

NOTICE OF CONFIDENTIALITY

***A PORTION OF THIS TESTIMONY OR TESTIMONY AND ATTACHMENTS
HAS/HAVE BEEN FILED UNDER SEAL.***

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

* * * * *

IN THE MATTER OF ADVICE NO. 993-)
GAS OF PUBLIC SERVICE)
COMPANY OF COLORADO TO)
REVISE ITS COLORADO PUC NO. 6-)
GAS TARIFF TO INCREASE)
JURISDICTIONAL BASE RATE)
REVENUES, IMPLEMENT NEW BASE) PROCEEDING NO. 22AL-____G
RATES FOR ALL GAS RATE)
SCHEDULES, AND MAKE OTHER)
PROPOSED TARIFF CHANGES)
EFFECTIVE FEBRUARY 24, 2022)

DIRECT TESTIMONY AND ATTACHMENTS OF ROSS L. BAUMGARTEN

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

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ATTACHMENT TO THIS TESTIMONY HAVE BEEN FILED UNDER SEAL

Confidential: Attachment RLB-4C

January 24, 2022

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LIST OF ATTACHMENTS

Attachment RLB-1	Public Service Company's Cost Assignment and Allocation Manual ("CAAM") dated November 2021
Attachment RLB-2	Comparison Document that identifies all modifications to the CAAM since it was last filed in Proceeding No. 20AL-0049G
Attachment RLB-3	Public Service Company's Fully Distributed Cost Study, page 1
Attachment RLB-4C	Public Service Company's Fully Distributed Cost Study, page 2 (Confidential Version)
Attachment RLB-4	Public Service Company's Fully Distributed Cost Study, page 2 (Public Version)
Attachment RLB-5	Indirect Allocating Cost Center Methods and Percentages
Attachment RLB-6	Comparison of XES Allocation Percentages for Public Service
Attachment RLB-7	Utility Allocation Methods and Percentages
Attachment RLB-8	Non-Regulated Activity Allocation Methods and Percentages

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PROCEEDING NO. 22AL- G

**INTRODUCTION, QUALIFICATIONS, PURPOSE OF TESTIMONY, AND
RECOMMENDATIONS**

A. I am employed by Xcel Energy Services Inc. (“XES” or “Service Company”) as Manager of Service Company Accounting. XES is a wholly owned subsidiary of Xcel Energy Inc. (“Xcel Energy”), and provides an array of support services to Public Service Company of Colorado (“Public Service” or the “Company”) and the other utility operating company subsidiaries of Xcel Energy on a coordinated basis.

1 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?**

2 A. I am testifying on behalf of Public Service.

3 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.**

4 A. As Manager of Service Company Accounting, I am responsible for the general
5 administration of XES, including accounting, billing, allocations, policies and
6 procedures, service agreements, internal audits, external audits and external
7 reporting to state and federal regulatory agencies. A description of my
8 qualifications, duties, and responsibilities is set forth in my Statement of
9 Qualifications at the conclusion of my testimony.

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

11 A. Rules 4500 et. seq. of the Colorado Public Utilities Commission (“Commission”)
12 address the topic of unregulated goods and services and the requirement to
13 establish cost assignment and allocation principles to assist the Commission in
14 setting just and reasonable rates and to ensure that utilities do not use ratepayer
15 funds to subsidize non-regulated activities, in accordance with Section 40-3-114
16 of the Colorado Revised Statutes. Consistent with these rules and statutes, the
17 purpose of my Direct Testimony is to sponsor the Company’s Cost Assignment
18 and Allocation Manual (“CAAM”) and Fully Distributed Cost Study (“FDC Study”)
19 in this proceeding. As a result, I provide the following information in my Direct
20 Testimony:

- 21 • In Section II – I provide a list of definitions of specific terms and
22 processes that I use throughout my Direct Testimony to support the
23 Company’s cost allocations and FDC Study;

- 1 • In Section III – I describe the Xcel Energy Holding Company structure
2 and organizational structure to provide the context necessary to
3 understand the flow of transactions within Xcel Energy companies
4 (primarily the Service Company) and Public Service;
- 5 • In Section IV – I provide an overview of the flow of costs in the general
6 ledger system including how the costs ultimately reside on Public
7 Service's books and records;
- 8 • In Section V – I describe the Service Company, its history and
9 operations, and the administration of the Allocation Methods, Allocation
10 Statistics, Allocation Percentages or Ratios, and allocation pools;
- 11 • In Sections VI and VII – I explain the cost allocation rules and the history
12 of the cost allocation rules as they apply to Public Service's CAAM and
13 the Company's FDC Study, which we are filing in compliance with
14 Commission Rules 4500 et seq.
- 15 • In Section VIII – I sponsor Public Service's CAAM dated November
16 2021, a copy of which is included as Attachment RLB-1, as well as
17 support the cost assignment and Allocation Methods and the
18 percentages used in preparing the Current Test Year in this rate case,
19 which is the calendar year ending December 31, 2022 ("CTYCTY").¹
20 Additionally, I provide a comparison document that identifies all
21 significant modifications to the CAAM since it was last filed in the 2020
22 Gas combined Phase I and Phase II Rate Case, Proceeding No. 20AL-
23 0049G ("2020 Gas Rate Case") as Attachment RLB-2.
- 24 • In Section IX – I sponsor the Company's FDC Study applicable to the
25 CTY, a copy of which is included as Attachment RLB-3 and Confidential
26 Attachment RLB-4.

27 **Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT**
28 **TESTIMONY?**

29 A. Yes, I am sponsoring Attachments RLB-1 through RLB-8 and Confidential
30 Attachment RLB-4, which were prepared by me or under my direct supervision.
31 The attachments are as follows:

¹ The CTY includes 2020 Test Year O&M with known and measurable adjustments as the basis for developing the CTY ending December 31, 2022.

- Attachment RLB-1 – Public Service’s CAAM, dated November 2021: A complete copy of the CAAM as updated to reflect current processes and cost assignment and allocation methodologies.
- Attachment RLB-2 – Comparison Document that identifies all significant modifications to the CAAM since it was last filed in the 2020 Gas Rate Case: A red-lined copy of the November 2021 CAAM when compared to the December 2019 CAAM.
- Attachment RLB-3 – Public Service’s FDC Study, page 1: This attachment shows the split of Public Service’s costs between the electric, gas, and steam utility divisions and the non-regulated activities by Federal Energy Regulatory Commission (“FERC”) account.
- Attachment RLB-4C – Public Service’s FDC Study, page 2 (Confidential Version): Page 2 of the FDC Study lists the non-regulated activities of Public Service and includes the amounts for each category of costs and is therefore confidential.
- Attachment RLB-4 – Redacted copy of Public Service’s FDC Study, page 2 (Public Version): This version of page 2 is the same as Confidential Attachment RLB-4 but redacts the amounts for each category of costs.
- Attachment RLB-5 – Indirect Allocating Cost Center Methods and Percentages: This attachment includes a list of the XES Allocating Cost Centers used to allocate XES charges to the Operating Companies and affiliates. It includes the allocation method, statistics, and percentages to charge each Operating Company and affiliate.
- Attachment RLB-6 – Comparison of XES Allocation Percentages for Public Service: This attachment contains a table showing the trend of the XES percentages used to charge Public Service for each indirect/allocated Cost Center.
- Attachment RLB-7 – Utility Allocation Methods and Percentages: This attachment includes a list of the Utility Operations and Maintenance (“O&M”) allocations and the Utility Non-O&M allocations, the Allocation Methods, an explanation of the reasonableness of each allocation method, and the percentages allocated to each utility division.
- Attachment RLB-8 – Non-Regulated Activity Allocation Methods and Percentages: This attachment includes a list of the non-regulated activity allocations, the Allocation Methods, the reasonableness of each

1 allocation method, and the percentages applied to each non-regulated
2 activity.

3 **Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR DIRECT**
4 **TESTIMONY?**

5 A. I recommend that the Commission: (1) approve the Company's CAAM and FDC
6 Study as presented my Direct Testimony; and (2) find that Public Service's cost
7 assignment, Allocation Methods, and the percentages used in preparing the CTY
8 for this rate case are reasonable.

1 **II. DEFINITIONS**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3 A. In this section, I provide a set of definitions for special terms relevant to the
4 remainder of my Direct Testimony, for ease of reading and reference.

5 **Q. IN THE REMAINDER OF YOUR DIRECT TESTIMONY, WILL YOU BE USING**
6 **SPECIAL TERMS?**

7 A. Yes. The following capitalized terms used throughout my Direct Testimony will
8 have the following definitions:

- 9 • *Allocated Charges*: The terms Allocated Charges and Indirect Charges
10 are interchangeable when used in my Direct Testimony. These charges
11 occur when the costs for services cannot be directly assigned to a
12 specific Operating Company or affiliate and are therefore allocated to
13 the Operating Companies and affiliates that benefit from the services
14 based on the appropriate Allocation Methods by XES.
- 15 • *Allocating Cost Center*: An Allocating Cost Center is used to collect costs
16 that will be allocated to other cost centers, Internal Orders, or Work
17 Breakdown Structures ("WBS").
- 18 • *Allocation Methods or Formulas*: Allocation Methods or Formulas are the
19 basis for assigning costs to an affiliate and result from using a single
20 Allocation Ratio or the average of two or more Allocation Ratios.
21 Examples of Allocation Methods or Formulas include: Number of
22 Customers, Number of Employees, Revenues, and Assets.
- 23 • *Allocation Percentages or Ratios*: Each set of Allocation Statistics is
24 used to calculate an Allocation Percentage or Ratio. For example, the
25 employee ratio uses the number of employees for each affiliate to the
26 total number of employees for all affiliates to determine the percentage
27 of services chargeable to each affiliate.
- 28 • *Allocation Statistics*: Allocation Statistics are the actual numerical inputs
29 used to derive the Allocation Ratios or Percentages. Examples of
30 statistics are: The dollar amount of assets, the count of employees, the
31 dollar amount of revenues, the number of customers, the number of
32 invoice transactions, megawatt hours of generation, and the number of
33 customer bills.

- 1 • *Assessment Process*: The process used by the general ledger system
2 to allocate costs from an Allocating Cost Center to the Receiving Cost
3 Element (e.g., Final Cost Center, Internal Order, or WBS element).

