

DOCKET NO. _____

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

DIRECT TESTIMONY
of
SHAWN M. WHITE

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: WhiteRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	Public Utility Commission of Texas
DSM	Demand-Side Management
EE	Energy Efficiency
EECRF	Energy Efficiency Cost Recovery Factor
EE Rule	16 Tex. Admin. Code §25.181
FERC	Federal Energy Regulatory Commission
FoF	Finding of Fact
ICO	Interruptible Credit Option
LM	Load Management
M&V	Measurement and verification
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
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)
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>
SMW-RR-1	List of Prior Testimonies (<i>Non-native format</i>)
SMW-RR-2	SPS Native Operation and Maintenance Costs – Energy Efficiency – Load Management/Customer Service Expense (<i>Filename: SMW-RR-2.xlsx</i>)
SMW-RR-3	Organization Chart for Marketing (<i>Non-native format</i>)
SMW-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-C (Updated Test Year)	Exclusions from XES Expense to SPS (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (<i>Filename: SMW-RR-ABCD.xlsx</i>)

**DIRECT TESTIMONY
OF
SHAWN M. WHITE**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Shawn M. White. My business address is 414 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 Manager of the Demand-Side Management
12 (“DSM”) Regulatory Strategy & Financial Operations group.

13 **Q. Please briefly outline your responsibilities as Manager, DSM Regulatory**
14 **Strategy & Financial Operations.**

15 A. As Manager of the DSM Strategy & Financial Operations group within the
16 Marketing organization, my responsibilities are to: ensure that the Xcel Energy
17 Operating Companies’ energy efficiency (“EE”) and demand response programs
18 adhere to regulatory requirements and policies; develop long-range EE goals for
19 the purpose of resource planning; track and report on EE achievements and
20 financial operations; prepare DSM regulatory reports and filings; and analyze the
21 cost-effectiveness of EE and load management (“LM”) programs and portfolios in

1 each of Xcel Energy's state jurisdictions with active EE programs. I am also
2 responsible for setting measurement and verification ("M&V") policies and
3 ensuring that proper M&V is being conducted for all programs.

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

5 A. I graduated from Hawaii Pacific University with a Bachelor of Science degree in
6 Marketing in 1998 and from the University of Minnesota's Carlson School of
7 Business with a Master's degree in Strategic Management in 2004. I am also a
8 graduate of the United States Navy's Nuclear Power Program.

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

10 A. I began my career as an Engineering Laboratory Technician. I have nine years of
11 experience with the United States Navy in the operation and maintenance of
12 nuclear power plants. In 2001, I joined Xcel Energy as an Associate Product
13 Manager. In 2008, I became the Manager of Consumer and Commercial Energy
14 Efficiency, and in 2013, the Manager of DSM Regulatory Strategy & Planning.

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

17 A. Yes. I have completed the New Mexico State University's Practical Regulatory
18 Training through their Center for Public Utilities.

19 **Q. Have you testified or filed testimony before any regulatory authorities?**

20 A. Yes. I have filed testimony before the Public Utility Commission of Texas
21 ("Commission") regarding the Marketing affiliate class of services in SPS base
22 rate cases, as well as Energy Efficiency Cost Recovery Factor ("EECRF") cases.
23 I have also filed testimony in other jurisdictions on these same topics. Please
24 refer to my Attachment SMW-RR-1 for a list of my prior testimonies.

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)¹
5 operation and maintenance (“O&M”) expenses and the administrative and general
6 expenses for the Marketing class of affiliate services. In regard to this affiliate
7 class, my testimony will:

- 8 • describe the services included in the class;
- 9 • explain that those services are reasonable and necessary for SPS’s
10 operation;
- 11 • explain that the costs for those services are reasonable and necessary;
- 12 • explain that these services do not duplicate services that SPS provides
13 to itself through its own employees or that are provided from any other
14 source; and
- 15 • explain that charges from XES to SPS for those services are no higher
16 than the charges to SPS affiliates for the same or similar services.

17 In addition, I address and support SPS’s DSM costs, which consist of EE
18 and LM costs recorded in Federal Energy Regulatory Commission (“FERC”)
19 Accounts 908 and 910. I detail how SPS recovers these types of costs, which are
20 described in more detail in Section IV of my testimony, and explain that a portion
21 of SPS’s EE and LM costs originate in SPS (also referred to as SPS native costs).
22 In regard to SPS’s native EE and LM costs recovered through base rates, my
23 testimony will:

¹ 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 • describe the types of services provided and nature of the costs incurred;
- 2 • explain how the services are reasonable and necessary for SPS's
- 3 operations; and
- 4 • support the costs as reasonable and necessary for rate recovery purposes.

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

6 A. The estimated Updated Test Year costs for the services of the Marketing affiliate
7 class of \$939,490² (total SPS before jurisdictional allocations, "total company" or
8 "Total Company") are reasonable and necessary, because they support SPS's
9 ability to provide electric service to its Texas retail customers.

