

DOCKET NO. _____

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

**DIRECT TESTIMONY
of
PERRY D. FOSTER**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: FosterRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
FERC	Federal Energy Regulatory Commission
native costs or SPS costs	costs for services provided by SPS employees
NERC	North American Electric Reliability Corporation
O&M	operation and maintenance
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado; and SPS
Operating Company	One of the Operating Companies
PTT	Productivity Through Technology
SAIDI	System Average Interruption Duration Index
SPP	Southwest Power Pool, Inc.
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	April 1, 2018 through March 31, 2019
Total Company or total company	Total SPS (before 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>
PDF-RR-1	SPS Transmission Operation and Maintenance Expenses (Filename: PDF-RR-1.xlsx)
PDF-RR-2	Organization Chart - Transmission (Non-native format)
PDF-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (Filename: PDF-RR-ABCD.xlsx)
PDF-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account (Filename: PDF-RR-ABCD.xlsx)
PDF-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (Filename: PDF-RR-ABCD.xlsx)
PDF-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (Filename: PDF-RR-ABCD.xlsx)

**DIRECT TESTIMONY
OF
PERRY D. FOSTER**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Perry D. Foster. My business address is 790 South Buchanan Street,
4 Amarillo, Texas 79101.

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 SPS, as Regional Director, Substation Operations and
11 Maintenance.

12 **Q. Please briefly outline your responsibilities as Regional Director, Substation**
13 **Operations and Maintenance.**

14 A. I am responsible for the operation and maintenance (“O&M”) of SPS’s
15 transmission and distribution substations in Texas and New Mexico, and
16 transmission-only facilities in Oklahoma and Kansas.

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

18 A. I received a Bachelor of Business Administration degree from Oklahoma
19 Panhandle State University. I also received an Associate in Applied Science
20 degree from Amarillo College.

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

2 A. I have worked in the electric utility industry since 1989. All of my experience has
3 been with Xcel Energy and its predecessor companies. From 1989 to 1992, I
4 worked as a meter reader for SPS. From 1992 to 1993, I worked in the Substation
5 Construction Department. From 1993 to 2003, I worked in the Substation
6 Operations and Maintenance Department as a Substation Electrician. From 2003
7 to 2009, I was a Relay Technician in the SPS System Protection Department. In
8 2009, I was promoted to Manager of SPS's System Protection Department. In
9 2016, I was promoted to my current position as Regional Director, Substation
10 Operations and Maintenance.

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

13 A. Yes. Over my career, I have taken numerous courses related to electric utilities
14 and related issues including courses for protective relay testing certification, and
15 continuing education for journeyman electricians.

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

17 A. Yes. I hold a State of Texas Journeyman Electrician License.

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

19 A. Yes. I am a Member of the Institute of Electrical and Electronics Engineers.

20 **Q. Have you previously filed testimony before any regulatory authority?**

21 A. Yes. In Docket No. 45524 before the Public Utility Commission of Texas, I
22 assumed the testimony of M. Chance Hedger, and in Docket No. 47527, I filed
23 testimony, both regarding O&M and administrative and general expenses relating
24 to the Transmission & Substations class of services.

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

3 **Q. What is your assignment in this proceeding?**

4 A. I support the Updated Test Year (July 1, 2018 through June 30, 2019)¹ O&M
5 expenses and the administrative and general expenses related to activities and
6 work performed for Transmission & Substations by: (1) SPS employees to
7 provide electric service (also referred to as “native SPS costs”); and (2) the
8 Transmission & Substations class of affiliate services.

9 In regard to SPS’s native transmission O&M costs,² my testimony will:

- 10 • describe the types of services provided;
- 11 • explain how the services are reasonable and necessary for SPS’s
- 12 operations; and
- 13 • support the costs as reasonable and necessary for rate recovery
- 14 purposes.

15 In regard to the Transmission & Substations affiliate class, my testimony

16 will:

- 17 • describe the services included in the class;
- 18 • explain that those services are reasonable and necessary for SPS’s
- 19 operation;

¹ The Test Year in this case is April 1, 2018 through March 31, 2019, and the Update Period is April 1, 2019 through June 30, 2019. The Updated Test Year consists of the last nine months of the Test Year and the three months in the Update Period. In addition to supporting the Updated Test Year costs, I have also reviewed the costs for the first three months of the Test Year for the class I support and find those costs to be reasonable.