- 4 • *Business Area*: An operational segment of the Company with assigned
5 employees. Examples include Gas Systems, Operations Services, and
6 Customer and Innovation.

- 7 • *Common Costs*: The term Common Costs in the context of this Direct
8 Testimony means those costs that are applicable to the three utility
9 divisions (e.g., electric, gas, or steam) and the non-regulated activities
10 in Public Service.
 - 11 ○ Public Service Common Costs – For example, an invoice for
12 general mail service charged to FERC account 921 on Public
13 Service benefits all three utility divisions and the non-regulated
14 activities. In order to make sure each utility division gets a share
15 of the cost for ratemaking purposes, utility allocations are used
16 to allocate a portion of the cost to each utility using the three-
17 factor allocator defined in Section VI, Utility Allocations of the
18 CAAM (see Attachment RLB-1). Because these costs were
19 charged to FERC account 921 as Common Costs, they are also
20 included in the calculation of the non-regulated activity
21 Administrative and General (“A&G”) overhead as defined in
22 Section VII, Non-regulated Activity Allocations of the CAAM.
 - 23 ○ Service Company Common Costs – If similar corporate general
24 mail service charges were allocated from the Service Company
25 to Public Service and charged to FERC account 921, they
26 would be treated as Common Costs benefitting the three utility
27 divisions (e.g., electric, gas, and steam) and the non-regulated
28 activities. These charges would also go through the utility
29 allocations and the non-regulated activity allocations described
30 above.

- 31 • *Cost Center*: A grouping of related costs within the general ledger. Cost
32 Centers are primarily used for managerial reporting and analysis, and
33 can serve several purposes. An Allocating Cost Center is used to collect
34 costs that will be allocated to other Cost Centers, Internal Orders, or
35 WBS. A Final Cost Center is used to collect costs defined by a Business
36 Area, or Department within a Business Area, that is associated with an
37 Operating Company or affiliate, and Profit Center. Unlike a Business
38 Area, a Cost Center does not have assigned employees.

- 1 • *Cost Element*: An organizational unit that is used to track costs in the
2 accounting system as they move through the various processing steps.
- 3 • *Department*: An operational segment of a Business Area. Business
4 Areas can consist of multiple Departments (e.g., Corporate Accounting
5 is a Department of the Other Shared Services Organizations Business
6 Area).
- 7 • *Direct Charges*: Direct Charges occur when an employee of any
8 Operating Company or affiliate including XES can clearly identify that
9 the service being rendered is for the benefit of a specific Operating
10 Company or affiliate.
- 11 • *Final Cost Center*: A cost center defined by Business Area, Operating
12 Company or affiliate, and Profit Center.
- 13 • *Indirect Charges*: The terms Indirect Charges and Allocated Charges
14 are interchangeable when used in this document. These charges occur
15 when the cost for services cannot be directly assigned to a specific
16 Operating Company or affiliate and are therefore allocated to the
17 Operating Companies and affiliates that benefit from the services based
18 on the appropriate Allocation Methods.
- 19 • *Internal Orders*: Internal Orders are required for all transactions that are
20 booked to an income statement account. All Internal Orders have
21 settlement rules assigned at the time they are created. The settlement
22 rules determine how the costs will be treated during the month-end close
23 process. For example, if the settlement rule states that the costs in a
24 specific Internal Order are to settle to an Internal Order on an Operating
25 Company or affiliate, the costs are direct charged to that Operating
26 Company or affiliate. If the settlement rule states that the costs in a
27 specific Internal Order are indirect or allocated Service Company
28 charges, the Service Company Internal Order will settle to an Allocating
29 Cost Center in the Service Company. The Allocating Cost Center will
30 then go through the Assessment Process to charge the costs to the
31 appropriate legal entities. Each Internal Order is associated with only
32 one Operating Company or affiliate.
- 33 • *Native Costs*: Charges that originate in Public Service, benefit Public
34 Service, and remain on Public Service's books and records.
- 35 • *Profit Center*: A data element that identifies the state (e.g., Colorado)
36 and utility division (e.g., electric, gas, steam, or common) or Joint
37 Venture Owner (e.g., Hayden Joint Venture).

- 1 • *Receiving Cost Element*: A generic term for a cost element that receives
2 costs when a Settlement Process or Assessment Process is run.
- 3 • *Settlement Process*: All costs recorded in an Internal Order are
4 processed through the Settlement Process to move them from the
5 Internal Order to a cost element (Final Cost Center, Allocating Cost
6 Center, Internal Order, etc.). The Settlement Process will move the
7 costs both within an Operating Company or affiliate and between
8 Operating Companies and affiliates depending on the settlement rule of
9 the Internal Order. This process captures: (1) Native Costs within an
10 Operating Company or affiliate; (2) XES direct and indirect billings to the
11 Operating Companies and affiliates; (3) billings between an Operating
12 Company and an affiliate other than XES (intercompany billings); and
13 (4) billings between Business Areas within an Operating Company.
- 14 • *Statistical Key Figure ("SKF")*: The method by which the Allocation
15 Percentages or Ratios are organized in the accounting system and
16 linked to Allocating Cost Centers to facilitate the performance of the
17 Assessment Process to allocate or distribute costs.
- 18 • *Utility Allocations*: Refers to the allocation of costs among utility divisions
19 (electric, gas, and steam).
- 20 • *Work Breakdown Structures ("WBS")*: Hierarchical cost collectors
21 representing work performed that includes various attributes to be used
22 for the reporting of costs.
23

1 **III. XCEL ENERGY OPERATIONS**

2 **Q. PLEASE DESCRIBE THE XCEL ENERGY HOLDING COMPANY STRUCTURE.**

3 A. Xcel Energy is the public utility holding company parent of four utility operating
4 companies: Public Service; Northern States Power Company, a Minnesota
5 corporation (“NSPM”); Northern States Power Company, a Wisconsin corporation
6 (“NSPW”); and Southwestern Public Service Company (“SPS”) (collectively the
7 “Operating Companies” and each individually an “Operating Company”). Xcel
8 Energy owns a natural gas transmission pipeline company, WestGas InterState,
9 Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC,
10 Xcel Energy owns three transmission-only operating companies: Xcel Energy
11 Southwest Transmission Company, LLC; Xcel Energy Transmission Development
12 Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which
13 are either currently regulated by FERC or expected to be regulated by FERC. A
14 complete list of Xcel Energy subsidiaries as of November 2021 is provided in
15 Section III of the CAAM (see Attachment RLB-1).

16 **Q. DOES THE XCEL ENERGY HOLDING COMPANY STRUCTURE INCLUDE A**
17 **CENTRALIZED SERVICE COMPANY?**

18 A. Yes. XES is the centralized service company for Xcel Energy. I explain the role
19 of XES in Section V of my Direct Testimony.

20 **Q. PLEASE DESCRIBE HOW XCEL ENERGY MANAGES ITS BUSINESS.**

21 A. When managing its business, Xcel Energy considers both the individual company
22 management (e.g., Public Service) and the functional organization management

1 (e.g., organization, Business Area, and Department). Xcel Energy is currently
2 organized into the Business Areas and Cost Centers listed below.² A brief
3 description is included with each Business Area and Cost Center.

- 4 • *Energy Supply*: all generation and related operations;
- 5 • *Distribution Operations*: distribution and all related operations;
- 6 • *Gas Systems*: gas operations;
- 7 • *Transmission*: transmission and substation operations;
- 8 • *Operations Services*: fuels, commercial operations, and supply chain;
- 9 • *Customer and Innovation*: business systems, customer care, and
10 customer and innovation;
- 11 • *Nuclear*: all nuclear generation and related operations (not applicable to
12 Public Service);
- 13 • *Benefits Related*: corporate-managed employee benefits;
- 14 • *Human Resources and Employee Services*: human resources and
15 employee services, talent strategy and transformation, total rewards,
16 workforce strategy and consulting, human resources strategy and
17 performance, property services, and aviation; and
- 18 • *Other Shared Services Organizations*: Chief Executive Officer;
19 Corporate Secretary and Executive Services; Corporate Other;
20 Financial Operations; Group Presidents; and General Counsel.
- 21 • *Corporate Other*: corporate-managed costs, such as company use
22 credits and first set credits.

² The terms “Business Area” and “Cost Center” can be used interchangeably when discussing the origination and ownership of costs within the general ledger; the difference is that Business Areas are generally defined operationally and have assigned employees, whereas Cost Centers are defined by ownership of costs and may not have any assigned employees. Both Business Areas and Cost Centers have budgeted and actual costs that are reviewed and managed. Through the rest of my Direct Testimony, any reference to Business Area also applies to Cost Centers.

1 All of the above are Business Areas, except for Benefits Related and Corporate
2 Other, which are Cost Centers. All employees belong to, or are associated with,
3 both an Operating Company or affiliate and a Business Area. For example, an
4 electric distribution lineman is an employee of Public Service and is associated
5 with the Distribution Operations Business Area. An accountant is an employee of
6 XES and is associated with the Other Shared Services Organizations Business
7 Area.

1 **IV. COST FLOW**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?**

3 A. In this Section, I provide an overview of the flow of costs in the general ledger
4 system, including how the costs ultimately reside on Public Service's books and
5 records.

6 **Q. PLEASE EXPLAIN HOW XCEL ENERGY'S ORGANIZATIONAL STRUCTURE**
7 **AND GENERAL LEDGER SYSTEM AFFECT THE FLOW OF COSTS WITHIN**
8 **THE HOLDING COMPANY SYSTEM AND, MORE DIRECTLY, HOW IT**
9 **AFFECTS PUBLIC SERVICE.**

10 A. All charges originate in either an Operating Company or affiliate within the Xcel
11 Energy holding company system. Most of Xcel Energy's costs originate in the
12 Operating Companies and the Service Company. To describe the flow of costs,
13 this response has been separated into four categories of costs, which are
14 described in Parts A, B, C, and D below.

