

SOAH DOCKET NO. 473-19-6677
DOCKET NO. 49831

APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

UPDATE TESTIMONY
of
BENNIE F. WEEKS

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: WeeksRRUpdate.docx; Total Pages: 19)

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¹ For ease of cross-referencing this update testimony with the original direct testimony filed on August 8, 2019, the sections and subsections in this update testimony correspond with the original sections and subsections in the original direct testimony.

Attachment BFW-RR-UB(CD) (*filename: BFW-RR-UABCD.xlsx*) 17

Attachment BFW-RR-UC (*filename: BFW-RR-UABCD.xlsx*)..... 18

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
RFP	Rate Filing Package
SPS	Southwestern Public Service Company, a New Mexico corporation
Total Company or total company	Total SPS (before any jurisdictional allocation)
Update Period	April 1, 2019 through June 30, 2019
Updated Test Year	July 1, 2018 through June 30, 2019
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
BFW-RR-UA (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (Filename: BFW-RR-UABCD.xlsx)
BFW-RR-UB(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (Filename: BFW-RR-UABCD.xlsx)
BFW-RR-UC (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (Filename: BFW-RR-UABCD.xlsx)
BFW-RR-UD (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (Filename: BFW-RR-UABCD.xlsx)

**UPDATE TESTIMONY
OF
BENNIE F. WEEKS**

I. WITNESS IDENTIFICATION

1

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

3 A. My name is Bennie F. Weeks. My business address is 790 S. Buchanan Street
4 Amarillo, Texas 79101.

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

6 A. I am employed by Xcel Energy Services Inc. (“XES”), as Manager of Resource
7 Planning and Bidding.

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

9 A. I am filing testimony on behalf of Southwestern Public Service Company, a New
10 Mexico corporation (“SPS”).

11 **Q. Are you the same Bennie F. Weeks who filed direct testimony on behalf of**
12 **SPS in this docket?**

13 A. Yes.

1 **II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND**
2 **RECOMMENDATIONS**

3 **Q. What is your assignment in this update testimony?**

4 A. As explained in SPS's direct testimony, SPS is using an Updated Test Year in this
5 case. The Updated Test Year is the period from July 1, 2018 through June 30,
6 2019. Because of the timing of the filing of this case, certain costs for the period
7 from April 1, 2019 through June 30, 2019 ("Update Period") in my direct
8 testimony were estimated. My assignment in this update testimony is to replace
9 those estimated costs with actual costs. The result of this update is that the
10 Updated Test Year now consists of only actual information, and no estimates. For
11 ease of cross-referencing this update testimony with my direct testimony filed on
12 August 8, 2019, the sections and subsections in this update testimony correspond
13 with the original sections and subsections in my direct testimony.

14 Regarding the Resource Planning affiliate costs I support, my direct
15 testimony provided actual figures for April and May 2019 and estimated figures
16 for June 2019 based on the forecasted budget. In this testimony, I replace the
17 June 2019 estimates with actuals. In addition, the April through June 2019
18 expenses have now gone through the full pro forma adjustment review process.
19 Thus, I provide updated figures for those Update Period expenses. My update
20 testimony includes Attachments BFW-RR-UA through BFW-RR-UD in support
21 of the Resource Planning affiliate costs I support.

22 **Q. Are any of the Rate Filing Package ("RFP") schedules that you sponsor or**
23 **co-sponsor updated in this filing?**

24 A. Yes. The RFP schedules that I sponsor or co-sponsor that are updated in this
25 filing are Schedules H-12.6a, O-1.5, and O-1.6.

- 1 **Q. Please summarize your update testimony and recommendations.**
- 2 A. ***Affiliate Costs*** – The actual Updated Test Year costs for the services of the
3 Resource Planning affiliate class that SPS seeks to recover are \$722,305 (total
4 SPS before jurisdictional allocations, or “total company”). Please refer to
5 Attachments BFW-RR-UA through BFW-RR-UD. In addition to providing
6 updated SPS numbers, those attachments also reflect the total updated XES class
7 expenses for the Resource Planning affiliate class. The actual costs are
8 reasonable and necessary for the reasons I provided in my direct and update
9 testimony.
- 10 **Q. Were Attachments BFW-RR-UA through BFW-RR-UD prepared by you or**
11 **under your direct supervision and control?**
- 12 A. Attachments BFW-RR-UA through BFW-RR-UD were prepared as described by
13 SPS witness Melissa L. Schmidt. My staff and I have reviewed these attachments
14 and believe them to be accurate. Although the information I have described also
15 is present in Ms. Schmidt’s attachments, I have presented this information in the
16 attachments to my update testimony for the convenience of those reviewing it.
- 17 **Q. Were the portions of the updated RFP schedule you sponsor prepared by you**
18 **or under your supervision and control?**
- 19 A. Yes.
- 20 **Q. Do you incorporate the portions of the updated RFP schedule sponsored by**
21 **you into this testimony?**
- 22 A. Yes.

