

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

* * * * *

RE: IN THE MATTER OF ADVICE NO.)
1797-ELECTRIC OF PUBLIC SERVICE)
COMPANY OF COLORADO TO REVISE)
ITS COLORADO P.U.C. NO. 8-) PROCEEDING NO. 19AL-_____E
ELECTRIC TARIFF TO IMPLEMENT)
RATE CHANGES EFFECTIVE ON)
THIRTY-DAYS' NOTICE.)

DIRECT TESTIMONY AND ATTACHMENTS OF ADAM R. DIETENBERGER

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

May 20, 2019

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
A&G	Administrative & General
CEO	Chief Executive Officer
CPUC or Commission	Colorado Public Utilities Commission
FERC	Federal Energy Regulatory Commission
HTY	Historical Test Year
O&M	Operations and Maintenance
PTT	Productivity Through Technology
Public Service or the Company	Public Service Company of Colorado
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

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1 I. **INTRODUCTION, QUALIFICATIONS, PURPOSE OF TESTIMONY, AND**
2 **RECOMMENDATIONS**

3 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

4 A. My name is Adam R. Dietenberger. My business address is 401 Nicollet Mall,
5 Minneapolis, Minnesota 55401.

6 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

7 A. I am employed by Xcel Energy Services Inc. ("XES") as Director, Business Area
8 Finance. XES is a wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy"),
9 and provides an array of support services to Public Service Company of
10 Colorado ("Public Service" or the "Company") and the other utility operating
11 company subsidiaries of Xcel Energy on a coordinated basis.

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

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

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

2 A. As Director, Business Area Finance, I am responsible for supporting the financial
3 aspects of Xcel Energy's Shared Corporate Business Areas (also known as
4 "Shared Corporate Services" organizations), including the coordination of the
5 Shared Corporate Services organizations' five-year operation and maintenance
6 ("O&M") expense budgets, the five-year capital expenditure budgets, the monthly
7 forecast updates of these five-year plans, and analyzing actual results against
8 these budgets and forecasts. A description of my qualifications, duties, and
9 responsibilities is set forth after the conclusion of my Direct Testimony in my
10 Statement of Qualifications.

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

12 A. The purpose of my Direct Testimony is to support the \$49.5 million in Shared
13 Corporate Services business areas plant in-service additions since the last rate
14 case¹, for 2014 through 2018, and the \$27.8 million in Shared Corporate
15 Services business areas for 2019, other than Business Systems (Company
16 witness Mr. David C. Harkness describes the Business Systems Business Area,
17 and Company witness Mr. Daniel C. Brown discusses the Company's
18 Productivity Through Technology ("PTT") initiative), which are appropriately
19 allocated to Public Service retail electric and included in the 2018 Historical Test

¹ The Company's last rate case was Proceeding No. 14AL-0660E (the "2014 Rate Case"), in which a 2013 HTY was approved.

1 Year (“HTY”) cost of service study that is presented by Company witness Ms.
2 Deborah A. Blair.

3 Company witness Ms. Laurie J. Wold has calculated the monthly plant
4 balances to develop the plant-related roll forward, which in turn is used by Ms.
5 Blair to incorporate the year-end plant in service balances into the 2018 HTY cost
6 of service study. I also support the \$122.4 million (pre-adjustment) in 2018
7 Operations & Maintenance (“O&M”) expenses that are included in the 2018 HTY
8 cost of service study, as well as two adjustments for known and measurable
9 changes.

10 **Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT**
11 **TESTIMONY?**

12 A. Yes, I am sponsoring Attachments ARD-1 through ARD-4, which were prepared
13 by me or under my direct supervision. The attachments are as follows:

- 14 • Attachment ARD-1: Shared Corporate Services Capital Additions 2014–
15 2018;
- 16 • Attachment ARD-2: Shared Corporate Services Capital Additions 2019;
- 17 • Attachment ARD-3: Shared Corporate Services 2018 O&M Expenses by
18 Cost Element; and
- 19 • Attachment ARD-4: Shared Corporate Services 2018 O&M Expenses by
20 Federal Energy Regulatory Commission (“FERC”) Account.

21 **Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR DIRECT**
22 **TESTIMONY?**

23 A. As part of approving the cost of service study developed by Ms. Blair, I
24 recommend that the Colorado Public Utilities Commission (“CPUC or

1 Commission”) approve the 2014-2019 Shared Corporate Services capital
2 additions and 2018 Shared Corporate Services O&M expenses, as well as the
3 known and measurable adjustments included in the Company’s cost of service
4 study presented in this rate review and described below.