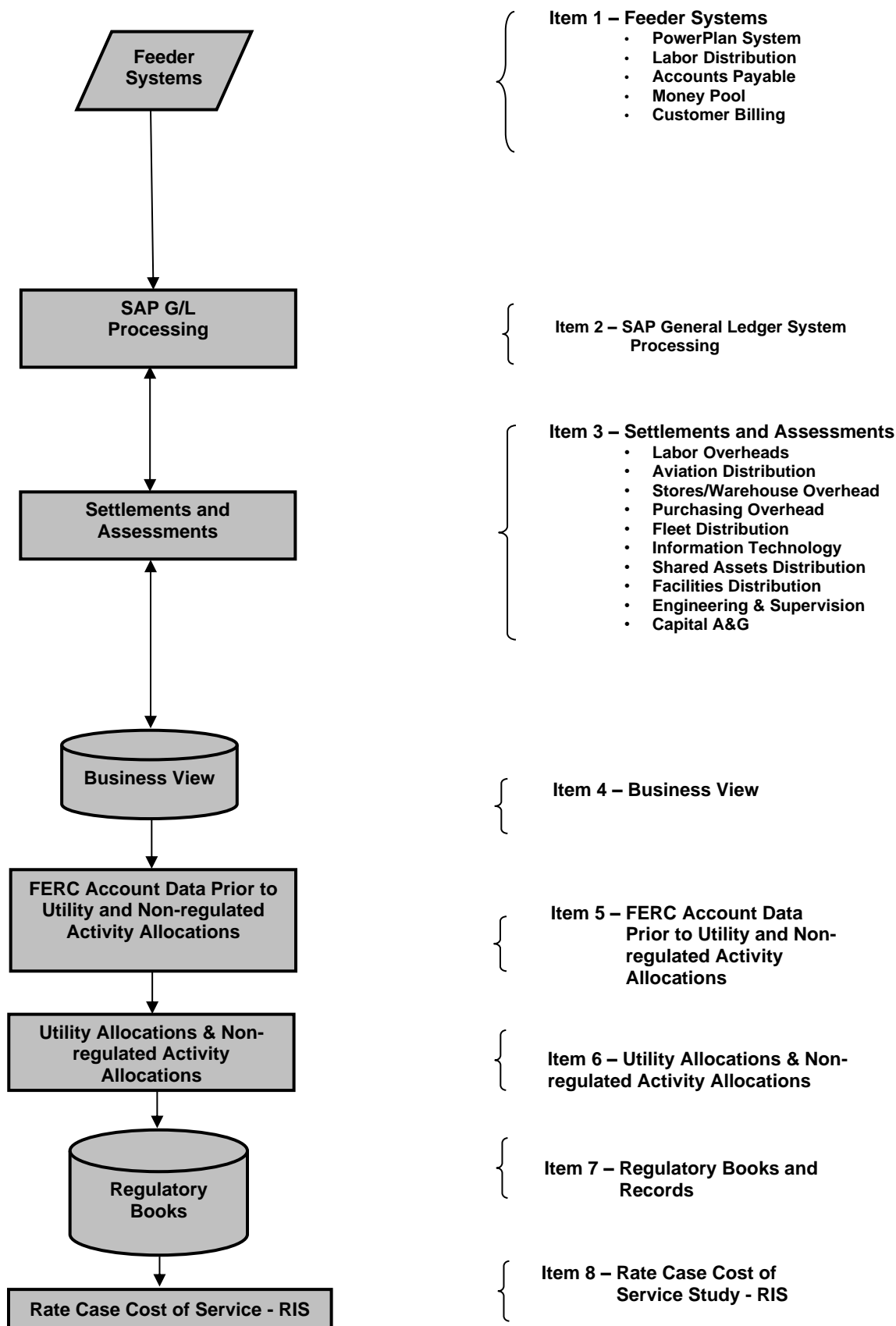
15 Public Service's costs include: (Part A) charges that originate in Public
16 Service and remain on Public Service's books, often referred to as Native Costs;
17 (Part B) charges that originate in the Service Company and are billed to Public
18 Service, as well as the other Operating Companies and affiliates; and (Part C)
19 charges that are the result of billings to and from Public Service and its affiliates.
20 Once all the costs are on Public Service's books, Public Service-specific
21 allocations may be necessary to further allocate the costs among the electric, gas,
22 and steam utility divisions as well as allocate a portion to Public Service's

1 non-regulated activities. The Public Service-specific allocations are explained in
2 Part D.

3 Figure RLB-D-1 below provides a pictorial view of the accounting process.
4 The flowchart is also presented in Addendum A to Section V of the CAAM
5 (Attachment RLB-1).

1

FIGURE RLB-D-1



1 **Q. LOOKING AT THE FLOWCHART IN FIGURE RLB-D-1 ABOVE, WHERE DO**
2 **MOST MONTHLY ACCOUNTING TRANSACTIONS START?**

3 A. Most of the monthly accounting transactions start in either the feeder systems
4 listed in Item 1 (e.g., Labor Distribution) or are entered directly into SAP in Item 2.
5 The feeder systems are explained in detail in Section V of the CAAM (Attachment
6 RLB-1). Parts A, B, C, and D below explain the key processes performed in Items
7 1-4 and Item 6. The remaining items will be described after these processes are
8 completed.

9 **A. Part A**

10 **Q. PLEASE DESCRIBE PUBLIC SERVICE'S NATIVE COSTS.**

11 A. Within Items 1 (Feeder Systems) and 2 (SAP General Ledger System), the
12 majority of costs incurred by Public Service are its Native Costs. Native Costs
13 originate on Public Service's books and are associated with Public Service's
14 provision of electric, gas, and steam service to its customers. These costs are not
15 billed from XES or any other affiliate. These costs consist of the plant investment,
16 labor, fuel, and other costs that Public Service incurs for its electric, gas, and steam
17 utility divisions, and also its non-regulated activities. Native Costs can apply to
18 only one utility division or can be common and applicable to all three utility divisions
19 (e.g., electric, gas, and steam). For example, the salaries of Public Service electric
20 distribution employees paid by Public Service are native electric utility division
21 costs, and the salaries of Public Service gas operations' employees that are paid
22 by Public Service are native gas utility division costs. By contrast, the general mail
23 services of Public Service are also Native Costs. However, such costs are

1 Common Costs applicable to the three utility divisions and to the non-regulated
2 activities.

3 In the case of costs that are directly attributable to the gas utility division, no
4 further allocations are required. The gas operations within Public Service operate
5 a physically separate supply and delivery system and have separate equipment
6 and operating personnel. As such, the costs Public Service incurs to render these
7 services are the Direct Charges associated with the provision of gas service to its
8 customers, and these transactions are recorded as Direct Charges on Public
9 Service's books in the gas utility division accounts.

10 Specifically, the costs are recorded in a Public Service Internal Order. The
11 Internal Order has a settlement rule tied to it that identifies the costs in this Internal
12 Order as Public Service costs. The settlement rule settles the costs to a Final Cost
13 Center on Public Service's books. The associated final Profit Center has been
14 defined as belonging to Public Service and is used only for transactions related to
15 the gas utility division. As a result, these are Public Service native gas utility
16 division costs. The information on the settlement rule with each Internal Order will
17 also identify the costs as belonging to the electric, gas, or steam division, or the
18 non-regulated activities.

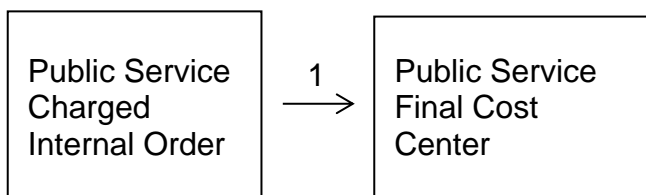
19 **Q. CAN YOU EXPLAIN THE COST FLOW OF PUBLIC SERVICE'S NATIVE**
20 **CHARGES?**

21 A. Yes. Figure RLB-D-2 below shows the cost flow of Public Service's Native
22 Charges. Example 1 represents an O&M transaction and Example 2 represents a
23 capital transaction.

1

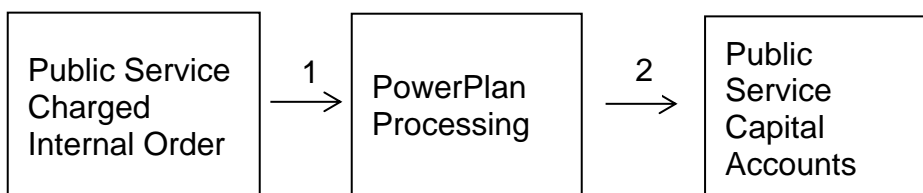
**FIGURE RLB-D-2
 Cost Flow of Native Charges**

Example 1: Processing for Public Service Native O&M Transactions



1. Settlement from the Public Service Internal Order to the Final Cost Center
 (Note: There may be further settlements from one Internal Order to another Internal Order or to an Allocating Cost Center.)

Example 2: Processing for Public Service Native Capital Transactions



1. Charges transferred to PowerPlan for processing
2. Charges posted back from PowerPlan to Construction Work in Progress ("CWIP")/Retirement Work in Progress ("RWIP")

2 Where Public Service Native Costs are identified as Common Costs that
 3 support multiple utility divisions (e.g., electric, gas, and steam) or support both
 4 regulated and non-regulated activities, it is necessary to allocate those costs
 5 among the electric, gas, and steam utility divisions and the non-regulated activities
 6 in accordance with cost Allocation Methods described in the CAAM (Attachment
 7 RLB-1) and explained in Part D below. Public Service Native Costs that cannot be
 8 directly assigned to a particular utility division within Public Service may include
 9 such expense items as external auditing fees, A&G expenses, and customer
 10 service expenses. Costs billed from the Service Company that cannot be directly

1 assigned to a particular utility division within Public Service may include such
2 expense items as executive management service, corporate secretary services,
3 etc. For a more detailed explanation of Common Costs, see the Common Cost
4 definition in Section II of my Direct Testimony.

5 **B. Part B**

6 **Q. PLEASE DESCRIBE BILLINGS FROM XES.**

7 A. In Item 3 (Settlements and Assessments) of Figure RLB-D-1, XES bills the shared
8 or common administrative and management services to Xcel Energy and its
9 Operating Companies and affiliates. The services XES provides to Public Service
10 include, but are not limited to, executive management, accounting, financial
11 reporting, finance, treasury, corporate communications, property services, human
12 resources, information technology ("IT"), environmental, legal, regulatory,
13 customer services, engineering, generation resource planning, distribution and
14 transmission management and support, and energy supply management and
15 support. The purpose of the Service Company billings is to both charge the
16 appropriate Operating Company or affiliate and, if possible, charge a specific utility
17 division (e.g., electric, gas, or steam) or the non-regulated activities.