² SPS witness Arthur P. Freitas also addresses SPS native transmission O&M expenses, specifically those expenses: (1) incurred to manage reliability coordination, which are recorded in the Federal Energy Regulatory Commission (“FERC”) 561 series of accounts; (2) payable to others for the transmission of electricity over transmission facilities owned by others, which are recorded in FERC Account 565; and (3) incurred for other market administration activities, which are recorded in the FERC 575 series of accounts. Thus, Mr. Freitas addresses SPS native transmission O&M expenses related to Southwest Power Pool, Inc. (“SPP”) market operations and transmission wheeling.

- 1 • explain that the costs for those services are reasonable and necessary;
- 2 • explain that these services do not duplicate services that SPS provides
- 3 to itself through its own employees or that are provided from any other
- 4 source; and
- 5 • explain that charges from Xcel Energy Services Inc. (“XES”), the
- 6 service company subsidiary of Xcel Energy, to SPS for those services
- 7 are no higher than the charges to SPS affiliates for the same or similar
- 8 services.

9 **Q. Please summarize the recommendations and conclusions in your testimony.**

10 A. The amounts included in Attachment PDF-RR-1 represent, at a total company
11 level (total SPS before jurisdictional allocation, “total company” or “Total
12 Company”), reasonable and necessary transmission O&M costs incurred directly
13 by SPS—i.e., SPS native costs—to support SPS’s ability to provide safe and
14 reliable electric service to its Texas retail customers. The affiliate charges to SPS
15 are included in Attachments PDF-RR-A through PDF-RR-D, and addressed in
16 more detail in Section IV of my testimony. The estimated total company Updated
17 Test Year costs that SPS seeks to recover for the services of the Transmission &
18 Substations affiliate class of \$9,465,322³ are reasonable and necessary because
19 they support SPS’s ability to provide electric service to its Texas retail customers.

- 20 • The costs are for services for the planning, siting, design, construction,
- 21 operation, and maintenance of SPS’s transmission assets.
- 22 • The services are necessary to ensure that the transmission system,
- 23 which is essential to bringing safe and reliable electric service to SPS’s
- 24 customers, is appropriately operating and maintained.
- 25 • The costs are reasonable because they are shared with other affiliates,
- 26 consist primarily of reasonable personnel costs, and are subjected to
- 27 rigorous budgeting and cost control processes.

³ This dollar amount reflects nine months of actual costs and three months of estimated costs.

- 1 • SPS does not provide these services for itself, and the services do not
2 duplicate services provided by others.
- 3 • Each charge from SPS's affiliates for these services is billed at cost,
4 and is no higher than the charge by those affiliates to any other entity
5 for the same or similar service.

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

8 A. As explained by SPS witness William A. Grant, SPS will be using an Updated
9 Test Year in this case. SPS's initial filing presents actual O&M expenses for the
10 Test Year (April 1, 2018 through March 31, 2019) and estimated information for
11 the time period of April 1, 2019 through June 30, 2019, which is the Update
12 Period. Accordingly, the first nine months of SPS's Updated Test Year (i.e., July
13 2018 through March 2019) consist of actual cost information and the last three
14 months (i.e., April through June 2019) contain estimated cost information. For
15 this reason, certain SPS witnesses refer to the Updated Test Year in direct
16 testimony as the "estimated Updated Test Year."

17 Regarding the Transmission & Substations affiliate costs I support, as
18 explained by SPS witness Melissa L. Schmidt, actual figures for April and May
19 2019 have been provided and June 2019 figures have been estimated based on the
20 forecasted budget. However, these expenses have not gone through the full pro
21 forma adjustment review process. With respect to the Transmission &
22 Substations native costs that I support, the actual costs for April and May 2019
23 have been provided and June 2019 figures have been estimated based on the
24 forecasted budget.

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

3 A. Yes. SPS will file an update 45 days after the application has been filed. The
4 update will provide actual costs to replace the estimates provided in the
5 application for the Update Period. As part of that process, my Attachments
6 PDF-RR-A through D will be updated to remove estimates of Transmission &
7 Substations affiliate O&M expenses incurred by SPS during the Updated Test
8 Year and then replace those estimates with actual expenses, which will be used to
9 establish SPS's base rates in this case.

10 Additionally, my Attachment PDF-RR-1 will be updated with the actual
11 native costs incurred during the Updated Test Year.

12 **Q. Were Attachments PDF-RR-1, PDF-RR-2, and PDF-RR-A through**
13 **PDF-RR-D prepared by you or under your direct supervision and control?**

14 A. Yes, as to Attachment PDF-RR-2. Attachment PDF-RR-1 was prepared by Mr.
15 Freitas and his staff and is based on the cost of service study. My staff and I have
16 reviewed this attachment and I believe it is accurate. Attachments PDF-RR-A
17 through PDF-RR-D were prepared by Ms. Schmidt and her staff. My staff and I
18 have reviewed these attachments and I believe them to be accurate. Although the
19 same information provided in Attachments PDF-RR-A through PDF-RR-D is
20 presented in Ms. Schmidt's Attachments MLS-RR-A through MLS-RR-D, I have
21 presented this information in my testimony for the convenience of those
22 reviewing my testimony.