1 **II. SHARED CORPORATE SERVICES FUNCTIONS AND ACTIVITIES**

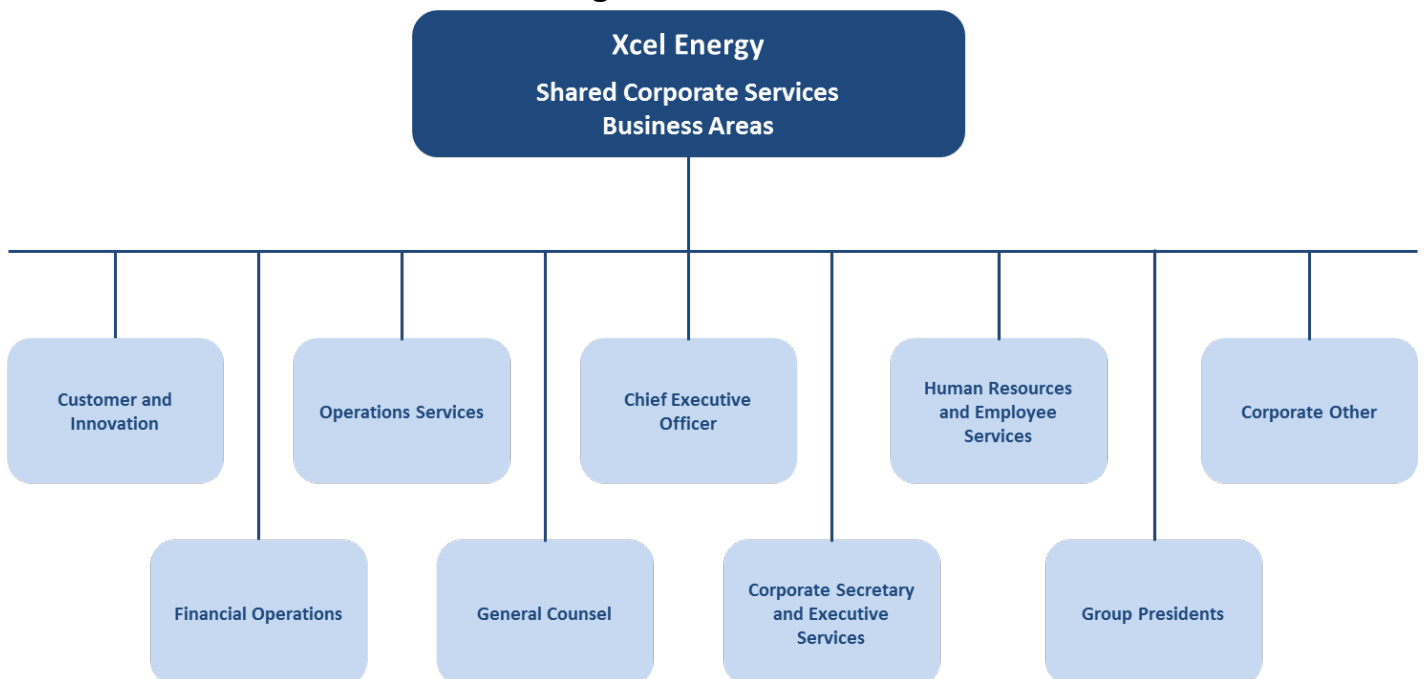
2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3 A. In this section of my Direct Testimony, I provide an overview of the Shared
4 Corporate Services Business Area’s functions and the types of work they do.

5 **Q. PLEASE DESCRIBE THE KEY FUNCTIONS AND SERVICES OF XCEL
6 ENERGY’S SHARED CORPORATE SERVICES.**

7 A. The Shared Corporate Services Business Areas conduct a variety of activities on
8 behalf of Xcel Energy and its operating companies, including Public Service.
9 Figure ARD-D-1 illustrates the nine Business Areas that comprise Shared
10 Corporate Services within XES, which I describe in more detail below:

Figure ARD-D-1



- 11 • *Customer and Innovation:* Provides services to meet the needs of technology
12 users, and energy customers of the Xcel Energy system companies, including

1 those of Public Service. Customer and Innovation includes several functional
2 groups, including the Chief Customer and Innovation Office, Customer Care,
3 Customer and Brand, Marketing, and Enterprise Security. The Business
4 Systems Area also falls within Customer and Innovation, but is addressed in
5 separate testimony by Mr. Harkness.

- 6 • *Financial Operations:* Leads financial governance for Xcel Energy and its
7 operating companies, including Public Service, and delivers financial
8 services. Financial Operations consists of several functional groups,
9 including Audit Services, the Controller's organization, Investor Relations,
10 Business Development, Tax Services, Financial Planning and Analysis, Risk
11 Management, Revenue Requirements, and the Treasurer's Organization.
- 12 • *Operations Services:* Provides a single centralized Operations support
13 organization that includes Supply Chain, Commercial Operations, Fuel
14 Supply, and Fleet services with a goal of using standardized processes,
15 shared best practices, and efficiencies of scale to ensure productivity—and to
16 control operating costs. Operations Services provides support to the Energy
17 Supply, Transmission, and Distribution Business Areas.
- 18 • *General Counsel:* Provides strategic services to Xcel Energy, its operating
19 companies and its subsidiaries, in addition to legal and claims services.
- 20 • *Corporate Secretary and Executive Services:* The Corporate Secretary and
21 Executive Services organization provides the corporate communication
22 services for Xcel Energy. It also includes management and oversight of

1 corporate strategy, corporate compliance, and other corporate governance
2 activities, including Board of Director and shareholder communication and
3 engagement.