18 However, both the Direct Charges and the Allocated Charges from the
19 Service Company can be billed as Common Costs benefiting more than one utility
20 division within Public Service. When the Service Company Settlement Process is
21 complete, as described below, all the charges that were on the XES Internal Order
22 would be on the Internal Order of an Operating Company's or affiliate's books as
23 defined by the settlement rule. XES Direct Charges and XES Allocated Charges

are discussed separately below. Additional information about the Service Company is included in Section V of my Direct Testimony.

Q. PLEASE EXPLAIN HOW COSTS ARE DIRECTLY ASSIGNED FROM XES TO PUBLIC SERVICE.

A. If the charge can be clearly identified as related to a service rendered for the benefit of Public Service alone, the costs from XES can be directly charged to Public Service. The same applies to services benefiting only one of the other Operating Companies or affiliates.

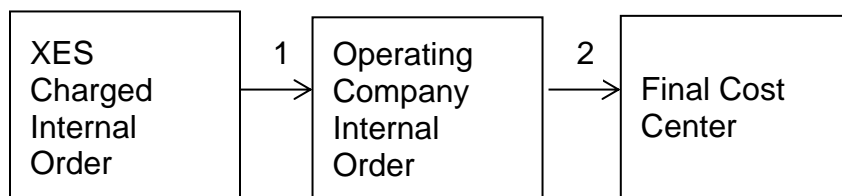
Charges are recorded to an Internal Order. The Internal Order has a settlement rule directing those costs to a related Internal Order on a specific Operating Company or affiliate.

Q. CAN YOU EXPLAIN THE COST FLOW OF XES' DIRECT CHARGES?

A. Yes. Figure RLB-D-3 below shows the cost flow of XES Direct Charges. Example 3 is an O&M transaction and Example 4 is a capital transaction.

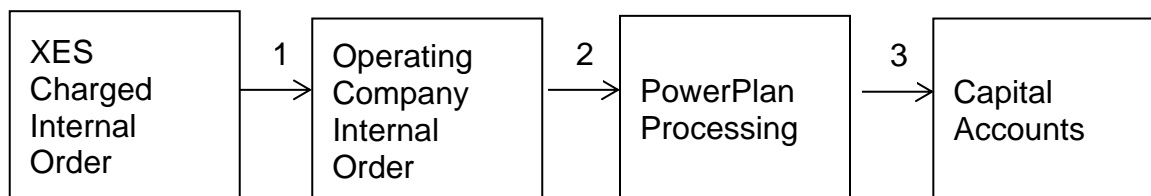
**FIGURE RLB-D-3
Cost Flow of XES Direct Charges**

Example 3: Processing for XES Direct Charge O&M Transaction



1. Settlement of Direct Charges for a XES Internal Order to an Operating Company Internal Order
2. Settlement from the Operating Company Internal Order to the Final Cost Center (Note: There could be further settlements from an Internal Order to another Internal Order or to an Allocating Cost Center.)

Example 4: Processing XES Direct Charge Capital Transaction



1. Settlement of Direct Charges for a XES Internal Order to an Operating Company Internal Order
2. Charges transferred to PowerPlan for processing
3. Charges posted back from PowerPlan to CWIP/RWIP

Q. PLEASE EXPLAIN HOW COSTS ARE ALLOCATED FROM XES TO PUBLIC SERVICE.

A. XES charges that benefit more than one Operating Company or affiliate, including Public Service, do not follow the direct assignment process discussed above. Rather, a portion of those charges will be allocated or indirectly charged to Public Service, as defined by the Service Company (see Section VI of my Direct Testimony).

The indirect or allocated costs are initially captured in a Service Company Internal Order. Each Internal Order with indirect costs has a settlement rule, which settles the costs to an Allocating Cost Center.

An Assessment Process then applies an Allocation Ratio to costs included in the Allocating Cost Center to assign a portion of those total costs to the appropriate Operating Companies and/or or affiliate specific WBS structures. An Allocating Cost Center can receive costs from more than one Internal Order. Each Allocating Cost Center has an assigned assessment that ties it to an SKF. The

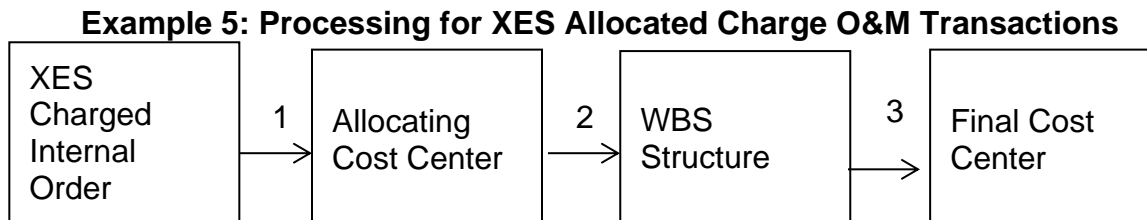
SKF contains the Allocation Percentages or Ratios, which are developed according to a defined Allocation Method and related statistics.

These allocated charges are then settled to the Final Cost Center as discussed further below.

Q. PLEASE EXPLAIN THE COST FLOW OF XES'S ALLOCATED CHARGES.

A. Figure RLB-D-4 below shows the cost flow of XES Allocated Charges.

**FIGURE RLB-D-4
Cost Flow of Allocated Charges**



1. Settlement of Indirect Charges for a XES Internal Order to the Allocating Cost Center
2. Assessment of charges using the SKF percentages to Operating Companies or affiliate specific WBS structures
3. Settlement of charges to the Final Cost Center

Q. ARE THERE ANY OTHER PROCESSES THAT ALLOCATE CHARGES FROM XES TO THE OPERATING COMPANIES AND AFFILIATES?

A. Yes, both capital and O&M costs for IT software projects are allocated from XES to the Operating Companies and affiliates in the following manner.

An Internal Order collects and allocates IT software project costs among the Xcel Energy Operating Companies and affiliates benefitting from the software. This allocation occurs in one of two ways: (1) the Internal Order collects all costs and applies an O&M/capital split to the charges or, (2) if the nature of the work is

1 identifiable, the respective costs are charged to an O&M Internal Order and to a
2 capital Internal Order.

3 If the respective costs are not charged directly to an O&M Internal Order
4 and to a capital Internal Order, then the first step in the process is to determine the
5 portion of costs that are O&M versus the portion of costs that are capital. Once
6 this is completed, the allocation of the O&M portion of the charges, along with the
7 charges recorded to O&M Internal Orders, are allocated based on the most cost
8 causative relationship between the services provided and the legal entities
9 benefiting from those services. The allocation relies on existing Allocating Cost
10 Centers that are used for all other indirect allocations, as shown in Figure RLB-D-
11 4 above.

12 The Capital Asset Accounting group determines which charges are
13 allocated as capital charges according to its capitalization policies. Those software
14 capital costs are then allocated to the appropriate Operating Company as Direct
15 Charges, following the cost flow shown in Figure RLB-D-3 above. Company
16 witness Ms. Laurie J. Wold further addresses the allocation of capital charges for
17 IT software projects in her Direct Testimony.

18 **Q. PLEASE EXPLAIN THE PROCESS THAT OCCURS ONCE CHARGES HAVE**
19 **BEEN DIRECTLY ASSIGNED OR ALLOCATED FROM XES.**

20 A. Once XES charges are directly charged or allocated to the Operating Companies
21 or affiliates, those charges are recorded on the appropriate Operating Company's
22 or affiliate's books, as defined by the settlement rule or Assessment Process. Final

1 settlement(s) are then performed to move the costs to a Final Cost Center on that
2 Operating Company or affiliate.

3 The costs are directly assigned to a Profit Center with a specific utility
4 division designation or to a Profit Center with a common designation. When those
5 XES charges billed to Public Service are identified as Common Costs – meaning
6 those that may support multiple utility divisions or both the regulated and non-
7 regulated activities within Public Service – they are recorded in a common utility
8 Profit Center. Those costs must be allocated among the utility divisions (electric,
9 gas, and steam) and to the non-regulated activities within the Operating Company,
10 all in accordance with cost Allocation Methods described in the CAAM (Attachment
11 RLB-1) and explained in Part D below.

12 **C. Part C**

13 **Q. PLEASE DESCRIBE BILLINGS FROM AND TO OTHER AFFILIATES AND**
14 **INTERDEPARTMENTAL BILLINGS.**

15 A. In Item 3 (Settlement and Assessments) in Figure RLB-D-1, Public Service may
16 provide services to and bill affiliates other than Public Service and affiliates other
17 than XES may provide services and bill costs to Public Service. These charges,
18 which are often referred to as “intercompany charges,” are always Direct Charges
19 to the receiving affiliate. Such costs are first recorded on the books of the
20 Operating Company or affiliate providing the service and are then charged to the
21 Operating Company or affiliate receiving the service. For example, Public Service
22 employees may assist SPS with storm restoration work, or SPS employees may
23 help Public Service with storm restoration work. When Public Service is the

1 beneficiary of such work, affiliate costs directly billed to Public Service may be
2 billed directly to the electric, gas, or steam utility division, as appropriate.

3 Specifically, charges are recorded on an Internal Order that will designate
4 the Operating Company or affiliate receiving the service. Those costs will be
5 recorded on the receiving company's books through the Settlement Process.

6 In addition to intercompany charges, there are sometimes charges between
7 Business Areas or Departments within Public Service. These charges, which are
8 often referred to as "interdepartmental charges," are always Direct Charges to the
9 receiving Business Area or Department. For example, the Gas Systems Business
10 Area may provide services to the Distribution Business Area, or within the Gas
11 Systems Business Area, the Gas Engineering Department may provide services
12 to the Gas Operations Department.

13 Any Common Costs billed to Public Service as an intercompany charge may
14 be identified as Common Costs that support multiple utility divisions or both the
15 regulated and non-regulated activities within Public Service. Such costs are
16 recorded in a Profit Center that has been designated as common and must be
17 allocated among the utility divisions (electric, gas, and steam) and the
18 non-regulated activities in accordance with cost Allocation Methods described in
19 the CAAM and explained in Part D below.

