates. Please explain why this is the case and what items are estimates.**

18   A.     As explained by SPS witness William A. Grant, SPS will be using an Updated  
19          Test Year in this case. SPS's initial filing presents actual expenses for the Test  
20          Year (October 1, 2019 through September 30, 2020) and estimated information  
21          for the time period of October 1, 2020 through December 31, 2020, which is the

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<sup>2</sup> As shown on Attachment CCB-RR-2, I sponsor only those amounts in FERC Account 923 that relate to expenses for outside law firms and other third-party legal vendors.



1 Update Period. Accordingly, the first nine months of SPS's Updated Test Year  
2 (i.e., January 2020 through September 2020) consist of actual cost information  
3 and the last three months (i.e., October through December 2020) contain  
4 estimated cost information. For this reason, certain SPS witnesses refer to the  
5 Updated Test Year in direct testimony as the "estimated Updated Test Year."

6 Regarding the GC Claims, GC Legal Services, and Corporate Secretary  
7 affiliate costs I support, as explained by SPS witness Ross L. Baumgarten, actual  
8 figures for October and November 2020 have been provided and December 2020  
9 figures have been estimated based on the forecasted budget. However, these  
10 expenses have not gone through the full pro forma adjustment review process.

11 Regarding the native SPS costs for legal services that I support, which are  
12 provided in my Attachment CCB-RR-2, actual figures for October and November  
13 2020 have been provided and December 2020 figures have been estimated based  
14 on the forecasted budget.

15 **Q. Will your testimony be updated to replace the estimated costs that you**  
16 **present and support with actual costs?**

17 A. Yes. Consistent with the Commission's Rate Filing Package requirements, SPS  
18 will file an update 45 days after this application has been filed. The update will  
19 provide actual costs to replace the estimates provided in the application for the  
20 Update Period. As part of that process, my Attachments CCB-RR-A through D  
21 will be updated to replace the estimates of GC Claims, GC Legal Services, and  
22 Corporate Secretary affiliate O&M expenses incurred by SPS during the Updated  
23 Test Year with actual expenses, which will be used to establish SPS's base rates  
24 in this case. Additionally, my Attachment CCB-RR-2 will be updated in SPS's

1 45-day update filing to replace estimates of SPS's native costs relating to outside  
2 law firms and other third-party legal vendors with actuals.

3 **Q. Were Attachments CCB-RR-1 through CCB-RR-D prepared by you or**  
4 **under your direct supervision and control?**

5 A. Yes, as to Attachment CCB-RR-1. Attachment CCB-RR-2 was prepared by Ms.  
6 Niemi and her staff and is based on the cost of service study. My staff and I have  
7 reviewed this attachment and believe it to be accurate. Attachments CCB-RR-A  
8 through CCB-RR-D were prepared by Mr. Baumgarten and his staff. My staff  
9 and I have reviewed these attachments, and I believe them to be accurate.  
10 Although the information I have described is also present in other witnesses'  
11 attachments, I have presented this information in these attachments for the  
12 convenience of those reviewing my testimony.

13 **Q. In providing a summary of your testimony, you referred to "affiliate classes."**  
14 **What do you mean by the terms "affiliate class" or "affiliate class of**  
15 **services"?**

16 A. A portion of SPS's costs reflect charges for services provided by a supplying  
17 affiliate, specifically XES or one of the Operating Companies. These charges  
18 have been grouped into various affiliate classes, or aggregations of charges, based  
19 upon the business area, organization, or department that provided the service or,  
20 in a few instances, the accounts that captured certain costs. In his direct  
21 testimony, Mr. Baumgarten provides a detailed explanation of how the affiliate  
22 classes were developed and organized for this case.

1                   **III.     AFFILIATE EXPENSES FOR THE GC CLAIMS**  
2   **CLASS OF SERVICES**

3     **A.     Overview of the GC Claims Class of Services**

4     **Q.     Where does the GC Claims affiliate class fit into the overall affiliate**  
5           **structure?**

6     A.     Attachment RLB-RR-6 to Mr. Baumgarten's direct testimony provides a list and a  
7           pictorial display of all affiliate classes, dollar amounts for those classes, and  
8           sponsoring witness for each class. As shown on that attachment, the GC Claims  
9           affiliate class was part of the GC business area during the Updated Test Year.  
10          Attachment CCB-RR-1 to my testimony is an organization chart showing the GC  
11          organization.

12   **Q.     What services are grouped into the GC Claims affiliate class?**

13   A.     The services that are grouped into the GC Claims affiliate class include effective,  
14           efficient, and professional claims services for Xcel Energy related to casualty,  
15           public, and legal entity claims, ranging from simple liability claims to  
16           investigations of catastrophic loss. The GC Claims affiliate class supports other  
17           parts of the Legal Services organization and the Operating Companies in their  
18           respective service territories. It also assists other subsidiaries upon request. The  
19           GC Claims organization reports to the Managing Attorney – Litigation. The  
20           Managing Attorney – Litigation reports to the Vice President and Deputy GC.

21   **Q.     What is the dollar amount of the Updated Test Year XES charges that SPS**  
22           **requests, on a total company basis, for the GC Claims affiliate class?**

23   A.     The following table summarizes the dollar amount of the estimated Updated Test  
24           Year XES charges for the GC Claims affiliate class. I will update the table below

as part of SPS’s 45-day case update filing to reflect the actual Updated Test Year costs for the GC Claims affiliate class.

**Table CCB-RR-1<sup>3</sup>**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
GC Claims	\$1,595,661	\$166,951	89.32%	10.68%

**Q. Please describe the attachments that support the information provided on Table CCB-RR-1.**

A. There are four attachments to my testimony that present information about the requested SPS affiliate expenses for the GC Claims affiliate class.

**Attachment CCB-RR-A:** Provides a summary of the affiliate expenses for this class during the Updated Test Year. The portion of the summary specific to billings to SPS starts with the total of the XES expenses to SPS for the services provided by this affiliate class and ends with the requested dollar amount of XES expenses to SPS (“total company”) for this affiliate class after exclusions and pro forma adjustments. The columns on this attachment provide the following information.

Column A — Line No. Lists the Attachment line numbers.

Column B — Affiliate Class Lists the affiliate class.

<sup>3</sup> **Total XES Class Expenses** is the Dollar amount of total Updated Test Year expenses that XES charged to all Xcel Energy companies for the services provided by this affiliate class. This is the amount from Column E in Attachment CCB-RR-A. **Requested Amount** is SPS’s requested amount after exclusions and pro forma adjustments. **% Direct Billed** is the percentage of SPS’s requested XES expenses for the class that were billed 100% to SPS. **% Allocated** is the percentage of SPS’s requested XES expenses for the class that were allocated to SPS.

Column C —	Billing Method (Cost Center)	Shows the billing method that XES uses to charge the expenses to the affiliates, and the billing method short title. In his direct testimony, Mr. Baumgarten explains the billing methods and defines the codes.
Column D —	Allocation Method	Shows the allocation method applicable to the billing method (cost center).
Column E —	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	Shows XES billings to all legal entities for the affiliate class.
Column F —	XES Billings for Class to all Legal Entities Except for SPS (FERC Acct. 400-935)	Shows XES billings to all legal entities except SPS for the affiliate class.
Column G —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows XES billings to SPS (total company) for the affiliate class.
Column H —	Exclusions	Shows the total dollars to be excluded from Column G. Exclusions reflect expenses not requested, such as expenses not allowed or other expenses excluded from the cost of service.
Column I —	Per Book	Shows XES billings to SPS (total company), for the affiliate class, after the exclusions shown in Column H. The dollar amount in Column I is Column G plus Column H.
Column J —	Pro Formas	Shows the total dollar amount of pro forma adjustments to the dollar amount in Column I. Pro forma adjustments reflect revisions for known and measurable changes to the Updated Test Year expenses.

Column K —	Requested Amount (Total Company)	Shows the requested amount (total company) for the affiliate class. The dollar amount in Column K is Column I plus Column J.
Column L —	% of Class Charges	Shows the percentage of affiliate class charges billed using the cost center.

1                    In his direct testimony, Mr. Baumgarten provides a consolidated summary  
2                    of affiliate expenses billed to SPS for all classes during the Test Year and  
3                    Updated Test Year.

4                    **Attachment CCB-RR-B(CD):** Provides the detail of the XES expenses  
5                    for the GC Claims affiliate class that are summarized on Attachment CCB-RR-A.  
6                    The detail shows the XES expenses billed to SPS for the GC Claims affiliate  
7                    class, itemized by the amount, with each expense listed by individual activity,  
8                    cost center, and billing method. When summed, these amounts tie to the amounts  
9                    shown on Attachment CCB-RR-A, and the detail regarding the expenses is  
10                    organized to support the attachment. Specifically, the columns on this attachment  
11                    provide the following information.

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Legal Entity Receiving XES Expense	Shows the legal entity (Xcel Energy or one of its subsidiaries) that received the XES expense.
Column C —	Affiliate Class	Lists the affiliate class.
Column D —	Cost Element	Provides the cost element number.
Column E —	Activity	Provides a short title for the activity.

Column F —	Billing Method (Cost Center)	Identifies the billing method and short title. In his direct testimony, Mr. Baumgarten explains the billing methods and defines the codes.
Column G —	FERC Account	Shows the FERC Account in which the expense was recorded for the operating companies.
Column H —	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities for the affiliate class.
Column I —	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities except SPS for the affiliate class.
Column J —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to SPS for the affiliate class. Therefore, the sum of this column provides total billings to SPS and ties to the total dollar amount for the affiliate class in Column G of Attachment CCB-RR-A.
Column K —	Exclusions	Shows the total dollars excluded from Column J. The total dollar amount for the affiliate class in Column K ties to the total dollar amount for the affiliate class in Column H of Attachment CCB-RR-A.
Column L —	Per Book	Shows XES billings to SPS (total company) for the affiliate class after the exclusions shown in Column K. The dollar amount in Column L is Column J plus Column K. The total dollar amount for the affiliate class in Column L ties to the total dollar amount for the affiliate class in Column I of Attachment CCB-RR-A.

Column M —	Pro Formas	Shows the dollar amount of pro forma adjustments to the dollar amount in Column L. The total dollar amount for the affiliate class in Column M ties to the total dollar amount for the affiliate class in Column J of Attachment CCB-RR-A.
Column N —	Requested Amount (Total Company)	Shows the requested amount (total company) for the affiliate class. The dollar amount in Column N is Column L plus Column M. The total dollar amount for the affiliate class in Column N ties to the total dollar amount for the affiliate class in Column K of Attachment CCB-RR-A.

1                   Mr. Baumgarten also provides a consolidated summary of this information  
2                   for all affiliate classes during the Test Year and Updated Test Year.

3                   **Attachment CCB-RR-C:** Both Attachments CCB-RR-A and  
4                   CCB-RR-B(CD) show exclusions to the XES expenses billed to SPS for the GC  
5                   Claims affiliate class (Attachment CCB-RR-A, Column H; Attachment  
6                   CCB-RR-B(CD), Column K). Attachment CCB-RR-C provides detail about  
7                   those exclusions listed on Attachments CCB-RR-A and CCB-RR-B(CD). The  
8                   columns on this Attachment CCB-RR-C provide the following information.

Column A —	Line Number	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	FERC Account	Identifies the FERC Account and FERC Account description for the expense that has been excluded.
Column D —	Explanations for Exclusions	Provides a brief rationale for the exclusion.
Column E —	Exclusions (Total Company)	Shows the dollar amount of the exclusion.