- 4 • *Chief Executive Officer (“CEO”)*: The CEO group includes the CEO and
5 support staff, and the budget for the Chairman’s Fund. This group oversees
6 the vision, mission, and values of Xcel Energy, balancing the customer
7 demands for reliable, affordable energy with Xcel Energy’s (and, in turn,
8 Public Service’s) goal of creating a clean energy future.
- 9 • *Human Resources and Employee Services*: Provides services to meet the
10 needs of employees of Xcel Energy’s operating companies, including Public
11 Service. Human Resources and Employee Services includes several
12 functional groups including Human Resources, Property Services, Aviation,
13 Workforce Relations, and Corporate Giving.
- 14 • *Group Presidents*: The Group Presidents organization includes the Operating
15 Company Presidents Area for Xcel Energy’s four operating companies,
16 providing leadership to the individual utility companies as well as customer
17 and community outreach support. The Group President Area also includes
18 the Policy and Federal Affairs area and Regulatory and Resource Planning.
- 19 • *Corporate Other*: Corporate Other includes costs that are not directly
20 attributable to a specific Shared Corporate group. Corporate Other contains
21 the following types of costs, credits, and charges: company use credits,
22 overhead charges to affiliates, shared assets, Administrative & General

1 (“A&G”) charges to capital, non-regulated overheads, and permanent income
2 tax differences.

3 **Q. HOW ARE SHARED CORPORATE SERVICES CAPITAL ADDITIONS AND**
4 **O&M ALLOCATED BETWEEN OPERATING COMPANIES?**

5 A. When certain projects, such as the Brighton Service Center Renovation Project
6 described later in my Direct Testimony, are developed and implemented solely
7 for Public Service or other individual operating companies, the costs are directly
8 assigned to that utility. In other cases, common projects are allocated across
9 Xcel Energy’s operating companies. Company witness Ms. Melissa L. Schmidt
10 also explains the Company’s cost allocation and assignment process for
11 appropriately allocating Shared Corporate Services costs to the Public Service
12 electric utility.

13 **Q. HAVE ALL OF THE SHARED CORPORATE SERVICES BUSINESS AREAS**
14 **HAD CAPITAL ADDITIONS BETWEEN 2014 AND 2019?**

15 A. No, the only Shared Corporate Services Business Areas to have capital additions
16 were Business Systems, Property Services, and Operations Services
17 (Operations Services in 2019 only). Mr. Harkness and Mr. Brown address the
18 Business Systems and PTT capital additions in their Direct Testimonies, and I
19 address Property Services and Operations Services below.

1 **Q. PLEASE DESCRIBE THE PROPERTY SERVICES AND OPERATIONS**
2 **SERVICES GROUPS.**

3 A. The Property Services group, which is part of the Human Resources and
4 Employee Services group, implements building security features, manages
5 leases, and provides interior and exterior building maintenance for office
6 buildings, service centers, and regional and customer offices. The Operations
7 Services group supports the Energy Supply, Transmission, and Distribution
8 Business Areas with a variety of services. These services include supply chain,
9 commercial operations, and fuel supply functions. The consolidation of these
10 services allows for the implementation of standard processes, and efficiency
11 gains. Effective November 2018, the Fleet capital spend, which was previously
12 managed by each operations area, was consolidated within the Operations
13 Services group. As a result, these two groups undertake the majority of capital
14 projects within the Shared Corporate Services Business Areas, apart from the
15 Business Services capital additions discussed by Mr. Harkness.

1 necessary improvements to remain in compliance with regulations and normal
2 standards.

3 • *Miscellaneous Building Projects:* Includes routine non-customer electrical
4 projects, several garage door replacements, and other mechanical projects.

5 • *Roads and Gates:* Includes work related to constructing, improving, and
6 maintaining roads and gates throughout Public Service's service territory.

7 • *Fleet:* Includes the necessary replacement of vehicles and equipment.

8 **Q. HAS OPERATIONS SERVICES HISTORICALLY FALLEN WITHIN THE**
9 **SHARED CORPORATE SERVICES BUSINESS AREAS?**

10 A. Historically, the Operations Services business area's budget areas comprised
11 O&M costs that have been included within the Shared Corporate Services
12 Business Areas. However, prior to 2019, Operations Services' Budget Areas did
13 not include capital expenditures as the Fleet capital spend was managed within
14 each operational business area (Energy Supply, Transmission, Distribution, and
15 Gas). During the 2019 budget planning process, Xcel Energy decided to
16 consolidate Fleet capital spend under the Operations Services business area.
17 This change will allow for the Fleet spend to be centrally managed across Xcel
18 Energy and provide increased transparency and efficiency opportunities. As
19 such, I am including Public Service's 2019 Fleet capital additions, whereas in
20 previous rate cases (and for the Company's 2014-2018 spend), Fleet capital
21 additions are/were discussed in the respective testimony of each operational
22 area.

1 **Q. PLEASE OUTLINE HOW PROPERTY SERVICES AND OPERATIONS**
2 **SERVICES DEVELOP THEIR CAPITAL BUDGETS.**

3 A. The development of the capital budget for Property Services and Operations
4 Services follows a consistent process each year. The first step in developing
5 each budget is for Xcel Energy's Financial Council to establish spending
6 guidelines for each of the next five years. This process emphasizes setting
7 spend that is prudent from both an operational and financial perspective.

8 Once the guidelines are developed and communicated, the budget
9 managers within the business area develop a bottom-up budget for each of the
10 next five years and create spending plans for input into the Company's Financial
11 Management System. To complete this, the business area evaluates its
12 operating needs and identifies potential capital projects that support those needs.
13 The scope, cost, and timing of these projects are evaluated and prioritized within
14 the business area by operating company and represent the recommended capital
15 expenditures for each of the next five years.

