

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION FOR: (1) REVISION OF)
ITS RETAIL RATES UNDER ADVICE)
NOTICE NO. 282; (2) AUTHORIZATION)
AND APPROVAL TO SHORTEN THE)
SERVICE LIFE OF AND ABANDON ITS)
TOLK GENERATING STATION UNITS;)
AND (3) OTHER RELATED RELIEF,)
SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)
APPLICANT.)**

CASE NO. 19-00170-UT

DIRECT TESTIMONY

of

LAWRENCE A. BICK

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS.....	iii
LIST OF ATTACHMENTS	iv
I. WITNESS IDENTIFICATION AND QUALIFICATIONS	1
II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS	5
III. THE RANKING, ESTIMATION, SELECTION FOR FUNDING, AND MANAGEMENT OF PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES CAPITAL ADDITIONS	9
IV. PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES CAPITAL ADDITIONS.....	14
A. PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES CAPITAL ADDITIONS FOR THE PERIOD OF APRIL 1, 2018 THROUGH MARCH 31, 2019.....	15
B. PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES CAPITAL ADDITIONS FOR THE PERIOD OF APRIL 1, 2019 THROUGH AUGUST 31, 2019.....	21
V. PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES- RELATED O&M EXPENSES DURING THE TEST YEAR	28
VERIFICATION.....	34

GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
A&G Rents	Administrative and General Rents
Base Period	April 1, 2018 through March 31, 2019
Commission	New Mexico Public Regulation Commission
IFMA	International Facilities Management Association
FERC	Federal Energy Regulatory Commission
Operating Companies	Northern States Power Company – Minnesota; Northern States Power Company – Wisconsin; Public Service Company of Colorado; and SPS
O&M	Operation and Maintenance
SF	square feet
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	Historical Test Year Period consisting of the Base Period and further incorporating all proper adjustments and capital additions
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.
WBS	Work Breakdown Structure

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
LAB-1	Total Company Amounts and Jurisdictional Percentages (<i>Filename: LAB-1.xlsx</i>)
LAB-2	Capital Additions Closed to Plant-in-Service for the Period April 1, 2018 through March 31, 2019 (<i>Filename: LAB-2.xlsx</i>)
LAB-3	Capital Additions Closed to Plant-in-Service for the Period April 1, 2019 through August 31, 2019 (<i>Filename: LAB-3.xlsx</i>)
LAB-4	Property Services and Physical Security Services O&M Expenses (<i>Filename: LAB-4.xlsx</i>)

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Lawrence A. Bick. My business address is 414 Nicollet Mall,
4 Minneapolis, Minnesota 55401.

5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
7 Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel
8 Energy Inc. (“Xcel Energy”).

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

10 A. I am employed by Xcel Energy Services Inc. (“XES”), the service company
11 subsidiary of Xcel Energy, as Senior Director, Property and Aviation Services.

12 **Q. Please briefly outline your responsibilities as Senior Director, Property and
13 Aviation Services.**

14 A. I have executive responsibility for all corporate real estate, buildings, and
15 grounds, including over five million square feet (“SF”) of facilities in eight states,
16 and 165 campuses. This includes responsibility for capital projects, operations,
17 maintenance, administrative services, and project engineering and architecture for
18 these properties. I also direct the Aviation and Travel Services organization.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

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

2 A. In 1980, I earned a Bachelor of Science degree in Civil Engineering from Purdue
3 University. In 1990, I earned a Master of Business Administration from
4 St. Ambrose University.

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

6 A. My career began in 1980 as a Project Engineer for Iowa-Illinois Gas & Electric
7 Company, where I was promoted to Senior Engineer, managing facilities related
8 projects, and then Manager, Utility Service. In 1995, I became Manager, Gas
9 Engineering, for MidAmerican Energy, directing a team of engineers and
10 technicians building gas pipelines and managing pipeline integrity programs. In
11 1998, I joined Northern States Power as Manager, Gas Engineering, and was
12 subsequently promoted to Manager, Northwest Region Gas Operations. In 2001,
13 I became Director, Delivery Design, for Xcel Energy, with responsibility for all
14 gas and electric distribution projects in the Northern States Power Operating
15 Company region. In 2002, I was promoted to Managing Director, Property
16 Services, responsible for Operation and Maintenance (“O&M”) for all Xcel
17 Energy call centers, buildings, and service centers. In 2012, I was given
18 additional responsibility to manage physical security for all Xcel Energy facilities,
19 including power plants, transmission lines, and corporate facilities, and was

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 named Senior Director, Property & Physical Security Services. In 2014, my
2 responsibilities were expanded to include direction of Aviation and Travel
3 Services. In 2016, Security Services was moved into a different organization.¹

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

6 A. Yes. As a component of my professional development, throughout my career I
7 have attended numerous technical seminars, including Utility Finance
8 Accounting, the Public Utilities Reports Guide, and gas and electric transmission
9 and distribution engineering, design, operations, and maintenance seminars.

10 **Q. Do you hold any professional licenses?**

11 A. Yes. I am credentialed as a Certified Facility Manager by the International
12 Facilities Management Association (“IFMA”) and also hold a Sustainability
13 Facilities Professional credential from the same organization.

14 **Q. Are you a member of any professional organizations?**

15 A. Yes. I am a member of the IFMA, the American Society of Civil Engineers, the
16 Building Owners and Managers Association, and the Association of Security
17 International Professionals.

¹ For the purposes of this testimony and case efficiency, Property Services and Security Services continue to be addressed as one business area.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 **Q. Have you filed testimony before any regulatory authorities?**

2 A. Yes. I have filed testimony before the New Mexico Public Regulation
3 Commission (“Commission”) and the Public Utility Commission of Texas on
4 issues including property services-related capital additions and various support
5 services provided by XES.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 amount consists of costs for projects placed in service during the period April 1,
2 2018 through March 31, 2019 of \$2,282,366, and for costs of projects to be placed
3 in service during the period April 1, 2019 through August 31, 2019 of \$289,909.
4 These costs were prudently incurred and consist of reasonable and necessary
5 capital projects to secure, construct, equip, repair, and maintain SPS's service
6 centers, call center, storage facilities, and office facilities. They are necessary to
7 provide functional and safe facilities for SPS's operations and are used in
8 providing service to customers. Therefore, the Commission should authorize
9 these Property Services and Physical Security Services capital additions to be
10 included in SPS's rate base.