1 **Q. What are the types of services and costs specifically associated with the**
2 **Transmission business area?**

3 A. The Transmission business area provides a wide range of services that are
4 necessary to support SPS's ability to provide electric service to its Texas and New
5 Mexico retail customers. Within this business area, XES and SPS employees
6 have separate roles and responsibilities, but work in coordination with each other
7 and under the direction of the XES Transmission business area management to
8 provide types of services including:

9 *Native Services and Affiliate Class Oversight Services:*

- 10 • Managing and directing the O&M of transmission lines and
11 substations located in the Texas Panhandle, eastern and southeastern
12 New Mexico, the Oklahoma Panhandle, and southwestern Kansas.
13 The transmission system has transmission lines and substations that
14 operate at 345, 230, 115, and 69 kilovolts. These duties are performed
15 by SPS, with certain high-level management roles performed by the
16 affiliate class separate from the management provided by SPS
17 employees.
- 18 • Managing and directing the Operations Center in Amarillo, Texas,
19 which provides round-the-clock operation of the SPS transmission
20 system. The Operations Center monitors load and generation balance,
21 monitors and controls the transmission system, dispatches switching
22 for equipment maintenance, dispatches outage restoration efforts,
23 maintains and drills emergency operations plans, coordinates
24 operations with electrically-adjacent utilities, and participates in
25 regional reliability activities. These duties are performed by SPS, with
26 certain high-level management roles performed by the affiliate class
27 separate from the management provided by SPS employees.
- 28 • Providing maintenance and operations engineering. These duties are
29 performed by SPS, with certain high-level management roles
30 performed by the affiliate class separate from the management
31 provided by SPS employees.
- 32 • Coordinating with SPP on operations, scheduling, and system
33 development; monitoring the activities of SPP with regard to the
34 impact on the SPS transmission system; providing input to SPP
35 planning, and developing and executing strategic initiatives. These

1 duties are performed by SPS, with certain high-level management
2 roles performed by the affiliate class separate from the management
3 provided by SPS employees.

4 *Affiliate Services Only:*

- 5 • Providing engineering and design services, system protection services,
6 right-of-way procurement, and project management services for capital
7 project development.
- 8 • Managing transmission system planning, interconnection contracts,
9 and physical projects necessary to interconnect new generation and
10 new end-use customers to the grid.
- 11 • Providing oversight of compliance tracking with respect to the North
12 American Electric Reliability Corporation (“NERC”) and Electric
13 Reliability Organization standards; managing the Transmission O&M
14 budget; and providing oversight of the Transmission Resource
15 Optimization initiative.
- 16 • Tracking performance, providing technical training, establishing
17 maintenance criteria, and establishing standards for the transmission
18 system (including both lines and substations), the electric distribution
19 system (including both lines and substations), and the metering
20 functions of the transmission and distribution electrical system.
- 21 • Managing the corporate-wide Transmission organization.

22 **Q. Are the services and associated O&M costs related to the Transmission**
23 **business area necessary and reasonable for SPS’s operations?**

24 A. Yes. The services provided by the Transmission business area are necessary to
25 ensure that the transmission system, which is essential to bringing safe and
26 reliable electric service to SPS’s customers, is appropriately operated and
27 maintained. As I noted above, the costs for these services are made up of both
28 native costs and affiliate charges. These costs include labor, materials, and other
29 non-fuel O&M costs. SPS witnesses Michael T. Knoll and Richard R. Schrubbe
30 provide testimony regarding labor and benefits costs, SPS witness Gary J. O’Hara
31 provides testimony about sourcing and procurement of goods and services, and

1 Ms. Schmidt provides testimony regarding the methodology of billings for labor
2 and labor-related overheads. Starting in the next section of my testimony, I
3 discuss affiliate O&M charges to SPS for Transmission & Substation-related
4 activities in more detail.

1 **IV. AFFILIATE EXPENSES FOR THE TRANSMISSION &**
2 **SUBSTATIONS CLASS OF SERVICES**

3 **Q. Earlier in your testimony, you referred to an “affiliate class.” What do you**
4 **mean by the terms “affiliate class” or “affiliate class of services”?**

5 A. A portion of SPS’s costs reflect charges for services provided by a supplying
6 affiliate, specifically XES or one of the Operating Companies. These charges
7 have been grouped into various affiliate classes, or aggregations of charges, based
8 upon the business area, organization, or department that provided the service or,
9 in a few instances, the accounts that captured certain costs. In her direct
10 testimony, Ms. Schmidt provides a detailed explanation of how the affiliate
11 classes were developed and are organized for this case.