1 In his direct testimony, Mr. Baumgarten describes the calculations  
2 underlying the exclusions.

3 **Attachment CCB-RR-D:** Both Attachments CCB-RR-A and  
4 CCB-RR-B(CD) show pro forma adjustments to SPS's per book expenses for the  
5 GC Claims affiliate class (Attachment CCB-RR-A, Column J; Attachment  
6 CCB-RR-B(CD), Column M). Attachment CCB-RR-D provides information  
7 about those pro forma adjustments shown on Attachments CCB-RR-A and  
8 CCB-RR-B(CD). The columns on Attachment CCB-RR-D provide the following  
9 information:

Column A —	Line Number	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	FERC Account	Identifies the FERC Account and FERC Account description affected by the pro forma adjustment.
Column D —	Explanations for Pro Formas	Provides a brief rationale for the pro forma adjustment.
Column E —	Sponsor	Identifies the witness or witnesses who sponsor the pro forma adjustment.
Column F —	Pro Formas (Total Company)	Shows the dollar amount of the pro forma adjustment.

10 **Q. Does XES bill its expenses for the GC Claims affiliate class to SPS in the**  
11 **same manner as it bills other affiliates for those expenses?**

12 A. Yes. As discussed by Mr. Baumgarten, XES uses the same method for billing and  
13 allocating cost to affiliates other than SPS that it uses to bill and allocate those  
14 costs to SPS.

1   **Q.    Are there any exclusions to the XES billings to SPS for the GC Claims**  
2       **affiliate class?**

3   A.    Thus far, no. As I mentioned earlier, exclusions reflect expenses SPS is not  
4       requesting to recover, such as expenses that are not permitted to be recovered  
5       through rates or other below-the-line items.

6   **Q.    Are there any pro forma adjustments to SPS's per book expenses for the GC**  
7       **Claims affiliate class?**

8   A.    Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test  
9       Year expenses for known and measurable changes. Pro forma adjustments are  
10      shown on Attachment CCB-RR-A, Column J, and on Attachment  
11      CCB-RR-B(CD), Column M. The details for the pro forma adjustments,  
12      including the witness or witnesses who sponsor each pro forma adjustment, are  
13      provided in Attachment CCB-RR-D. Given the timing of SPS's initial filing, only  
14      the first nine months of the Updated Test Year have been through the full pro  
15      forma adjustment review process. In SPS's 45-day case update and after the full  
16      pro forma adjustment review process for the Update Period has been completed, I  
17      will present an updated Attachment CCB-RR-D.

18   **Q.    Attachment CCB-RR-D shows that you sponsor pro forma adjustments for**  
19       **expenses for the GC Claims affiliate class during the first nine months of the**  
20       **Updated Test Year that result in a net decrease for the GC Claims affiliate**  
21       **class of \$117. Please explain the adjustments.**

22   A.    The adjustments that I sponsor are to remove minimal costs associated with  
23       miscellaneous expenses that should not be recovered from customers.

1    **B.    The GC Claims Class of Services are Necessary Services**

2    **Q.    Are the services that are grouped in the GC Claims affiliate class necessary**  
3    **for SPS's operations?**

4    A.    Yes. The services grouped in the GC Claims affiliate class are necessary to  
5    ensure that SPS receives service from personnel with experience and expertise to  
6    evaluate claims involving losses. SPS may have major incidents related to its  
7    facilities, such as electrocutions and serious accidents involving company-owned  
8    vehicles, and public liability claims that may include property damage or losses.  
9    For example, when a vehicle strikes company power poles or above ground  
10   facilities, the GC Claims group will seek financial recovery for those damages. In  
11   addition, SPS may have claims against contractors or other third parties who  
12   damage SPS facilities. SPS has hundreds of employees and more than \$1 billion  
13   in assets that are exposed to any of these events, which could cause millions of  
14   dollars worth of damages. The GC Claims employees help SPS manage risk and  
15   quantify losses when incidents occur. These are functions required by all utilities  
16   and without which SPS would not be able to protect the assets used to provide  
17   electric service to its customers.

18   **Q.    What are the specific services the GC Claims group provides to SPS?**

19   A.    The specific services that the GC Claims group provides to SPS involve  
20   evaluating the extent of losses resulting from injuries to persons or damages to  
21   property. As an example, if an ice storm were to topple distribution poles and  
22   cause damage to a home or business owner's property, GC Claims personnel  
23   would evaluate the extent of the damage and determine the likely cost of

1 replacement or repair. Conversely, if a wildfire damages SPS property, GC  
2 Claims personnel would assist SPS in bringing a claim for damages against the  
3 responsible third party or parties.

4 During the Updated Test Year, GC Claims personnel:

- 5 • investigated seven major incidents, including one structure fire at the  
6 Amarillo Service Center, four electrical contacts involving overhead  
7 electric utility facilities, and two residential structure fires;
- 8 • investigated 305 SPS facility and equipment damages caused by third  
9 parties; and
- 10 • investigated 48 public claims.

11 **Q. Are any of the GC Claims class of services that are provided to SPS**  
12  **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**  
13  **SPS itself?**

14 A. No. Within XES, none of the services provided by the GC Claims affiliate class  
15 are duplicated elsewhere. No other Xcel Energy subsidiary performs these  
16 services for the Operating Companies. In addition, SPS does not perform these  
17 services for itself.

18 **Q. Do SPS's Texas retail customers benefit from the services that are part of the**  
19  **GC Claims class of services?**

20 A. Yes. The services of the GC Claims affiliate class benefit SPS's customers in  
21 many ways, including by conducting professional investigations where Company  
22 assets may be involved. The GC Claims group works to determine liability,  
23 properly document investigative findings, preserve evidence, negotiate  
24 settlements, and ensure appropriate financial reserves are set aside. Investigators  
25 plan, gather data, and collaborate with legal counsel to perform risk analysis in

1 evaluating SPS's level of exposure. When SPS is entitled to indemnity from  
2 insurers and/or other third parties for losses to SPS facilities or equipment, GC  
3 Claims investigations help identify liable parties and ensure that SPS recovers  
4 sufficient compensation for its losses.

5 As an example, in May 2020, an SPS Claims Investigator assisted in  
6 settling a commercial structure fire claim. The claim stated that the fire was  
7 started by electrical arcing, and SPS was responsible for the damages. The  
8 claimant hired an attorney who filed a claim for over \$1.2 million in damages to  
9 the structure, its contents, and loss of business. This matter was negotiated and  
10 resolved through mediation using information provided by the Claims  
11 Investigator and was settled for less than half of the amount demanded. In  
12 addition, in-house Claims Investigators are more cost effective than SPS utilizing  
13 third-party administrators ("TPA"). TPAs have generic knowledge of the utility  
14 industry but are not considered subject matter experts ("SME"). SPS would not  
15 have any control over the employees a TPA hires or the training that they receive.  
16 In contrast, XES hires and trains its investigators so they are SMEs who specialize  
17 in utility claims and investigations. Having in-house investigators with in-depth  
18 knowledge and expertise ensures that investigations are accurate and thorough,  
19 and claims are resolved in a fair and equitable manner.

20 **C. The GC Claims Class of Services are Provided at a Reasonable**  
21 **Cost**

22 **Q. Are the costs of the GC Claims class of services reasonable?**

23 A. Yes. The costs of the GC Claims class of services are reasonable. XES provides  
24 the services and functions in the GC Claims class on a consolidated basis for

1 multiple Xcel Energy legal entities. As a result, SPS benefits from sophisticated  
2 services provided by a pool of talented professionals, the consolidated costs of  
3 which are shared. The economies of scale inherent in this system result in  
4 reasonable costs for SPS for these services.

5 *1. Additional Evidence*

6 **Q. Is there additional support for a portion of the expenses that you present in**  
7 **this testimony?**

8 A. Yes. Of the requested costs for the GC Claims class, approximately 92.35%  
9 consists of compensation and benefits costs for XES personnel. SPS witnesses  
10 Michael P. Deselich and Richard R. Schrubbe establish that the level of Xcel  
11 Energy's compensation and benefits is reasonable and necessary.

12 *2. Budget Planning*

13 **Q. Is a budget planning process applicable to the GC Claims class of affiliate**  
14 **costs?**

15 A. Yes. Annual O&M budgets are created for the General Counsel organization,  
16 which includes the GC Claims class of affiliate costs, using guidelines developed  
17 at the corporate level. Each manager within the GC Claims organization carefully  
18 reviews historical spend information, identifies changes that will be coming in the  
19 future, and analyzes the costs associated with those changes prior to submitting a  
20 proposed budget. GC management then reviews the GC Claims organization  
21 proposed budget. The budgeting process is discussed in more detail by SPS  
22 witness Adam R. Dietenberger.

1   **Q.    During the fiscal year, does the GC organization monitor its actual**  
2       **expenditures versus its budget?**

3    A.    Yes. Actual versus expected expenditures are monitored on a monthly basis by  
4       management in the GC organization and managers within the GC Claims class.  
5       Deviations are evaluated each month to ensure that costs are appropriate. In  
6       addition, action plans are developed to mitigate variations in actual compared to  
7       budgeted expenditures. These mitigation plans may either reduce or delay other  
8       expenditures so that overall spending complies with the authorized budget.

9   **Q.    Are employees within the GC organization held accountable for deviations**  
10       **from the budget?**

11   A.    Yes. All senior management employees in the GC organization have specific  
12       budgetary oversight that is incorporated into their performance evaluations.  
13       Budgetary performance is measured on a monthly basis to ensure adherence to the  
14       budgets and to provide for any action plan that must be developed to address  
15       variances. All GC employees are required to manage their expenses to support  
16       the budgetary objectives established by their manager. Failure to meet these  
17       budgetary performance objectives will affect their performance evaluation and  
18       overall compensation, if the employee is responsible for the failure.

19               3.    *Cost Trends*

20   **Q.    Please state the dollar amounts of the actual per book charges from XES to**  
21       **SPS for the GC Claims class of services for the three fiscal years preceding**  
22       **the end of the Updated Test Year and the estimated per book charges for the**  
23       **estimated Updated Test Year.**

24   A.    The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar  
25       years), the actual per book and, for the Updated Test Year, the estimated per book

1 affiliate charges (Column I on Attachment CCB-RR-A) from XES to SPS for the  
2 services grouped in the GC Claims affiliate class:

3 **Table CCB-RR-2**

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
GC Claims	\$124,804	\$191,731	\$159,952	\$162,450

4 **Q. What are the reasons for this trend?**

5 A. The increase in costs between 2017 and 2018 was due to labor and employee  
6 expenses incurred for supporting a major litigation trial that spanned several  
7 months and was located outside of our service territory, which required travel.  
8 Backup support was needed to cover ongoing work for employees allocating time  
9 to the major litigation case. The decrease in costs between 2018 and 2019 was  
10 primarily due to fewer public claims. The costs for the Updated Test Year were  
11 relatively flat as compared to the costs incurred in 2019.

12 *4. Staffing Trends*

13 **Q. Please provide the staffing levels for the GC Claims class of services for the**  
14 **three fiscal years preceding the end of the Updated Test Year and the**  
15 **Updated Test Year.**

16 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar  
17 years) and for the Updated Test Year, the average of the end of month staffing  
18 levels for the GC Claims class of services.



1

**Table CCB-RR-3**

	Average End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
GC Claims	19	19	18	21

2 **Q. What are the reasons for this trend?**

3 A. The average staffing levels from 2017 to 2018 were consistent. The slight  
 4 decrease in average staffing levels in 2019 was due to attrition. The increase in  
 5 average staffing levels during the Updated Test Year is due to increased work  
 6 volume, this includes having to dispatch and conduct more investigations at the  
 7 site of an incident while employees are on-call during after hours and during  
 8 weekends. The current staffing level is appropriate for the increased work  
 9 volume and incident response required.

