

DOCKET NO. _____

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

**DIRECT TESTIMONY
of
JEFFREY A. BUTLER**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: ButlerRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
FERC	Federal Energy Regulatory Commission
JOA	Joint Operating Agreement
MW	Megawatt
MWh or MWH	Megawatt hours
NERC	North American Electric Reliability Corporation
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; PSCo; and SPS
Operating Company	One of the Operating Companies
O&M	Operation and maintenance
OS	Operations Services
PSCo	Public Service Company of Colorado, a Colorado corporation
RFP	Rate Filing Package
SIP	Supplemental Incentive Plan
SPP	Southwest Power Pool, Inc.
SPS	Southwestern Public Service Company, a New Mexico corporation
TCR	Transmission Congestion Right
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

<u>Acronym/Defined Term</u>	<u>Meaning</u>
VP	Vice President
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
JAB-RR-1	Operations Services Organization Chart (<i>Non-native format</i>)
JAB-RR-2(CONF)	Calculation of Transmission Congestion Rights Fees for Letter of Credit
JAB-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (<i>Filename: JAB-RR-ABCD.xlsx</i>)
JAB-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (<i>Filename: JAB-RR-ABCD.xlsx</i>)
JAB-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS (<i>Filename: JAB-RR-ABCD.xlsx</i>)
JAB-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (<i>Filename: JAB-RR-ABCD.xlsx</i>)

**DIRECT TESTIMONY
OF
JEFFREY A. BUTLER**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Jeffrey A. Butler. My business address is 1800 Larimer Street, Suite
4 1000, Denver, Colorado 80202.

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 a Regulatory Consultant.

12 **Q. Please briefly outline your responsibilities as Regulatory Consultant.**

13 A. I advise the members of the business unit on regulatory matters and developments;
14 provide support to the members of my business unit on regulatory matters, such as
15 drafting testimony, responding to discovery requests, and preparing for regulatory
16 hearings; and provide training to personnel on business roles within the unit.

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

18 A. I received a Bachelor of Science degree in Business Administration from the
19 University of Phoenix in 1989 and a Masters in Business Administration degree
20 from the University of Phoenix in 1997.

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

2 A. I served in the U.S. Navy as a Reactor Operator on the USS Nathanael Greene
3 (SSBN-636). I began my employment with Public Service Company of Colorado,
4 a Colorado corporation (“PSCo”) in 1985 as an Instrument Technician at PSCo’s
5 Ft. St. Vrain nuclear generating facility, where I also later worked as an
6 Instrumentation and Control Instructor. After obtaining my bachelor’s degree, I
7 was hired as a Rate Accountant in the Rates and Regulatory Affairs business unit
8 of PSCo and later as a Case Manager within that same business unit after the PSCo
9 merger with SPS that created New Century Energies, Inc. In these roles I developed
10 revenue requirements and managed regulatory cases including witness support.
11 After the merger that created Xcel Energy, I joined the Policy Development
12 business unit as a Senior Policy Analyst in 2001 where I focused on both regulatory
13 policy analysis and the development and administration of regulatory policy cases.
14 I then worked as a Regulatory Consultant in the Resource Planning and Acquisition,
15 Resource Planning, and currently, the Commercial Operations business units. As
16 a Regulatory Consultant in the Commercial Operations business unit, I am familiar
17 with the operational and regulatory characteristics of SPS’s retail jurisdictions.

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

19 A. Yes. I filed written testimony in SPS’s last three Texas rate cases, Docket Nos.
20 45524, 47527, and 49831 on the Operations Services (“OS”) Senior Vice President
21 (“VP”) - Commercial Operations - Enterprise Transformation Office class of
22 affiliate services, as well as fees associated with SPS’s posted letter of credit in the
23 Southwest Power Pool, Inc. (“SPP”) Integrated Marketplace. I also testified before
24 the Colorado Public Utilities Commission on the issue of decoupling electric utility
25 revenues from sales in Docket No. 93I-199EG.

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 administrative and general
6 expenses for the OS Senior VP - Commercial Operations class of affiliate services.

7 In regard to this affiliate 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 operations;
- 11 • explain that the costs for those services are reasonable and necessary;
- 12 • explain that those 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 I also support the recovery of the fees associated with the SPP credit collateral
18 requirements. In addition, I sponsor Rate Filing Package (“RFP”) Schedules
19 H-14.1a, H-14.1b, Q-8.1, Q-8.2, Q-8.3, and Q-8.4, and co-sponsor Schedule I-20.

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

21 A. The estimated Updated Test Year (January 1, 2020 through December 31, 2020)
22 costs for the services of the OS Senior VP - Commercial Operations class are
23 reasonable and necessary, because they support SPS’s ability to provide electric
24 service to its Texas retail customers.

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 class I support and find those costs to be reasonable.