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

13 A. I sponsor the Transmission & Substations class of affiliate services.

14 **A. Summary of Affiliate Expenses for the Transmission &**
15 **Substations Class of Services**

16 **Q. Where does the Transmission & Substations affiliate class fit into the overall**
17 **affiliate structure?**

18 A. Attachment MLS-RR-6 to Ms. Schmidt’s direct testimony provides a list and a
19 pictorial display of all affiliate classes, dollar amounts for those classes, and
20 sponsoring witness for each class. As seen on that attachment, the Transmission
21 & Substations affiliate class was part of the Transmission business area during the
22 Updated Test Year. Attachment PDF-RR-2 to my testimony is an organization
23 chart showing the Transmission organization.

1 **Q. What services are grouped into the Transmission & Substations affiliate**
2 **class?**

3 A. The services that are grouped into the Transmission & Substations affiliate class
4 include the planning, siting, design, construction, operation, and maintenance of
5 transmission assets.

6 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
7 **requests, on a total company basis, for the Transmission & Substations**
8 **affiliate class?**

9 A. The following table summarizes the dollar amount of the estimated Updated Test
10 Year XES charges for the Transmission & Substations affiliate class. I will
11 update the table below as part of SPS's 45-day case update filing to reflect the
12 actual Updated Test Year costs for the Business Systems affiliate class.

13 **Table PDF-RR-1**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Transmission & Substations	\$39,516,244	\$9,465,322	61.05%	38.95%

Total XES Class
Expenses

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

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
PDF-RR-A.

% 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 attachments that support the information provided on**
2 **Table PDF-RR-1.**

3 A. There are four attachments to my testimony that present information about the
4 requested SPS affiliate expenses for the Transmission & Substations affiliate
5 class.

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

Column A — Line No.

Lists the Attachment line numbers.

Column B — Affiliate Class

Lists the affiliate class.

Column C —	Billing Method (Cost Center)	Shows the billing method that XES uses to charge the expenses to the affiliates, and the billing method short title. In her direct testimony, Ms. Schmidt explains the billing methods and defines the codes.
Column D —	Allocation Method	Shows the allocation method applicable to the billing method (cost center).
Column E —	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	Shows XES billings to all legal entities for the affiliate class.
Column F —	XES Billing for Class to all Legal Entities Except for SPS (FERC Acct. 400-935)	Shows XES billings to all legal entities except SPS for the affiliate class.
Column G —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows XES billings to SPS (total company) for the affiliate class.
Column H —	Exclusions	Shows the total dollars to be excluded from Column G. Exclusions reflect expenses not requested, such as expenses not allowed or other expenses excluded from the cost of service.
Column I —	Per Book	Shows XES billings to SPS (total company), for the affiliate class, after the exclusions shown in Column H. The dollar amount in Column I is Column G plus Column H.
Column J —	Pro Formas	Shows the total dollar amount of pro forma adjustments to the dollar amount in Column I. Pro forma adjustments reflect revisions for known and measurable changes to Updated Test Year expenses.

Column K —	Requested Amount (Total Company)	Shows the requested amount (total company) for the affiliate class. The dollar amount in Column K is Column I plus Column J.
Column L —	% of Class Charges	Shows the percentage of affiliate class charges billed using the cost center.

1 In her direct testimony, Ms. Schmidt provides a consolidated summary of
2 affiliate expenses billed to SPS for all classes during the Test Year and the
3 Updated Test Year.

4 **Attachment PDF-RR-B(CD):** Provides the detail of the XES expenses
5 for the Transmission & Substations affiliate class that are summarized on
6 Attachment PDF-RR-A. The detail shows the XES expenses billed to SPS for the
7 Transmission & Substations affiliate class, itemized by the amount, with each
8 expense listed by individual activity, and billing method (cost center). When
9 summed, these amounts tie to the amounts shown on Attachment PDF-RR-A, and
10 the detail regarding the expenses is organized to support that attachment.
11 Specifically, the columns on this attachment provide the following information.

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Legal Entity Receiving XES Expenses	Shows the legal entity (Xcel Energy or one of its subsidiaries) that received the XES expense.
Column C —	Affiliate Class	Lists the affiliate class.
Column D —	Cost Element	Provides the cost element number.
Column E —	Activity	Provides a short title for the activity.
Column F —	Billing Method (Cost Center)	Identifies the billing method and short title. In her direct testimony, Ms. Schmidt explains the billing methods and defines the codes.