11 SPS's Test Year Property Services and Physical Security Services
12 business area O&M expenses are reasonable and necessary to support the electric
13 service SPS provides to its New Mexico retail customers and are representative of
14 SPS's future costs. These costs are for services that include providing physical
15 security to employees, protecting assets, performing investigations, assisting in
16 regulatory compliance, and are related to the real estate, buildings, and facilities
17 that are necessary for SPS to provide electric service to its customers. These
18 services allow SPS to have sufficient facilities to meet the needs of its customers
19 and employees, as well as operate securely and within regulatory requirements

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 governing the physical security of electrical facilities. SPS's standard practice
2 includes efforts to manage and minimize related O&M expense.

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

5 A. Attachment LAB-1 is discussed below. I have reviewed the attachment and I
6 believe it to be accurate. Attachments LAB-2 and LAB-3 were prepared by my
7 staff as well as SPS witness Laurie J. Wold and her staff, and the information in
8 Attachments LAB-2 and LAB-3 is included in Ms. Wold's Attachments LJW-2
9 and LJW-3. Attachment LAB-4 was prepared under the supervision of SPS
10 witness Arthur P. Freitas and represents a portion of the jurisdictional cost of
11 service provided in Mr. Freitas' direct testimony, Attachment APF-6. I have
12 reviewed the attachments and believe them to be accurate.

13 **Q. How were New Mexico retail jurisdictional amounts in your testimony and**
14 **attachments calculated?**

15 A. Throughout this testimony, I quantify the expense and asset amounts on a New
16 Mexico retail basis based upon the jurisdictional allocation percentages Mr.
17 Freitas uses to develop the New Mexico retail revenue requirement in his
18 Attachment APF-6. Mr. Freitas is responsible for calculating jurisdictional

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 allocation percentages that apply to the various cost components in the cost of
2 service. My staff and I conferred with Mr. Freitas and his staff to determine these
3 New Mexico retail jurisdictional amounts presented in my testimony and
4 attachments. If the percentages used to allocate amounts to the New Mexico retail
5 jurisdiction change, those new allocation percentages will need to be applied to
6 the total company numbers to derive updated New Mexico retail amounts.
7 Attachment LAB-1 contains the total company numbers and the jurisdictional
8 percentages used to derive the New Mexico retail amounts in my testimony.

1 **III. THE RANKING, ESTIMATION, SELECTION FOR FUNDING, AND**
2 **MANAGEMENT OF PROPERTY SERVICES AND PHYSICAL**
3 **SECURITY SERVICES CAPITAL ADDITIONS**

4 **Q. Please describe the Property Services and Physical Security Services and the**
5 **work that Property Services and Physical Security Services performs to**
6 **support SPS's operations.**

7 A. SPS's Property Services and Physical Security Services performs work to
8 provide, maintain, and secure the properties and facilities that are used by SPS to
9 serve its customers. While this work is discussed in more detail in Section V
10 concerning O&M, the work that is performed by the business area that is directly
11 related to capital projects includes:

- 12 • Property: responsibility for real estate, facilities operation and
13 maintenance, building construction projects, space coordination, employee
14 move management, office equipment provision and support; and,
- 15 • Physical Security: the physical security of facilities and employees; asset
16 protection; performing investigations and incident response; managing the
17 Security Operations Center 24 hours a day, 7 days a week, 365 days a
18 year; and assisting in regulatory compliance.

19 Capital Additions are a necessary part of this work in order for SPS to provide
20 safe and reliable electric utility service for SPS's customers.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 **Q. Please describe the process for ranking and funding Property Services and**
2 **Physical Security Services capital projects.**

3 A. Early each year, corporate facilities are evaluated by Property Services and
4 Physical Security staff to identify projects for inclusion in the capital budget for
5 the following year. Property Services and Physical Security Services identifies
6 short-term and long-term facilities needs in coordination with facility and project
7 managers. The needs may be greater than the organization's ability to fund them,
8 so the Property Services and Physical Security Services organization has
9 implemented a careful, methodical approach for evaluating and prioritizing SPS's
10 needs and any proposed investments. New items identified are categorized and
11 prioritized along with existing multi-year capital projects. The evaluation
12 considers factors such as facility safety, opportunities for increased efficiencies,
13 and urgency of equipment replacement in relation to potential consequences of
14 equipment failure. Projects that are related to safety have the highest priority.
15 Other projects are reviewed with relevant Operating Company staff to verify need
16 and priority. The final project list for a given year is based on funding all safety
17 projects first, and funding the balance of projects based on priority in
18 consideration of overall Xcel Energy capital guidelines.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 With respect to safety, projects such as new or replacement fire alarm
2 systems, uninterruptible power supply, fire suppressing sprinkler systems, and
3 building code requirements are all funded to assure safety compliance with local
4 government jurisdictions.

5 Projects, such as office consolidations, mechanical equipment
6 replacements, and structural projects that are not safety-related, receive funding
7 based on highest cost-benefit analysis and return on investment. Projects that are
8 more appearance-related, such as office furniture, landscaping, and improvements
9 to common building areas, receive funding based on comparison to existing
10 building standards. For example, projects that are most likely to bring facility
11 conditions to established standards are funded before those that have less benefit.

12 Property Services and Physical Security Services conducts reviews on an
13 ongoing basis as new needs arise and priorities change, sometimes resulting in
14 deferring projects in order to match the available funds.

15 **Q. Please generally describe how the Property Services and Physical Security**
16 **Services business area develops cost estimates for proposed capital additions.**

17 A. Property Services and Physical Security Services develops cost information in
18 different ways depending on the type of project involved. For smaller projects

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 Property Services collects past project cost information and historical data used to
2 approximate costs for similar work. These costs are weighed against the active
3 year's economic climate and costs are adjusted accordingly – construction
4 industry activity in the area, cost of materials/labor, oil prices, and location of the
5 work/access to labor. For some larger projects Property Services hires a third
6 party estimator to develop an estimate based on a defined scope of work.

7 **Q. Please explain how Property Services and Physical Security Services capital**
8 **costs are managed.**

9 A. After the estimates are developed, all projects follow a project flow process that
10 requires reviews and approvals at the budget, management, senior management,
11 and executive levels. After this approval, they are reviewed by project managers,
12 area management, and corporate finance on a monthly basis to compare the
13 monthly budget to actual expenditures. Each project's budget is updated monthly
14 with a current forecast for all remaining months, including current year-to-date
15 spend. Further, year-to-date actual expenditures are compared with year-to-date
16 forecasts and year-end forecasts. Deviations are identified and recommendations
17 are reviewed and approved. Changes to budgeted project costs are reported to the
18 finance department on a monthly basis.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 When a project's actual costs will exceed the original budget or an
2 unbudgeted emergency occurs, all lower priority projects included in that year's
3 budget are reviewed by Property Services and Physical Security Services
4 management to determine whether they can be delayed or removed to cover the
5 costs of those emergencies. For example, a parking lot that is not draining
6 correctly and is creating unsafe ice patches would be a higher priority than
7 replacing the lighting or windows to increase efficiency, which can be delayed to
8 a future year.