- 1 • SPS seeks to recover \$3,498,013 (total SPS before jurisdictional
2 allocation, or “Total Company” or “total company”) for the services of
3 the OS Senior VP - Commercial Operations affiliate class.²
- 4 • The costs are for services of the Commercial Operations organization.
5 Commercial Operations provides the services of: dispatching of
6 generation; origination; long-term power and transmission purchases;
7 wholesale customer management (not assigned to retail); fuel
8 procurement activities including gas supply, gas resource planning, coal
9 purchasing, and the transportation of fuel to the Operating Companies’
10 generating facilities; representing the Operating Companies at various
11 industry forums and centralized markets; and trading of energy.
- 12 • The costs are for services that are necessary to ensure sufficient fuel is
13 available to operate generating facilities, to reliably operate SPS’s
14 electric system, to provide low-cost electric energy supplies for SPS
15 customers, to dispatch the SPS power generation facilities and other
16 contracted resources in the SPS control area appropriately, to operate as
17 a member of SPP, and to provide senior executive level oversight and
18 leadership for operations functions.
- 19 • The costs are reasonable because they are shared with other affiliates,
20 consist primarily of reasonable personnel costs, and are subjected to
21 rigorous budgeting and cost control processes.
- 22 • SPS does not provide these services for itself, and the services do not
23 duplicate services provided by others.
- 24 • Each charge from SPS’s affiliates for these services is no higher than
25 the charge by those affiliates to any other entity for the same or similar
26 service.

27 SPS also seeks to recover \$29,483 in letter of credit fees associated with its
28 participation in the Transmission Congestion Right (“TCR”) auction process under
29 the SPP Integrated Marketplace. Participation in the auction is a financial tool used
30 as part of the management of transmission congestion costs on the SPP transmission
31 system to help control the costs that SPS must pay for the power used to serve
32 customers. I describe SPS’s TCR auction process and the fees in more detail in
33 Section IV of my testimony.

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

1 **Q. Please describe Schedules H-14.1a and H-14.1b.**

2 A. Schedules H-14.1a and H-14.1b both pertain to Transmission Wheeling Data.
3 Schedule H-14.1a presents transmission wheeling data for the Test Year and
4 Updated Test Year for Qualifying Facilities with firm transmission service.
5 Schedule H-14.1b addresses planned capacity wheeling.

6 **Q. Please describe Schedules Q-8.1, Q-8.2, Q-8.3, and Q-8.4.**

7 A. Schedule Q-8.1 provides the marginal and average cost energy schedules for
8 representative weekdays for each of the four seasons for 2020 and 2021. Schedule
9 Q-8.2 provides the expected annual load duration curve. Schedule Q-8.3 provides
10 representative marginal and average energy costs. Schedule Q-8.4 provides the
11 associated diurnal load for the schedules in Schedule Q-8.3, both in graphical and
12 tabular form.

13 **Q. Please describe Schedule I-20.**

14 A. Schedule I-20 pertains to Fuel Management Travel and presents certain kinds of
15 travel expenses incurred by personnel involved in acquiring fuels. I sponsor the
16 schedule as it pertains to expenses incurred by personnel other than those involved
17 with coal supply. I co-sponsor this schedule with SPS witness H. Craig Romer.

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

20 A. As explained by SPS witness William A. Grant, SPS will be using an Updated Test
21 Year in this case. SPS's initial filing presents actual affiliate O&M expenses for
22 the Test Year (October 1, 2019 through September 30, 2020) and estimated
23 information for the time period of October 1, 2020 through Decemcer 31, 2020,

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

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

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

13 A. Yes. SPS will file an update 45 days after SPS files this application. The update
14 will provide actual costs to replace the estimates provided in the application for the
15 Update Period. As part of that process, my Attachments JAB-RR-A through
16 JAB-RR-D will be updated to replace the estimates of OS Senior VP – Commercial
17 Operations affiliate O&M expenses incurred by SPS during the Updated Test Year
18 with actual expenses, which will be used to establish SPS's base rates in this case.

19 **Q. Were Attachments JAB-RR-1 and JAB-RR-2(CONF), and JAB-RR-A
20 through JAB-RR-D prepared by you or under your direct supervision and
21 control?**

22 A. Yes, as to Attachments JAB-RR-1 and JAB-RR-2(CONF). Attachments
23 JAB-RR-A through JAB-RR-D were prepared by Mr. Baumgarten and his staff.

1 My staff and I have reviewed these attachments, and I believe them to be accurate.
2 Although the same information provided in Attachments JAB-RR-A through
3 JAB-RR-D is presented in Mr. Baumgarten's Attachments RLB-RR-A through
4 RLB-RR-D, I have presented this information in my testimony for the convenience
5 of those reviewing my testimony.

6 **Q. Were the RFP schedules that you sponsor or co-sponsor prepared by you or**
7 **under your direct supervision?**

8 A. Yes.

9 **Q. Do you incorporate the RFP schedules that you sponsor or co-sponsor into this**
10 **testimony?**

11 A. Yes.

1 **III. AFFILIATE EXPENSES FOR THE OS SENIOR VP - COMMERCIAL**
2 **OPERATIONS 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 have
7 been grouped into various affiliate classes, or aggregations of charges, based upon
8 the business area, organization, or department that provided the service or, in a few
9 instances, the accounts that captured certain costs. In his direct testimony, Mr.
10 Baumgarten provides a detailed explanation of how the affiliate classes were
11 developed and are organized for this case.

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

13 A. I sponsor the OS Senior VP - Commercial Operations class of affiliate services.

14 **A. Summary of Affiliate Expenses for the OS Senior VP - Commercial**
15 **Operations Class of Services**

16 **Q. Where does the OS Senior VP - Commercial Operations affiliate class fit into**
17 **the overall affiliate 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 OS Senior VP
21 - Commercial Operations affiliate class was part of the Operations Services
22 business area during the Updated Test Year. Attachment JAB-RR-1 to my
23 testimony is an organization chart showing the Operations Services business area,

1 which includes the affiliate services that comprise the OS Senior VP - Commercial
2 Operations affiliate class.