Column G —	FERC Account	Shows the FERC Account in which the expense was recorded for the operating companies.
Column H —	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities for the affiliate class.
Column I —	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities except SPS for the affiliate class.
Column J —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to SPS for the affiliate class. Therefore, the sum of this column provides total billings to SPS and ties to the total dollar amount for the affiliate class in Column G of Attachment PDF-RR-A.
Column K —	Exclusions	Shows the total dollars excluded from Column J. The total dollar amount for the affiliate class in Column K ties to the total dollar amount for the affiliate class in Column H of Attachment PDF-RR-A.
Column L —	Per Book	Shows XES billings to SPS (total company) for the affiliate class after the exclusions shown in Column K. The dollar amount in Column L is Column J plus Column K. The total dollar amount for the affiliate class in Column L ties to the total dollar amount for the affiliate class in Column I of Attachment PDF-RR-A.

Column M —	Pro Formas	Shows the dollar amount of pro forma adjustments to the dollar amount in Column L. The total dollar amount for the affiliate class in Column M ties to the total dollar amount for the affiliate class in Column J of Attachment PDF-RR-A.
Column N —	Requested Amount (Total Company)	Shows the requested amount (total company) for the affiliate class. The dollar amount in Column N is Column L plus Column M. The total dollar amount for the affiliate class in Column N ties to the total dollar amount for the affiliate class in Column K of Attachment PDF-RR-A.

Ms. Schmidt also provides a consolidated summary of this information for all affiliate classes during the Test Year and the Updated Test Year.

Attachment PDF-RR-C: Both Attachments PDF-RR-A and PDF-RR-B(CD) show exclusions to the XES expenses billed to SPS for the Transmission & Substations affiliate class (Attachment PDF-RR-A, Column H; Attachment PDF-RR-B(CD), Column K). Attachment PDF-RR-C provides detail about those exclusions listed on Attachments PDF-RR-A and PDF-RR-B(CD). The columns on Attachment PDF-RR-C provide the following information.

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	FERC Account	Identifies the FERC Account and FERC Account description for the expense that has been excluded.
Column D —	Explanations for Exclusions	Provides a brief rationale for the exclusion.
Column E —	Exclusions (Total Company)	Shows the dollar amount of the exclusion.

1 In her direct testimony, Ms. Schmidt describes the calculations underlying
2 the exclusions.

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

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	FERC Account	Identifies the FERC Account and FERC Account description affected by the pro forma adjustment.
Column D —	Explanations for Pro Formas	Provides a brief rationale for the pro forma adjustment.
Column E —	Sponsor	Identifies the witness or witnesses who sponsor the pro forma adjustment.
Column F —	Pro Formas (total company)	Shows the dollar amount of the pro forma adjustment.

10 **Q. Does XES bill its expenses for the Transmission & Substations affiliate class**
11 **to SPS in the same manner as it bills other affiliates for those expenses?**

12 **A.** Yes. As discussed by Ms. Schmidt, XES uses the same method for billing and
13 allocating cost to affiliates other than SPS that it uses to bill and allocate those
14 costs to SPS.

1 **Q. Are there any exclusions to the XES billings to SPS for the Transmission &**
2 **Substations affiliate class?**

3 A. Yes. As I mentioned earlier, exclusions reflect expenses not requested, such as
4 expenses not allowed or other below-the-line items. Exclusions are shown on
5 Attachment PDF-RR-A, Column H, and on Attachment PDF-RR-B(CD),
6 Column K. The details for the exclusions are provided in Attachment PDF-RR-C.
7 Ms. Schmidt describes how the exclusions were calculated. In SPS's 45-day case
8 update, I will present an updated Attachment PDF-RR-C that will provide actual
9 exclusions to replace any estimated exclusions included my original attachment.

10 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
11 **Transmission & Substations affiliate class?**

12 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test
13 Year expenses for known and measurable changes. Pro forma adjustments are
14 shown on Attachment PDF-RR-A, Column J, and on Attachment
15 PDF-RR-B(CD), Column M. The details for the pro forma adjustments, including
16 the witness or witnesses who sponsor each pro forma adjustment, are provided in
17 Attachment PDF-RR-D. Given the time of SPS's initial filing, only the first nine
18 months of the Updated Test Year have completed the full pro forma adjustment
19 review process. In SPS's 45-day case update, I will present an updated
20 Attachment PDF-RR-D that will complete the full pro forma adjustment review
21 process for the last three months of the Updated Test Year.