**VII. UPDATED AFFILIATE EXPENSES FOR THE RESOURCE
PLANNING CLASS OF SERVICES**

A. Summary of Affiliate Expenses for the Resource Planning Class of Services

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

A. The following table summarizes the dollar amount of the actual Updated Test Year XES charges for the Resource Planning affiliate class.

Table BFW-RR-U1

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Resource Planning	\$3,519,278	\$722,305	73.14%	26.86%

Total XES Class Expenses

Dollar amount of total Updated Test Year expenses that XES charged to all Xcel Energy Inc. ("Xcel Energy") companies for the services provided by this affiliate class. This is the amount from Column E in Attachment BFW-RR-UA.

Requested Amount of XES Class Expenses Billed to SPS (Total Company)

Requested dollar amount of XES expenses to SPS (total company) for this affiliate class after exclusions and pro forma adjustments. This is the amount from Column K in Attachment BFW-RR-UA.

% Direct Billed

The percentage of SPS's requested XES expenses (total company) for this class that were billed 100% to SPS.

% Allocated

The percentage of SPS's requested XES expenses (total company) for this class that were allocated to SPS.

1 **Q. Please describe the updated attachments that support the information**
2 **provided on Table BFW-RR-U1.**

3 A. Attachments BFW-RR-UA through BFW-RR-UD present the updated
4 information concerning the requested SPS affiliate expenses for the Resource
5 Planning affiliate class. The detailed descriptions for Attachments BFW-RR-A
6 through BFW-RR-D that were provided in my direct testimony remain applicable
7 to these updated attachments.

8 **Q. Are there updated exclusions for the Resource Planning affiliate class?**

9 A. Yes. The actual exclusions are provided on Attachment BFW-RR-UC.

10 **Q. Are there updated pro forma adjustments to SPS's per book expenses for the**
11 **Resource Planning affiliate class?**

12 A. Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions
13 to Updated Test Year expenses for known and measurable changes. Pro forma
14 adjustments are shown on Attachment BFW-RR-UA, Column J, and on
15 Attachment BFW-RR-UB, Column M. The details for the pro forma adjustments,
16 including the witness or witnesses who sponsor each pro forma adjustment, are
17 provided in Attachment BFW-RR-UD.

18 **Q. Attachment BFW-RR-UD shows that you sponsor pro forma adjustments for**
19 **expenses for the Resource Planning affiliate class during the Updated Test**
20 **Year that result in a net decrease for the Resource Planning affiliate class of**
21 **\$159.60. Please explain the adjustments.**

22 A. The adjustments that I sponsor remove costs not benefitting SPS (a decrease of
23 \$159.60).

1 **C. The Resource Planning Class of Services are Provided at a**
2 **Reasonable Cost**

3 **Q. What is the purpose of this section of your update testimony?**

4 A. In this section of my direct testimony, several numbers were based on estimates
5 for the Update Period. In this update testimony, I replace those estimates with
6 actual numbers, and explain that the actual costs for the Resource Planning
7 affiliate class are reasonable.

8 *1. Additional Evidence*

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

11 A. Yes. Of the Updated Test Year costs for the Resource Planning class, 99.18% are
12 compensation and benefits costs for XES personnel. SPS witnesses Michael T.
13 Knoll and Richard R. Schrubbe establish that the level of Xcel Energy's
14 compensation and benefits is reasonable and necessary.

15 *3. Cost Trends*

16 **Q. Please state the dollar amounts of the actual charges (per book) from XES to**
17 **SPS for the Resource Planning class of services for the three fiscal years**
18 **preceding the end of the Updated Test Year and the charges (per book) for**
19 **the Updated Test Year.**

20 A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar
21 years), and for the Updated Test Year, the actual per book affiliate charges
22 (Column I on Attachment BFW-RR-UA) from XES to SPS for the services
23 grouped in the Resource Planning affiliate class:

1 **Table BFW-RR-U2**

	(Per Book) Charges Over Time				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
Resource Planning	\$828,944	\$849,514	\$674,874	\$704,556	\$752,609

2 *4. Staffing Trends*

3 **Q. Please provide the staffing levels for the Resource Planning class of services**
4 **for the three fiscal years preceding the end of the Updated Test Year and the**
5 **Updated Test Year.**

6 A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar
7 years) and for the Updated Test Year, the average of the end of month staffing
8 levels for the Resource Planning class of services.

9 **Table BFW-RR-U3**

	Average of End of Month # of Staff				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
Resource Planning	18	19	21	20	20

10
11 **D. The Costs for the Resource Planning Class of Services are Priced**
12 **in a Fair Manner**

13 **Q. Have any of the predominant allocation methods for the Resource Planning**
14 **affiliate operation and maintenance expenses changed?**

15 A. Yes. The predominant allocation methods have changed. Direct Billing is now
16 included as one of the predominant allocation methods. In addition, the

percentages and amounts for the Assets, Revenues, and Number of Employees and MWH Generation allocation methods have changed. The changes are listed in Table BFW-RR-U4.