3 **Q. What services are grouped into the OS Senior VP - Commercial Operations**
4 **affiliate class?**

5 A. The services that are grouped into the OS Senior VP - Commercial Operations
6 affiliate class include: dispatching of generation; origination; long-term power and
7 transmission purchases; wholesale customer management (costs not assigned to
8 retail); fuel procurement activities including gas supply, gas resource planning, coal
9 purchasing, and the transportation of fuel to the Operating Companies' generating
10 facilities; representing the Operating Companies at various industry forums and
11 centralized markets; and trading of energy.

12 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
13 **requests, on a total company basis, for the OS Senior VP - Commercial**
14 **Operations affiliate class?**

15 A. The following table summarizes the dollar amount of the estimated Updated Test
16 Year XES charges for the OS Senior VP - Commercial Operations affiliate class. I
17 will update the table below as part of SPS's 45-day case update filing to reflect the
18 actual Updated Test Year costs for the OS Senior VP - Commercial Operations
19 affiliate class.

Table JAB-RR-1³

Class of Services	Total XES Class Expenses	Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
		Requested Amount	% Direct Billed	% Allocated
OS Senior VP - Commercial Operations	\$14,304,227	\$3,498,013	75.45%	24.55%

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

3 A. There are four attachments to my testimony that present information about the
 4 requested SPS affiliate expenses for the OS Senior VP - Commercial Operations
 5 affiliate class.

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

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 JAB-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 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 below-the-line items.
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 Updated
3 Test Year.

4 **Attachment JAB-RR-B(CD):** Provides the detail of the XES expenses for
5 the OS Senior VP - Commercial Operations affiliate class that are summarized on
6 Attachment JAB-RR-A. The detail shows the XES expenses billed to SPS for the
7 OS Senior VP - Commercial Operations affiliate class, itemized by the amount,
8 with each expense listed by individual activity, and billing method (cost center).
9 When summed, these amounts tie to the amounts shown on Attachment JAB-RR-A,
10 and the detail regarding the expenses is organized to support that attachment.
11 Specifically, the columns on this 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 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 JAB-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 JAB-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 JAB-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 JAB-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 JAB-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 JAB-RR-C:** Both Attachments JAB-RR-A and
4 JAB-RR-B(CD) show exclusions to the XES expenses billed to SPS for the OS
5 Senior VP - Commercial Operations affiliate class (Attachment JAB-RR-A,
6 Column H; Attachment JAB-RR-B(CD), Column K). Attachment JAB-RR-C
7 provides detail about those exclusions listed on Attachments JAB-RR-A and
8 JAB-RR-B(CD). The columns on Attachment JAB-RR-C provide the following
9 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.

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

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

1 **Q. Does XES bill its expenses for the OS Senior VP - Commercial Operations**
2 **affiliate class to SPS in the same manner as it bills other affiliates for those**
3 **expenses?**

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

7 **Q. Are there any exclusions to the XES billings to SPS for the OS Senior VP -**
8 **Commercial Operations affiliate class?**

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

17 **Q. Are there any pro forma adjustments to SPS's per book expenses for the OS**
18 **Senior VP - Commercial Operations affiliate class?**

19 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test
20 Year expenses for known and measurable changes. Pro forma adjustments are
21 shown on Attachment JAB-RR-A, Column J, and on Attachment JAB-RR-B(CD),
22 Column M. The details for the pro forma adjustments, including the witness or

1 witnesses who sponsor each pro forma adjustment, are provided in Attachment
2 JAB-RR-D. Given the timing of SPS's initial filing, only the first nine months of
3 the Updated Test Year have completed the full pro forma adjustment review
4 process. In SPS's 45-day case update and after the full pro forma adjustment review
5 process for the last three months of the Updated Test Year has been completed, I
6 will present an updated Attachment JAB-RR-D.

7 **Q. Attachment JAB-RR-D shows that you are a sponsor for pro forma**
8 **adjustments for expenses for the OS Senior VP - Commercial Operations**
9 **affiliate class during the first nine months of the Update Test Year that result**
10 **in a net decrease of \$1,723. Please explain the adjustments.**

11 A. The adjustments that I sponsor remove costs not benefiting SPS (a decrease of
12 \$311); remove costs for the purchase of alcoholic beverages and premium coffee
13 (a decrease of \$912); remove costs for holiday meals (a decrease of \$148); and
14 remove costs for life events (a decrease of \$352).

15 **B. The OS Senior VP - Commercial Operations Class of Services are**
16 **Necessary Services**

17 **Q. Are the services that are grouped in the OS Senior VP - Commercial**
18 **Operations affiliate class necessary for SPS's operations?**

19 A. Yes. The services grouped in the OS Senior VP - Commercial Operations affiliate
20 class are necessary to ensure sufficient fuel is available to operate generating
21 facilities; to reliably operate SPS's electric system; to provide low-cost electric
22 energy supplies for the SPS customers; to dispatch the SPS power generation
23 facilities and other contracted resources in the SPS control area appropriately; to
24 operate as a member of SPP; and to provide senior executive level oversight and

1 leadership for operations functions (electric generation, electric and gas
2 transmission, electric and gas distribution, customer care, commercial operations,
3 and supply chain). These are functions required by all utilities and without which
4 SPS would not be able to provide electric service to its customers.