1 **IV. PROPERTY SERVICES AND PHYSICAL SECURITY**
2 **SERVICES CAPITAL ADDITIONS**

3 **Q. As part of this rate case, is SPS requesting to include any Property Services**
4 **and Physical Security Services capital additions in its rate base?**

5 A. Yes. SPS is requesting to include in rate base Property Services and Physical
6 Security Services capital additions that have closed or are expected to close to
7 plant-in-service for the period of April 1, 2018 through August 31, 2019. SPS has
8 included these capital additions in its Test Year rate base. In Subsection A, I
9 address the capital additions that have closed to plant-in-service during the period
10 of April 1, 2018 through March 31, 2019. In the Subsection B, I will discuss the
11 capital additions that have closed to plant-in-service or are expected to close to
12 plant-in-service during the period of April 1, 2019 through August 31, 2019. All
13 of these Property Services and Physical Security Services capital additions were
14 made to SPS's offices and facilities, and support SPS's ability to provide safe and
15 reliable electric service to its customers.

1 **A. Property Services and Physical Security Services**
2 **Capital Additions for the Period of April 1, 2018**
3 **through March 31, 2019**

4 **Q. What is the dollar amount of the Property Services and Physical Security**
5 **Services capital additions that SPS is requesting in this case for the period of**
6 **April 1, 2018 through March 31, 2019?**

7 A. SPS is requesting \$2,282,366 on a New Mexico retail basis in Property Services
8 and Physical Security Services capital additions for the period of April 1, 2018
9 through March 31, 2019. Attachment LAB-2 provides all of the Property
10 Services and Physical Security Services capital additions closed to plant-in-
11 service during this time period.

12 **Q. Have you prepared a list of SPS’s requested Property Services and Physical**
13 **Security Services capital additions closed to plant-in-service during the**
14 **period of April 1, 2018 through March 31, 2019?**

15 A. Yes. Attachment LAB-2 is a list of SPS’s requested Property Services and
16 Physical Security Services capital additions for the period of April 1, 2018
17 through March 31, 2019. Attachment LAB-2 provides the following information:

Column A —	Asset Class	Identifies the type of asset.
Column B —	Witness	Identifies the witness supporting the project.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

Column C —	Project Category	Provides the project category that is descriptive of the project’s type.
Column D —	WBS Level 2 Number	Provides the Work Breakdown Structure (“WBS”) Level 2 number for the project.
Column E —	Project Description (WBS Level 2 Description)	Provides a short title for the WBS Level 2 number for the project.
Column F —	Additions to Plant-in-Service (April 1, 2018 – March 31, 2019) Total Company	Provides the Total Company dollar amount for the plant additions for the period of April 1, 2018 through March 31, 2019.
Column G —	Additions to Plant-in-Service (April 1, 2018 – March 31, 2019) NM Retail	Provides the New Mexico Retail dollar amount for the plant additions for the period of April 1, 2018 through March 31, 2019.

1 **Q. Please describe the Property Services and Physical Security Services capital**
2 **additions placed in service for the period of April 1, 2018 through March 31,**
3 **2019, as shown on Attachment LAB- 2.**

4 **A.** As shown in Table LAB-1 below, the plant additions for this period fall within the
5 following categories: Buildings and Infrastructure, Tools and Equipment, and
6 Security – Controls and Monitoring.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1
2
3

Table LAB-1
Property Services and Physical Security Services – Capital Investment
for the Period April 1, 2018 through March 31, 2019

Project Category	Property Services and Physical Security Services Capital Additions (total company)	Property Services and Physical Security Services Capital Additions (NM retail)
Buildings and Infrastructure	\$7,904,760	\$2,194,474
Tools and Equipment	\$32,469	\$9,014
Security – Controls and Monitoring	\$284,130	\$78,879
Total	\$8,221,359	\$2,282,366

4 **Q. Please describe the types of projects included in the “Buildings and**
5 **Infrastructure” category.**

6 A. This category of investment contains the capital additions for constructing,
7 maintaining, renovating, and remodeling building facilities and infrastructure used
8 by or for the benefit of SPS in its provision of retail electric service to its
9 customers. For example, capital additions in this category include repairs to
10 ensure code compliance and safety, and mechanical or structural equipment.

11 The total investment in this category amounts to \$2,194,474 on a New
12 Mexico Retail basis during the period. Projects included in this category are:

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

- 1 • **Canyon Service Center – New** – \$2,077,979 NM Retail (\$7,485,131
2 Total Company) (WBS Level 2 Number D.0001813.061) – This project is
3 a new service center constructed due to limited space at the old site, and
4 expanding service area needs within Canyon. The previous site was also
5 problematic because it extended service call response times due to the
6 heavily used railroad tracks that had to be crossed to access territory. This
7 new site includes a warehouse; material storage; engineering support; and
8 substation, transmission, distribution line, and service crews.
- 9 • **Carlsbad Roof Seal-Safety System** – \$75,573 NM Retail (\$272,224
10 Total Company) (WBS Level 2 Number D.0001834.039) – This project
11 contains the cost for resealing the entire metal roof of the Carlsbad Service
12 Center that was leaking. The roof is approximately 24,000SF. This
13 project also includes the costs for constructing a new roof pipe railing
14 safety system around the roof top equipment.
- 15 • **Misc Bldg – Electric – Dumas** – \$18,161 NM Retail (\$65,419 Total
16 Company) (WBS Level 2 Number D.0001823.084) – This project contains
17 the cost for resealing the entire metal roof of the Dumas Service Center,
18 consisting of approximately 5,000SF. It was a two coat process consisting
19 of Teflon primer base and Teflon coating. The resealing was necessary to
20 address leaks in the existing roof.
- 21 • **790 Buchanan (Amarillo Tower) – Construction** – \$14,327 NM Retail
22 (\$51,606 Total Company) (WBS Level 2 Number D.0001813.022) – This
23 project contains miscellaneous costs necessary for the completion of the
24 790 Buchanan Headquarters Project.
- 25 • **Amarillo NESC Evidence Storage Facility** – \$5,857 NM Retail (\$21,098
26 Total Company) (WBS Level 2 Number D.0001810.057) – This project
27 includes the construction and buildout cost for the new evidence storage
28 building that services the SPS region to store evidence such as damaged
29 transformers, power poles, etc.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

- 1 • **Mechanical – Dumas** – \$2,072 NM Retail (\$7,465 Total Company)
2 (WBS Level 2 Number D.0001806.086) – This project replaced a 5-ton
3 heating and air conditioning unit at the Dumas Service Center due to the
4 fact that the existing unit was a 20 year old obsolete unit.