1 **D. Part D**

2 **Q. PLEASE DESCRIBE THE ALLOCATIONS THAT OCCUR ONCE ALL**
3 **CHARGES ARE RECORDED ON PUBLIC SERVICE'S BOOKS.**

4 A. After all of Public Service's Native Costs have been recorded on its books (see
5 Part A); all appropriate charges from the Service Company have been recorded
6 on Public Service's books (see Part B); and all intercompany and
7 interdepartmental charges have been recorded on Public Service's books (see
8 Part C), any charges identified as Common Costs that support multiple utility
9 divisions (electric, gas, and steam) or support both regulated and non-regulated
10 activities are allocated (see Item 6 (Utility Allocations) in Figure RLB-D-1 above).
11 These costs must be allocated among the utility divisions (electric, gas, and steam)
12 and the non-regulated activities within Public Service in accordance with the cost
13 Allocation Methods. These allocations are described further in Section VIII of my
14 Direct Testimony in the subsections titled Utility Allocations and Non-regulated
15 Activity Allocations and in Sections VI and VII of the CAAM (Attachment RLB-1).

16 Examples of Public Service common Native Costs that cannot be directly
17 assigned to an electric, gas, or steam utility division within Public Service include
18 certain expense items, including external auditing fees, A&G expenses, and
19 customer service expenses. Examples of expense items billed from the Service
20 Company that cannot be directly assigned to a particular utility division within
21 Public Service include executive management services, corporate communication
22 services, and corporate secretary services.

1 These costs are recorded in a Public Service Internal Order. The Internal
2 Order has a settlement rule tied to it that identifies the costs in this Internal Order
3 as Public Service costs. The settlement rule settles these costs to a Final Cost
4 Center on Public Service's books which has a Profit Center defined as Public
5 Service and also designated as common. Accordingly, these costs are considered
6 Public Service common utility costs. The Common Costs are then allocated to the
7 electric, gas, and steam utility divisions per the CAAM rules.

8 The CAAM describes several methods that allocate Common Costs on
9 Public Service's books. For example, costs incurred by Public Service that are
10 common to the electric, gas, and steam utility divisions are allocated using Utility
11 Allocations. Customer Accounting and A&G costs associated with non-regulated
12 activities are allocated to the non-regulated activities using Non-regulated Activity
13 Allocations.

14 **Q. ARE THERE OTHER ITEMS ON FIGURE RLB-D-1 THAT YOU HAVE NOT**
15 **EXPLAINED?**

16 A. Yes. These items are described below:

- 17 • *Business View (Item 4):* The business view of the general ledger
18 provides the Generally Accepted Accounting Principles ("GAAP") view
19 of the accounting transactions necessary to prepare the external
20 financial statements and the information necessary for the Business
21 Areas to manage the business.
- 22 • *FERC Account Data Prior to Utility and Non-regulated Allocations*
23 *(Item 5):* The pre-allocated FERC view of the general ledger is available
24 at this stage. The utility allocations and non-regulated activity
25 allocations are necessary for Common Costs to be allocated to the
26 electric, gas, and steam utility divisions and, if appropriate, to be
27 allocated to the non-regulated activities.

- 1 • *Regulatory Books and Records (Item 7)*: Completion of the above
2 processes results in the FERC books and records of Public Service.

- 3 • *Rate Case Cost of Service – Regulatory Information Systems (“RIS”)*
4 *(Item 8)*: The FERC books and records are the starting point for the
5 preparation of a cost of service study to be used in an electric, gas, or
6 steam rate case filing.

V. SERVICE COMPANY OVERVIEW

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section, I provide an explanation of the Service Company, its history and operations, and the administration of the Allocation Methods, Allocation Statistics, Allocation Ratios and Percentages, and allocation pools that are specific to the Service Company.

Q. PLEASE DESCRIBE THE SERVICE COMPANY HISTORY.

A. The Public Utility Holding Company Act of 1935 (“PUHCA 1935”), which was administered by the Securities and Exchange Commission (“SEC”), provided for the initial formation of service companies within registered public utility holding company systems where efficiencies could be achieved through the consolidation of common administrative, management, and support services. A key requirement applicable to service companies under PUHCA 1935 and the related SEC regulations was that a service company generally had to charge utility affiliates on an “at cost” basis. The term “at cost” means that XES earns no profit on the service.

The current Public Utility Holding Company Act of 2005 supersedes PUHCA 1935 and is administered by the FERC in accordance with Title 18, Parts 365 and 366 of the Code of Federal Regulations (“PUHCA 2005”). To accomplish the original objectives of service companies under PUHCA 1935 and the objectives of PUHCA 2005, employees who provide services to more than one affiliate within the Xcel Energy holding company system are employed by XES.

1 XES provides the shared or common administrative, management, and support
2 services to Xcel Energy and its Operating Companies and affiliates.

3 **Q. PLEASE DESCRIBE THE OVERALL PHILOSOPHY FOR BILLING COSTS FOR**
4 **XES.**

5 A. XES' goal is to Direct Charge as much as possible to the Operating Companies
6 and affiliates who use XES' services. XES costs that cannot be directly charged
7 to a specific affiliate are allocated to Public Service and to the appropriate affiliates
8 in accordance with Public Service's Service Agreement with XES and in
9 accordance with the Allocation Methods reflected in XES' most-recently-filed
10 FERC Form 60, which is for the year ended December 31, 2020. As compared to
11 prior FERC Form 60 filings, the 2020 filing included only one additional Allocation
12 Method during the CTY relevant year: Number of AMI-Enabled Meters. This
13 Allocation Method is used to allocate costs associated with AMI meters and related
14 infrastructure costs.

15 **Q. PLEASE DESCRIBE THE PROCESS FOR BILLING COSTS WITHIN XES.**

16 A. Costs incurred within XES are either directly charged or allocated to the Operating
17 Companies and affiliates based on the actual services provided or the actual
18 expenses incurred. These services are billed, whether directly or through
19 allocations, in the month the services are provided. Please see the previous
20 section for a description of the Service Company billing process.

1 **Q. CAN DIRECT CHARGES AND ALLOCATED CHARGES BE RECORDED IN**
2 **THE SAME INTERNAL ORDER?**

3 A. No. When an Internal Order is established, a settlement rule is created and all
4 transactions charged to that Internal Order can only be direct charged or allocated
5 to either O&M or capital, as determined by the settlement rule.

6 For example, an employee in Financial Operations within XES can charge
7 an Internal Order that settles specifically to an Internal Order on Public Service for
8 work that has been performed as a Direct Charge, but that same employee must
9 charge a different Internal Order for a charge that will be allocated. An allocated
10 charge would flow to an Allocating Cost Center and then be allocated in the
11 Assessment Process based on the SKF that contains the Allocation Percentages
12 that tie to that Allocating Cost Center. Please see Section IV.B, above.

13 **Q. HAVE YOU INCLUDED A LIST OF THE XES ALLOCATING COST CENTERS**
14 **THAT ALLOCATE COSTS TO THE OPERATING COMPANIES AND**
15 **AFFILIATES?**

16 A. Yes. Attachment RLB-5 provides the XES Allocating Cost Centers, including the
17 Allocation Methods, Allocation Statistics, and the Allocation Percentages for each
18 Allocating Cost Center used in the CTY.

19 **Q. PLEASE DESCRIBE THE PROCESS XES UNDERTAKES TO UPDATE ITS**
20 **ALLOCATIONS.**

21 A. The components of the allocations are as follows:

22 **Allocation Methods** – XES updates its Allocation Methods as necessary
23 to support the operations of the business. There is already an extensive list of

1 Allocation Methods, and XES has not needed to add many since the initial list was
2 developed when the SEC still regulated XES under PUHCA 1935. The current
3 Allocation Methods have been reported to the FERC under PUHCA 2005 since
4 2005. As Allocation Methods are added or deleted, the updated list is provided in
5 Table D of the CAAM (Attachment RLB-1) in each rate case filing.

6 **Allocation Statistics and Allocation Percentages** – XES annually
7 updates all statistics and percentages for use starting with April business.³ These
8 updates are based on the prior calendar year statistics. With this update, new
9 percentages are calculated and loaded into the system in the SKF to be applied to
10 the designated Allocating Cost Centers. For example, the Allocation Statistics and
11 Allocation Percentages used for the first three months of 2021 are based on the
12 2019 calendar year statistics that were implemented in April of 2020, and the
13 Allocation Statistics and Allocation Percentages used for the last nine months of
14 2021 are based on the 2020 calendar year statistics that were implemented in April
15 of 2021. These Allocation Statistics and Allocation Percentages do not generally
16 change in any significant way year over year.

17 XES may also update the statistics used in the Allocation Percentages to
18 determine new Allocation Percentages throughout the year if there is a significant
19 change in the statistics. These updates would be driven by a significant event
20 impacting allocation statistics, such as the addition or deletion of a company in the
21 Xcel Energy holding company system. Allocation Percentages are affected only if

³ XES annually updates four Allocation Statistics and Allocation Percentages related to the Joint Operating Agreement and trading activities starting with January business. The statistics are based on the prior calendar year.

1 the added or deleted company had statistics that would make it eligible for
2 allocations (employees, assets, revenues, etc.)

3 **Allocation Pools** – The Allocating Cost Centers used for actuals are
4 updated based on expenses incurred each month and are allocated using the
5 allocation statistics and methods discussed previously.

6 **Q. WHEN AND HOW ARE THE UPDATED ALLOCATION COMPONENTS**
7 **PRESENTED TO THE COMMISSION?**

8 A. As part of each rate case and as required by Commission rules, XES updates the
9 CAAM to ensure that it is representative of the allocations in use. Section VIII of
10 the CAAM includes an overview of the XES allocations. Table D in Section VIII of
11 the CAAM lists all XES Allocating Cost Centers and their associated Allocation
12 Methods, and a description of the services provided in each Allocating Cost
13 Center.

14 **Q. WHAT STEPS DOES XES TAKE TO ENSURE ITS COSTS ARE RECORDED**
15 **CORRECTLY?**

16 A. XES takes the following steps to ensure that its costs are recorded correctly:

- 17 • XES Policies and Procedures have been developed and implemented,
18 which are available on the Xcel Energy internal website for access by all
19 Xcel Energy personnel;
- 20 • Personnel within the Financial Performance and Controls organization
21 and the Service Company Accounting Department regularly review XES
22 actual and budgeted charges and may request adjustments where
23 necessary;
- 24 • Service Company employees must complete online training through
25 Xcel Energy's Learning Management System, an online training tool.
26 Training can also be provided either in a classroom setting, online via

1 Xcel Energy's internal website with computer-based training, or on an
2 individual basis;

3 • The FERC reviews XES' FERC Form 60 submissions and may review
4 allocations during audits; and

5 • Independent external auditor, Deloitte, annually audits the books and
6 records of Xcel Energy and its affiliates.