16 The five-year detailed budgets are then presented and approved at the
17 executive management level by the Financial Council, which is comprised of the
18 Chief Executive Officer of Xcel Energy, the Operating Company Presidents, and
19 the leaders of each of the business areas. The Financial Council also discusses
20 any cost pressures and emergent issues faced by the business areas, as well as
21 and key strategic decisions that need to be made in the near term.

1 Last, the five-year capital budget is presented to Xcel Energy's Board of
2 Directors after Financial Council review and approval. The review is focused on
3 the upcoming year, as well as major changes to the five-year budget.

4 **Q. PLEASE DESCRIBE THE PROCESS FOR RANKING AND FUNDING**
5 **PROPERTY SERVICES CAPITAL PROJECTS.**

6 A. Early each year, corporate facilities are evaluated to identify projects for inclusion
7 in the capital budget for the following year. New items identified are categorized
8 and prioritized along with existing multi-year capital projects. Projects that are
9 related to safety are the highest priority. Other projects are reviewed with
10 relevant Operating Company staff to verify need and priority. The final list is
11 based on funding all projects impacting safety, code or regulatory requirements
12 (e.g., Environmental Protection Agency, and Occupational Safety and Health Act
13 regulations) or business growth. The balance of projects is based on priority in
14 consideration of overall Xcel Energy capital guidelines.

15 With respect to safety, projects such as new or replacement fire alarm
16 systems, uninterruptible power supply, fire suppressing sprinkler systems, and
17 building code-related projects are all funded to assure safety and compliance
18 with local government jurisdictions.

19 Projects such as office consolidations, mechanical equipment
20 replacements, and structural projects that are not safety-related are prioritized
21 based on business needs. Projects that are more aesthetics-related—such as
22 office furniture, landscaping, and improvements to common building areas—are

1 funded based on comparison to existing building standards. For example,
2 projects that are most likely to bring facilities into compliance with particular
3 standards are funded before those that are aesthetically-driven.

4 **Q. PLEASE DESCRIBE THE PROCESS GOING FORWARD FOR RANKING AND**
5 **FUNDING OPERATIONS SERVICES PROJECTS.**

6 A. Each year an analysis is performed during the planning process to identify which
7 Fleet units will be replaced using the approved capital funds. The primary tool
8 used is a financial total cost ownership model, which is applied in evaluating the
9 aged fleet portfolio. This evaluation identifies the units to be replaced with the
10 approved capital funds and the spend is managed to the approved capital
11 budget.

12 **Q. WHAT PROCESS DOES THE COMPANY FOLLOW TO MANAGE AND**
13 **CONTAIN ITS SHARED SERVICES CAPITAL COSTS?**

14 A. The Company uses multiple processes to manage and contain Shared Corporate
15 Services capital costs. As previously discussed, the budget targets are
16 established and reviewed early in the budgeting process to allow the Shared
17 Corporate Services Business Areas to develop plans to meet those targets. The
18 resulting plans are then reviewed by multiple levels within the Company. Last,
19 the Financial Operations organization continually reviews actual spend versus
20 the budget to determine if costs are exceeding targets and why.

1 **IV. SHARED CORPORATE SERVICES: 2014-2018 CAPITAL ADDITIONS**

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

4 A. This section of my testimony discusses the major capital investments the Shared
5 Corporate Services Business Areas have made since the 2014 Electric Rate
6 Case, for the period 2014-2018.

7 **Q. PLEASE PROVIDE AN OVERVIEW OF SHARED CORPORATE SERVICES**
8 **CAPITAL ADDITIONS SINCE THE 2014 ELECTRIC RATE CASE.**

9 A. Table ARD-D-1 below provides the total capital additions (Total Company)
10 placed in service annually for the Shared Corporate Services Business Areas for
11 the years 2014-2019. As reflected below, the only capital additions in the Shared
12 Corporate Services Business Areas placed into service between 2014 and 2019
13 have been in the Property Services and Operations Services Business Areas.
14 Ms. Wold uses these capital additions to develop the plant-related roll forward,
15 which in turn is used by Ms. Blair to incorporate the year-end plant in service
16 balances into the 2018 HTY cost of service.

1 **Table ARD-D-1:**
2 **Capital Additions: Shared Corporate Services 2014–2019**
3 **Public Service (Total Company)**
4 **(Dollars in Millions)**

	2014	2015	2016	2017	2018	2019
Total Property Services	\$13.3	\$8.9	\$12.1	\$8.2	\$7.0	\$20.3
Total Operations Services	--	--	--	--	--	\$7.5
There may be differences between the sum of the individual category amounts and Total amounts due to rounding.						

5 The figures in Table ARD-D-1 are stated on a Total Company (Public
6 Service) basis, meaning that they include both electric utility-specific projects and
7 common electric/gas projects stated at the total Public Service level.