5 **Q. What are the specific services that are provided to SPS by the OS Senior VP -**
6 **Commercial Operations affiliate class?**

7 A. The OS Senior VP - Commercial Operations affiliate class provides the following
8 services to SPS:

- 9 • Managing SPS's portfolio of generation and long-term purchased power
10 contracts while managing supply risk to minimize energy costs to
11 customers. The OS Senior VP - Commercial Operations class also includes
12 the costs of the Supplemental Incentive Plan ("SIP"), which is part of the
13 energy traders' total cash compensation. As explained by SPS witness
14 Stephanie N. Niemi, SPS is not seeking recovery of SIP expenses in this
15 rate case;
- 16 • Dispatching SPS's electric generation resources;
- 17 • Implementing market changes required by the SPP and reliability standards
18 and compliance obligations of the North American Electric Reliability
19 Corporation ("NERC");
- 20 • Buying and selling wholesale physical electric capacity and energy for long-
21 term transactions for both system and non-system sales;
- 22 • Maintaining customer relations and managing existing contracts, including
23 billing support;
- 24 • Managing the interruptible service provisions of participating end users to
25 increase system reliability;
- 26 • Acquiring transmission service to support the buying and selling of
27 wholesale physical electric capacity and energy and associated activity to
28 mitigate transmission congestion costs;
- 29 • Planning and procuring the coal and solid fuel supplies, coal storage, and
30 coal transportation required for SPS's coal plants;

- 1 • Planning and procuring the natural gas supplies, gas storage, and gas
2 transportation required for SPS’s gas-fired plants; and
- 3 • Managing communication with the SPP market monitor and guiding the
4 Operating Companies, including SPS, as a stakeholder in the development
5 and operation of regional transmission organizations; and interacting with
6 state and federal regulatory agencies, as well as independent market
7 monitors, regarding market operations and related activities.

8 **Q. Are any of the OS Senior VP - Commercial Operations class of services that**
9 **are provided to SPS duplicated elsewhere in XES or in any other Xcel Energy**
10 **subsidiary such as SPS itself?**

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

15 **Q. Do SPS’s Texas retail customers benefit from the services that are part of the**
16 **OS Senior VP - Commercial Operations class of services?**

17 A. Yes. The services of the OS Senior VP - Commercial Operations affiliate class
18 benefit SPS’s customers in many ways. For example, OS Senior VP - Commercial
19 Operations ensures that the SPS electric system operates in a reliable manner by
20 adhering to the standards set by NERC and minimizes the SPS system energy costs
21 through cost-effective offering of, and delivery from, the SPS generation resources
22 into the SPP Integrated Marketplace and wholesale energy trading activities. OS
23 Senior VP - Commercial Operations was also successful in reducing system energy
24 costs by sharing with customers the margins it produced from both the system and
25 non-system based energy trading activities.

1 **C. The OS Senior VP - Commercial Operations Affiliate Class of**
2 **Services are Provided at a Reasonable Cost**

3 **Q. Are the costs of the OS Senior VP - Commercial Operations affiliate class of**
4 **services reasonable?**

5 A. Yes. The costs of the OS Senior VP - Commercial Operations affiliate class of
6 services are reasonable. These services are provided through a centralized
7 organizational approach that reduces costs and enables the Operating Companies
8 to benefit from economies of scale, resource sharing during peak workloads, and
9 historical knowledge that enables the affiliate class employees to respond quickly
10 and with better insights to ensure that the best overall work product is delivered.
11 The centralized organization allows each of the Operating Companies to benefit
12 from the direct experience of the others, leading to improved skills and work
13 practices.

14 *1. Additional Evidence*

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

17 A. Yes. Of the estimated Updated Test Year costs for the OS Senior VP - Commercial
18 Operations affiliate class, 90.41% are compensation and benefits costs for XES
19 personnel. SPS witnesses Michael P. Deselich and Richard R. Schrubbe establish
20 that the level of Xcel Energy's compensation and benefits is reasonable and
21 necessary.

1 2. *Budget Planning*

2 **Q. Is a budget planning process applicable to the OS Senior VP - Commercial**
3 **Operations class of affiliate costs?**

4 A. Yes. Annual O&M budgets are created using guidelines developed at the corporate
5 level. Each manager within the OS Senior VP - Commercial Operations
6 organization carefully reviews historical spend information, identifies changes that
7 will be coming in the future, and analyzes the costs associated with those changes
8 prior to submitting a proposed budget. The budgeting process is discussed in more
9 detail by SPS witness Adam R. Dietenberger.

10 **Q. During the fiscal year, does OS Senior VP - Commercial Operations monitor**
11 **its actual expenditures versus its budget?**

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

18 **Q. Are management employees within the OS Senior VP - Commercial**
19 **Operations organization held accountable for deviations from the budget?**

20 A. Yes. All management employees in the OS Senior VP - Commercial Operations
21 organization have specific budgetary goals that are incorporated into their
22 performance evaluations. Performance is measured on a monthly basis to ensure
23 adherence to the goals and provide for action plan development to address

1 variances. All OS Senior VP - Commercial Operations organization managers are
2 required to manage their expenses to support the budgetary goals established by
3 their manager.