- 10 • The costs are for developing customer choice options such as LM
- 11 programs for SPS; performing regulatory compliance and performing
- 12 assessments for SPS's customer programs; and developing new
- 13 methods of customer engagement and improving customer satisfaction
- 14 with interactions with SPS.
- 15 • The costs are reasonable, because they are shared with other affiliates,
- 16 consist primarily of reasonable personnel costs, and are subjected to
- 17 rigorous budgeting and cost control processes.
- 18 • SPS does not provide these services for itself, and the services do not
- 19 duplicate services provided by others.
- 20 • Each charge from SPS's affiliates for these services is no higher than
- 21 the charge by those affiliates to any other entity for the same or similar
- 22 service.

23 In addition, SPS's overall EE and LM costs recorded in FERC Accounts
24 908 and 910 for the Updated Test Year are reasonable. Most of those costs have
25 been approved by the Commission or the New Mexico Public Regulation
26 Commission as part of annual reviews of EE and LM costs, or through
27 stipulations approved by the Commission. The remainder of the costs support

² This dollar amount reflects nine months of actual costs and three months of estimated costs.

1 SPS's EE and LM programs that reduce peak demand and help SPS avoid
2 increased investment in generation, transmission, and distribution.

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

5 A. As explained by SPS witness William A. Grant, SPS will be using an Updated
6 Test Year in this case. SPS's initial filing presents actual expenses for the Test
7 Year (October 1, 2019 through September 30, 2020) and estimated information
8 for the Update Period (October 1, 2020 through December 31, 2020).
9 Accordingly, the first nine months of SPS's Updated Test Year (i.e., January 2020
10 through December 2020) consist of actual cost information and the last three
11 months (i.e., October 2020 through December 2020) contain estimated cost
12 information. For this reason, certain SPS witnesses refer to the Updated Test
13 Year in direct testimony as the "estimated Updated Test Year."

14 Regarding the Marketing affiliate costs I support, as explained by SPS
15 witness Ross L. Baumgarten, actual figures for October and November 2020 have
16 been provided and December 2020 figures have been estimated based on the
17 forecasted budget. However, these expenses have not gone through the full pro
18 forma adjustment review process.

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

21 A. Yes. SPS will file an update 45 days after the application has been filed. The
22 update will provide actual costs to replace the estimates provided in the
23 application for the Update Period. As part of that process, my Attachments

1 SMW-RR-A through D will be updated by removing estimates of Marketing
2 affiliate O&M expenses incurred by SPS during the Updated Test Year and then
3 replacing those estimates with actual expenses, which will be used to establish
4 SPS's base rates in this case. Additionally, my Attachment SMW-RR-2 will be
5 updated in SPS's 45-day update filing to replace estimates of SPS's native EE and
6 LM costs recovered through base rates with actual costs.

7 **Q. Were Attachments SMW-RR-1 through SWM-RR-3 and SMW-RR-A**
8 **through SMW-RR-D prepared by you or under your direct supervision and**
9 **control?**

10 A. Yes, as to Attachment SMW-RR-1 and SMW-RR-3. Attachment SMW-RR-2
11 was prepared by Ms. Niemi and her staff and is based on the cost of service study.
12 My staff and I have reviewed this attachment and believe it to be accurate.
13 Attachments SMW-RR-A through SMW-RR-D were prepared by Mr.
14 Baumgarten and his staff. My staff and I have reviewed these attachments and
15 believe them to be accurate. Although the information I have described also is
16 present in these other witnesses' attachments, I have presented this information in
17 the attachments to my testimony for the convenience of those reviewing my
18 testimony.

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

3 **Q. Earlier in your testimony, you referred to an “affiliate class.” What do you**
4 **mean by the terms “affiliate class” or “affiliate class of services”?**

5 A. A portion of SPS’s costs reflects charges for services provided by a supplying
6 affiliate, specifically XES or one of the Operating Companies. These charges
7 have been grouped into various affiliate classes, or aggregations of charges, based
8 upon the business area, organization, or department that provided the service or,
9 in a few instances, the accounts that captured certain costs. In his direct
10 testimony, Mr. Baumgarten provides a detailed explanation of how the affiliate
11 classes were developed and are organized for this case.

12 **Q. Which affiliate class do you sponsor?**

13 A. I sponsor the Marketing class of affiliate services.

14 **A. Summary of Affiliate Expenses for the Marketing Class of**
15 **Services**

16 **Q. Where does the Marketing affiliate class fit into the overall affiliate**
17 **structure?**

18 A. Attachment RLB-RR-6 to Mr. Baumgarten’s direct testimony provides a list and a
19 pictorial display of all affiliate classes, dollar amounts for those classes, and
20 sponsoring witness for each class. As shown on that attachment, the Marketing
21 affiliate class was part of the Customer and Innovation business area during the
22 Updated Test Year. Attachment SMW-RR-3 to my testimony is an organization
23 chart showing the Marketing organization.

1 **Q. What services are grouped into the Marketing affiliate class?**

A. The services provided by Xcel Energy's Marketing organization are grouped in the Marketing affiliate class. These services include: developing and managing customer choice programs such as LM for SPS; assessing customer satisfaction with SPS's services and customer interest in new programs and services that could be provided to SPS's customers; building and maintaining external relationships to execute customer services; performing regulatory compliance and reporting for SPS's customer programs; and developing new and maintaining existing customer engagement tools to improve customer satisfaction.