10 *5. Cost Control and Process Improvement Initiatives*

11 **Q. Separate from the budget planning process, does the GC Claims affiliate**  
 12 **class take any steps to control its costs or to improve its services?**

13 A. Yes. GC Claims personnel deliver yearly hands-on training sessions with crews  
 14 to address how to prepare good documentation and photography associated with a  
 15 claim. This allows the GC Claims personnel to be more effective in their roles  
 16 processing, evaluating, collecting, and paying out claims.

1 **D. The Costs for the GC Claims Class of Services are Priced in a**  
2 **Fair Manner**

3 **Q. For those costs that XES charges (either directly or through use of an**  
4 **allocation) to SPS for the GC Claims class of services, does SPS pay any**  
5 **more for the same or similar service than does any other Xcel Energy**  
6 **affiliate?**

7 A. No. The XES charges to SPS for any particular service are no higher than the  
8 XES charges to any other Xcel Energy affiliate. The costs charged for particular  
9 services are the actual costs that XES incurred in providing those services to SPS.  
10 A single, specific allocation method, rationally related to the cost drivers  
11 associated with the service being provided, is used with each cost center (billing  
12 method). In his direct testimony, Mr. Baumgarten discusses the selection of  
13 billing methods and XES's method of charging for services in more detail.

14 **Q. How are the costs of the GC Claims affiliate class billed to SPS?**

15 A. My Attachment CCB-RR-B(CD) shows all of the costs in this class broken out by  
16 activity and, in conjunction with Column C in my Attachment CCB-RR-A, shows  
17 the billing method associated with each activity. My Attachment CCB-RR-A,  
18 shows the allocation method (Column D) associated with each billing method  
19 (Column C) used in the affiliate class.

20 In SPS's 45-day case update, I will present updated Attachments  
21 CCB-RR-A and CCB-RR-B(CD) so that the entries for the last three months of  
22 the Updated Test Year provides actual data and conform to the information  
23 provided for the first nine months. In the event the predominant billing methods  
24 and associated allocation methods for the GC Claims affiliate O&M expenses on

1 my updated Attachments CCB-RR-A and CCB-RR-B(CD) differ from those  
2 discussed below, I will explain those differences in supplemental testimony in  
3 SPS's 45-day case update filing.

4 **Q. What are the predominant allocation methods used for billing the costs that**  
5 **SPS seeks to recover for the GC Claims affiliate class of services?**

6 A. All of the requested XES charges to SPS for this class were charged using one of  
7 two allocation methods:

- 8 • Direct Billing – 89.32% of XES charges to SPS – \$149,123; and
- 9 • Assets, Revenue, and Number of Employees – 10.68% of XES charges  
10 to SPS – \$17,829.

11 **Q. Why is the “Direct Billing” method appropriate for assigning the costs**  
12 **captured in the cost centers that use that allocation method?**

13 A. For the cost centers that are assigned using the “Direct Billing” method, the costs  
14 normally reflect work that was performed specifically for SPS only. In some  
15 cases, however, the direct billing occurred after the application of an off-line  
16 allocator that tracks the relevant cost drivers. In either situation, the cost centers  
17 charged using the “Direct Billing” method are appropriate because the assignment  
18 of costs is in accordance with the distribution of benefits for the services received.  
19 For example, the labor costs related to an investigator handling an insurance claim  
20 for SPS are assigned using the “Direct Billing” method. The cost of these  
21 services benefitted SPS, the work was performed specifically for SPS alone, and  
22 the cost driver is the labor required for the investigation and processing of claims  
23 that need to be handled on SPS's behalf. Thus, the “Direct Billing” method is  
24 appropriate because it assigns costs in accordance with cost causation and benefits

1 received. For the cost centers that assign costs using Direct Billing, the per unit  
2 amounts charged by XES to SPS are no higher than the unit amounts billed by  
3 XES to other affiliates for the same or similar services and represent the actual  
4 costs of the services.

5 **Q. Why is it appropriate to allocate costs based upon the “Assets, Revenue, and**  
6 **Number of Employees” method for the costs captured in the cost centers that**  
7 **use that allocation method?**

8 A. The three factor billing method using assets, revenue, and number of employees  
9 produces an allocation of costs that recognizes the complexity, risk, and overall  
10 business activity levels that drive the costs included in the cost centers and  
11 measures the benefits received from those activities. For the cost centers billed  
12 using this allocator, there is no one specific cost driver for the support tasks and  
13 services provided, and the services benefit multiple Xcel Energy affiliates. For  
14 example, the costs associated with GC Claims labor that benefit all of Xcel  
15 Energy, which are collected in Cost Center 200071, are allocated using this  
16 method. Within the Xcel Energy holding company group, those legal entities that  
17 have proportionately more assets, revenues, and employees will have more focus  
18 placed on their operations due to those subsidiaries’ relative influence on the  
19 consolidated business balance sheet, income statement, and statement of cash  
20 flow, and the subsidiaries will benefit accordingly from the services provided.  
21 Thus, allocating these costs based upon the average of the total asset ratio,  
22 revenue ratio, and the employee ratio is appropriate because it allocates costs in  
23 accordance with cost causation and benefits received. Mr. Baumgarten discusses  
24 this allocation method in more detail in his testimony. For the cost centers that

1 assign costs based upon this allocation method, the per unit amounts charged by  
2 XES to SPS as a result of the application of this allocation method are no higher  
3 than the unit amounts billed by XES to other affiliates for the same or similar  
4 services and represent the actual costs of the services.

1                   **IV.     AFFILIATE EXPENSES FOR THE GC LEGAL**  
2                                   **SERVICES CLASS OF SERVICES**

3   **A.     Overview of the GC Legal Services Class of Services**

4   **Q.     Where does the GC Legal Services affiliate class fit into the overall affiliate**  
5       **structure?**

6   A.     As shown on Attachment RLB-RR-6 to Mr. Baumgarten's direct testimony, the  
7           GC Legal Services affiliate class was part of the GC business area during the  
8           Updated Test Year. Attachment CCB-RR-1 to my testimony is an organization  
9           chart showing the GC Legal Services organization.

10 **Q.     What services are grouped into the GC Legal Services affiliate class?**

11 A.     The services that are grouped into the GC Legal Services affiliate class are legal  
12           services for Xcel Energy, its Board of Directors, Officers, subsidiaries, Business  
13           Areas, and Corporate Operations Areas. GC Legal Services personnel provide  
14           services related to labor and employment law, litigation, contracts, rates and  
15           regulation, environmental matters, real estate, and other legal matters. GC Legal  
16           Services supports Xcel Energy and its subsidiaries in fulfilling Corporate and  
17           Business Area strategies, ranging from maintaining and improving regulatory  
18           relationships to continued leadership on environmental issues. Outside attorneys  
19           are engaged when the workload exceeds the capacity of the in-house attorneys or  
20           when a specialty expertise is required.

21 **Q.     What is the dollar amount of the Updated Test Year XES charges that SPS**  
22       **requests, on a total company basis, for the GC Legal Services affiliate class?**

23 A.     The following table summarizes the dollar amount of the estimated Updated Test  
24           Year XES charges for the GC Legal Services affiliate class. I will update the

table below as part of SPS's 45-day case update filing to reflect the actual Updated Test Year costs for the GC Legal Services affiliate class.

**Table CCB-RR-4**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
GC Legal Services	\$13,535,826	\$1,964,857	43.99%	56.01%

**Q. Please describe the attachments that support the information provided on Table CCB-RR-4.**

A. There are four attachments to my testimony that present information about the requested SPS affiliate expenses for the GC Legal Services affiliate class. I explained these attachments in detail previously in Section III.A of my testimony.

**Q. Does XES bill its expenses for the GC Legal Services affiliate class to SPS in the same manner as it bills other affiliates for those expenses?**

A. Yes. As discussed by Mr. Baumgarten, XES uses the same method for billing and allocating costs to affiliates other than SPS that it uses to bill and allocate those costs to SPS.

**Q. Are there any exclusions to the XES billings to SPS for the GC Legal Services affiliate class?**

A. Yes. As I mentioned earlier, exclusions reflect expenses not requested, such as expenses not allowed or other below-the-line items. If exclusions exist, they are shown on Attachment CCB-RR-A, Column H, and on Attachment CCB-RR-B(CD), Column K. The details for the exclusions are provided in

1 Attachment CCB-RR-C. Mr. Baumgarten describes how the exclusions were  
2 calculated. In SPS's 45-day case update, I will present an updated Attachment  
3 CCB-RR-C that will provide actual exclusions to replace any estimated  
4 exclusions included in my original attachment.

5 **Q. Are there any pro forma adjustments to SPS's per book expenses for the GC**  
6 **Legal Services affiliate class?**

7 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test  
8 Year expenses for known and measurable changes. Pro forma adjustments are  
9 shown on Attachment CCB-RR-A, Column J, and on Attachment  
10 CCB-RR-B(CD), Column M. The details for the pro forma adjustments,  
11 including the witness or witnesses who sponsor each pro forma adjustment, are  
12 provided in Attachment CCB-RR-D. As I mentioned earlier, given the timing of  
13 SPS's initial filing, only the first nine months of the Updated Test Year have  
14 completed the full pro forma adjustment review process. In SPS's 45-day case  
15 update, I will present an updated Attachment CCB-RR-D that will provide the  
16 revised pro forma adjustments after the full pro forma adjustment review process  
17 for the Update Period has been completed.

18 **Q. Attachment CCB-RR-D shows that you sponsor pro forma adjustments for**  
19 **expenses for the GC Legal Services affiliate class during the first nine months**  
20 **of the Updated Test Year that result in a net decrease for the GC Legal**  
21 **Services affiliate class of \$1,745. Please explain the adjustments.**

22 A. The adjustments that I sponsor are to remove minimal costs associated with  
23 miscellaneous expenses that should not be recovered from customers.



1    **B.    The GC Legal Services Class of Services are Necessary Services**

2    **Q.    Are the services that are grouped in the GC Legal Services affiliate class**  
3    **necessary for SPS's operations?**

4    A.    Yes. The services grouped in the GC Legal Services affiliate class are necessary  
5    to ensure that SPS can deal with a myriad of complex legal issues related to  
6    corporate governance, business transactions, employment, and liability claims,  
7    among other things. SPS must either use the XES attorneys or hire outside  
8    attorneys to address those issues. Ignoring legal matters or assigning them to  
9    non-attorneys is simply not a viable option. In addition, SPS is regulated by  
10   multiple agencies including this Commission, the New Mexico Public Regulation  
11   Commission, and the Federal Energy Regulatory Commission ("FERC"). GC  
12   Legal Services personnel provide valuable assistance in ensuring compliance with  
13   regulatory requirements and advocating on SPS's behalf before those regulatory  
14   bodies. They are functions required by all utilities and without which SPS would  
15   not be able to provide electric service to its customers.

16   **Q.    What are the specific services that are provided to SPS by the GC Legal**  
17   **Services affiliate class?**

18   A.    The specific services that are provided to SPS by the GC Legal Services affiliate  
19   class are:

- 20            • negotiating and drafting agreements, such as purchased power  
21            contracts, fuel supply contracts, and right-of-way easements;
- 22            • investigating and defending pending or threatened litigation against  
23            SPS and managing or assisting outside counsel as necessary in this  
24            task;

- 1                   • prosecuting actions against third parties on SPS’s behalf and managing  
2                   or assisting outside counsel as necessary in this task;
- 3                   • ensuring SPS complies with state and federal reporting requirements,  
4                   such as FERC and United States Securities and Exchange Commission  
5                   (“SEC”) filing requirements; and
- 6                   • preparing regulatory pleadings, appearing before regulatory bodies,  
7                   and overseeing work by outside counsel on regulatory matters.

8     **Q.     Are any of the GC Legal Services class of services that are provided to SPS**  
9              **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**  
10             **SPS itself?**

11    A.     No. Within XES, none of the services grouped in the GC Legal Services affiliate  
12            class are duplicated elsewhere. No other Xcel Energy subsidiary performs these  
13            services for the Operating Companies. In addition, SPS does not perform these  
14            services for itself.