5 Combined, these projects account for approximately 100% of the total
6 capital additions in this category. Less than 1% of the costs resulted from similar
7 projects with minimal costs.

8 **Q. Please describe the types of projects included in the “Tools and Equipment”**
9 **category.**

10 A. This category of investment contains the capital additions for furnishing and
11 equipping building facilities and infrastructure used by or for the benefit of SPS in
12 its provision of retail electric service to its customers. The total investment in this
13 category amounts to \$9,014 on a New Mexico retail basis during the period. The
14 project in this category is: **Tools & Equipment** – \$9,014 NM Retail (\$32,469
15 Total Company) (WBS Level 2 Number A.0006059.489). This project includes
16 the costs to replace the batteries for uninterrupted power supply to ensure backup
17 power reliability. The batteries have a life expectancy of five to six years. This
18 project was necessary because the Roswell Service Center is a communication
19 hub for the region, and the batteries were beyond the six year life cycle. This
20 project accounts for 100% of the total capital additions in this category.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 **Q. Please describe the types of projects included in the “Security - Controls and**
2 **Monitoring” category.**

3 A. This category covers the replacement and installation of security system
4 equipment associated with SPS facilities and infrastructure. The total investment
5 in this category amounts to \$78,879 on a New Mexico retail basis during the
6 period. The projects included in this category are:

- 7 • **790 Buchanan Security System** – \$77,008 NM Retail – (\$277,391 Total
8 Company) (WBS Level 2 Number D.0001781.049) – Materials and labor
9 to install security systems at 790 Buchanan.
- 10 • **Security Projects – Electric** – \$1,871 NM Retail – (\$6,739 Total
11 Company) (WBS Level 2 Number D.0001781.041) – Replacement of
12 outdated security equipment at the Austin office.

13 Combined, these projects account for 100% of the total capital additions in
14 this category.

15 **Q. Are the Property Services and Physical Security Services capital additions**
16 **for the period of April 1, 2018, through March 31, 2019 presented in**
17 **Attachment LAB-2 reasonable and necessary?**

18 A. Yes. As discussed in my testimony above, the Property Services and Physical
19 Security Services capital additions presented in Attachment LAB-2 are reasonable
20 and necessary to provide and maintain facilities needed for SPS’s operations and

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 for a safe, secure, and functional environment at each facility, which is necessary
2 to provide safe and reliable utility service to SPS's customers. The process for
3 developing costs and managing projects discussed in Section III ensures that the
4 expenditures are reasonable and necessary and that the costs were prudently
5 incurred.

6 **B. Property Services and Physical Security Services**
7 **Capital Additions for the Period of April 1, 2019**
8 **through August 31, 2019**

9 **Q. Please describe the Property Services and Physical Security Services capital**
10 **additions SPS is requesting to include in its rate base for the period of**
11 **April 1, 2019 through August 31, 2019.**

12 A. The capital additions that have been or will be placed in service during the period
13 of April 1, 2019 through August 31, 2019 that SPS is requesting to include in rate
14 base are similar to the projects that were closed during the period of April 1, 2018
15 through March 31, 2019 and that are discussed in the previous section of my
16 testimony. As with the projects discussed above, these projects are necessary to
17 provide, maintain, and secure the properties and facilities that are used by SPS to
18 provide safe and reliable electric utility service for its customers.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 **Q. What is the dollar amount of the Property Services and Physical Security**
2 **Services capital additions for the period of April 1, 2019 through August 31,**
3 **2019 that SPS is requesting to include in rate base?**

4 A. SPS is requesting \$289,909 on a New Mexico retail basis in Property Services and
5 Physical Security Services capital additions for the period of April 1, 2019,
6 through August 31, 2019. Attachment LAB-3 provides all of the Property
7 Services and Physical Security Services capital additions closed to plant-in-
8 service during this time period.

9 **Q. Please describe the information included in Attachment LAB-3, which**
10 **provides details about the dollar amount for Property Services and Physical**
11 **Security Services capital additions for the period of April 1, 2019, through**
12 **August 31, 2019.**

13 A. Attachment LAB-3 provides the following information:

Column A —	Asset Class	Identifies the type of asset.
Column B —	Witness	Identifies the witness supporting the project.
Column C —	Project Category	Provides the project category that is descriptive of the project's type.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

Column D —	Project Description	Provides a short title that describes the project.
Column E —	Additions to Plant-in-Service (April 1, 2019 – August 31, 2019) Total Company	Provides the Total Company dollar amounts for the plant additions for the period April 1, 2019 through August 31, 2019.
Column F —	Additions to Plant-in-Service (April 1, 2019 – August 31, 2019) NM Retail	Provides the New Mexico Retail dollar amounts for the plant additions for the period April 1, 2019 through August 31, 2019.

1 **Q. Please describe the Property Services and Physical Security Services capital**
2 **additions placed in service for the period of April 1, 2019 through August 31,**
3 **2019.**

4 A. The capital additions that have been or will be placed into service between April
5 1, 2019 through August 31, 2019 are similar to the projects that were closed
6 during the period of April 1, 2018 through March 31, 2019 and that are discussed
7 in the previous section of my testimony. The table below shows the project
8 categories and amounts.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

Table LAB-2

**Property Services and Physical Security Services – Capital Investment
for the Period April 1, 2019 through August 31, 2019**

Project Category	Property Services and Physical Security Services Capital Additions (total company)	Property Services and Physical Security Services Capital Additions (NM retail)
Buildings and Infrastructure	\$184,880	\$51,325
Security – Controls and Monitoring	\$859,409	\$238,584
Total	\$1,044,289	\$289,909

Q. Please describe the types of projects included in the “Buildings and Infrastructure” category.

A. The general description of the Buildings and Infrastructure category is provided in the previous subsection of this testimony, which description applies to the projects included for the April 1, 2019 through August 31, 2019 time period identified as “Buildings and Infrastructure” on Attachment LAB-3. The total planned investment in this category amounts to \$51,325 on a New Mexico retail basis during the period. The projects in this category involve general building renovations and remodels to ensure adequate and code-compliant work environments and facilities. Most of the costs within Building and Infrastructure

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 for this period are for furniture for the Canyon Service Center, which was
2 discussed above.