10 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
11 **requests, on a total company basis, for the Marketing affiliate class?**

12 A. The following table summarizes the dollar amount of the estimated Updated Test
13 Year XES charges for the Marketing affiliate class. I will update the table below
14 as part of SPS's 45-day case update filing to reflect the actual Updated Test Year
15 costs for the Marketing affiliate class.

16 **Table SMW-RR-1³**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Marketing	\$9,481,499	\$939,490	3.92%	96.08%

³ **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 SMW-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.

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

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

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

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
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 the
3 Updated Test Year.

4 **Attachment SMW-RR-B(CD):** Provides the detail of the XES expenses
5 for the Marketing affiliate class that are summarized on Attachment SMW-RR-A.
6 The detail shows the XES expenses billed to SPS for the Marketing affiliate class,
7 itemized by the amount, with each expense listed by individual activity and

1 billing method (cost center). When summed, these amounts tie to the amounts
2 shown on Attachment SMW-RR-A, and the detail regarding the expenses is
3 organized to support that attachment. Specifically, the columns on this
4 attachment provide the following information.

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Legal Entity Receiving XES Expenses	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.
Column H —	Total XES Billings for Class to all Legal Entities (FERC 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 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. 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 SMW-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 SMW-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 SMW-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 SMW-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 SMW-RR-A.

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

3 **Attachment SMW-RR-C:** Both Attachments SMW-RR-A and
4 SMW-RR-B(CD) show exclusions to the XES expenses billed to SPS for the
5 Marketing affiliate class (Attachment SMW-RR-A, Column H; Attachment
6 SMW-RR-B(CD), Column K). Attachment SMW-RR-C provides detail about

1 those exclusions listed on Attachments SMW-RR-A and SMW-RR-B(CD). The
2 columns on Attachment SMW-RR-C provide the following information.

Column A —	Line No.	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.

3 In his direct testimony, Mr. Baumgarten describes the calculations
4 underlying the exclusions.

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

Column A —	Line No.	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 —	Explanation 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.

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

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

6 **Q. Are there any exclusions to the XES billings to SPS for the Marketing**
7 **affiliate class?**

8 A. Yes. As I mentioned earlier, exclusions reflect expenses not requested, such as
9 expenses not allowed or other below-the-line items. Exclusions are shown on
10 Attachment SMW-RR-A, Column H, and on Attachment SMW-RR-B(CD),
11 Column K. The details for the exclusions are provided in Attachment
12 SMW-RR-C. Mr. Baumgarten describes how the exclusions were calculated. In
13 SPS's 45-day case update, I will present an updated Attachment SMW-RR-C that
14 will provide actual exclusions to replace any estimated exclusions included in my
15 original attachment.

16 **Q. Has SPS excluded the EE costs that are eligible for recovery through SPS's**
17 **EECRF?**

18 A. Yes. The Updated Test Year XES administrative and program costs related to
19 SPS's EE programs that are recovered through SPS's EECRF under the

1 Commission's Energy Efficiency Goal rule, 16 Tex. Admin. Code § 25.181 ("EE
2 Rule") are excluded.⁴

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

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

⁴ See *Application of Southwestern Public Service Company for Approval of an Energy Efficiency Cost Recovery Factor*, Docket No. 39364 (Sep. 2, 2011); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 40293 (Jun. 28, 2012); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 41446 (Nov. 4, 2013); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 42454 (Nov. 24, 2014); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 44698 (Jan. 6, 2016); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 45916 (Sep. 23, 2016); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 47117 (Sep. 29, 2017); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 48324 (Sep. 27, 2018); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 49495 (Sep. 27, 2019); and *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 50804 (Sep. 24, 2020).

1 **Q. Attachment SMW-RR-D shows that you sponsor pro forma adjustments for**
2 **expenses for the Marketing affiliate class during the first nine months of the**
3 **Updated Test Year that result in a decrease for the Marketing affiliate class**
4 **of \$6,092.80. Please explain the adjustment.**

5 A. The adjustments that I sponsor remove charges for costs not benefitting SPS (a
6 decrease of \$250), employee recognition (a decrease of \$5,508), life events/career
7 events (a decrease of \$117), alcohol (a decrease of \$74), foreign travel (a decrease
8 of \$101), and below-the-line adjustments (a decrease of \$41).

9 **B. The Marketing Affiliate Class of Services are Necessary Services**

10 **Q. Are the services that are grouped in the Marketing affiliate class necessary**
11 **for SPS's operations?**

12 A. Yes. For example, the services grouped in the Marketing affiliate class are
13 necessary in order to develop and implement SPS's customer choice and LM
14 programs, manage the customer experience through portals such as MyAccount or
15 the Xcel Energy website, and evaluate customer perceptions of the effectiveness
16 of SPS's choice programs and customer services. These are functions that are
17 routinely provided by utilities.