15    **Q.     Do SPS’s Texas retail customers benefit from the services that are part of the**  
16             **GC Legal Services class of services?**

17    A.     Yes. The services of the GC Legal Services affiliate class benefit SPS’s  
18            customers in many ways. For example, customers benefit because the services  
19            performed by the GC Legal Services class help SPS to acquire the goods and  
20            services it needs to ensure an adequate supply of power to customers. Customers  
21            also benefit from the provision of legal services by XES because SPS has access  
22            to lawyers with expertise in matters such as FERC filings and SEC compliance,  
23            and SPS customers pay only a portion of those lawyers’ costs. In addition, the  
24            services provided by the GC Legal Services class aid SPS in protecting its assets  
25            and recovering losses caused by others, thereby keeping costs lower.

1 **C. The GC Legal Services Class of Services are Provided at a**  
2 **Reasonable Cost**

3 **Q. Are the costs of the GC Legal Services class of services reasonable?**

4 A. Yes. The costs of the GC Legal Services class of services are reasonable. XES  
5 provides the services and functions in the GC Legal Services class on a  
6 consolidated basis for multiple Xcel Energy legal entities. As a result, SPS  
7 benefits from sophisticated services provided by a pool of talented professionals,  
8 the consolidated costs of which are shared. The economies of scale inherent in  
9 this system result in reasonable costs for SPS for these services.

10 *I. Additional Evidence*

11 **Q. Is there additional support for a portion of the expenses that you present in**  
12 **this testimony?**

13 A. Yes. The costs for the GC Legal Services class compare favorably with  
14 participants in the 2020 HBR Law Department Spending Survey. The survey  
15 results indicate that Xcel Energy's performance is better than the median of  
16 survey participants. Specifically, when benchmarking Xcel Energy's GC Legal  
17 Services against 32 similarly sized legal departments, and when comparing  
18 ourselves against 16 participants having a "Utilities" primary industry  
19 designation, our performance is consistently better than median in all but one  
20 category. The following table reflects six benchmarking categories and  
21 demonstrates how well GC Legal Services compares with All Participants in the  
22 survey and with the Industry Specific Utility participants. In this survey,  
23 "Between 1<sup>st</sup> quartile & Median" indicates that GC Legal Services' performance  
24 is better than the median. In the All Participants benchmarking, which includes

companies that are not in regulated industries, Outside Counsel spending was the only category in which our GC Legal Services did not perform better than median. This was due to a change requiring that participants include deferred spend along with O&M spend when answering that question. Deferred spend is variable and is driven in large part by the nature of regulatory proceedings underway during a given timeframe. As a regulated utility, Xcel Energy's GC Legal Services is likely to have greater deferred spend than participants that may be similar in size but not in a regulated industry.

**Table CCB-RR-5**

<b>Category</b>	<b>All Participants With Similar Department Size</b>	<b>Industry Specific – Utilities</b>
Total Legal Spending	Between 1 <sup>st</sup> Quartile & Median	Between 1 <sup>st</sup> Quartile & Median
Total Legal Spending as a Percent of U.S. Revenues	Between 1 <sup>st</sup> Quartile & Median	1 <sup>st</sup> Quartile
Inside Legal Spending as a Percent of U.S. Revenues	Between 1 <sup>st</sup> Quartile & Median	1 <sup>st</sup> Quartile
Outside Counsel Spending	Between Median & Third Quartile	1 <sup>st</sup> Quartile
Outside Counsel Spending as a Percent of U.S. Revenues	Between 1 <sup>st</sup> Quartile & Median	Between 1 <sup>st</sup> Quartile & Median
# of Attorneys per \$B U.S. Revenue	Between 1 <sup>st</sup> Quartile & Median	Between 1 <sup>st</sup> Quartile & Median

In addition, of the estimated Updated Test Year costs for the GC Legal Services class, approximately 89.39% are compensation and benefits costs for XES personnel. Mr. Deselich and Mr. Schrubbe establish that the level of Xcel Energy's compensation and benefits is reasonable and necessary.

1                                    2.    *Budget Planning*

2    **Q.    Is a budget planning process applicable to the GC Legal Services class of**  
3                    **affiliate costs?**

4    A.    Yes. Annual O&M budgets are created for the GC organization, which includes  
5            the GC Legal Services class of affiliate costs, using guidelines developed at the  
6            corporate level. Each manager within the GC organization carefully reviews  
7            historical spend information, identifies changes that will be coming in the future,  
8            and analyzes the costs associated with those changes prior to submitting a  
9            proposed budget. The budgeting process is discussed in more detail by Mr.  
10           Dietenberger.

11   **Q.    During the fiscal year, does the General Counsel organization monitor its**  
12           **actual expenditures versus its budget?**

13   A.    Yes. Actual versus expected expenditures are monitored on a monthly basis by  
14           management in the GC organization. Deviations are evaluated each month to  
15           ensure that costs are appropriate. In addition, action plans are developed to  
16           mitigate variations in actual compared to budgeted expenditures. These  
17           mitigation plans may either reduce or delay other expenditures so that overall  
18           spending complies with the authorized budget.

19   **Q.    Are employees within the GC organization held accountable for any**  
20           **deviations from the budget?**

21   A.    Yes. All senior management employees in the GC Legal Services class and  
22           attorneys have specific budgetary goals that are incorporated into their  
23           performance evaluations. Budgetary performance is measured on a monthly basis  
24           to ensure adherence to the budgets and provide for action plan development to

1 address variances. All GC Legal Services employees are required to manage their  
2 expenses to support the budgetary objectives established by their manager.  
3 Failure to meet these performance targets will affect their performance evaluation  
4 and overall compensation, if the employee is responsible for the failure.

5 *3. Cost Trends*

6 **Q. Please state the dollar amounts of the actual per book charges from XES to**  
7 **SPS for the GC Legal Services class of services for the three fiscal years**  
8 **preceding the end of the Updated Test Year and the estimated per book**  
9 **charges for the estimated Updated Test Year.**

10 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar  
11 years), the actual per book and, for the Updated Test Year, the estimated per book  
12 affiliate charges (Column I on Attachment CCB-RR-A) from XES to SPS for the  
13 services grouped in the GC Legal Services affiliate class:

14 **Table CCB-RR-6**

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
GC Legal Services	\$1,773,589	\$1,894,691	\$1,878,439	\$1,914,280

15 **Q. What are the reasons for this trend?**

16 A. The increase in costs between 2017 and 2018 was due to an increase in outside  
17 counsel costs driven by more legal matters in 2018 than the previous year,  
18 particularly in regulatory. Costs were relatively flat between 2018 and 2019. The  
19 slight increase in costs between 2019 and the Updated Test Year is primarily due  
20 to contractual increases for legal services as well as labor costs.

1 In any given year, there may be deviations in the costs for GC Legal  
2 Services that are largely out of XES's control. For example, matters that were  
3 expected to settle may be litigated, the start date for a particular matter may be  
4 earlier or later in the year, or some legal work for certain business area projects  
5 may be postponed until the following year. All of these factors influence actual  
6 spend. Although the GC Legal Services class has been able to decrease its need  
7 for outside counsel through systematic internal hiring initiatives, the particular  
8 legal matters that arise in a given year may result in fluctuations in outside legal  
9 costs and employee labor costs due to the complexity, potential risk exposure, and  
10 duration of the specific matter.

11 *4. Staffing Trends*

12 **Q. Please provide the staffing levels for the GC Legal Services class of services**  
13 **for the three fiscal years preceding the end of the Updated Test Year and the**  
14 **Updated Test Year.**

15 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar  
16 years) and for the Updated Test Year, the average of the end of month staffing  
17 levels for the GC Legal Services class of services.

18 **Table CCB-RR-7**

	Average End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
GC Legal Services	75	71	73	79

1    **Q.     What are the reasons for this trend?**

2    A.     Staffing levels decreased from 2017 to 2018 due to staff turnover and our ongoing  
3           efforts to make sure we filled positions in areas where staffing resources were  
4           needed most. Staffing levels increased from 2018 to the Updated Test Year due  
5           to the GC Legal Services organization’s strategic internal hiring initiative that  
6           identified specific areas of law and the cost savings that could be gained by  
7           having internal resources provide the legal services instead of outside legal firms.

8                               5. *Cost Control and Process Improvement Initiatives*

9    **Q.     Separate from the budget planning process, does the GC Legal Services**  
10       **affiliate class take any steps to control its costs or to improve its services?**

11   A.     Yes. The GC Legal Services organization has, over the years, implemented  
12           several practices to control costs. For example, in 2018, the Executive Vice  
13           President and General Counsel, which oversees the GC Legal Services  
14           organization, sponsored continuous improvement efforts focused on cost savings  
15           and driving greater efficiencies. This plan included a strategic internal hiring  
16           initiative as mentioned above. GC Legal Services is also “gatekeeping” new  
17           matters—only accepting work from business area clients that is truly legal in  
18           nature and appropriate for the GC Legal Services organization to be taking on. In  
19           addition, GC Legal Services continues to explore opportunities to reduce outside  
20           counsel spend including strategies such as conducting requests for proposals,  
21           negotiating alternative fee arrangements, and conducting annual formal reviews of  
22           law firms. Alternative fee arrangements include fixed or flat fee arrangements,  
23           discounted rates, or a combination of several fee structures for various phases of a  
24           particular legal matter. GC Legal Services continues to conduct formal reviews



1 with outside counsel, scoring them on their performance against key performance  
2 indicators that focus on appropriate use of resources, communications, cost  
3 containment, and outcomes.

4 **D. The Costs for the GC Legal Services Class of Services are Priced**  
5 **in a Fair Manner**

6 **Q. For those costs that XES charges (either directly or through use of an**  
7 **allocation) to SPS for the GC Legal Services class of services, does SPS pay**  
8 **any more for the same or similar service than does any other Xcel Energy**  
9 **affiliate?**

10 A. No. The XES charges to SPS for any particular service are no higher than the  
11 XES charges to any other Xcel Energy affiliate. The costs charged for particular  
12 services are the actual costs that XES incurred in providing those services to SPS.  
13 A single, specific allocation method, rationally related to the cost drivers  
14 associated with the service being provided, is used with each cost center (billing  
15 method). In his direct testimony, Mr. Baumgarten discusses the selection of  
16 billing methods and XES's method of charging for services in more detail.

17 **Q. How are the costs of the GC Legal Services affiliate class billed to SPS?**

18 A. My Attachment CCB-RR-B(CD) shows all of the costs in this class broken out by  
19 activity and, in conjunction with Column C in my Attachment CCB-RR-A, shows  
20 the billing method associated with each activity. My Attachment CCB-RR-A,  
21 shows the allocation method (Column D) associated with each billing method  
22 (Column C) used in the affiliate class.

23 In SPS's 45-day case update, I will present updated Attachments  
24 CCB-RR-A and CCB-RR-B(CD) so that the entries for the last three months of

1 the Updated Test Year provide actual data and conform to the information  
2 provided for the first nine months. In the event the predominant billing methods  
3 for the GC Legal Services affiliate O&M expenses on my updated Attachments  
4 CCB-RR-A and CCB-RR-B(CD) differ from those discussed below, I will  
5 explain those differences in supplemental testimony in SPS's 45-day case update  
6 filing.

7 **Q. What are the predominant allocation methods used for billing the costs that**  
8 **SPS seeks to recover for the GC Legal Services affiliate class of services?**

9 A. All of the requested XES charges to SPS for this class were charged using one of  
10 two allocation methods:

- 11 • Assets, Revenue, and Number of Employees – 56.01% of XES charges  
12 to SPS – \$1,100,490; and
- 13 • Direct Billing – 43.99% of XES charges to SPS – \$864,368.