8 **Q. PLEASE DESCRIBE THE PRIMARY DRIVERS OF SHARED CORPORATE**
9 **SERVICES CAPITAL ADDITIONS SINCE THE COMPANY'S 2014 ELECTRIC**
10 **RATE CASE.**

11 A. The primary drivers for Property Services and Operations Services capital
12 additions within the Shared Corporate Business Areas since the 2013 HTY
13 include:

- 14 • *Projects Taken on in the Normal Course of Activity:* Includes necessary
15 component improvements and maintenance, and improvements to safety and
16 reliability, in the normal course of business.
- 17 • *Service Center Renovations and Replacements:* Construction at service
18 center locations to address aging infrastructure, safety, code changes,
19 productivity, environmental sustainability, and other physical property needs.
- 20 • *Headquarters Locations:* Work related to improvements to operating
21 company headquarters locations.

- 1 • *Fleet Purchases:* The replacement of vehicles and equipment that have
2 become too costly to maintain and use.

3 Below I provide a description of the Company's 2014-2018 capital
4 additions and the capital expenditures associated with each project, as set forth
5 in Attachment ARD-1. Attachment ARD-2 contains the Company's 2019 Shared
6 Corporate Services capital additions, which I describe in more detail in Section V
7 below.

8 **Q. PLEASE DESCRIBE THE MAJOR PROJECTS THAT ACCOUNT FOR**
9 **PROPERTY SERVICES 2014-2018 CAPITAL ADDITIONS.**

10 A. As shown in Attachment ARD-1, some of the major capital projects Public
11 Service has placed in service between 2014-2018 include, by budget group:

- 12 • *Office Furniture and Equipment:* Office Furniture and Equipment additions
13 from 2014–2018 were \$2.5 million to cover furniture replacements, audio /
14 visual equipment purchases, and general tools and equipment.
- 15 • *Building Renovations and Improvements:* Building Renovations and
16 Improvements capital additions from 2014–2018 totaled approximately \$24.2
17 million. The major projects include the build out of the Materials Distribution
18 Center training center, Cyber Defense Center, Integrated Operations Center,
19 and Network Operations Center. Additional projects include renovations at
20 Valentia and Brighton Service Centers, as well as projects at Lipan and the
21 Materials Distribution Center.

- 1 • *Roads and Gates:* Roads and gates capital additions from 2014–2018 totaled
2 approximately \$14.5 million. These projects included multiple paving and
3 asphalt projects at the Valentia Service Center, Mesa Operations Center, and
4 Table Mountain, as well as other projects at various locations.
- 5 • *Miscellaneous Building Projects:* Miscellaneous Building Projects capital
6 additions from 2014–2018 totaled approximately \$8.3 million. The primary
7 projects included in this category are routine electrical, mechanical, and
8 structural projects. The projects also include several security and fire
9 protection projects.

1 **V. SHARED CORPORATE SERVICES 2019 CAPITAL ADDITIONS**

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

4 A. The purpose of this section of my Direct Testimony is to provide an overview of
5 Shared Corporate Services planned capital additions for 2019. Property
6 Services and Operations Services are the only areas within Shared Corporate
7 Services that have planned capital additions in 2019.

8 **Q. PLEASE DESCRIBE THE CAPITAL ADDITIONS PROPERTY SERVICES**
9 **PLANS TO PLACE IN SERVICE 2019.**

10 A. As reflected in Attachment ARD-2 and Table ARD-D-1, during 2019, Property
11 Services² plans to place \$20.3 million of assets in service. Below I describe
12 these capital additions by budget group, providing an overview of approximately
13 80 percent of Property Service's forecasted portfolio of projects.

14 • *Office Furniture and Equipment:* Total capital additions for Office Furniture
15 and Equipment during 2019 will be \$1.8 million to cover furniture
16 replacements, audio/visual equipment purchases, and general tools and
17 equipment. The remaining additions include a placeholder for emergent work
18 due to emergencies.

19 • *Building Renovations and Improvements:* Total additions for Building
20 Renovations and improvements in 2019 will be \$15.0 million. The major

² Per Attachment ARD-2, Property Services is comprised of the HR and Employee Services, and Customer and Innovation Budget Org IDs.

1 projects include the Lookout Center Reliability Projects which accounts for
2 \$14.7 million of the additions. This project will renovate and upgrade the
3 electrical, mechanical, and life safety functions of the facility to bring it up to
4 standards as a mission critical facility. The remaining additions also include
5 project for the Brighton Service Center Materials Distribution Center.

- 6 • *Roads and Gates:* Total additions for Roads and Gates in 2019 will be \$0.3
7 million. The major projects include routine projects at various sites such as
8 Lipan, Summit, and Mesa County Operations Centers.
- 9 • *Miscellaneous Building Projects:* Total additions for Miscellaneous Building
10 Projects in 2019 will be \$3.2 million. These projects consist primarily of site
11 evaluations, landscaping and irrigation, mechanical, security, and other
12 smaller projects as various sites.

13 **Q. PLEASE DESCRIBE THE CAPITAL ADDITIONS OPERATIONS SERVICES**
14 **PLANS TO PLACE IN SERVICE 2019.**

15 A. As reflected in Attachment ARD-2 and Table ARD-D-1, during 2019, Operations
16 Services plans to place \$7.5 million of assets in service (Total Company) in 2019.
17 Below I describe these capital additions by budget group.