1 **Q.** Attachment PDF-RR-D shows that you sponsor pro forma adjustments for
2 expenses for the Transmission & Substations affiliate class during the first
3 nine months of the Updated Test Year that result in a decrease for the
4 Transmission & Substations affiliate class of \$22,830. Please explain the
5 adjustments.

6 **A.** The adjustments I sponsor remove costs not benefitting SPS (a decrease of
7 \$19,439); foreign travel (a decrease of \$1,366); and other life events (a decrease
8 of \$2,025).

9 **B.** **The Transmission & Substations Class of Services are Necessary**
10 **Services**

11 **Q.** Are the services that are grouped in the Transmission & Substations affiliate
12 class necessary for SPS's operations?

13 **A.** Yes. The services grouped in the Transmission & Substations affiliate class are
14 necessary to ensure that the transmission system, which is essential to bringing
15 safe and reliable electric service to SPS's customers, is appropriately operated and
16 maintained. They are functions required by all utilities and without which SPS
17 would not be able to provide electric service to its customers.

18 **Q.** What are the specific services that are provided to SPS by the Transmission
19 & Substations affiliate class?

20 **A.** The specific services that are provided to SPS by the Transmission & Substations
21 affiliate class were discussed in Section III of my testimony. Please refer to the
22 services specific of the affiliate class in that section.

1 **Q. Are any of the Transmission & Substations class of services that are provided**
2 **to SPS duplicated elsewhere in XES or in any other Xcel Energy subsidiary**
3 **such as SPS itself?**

4 A. No. Within XES, none of the services grouped in the Transmission & Substations
5 affiliate class are duplicated elsewhere. No other Xcel Energy subsidiary
6 performs these services for the Operating Companies. In addition, SPS does not
7 perform these services for itself. Although there are both XES and SPS
8 employees in the Transmission organization, the SPS employees do not perform
9 the same activities as the XES employees and they have separate responsibilities
10 and roles. Section III of my testimony discussed the activities of the XES and
11 SPS employees. The services provided by the SPS employees are not duplicative
12 of services provided by XES employees, although they work in coordination with
13 and under the direction of the XES Transmission business area management.

14 **Q. Do SPS's Texas retail customers benefit from the services that are part of the**
15 **Transmission & Substations class of services?**

16 A. Yes. The services of the Transmission & Substations affiliate class benefit SPS's
17 customers by supporting the safe and reliable transmission of energy resources
18 from the generators to the distribution system. For example, the Transmission
19 Line Performance department monitors reliability performance and develops
20 reliability improvement plans for the transmission lines that are used to transport
21 electricity to SPS's customers. The plan developed by the department for 2013
22 through 2018, includes reliability improvement initiatives that are focused on:
23 patrol-based end-of-life replacements on transmission structures and transmission
24 switches; individual circuit renewal and refurbishment on the worst performing

1 circuits; and adding or upgrading transmission lines and developing mitigation
2 plans to improve reliability on high usage lines.

3 Similarly, the Substation System Performance department monitors
4 reliability performance and develops reliability improvement plans for the
5 transmission and distribution substations that are necessary for providing
6 electricity to SPS's customers. The plan for 2013 through 2018 includes
7 reliability improvement initiatives focused on: infrastructure renewal with the
8 replacement of equipment that is at or near end of life; prioritized maintenance of
9 transmission and distribution circuit breakers, transmission and distribution
10 transformers, distribution voltage regulators, and transmission instrument
11 transformers that are deemed to present the highest risk to the system; installation
12 of substation animal deterrent systems; upgrades of substation perimeter fences;
13 installation of protective schemes to allow reclosing after bus faults caused by
14 animals; and installation of additional Remote Terminal Units at distribution
15 substations. Ongoing maintenance activities include the performance of condition
16 assessments on relay protection schemes and batteries, and diagnostics on circuit
17 breakers, transformers, and regulators.

18 **Q. What are the trends with regard to the reliability statistics for the SPS**
19 **transmission system?**

20 A. The primary reliability metric tracked is the System Average Interruption
21 Duration Index ("SAIDI"), which is defined as the average number of minutes
22 that a customer is interrupted in a given time period due to an outage. SAIDI is
23 tracked at several levels, including distribution line, distribution substation,
24 transmission line, and transmission substation. Table PDF-RR-2 (on the next

page) reflects the SAIDI for the previous five years for transmission lines and all substations.