3 The projects included in this category are:

- 4 • **Office Furn & Equipment – Electric** – \$30,363 NM Retail (\$109,370
5 Total Company) – Furniture for the Canyon Service Center, including
6 office and individual workstations furniture and chairs, conference room
7 and breakroom table and chairs. Costs in this period are due to payment
8 of final invoices.
- 9 • **Unbudgeted Emergencies – Electric** – \$17,203 NM Retail (\$61,969
10 Total Company) – Forecast for unplanned emergencies that may arise,
11 such a garage door replacement, air conditioner replacement, or site
12 pavement replacement.
- 13 • **SPS Energy Management** – \$3,092 NM Retail (\$11,139 Total Company)
14 –Lighting projects for energy efficiency at Amarillo SW Storage (Record
15 Center).

16 Combined, these projects account for approximately 99% of the total
17 capital additions in this category. The remaining costs are for a similar project of
18 a minimal amount.

19 **Q. Please describe the types of projects included in the “Security – Controls and
20 Monitoring” category.**

21 A. The general description of the Security – Controls and Monitoring category is
22 provided in the previous subsection of this testimony, which description applies to
23 the projects included for the period April 1, 2019 through August 31, 2019

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 identified as “Security – Controls and Monitoring” on Attachment LAB-3. The
2 total planned investment in this category is \$238,584 on a New Mexico retail
3 basis during the period. The project category is comprised of: **Security Projects**
4 – **Electric** – \$238,584 NM Retail (\$859,409 Total Company) – Replacement and
5 installation for security card access readers and security cameras. This accounts
6 for 100% of the total capital additions in this category.

7 **Q. Are the Property Services and Physical Security Services capital additions**
8 **presented in Attachment LAB-3 consistent with what is expected to be placed**
9 **in service during the period April 1, 2019 through August 31, 2019?**

10 A. Yes. With respect to the included projects, although the actual cost of any single
11 capital project may vary somewhat from the estimated amount on Attachment
12 LAB-3, and it is possible that other projects will emerge or replace those listed,
13 Attachment LAB-3 is a reasonable estimate of the total costs of the Property
14 Services and Physical Security Services capital investment that will be placed in
15 service during the period of April 1, 2019 through August 31, 2019.

16 **Q. Are the Property Services and Physical Security Services capital additions**
17 **for the period presented in Attachment LAB-3 reasonable and necessary?**

18 A. Yes. As discussed in my testimony above, the Property Services and Physical
19 Security Services capital additions presented in Attachment LAB-3 are reasonable

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 and necessary to provide and maintain facilities needed for SPS's operations and
2 for a safe, secure, and functional environment at each facility, which is necessary
3 to provide safe and reliable utility service to its customers. The process for
4 developing costs and managing projects discussed in Section III ensures that the
5 expenditures are reasonable and necessary and that the costs were prudently
6 incurred.

1 **V. PROPERTY SERVICES AND PHYSICAL SECURITY SERVICES-**
2 **RELATED O&M EXPENSES DURING THE TEST YEAR**

3 **Q. What types of Property Services and Physical Security Services business area**
4 **O&M expenses are included in SPS’s cost of service?**

5 A. Property Services and Physical Security Services O&M expenses include both
6 native SPS costs and affiliate charges. Native SPS costs are those costs incurred
7 directly by SPS associated with the provision of electric service to customers. For
8 example, the salaries of SPS employees are native costs.

9 Another component of SPS’s O&M expenses are those associated with
10 services provided by XES to SPS. These services are in addition to, and not
11 duplicative of, the services that SPS employees provide. XES is a centralized
12 service company and the charges for its services must be provided “at cost,” or
13 without profit. Finally, O&M expenses also include charges to SPS from other
14 Operating Companies or affiliated interests. Similar to the charges from XES,
15 these services are charged to SPS “at cost” and generally involve services such as
16 building and facility maintenance, utilities, operations, janitors, and trash removal.
17 SPS witness Melissa L. Schmidt provides additional details regarding the
18 methodology of charging affiliate costs to SPS from XES and other affiliated
19 interests.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 The costs for these services also include labor, overheads, materials, and
2 supplies. SPS witness Michael T. Knoll provides testimony regarding labor costs,
3 SPS witness Richard R. Schrubbe provides testimony regarding pension and
4 related costs, and Ms. Schmidt provides testimony regarding the methodology of
5 billings for labor and labor-related overheads.

6 **Q. Please describe SPS’s Property Services and Physical Security Services-**
7 **related expenses for which SPS seeks recovery in its base rates.**

8 A. These costs, which are provided in Attachment LAB-4 relate to the following
9 Federal Energy Regulatory Commission (“FERC”) accounts and descriptions:

FERC Account	Description
931	Administrative & General (“A&G”) rents
935	Maintenance of general plant

10 **Q. Please generally describe the types of activities related to costs recorded to**
11 **FERC Accounts 931, A&G rents and 935, Maintenance of general plant.**

12 A. With respect to A&G rents, costs are comprised of services that include
13 equipment rental, lease costs, building construction, and office equipment
14 support. Regarding maintenance of general plant, costs include services such as

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 space coordination, general janitorial maintenance, and human resource security
2 needs.

3 **Q. What are the types of services and costs specifically associated with SPS's**
4 **Property Services and Physical Security Services organization?**

5 A. SPS's Property Services and Physical Security Services business area is
6 responsible for lease costs and services including:

- 7 • Property: the real estate, facilities operation and maintenance, building
8 construction projects, space coordination, employee move management,
9 office equipment provision and support, switchboard services, and print,
10 mail, and records services; and
- 11 • Physical Security: the physical security of facilities and employees; asset
12 protection; performing investigations and incident response; managing the
13 Security Operations Center 24 hours a day, 7 days a week, 365 days a
14 year; assisting in regulatory compliance; as well as preparation for
15 responding to major emergencies, pandemics, and disasters in order to
16 ensure continued operations of Xcel Energy and its Operating Companies,
17 including SPS.

18 Together, these services work to ensure that SPS has sufficient operations and
19 service centers, microwave sites that control SCADA, office buildings, and other
20 facilities in the SPS region to meet the needs of its customers and employees, and
21 that SPS is able to operate securely and within regulatory requirements governing
22 the physical security of electrical facilities. The Property Services portfolio
23 within SPS includes 64 buildings across 50 campuses totaling more than 553,700

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 SF of office, warehouse, and garage space. Eleven of those buildings are located
2 within SPS's New Mexico operating territory.