18 **Q. What are the specific services that are provided to SPS by the Marketing**
19 **affiliate class?**

20 A. The Marketing affiliate class provides the following specific services to SPS:

- 21 • operating and providing oversight and management of SPS's Saver's
22 Switch[®] program, which is SPS's direct load control program for
23 residential and small commercial customers;
- 24 • working with SPS and other departments within XES, such as Policy
25 & Federal Affairs, Revenue Requirements, Energy & Demand

- 1 Forecasting, and Resource Planning, to integrate SPS's EE, LM, and
2 renewable energy strategies into the larger Xcel Energy strategy;
- 3 • performing assessments of the satisfaction of SPS's residential,
4 commercial, and industrial customers with regard to the strategies and
5 practices for starting service, bill payment, outage notification, and
6 energy management;
 - 7 • performing home use studies to identify how SPS's customers use
8 energy in order to assist in the development of new products and
9 services;
 - 10 • providing oversight of the billing and payment programs and products
11 and services that are available to SPS's customers, and developing
12 improvements such as expanded payment capabilities and bill
13 notifications;
 - 14 • identifying and developing new customer programs to offer more
15 choice and services to SPS's customers; and
 - 16 • developing digital tools such as online enrollment forms for use by
17 SPS's customers.

18 **Q. Are any of the Marketing affiliate class of services that are provided to SPS**
19 **uplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**
20 **SPS itself?**

21 A. No. Within XES, none of the services grouped in the Marketing affiliate class are
22 duplicated elsewhere. No other Xcel Energy subsidiary performs these services
23 for the Operating Companies. In addition, SPS does not perform these services
24 for itself.

25 **Q. Do SPS's Texas retail customers benefit from the services that are part of the**
26 **Marketing affiliate class of services?**

27 A. Yes. The services of the Marketing affiliate class benefit SPS's customers in
28 many ways. For example, through the services provided by the Marketing class,
29 SPS's customers are provided digital tools for managing their electric service,

1 they are offered a range of billing and payment options, and they receive accurate
2 and timely information about outages and rate changes. SPS's customers also
3 benefit from the LM programs that are managed by the Marketing affiliate class.

4 **C. The Marketing Affiliate Class of Services are Provided at a**
5 **Reasonable Cost**

6 **Q. Are the costs of the Marketing affiliate class of services reasonable?**

7 A. Yes. The costs of the Marketing affiliate class of services are reasonable. The
8 Marketing affiliate class of services is provided on a consolidated basis for
9 multiple Xcel Energy legal entities. As a result, SPS benefits from sophisticated
10 services, the consolidated costs of which are shared. For example, upgrades to
11 customer billing options, including additional choices in how to make payments,
12 can be used by more than one legal entity at a time, avoiding what would
13 otherwise be duplication of effort, and thus reducing costs. The economies of
14 scale inherent in this system result in reasonable costs for SPS for these services.

15 *1. Additional Evidence*

16 **Q. Is there additional support for a portion of the costs you present in this**
17 **testimony?**

18 A. Yes. Of the estimated Updated Test Year costs for the Marketing affiliate class,
19 45.34% are compensation and benefits costs for XES personnel. SPS witnesses
20 Michael P. Deselich and Richard R. Schrubbe establish that the level of Xcel
21 Energy's compensation and benefits is reasonable and necessary. In addition, the
22 majority of the remaining costs for this class were for goods or services procured
23 by contract. Xcel Energy's Supply Chain organization is responsible for the
24 sourcing and purchasing of goods and services needed by SPS, as well as the

1 review and processing of payments by vendors. SPS witness Robert H. Kunze
2 provides testimony about these functions and demonstrates that the Supply Chain
3 processes and controls produce reasonable costs supporting SPS's operations.

4 *2. Budget Planning*

5 **Q. Is a budget planning process applicable to the Marketing class of affiliate**
6 **costs?**

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

14 **Q. During the fiscal year, does the Marketing organization monitor its actual**
15 **expenditures versus its budget?**

16 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by
17 management in the Marketing organization of the Customer and Innovation
18 business area. Deviations are evaluated each month to ensure that costs are
19 appropriate. In addition, action plans are developed to mitigate variations in
20 actual to budgeted expenditures. These mitigation plans may either reduce or
21 delay other expenditures so that overall spending complies with the authorized
22 budget.

1 **Q. Are employees within the Marketing organization held accountable for**
2 **deviations from the budget?**

3 A. Yes. All management employees in the Marketing organization have specific
4 budgetary goals that are incorporated into their performance evaluations.
5 Performance is measured on a monthly basis to ensure adherence to the goals and
6 provide for action plan development to address variances. Marketing employees
7 are required to manage their expenses to support the budgetary goals established
8 by their manager.

9 **3. Cost Trends**

10 **Q. Please state the dollar amounts of the actual per book charges from XES to**
11 **SPS for the Marketing affiliate class of services for the three fiscal years**
12 **preceding the end of the Updated Test Year and the estimated per book**
13 **charges for the estimated Updated Test Year.**

14 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar
15 years), the actual per book and, for the Updated Test Year, the estimated per book
16 affiliate charges (Column I on Attachment SMW-RR-A) from XES to SPS for the
17 services grouped in the Marketing affiliate class:

18 **Table SMW-RR-2**

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Marketing	\$1,098,363	\$1,097,076	\$864,442	\$934,394

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

2 A. The decrease in costs from 2017 to 2019 was a result of the ramp down and
3 completion of several projects that optimized the customer experience, including
4 launching Xcel Energy's Mobile App and refreshing customer facing email
5 designs. The increase in costs from 2019 to the Updated Test Year result from
6 increases in headcount, as described below, to support new customer programs
7 and technology solutions.