14 **Q. Why is it appropriate to allocate costs based upon the “Assets, Revenue, and**  
15 **Number of Employees” method for the costs captured in the cost centers that**  
16 **use that allocation method?**

17 A. The three factor billing method using assets, revenue, and number of employees  
18 produces an allocation of costs that recognizes the complexity, risk, and overall  
19 business activity levels that drive the costs included in the cost centers and  
20 measures the benefits received from those activities. For the cost centers billed  
21 using this allocator, there is no one specific cost driver for the support tasks and  
22 services provided, and the services benefit multiple Xcel Energy affiliates. For  
23 example, the costs associated with certain outside legal services for data security  
24 and data protection that benefit all of Xcel Energy, which are collected in Cost

Center 200071 are allocated using this method. Within the Xcel Energy holding company group, those legal entities that have proportionately more assets, revenues, and employees will have more focus placed on their operations due to those subsidiaries' relative influence on the consolidated business balance sheet, income statement, and statement of cash flow, and the subsidiaries will benefit accordingly from the services provided. Thus, allocating these costs based upon the average of the total asset ratio, revenue ratio, and the employee ratio is appropriate because it allocates costs in accordance with cost causation and benefits received. Mr. Baumgarten discusses this allocation method in more detail in his testimony. For the cost centers that assign costs based upon this allocation method, the per unit amounts charged by XES to SPS as a result of the application of this allocation method are no higher than the unit amounts billed by XES to other affiliates for the same or similar services and represent the actual costs of the services.

**Q. Why is the “Direct Billing” method appropriate for assigning the costs captured in the cost centers that use that allocation method?**

A. For the cost centers that are assigned using the “Direct Billing” method, the costs normally reflect work that was performed specifically for SPS only. In some cases, however, the direct billing occurred after the application of an off-line allocator that tracks the relevant cost drivers. In either situation, the cost centers charged using the “Direct Billing” method are appropriate because the assignment of costs is in accordance with the distribution of benefits for the services received. For example, the costs related to labor for rulemaking proceedings before this

1 Commission are assigned using the “Direct Billing” method. The cost of these  
2 services benefitted SPS, the work was performed specifically for SPS alone, and  
3 the cost driver is the time spent by internal legal staff and outside counsel on the  
4 specific matter. Thus, the “Direct Billing” method is appropriate because it  
5 assigns costs in accordance with cost causation and benefits received. For the  
6 cost centers that assign costs using Direct Billing, the per unit amounts charged by  
7 XES to SPS are no higher than the unit amounts billed by XES to other affiliates  
8 for the same or similar services and represent the actual costs of the services.

1                   **V.   AFFILIATE EXPENSES FOR THE CORPORATE**  
2   **SECRETARY CLASS OF SERVICES**

3   **A.   Overview of the Corporate Secretary Class of Services**

4   **Q.   Where does the Corporate Secretary affiliate class fit into the overall affiliate**  
5       **structure?**

6   A.   As shown on Attachment RLB-RR-6 to Mr. Baumgarten's direct testimony, the  
7       Corporate Secretary affiliate class was part of the GC business area during the  
8       Updated Test Year. Attachment CCB-RR-1 to my testimony is an organization  
9       chart showing the GC organization.

10 **Q.   What services are grouped into the Corporate Secretary affiliate class?**

11 A.   The services that are grouped into the Corporate Secretary affiliate class are  
12       Boards of Directors meeting organization, independent director compensation  
13       oversight, official record keeping, and completing filings required for public  
14       companies, such as SEC filings and Secretary of State of filings in Texas and  
15       New Mexico. The personnel whose costs are collected in this class are the  
16       assistant corporate secretaries.

17 **Q.   What is the dollar amount of the Updated Test Year XES charges that SPS**  
18       **requests, on a total company basis, for the Corporate Secretary affiliate**  
19       **class?**

20 A.   The following table summarizes the dollar amount of the estimated Updated Test  
21       Year XES charges for the Corporate Secretary affiliate class. I will update the  
22       table below as part of SPS's 45-day case update filing to reflect the actual  
23       Updated Test Year costs for the Corporate Secretary affiliate class.

1

**Table CCB-RR-8**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Corporate Secretary	\$267,605	\$34,642	0.00%	100.00%

2 **Q. Please describe the attachments that support the information provided on**  
3 **Table CCB-RR-8.**

4 A. There are four attachments to my testimony that present information about the  
5 requested SPS affiliate expenses for the Corporate Secretary affiliate class.  
6 I explained these attachments in detail previously in Section III.A of my  
7 testimony.

8 **Q. Does XES bill its expenses for the Corporate Secretary affiliate class to SPS**  
9 **in the same manner as it bills other affiliates for those expenses?**

10 A. Yes. As discussed by Mr. Baumgarten, XES uses the same method for billing and  
11 allocating cost to affiliates other than SPS that it uses to bill and allocate those  
12 costs to SPS.

13 **Q. Are there any exclusions to the XES billings to SPS for the Corporate**  
14 **Secretary affiliate class?**

15 A. Yes. As I mentioned earlier, exclusions reflect expenses not requested, such as  
16 expenses not allowed or other below-the-line items. Exclusions are shown on  
17 Attachment CCB-RR-A, Column H, and on Attachment CCB-RR-B(CD),  
18 Column K. The details for the exclusions are provided in Attachment  
19 CCB-RR-C. As I also mentioned earlier, Mr. Baumgarten describes how the

1 exclusions were calculated. In SPS's 45-day case update, I will present an  
2 updated Attachment CCB-RR-C that will provide actual exclusions to replace any  
3 estimated exclusions included in my original attachment.

4 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**  
5 **Corporate Secretary affiliate class?**

6 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test  
7 Year expenses for known and measurable changes. Pro forma adjustments are  
8 shown on Attachment CCB-RR-A, Column J, and on Attachment CCB-RR-  
9 B(CD), Column M. The details for the pro forma adjustments, including the  
10 witness or witnesses who sponsor each pro forma adjustment, are provided in  
11 Attachment CCB-RR-D. Given the timing of SPS's initial filing, only the first  
12 nine months of the Updated Test Year have completed the full pro forma  
13 adjustment review process. In SPS's 45-day case update and after the full pro  
14 forma adjustment review process for the Update Period has been completed, I will  
15 present an updated Attachment CCB-RR-D.

16 **Q. Attachment CCB-RR-D shows that you sponsor pro forma adjustments for**  
17 **expenses for the Corporate Secretary affiliate class during the first nine**  
18 **months of the Updated Test Year that result in a net decrease for the**  
19 **Corporate Secretary affiliate class of \$638. Please explain the adjustments.**

20 A. The adjustments that I sponsor decrease the Corporate Secretary costs to remove  
21 minimal costs associated with miscellaneous expenses that should not be  
22 recovered from customers.

1    **B.    The Corporate Secretary Class of Services are Necessary Services**

2    **Q.    Are the services that are grouped in the Corporate Secretary affiliate class**  
3       **necessary for SPS's operations?**

4    A.    Yes. The services grouped in the Corporate Secretary affiliate class are necessary  
5       to ensure that SPS complies with the state and federal regulatory requirements  
6       governing a publicly traded, investor-owned utility company, to ensure required  
7       filings are made, and to ensure meetings of the Xcel Energy and SPS Boards of  
8       Directors are appropriately conducted and independent directors retained. These  
9       are functions required by all investor-owned utilities and without which SPS  
10      would not be able to provide reliable electric service to its customers.

11   **Q.    What are the specific services that are provided to SPS by the Corporate**  
12      **Secretary affiliate class?**

13   A.    The specific services that are provided to SPS by the Corporate Secretary affiliate  
14      class include:

- 15           • Preparation of annual filings with the Texas and New Mexico Secretary of  
16           State offices, including assistance in the preparation of filing the annually  
17           required Texas Corporation Franchise Tax reports and Texas Corporation  
18           Public Information Reports;
- 19           • Preparation of SEC Forms 3, 4, and 5 and FERC (Interlocking) reports.  
20           These reports are required for all public companies;
- 21           • Maintenance of official records, such as minute books for SPS and Xcel  
22           Energy. This is a legal requirement for a corporation;
- 23           • Coordination and management of the meetings of the SPS Operating  
24           Company Board of Directors, the Xcel Energy Board of Directors  
25           meetings, and board committee meetings. The Corporate Secretary staff  
26           acts as a communication liaison outside of meetings between the Xcel  
27           Energy and SPS management teams and the Board of Directors; and



- 1                   • Retention and oversight of the process for compensating the independent  
2                   directors of the Xcel Energy Board of Directors, including the filing of  
3                   appropriate forms at the SEC and reporting in annual proxy and other  
4                   financial reports.

5   **Q.    Are any of the Corporate Secretary class of services that are provided to SPS**  
6       **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**  
7       **SPS itself?**

8   A.   No.   Within XES, none of the services grouped in the Corporate Secretary  
9       affiliate class are duplicated elsewhere.   No other Xcel Energy subsidiary  
10      performs these services for the Operating Companies.   In addition, SPS does not  
11      perform these services for itself.

12   **Q.    Do SPS's Texas retail customers benefit from the services that are part of the**  
13       **Corporate Secretary class of services?**

14   A.   Yes.   The services of the Corporate Secretary affiliate class benefit SPS's  
15       customers in many ways.   For example, the services of the Corporate Secretary  
16       affiliate class support the functions of the SPS and Xcel Energy Boards of  
17       Directors.   All publicly traded corporations are required to have a board of  
18       directors in order to function as legal entities.   The role of the Xcel Energy Board  
19       of Directors includes setting policies and overseeing operating and financial  
20       performance.   Its functions are critical to the ongoing operations of Xcel Energy  
21       and SPS, ensuring their ability to operate and provide power to customers.

22   **Q.    What is the makeup of the Xcel Energy Board of Directors?**

23   A.   At the end of the Updated Test Year, the Xcel Energy Board of Directors  
24       consisted of 15 members with diverse backgrounds, including utility and non-

1 utility industry governance experience, work experience, and areas of expertise.  
2 Fourteen of the Board members at the end of the Updated Test Year were  
3 independent outside directors who are compensated for their service. In addition,  
4 there was one non-independent director who does not receive additional  
5 compensation for serving on the Board.

6 **Q. Has the composition of the board fluctuated recently?**

7 A. Yes. The Xcel Energy bylaws allow for no fewer than seven and no more than 15  
8 directors. The philosophy of Xcel Energy is to maintain between 10 and 13  
9 directors, with the exact number dependent upon how the individual director  
10 qualifications and the combined skills of the Board as a whole meet Xcel Energy's  
11 governance, regulatory, and business needs. Consideration is also given to the  
12 need to maintain continuity on the Board as retirements occur. Because four  
13 directors will retire over the next two years, the Board currently consists of 15  
14 members for succession planning purposes. In keeping with public company  
15 governance best practices, Xcel Energy has mandatory age retirements for its  
16 directors as well as mandatory maximum years of service to the Board. In the past  
17 few years, as existing directors have met the age or years of service retirement  
18 terms, Xcel Energy has worked to recruit new directors. With the increasing  
19 responsibility that directors on public company boards face, recruitment of  
20 qualified and willing potential candidates that fill specific talent or experience  
21 vacancies often takes considerable time, and thus, the numbers have varied.

1 **C. The Corporate Secretary Class of Services are Provided at a**  
2 **Reasonable Cost**

3 **Q. Are the costs of the Corporate Secretary class of services reasonable?**

4 A. Yes. The costs of the Corporate Secretary class of services are reasonable.  
5 Because the services are provided centrally through XES, the costs of the services  
6 are shared among multiple affiliates. In addition, because services are acquired  
7 for multiple entities, overall costs are reduced as a result of economies of scale.  
8 For example, SPS pays only a small fraction of the costs associated with the Xcel  
9 Energy Board of Directors, as opposed to carrying 100% of the costs associated  
10 with an independent Board of Directors.