3 **Q. Are the services and associated costs related to the Property Services and**
4 **Physical Security Services business area necessary for SPS's operations?**

5 A. Yes. The services and associated costs are necessary for reasons including
6 ensuring that SPS and Xcel Energy operate securely and within regulatory
7 compliance guidelines related to physical security; that SPS employees have
8 places to work and that their workspaces are appropriately furnished and
9 maintained; that the equipment and machinery used by SPS in providing electric
10 services is appropriately housed; and that records services, switchboard services,
11 and print and mail services are provided. The Property Services and Physical
12 Security Services business area provides services required by all utilities and
13 without which SPS would not be able to provide safe and reliable electric service
14 to its customers.

15 **Q. Do SPS's New Mexico retail customers benefit from the services that are**
16 **provided by the Property Services and Physical Security Services**
17 **organization?**

18 A. Yes. The services of the Property Services and Physical Security Services
19 business area benefit SPS's New Mexico retail customers in a number of ways.

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 For example, they are responsible for managing the service centers located
2 throughout the SPS service territory that house the equipment and vehicles used to
3 maintain electric service to customers and the sophisticated security systems,
4 round-the-clock monitoring, and awareness training to protect the assets and
5 personnel of SPS that are necessary to provide electric service to customers.

6 **Q. Do you provide an attachment that lists the total Property Services and**
7 **Physical Security Services business area O&M expense by FERC account?**

8 A. Yes. Attachment LAB-4 provides the total Test Year Property Services and
9 Physical Security Services-related O&M expenses broken down by FERC
10 account. My testimony supports these costs, as reasonable and representative of
11 the Property Services and Physical Security Services business area O&M expense
12 SPS will incur prospectively.

13 **Q. During the fiscal year, does the Property Services and Physical Security**
14 **Services business area monitor its actual expenditures versus its budget?**

15 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by
16 management within each department of the Property Services and Physical
17 Security Services business area. Deviations are evaluated each month to ensure
18 that costs are appropriate. In addition, action plans are developed to mitigate
19 variations in actual to budgeted expenditures. These mitigation plans may either

Case No. 19-00170-UT
Direct Testimony
of
Lawrence A. Bick

1 reduce or delay other expenditures so that overall spending complies with the
2 authorized budget.

3 **Q. Are employees within the Property Services and Physical Security Services**
4 **business area held accountable for deviations from the budget?**

5 A. Yes. All management employees in the Property Services and Physical Security
6 Services business area have specific budgetary targets that are measured on a
7 monthly basis to ensure adherence to the targets and provide for action plan
8 development to address variances.

9 **Q. Is the Test Year level of O&M costs associated with the Property Services**
10 **and Physical Security Services business area reasonable and representative**
11 **of the costs apt to prevail in the future?**

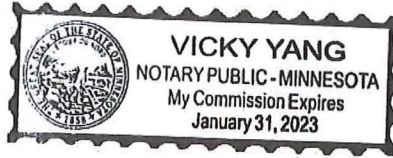
12 A. Yes. The Test Year level of Property Services and Physical Security Services
13 business area O&M expenses is reasonable and representative of the costs SPS
14 will experience in the future. As I discussed earlier, SPS provides Property
15 Services and Physical Security Services business area services as efficiently as
16 possible, making all reasonable efforts to manage costs and stay within an O&M
17 budget.

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

19 A. Yes.

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)



LAWRENCE A. BICK, first being sworn on his oath, states:

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

LAWRENCE A. BICK

SUBSCRIBED AND SWORN TO before me this 21 day of June, 2019 by
LAWRENCE A. BICK.

Notary Public of the State of Minnesota
My Commission Expires: January 31, 2023

Southwestern Public Service Company

Total Company Amounts and Jurisdictional Percentages

Line No.	Witness	Description	Page No.	Line No.	Total Company Amount	Number Scale	Allocator	TY Allocator	NM Amount
1	Bick	Property and Physical Security Services Capital Additions April 1, 2018 through August 31, 2019	5	20	\$ 9,265,648	Dollars	LABXAG	27.76%	\$ 2,572,576
2	Bick	Property and Physical Security Services Capital Additions April 1, 2018 through March 31, 2019	6	2	\$ 8,221,359	Dollars	LABXAG	27.76%	\$ 2,282,366
3	Bick	Property and Physical Security Services Capital Additions April 1, 2019 through August 31, 2019	6	3	\$ 1,044,289	Dollars	LABXAG	27.76%	\$ 289,909
4	Bick	Property and Physical Security Services Capital Additions April 1, 2018 through March 31, 2019	15	7	\$ 8,221,359	Dollars	LABXAG	27.76%	\$ 2,282,366
5	Bick	Buildings and Infrastructure	17	Table LAB-1	\$ 7,904,760	Dollars	LABXAG	27.76%	\$ 2,194,474
6	Bick	Tools and Equipment	17	Table LAB-1	\$ 32,469	Dollars	LABXAG	27.76%	\$ 9,014
7	Bick	Security – Controls and Monitoring	17	Table LAB-1	\$ 284,130	Dollars	LABXAG	27.76%	\$ 78,879
8	Bick	Total	17	Table LAB-1	\$ 8,221,359	Dollars	LABXAG	27.76%	\$ 2,282,366
9	Bick	Buildings and Infrastructure	17	11	\$ 7,904,760	Dollars	LABXAG	27.76%	\$ 2,194,474
10	Bick	Canyon Service Center	18	1	\$ 7,485,131	Dollars	LABXAG	27.76%	\$ 2,077,979
11	Bick	Carlsbad Roof Seal-Safety System	18	9	\$ 272,224	Dollars	LABXAG	27.76%	\$ 75,573
12	Bick	Misc Bldg - Electric - Dumas	18	15	\$ 65,419	Dollars	LABXAG	27.76%	\$ 18,161
13	Bick	790 Buchanan (Aparillo Tower) – Construction	18	21	\$ 51,606	Dollars	LABXAG	27.76%	\$ 14,327
14	Bick	Amarillo NESC Evidence Storage Facility	18	25	\$ 21,098	Dollars	LABXAG	27.76%	\$ 5,857
15	Bick	Mechanical - Dumas	19	1	\$ 7,465	Dollars	LABXAG	27.76%	\$ 2,072
16	Bick	Tools & Equipment	19	13-14	\$ 32,469	Dollars	LABXAG	27.76%	\$ 9,014
17	Bick	Security - Controls and Monitoring	20	5	\$ 284,130	Dollars	LABXAG	27.76%	\$ 78,879
18	Bick	790 Buchanan Security System	20	7	\$ 277,391	Dollars	LABXAG	27.76%	\$ 77,008
19	Bick	Security Projects – Electric	20	10	\$ 6,739	Dollars	LABXAG	27.76%	\$ 1,871
20	Bick	Property and Physical Security Services Capital Additions April 1, 2019 through August 31, 2019	22	4	\$ 1,044,289	Dollars	LABXAG	27.76%	\$ 289,909
21	Bick	Buildings and Infrastructure	24	Table LAB-2	\$ 184,880	Dollars	LABXAG	27.76%	\$ 51,325
22	Bick	Security – Controls and Monitoring	24	Table LAB-2	\$ 859,409	Dollars	LABXAG	27.76%	\$ 238,584
23	Bick	Total	24	Table LAB-2	\$ 1,044,289	Dollars	LABXAG	27.76%	\$ 289,909
24	Bick	Buildings and Infrastructure	24	10	\$ 184,880	Dollars	LABXAG	27.76%	\$ 51,325
25	Bick	Office Furn & Equipment – Electric	25	4	\$ 109,370	Dollars	LABXAG	27.76%	\$ 30,363
26	Bick	Unbudgeted Emergencies – Electric	25	9	\$ 61,969	Dollars	LABXAG	27.76%	\$ 17,203
27	Bick	SPS Energy Management	25	13	\$ 11,139	Dollars	LABXAG	27.76%	\$ 3,092
28	Bick	Security – Controls and Monitoring	26	2	\$ 859,409	Dollars	LABXAG	27.76%	\$ 238,584
29	Bick	Security – Controls and Monitoring	26	4	\$ 859,409	Dollars	LABXAG	27.76%	\$ 238,584