8 4. *Staffing Trends*

9 **Q. Please provide the staffing levels for the Marketing affiliate class of services**
10 **for the three fiscal years preceding the end of the Updated Test Year and the**
11 **Updated Test Year.**

12 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar
13 years) and for the Updated Test Year, the average of the end of month staffing
14 levels for the Marketing affiliate class of services.

15 **Table SMW-RR-3**

	Average End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Marketing	136	139	141	152

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

17 A. The overall staffing within the Marketing organization has increased by 16 staff
18 members since 2017. These new positions have a renewed focus on enhancing

1 the customer experience for customers in all segments, providing customers with
2 additional choice programs, building and maintaining relationships with industry
3 innovators, and exploring new technologies that will benefit all customers in the
4 future.

5 *5. Cost Control and Process Improvement Initiatives*

6 **Q. Separate from the budget planning process, does the Marketing affiliate class**
7 **take any steps to control its costs or to improve its services?**

8 A. Yes. The Marketing organization continually reviews its plans, initiatives, and
9 staffing to ensure they are appropriate and to identify and implement
10 improvements. For example, staffing levels are increased when a long-term need
11 for a specific type of expertise is identified or when work levels appear to have
12 increased on a permanent basis.

13 With respect to improving its services, efforts have increased in recent
14 years to improve customer satisfaction with the typical, recurring interactions
15 with SPS. In order to achieve these ends, Xcel Energy identified and enhanced
16 areas of its website that would benefit from better content organization and
17 structure, created new content, and revised current content. The ultimate
18 objective was to make it easier for customers to do business with SPS digitally by
19 providing valuable tasks and information in the channels customers prefer.

1 **D. The Costs for the Marketing Affiliate Class of Services are Priced**
2 **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 Marketing affiliate 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 costs 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 Marketing affiliate class billed to SPS?**

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

20 In SPS's 45-day case update, I will present updated Attachments
21 SMW-RR-A and SMW-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 Marketing affiliate O&M expenses on

1 my updated Attachments SMW-RR-A and SMW-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 Marketing affiliate class of services?**

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

- 8 • Revenue – 84.53% of XES charges to SPS – \$794,149;
- 9 • Assets/Revenue/No. of Employees – 11.55% of XES charges to SPS -
10 \$108,490; and
- 11 • Direct Billing – 3.92% of XES charges to SPS – \$36,850.

12 **Q. Why is it appropriate to allocate costs based upon the “Revenue” method for**
13 **the costs captured in the cost centers that uses that allocation method?**

14 A. Cost Center 200176, which uses the “Revenue” method as the allocator, captures
15 the costs of the marketing and sales activities that are undertaken in support of the
16 revenue producing operations of the Operating Companies. For example, the
17 costs associated with developing messages and communicating with customers
18 regarding billing and payment options are collected in Cost Center 200176 and
19 are assigned using this allocation method. These costs are driven by the activities
20 required to support revenue generation and each Operating Company derives
21 benefits from the services captured in this cost center in proportion to the
22 Operating Company's relative level of revenues. Thus, the costs in this cost
23 center are allocated based on each individual Operating Company's proportionate
24 share of annual revenue (i.e., the annual revenue of a particular Operating

1 Company as a percentage of the total annual revenue of all of the Operating
2 Companies). This allocation reflects cost causation and the distribution of the
3 benefits of the services received. For the cost centers that assign costs based upon
4 this allocation method, the per unit amounts charged by XES to SPS as a result of
5 the application of this allocation method are no higher than the unit amounts
6 billed by XES to other affiliates for the same or similar services and represent the
7 actual costs of the services.

8 **Q. Why is the “Assets, Revenue, & Number of Employees” method appropriate**
9 **for assigning the costs captured in the cost centers that use that billing**
10 **method?**

11 A. The three factor billing method using assets, revenue, and number of employees
12 produces an allocation of costs that recognizes the complexity, risk, and overall
13 business activity levels that drive the costs included in the cost centers and
14 measures the benefits received from those activities. For the cost centers billed
15 using this allocator, there is no one specific cost driver for the support tasks and
16 services provided, and the services benefit multiple Xcel Energy affiliates. For
17 example, Corporate Strategy and Business Development costs, which are
18 collected in Cost Center 200092, are assigned using this allocation method. These
19 costs are associated with building and maintaining relationships with various
20 innovative industry leading technology companies, government labs, venture
21 funds, universities, communities, and energy companies that help Xcel Energy
22 and its affiliates strengthen customer offerings and build on strategic priorities.
23 Within the Xcel Energy holding company group, those legal entities that have

1 proportionately more assets, revenues, and employees will have more focus
2 placed on their operations due to those subsidiaries' relative influence on the
3 consolidated business balance sheet, income statement, and statement of cash
4 flow, and the subsidiaries will benefit accordingly from the services provided.
5 Thus, allocating these costs based upon the average of the total asset ratio,
6 revenue ratio, and the employee ratio is appropriate because it allocates costs in
7 accordance with cost causation and benefits received. For the cost centers that
8 assign costs using this billing method, the per unit amounts charged by XES to
9 SPS are no higher than the unit amounts billed by XES to other affiliates for the
10 same or similar services and represent the actual costs of the services.