Table PDF-RR-2⁴

Year	Transmission Line SAIDI	Transmission Substation SAIDI	Distribution Substation SAIDI	Total Transmission & Substation SAIDI
2018	3.95	1.55	8.41	13.90
2017	10.91	4.35	1.42	16.68
2016	8.20	3.65	6.95	18.80
2015	10.91	3.44	11.65	26.00
2014	7.52	2.59	5.18	15.30

Mild weather positively impacted SAIDI numbers from 2016 to 2018. The 2018 SAIDI for transmission lines and substations totaled 13.90 minutes which was a decrease of 2.78 minutes over the 2017 level. The 2017 SAIDI for transmission lines and substations totaled 16.68 minutes which was a decrease of 2.12 minutes over the 2016 level. The 2016 SAIDI for transmission lines and substations totaled 18.80 minutes which was a decrease of 7.20 minutes over the 2015 level. The 2015 SAIDI for transmission lines and substations totaled 26.00 minutes which was an increase of 10.70 minutes over the 2014 level. 2015 was a particularly stormy year which resulted in a substantial number of outages coded as “unknown.” “Unknown” is frequently associated with high wind and lightning. Failure of lightning arrestors was also very high in 2015 compared to 2014 and 2016. Although arrestors help to mitigate outages and prevent equipment failure, sometime arrestors can fail after heavy weather and can cause an outage. The 2014 SAIDI for transmission lines and substations totaled 15.30

⁴ Table PDF-RR-2 is based on the new corporate normalization method effective as of the end of 2013.

1 minutes. Weather conditions in 2014 were mild, and the resulting total
2 transmission and substation SAIDI for that year reflects that phenomenon.

3 **C. The Transmission & Substations Class of Services are Provided at**
4 **a Reasonable Cost**

5 **Q. Are the costs of the Transmission & Substations class of services reasonable?**

6 A. Yes. The costs of the Transmission & Substations class of services are
7 reasonable. XES provides these services on a consolidated basis, which provides
8 SPS with the benefit of a pool of talented professionals, economies of scale, and
9 the distribution of the consolidated costs among the Operating Companies. By
10 managing these functions through XES, resources are used as efficiently as
11 possible across the Operating Companies' Transmission organization, resulting in
12 lower costs overall.

13 *1. Additional Evidence*

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

16 A. Yes. Of the estimated Updated Test Year costs for the Transmission &
17 Substations class, 66.33% are compensation and benefits costs for XES personnel.
18 Mr. Knoll and Mr. Schrubbe establish that the level of Xcel Energy's
19 compensation and benefits is reasonable and necessary.

20 *2. Budget Planning*

21 **Q. Is a budget planning process applicable to the Transmission & Substations**
22 **class of affiliate costs?**

23 A. Yes. Annual O&M budgets are created for the Transmission business area, which
24 includes the Transmission & Substations class of affiliate costs, using guidelines

1 developed at the corporate level. Each manager within the Transmission
2 organization carefully reviews historical spend information, identifies changes
3 that will be coming in the future, and analyzes the costs associated with those
4 changes prior to submitting a proposed budget. The budgeting process is
5 discussed in more detail by SPS witness Adam R. Dietenberger.

6 **Q. During the fiscal year, does the Transmission business area monitor its actual**
7 **expenditures versus its budget?**

8 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by
9 management within each department of the Transmission organization.
10 Deviations are evaluated each month to ensure that costs are appropriate. In
11 addition, action plans are developed to mitigate variations in actual to budgeted
12 expenditures. These mitigation plans may either reduce or delay other
13 expenditures so that overall spending complies with the authorized budget.

14 **Q. Are employees within the Transmission business area held accountable for**
15 **deviations from the budget?**

16 A. Yes. All management employees in the Transmission business area have specific
17 budgetary targets that are measured on a monthly basis to ensure adherence to the
18 targets and provide for action plan development to address variances. All XES
19 Transmission management employees are required to manage their expenses to
20 support the budgetary goals established by their manager.

3. *Cost Trends*

Q. Please state the dollar amounts of the actual per book charges from XES to SPS for the Transmission & Substations class of services for the three fiscal years preceding the end of the Updated Test Year and the estimated per book charges for the estimated Updated Test Year.

A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar years), the actual per book and, for the Updated Test Year, the estimated per book affiliate charges (Column I on Attachment PDF-RR-A) from XES to SPS for the services grouped in the Transmission & Substations affiliate class:

Table PDF-RR-3

	(Per Book) Charges Over Time			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Transmission & Substations	\$16,007,358	\$9,525,230	\$10,657,339	\$9,625,701

Q. What are the reasons for this trend?

A. The decrease in cost between 2016 and the Updated Test Year can be attributed to Xcel Energy's overall process improvement initiatives. Over the past couple of years the Transmission organization has focused on an initiative called Productivity Through Technology ("PTT"), as discussed in further detail below regarding cost control. For example, the Transmission organization has new and improved tools which decrease the amount of time it takes to perform maintenance activities. This, along with increased employee training on the tools, has increased overall productivity, thereby decreasing O&M costs. Additionally,

a new fleet management system has provided efficiencies across groups decreasing the overall fleet usage cost.