4 3. *Cost Trends*

5 **Q. Please state the dollar amounts of the actual per book charges from XES to**
6 **SPS for the OS Senior VP - Commercial Operations class of services for the**
7 **three fiscal years preceding the end of the Updated Test Year and the**
8 **estimated per book charges for the estimated Updated Test Year.**

9 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar
10 years), the actual per book, and for the Updated Test Year, the estimated per book
11 affiliate charges (Column I on Attachment JAB-RR-A) from XES to SPS for the
12 services grouped in the OS Senior VP - Commercial Operations affiliate class:

13 **Table JAB-RR-2**

Class of Services	Actual (Per Book) Charges Over Time			
	2017	2018	2019	Updated Test Year (Estimated)
OS Senior VP - Commercial Operations	\$2,747,565	\$2,567,177	\$3,288,947	\$3,498,013

14
15 **Q. What are the reasons for this trend?**

16 A. The OS Senior VP - Commercial Operations charges to SPS vary from year to year
17 as a function of SPP and SPS system conditions and the amount of labor that is
18 allocated to SPS commensurate with the level of SPS-related work which impacts
19 the variations in costs between each of the periods.

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4. *Staffing Trends*

Q. Please provide the staffing levels for the OS Senior VP - Commercial Operations class of services for the three fiscal years preceding the end of the Updated Test Year and the Updated Test Year.

A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar years) and for the Updated Test Year, the average of the end of month staffing levels for the OS Senior VP - Commercial Operations class of services.

Table JAB-RR-3

	Average of End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
OS Senior VP - Commercial Operations	92	96	96	97

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10
11
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15

Q. What are the reasons for this trend?

A. The OS Senior VP - Commercial Operations staffing level has been relatively flat in recent years. The increase in four staff positions from 2017 to 2018 was due to the return of Gas Supply staff from PSCo to Commercial Operations within XES, while the increase in one staff position from 2019 to the Updated Test Year reflects the addition of staff to the PSCo Generation Control and Dispatch team. This staff member was added to ensure appropriate staffing for the commensurate workload.

1 **Q. Separate from the budget planning process, does the OS Senior VP -**
2 **Commercial Operations affiliate class take any steps to control its costs or to**
3 **improve its services?**

4 A. Yes. The OS Senior VP - Commercial Operations affiliate class continually
5 reviews its plans, initiatives, and staffing to ensure they are appropriate and to
6 identify and implement improvements.

7 **D. The Costs for the OS Senior VP - Commercial Operations Class of**
8 **Services are Priced in a Fair Manner**

9 **Q. For those costs that XES charges (either directly or through use of an**
10 **allocation) to SPS for the OS Senior VP - Commercial Operations class of**
11 **services, does SPS pay any more for the same or similar service than does any**
12 **other Xcel Energy affiliate?**

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

20 **Q. How are the costs of the OS Senior VP - Commercial Operations affiliate class**
21 **billed to SPS?**

22 A. My Attachment JAB-RR-B(CD) shows all of the costs in this class broken out by
23 activity and, in conjunction with Column C in my Attachment JAB-RR-A, shows
24 the billing method associated with each activity. My Attachment JAB-RR-A shows

1 the allocation method (Column D) associated with each billing method (Column C)
2 used in the affiliate class.

3 In SPS's 45-day case update, I will present updated Attachments
4 JAB-RR-A and JAB-RR-B(CD) so that the entries for the last three months of the
5 Updated Test Year provide actual data and conform to the information provided for
6 the first nine months. In the event the predominant billing methods and associated
7 allocation methods for the OS Senior VP - Commercial Operations affiliate O&M
8 expenses on my updated Attachments JAB-RR-A and JAB-RR-B(CD) differ from
9 those discussed below, I will explain those differences in supplemental testimony
10 in SPS's 45-day case update filing.

11 **Q. What are the predominant allocation methods used for billing the costs that**
12 **SPS seeks to recover for the OS Senior VP - Commercial Operations affiliate**
13 **class of services?**

14 A. All of the requested XES charges to SPS for this class were charged using one of
15 the following four allocation methods:

- 16 • Direct Billing – 75.45% of XES charges to SPS – \$2,639,281;
- 17 • Joint Operating Agreement (“JOA”) – 16.75% of XES charges to SPS
18 – \$585,897;
- 19 • Megawatt Hours (“MWh” or “MWH”) Hours Sold – 5.15% of XES
20 charges to SPS – \$180,003;
- 21 • MWH Generation – 2.65% of XES charges to SPS – \$92,832.

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

24 A. For the cost centers that are assigned using the “Direct Billing” method, the costs
25 normally reflect work that was performed specifically for SPS only. In some cases,

1 however, the direct billing occurred after the application of an off-line allocator that
2 tracks the relevant cost drivers. In either situation, the cost centers charged using
3 the “Direct Billing” method are appropriate because the assignment of costs is in
4 accordance with the distribution of benefits for the services received. For example,
5 labor costs related to the offering of SPS’s generation and the bidding of SPS’s
6 obligation load into the SPP Integrated Marketplace were assigned using the
7 “Direct Billing” method. The cost of these services benefitted SPS, the work was
8 performed specifically for SPS alone, and the cost driver was the work required to
9 offer and bid for SPS. Thus, the “Direct Billing” method is appropriate because it
10 assigns costs in accordance with cost causation and benefits received. For the cost
11 centers that assign costs using Direct Billing, the per unit amounts charged by XES
12 to SPS are no higher than the unit amounts billed by XES to other affiliates for the
13 same or similar services and represent the actual costs of the services.