11 **Q. Why is the “Direct Billing” method appropriate for assigning the costs**
12 **captured in the cost centers that use that billing 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 costs associated with support of the Texas Saver's Switch[®]
20 program for residential customers were assigned using the “Direct Billing”
21 method. The cost of these services benefitted SPS, the work was performed
22 specifically for SPS alone, and the cost driver is an SPS tariff. Thus, the “Direct
23 Billing” method is appropriate because it assigns costs in accordance with cost

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

IV. SPS ENERGY EFFICIENCY AND LOAD MANAGMENT NATIVE COSTS

Q. What topic do you discuss in this section of your testimony?

A. SPS recovers a portion of its Texas retail EE and LM costs through base rates and a portion through its EECRF. In this section of my testimony, I demonstrate that SPS's EE and LM costs recorded in FERC Accounts 908 and 910 that are recovered through base rates—and not through the EECRF—are reasonable.

Q. Why does SPS recover a portion of its EE and LM costs through base rates and a portion through the EECRF?

A. Historically, for Texas retail ratemaking purposes, SPS recovered all EE and LM costs in base rates. As a result of black box settlements in Docket Nos. 38147 and 40824,⁵ SPS removed portions of its EE and LM costs from base rates and began recovering such costs through the EECRF. Although SPS now recovers most of its EE and LM costs through rate riders, there are some EE and LM costs that SPS recovers through base rates. LM costs, such as Saver's Switch[®] and Interruptible Credit Option ("ICO"), continue to be recovered through base rates.

Q. Why are Saver's Switch® and ICO costs recovered through base rates rather than through the EECRF?

A. SPS uses the Saver's Switch[®] and ICO program offerings to help manage peak loads. These programs were initially developed as tools to defer investment in generation, transmission, and distribution costs and to improve reliability in the service territory.

⁵ *Application of Southwestern Public Service Company for Authority to Change Rates and Reconcile Fuel and Purchased Power Costs For 2008 and 2009*, Docket No. 38147, Finding of Fact (“FoF”) No. 12 (Mar. 25, 2011); *Application of Southwestern Public Service Company for Authority to Change Rates and to Reconcile Fuel and Purchased Power Costs for the Period January 1, 2010 through June 30, 2012*, Docket No. 40824, FoF No. 15 (Jun. 19, 2013).

1 **Q. Are the EE and LM costs SPS is seeking to recover through base rates**
2 **reasonable?**

3 A. Yes. The EE and LM costs for the Updated Test Year, which are reflected on my
4 Attachment SMW-RR-2, are reasonable and necessary costs for these programs
5 that help SPS to manage peak loads without the significant capital investment
6 required for generation, transmission, and distribution. In helping to reduce peak
7 loads, these programs can also provide reliability benefits.

8 **Q. Are the EE and LM cost for programs required in New Mexico recovered in**
9 **SPS's Texas retail base rates?**

10 A. No. Costs associated with New Mexico EE programs are recovered from SPS's
11 New Mexico retail customers through a rider. SPS removed LM program
12 offerings in New Mexico on January 1, 2020, and there are no costs for those
13 programs in New Mexico to recover.

14 **Q. Please describe the expenses on Attachment SMW-RR-2, which SPS is**
15 **seeking to recover in this case.**

16 A. The costs that I sponsor are the native costs found in FERC Accounts 908 and
17 910. The expenses shown in FERC Account 908 reflect native costs associated
18 with administering and implementing SPS's EE and LM programs that are not
19 recovered through the Texas EECRF or the New Mexico rider. As described
20 earlier, the EE and LM programs help SPS manage peak loads and improve
21 reliability in SPS's service territory.

22 **Q. What are native costs?**

23 A. Native SPS costs are those costs incurred directly by SPS associated with the
24 provision of electric service to customers. These costs include labor, materials,

1 and other non-fuel O&M costs. For example, the salaries of SPS employees are
2 native costs.

3 **Q. Are the native SPS costs for EE and LM expenses necessary and reasonable**
4 **for SPS's operations?**

5 A. Yes. These costs enable SPS to operate its EE and LM programs, including the
6 ICO program. These costs include costs for promoting the programs to attract
7 customer participation and the costs for the devices and infrastructure that support
8 the programs. These costs are reasonable and necessary and support SPS's ability
9 to provide safe and reliable service to its Texas retail customers by supporting the
10 ability of SPS to help control peak demand on its system and defer infrastructure
11 and generation costs.

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

13 A. Yes.

AFFIDAVIT


STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

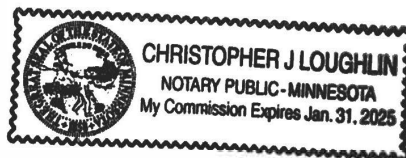
SHAWN M. WHITE, first being sworn on his oath, states:

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.