VI. COST ALLOCATION RULES

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. This section of my Direct Testimony identifies the cost allocation rules that Public Service has applied in this filing in the preparation of its CAAM and its FDC Study.

Q. WHAT IS THE STATED PURPOSE OF THE COMMISSION'S CURRENT COST ALLOCATION RULES?

A. Commission Rules 4500, et. seq., are contained within the "Unregulated Goods and Services" section of the rules. Under Rule 4500, the overview and purpose of the cost allocation rules is further described as follows:

The purpose of these rules is to establish cost assignment and allocation principles to assist the Commission in setting just and reasonable rates and to ensure that utilities do not use ratepayer funds to subsidize non-regulated activities, in accordance with § 40-3-114, C.R.S. In order to promote these purposes, these rules also specify information that utilities must provide to the Commission. In providing for review of a utility's specific cost allocations in other states and jurisdictions, the rules merely contemplate a methodology to allow interested parties to obtain complete information regarding cost allocations. These rules do not expressly or implicitly allow this Commission to order a utility to revise its cost allocations in other jurisdictions or states.

Q. HAS THE COMPANY PREPARED ITS CAAM AND FDC STUDY IN ACCORDANCE WITH THE COMMISSION'S CURRENT COST ALLOCATION RULES?

A. Yes. The CAAM and FDC Study that the Company is submitting in this proceeding are consistent with the cost allocation rules of Commission Rule 4500, et seq.

1 **Q. HOW DO THE COST ALLOCATION RULES DEFINE A CAAM?**

2 A. According to Commission Rule 4501(d), the Cost Assignment and Allocation
3 Manual is defined as:

4 [T]he indexed document filed by a utility with the Commission that
5 describes and explains the cost assignment and allocation methods
6 the utility uses to segregate and account for revenues, expenses,
7 assets, liabilities, and rate base cost components assigned or
8 allocated to Colorado jurisdictional activities. It includes the cost
9 assignment and allocation methods to segregate and account for
10 costs between and among jurisdictions, between regulated and non-
11 regulated activities, and between and among utility divisions.

12 **Q. WHAT DO THE COMMISSION RULES REQUIRE SPECIFICALLY FOR A**
13 **CAAM?**

14 A. Under Commission Rule 4503(a), each utility must maintain on file an approved
15 CAAM that “describes and explains the calculation methods the utility uses to
16 segregate and account for revenues, expenses, assets, liabilities and rate base
17 cost components assigned or allocated to Colorado jurisdictional activities.” The
18 CAAM must include “calculation methods to segregate and account for costs
19 between and among jurisdictions, between regulated and non-regulated activities,
20 and between and among utility divisions.” I identify more specific requirements
21 included in Commission Rule 4503(b), and each section of the CAAM that
22 addresses those requirements, as follows:

- 23 • Parts (I) and (III) of Rule 4503(b) require a listing of all regulated or non-
24 regulated divisions of Public Service and the regulated or non-regulated
25 activities conducted by each division, and a listing and description in
26 sufficient detail (in accordance with the regulations) of each regulated
27 and non-regulated activity offered by Public Service. See Attachment
28 RLB-1 (CAAM, Section II, Regulated and Non-regulated Divisions and
29 Activities).

- 1 • Part (II) of Commission Rule 4503(b) requires a listing of all regulated or
2 non-regulated affiliates of Public Service and identification of the
3 affiliates that allocate or assign costs to and from the Company. See
4 Attachment RLB-1 (CAAM, Section III, Corporate Organization).
- 5 • Parts (IV) and (V) of Commission Rule 4503(b) require a listing of the
6 revenues, expenses, assets, liabilities, and rate base items by Uniform
7 System of Accounts that the Company proposes to include in its revenue
8 requirement for Colorado jurisdictional activities, including those items
9 that are partially or exclusively allocated or assigned to Colorado; and a
10 detailed description showing how the revenues, expenses, assets,
11 liabilities, and rate base items by account and sub-account are assigned
12 and/or allocated to Public Service's non-regulated activities, along with
13 a description of the methods used to perform the assignment and
14 allocations. See Attachment RLB-1 (CAAM, Section IV, Assignments
15 and Allocations by FERC Account; CAAM, Section V, Cost Assignment
16 and Allocation Process; CAAM, Section VI, Utility Allocations; and
17 CAAM, Section VII, Non-regulated Activity Allocations).
- 18 • Parts (VI) and (VII) of Commission Rule 4503(b) require a description of
19 each transaction between Public Service and a non-regulated activity
20 which occurred since Public Service's prior CAAM was filed and, for
21 each transaction, a statement as to whether, for this Commission's
22 jurisdictional cost assignment and allocation purposes, the value of the
23 transaction is at cost or market as applicable; and a description of the
24 basis for how the assignment or allocation is made. See Attachment
25 RLB-1 (CAAM, Section IV, Assignments and Allocations by FERC
26 Account; CAAM, Section V, Cost Assignment and Allocation Process;
27 CAAM, Section VI, Utility Allocations; CAAM, Section VII, Non-regulated
28 Activity Allocations); Attachment RLB-3 (FDC Study); Confidential
29 Attachment RLB-4 (FDC Study).
- 30 • Part (VIII) of Commission Rule 4503(b) requires specific cost
31 assignments or allocations that are under the jurisdiction of another
32 authority, with a written description of the prescribed methods. See
33 Attachment RLB-1 (CAAM, Section VIII, Service Company Assignments
34 and Allocations).

35 **Q. WHAT IS A FULLY DISTRIBUTED COST STUDY?**

36 A. According to Commission Rule 4501(g), a "Fully-Distributed Cost Study" ("FDC
37 Study") is defined as:

1 [A] cost study that reflects the result of the fully distributed revenues,
2 expenses, assets, liabilities and rate base amounts for the Colorado
3 utility to and from the different activities, jurisdictions, divisions, and
4 affiliates using cost accounting, engineering, and economic
5 concepts, methods, and standards.

6 **Q. WHAT DO THE COMMISSION RULES REQUIRE FOR AN FDC STUDY?**

7 A. Pursuant to Commission Rule 4504(a), Public Service must submit its FDC Study
8 when filing its CAAM. Under Commission Rule 4504(d), when filed with a rate
9 case, the FDC Study must be based on the same test year used in the utility's rate
10 case filing. The FDC Study must identify all non-regulated activities provided by
11 each division in Colorado, showing the revenues, expenses, assets, liabilities, and
12 rate base items assigned and allocated to each non-regulated activity
13 (Commission Rule 4504(b)). In addition, Commission Rule 4504(b) requires that
14 for each division of Public Service (electric, gas, and steam), the FDC Study must
15 include a summary of the assigned and allocated costs. The FDC Study identifies
16 non-regulated costs by account number, sub-account number, and account
17 description.

**VII. THE HISTORY OF PUBLIC SERVICE'S COST ASSIGNMENT AND
ALLOCATION MANUAL AND FDC STUDY**

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this section of my testimony, I provide a brief history of Public Service's CAAM and FDC Study.

Q. CAN YOU EXPLAIN THE GENESIS OF THE CURRENT VERSION OF THE CAAM AND FDC STUDY?

A. Yes. As a result of Public Service's 2002 Phase I Rate Case ("Proceeding No. 02S-315EG"), the Company and interested parties agreed to engage in workshops on cost allocation and assignment. These workshops would educate interested parties on the Company's cost allocation processes in order to demonstrate that all allocations resulted in a fair and reasonable sharing of costs between Xcel Energy Operating Companies and affiliates and between regulated and non-regulated operations within Public Service.

Through these collaborative workshops, some changes were made in the Company's then-current allocation methods. All parties agreed that the processes outlined in the CAAM resulted in a fair and reasonable allocation and/or assignment of costs to Public Service, each of its utility divisions and to Public Service's non-regulated activities. The parties further agreed that no cross-subsidization was occurring between regulated and non-regulated operations within Public Service.

On April 15, 2005, the Company filed an updated CAAM in Proceeding No. 05I-188E. The April 15, 2005 CAAM update is very similar to the CAAM still in effect today.

1 **Q. WERE THERE ANY FURTHER MEETINGS AROUND COST ALLOCATION**
2 **AFTER THE APRIL 15, 2005 UPDATED CAAM WAS FILED?**

3 A. Yes. Shortly after the workshops concluded, the parties began discussing the new
4 Notice of Proposed Rulemaking (“NOPR”) related to cost allocation in order to come
5 to an agreement on the requirements desired in the new electric and gas rules prior
6 to each party drafting comments on the NOPR. As a result of these discussions,
7 each party submitted fairly consistent comments that were eventually considered and
8 incorporated into the 2006 Cost Allocation Rules. After those rules became
9 effective, the first version of the Company’s CAAM and FDC Study was approved
10 on November 21, 2006, in the 2006 Cost Assignment Allocation Model Proceeding
11 (“Proceeding No. 06A-555EG”), Decision No. C06-1358.

12 While the Company has continued to make normal updates to the CAAM,
13 the CAAM filed in this proceeding nonetheless uses generally the same methods
14 of cost assignment and allocation in developing its regulated revenue requirement
15 as it used in 2006.

16 Through the workshop process noted above, the Company worked with
17 Trial Staff of the Commission, the Colorado Business Alliance, and the Office of
18 Consumer Counsel to provide these entities with an understanding of the
19 processes the Company used to separate its non-regulated activities/divisions
20 from its regulated activities/divisions to ensure no cross subsidization occurred.
21 Because the workshop process was comprehensive, it provided the foundation for
22 the cost allocation section of the gas and electric rules. Specifically, the
23 development of the cost allocation rules found in 4 CCR 723-4 4500 et. seq.

1 included the input of other utility companies as well as the previously-noted
2 stakeholders.

3 **Q. HOW DOES THE COMPANY ENSURE COMPLIANCE WITH COST**
4 **ALLOCATION RULES FOR NON-REGULATED ACTIVITIES?**

5 A. The Company segregates its non-regulated activities to ensure compliance with
6 cost allocation rules. To that end, the cost allocation rules include two key
7 definitions to address how the Company's non-regulated activities operate. The
8 two key definitions, as found in Rule 4501, are "Activity" and "Division."