- 18 • *Fleet:* Total additions for Fleet projects in 2019 will be \$7.5 million. Fleet
19 costs represent the necessary replacement of vehicles and equipment that
20 have become less reliable over time and more costly to maintain, but are
21 essential to providing reliable service. These capital additions have been

1 used to support of the Company's Operations Business areas (Energy
2 Supply, Transmission, Distribution, and Gas).

3 **Q. HAS THE COMPANY, AND WILL THE COMPANY, MANAGE ITS**
4 **PROJECTED SHARED CORPORATE SERVICES 2019 CAPITAL ADDITIONS**
5 **IN 2019 TO ENSURE THE FINAL, ACTUAL COSTS ARE REASONABLE AND**
6 **PRUDENT?**

7 A. Yes.

1 **VI. SHARED CORPORATE SERVICES O&M**

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

4 A. The purpose of this section of my Direct Testimony is to provide an overview of
5 Shared Corporate Services O&M expenses since the 2014 Rate Case, followed
6 by a discussion of the 2018 Shared Corporate Services O&M expenses.

7 **Q. WHAT ARE THE TYPES OF COSTS THAT SHARED CORPORATE**
8 **SERVICES INCURS FOR O&M?**

9 A. As noted earlier in my Direct Testimony, Shared Corporate Services consist of
10 functions largely performed by Xcel Energy Services on behalf of each operating
11 company, with costs allocated to Public Service as also discussed by Ms.
12 Schmidt. These functions include the following types of O&M activities:

- 13 • *Financial Operations:* Includes functional costs, consisting of primarily labor
14 and contractor / consulting costs (such as auditors), and insurance costs;
- 15 • *Operations Services:* Includes supply chain and commercial operations
16 related costs, primarily labor and consulting;
- 17 • *General Counsel:* Includes labor and legal consulting costs;
- 18 • *Chief Executive Officer:* Includes primarily labor and consulting costs;
- 19 • *Corporate Secretary and Executive Services:* Includes labor and consulting;
- 20 • *Customer and Innovation (not including Business Systems):* Includes
21 customer care (consisting primarily of labor and contractor costs for the call

- 1 center), bad debt expense, marketing costs, brand advertising (not recovered
2 from customers), and labor and consulting costs for enterprise security;
- 3 • *Human Resources and Employee Services:* Includes costs related to
4 property services (consisting primarily of lease costs, maintenance and
5 janitorial services, snow removal, utility costs for facilities, and labor for the
6 facilities department), human resources, and employee services costs;
 - 7 • *Group Presidents:* Includes labor and consulting for the Public Service
8 Company president, regulatory fees, and labor and consulting costs for the
9 policy and federal affairs and regulatory and resource planning areas; and
 - 10 • *Corporate Other:* Includes company use credits, overhead charges to
11 affiliates, shared assets, Administrative and General charges to capital, non-
12 regulated overheads, and permanent income tax differences.

13 **Q. PLEASE PROVIDE AN OVERVIEW OF PUBLIC SERVICE'S SHARED**
14 **CORPORATE SERVICES O&M EXPENSES SINCE ITS LAST ELECTRIC**
15 **RATE CASE.**

16 A. The O&M expenses Shared Corporate Services incurred in the 2018 HTY are
17 generally consistent with those expenses included in the 2014 Rate Case, both
18 with respect to the overall level of expenses and the types of expenses incurred.
19 Total O&M expenses have increased by \$1.0 million, and I provide further detail
20 regarding shifts in O&M expenses since the 2014 Rate Case below and in Table
21 ARD-D-3.

1 **Q. WHAT IS THE TOTAL DOLLAR AMOUNT OF SHARED CORPORATE**
2 **SERVICES O&M THAT PUBLIC SERVICE IS REQUESTING IN THIS CASE?**

3 A. As reflected in Attachments ARD-3 and ARD-4, the Company is seeking \$122.4
4 million in O&M expenses. Table ARD-D-2, below, breaks down the amount of
5 overall O&M costs by the categories I discussed above. Additionally, Attachment
6 ARD-3 provides the O&M expenses by Cost Element, and Attachment ARD-4
7 provides the O&M by FERC account.

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2
3
4

**Table ARD-D-2
 Shared Corporate Services O&M
 Public Service Electric
 (\$ in Millions)**

Business Area	2013 O&M \$ Millions	2018 O&M \$ Millions	Variance \$ Millions
Financial Operations**	\$24.9	\$25.5	\$0.6
Operations Services	\$6.0	\$7.5	\$1.5
General Counsel	\$10.2	\$7.6	(\$2.7)
Chief Executive Officer	\$0.9	\$1.2	\$0.3
Corporate Secretary and Executive Services	\$1.8	\$2.8	\$1.0
Customer and Innovation (excluding Business Systems)	\$45.9	\$47.3	\$1.4
Human Resources and Executive Services	\$24.2	\$24.2	-
Group Presidents	\$16.9	\$15.7	(\$1.2)
Corporate Other	(\$9.4)	(\$3.5)	\$5.9
Revenue	-	(\$5.9)	(\$5.9)
Total*	\$121.4	\$122.4	\$1.0
<p>*There may be differences between the sum of the individual category amounts and Total amounts due to rounding.</p> <p>**In Attachment ARD-3, Financial Operations, Injuries and Damages A&G, and Insurance comprise the Financial Operations category reflected in this table.</p>			