14 **Q. Why is it appropriate to allocate costs based on the “JOA” method for the**
15 **costs captured in the cost center that use that allocation method?**

16 A. Cost Center 200134, which uses the “JOA” method as the allocator, captures the
17 costs associated with proprietary trading activities, which are short-term
18 transactions undertaken in the wholesale electric markets where electricity is
19 purchased for the purpose of selling it. For example, the labor costs of the traders
20 engaged in proprietary trading are assigned using this method. These trading
21 activities are covered by the JOA among Northern States Power Company--
22 Minnesota, PSCo, and SPS, which designates that the allocation be based on the
23 peak hour of megawatt (“MW”) load for the previous year (i.e., the ratio of the

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

8 **Q. Why is it appropriate to allocate costs based on the “MWH Hours Sold”**
9 **method for the costs captured in the cost centers that use that allocation**
10 **method?**

11 A. Cost Center 200146, which uses the “MWH Hours Sold” method as the allocator,
12 captures the costs associated with directing and providing electric system
13 management services to the Operating Companies’ electric generating systems,
14 including load management, system optimization, and origination. For example,
15 some of the labor costs incurred by the VP of Commercial Operations for providing
16 oversight of trading activities are assigned using this method. The costs are
17 allocated based on the MWh or MWH sold by the Operating Companies (i.e., the
18 ratio of each Operating Company’s MWh of electricity sold to the MWh sold by all
19 of the Operating Companies) because there is a direct correlation between the
20 generation sold and these activities. Thus, allocating costs based on the MWH
21 Hours Sold method is appropriate for the allocation of costs to affiliates because it
22 allocates costs for the services in accordance with cost causation and the
23 distribution of the benefits of the services received. For the cost centers that assign

1 costs based upon this allocation method, the per unit amounts charged by XES to
2 SPS as a result of the application of this billing method 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.

5 **Q. Why is it appropriate to allocate costs based upon the “MWH Generation”**
6 **method for the costs captured in the cost centers that use that allocation**
7 **method?**

8 A. Cost Center 200136, which uses the “MWH Generation” method as the allocator,
9 captures the costs associated with providing services necessary to supplying the
10 Operating Companies’ electric systems with reliable fuel supplies. For example,
11 the labor costs associated with managing the procurement of gas supplies are
12 assigned using this method. Thus, this cost center allocates costs among the
13 Operating Companies based upon their proportionate share of MWh of generation
14 (i.e., the MWh of generation of a particular Operating Company as a percentage of
15 the total MWh of generation of all of the Operating Companies). This allocation
16 reflects cost causation and the distribution of the benefits of the services received.
17 For the cost centers that assign costs based upon this allocation method, the per unit
18 amounts charged by XES to SPS as a result of the application of this allocation
19 method are no higher than the unit amounts billed by XES to other affiliates for the
20 same or similar services and represent the actual costs of the services.

1 **IV. TRANSMISSION CONGESTION RIGHTS CREDIT**
2 **REQUIREMENT FEES**

3 **Q. What topic do you address in this section of your testimony?**

4 A. In this section of my testimony, I support the Updated Test Year level of expense
5 for fees related to the letter of credit that SPS posts for participation in SPP’s TCR
6 auction. This letter of credit is posted by SPS to meet SPP’s TCR credit collateral
7 requirements, as outlined in SPP’s credit policy, specifically Article 5A of
8 Attachment X to SPP’s Open Access Transmission Tariff.

9 **Q. What is a TCR?**

10 A. A TCR is a financial tool implemented by SPP as part of the Integrated Marketplace
11 to assist market participants in managing the costs of transmission congestion on
12 the SPP transmission system. TCRs allow transmission customers who are load-
13 serving entities, such as SPS, to bring the price they pay for power at the point of
14 withdrawal close to the same as the price at the point of injection (excluding losses),
15 even when there is congestion on the grid. In effect, a TCR is an instrument that
16 helps control the costs that a load-serving entity must pay for the power used to
17 serve its customers.

18 **Q. Does SPS’s TCR portfolio affect the level of credit it must maintain with SPP?**

19 A. Yes. The cost for the letter of credit is driven by the SPS TCR portfolio. SPS’s
20 strategy in the TCR auction is to minimize the potential impact of transmission
21 congestion in the SPP Integrated Marketplace on its customers. The fees requested
22 in this case are related to the level of credit SPS posts, which is based on credit
23 coverage rules established under the SPP tariff and business protocols.

1 **Q. Is there a cost associated with SPS's letter of credit?**

2 A. Yes. A monthly fee is charged by the issuing bank based on the face value of the
3 letter of credit.

4 **Q. What was the total amount of letter of credit fees SPS incurred in the Updated
5 Test Year?**

6 A. The posted letter of credit amount shown in Attachment JAB-RR-2(CONF)⁴
7 resulted in \$29,483 (total company) of associated fees incurred during the Updated
8 Test Year.

9 **Q. What is SPS asking the Commission to approve regarding the TCRs?**

10 A. Because SPS is required to post a financial security according to SPP's credit
11 policy, as established under its tariff and business protocols, SPS is asking the
12 Commission to approve the costs incurred to maintain that letter of credit.

13 **Q. Does SPS expect the current value of the letter of credit posted in the Updated
14 Test Year to continue in the future?**

15 A. Yes. Based upon the SPS TCR portfolio, the level of the letter of credit that SPS
16 posted in the Updated Test Year was reasonable and representative of the TCR
17 portfolio and associated letter of credit requirements that SPS will maintain in the
18 future.