Southwestern Public Service Company
Property Services Capital Additions
April 1, 2018 through March 31, 2019

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line No.	Asset Class	Witness	Project Category	WBS Level 2	Project Description (WBS Level 2 Description)	Additions to Plant-in-Service (April 1, 2018 - March 31, 2019) Total Company	Additions to Plant-in-Service (April 1, 2018 - March 31, 2019) NM Retail
1	Electric General	Bick	Building & Infrastructure	D.0001813.061	Canyon Service Center - New	\$ 7,485,131	\$ 2,077,979
2	Electric General	Bick	Security - Controls & Monitoring	D.0001781.049	790 Buchanan Security System	277,391	77,008
3	Electric General	Bick	Building & Infrastructure	D.0001834.039	Carlsbad Roof Seal-Safety System	272,224	75,573
4	Electric General	Bick	Building & Infrastructure	D.0001823.084	Misc Bldg - Electric - Dumas - Rout	65,419	18,161
5	Electric General	Bick	Building & Infrastructure	D.0001813.022	Amarillo Tower New Lease	51,606	14,327
6	Electric General	Bick	Tools & Equipment	A.0006059.489	Tools & Equipment - Electric - NM	32,469	9,014
7	Electric General	Bick	Building & Infrastructure	D.0001810.057	Amarillo NESC Evidence Storage Faci	21,098	5,857
8	Electric General	Bick	Building & Infrastructure	D.0001806.086	Mechanical - Dumas - Routine	7,465	2,072
9	Electric General	Bick	Security - Controls & Monitoring	D.0001781.041	Security Projects - Electric -	6,739	1,871
10	Electric General	Bick	Building & Infrastructure	D.0001810.035	Amarillo Tower - Structural	1,742	484
11	Electric General	Bick	Building & Infrastructure	D.0001814.046	Electrical - Borger - Routine	71	20
12	Electric General	Bick	Building & Infrastructure	D.0001806.080	Mechanical - Lutbock - Routine	3	1
13	Electric General	Bick	Building & Infrastructure	D.0001806.001	Mechanical	1	0
14	Total Electric General					\$ 8,221,359	\$ 2,282,366

Southwestern Public Service Company
Property Services Capital Additions
April 1, 2019 through August 31, 2019

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Asset Class	Witness	Project Category	Project Description	Additions to Plant-in-Service (April 1, 2019 - August 31, 2019) Total Company	Additions to Plant-in-Service (April 1, 2019 - August 31, 2019) NM Retail
1	Electric General	Bick	Security - Controls & Monitoring	Security Projects - Electric -	\$ 859,409	\$ 238,584
2	Electric General	Bick	Building & Infrastructure	Office Furn & Equipment - Electric	109,370	30,363
3	Electric General	Bick	Building & Infrastructure	Unbudgeted Emergencies - Electric -	61,969	17,204
4	Electric General	Bick	Building & Infrastructure	SPS Energy Management	11,139	3,092
5	Electric General	Bick	Building & Infrastructure	Clovis SC Reno & Consolid - Ba	2,402	667
6	Electric General Total				\$ 1,044,289	\$ 289,909

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Production				
1	500	Operation Supervision and Engineering	\$ 2,268,554	\$ 627,965
2	501.35	Coal Non-Mine; Non-Freight	36,822,078	10,563,515
3	507.70	Coal Ash Sales	(638,126)	(183,066)
4	502	Steam Expenses	10,999,173	3,044,713
5	505	Electric Expenses	9,804,750	2,714,081
6	506	Miscellaneous Steam Power Expenses	12,308,638	3,407,190
7	507	Rents	6,346,153	1,756,697
8	509	Steam Operation SO2 Allowance Expense	159,720	69,444
9	510	Maintenance Supervision and Engineering	1,487,576	411,780
10	511	Maintenance of Structures	5,165,862	1,429,977
11	512	Maintenance of Boiler Plant	17,498,911	5,020,086
12	513	Maintenance of Electric Plant	12,292,355	3,526,430
13	514	Maintenance of Miscellaneous Steam Plant	11,085,594	3,068,636
14	546	Operation Supervision and Engineering	20,803	5,759
15	548	Generation Expenses	607,534	168,173
16	549	Misc Other Power Generation Expenses	4,229,813	1,209,556
17	550	Rents	509,638	141,074
18	551	Maintenance Supervision and Engineering	215,299	59,598
19	552	Maintenance of Structures	396,710	109,815
20	553	Maintenance of Generating and Electric Equipment	5,156,506	1,466,076
21	554	Maintenance of Misc Other Power Generation Plant	303,609	84,043
22	556.0	System Control and Load Dispatching	1,086,063	300,636
23	557	Purchased Power Other	1,649,520	476,935
24	Total Production O&M Expense		\$ 139,776,736	\$ 39,479,115