5 **Q. ARE THE \$122.4 MILLION (PRE-ADJUSTMENT) IN 2018 O&M COSTS FOR**
 6 **SHARED CORPORATE SERVICES YOU DESCRIBE ABOVE REFLECTED IN**
 7 **THE COST OF SERVICE PRESENTED BY COMPANY WITNESS MS. BLAIR?**

8 A. Yes.

1 **Q. WHAT ARE THE MAJOR DIFFERENCES BETWEEN SHARED CORPORATE**
 2 **SERVICES O&M EXPENSE INCLUDED IN THE 2014 ELECTRIC RATE CASE**
 3 **AND THE 2018 O&M EXPENSE SHOWN IN TABLE ADR-D-3 BELOW?**

4 A. O&M expense for Public Service Electric's allocation of Shared Corporate
 5 Services Business Areas increased by \$1.0 million, or just below one percent,
 6 between 2013 and 2018. Table ARD-D-3 shows the major drivers of this
 7 increase:

**Table ARD-D-3:
 Shared Corporate Services Business Area's O&M
 Public Service Electric
 (\$ in millions)**

	2013 HTY	Driver Amount	2018 Actuals
Total O&M (Adjusted)	\$121.4		
Revenues		(\$5.8)	
Insurance		(\$2.1)	
Boulder Legal and Consulting Costs		(\$2.9)	
Bad Debt		(\$1.1)	
Regulatory fees		\$2.0	
Enterprise Security		\$3.2	
First Set Credits		\$7.4	
AGIS		\$1.1	
Injuries and Damages		\$1.4	
Other		(\$2.1)	
Total*	\$121.4	\$1.0	\$122.4
*There may be differences between the sum of the individual category amounts and Total amounts due to rounding.			

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1 **Q. FIRST, CAN YOU DESCRIBE ANY DECREASES IN COSTS BETWEEN THE**
2 **2013 HTY AND 2018 HTY?**

3 A. Yes. There were decreases in costs in the following areas:

- 4 • *Revenues:* These include damage claim revenues, non-gratuitous revenues,
5 and interconnection studies. These revenues used to be reflected in
6 Revenues from a GAAP accounting perspective but are now considered an
7 offset to O&M from a FERC accounting perspective in the SAP system.
8 Previously these revenues were not included as O&M and therefore represent
9 an overall decrease in the O&M for the Shared Corporate Services Business
10 Areas. These revenues were approximately \$3.9 million in 2013 and have
11 increased over the last five years primarily due to higher volume of
12 interconnection study-related revenue.
- 13 • *Insurance Costs:* Insurance costs are declining over the time period. They
14 have fallen by \$2.1 million, driven by premium reductions for various lines of
15 insurance (property, liability, directors and officers, etc.).
- 16 • *Boulder Legal and Consulting Costs:* 2013 included approximately \$3 million
17 in costs associated with the Boulder municipalization effort. Subsequently,
18 the Company entered into an agreement with the City of Boulder to
19 separately bill and recover costs related to the separation work (See
20 Proceeding No. 15A-0589E). As such, the majority of Public Service's recent
21 and ongoing costs associated with Boulder's municipalization efforts are billed
22 and recovered from the City of Boulder. In 2018 the Company incurred

1 approximately \$41,000 in costs that were not billed to Boulder, but we have
2 removed these from the cost of service. Ms. Blair discusses this adjustment in
3 more detail in her Direct Testimony.

- 4 • *Bad Debt Expense:* Bad debt is decreasing by approximately \$1.1 million,
5 driven by an improvement in the rate of collection.

6 **Q. WERE THESE DECREASES IN EXPENSES BETWEEN 2013 AND 2018**
7 **OFFSET BY ANY INCREASES?**

8 A. Yes. These decreases were partially offset by the following increases:

- 9 • *Regulatory Fees:* Indirect regulatory fees increased by \$2 million between
10 the 2013 HTY and 2018 HTY. These fees are based on the Commission's
11 annual fiscal year apportionment factor, applied against revenue.
- 12 • *Enterprise Security:* Costs in this area have increased by \$3.2 million
13 between the 2013 HTY and the 2018 HTY due to the Company's heightened
14 focus on cybersecurity, and increased spending to secure critical
15 infrastructure. In 2016, a new Security Organization was formed that
16 combined physical security, cyber security, and enterprise continuity and data
17 protection functions into one group. The goal of this organization is to expand
18 capabilities to protect the Company, its employees, and its assets against a
19 range of threats in today's cyber environment. The capital associated with
20 cyber security remains largely with the Business Systems' Business Area,
21 and is discussed by Mr. Harkness.

- 1 • *First Set Credits:* When new meters are purchased, the cost of the meter,
2 labor to install the meter, and materials are capitalized at the time of
3 purchase. The capitalized labor and materials costs are offset by a credit to
4 O&M when the meters are installed. In 2013, these credits were captured in
5 the Corporate Other Business Area, which is part of Shared Corporate
6 Services. In 2018, these costs were captured in the Distribution Operations
7 Business Area; therefore, the corresponding credit is no longer allocated to
8 the Corporate Other Business Area. These credits are discussed in more
9 detail by Company witness Mr. Chad S. Nickell.
- 10 • *AGIS:* Increased by \$1.1 million due to the initiation of the overall AGIS
11 project as discussed in more detail by Mr. Nickell and Mr. Harkness. These
12 additional costs reflect support costs incurred by various business areas
13 (Corporate Secretary and Executive Services, Customer and Innovation,
14 Financial Operations, Human Resources and Employee Services and
15 Operational Services) to support the Company's overall AGIS initiative. The
16 costs are primarily labor, contract labor, and consulting.
- 17 • *Injuries and Damages:* Increased by \$1.4 million due to the settlement of a
18 class action lawsuit. The claims in the class action lawsuit related to the
19 Company's alleged unlawful failure to pay wages related to shift turnover
20 activities at the Company's power stations in Colorado.