19 **Q. Is it reasonable, necessary, and prudent for SPS to incur these letter of credit
20 fees?**

21 A. Yes. For the reasons discussed above, the letter of credit fees are a reasonable and
22 necessary cost of operation. SPS requests that the Commission authorize SPS to

⁴ Attachment JAB-RR-2(CONF) is designated confidential because disclosure of the numbers underlying the requested amount would reveal a portion of SPS's strategy for mitigating congestion costs, which could affect the behavior of market participants. That disclosure would ultimately harm SPS's customers, who could be responsible for the higher fuel and purchased power costs resulting from congestion.

1 recover the cost of the letter of credit fees, \$29,483 (total company), as detailed on
2 Attachment JAB-RR-2(CONF).

3 **Q. Has the Commission previously reviewed SPS's request for recovery of letter**
4 **of credit fees?**

5 A. Yes, in SPS's past three base rate cases, SPS has presented its letter of credit fees
6 for recovery. No party has ever contested the reasonableness or necessity of the
7 inclusion of these fees in SPS's cost of service.

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

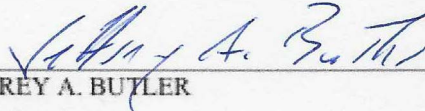
9 A. Yes.

AFFIDAVIT

STATE OF COLORADO)
)
COUNTY OF JEFFERSON)

JEFFREY A. BUTLER, first being sworn on his oath, states:

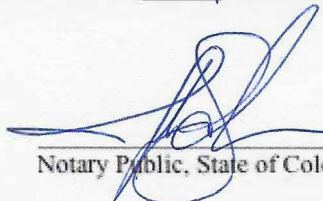
I am the witness identified in the preceding testimony. I have read the testimony and the accompanying attachment(s) and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.



JEFFREY A. BUTLER

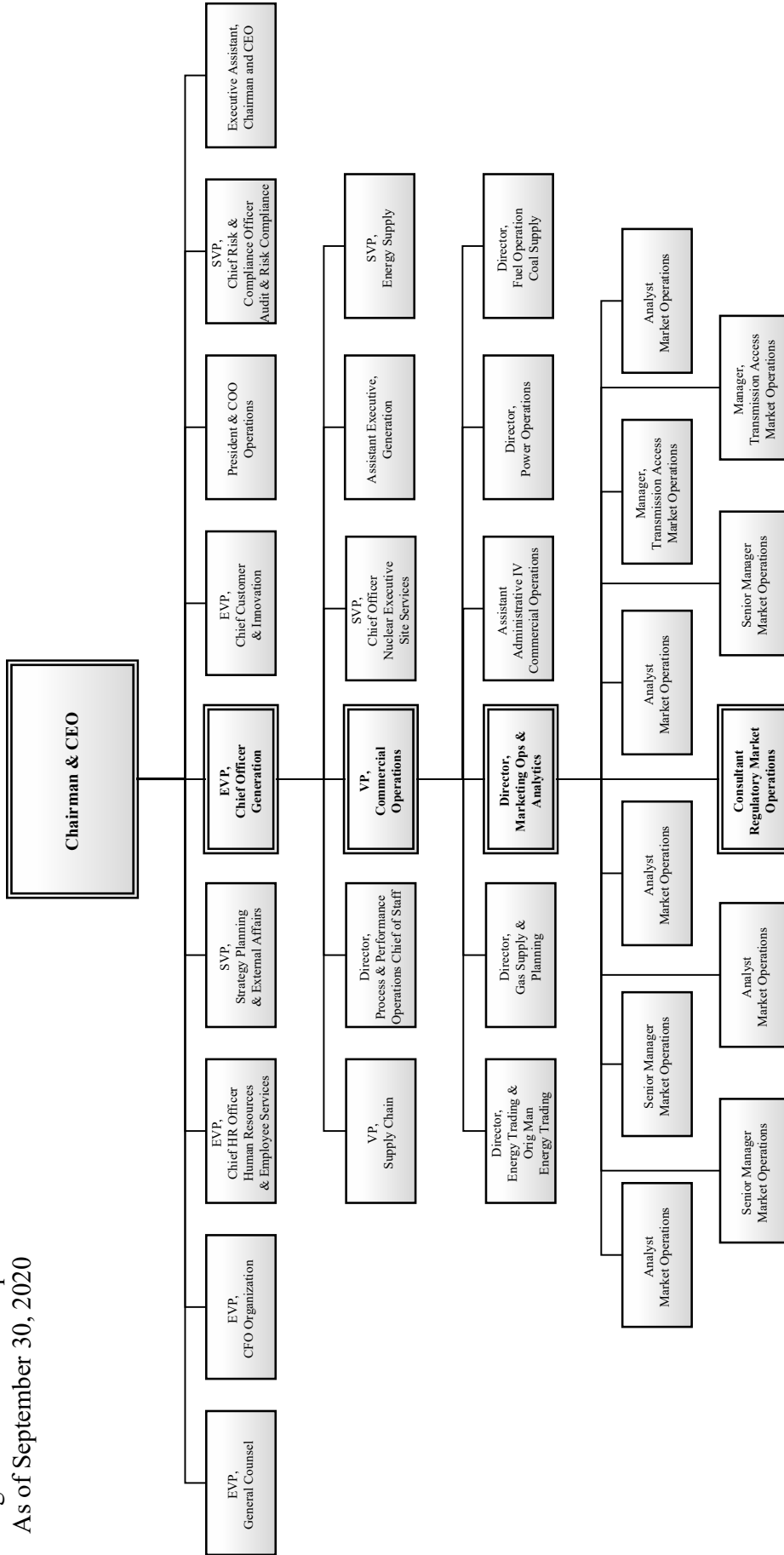
Subscribed and sworn to before me this 26th day of January, 2021 by JEFFREY A. BUTLER.