SHAWN M. WHITE

Subscribed and sworn to before me this 27th day of January 27, 2021 by
SHAWN M. WHITE.


Notary Public, State of Minnesota
My Commission Expires: 01/31/2025



Southwestern Public Service Company

List of Prior Testimonies

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2011	New Mexico Public Regulation Commission	11-00400-UT	IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR APPROVAL OF ITS: (A) 2012 ENERGY EFFICIENCY AND LOAD MANAGEMENT PLAN AND ASSOCIATED PROGRAMS; (B) COST RECOVERY TARIFF RIDER; AND (C) REQUESTED VARIANCE.	SPS
2013	New Mexico Public Regulation Commission	13-00286-UT	IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR APPROVAL OF ITS: (A) 2014 ENERGY EFFICIENCY AND LOAD MANAGEMENT PLAN AND ASSOCIATED PROGRAMS; (B) REQUEST FOR FINANCIAL INCENTIVES FOR 2013-2015; (C) COST RECOVERY TARIFF RIDER; AND (D) REQUEST TO ESTABLISH LOWER MINIMUM SAVINGS REQUIREMENTS FOR 2014 UNDER THE EFFICIENT USE OF ENERGY ACT,	SPS
2014	Public Utilities Commission of the State of Colorado	14A-1057EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2015 AND 2016 AND TO CHANGE ITS ELECTRIC AND GAS DSM COST ADJUSTMENT RATES EFFECTIVE JANUARY 1, 2015	PSCO
2014	Public Utility Commission of Texas	42004	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES AND TO RECONCILE FUEL AND PURCHASED POWER COSTS FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013	SPS
2014	Public Utility Commission of Texas	42454	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	SPS
2014	Public Utility Commission of Texas	43695	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2016	Public Utility Commission of Texas	45524	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2016	Public Utilities Commission of the State of Colorado	16A-0512EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF (1) ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2017 AND 2018, (2) REVISIONS TO ITS ELECTRIC AND GAS DSM COST ADJUSTMENT (DSMCA) TARIFFS INCLUDING RATES EFFECTIVE JANUARY 1, 2017, AND (3) APPROVAL OF THE PEAK PARTNER REWARDS TARIFF	PSCO
2017	Public Utility Commission of Texas	47117	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	SPS
2017	Public Utilities Commission of the State of Colorado	17A-0426EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF A NUMBER OF STRATEGIC ISSUES RELATION TO ITS ELECTRIC AND GAS DEMAND SIDE MANAGEMENT PLAN	PSCO
2017	Public Utility Commission of Texas	47527	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2018	Public Utilities Commission of the State of Colorado	18A-0606EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2019 AND 2020.	PSCO
2019	Public Utility Commission of Texas	49831	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2020	Public Utilities Commission of the State of Colorado	20A-0287EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2021 AND 2022.	PSCO

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

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
Production					
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