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Transmission				
25	560	Operation Supervision and Engineering	\$ 9,782,898	\$ 2,049,023
26	561.1	Load Dispatch - Reliability	231,641	47,369
27	561.2	Load Dispatch - Monitor and Operate Trans. System	3,248,302	664,252
28	561.4	Scheduling, System Control and Dispatching Services	4,043,263	989,084
29	561.5	Reliability, Planning and Standards Development	31	6
30	561.6	Transmission Service Studies	66,498	13,598
31	561.7	Generation Interconnection Studies	(55,916)	(11,434)
32	561.8	Reliability Planning and Standards Development Services	3,190,183	875,170
33	562	Station Expenses	1,936,338	405,565
34	563	Overhead Line Expenses	834,686	174,825
35	564	Underground Line Expenses	-	-
36	565	Wheeling Lamar DC Tie	(420)	(116)
37	565	Wheeling Meter Charges	912,309	-
38	565	Wheeling Miscellaneous	31,117	6,363
39	565	Wheeling Schedule 12	1,833,497	588,980
40	565	Wheeling Schedule 12 - Wholesale	493,218	-
41	565	Wheeling Schedule 1 - Wholesale	762,783	-
42	565	Wheeling Schedule 2	4,678	1,503
43	565	W-Wheeling Schedule 2 - Wholesale	1,115	-
44	565	Wheeling Schedule 7&8	-	-
45	565	Wheeling Schedule 9	6,062,371	1,239,706
46	565	Wheeling Schedule 9 - Wholesale	25,175,406	-
47	565	565000S11T-Wheeling Schedule 11 - Total	135,171,319	33,009,456
48	565	565Z2DAUC - Z2 Direct Assigned Upgrade Charge	81,490	26,180
49	565	565Z2DAUCW - Z2 Direct Assigned Upgrade Charge - Wholesale	16,962	-
50	565	565Z2Sch11 - Z2 Schedule 11 Charges	(182,512)	(58,629)
51	565	565Z2Sch11W - Z2 Schedule 11 Charges - Wholesale	(4,093)	-
52	566	Misc Transmission Expenses	3,050,286	638,881
53	567	Rents	1,966,505	411,884
54	568	Maintenance Supervision and Engineering	8,520	1,784
55	570	Maintenance of Station Equipment	1,742,671	365,002
56	571	Maintenance of Overhead Lines	1,288,468	269,869
57	Sub-Total Total Transmission O&M Expenses		\$ 201,693,613	\$ 41,708,320
Regional Market Expenses				
58	575.1	Operation Supervision	\$ 158,137	\$ 45,366
59	575.2	Day-Ahead and Real-Time Market Administration	306,568	87,948
60	575.5	Ancillary Services Market Administration	24,516	7,033
61	575.6	Market Monitoring and Compliance	41,429	11,885
62	575.7	Market Admin, Monitoring, and Compliance Services	8,199,872	2,005,954
63	575.8	Regional Market Rents	51,609	14,806
64	Total Regional Market Expenses		\$ 8,782,132	\$ 2,172,993
65	Total Transmission O&M Expenses		\$ 210,475,744	\$ 43,881,313

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Distribution				
66	580	Operation Supervision and Engineering	\$ 3,163,274	\$ 1,111,790
67	581	Load Dispatching	313,310	111,864
68	582	Station Expenses	1,595,635	569,703
69	583	Overhead Line Expenses	3,666,655	1,454,447
70	584	Underground Line Expenses	145,869	50,477
71	585	Street Lighting and Signal Systems Expenses	154,975	55,332
72	586	Meter Expenses	3,381,132	1,205,442
73	587	Customer Installations Expenses	918,200	327,833
74	588	Misc Distribution Expense	13,631,759	3,709,454
75	589	Rents	2,595,221	799,926
76	590	Maintenance Supervision and Engineering	19,407	6,929
77	591	Maintenance of Structures	4,271	(2,928)
78	592	Maintenance of Station Equipment	789,883	282,019
79	593	Maintenance of Overhead Lines	7,027,707	2,463,915
80	594	Maintenance of Underground Lines	407,483	130,209
81	595	Maintenance of Line Transformers	346	346
82	596	Maintenance of Street Lighting and Signal Systems	637,197	242,783
83	597	Maintenance of Meters	13,267	4,737
84	598	Maintenance of Misc Distribution Plant	(240,996)	(158,415)
85	Total Distribution O&M Expenses		\$ 38,224,594	\$ 12,365,862
Customer Accounts				
86	901	Supervision	\$ 29,486	\$ 9,165
87	902	Meter Reading Expenses	4,784,352	1,487,047
88	903	Customer Records and Collection Expenses	6,947,307	2,159,325
89	904	Uncollectible Expenses	4,380,461	1,361,536
90	904	Uncollectible Expenses Misc	1,058,042	328,861
91	905	Customer Acct - Misc	-	-
92	DEPINT	Customer Deposit Interest Expense	151,110	34,508
93	Total Customer Accounts Expense		\$ 17,350,759	\$ 5,380,441
Customer Service				
94	908.00	Customer Asst Expense	\$ 2,113,147	\$ 656,797
95	908.00	Historical EE Amortization	388,237	-
96	908.04	SaversSwitch	855,119	-
97	909	Informational and Instructional Advertising Expense	600,478	186,641
98	910.00	Miscellaneous Customer Service Expense	17,088	5,311
99	Total Customer Service Expense		\$ 3,974,069	\$ 848,749

Southwestern Public Service Company

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	SPS Total Company O&M Expense - Adjusted Test Year Period	SPS NM Retail O&M Expense - Adjusted Test Year Period
Sales				
100	912.00	Demonstration and Selling Expense-Economic Development	\$ 260,978	\$ 81,116
101	Total Sales Expense		\$ 260,978	\$ 81,116
Administrative and General Expenses				
102	920	Administrative and General Salaries	\$ 28,862,730	\$ 8,012,705
103	921	Office Supplies and Expenses	19,880,024	5,518,978
104	922	Administrative Expenses Transferred-Credit	(17,541,474)	(4,869,763)
105	923	Outside Services Employed	10,024,264	2,782,878
106	924	Property Insurance	3,263,374	866,236
107	925	Injuries and Damages	6,582,771	1,827,471
108	926.00	Employee Pensions and Benefits	34,553,810	9,592,630
109	926.03	Deferred Pension Expense	(2,798,525)	-
110	928.01	Regulatory Commission Expense - NM	6,452,462	6,452,462
111	928.04	Regulatory Commission Expense - Misc	5,528,868	30,507
112	929.00	Duplicate Charges-Credit	(1,390,153)	(367,516)
113	930.20	Misc General Expenses	1,192,983	315,390
114	931	A&G Rents	12,941,448	3,752,019
115	935	Maintenance of General Plant	185,735	51,677
116		Recoverable Contributions, Dues, and Donations	228,213	228,213
117	Total Administrative and General Expenses		\$ 107,966,529	\$ 34,193,886
118	Total Operations and Maintenance Expense		\$ 518,029,409	\$ 136,230,481

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment APF-6.