11 *1. Additional Evidence*

12 **Q. Is there additional support for a portion of the expenses that you present in**  
13 **this testimony?**

14 A. Yes. Of the estimated Updated Test Year costs for the Corporate Secretary class,  
15 approximately 83.57% consists of compensation and benefits costs for XES  
16 personnel. Mr. Deselich and Mr. Schrubbe establish that the level of Xcel  
17 Energy's compensation and benefits is reasonable and necessary.

18 *2. Budget Planning*

19 **Q. Is a budget planning process applicable to the Corporate Secretary class of**  
20 **affiliate costs?**

21 A. Yes. Annual O&M budgets are created for the GC organization, which includes  
22 the Corporate Secretary class of affiliate costs, using guidelines developed at the  
23 corporate level. The Vice President and Corporate Secretary carefully reviews

1 historical spend information, identifies changes that will be coming in the future,  
2 and analyzes the costs associated with those changes prior to submitting a  
3 proposed budget. The budgeting process is discussed in more detail by Mr.  
4 Dietenberger.

5 **Q. During the fiscal year, does the Corporate Secretary class monitor actual**  
6 **expenditures versus its budget?**

7 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by  
8 management in the GC organization. Deviations are evaluated each month to  
9 ensure that costs are appropriate. In addition, action plans are developed to  
10 mitigate variations in actual compared to budgeted expenditures. These  
11 mitigation plans may either reduce or delay other expenditures so that overall  
12 spending complies with the authorized budget.

13 **Q. Are employees within the Corporate Secretary class held accountable for any**  
14 **deviations from the budget?**

15 A. Yes. All senior management employees in the GC organization have specific  
16 budgetary oversight that are incorporated into their performance evaluations.  
17 Budgetary performance is measured on a monthly basis to ensure adherence to the  
18 goals and provide for action plan development to address variances. All TC  
19 organization employees are required to manage their expenses to support the  
20 financial objectives established by their manager. Failure to meet these  
21 performance objectives may affect their performance evaluation and overall  
22 compensation.





1 **D. The Costs for the Corporate Secretary Class of Services are**  
2 **Priced in a Fair Manner**

3 **Q. For those costs that XES charges (either directly or through use of an**  
4 **allocation) to SPS for the Corporate Secretary class of services, does SPS pay**  
5 **any more for the same or similar service than does any other Xcel Energy**  
6 **affiliate?**

7 A. No. The XES charges to SPS for any particular service are no higher than the  
8 XES charges to any other Xcel Energy affiliate. The costs charged for particular  
9 services are the actual costs that XES incurred in providing those services to SPS.  
10 A single, specific allocation method, rationally related to the cost drivers  
11 associated with the service being provided, is used with each cost center (billing  
12 method). In his direct testimony, Mr. Baumgarten discusses the selection of  
13 billing methods and XES's method of charging for services in more detail.

14 **Q. How are the costs of the Corporate Secretary affiliate class billed to SPS?**

15 A. My Attachment CCB-RR-B(CD) shows all of the costs in this class broken out by  
16 activity and, in conjunction with Column C in my Attachment CCB-RR-A, shows  
17 the billing method associated with each activity. My Attachment CCB-RR-A,  
18 shows the allocation method (Column D) associated with each billing method  
19 (Column C) used in the affiliate class.

20 In SPS's 45-day case update, I will present updated Attachments  
21 CCB-RR-A and CCB-RR-B(CD) so that the entries for the last three months of  
22 the Updated Test Year provide actual data and conform to the information  
23 provided for the first nine months. In the event the predominant billing methods  
24 and associated allocation methods for the Corporate Secretary affiliate O&M

1 expenses on my updated Attachments CCB-RR-A and CCB-RR-B(CD) differ  
2 from those discussed below, I will explain those differences in supplemental  
3 testimony in SPS's 45-day case update filing.

4 **Q. What are the predominant allocation methods used for billing the costs that**  
5 **SPS seeks to recover for the Corporate Secretary affiliate class of services?**

6 A. 100% of the requested XES charges to SPS for this class were charged using the  
7 "Assets, Revenue, and Number of Employees" allocation method.

8 **Q. Why is it appropriate to allocate costs based upon the "Assets, Revenue, and**  
9 **Number of Employees" method for the costs captured in the cost centers that**  
10 **use that allocation method?**

11 A. As I noted previously, the three factor allocation method using assets, revenue,  
12 and number of employees produces an allocation of costs that recognizes the  
13 complexity, risk, and overall business activity levels that drives the costs included  
14 in the cost centers and measures the benefits received from those activities. For  
15 the cost centers billed using this allocator, there is no one specific cost driver for  
16 the support tasks and services provided, and the services benefit multiple Xcel  
17 Energy affiliates. For example, the costs associated with conducting meetings of  
18 the Xcel Energy Board of Directors, which are collected in Cost Center 200063,  
19 are assigned using this allocation method. Within the Xcel Energy holding  
20 company group, those legal entities that have proportionately more assets,  
21 revenues, and employees will have more focus placed on their operations due to  
22 those subsidiaries' relative influence on the consolidated business balance sheet,  
23 income statement, and statement of cash flow, and the subsidiaries will benefit



1 accordingly from the services provided. Thus, allocating these costs based upon  
2 the average of the total asset ratio, revenue ratio, and the employee ratio is  
3 appropriate because it allocates costs in accordance with cost causation and  
4 benefits received. Mr. Baumgarten discusses this allocation method in more  
5 detail in his testimony. For the cost centers that assign costs based upon this  
6 billing method, the per unit amounts charged by XES to SPS as a result of the  
7 application of this allocation method are no higher than the unit amounts billed by  
8 XES to other affiliates for the same or similar services and represent the actual  
9 costs of the services.

1                                    **VI.    NATIVE SPS OUTSIDE LEGAL COSTS**

2    **Q.    Does SPS incur legal expenses directly from third parties apart from the XES**  
3           **charges you have discussed?**

4    A.    Yes. SPS incurs some legal expenses directly, rather than through XES. As such,  
5           these expenses are native costs. The charges from outside law firms and other  
6           third-party legal vendors that SPS incurred directly and for which SPS seeks  
7           recovery in its base rates are reflected on my Attachment CCB-RR-2. These costs  
8           are recorded in FERC Account 923.<sup>4</sup> My Attachment CCB-RR-2 contains actual  
9           figures for the first 11 months of the Updated Test Year and the last month  
10          (December 2020) contains estimates based on the forecasted budget. As noted  
11          previously in my testimony, my Attachment CCB-RR-2 will be updated in SPS's  
12          45-day update filing to replace estimates of SPS's native costs relating to outside  
13          law firms and other third-party legal vendors with actuals.

14   **Q.    For what services did SPS incur these costs?**

15   A.    The services generally involved labor and employment, litigation, contracts, rates  
16          and regulation, environmental, real estate, and general corporate matters.

17   **Q.    Were these directly-incurred legal costs reviewed for reasonableness by XES**  
18          **GC Legal Services employees?**

19   A.    Yes. GC Legal Services attorneys determine the work to be performed by outside  
20          counsel and other third-party legal vendors as well as selecting the appropriate  
21          outside counsel or third-party legal vendor to perform such work. GC Legal  
22          Services attorneys monitor the work performed and review detailed invoices

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<sup>4</sup> Mr. Grant addresses SPS native costs relating to other outside services, which are also recorded in FERC Account 923.

1 associated with each specific legal matter against GC Legal Services' Outside  
2 Counsel Requirements and the expected scope of work related to the legal matter.

3 **Q. Were the charges from outside law firms and other third-party legal vendors**  
4 **that SPS directly incurred reasonable?**

5 A. Yes. All of the charges from outside law firms and other third-party legal vendors  
6 set forth on Attachment CCB-RR-2 were reasonable and prudently incurred.  
7 Outside attorneys were engaged when the workload exceeded the capacity of the  
8 in-house attorneys or when a specialty expertise was required. As such, the  
9 services were necessary and the cost review process discussed previously in my  
10 testimony ensured that the costs for outside law firms and other third-party legal  
11 vendors to render these services were reasonable and prudently incurred.

12 **Q. Does this conclude your pre-filed direct testimony?**

13 A. Yes.

**AFFIDAVIT**

STATE OF MINNESOTA       )  
  )  
COUNTY OF HENNEPIN     )

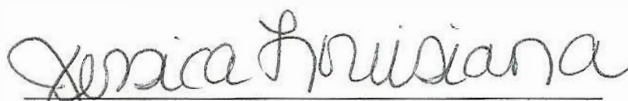
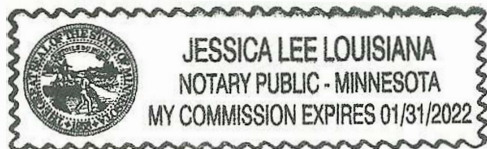
CAROL C. BOUW, first being sworn on her oath, states:

I am the witness identified in the preceding testimony. I have read the testimony and the accompanying attachment(s) 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.



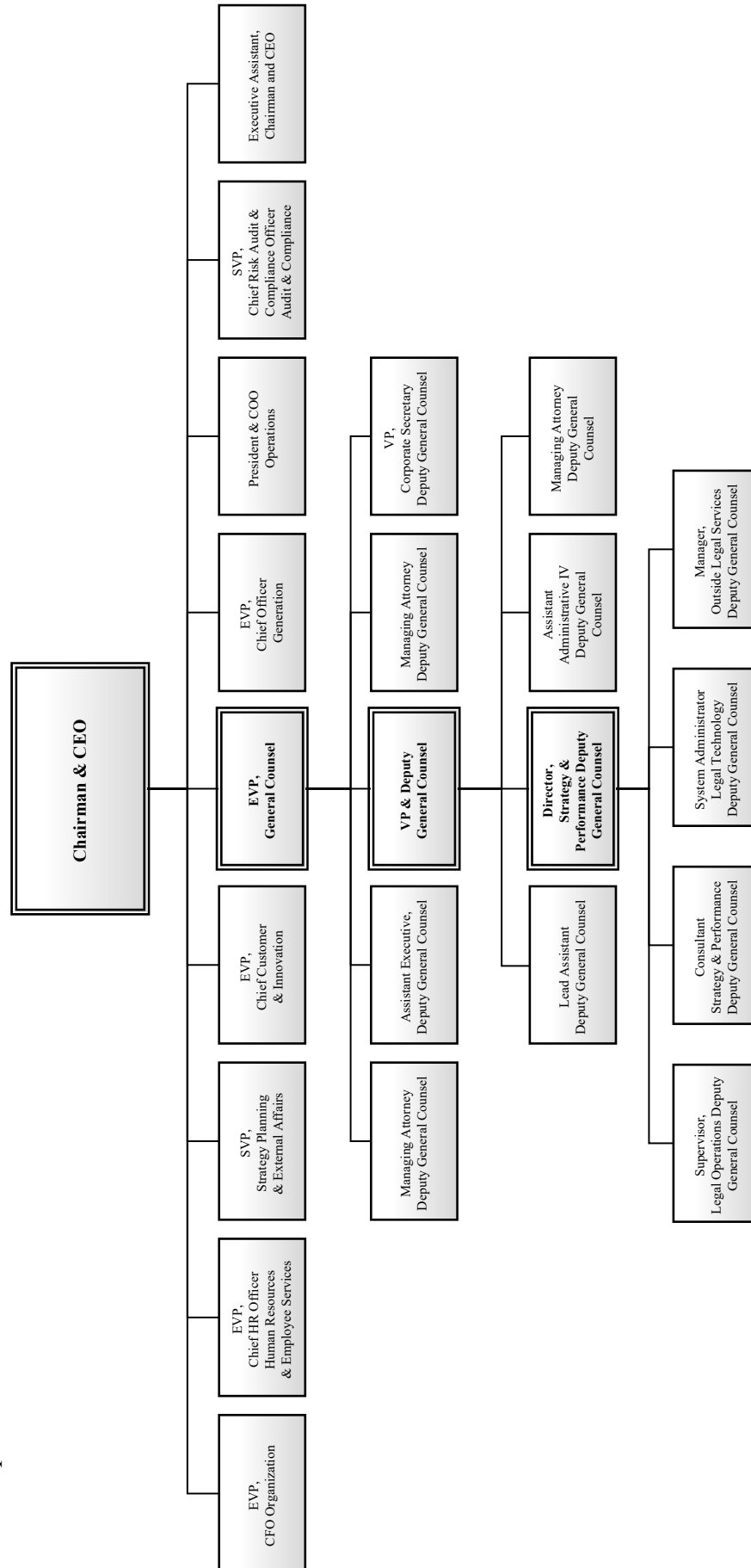
CAROL C. BOUW

Subscribed and sworn to before me this 28 day of January, 2021 by CAROL C. BOUW.