9 "Activity" is defined as "a business activity, product or service whether
10 offered by a Colorado utility, a division of a Colorado utility, or an affiliate of a
11 Colorado utility." "Division" is defined as "an activity conducted by a Colorado utility
12 but not through a legal entity separate from a Colorado utility. It includes the
13 electric, gas, or thermal activities of a Colorado utility and any non-regulated
14 activities provided by the Colorado utility." The Company provides non-regulated
15 activities as divisions within Public Service.

16 To illustrate, the Company's largest non-regulated activity – the HomeSmart
17 program – is separated from the regulated operations of the Company through the
18 use of Cost Centers and account numbers that charge the revenues and expenses
19 to FERC accounts 417, Nonutility Revenues, and 417.1, Nonutility Expenses.
20 These processes provide the division separation of the non-regulated activities of
21 HomeSmart. Using divisions allows the activities to be performed within the legal
22 entity of Public Service without requiring separation into a separate legal entity, but

1 still requires the activities to be clearly separated from the electric, gas, or steam
2 regulated activities within Public Service.

3 The steps within the cost allocation rules further define the assignment or
4 allocation processes for charges to the non-regulated activities. The Company
5 has implemented the assignment and allocation processes in its day-to-day
6 operations and detailed the assignment and allocation processes it uses in its
7 CAAM. Various departments within the Company work with personnel associated
8 with non-regulated activities to set up processes to ensure that revenues and
9 expenses are recorded properly and are separated as clearly as possible from
10 regulated operations. For example, the following bullets explain the processes for
11 three different types of charges for HomeSmart:

- 12 • HomeSmart operates out of a separate building/facility for which rent is
13 billed directly from the vendor and paid by the HomeSmart division,
14 charged to the HomeSmart Cost Center, and recorded in FERC account
15 417.1.
- 16 • Public Service employees who work for HomeSmart charge their time
17 directly to the HomeSmart Cost Centers, which is recorded in FERC
18 account 417.1.
- 19 • The accounting and information systems within the Company charge the
20 labor overheads to follow labor, so that those overhead costs would also
21 be charged to the HomeSmart Cost Centers and recorded in FERC
22 account 417.1.

VIII. THE COST ASSIGNMENT AND ALLOCATION MANUAL (CAAM)

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this section, I sponsor and provide specific information regarding Public Service's CAAM, dated November 2021, a copy of which is included with this Direct Testimony as Attachment RLB-1, as well as the cost assignment, Allocation Methods, and percentages used to develop the CTY.

Q. HOW HAVE YOU ADDRESSED THE COST ALLOCATION METHODS USED IN THE CTY THROUGHOUT YOUR DIRECT TESTIMONY?

A. Public Service prepared its November 2021 CAAM based on cost Allocation Methods used for January 1, 2021, to December 31, 2021, which form the basis for O&M in the Company's CTY. These Allocation Methods reflect current and expected future cost assignment and allocation practices for the CTY. This is the same practice the Company uses to prepare its budget. The Company used this same practice in the Company's 2021 Electric Phase I and the Company's 2020 Gas Rate Case.

Q. HAS THE COMPANY UPDATED ITS CAAM SINCE IT WAS APPROVED IN THE 2020 GAS RATE CASE?

A. Yes. The CAAM filed in this proceeding, dated November 2021, has been updated and is applicable to the CTY. The modifications do not propose a significant change to the Company's cost assignment and allocation process. Attachment RLB-2 to my Direct Testimony identifies all significant modifications to the CAAM since it was last filed in the Company's 2020 Gas Rate Case.

1 **Q. ARE THERE ANY ALLOCATION METHODS INCLUDED IN THE CAAM THAT**
2 **HAVE BEEN REVIEWED AND APPROVED FOR USE BY OTHER REGULATORY**
3 **AUTHORITIES?**

4 A. Yes. The Allocation Methods included in the CAAM for XES costs were initially
5 developed and approved by the SEC under PUHCA 1935. We have also reported
6 our Allocation Methods to FERC under PUHCA 2005 through the filing of the annual
7 XES FERC Form 60 report. Moreover, the Allocation Methods in the CAAM are
8 reviewed by other state regulatory commissions in rate cases filed by other Xcel
9 Energy Operating Companies. For example, the Minnesota Public Utilities
10 Commission reviews the CAAM and the allocation of XES costs to NSPM in NSPM
11 retail rate cases. Additionally, FERC periodically initiates audits in the normal course
12 of business that can include a review of XES cost allocations and intercompany
13 transactions.

14 **Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE CONTENTS OF THE**
15 **COMPANY'S NOVEMBER 2021 CAAM.**

16 A. The following is a description of the sections included in Public Service's
17 November 2021 CAAM:

- 18 • Section I – Introduction: Provides an introduction to the CAAM, as well as
19 definitions for abbreviations, acronyms, or terms used in the document.
- 20 • Section II – Regulated and Non-regulated Divisions and Activities: Describes
21 Public Service's regulated electric, gas, and steam utility divisions and
22 activities, incidental services, and non-regulated activities.
- 23 • Section III – Corporate Organization: Provides an overview of Public Service
24 and lists the regulated and non-regulated affiliates in the Xcel Energy holding
25 company system, including Public Service's subsidiaries, and identifies the
26 affiliates with whom Public Service has transactions.

- 1 • Section IV – Assignments and Allocations by FERC Account: Lists the
2 accounts Public Service includes in its revenue requirement for Colorado
3 jurisdictional activities and specifies how those FERC accounts and sub-
4 accounts are assigned and/or allocated to Public Service’s non-regulated
5 activities, along with a description of the methods used to perform the
6 assignments or allocations.
- 7 • Section V – Cost Assignment and Allocation Process: Provides an overview of
8 the cost assignment and allocation principles Public Service uses and the
9 accounting processes within monthly close, including system-generated
10 processes and manual processes used to assign and allocate costs between
11 the regulated utility divisions and non-regulated activities of Public Service.
- 12 • Section VI – Utility Allocations: Explains the utility allocations and the Allocation
13 Methods used within Public Service to allocate common or shared costs among
14 electric, gas, and steam utility divisions and non-regulated activities.
- 15 • Section VII – Non-regulated Activity Allocations: Explains the Allocation
16 Methods used to allocate A&G and Customer Accounting costs to the non-
17 regulated activities.
- 18 • Section VIII – Service Company Assignments and Allocations: Lists the
19 Allocation Methods used by XES to allocate costs among the Xcel Energy
20 holding company system of companies.

21 For each allocation, the CAAM describes the allocation method or the development
22 of internal billing rates, whichever is applicable.

23 **Q. PLEASE EXPLAIN THE REMAINING PUBLIC SERVICE ALLOCATIONS**
24 **DETAILED IN THE CAAM.**

25 A. In addition to the XES allocations described above, the CAAM includes detailed
26 sections on the Utility Allocations (O&M and Non-O&M), and the Non-regulated
27 Activity Allocations. The following sections explain each type of allocation.

1 **A. Utility Allocations**

2 **Q. WHAT IS THE PURPOSE OF COMMON O&M UTILITY ALLOCATIONS?**

3 A. Common O&M utility allocations within Public Service are developed to allocate
4 common (electric, gas, and steam) costs that are recorded in A&G FERC accounts
5 920 to 935 to the electric, gas, and steam utility divisions and to allocate common
6 (electric, gas, and steam) costs that are recorded in FERC accounts 901 to 917
7 for customer accounting, customer information, and sales costs to the electric, gas,
8 and steam utility divisions.

9 **Q. WHEN AND HOW ARE COMMON O&M UTILITY ALLOCATIONS APPLIED?**

10 A. Common O&M utility allocations are performed on a monthly basis after all
11 transactions have been recorded. Any records with a “common” designator for
12 Public Service within the general ledger are allocated based on the allocation
13 method developed for each specific pool of costs. The common utility cost pools
14 are programmed into the system based on a specific FERC account or a
15 combination of FERC accounts. For example, Common Costs in FERC account
16 925, Injuries and Damages, and FERC account 926, Pensions and Benefits, are
17 allocated to the electric, gas, and steam utility divisions based on the labor
18 allocation method, because the costs in the pool have a cost causative relationship
19 with labor. Section VI of the CAAM (Attachment RLB-1) explains the allocation
20 method used for each of the allocation pools for Common Costs recorded in FERC
21 accounts 901 to 935.

1 **Q. WHERE DOES THE COMPANY PROVIDE THE CTY O&M UTILITY**
2 **ALLOCATION METHODS AND ALLOCATION PERCENTAGES?**

3 A. Section VI of the CAAM explains the CTY O&M utility Allocation Methods. In
4 addition, the CTY O&M utility Allocation Methods and percentages are provided in
5 Attachment RLB-7.

6 **Q. WHERE DOES THE COMPANY PROVIDE THE CTY UTILITY RATE BASE AND**
7 **NON-O&M ALLOCATION METHODS AND ALLOCATION PERCENTAGES?**

8 A. The utility rate base and non-O&M Allocation Methods used for the CTY are
9 explained in Section VI of the CAAM (Attachment RLB-1). Mr. Freitas discusses
10 the common plant Allocation Percentages used to develop the CTY in his Direct
11 Testimony.

12 **B. Non-regulated Activity Allocations**

13 **Q. WHAT IS THE PURPOSE OF NON-REGULATED ACTIVITY ALLOCATIONS?**

14 A. Non-regulated activity allocations ensure that the billed costs for services provided
15 to non-regulated activities represent a fully distributed cost and that electric, gas,
16 and steam utility divisions are not subsidizing the non-regulated activities.

17 **Q. PLEASE DESCRIBE PUBLIC SERVICE'S NON-REGULATED ACTIVITIES.**

18 A. A complete list of Public Service's non-regulated activities is included in Section II
19 of the CAAM (Attachment RLB-1).

1 **Q. HOW ARE PUBLIC SERVICE’S NON-REGULATED ACTIVITIES SEPARATED**
2 **FROM ITS REGULATED UTILITY ACTIVITIES TO ENSURE THEIR COSTS ARE**
3 **NOT INCLUDED IN THE UTILITY REVENUE REQUIREMENTS**
4 **CALCULATION?**

5 A. Public Service separates costs of non-regulated activities by Final Cost Centers.
6 The Company identifies specific Final Cost Centers as non-regulated and assigns
7 a non-utility FERC account assignment. As a result, these costs are excluded from
8 revenue requirements calculations.