Table BFW-RR-U4

Allocation Method	Estimated Percentage of XES Charges to SPS/Amount Requested (total company) in Direct Testimony	Actual Percentage of XES Charges to SPS/Amount Requested (total company) in Update Filing
Direct Billing	0% of XES charges to SPS were \$0	73.14% of XES charges to SPS were \$528,324
MWH Generation	99.64% of XES charges to SPS were \$209,631	26.86% of XES charges to SPS were \$193,980
Assets, Revenues, and Number of Employees	0.46% of XES charges to SPS were \$958	0% of XES charges to SPS were \$0

Q. Why is the “Direct” billing method appropriate for assigning costs?

A. For the costs that are assigned using the “Direct” billing method, the costs reflect work that was performed specifically for SPS only. The costs charged using the “Direct” billing method are appropriate because the assignment of costs is in accordance with the distribution of benefits for the services received. For example, the costs related to labor and employee expenses for SPS-specific resource planning activities were assigned using the “Direct” billing method. The cost of these services benefitted SPS, the work was performed specifically for SPS alone, and the cost driver was the preparation of SPS’s resource plans. Thus, the “Direct” billing method is appropriate because it assigns costs in accordance with cost causation and benefits received. For the costs using “Direct” billing, the per unit amounts charged by XES to SPS are no higher than the unit amounts

1 billed by XES to other affiliates for the same or similar services and represent the
2 actual costs of the services.

3 **Q. Does this conclude your pre-filed update testimony?**

4 A. Yes.

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF POTTER)

BENNIE F. WEEKS, first being sworn on her oath, states:

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


BENNIE F. WEEKS

Subscribed and sworn to before me this 10 day of September, 2019 by BENNIE F. WEEKS.

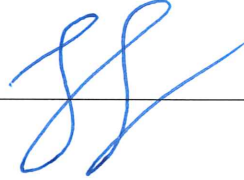



Notary Public, State of Texas

My Commission Expires: 10-06-2020

CERTIFICATE OF SERVICE

I certify that on the 20th day of September 2019, a true and correct copy of the foregoing update testimony was served on all parties of record by electronic service, hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right, positioned above a thin horizontal line.

**Summary of XES Expenses to SPS by Affiliate Class and Billing Method
For Twelve Months ended June 30, 2019
Weeks**

(A) Line No.	(B) Affiliate Class	(C) Billing Method (Cost Center)	(D) Allocation Method	(E) Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	(F) XES Billings for Class to all Legal Entities Except for SPS (FERC Acct. 400-935)	(G) XES Billings for Class to SPS (Total Company) (FERC Acct. 400- 935)	(H) Exclusions	(I) Per Book	(J) Pro Formas	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Resource Planning	200135 - Energy Supply Business Resources	MWH Generation	\$ 5,164.82	\$ 4,001.98	\$ 1,162.84	\$ -	\$ 1,162.84	\$ -	\$ 1,162.84	0.16%
2	Resource Planning	200136 - Energy Markets - Fuel	MWH Generation	892,261.28	690,130.72	202,130.56	(1,868.38)	200,262.18	(7,444.94)	192,817.24	26.69%
3	Resource Planning	Direct		2,621,851.91	2,070,667.53	551,184.38	-	551,184.38	(22,859.89)	528,324.49	73.14%
4	Resource Planning Total			\$ 3,519,278.01	\$ 2,764,800.23	\$ 754,477.78	\$ (1,868.38)	\$ 752,609.40	\$ (30,304.83)	\$ 722,304.57	100.00%
5	Total Witness - Bennie Weeks			\$ 3,519,278.01	\$ 2,764,800.23	\$ 754,477.78	\$ (1,868.38)	\$ 752,609.40	\$ (30,304.83)	\$ 722,304.57	
	Amounts may not add or tie to other schedules due to rounding										

Southwestern Public Service Company

XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account

Bennie F. Weeks

SOAH Docket No. 473-19-6677

Docket No. 49831

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

BFW-RR-UB(CD)

**Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account
For Twelve Months ended June 30, 2019
Weeks**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Resource Planning	426.1 - Donations	Below the Line	\$ (937.12)
2	Resource Planning	426.5 - Other Deductions	Below the Line	(931.26)
3	Resource Planning Total			\$ (1,868.38)
4	Total Witness - Bennie Weeks			\$ (1,868.38)
	Amounts may not add or tie to other schedules due to rounding			

**Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account
For Twelve Months ended June 30, 2019
Weeks**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Resource Planning	557 - Other expenses	223.62% Incentive	Arthur Freitas/Michael Knoll	\$ (26,793.27)
2	Resource Planning	557 - Other expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	9,794.45
3	Resource Planning	920 - Administrative and general salaries	223.62% Incentive	Arthur Freitas/Michael Knoll	(11,358.17)
4	Resource Planning	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	4,501.35
5	Resource Planning	921 - Office supplies and expenses	Business Area Adjustment	Bennie Weeks	(159.60)
6	Resource Planning	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(6,289.60)
7	Resource Planning Total				\$ (30,304.83)
8	Total Witness - Bennie Weeks				\$ (30,304.83)
	Amounts may not add or tie to other schedules due to rounding				