1 **Q. IS PUBLIC SERVICE PROPOSING ANY KNOWN AND MEASURABLE**
2 **ADJUSTMENTS TO ITS SHARED CORPORATE SERVICES 2018 HTY COST**
3 **OF SERVICE?**

4 A. Yes. As discussed above, Public Service is proposing to eliminate approximately
5 \$41,000 in expense associated with work on the City of Boulder's
6 municipalization efforts. As I previously mentioned, although Public Service
7 incurred costs in 2018 related to the Boulder municipalization and separation, it is
8 removing those expenses from the cost of service because it does not anticipate
9 incurring those costs on a going-forward basis.

10 Additionally, Public Service is proposing a known and measurable
11 adjustment to account for the AGIS-related Shared Corporate Services O&M that
12 the Company anticipates in 2019. This adjustment results in a decrease of \$0.5
13 million to the cost of service.

14 **Q. IS THE 2018 SHARED CORPORATE SERVICES O&M DESCRIBED ABOVE A**
15 **REASONABLE BASIS ON WHICH TO ESTABLISH O&M COSTS FOR THE**
16 **2018 HTY?**

17 A. Yes.

18 **Q. ARE THE O&M EXPENSES YOU SUPPORT REASONABLE AND**
19 **NECESSARY TO CARRY OUT SHARED CORPORATE SERVICES KEY**
20 **FUNCTIONS DESCRIBED ABOVE?**

21 A. Yes.

1 **VII. RECOMMENDATIONS AND CONCLUSION**

2 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

3 A. In sum, as part of approving the cost of service developed by Ms. Blair, I
4 recommend that the Commission approve the 2014-2019 Shared Corporate
5 Services capital additions and 2018 Shared Corporate Services O&M expenses,
6 along with the known and measurable adjustments included in the Company's
7 cost of service presented in this rate review and described above.

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

9 A. Yes, it does.

Statement of Qualifications

Adam R. Dietenberger

I received a Bachelor of Science degree, with majors in accounting and finance, from the University of Minnesota in 2004. I also hold an Inactive CPA certificate from the State of Minnesota.

My current position with XES is Director, Business Area Finance, Shared Corporate Services. In this role, my responsibilities include supporting the financial aspects of the shared service organizations including the coordination of the shared service organizations' five-year O&M expense budgets and the five-year capital expenditure budgets, the monthly forecast updates of these five-year plans, and analysis of actual results against these budgets and forecasts. Prior to my current role, I was employed as the Senior Manager, Service Company Accounting and Cash Processes. I was 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. Additionally, I managed Xcel Energy's Cash Processes group, which is responsible for monitoring and reconciling the cash activity, long term debt and other related items for all Xcel Energy affiliates and subsidiaries.

I have been employed by XES since May 2008, first as a Senior Accountant, then as a Corporate Accounting Consultant, then as Manager, Corporate Accounting.

Prior to joining XES, I was employed by Deloitte LLP, where I performed financial statement audits for companies in various industries, including energy and utilities, healthcare, and manufacturing.

I have filed testimony previously before the Colorado Public Utilities Commission on behalf of Public Service Company of Colorado in Docket Nos. 17AL-0649E and 17A-0363G as part of my role as Senior Manager, Service Company Accounting and Cash Processes. I have also filed testimony before the Public Utility Commission of Texas in Docket No. 45524, the New Mexico Public Regulation Commission in Case Nos. 15-00139-UT, 15-00296-UT, and 16-00269-UT; and the Minnesota Public Utilities Commission on behalf of Northern States Power Company, a Minnesota corporation, in Docket No. E002/GR-15-826.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * *

RE: IN THE MATTER OF ADVICE)
NO. 1797-ELECTRIC OF PUBLIC)
SERVICE COMPANY OF)
COLORADO TO REVISE ITS) PROCEEDING NO. 19AL-_____E
COLORADO P.U.C. NO. 8-)
ELECTRIC TARIFF TO IMPLEMENT)
RATE CHANGES EFFECTIVE ON)
THIRTY-DAYS' NOTICE.)

AFFIDAVIT OF ADAM R. DIETENBERGER
ON BEHALF OF
PUBLIC SERVICE COMPANY OF COLORADO

I, Adam R. Dietenberger, 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 9th day of May, 2019.

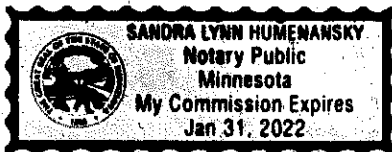


Adam R. Dietenberger
Director, Business Area Finance

Subscribed and sworn to before me this 9th day of May, 2019.



Notary Public



My Commission expires 01/31/2022