  
Notary Public, State of Minnesota

My Commission Expires: 01/31/2022

Southwestern Public Service Company  
Organization Chart – General Counsel  
As of September 30, 2020



Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
<b>Production</b>					
1	500	Operation Supervision and Engineering	\$ 1,584,420	\$ 2,220,371	\$ 3,804,791
2	501.35	Coal Non-Mine; Non-Freight	\$ 32,900,061	\$ -	\$ 32,900,061
3	507.70	Coal Ash Sales	\$ (1,525,777)	\$ 1,603,318	\$ 77,540
4	502	Steam Expenses	\$ 10,813,001	\$ 300	\$ 10,813,301
5	505	Electric Expenses	\$ 9,365,875	\$ (6)	\$ 9,365,868
6	506	Miscellaneous Steam Power Expenses	\$ 9,583,693	\$ 4,165,010	\$ 13,748,704
7	507	Rents	\$ 29,041	\$ 3,320,913	\$ 3,349,954
8	509	Steam Operation SO2 Allowance Expense	\$ -	\$ -	\$ -
9	509.02	Allowances - NM Nox Expense Amortz	\$ 34,908	\$ -	\$ 34,908
10	510	Maintenance Supervision and Engineering	\$ 506,357	\$ 134,911	\$ 641,268
11	511	Maintenance of Structures	\$ 3,673,190	\$ 4,228	\$ 3,677,418
12	512	Maintenance of Boiler Plant	\$ 11,792,802	\$ 879,815	\$ 12,672,617
13	513	Maintenance of Electric Plant	\$ 6,855,891	\$ 400,864	\$ 7,256,756
14	514	Maintenance of Miscellaneous Steam Plant	\$ 9,297,296	\$ 19,963	\$ 9,317,259
15	546	Operation Supervision and Engineering	\$ (59,716)	\$ 465,664	\$ 405,948
16	546W	Operation Supervision and Engineering Wind	\$ 113,231	\$ 34,346	\$ 147,577
17	548	Generation Expenses	\$ 293,086	\$ 39,164	\$ 332,249
18	549	Misc Other Power Generation Expenses	\$ 342,737	\$ 358,506	\$ 701,243
19	549W	Misc Other Power Generation Expenses Wind	\$ 8,507,925	\$ -	\$ 8,507,925
20	550	Rents	\$ 11,758	\$ 364,276	\$ 376,034
	550W	Rents Wind	\$ 5,319,674	\$ -	\$ 5,319,674
21	551	Maintenance Supervision and Engineering	\$ 1,180	\$ 449,473	\$ 450,653
22	552	Maintenance of Structures	\$ 234,508	\$ (1)	\$ 234,507
23	553	Maintenance of Generating and Electric Equipment	\$ 1,605,028	\$ 424,153	\$ 2,029,181
24	553W	Maintenance of Generating and Electric Equipment Wind	\$ 4,398,462	\$ 1,289	\$ 4,399,751
25	554	Maintenance of Misc Other Power Generation Plant	\$ (67,888)	\$ 11,490	\$ (56,398)
26	554W	Maintenance of Misc Other Power Generation Plant Wind	\$ 4,104,846	\$ -	\$ 4,104,846
27	556	System Control and Load Dispatching	\$ -	\$ 1,095,557	\$ 1,095,557
28	557	Purchased Power Other	\$ (5,214,908)	\$ 1,952,664	\$ (3,262,244)
29	557.90	REC Costs	\$ 4,110,497	\$ -	\$ 4,110,497
30	Total Production O&M Expense		\$ 118,611,178	\$ 17,946,268	\$ 136,557,446

Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

			Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
Line No.	FERC Acct	Account Description			
Transmission					
31	560	Operation Supervision and Engineering	\$ 1,046,989	\$ 6,958,673	\$ 8,005,661
32	561.1	Load Dispatch - Reliability	\$ (169,941)	\$ -	\$ (169,941)
	561.11	Load Dispatch - Reliability	\$ 170,599		
33	561.2	Load Dispatch - Monitor and Operate Trans. System	\$ 2,098,567	\$ 1,195,630	\$ 3,294,196
34	561.4	Scheduling, System Control and Dispatching Services	\$ 3,637,403	\$ -	\$ 3,637,403
35	561.4W	Scheduling, System Control and Dispatching Services - Wholesale	\$ 1,065,179	\$ -	\$ 1,065,179
36	561.5	Reliability, Planning and Standards Development	\$ -	\$ 27,616	\$ 27,616
37	561.6	Transmission Service Studies	\$ 10,956	\$ 22,033	\$ 32,989
38	561.7	Generation Interconnection Studies	\$ (13,397)	\$ 158,983	\$ 145,587
39	561.8	Reliability Planning and Standards Development Services	\$ 2,756,221	\$ -	\$ 2,756,221
40	561.8W	Reliability Planning and Standards Development Services - Wholesale	\$ 464,991	\$ -	\$ 464,991
41	562	Station Expenses	\$ 1,479,573	\$ 43	\$ 1,479,616
42	563	Overhead Line Expenses	\$ 1,491,499	\$ 1,527	\$ 1,493,026
	565	Transmission of Others	\$ 288,806	\$ -	
43	565	Wheeling Lamar DC Tie	\$ -	\$ -	\$ -
44	565	Wheeling Meter Charges	\$ 403,986	\$ -	\$ 403,986
45	565	Wheeling Miscellaneous	\$ 4,036,141	\$ -	\$ 4,036,141
46	565	Wheeling Schedule 11	\$ 140,353,019	\$ -	\$ 140,353,019
47	565	Wheeling Schedule 11 - Wholesale	\$ 31,315,163	\$ -	\$ 31,315,163
48	565	Wheeling Schedule 12	\$ 2,678,896	\$ -	\$ 2,678,896
49	565	Wheeling Schedule 12 - Wholesale	\$ 639,203	\$ -	\$ 639,203
50	565	Wheeling Schedule 1 - Wholesale	\$ 599,438	\$ -	\$ 599,438
51	565	Wheeling Schedule 2	\$ 107,336	\$ -	\$ 107,336
52	565	W-Wheeling Schedule 2 - Wholesale	\$ 30,251	\$ -	\$ 30,251
53	565	Wheeling Schedule 9	\$ 10,448,848	\$ -	\$ 10,448,848
54	565	Wheeling Schedule 9 - Wholesale	\$ 31,154,821	\$ -	\$ 31,154,821
55	565	Z2 Direct Assigned Upgrade Charge	\$ 249,444	\$ -	\$ 249,444
56	565	Z2 Direct Assigned Upgrade Charge - Wholesale	\$ 17,766	\$ -	\$ 17,766
57	565	Z2 Schedule 11 Charges	\$ -	\$ -	\$ -
58	565	Z2 Schedule 11 Charges - Wholesale	\$ -	\$ -	\$ -
59	566	Misc Transmission Expenses	\$ 2,142,416	\$ 1,293,758	\$ 3,436,174
60	567	Rents	\$ 115,413	\$ 1,509,504	\$ 1,624,917
	569	Transmission Mtce of Structures	\$ -	\$ -	
61	568	Maintenance Supervision and Engineering	\$ -	\$ -	\$ -
62	570	Maintenance of Station Equipment	\$ 1,490,422	\$ (2)	\$ 1,490,419
63	571	Maintenance of Overhead Lines	\$ 560,841	\$ 48,655	\$ 609,496
64	Sub-Total Transmission O&M Expenses		\$ 240,670,851	\$ 11,216,420	\$ 251,427,866
Regional Market Expenses					
65	575.1	Operation Supervision	\$ 13,612	\$ 154,014	\$ 167,626
66	575.2	Day-Ahead and Real-Time Market Administration	\$ -	\$ 306,670	\$ 306,670
67	575.5	Ancillary Services Market Administration	\$ -	\$ 15,371	\$ 15,371
68	575.6	Market Monitoring and Compliance	\$ -	\$ 26,637	\$ 26,637
69	575.7	Market Admin, Monitoring, and Compliance Services	\$ 5,692,999	\$ -	\$ 5,692,999
70	575.7W	Market Admin, Monitoring, and Compliance Services - Wholesale	\$ 1,849,773	\$ -	\$ 1,849,773
71	575.8	Regional Market Rents	\$ 4,944	\$ 39,759	\$ 44,703
72	Total Regional Market Expenses		\$ 7,561,327	\$ 542,452	\$ 8,103,779
73	Total Transmission O&M Expenses		\$ 248,232,178	\$ 11,758,872	\$ 259,531,645

Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
<b>Distribution</b>					
74	580	Operation Supervision and Engineering	\$ 4,159,461	\$ 653,231	\$ 4,812,691
75	581	Load Dispatching	\$ 53,518	\$ 325,552	\$ 379,070
76	582	Station Expenses	\$ 1,061,336	\$ (5)	\$ 1,061,332
77	583	Overhead Line Expenses	\$ 593,544	\$ 88,191	\$ 681,736
78	584	Underground Line Expenses	\$ 625,682	\$ (0)	\$ 625,682
79	585	Street Lighting and Signal Systems Expenses	\$ 564,247	\$ 31,248	\$ 595,496
80	586	Meter Expenses	\$ 2,080,418	\$ 168,816	\$ 2,249,234
81	587	Customer Installations Expenses	\$ 672,562	\$ 233	\$ 672,796
82	588	Misc Distribution Expense	\$ 5,154,037	\$ 1,901,606	\$ 7,055,643
83	589	Rents	\$ 306,415	\$ 2,112,339	\$ 2,418,754
84	590	Maintenance Supervision and Engineering	\$ 19,265	\$ 30,466	\$ 49,732
85	591	Maintenance of Structures	\$ (22,102)	\$ -	\$ (22,102)
86	592	Maintenance of Station Equipment	\$ 724,252	\$ 2,662	\$ 726,914
87	593	Maintenance of Overhead Lines	\$ 10,191,875	\$ 203,106	\$ 10,394,982
88	594	Maintenance of Underground Lines	\$ 88,641	\$ (0)	\$ 88,641
89	595	Maintenance of Line Transformers	\$ 1,262	\$ -	\$ 1,262
90	596	Maintenance of Street Lighting and Signal Systems	\$ 304,806	\$ (1)	\$ 304,806
91	597	Maintenance of Meters	\$ 55,405	\$ -	\$ 55,405
92	598	Maintenance of Misc Distribution Plant	\$ 41,218	\$ 3,158	\$ 44,376
93		<b>Total Distribution O&amp;M Expenses</b>	<b>\$ 26,675,843</b>	<b>\$ 5,520,604</b>	<b>\$ 32,196,447</b>
<b>Customer Accounts</b>					
94	901	Supervision	\$ -	\$ 22,478	\$ 22,478
95	902	Meter Reading Expenses	\$ 4,408,365	\$ 640,349	\$ 5,048,714
96	903	Customer Records and Collection Expenses	\$ 2,872,880	\$ 4,497,473	\$ 7,370,353
97	904	Uncollectible Expenses	\$ 6,043,905	\$ -	\$ 6,043,905
98	904	Uncollectible Expenses	\$ (588,242)	\$ -	\$ (588,242)
	905	Customer Accounts Miscellaneous	\$ 77,254	\$ 59,453	\$ 136,707
99		DEPINT Customer Deposit Interest Expense	\$ 126,563	\$ -	\$ 126,563
100		<b>Total Customer Accounts Expense</b>	<b>\$ 12,940,726</b>	<b>\$ 5,219,752</b>	<b>\$ 18,023,771</b>
<b>Customer Service</b>					
101	908.00	Customer Assistance Expense	\$ 1,757,163	\$ 116,564	\$ 1,873,726
102	908.00	Historical EE Amortization	\$ -	\$ -	\$ -
103	908.01	EE Amortization - Texas	\$ -	\$ -	\$ -
104	908.03	EE Amortization - New Mexico	\$ -	\$ -	\$ -
105	908.04	SaversSwitch	\$ 667,364	\$ 5,947	\$ 673,311
106	909.10	Informational and Instructional Advertising Expense	\$ (39,529)	\$ 39,529	\$ 0
107	910.00	Miscellaneous Customer Service Expense	\$ 64,360	\$ 34,403	\$ 98,763
108		<b>Total Customer Service Expense</b>	<b>\$ 2,449,358</b>	<b>\$ 196,443</b>	<b>\$ 2,645,801</b>
<b>Sales</b>					
108	912.00	Demonstration and Selling Expense-Economic Development	\$ 218,209	\$ 58,243	\$ 276,452
109	916.00	Miscellaneous Sales Expense	\$ 5,516	\$ 3,075	\$ 8,592
110		<b>Total Sales Expense</b>	<b>\$ 223,725</b>	<b>\$ 61,318</b>	<b>\$ 285,043</b>



Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
<b>Administrative and General Expenses</b>					
111	920	Administrative and General Salaries	\$ 4,567,528	\$ 29,033,835	\$ 33,601,363
112	921	Office Supplies and Expenses	\$ 3,128,572	\$ 17,013,148	\$ 20,141,721
113	922	Administrative Expenses Transferred-Credit	\$ (19,367,350)	\$ (504,767)	\$ (19,872,117)
<b>114</b>	<b>923*</b>	<b>Outside Services Employed</b>	<b>\$ 888,279</b>	<b>\$ 5,816,408</b>	<b>\$ 6,704,688</b>
115	924	Property Insurance	\$ 3,853,753	\$ 1,543	\$ 3,855,296
116	925	Injuries and Damages	\$ 5,657,269	\$ 2,213,162	\$ 7,870,431
117	926.01	Employee Pensions and Benefits	\$ 17,512,113	\$ 9,035,911	\$ 26,548,023
118	926.03	Deferred Pension Expense	\$ -	\$ -	\$ -
	928	A&G Regulatory Commission Expense	\$ -	\$ -	\$ -
119	928	Regulatory Commission Expense - TX	\$ 1,489,288	\$ -	\$ 1,489,288
120	928.01	Regulatory Commission Expense - NM	\$ 2,293,032	\$ -	\$ 2,293,032
121	928.02	Regulatory Commission Expense - Wholesale	\$ 1,949,917	\$ -	\$ 1,949,917
122	928.03	Regulatory Commission Expense - Transmission Related	\$ -	\$ -	\$ -
123	928.04	Regulatory Commission Expense - Misc	\$ (83,936)	\$ (12)	\$ (83,947)
124	928.05	Regulatory Commission Expense - Energy Related	\$ -	\$ -	\$ -
125	929	Duplicate Charges-Credit	\$ (1,149,547)	\$ -	\$ (1,149,547)
126	930.11	General Advertising Expenses	\$ -	\$ -	\$ -
127	930.20	Misc General Expenses	\$ (39,822)	\$ 310,444	\$ 270,623
128	931	Rents	\$ (1,913,122)	\$ 13,846,230	\$ 11,933,108
129	935	Maintenance of General Plant	\$ 76	\$ 38,890	\$ 38,966
130		Recoverable Contributions, Dues, and Donations	\$ 2,130,030	\$ -	\$ 2,130,030
<b>131</b>	<b>Total Administrative and General Expenses</b>		<b>\$ 20,916,080</b>	<b>\$ 76,804,794</b>	<b>\$ 97,720,874</b>
<b>132</b>	<b>Total Operations and Maintenance Expense</b>		<b>\$ 430,049,088</b>	<b>\$ 117,508,051</b>	<b>\$ 546,961,027</b>

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment SNN-RR-2

<sup>1</sup> Ms. Bouw sponsors only those amounts recorded in FERC Account 923 that are incurred for Outside Legal Services.

Southwestern Public Service Company

Summary of XES Expenses to SPS by Affiliate Class and Billing Method  
For the Twelve Months Ended December 31, 2020

(A) Line No.	(B) Affiliate Class	(C) Billing Method (Cost Center)	(D) Allocation Method	(E) Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	(F) XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	(G) XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	(H) Exclusions	(I) Per Book	(J) Pro Formas	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Corporate Secretary	200063 - Executive - Corporate Governance	Assets/Revenue/No. of employees	\$ 256,910.06	\$ 223,699.54	\$ 33,210.52	\$ (17.14)	\$ 33,193.38	\$ 201.13	\$ 33,394.51	96.40%
2	Corporate Secretary	200064 - Shareholder - Corporate Governance	Assets/Revenue/No. of employees	9,704.08	8,451.25	1,252.83	(4.98)	1,247.85	-	1,247.85	3.60%
3	Corporate Secretary	200075 - Board of Directors - Corporate Governance	Assets/Revenue/No. of employees	990.98	860.08	130.90	-	130.90	(130.90)	-	0.00%
4	<b>Corporate Secretary Total</b>			<b>\$ 267,605.12</b>	<b>\$ 233,010.87</b>	<b>\$ 34,594.25</b>	<b>\$ (22.12)</b>	<b>\$ 34,572.13</b>	<b>\$ 70.23</b>	<b>\$ 34,642.36</b>	<b>100.00%</b>
5	GC Claims	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	\$ 134,077.04	\$ 116,760.07	\$ 17,316.97	\$ -	\$ 17,316.97	\$ 511.74	\$ 17,828.71	10.68%
6	GC Claims	Direct	Direct	1,461,583.74	1,316,450.24	145,133.50	-	145,133.50	3,989.18	149,122.68	89.32%
7	<b>GC Claims Total</b>			<b>\$ 1,595,660.78</b>	<b>\$ 1,433,210.31</b>	<b>\$ 162,450.47</b>	<b>\$ -</b>	<b>\$ 162,450.47</b>	<b>\$ 4,500.92</b>	<b>\$ 166,951.39</b>	<b>100.00%</b>
8	GC Legal Services	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	\$ 7,394,529.45	\$ 6,439,346.48	\$ 955,182.97	\$ (12,795.62)	\$ 942,387.35	\$ 19,157.88	\$ 961,545.23	48.94%
9	GC Legal Services	200086 - Legal & Claims Services	Assets/Revenue/No. of employees	107,847.55	92,002.68	15,844.87	-	15,844.87	204.71	16,049.58	0.82%
10	GC Legal Services	200093 - Legal - OpCo's & TransCo's	Assets/Revenue/No. of employees	824,095.65	703,003.07	121,092.58	-	121,092.58	1,802.47	122,895.05	6.25%
11	GC Legal Services	200101 - Legal Gas	Assets/Revenue/No. of employees	6,471.78	6,471.78	-	-	-	-	-	0.00%
12	GC Legal Services	200107 - Legal - NSPM & NSPW	Assets/Revenue/No. of employees	114,948.27	114,948.27	-	-	-	-	-	0.00%
13	GC Legal Services	Direct	Direct	5,087,933.51	4,252,978.08	834,955.43	-	834,955.43	29,412.12	864,367.55	43.99%
14	<b>GC Legal Services Total</b>			<b>\$ 13,535,826.21</b>	<b>\$ 11,608,750.36</b>	<b>\$ 1,927,075.85</b>	<b>\$ (12,795.62)</b>	<b>\$ 1,914,280.23</b>	<b>\$ 50,577.17</b>	<b>\$ 1,964,857.40</b>	<b>100.00%</b>
15	<b>Total Witness Carol C. Bouw</b>			<b>\$ 15,399,092.11</b>	<b>\$ 13,274,971.54</b>	<b>\$ 2,124,120.57</b>	<b>\$ (12,817.74)</b>	<b>\$ 2,111,302.83</b>	<b>\$ 55,148.32</b>	<b>\$ 2,166,451.15</b>	
			Amounts may not add or tie to other schedules due to rounding								

**Southwestern Public Service Company**

**XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account**

**Carol C. Bouw**

**2021 TX Rate Case**

**APPLICATION OF  
SOUTHWESTERN PUBLIC SERVICE COMPANY  
FOR AUTHORITY TO CHANGE RATES**

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**CCB-RR-B(CD) is provided in electronic format.**

**Southwestern Public Service Company**

**Exclusions from XES Expense to SPS  
For the Twelve Months Ended December 31, 2020**

(A)	(B)	(C)	(D)	(E)
Line No.	Affiliate Class	FERC Account	Explanation for Exclusions	Exclusions (Total Company)
1	Corporate Secretary	426.4 - Expenditures for certain civic, political and related activities	Below the Line	\$ (17.14)
2	Corporate Secretary	426.5 - Other Deductions	Below the Line	(4.98)
3	<b>Corporate Secretary Total</b>			<b>\$ (22.12)</b>
4	GC Legal Services	426.1 - Donations	Below the Line	\$ (10,858.91)
5	GC Legal Services	426.4 - Expenditures for certain civic, political and related activities	Below the Line	(1,271.59)
6	GC Legal Services	426.5 - Other Deductions	Below the Line	(665.12)
7	<b>GC Legal Services Total</b>			<b>\$ (12,795.62)</b>
8	<b>Total Witness Carol C. Bouw</b>			<b>\$ (12,817.74)</b>
	Amounts may not add or tie to other schedules due to rounding			

## Southwestern Public Service Company

Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account  
For the Twelve Months Ended December 31, 2020

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Corporate Secretary	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 839,12
2	Corporate Secretary	921 - Office supplies and expenses	Business Area Adjustment	Carol C. Bouw	(637,99)
3	Corporate Secretary	930.2 - Miscellaneous general expenses	Board of Directors	Stephanie N. Niemi	(130,90)
4	<b>Corporate Secretary Total</b>				<b>\$ 70,23</b>
5	GC Claims	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 4,618,02
6	GC Claims	921 - Office supplies and expenses	Business Area Adjustment	Carol C. Bouw	(117,10)
7	<b>GC Claims Total</b>				<b>\$ 4,500,92</b>
8	GC Legal Services	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 2,734,36
9	GC Legal Services	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	49,805,39
10	GC Legal Services	921 - Office supplies and expenses	Business Area Adjustment	Carol C. Bouw	(1,744,85)
11	GC Legal Services	928 - Regulatory Commission Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	105,75
12	GC Legal Services	930.1 - General advertising expenses	Advertising	Stephanie N. Niemi	(323,48)
13	<b>GC Legal Services Total</b>				<b>\$ 50,577,17</b>
14	<b>Total Witness Carol C. Bouw</b>				<b>\$ 55,148,32</b>
	Amounts may not add or tie to other schedules due to rounding				