SPS Native Operation & Maintenance Expenses

			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

SPS Native Operation & Maintenance Expenses

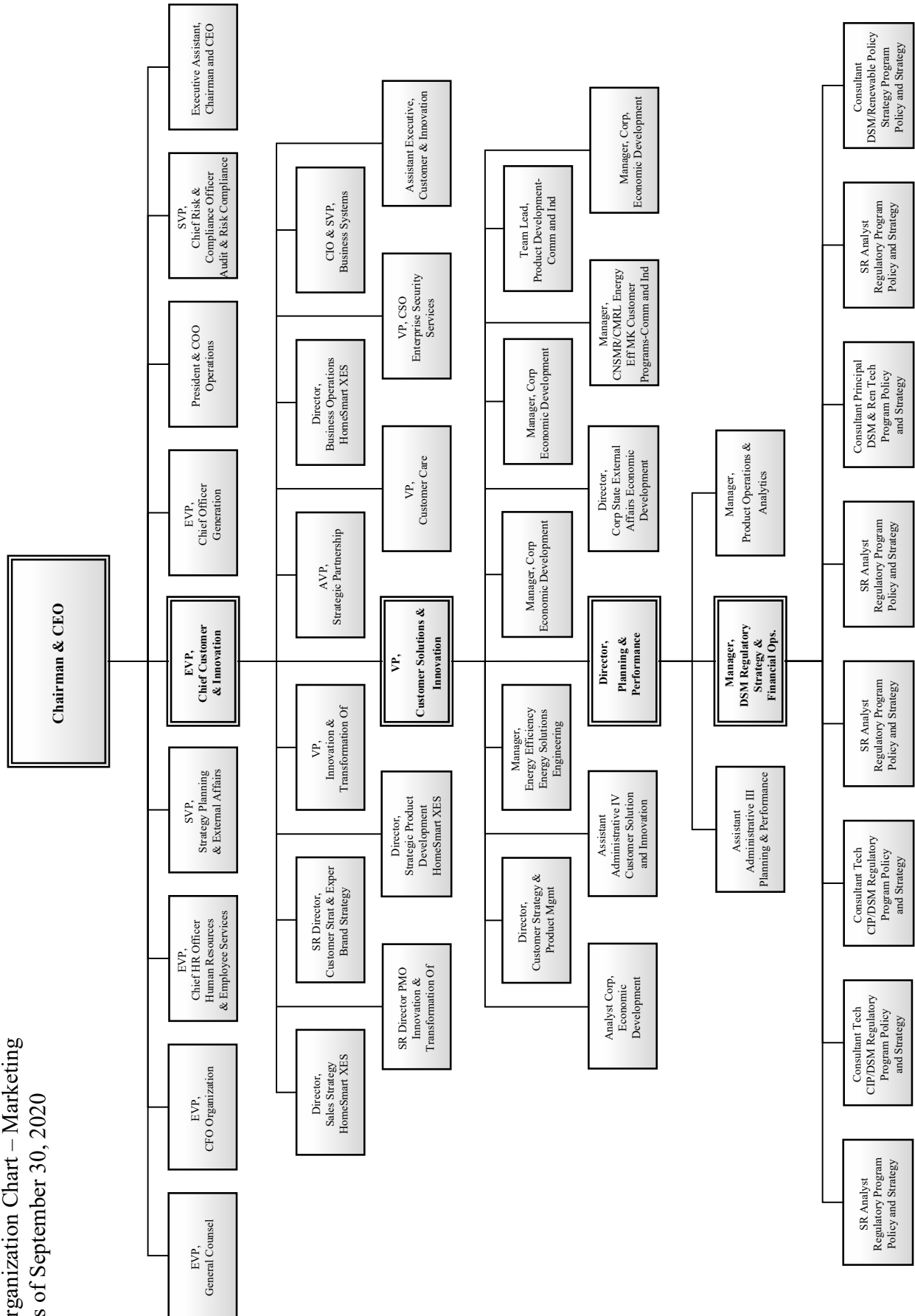
Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
Distribution					
74	580	Operation Supervision and Engineering	\$ 4,159,461	\$ 653,231	\$ 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		Total Distribution O&M Expenses	\$ 26,675,843	\$ 5,520,604	\$ 32,196,447
Customer Accounts					
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		Total Customer Accounts Expense	\$ 12,940,726	\$ 5,219,752	\$ 18,023,771
Customer Service					
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		Total Customer Service Expense	\$ 2,449,358	\$ 196,443	\$ 2,645,801
Sales					
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		Total Sales Expense	\$ 223,725	\$ 61,318	\$ 285,043

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

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
Administrative and General Expenses					
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)
114	923	Outside Services Employed	\$ 888,279	\$ 5,816,408	\$ 6,704,688
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
131		Total Administrative and General Expenses	\$ 20,916,080	\$ 76,804,794	\$ 97,720,874
132		Total Operations and Maintenance Expense	\$ 430,049,088	\$ 117,508,051	\$ 546,961,027

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



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)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Line No.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Exclusions	Per Book	Pro Formas	Requested Amount (Total Company)	% of Class Charges
1	Marketing	200092 - Corporate Strategy & Business Development	Assets/Revenue/No. of employees	\$ 730,191.03	\$ 622,804.52	\$ 107,386.51	\$ (1,611.62)	\$ 105,774.89	\$ 2,715.76	\$ 108,490.65	11.55%
2	Marketing	200176 - Marketing & Sales	Revenue	5,397,343.59	4,604,460.50	792,883.09	(713.55)	792,169.54	1,979.81	794,149.35	84.53%
3	Marketing	Direct	Direct	3,353,964.55	3,314,600.95	39,363.60	(2,914.28)	36,449.32	400.82	36,850.14	3.92%
4	Marketing Total			\$ 9,481,499.17	\$ 8,541,865.97	\$ 939,633.20	\$ (5,239.45)	\$ 934,393.75	\$ 5,096.40	\$ 939,490.15	100.00%
5	Total Witness Shawn M. White			\$ 9,481,499.17	\$ 8,541,865.97	\$ 939,633.20	\$ (5,239.45)	\$ 934,393.75	\$ 5,096.40	\$ 939,490.15	
	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

Shawn M. White

2021 TX Rate Case

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

SMW-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	Marketing	417.1 - Expenses of nonutility operations	Below the Line	\$ (2,914.28)
2	Marketing	426.1 - Donations	Below the Line	(1,819.20)
3	Marketing	426.5 - Other Deductions	Below the Line	(505.97)
4	Marketing Total			\$ (5,239.45)
5	Total Witness Shawn M. White			\$ (5,239.45)
	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	Marketing	908 - Customer assistance expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 159,10
2	Marketing	910 - Miscellaneous customer service and informational expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	3,74
3	Marketing	912 - Sales Demo & Sales	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	237,99
4	Marketing	912 - Sales Demo & Sales	Business Area Adjustment	Shawn M. White	(5,127.11)
5	Marketing	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	11,857.12
6	Marketing	921 - Office supplies and expenses	Business Area Adjustment	Shawn M. White	(965.69)
7	Marketing	930.1 - General advertising expenses	Advertising	Stephanie N. Niemi	(1,068.75)
8	Marketing Total				\$ 5,096.40
9	Total Witness Shawn M. White				\$ 5,096.40
	Amounts may not add or tie to other schedules due to rounding				