9 **Q. WHAT TYPES OF COSTS ARE BILLED TO THE NON-REGULATED**
10 **ACTIVITIES?**

11 A. Whenever possible, non-regulated activities are directly charged to FERC
12 accounts 417, Revenues from Nonutility Operations, and 417.1, Nonutility
13 Expenses, for services performed for their benefit by Public Service and XES.
14 Non-regulated activities incur a majority of their costs through direct assignment.
15 For example, XES employees working on Public Service’s non-regulated activities
16 charge their labor costs through monthly labor distribution to each non-regulated
17 activity. In addition, a portion of their non-labor expenses follow their labor. All
18 expenses recorded in each non-regulated activity account are linked to FERC
19 account 417.1, Nonutility Expenses and these costs are not recorded in Public
20 Service’s utility division O&M accounts and are therefore not included in the cost
21 of service.

22 Public Service employees working on Public Service’s non-regulated
23 activities also charge their labor costs through labor distribution to the non-

1 regulated activity account. These expenses are also linked to FERC
2 account 417.1, Nonutility Expenses, and are not recorded in Public Service's utility
3 division O&M accounts.

4 Labor-related overheads (e.g., pensions, benefits, non-productive time, and
5 workers' compensation) and facilities costs are programmed to follow labor costs.
6 These overheads are recorded in the non-regulated activity accounts that are
7 linked to FERC account 417.1, Nonutility Expenses. The labor-related overheads
8 are described in more detail in Section V of the CAAM, along with other overheads.

9 **Q. WHAT METHOD HAS BEEN APPROVED BY THIS COMMISSION FOR**
10 **ALLOCATING A&G COSTS TO THE NON-REGULATED ACTIVITIES?**

11 A. The Commission approved the use of an A&G allocator based on the ratio of
12 Common Costs (i.e., costs not directly assigned to electric, gas, or steam utility
13 divisions) in FERC accounts 920 to 935 to total Public Service labor in Proceeding
14 No. 06A-555EG, Decision No. C06-1358. The allocation percentage is applied to
15 labor charged to each non-regulated activity to determine the A&G overhead to be
16 allocated to that activity.

17 **Q. IS THE COMPANY PROPOSING ANY REVISIONS TO ITS A&G OVERHEAD**
18 **CALCULATION?**

19 A. No.

20 **Q. WHAT METHOD HAS THIS COMMISSION APPROVED FOR ALLOCATING**
21 **CUSTOMER ACCOUNTING COSTS TO THE NON-REGULATED ACTIVITIES?**

22 A. In Proceeding No. 06A-555EG, Decision No. C06-1358, the Commission approved
23 use of a customer accounting allocator based on the ratio of Common Costs in

1 FERC accounts 901 to 917, excluding the amounts recorded in the following FERC
2 accounts: 902, Meter Reading Expenses; 904, Uncollectible Accounts; and
3 Demand-Side Management costs included in account 908, to total revenues,
4 excluding trading revenues. The specific exclusions include accounts that are
5 unrelated to the Company's non-regulated activities.

6 **Q. IS THE COMPANY PROPOSING ANY REVISIONS TO ITS CUSTOMER**
7 **ACCOUNTING OVERHEAD CALCULATION?**

8 A. No.

9 **Q. WHERE DOES THE COMPANY PROVIDE THE CTY NON-REGULATED**
10 **ACTIVITY ALLOCATION METHODS AND ALLOCATION PERCENTAGES?**

11 A. The CTY non-regulated Allocation Methods are explained in Section VI of the
12 CAAM. In addition, the Allocation Percentages used for purposes of the CTY are
13 provided in the schedule included as Attachment RLB-8.

14 **Q. DOES THE CAAM DEMONSTRATE THAT PUBLIC SERVICE HAS NOT USED**
15 **RATEPAYER FUNDS TO SUBSIDIZE NON-REGULATED ACTIVITIES?**

16 A. Yes. The CAAM demonstrates that the Company has not used customer funds to
17 subsidize non-regulated activities.

1 **IX. THE FULLY DISTRIBUTED COST STUDY IN THIS PROCEEDING**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?**

3 A. In this section, I sponsor and provide specific information regarding the Company's
4 FDC Study applicable to the CTY, a copy of which is included as Attachment RLB-
5 3 and the Confidential and Public versions of Attachment RLB-4.

6 **Q. HAS THE COMPANY PERFORMED AN FDC STUDY FOR PURPOSES OF THIS**
7 **CASE?**

8 A. Yes.

9 **Q. PLEASE DESCRIBE THE COMPANY'S FDC STUDY.**

10 A. The FDC Study performed for this proceeding is attached to my Direct Testimony
11 as Attachment RLB-3 and Confidential Attachment RLB-4. The FDC Study
12 summarizes the results of applying the methods set forth in the CAAM in order to
13 segregate all revenues, expenses, and investments associated with the
14 Company's non-regulated activities from the Company's regulated cost of service.
15 This is the same format for the FDC Study that was agreed to as part of the 2002
16 Phase I Rate Case Settlement in Proceeding No. 02S-315EG, referenced earlier.
17 This format was reviewed by the parties who participated in the workshop process,
18 and it was agreed in that context that the format should remain the same.

19 Attachment RLB-3 is in the form of an income statement and balance sheet
20 and shows the results of the Company's assignment and allocation of the major
21 categories of revenues, expenses, and investment among the electric, gas, and
22 steam utility divisions, and the nonutility divisions. Confidential Attachment RLB-4
23 shows the detailed breakdown of revenues, expenses, and investment assigned

1 and allocated to the Company's non-regulated activities. The non-regulated
2 products and services are identified across the top of the report, starting in the
3 second column. Each product or service has one or more Final Cost Center that
4 identifies where costs are recorded for that non-regulated product or service. The
5 first column on the page provides the line item information by description of the
6 type of cost incurred. The A&G and Customer Accounting overhead loadings are
7 included in Administrative and General and Other Operating Expense line items
8 shown near the bottom of the report.

9 **Q. DOES THE FDC STUDY COMPLY WITH COMMISSION RULE 4504?**

10 A. Yes. In accordance with Commission Rule 4504(d), Public Service has prepared
11 its FDC Study based on the cost allocation methods to be used for the CTY
12 (January 1, 2022, through December 31, 2022). Similar to the CAAM methodology
13 discussed above, the FDC Study relies on actual costs and cost Allocation
14 Methods used for the period from January 1, 2020, to December 31, 2020, which
15 reflect current and expected future cost assignment and allocation practices for the
16 CTY. Put differently, the Company uses historical data to calculate its allocations
17 for budget and forecasting purposes, and is basing its CTY O&M on 2020 actuals,
18 such that the FDC Study also aligns with the CTY in this proceeding.

19 The Company's experience and annual reviews performed during updates
20 have shown that there is minimal change in the allocation percentages on a year-
21 to-year basis. This is the same practice the Company uses in preparing its budget
22 and the same practice used in the Company's gas case filed in its 2020 Gas Rate

1 Case. As a result, the Company has determined that the Informational HTY cost
2 allocations appropriately align with the CTY.

3 **Q. DOES THE FDC STUDY DEMONSTRATE THAT PUBLIC SERVICE HAS**
4 **COMPLIED WITH COMMISSION RULE 4502?**

5 A. Yes. The FDC Study demonstrates that all appropriate revenues, expenses,
6 assets, liabilities, and rate base items for the CTY have been appropriately
7 assigned and allocated and that the Company has complied with the cost
8 allocation principles established in Commission Rule 4502.

9 **Q. IN CONCLUSION, PLEASE RESTATE YOUR RECOMMENDATIONS TO THE**
10 **COMMISSION.**

11 A. I recommend that the Commission: (1) approve the Company's CAAM and FDC
12 Study as presented in my Direct Testimony; and (2) find that Public Service's cost
13 assignment, Allocation Methods, and the percentages used in preparing the CTY
14 for this rate case are reasonable.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes, it does.

Statement of Qualifications

Ross L. Baumgarten

I received a Bachelor of Arts in Business Administration, with a major in accounting, from University of St. Thomas, St. Paul, Minnesota, in 2008. I also received and have held an active CPA license issued by the Minnesota Board of Accountancy since 2008.

My current position with XES is Manager of Service Company Accounting. I am responsible for the general administration of XES, including accounting, billing, allocations, policies and procedures, service agreements, internal audits, external audits and external reporting to state and federal regulatory agencies

I have been employed by XES since December 2013, holding positions in Service Company Accounting, Transmission Accounting, and External Reporting. Prior to joining XES, I was employed by Grant Thornton LLP as a senior financial and operational auditor where I performed financial statement audits, operational and system control audits, and benefit plan audits for companies in various industries including manufacturing, hospitality, medical devices, services, and technology.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * *

IN THE MATTER OF ADVICE NO. 993-GAS)
OF PUBLIC SERVICE COMPANY OF)
COLORADO TO REVISE ITS COLORADO)
PUC NO. 6-GAS TARIFF TO INCREASE)
JURISDICTIONAL BASE RATE)
REVENUES, IMPLEMENT NEW BASE) PROCEEDING NO. 22AL-____G
RATES FOR ALL GAS RATE SCHEDULES,)
AND MAKE OTHER PROPOSED TARIFF)
CHANGES EFFECTIVE FEBRUARY 24,)
2022)

AFFIDAVIT OF ROSS L. BAUMGARTEN
ON BEHALF OF
PUBLIC SERVICE COMPANY OF COLORADO

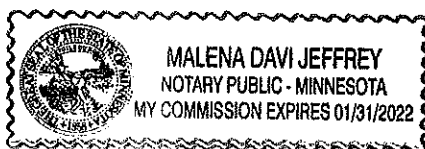
I, Ross L. Baumgarten, being duly sworn, state that the Direct Testimony and attachments were prepared by me or under my supervision, control, and direction; that the Direct Testimony and attachments are true and correct to the best of my information, knowledge and belief; and that I would give the same testimony orally and would present the same attachments if asked under oath.

Dated at Minneapolis, Minnesota, this 13th day of January, 2022.



Ross L. Baumgarten
Manager of Service Company Accounting

Subscribed and sworn to before me this 13th day of January, 2022.





Notary Public

My Commission expires 1/31/2022