ROBERT JORDAN SCHERNER III
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20184069475
MY COMMISSION EXPIRES JULY 20, 2022



Notary Public, State of Colorado
My Commission Expires: 07/20/2022

Southwestern Public Service Company
 Organization Chart – Operation Services
 As of September 30, 2020



Attachment JAB-RR-2(CONF)

**Pages 1 through 1
of
Attachment JAB-RR-2(CONF)
Letter of Credit Fee**

**Are
Confidential Protected Information**

**CONFIDENTIAL PROTECTED MATERIALS
PROVIDED PURSUANT TO PROTECTIVE ORDER**

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	OS Senior VP - Commercial Operations	200134 - Proprietary Trading - Front/Mid Office FERC 557	Joint Operating Agreement	\$ 2,674,861.01	\$ 2,102,210.62	\$ 572,650.39	\$ (412.61)	\$ 572,237.78	\$ 13,659.57	\$ 585,897.35	16.75%
2	OS Senior VP - Commercial Operations	200136 - Energy Markets - Fuel	MWH Generation	380,751.57	290,450.40	90,301.17	-	90,301.17	2,530.82	92,831.99	2.65%
3	OS Senior VP - Commercial Operations	200146 - Energy Markets - Regulated Trading	MWH Hours Sold	681,100.08	502,223.05	178,877.03	(1,742.82)	177,134.21	2,868.78	180,002.99	5.15%
4	OS Senior VP - Commercial Operations	Direct	Direct	10,567,514.39	7,991,638.64	2,575,875.75	(6,093.65)	2,569,782.10	69,498.97	2,639,281.07	75.45%
5	OS Senior VP - Commercial Operations	Commercial Operations Total		\$ 14,304,227.05	\$ 10,886,522.71	\$ 3,417,704.34	\$ (8,249.08)	\$ 3,409,455.26	\$ 88,558.14	\$ 3,498,013.40	100.00%
6	Total Witness Jeffrey A. Butler			\$ 14,304,227.05	\$ 10,886,522.71	\$ 3,417,704.34	\$ (8,249.08)	\$ 3,409,455.26	\$ 88,558.14	\$ 3,498,013.40	
	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

Jeffrey A. Butler

2021 TX Rate Case

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

JAB-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) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	OS Senior VP - Commercial Operations	417.1 - Expenses of nonutility operations	Below the Line	\$ (6,093.65)
2	OS Senior VP - Commercial Operations	426.1 - Donations	Below the Line	(214.09)
3	OS Senior VP - Commercial Operations	426.5 - Other Deductions	Below the Line	(1,941.34)
4	OS Senior VP - Commercial Operations Total			\$ (8,249.08)
5	Total Witness Jeffrey A. Butler			\$ (8,249.08)
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	OS Senior VP - Commercial Operations	501 - Fuel	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 14,321.05
2	OS Senior VP - Commercial Operations	501 - Fuel	Business Area Adjustment	Jeffrey A. Butler	(15.13)
3	OS Senior VP - Commercial Operations	549 - Miscellaneous other power generation expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1,839.27
4	OS Senior VP - Commercial Operations	556 - System control and load dispatching	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	27,908.97
5	OS Senior VP - Commercial Operations	556 - System control and load dispatching	Business Area Adjustment	Jeffrey A. Butler	(137.00)
6	OS Senior VP - Commercial Operations	557 - Other expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	19,434.49
7	OS Senior VP - Commercial Operations	557 - Other expenses	Business Area Adjustment	Jeffrey A. Butler	(423.53)
8	OS Senior VP - Commercial Operations	561.5 - Reliability planning and standards development	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	298.50
9	OS Senior VP - Commercial Operations	561.7 - Generation interconnection studies	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	3,523.71
10	OS Senior VP - Commercial Operations	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
11	OS Senior VP - Commercial Operations	566 - Miscellaneous transmission expenses	Business Area Adjustment	Jeffrey A. Butler	(86.80)

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)
12	OS Senior VP - Commercial Operations	575.1 - Operation Supervision	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	3,566.11
13	OS Senior VP - Commercial Operations	575.1 - Operation Supervision	Business Area Adjustment	Jeffrey A. Butler	(59.87)
14	OS Senior VP - Commercial Operations	575.2 - Day-ahead and real-time market administration	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	7,964.53
15	OS Senior VP - Commercial Operations	575.5 - Ancillary services market administration	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	395.06
16	OS Senior VP - Commercial Operations	575.6 - Market monitoring and compliance	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	693.18
17	OS Senior VP - Commercial Operations	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	10,336.35
18	OS Senior VP - Commercial Operations	920 - Administrative and general salaries	Business Area Adjustment	Jeffrey A. Butler	(305.49)
19	OS Senior VP - Commercial Operations	921 - Office supplies and expenses	Business Area Adjustment	Jeffrey A. Butler	(695.26)
20	OS Senior VP - Commercial Operations Total				\$ 88,558.14
21	Total Witness Jeffrey A. Butler				\$ 88,558.14
Amounts may not add or tie to other schedules due to rounding					