4. Staffing Trends

Q. Please provide the staffing levels for the Transmission & Substations class of services for the three fiscal years preceding the end of the Updated Test Year and the Updated Test Year.

A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar years) and for the Updated Test Year, the average of the end of month staffing levels for the Transmission & Substations class of services.

Table PDF-RR-4

	Average End of Month # of Staff			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Transmission & Substations	501	493	502	506

Q. What are the reasons for this trend?

A. Average staffing levels have remained stable overall from 2016 through the Updated Test Year. Any variation represents normal employee turnover.

5. Cost Control and Process Improvement Initiatives

Q. Separate from the budget planning process, does the Transmission & Substations affiliate class take any steps to control its costs or to improve its services?

A. Yes. The Transmission organization has several initiatives that are focused on driving productivity and effectiveness. For example, the PTT effort is designed to

1 leverage technology and improved processes to achieve efficiencies across Xcel
2 Energy. For the Transmission organization, in particular, it has resulted in
3 efficiency gains that are realized across many of the maintenance activities that
4 are performed in the Operating Companies by identifying better tools for the field
5 forces to record and receive work activity. Additionally, better mobile tools for
6 reporting of labor hours and equipment conditions allow for quicker management
7 decisions on activities resulting in better productivity. Improved reliability
8 measures are possible with the increased availability of operational data that
9 allows for targeted maintenance activities based on current field conditions, with
10 the ability to transition quickly as conditions in the field warrant.

11 **D. The Costs for the Transmission & Substations Class of Services**
12 **are Priced in a Fair Manner**

13 **Q. For those costs that XES charges (either directly or through use of an**
14 **allocation) to SPS for the Transmission & Substations class of services, does**
15 **SPS pay any more for the same or similar service than does any other Xcel**
16 **Energy affiliate?**

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

1 **Q. How are the costs of the Transmission & Substations affiliate class billed to**
2 **SPS?**

3 A. My Attachment PDF-RR-B(CD) shows all of the costs in this class broken out by
4 activity and, in conjunction with Column C in my Attachment PDF-RR-A, shows
5 the billing method associated with each activity. My Attachment PDF-RR-A,
6 shows the allocation method (Column D) associated with each billing method
7 (Column C) used in the affiliate class.

8 In SPS's 45-day case update, I will present updated Attachments
9 PDF-RR-A and PDF-RR-B(CD) so that the entries for the last three months of the
10 Updated Test Year provide actual data and conform to the information provided
11 for the first nine months. In the event the predominant billing methods and
12 associated allocation methods for the Transmission & Substations affiliate O&M
13 expenses on my updated Attachments PDF-RR-A and PDF-RR-B(CD) differ
14 from those discussed below, I will explain those differences in supplemental
15 testimony in SPS's 45-day case update filing.

16 **Q. What are the predominant allocation methods used for billing the costs that**
17 **SPS seeks to recover for the Transmission & Substations affiliate class of**
18 **services?**

19 A. Of the requested XES charges to SPS for this class, 99.96% were charged using
20 one of the following two allocation methods:

- 21 • Direct Billing – 61.05% of XES charges to SPS - \$5,778,706.07; and
- 22 • Electric Transmission Plant – 38.91% of XES charges to SPS -
- 23 \$3,682,594.73.

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

3 A. For the cost centers that are assigned using the “Direct Billing” method, the costs
4 normally reflect work that was performed specifically for SPS only. In some
5 cases, however, the direct billing occurred after the application of an off-line
6 allocator that tracks the relevant cost drivers. In either situation, the cost centers
7 charged using the “Direct Billing” method are appropriate because the assignment
8 of costs is in accordance with the distribution of benefits for the services received.
9 For example, the labor and employee expense costs related to regional planning
10 activities for SPS’s transmission system were assigned using the “Direct Billing”
11 method. The cost of these services benefitted SPS, the work was performed
12 specifically for SPS alone, and the cost drivers were the regional planning
13 activities and associated load studies required for SPS. Thus, the “Direct Billing”
14 method is appropriate because it assigns costs in accordance with cost causation
15 and benefits received. For the cost centers that assign costs using Direct Billing,
16 the per unit amounts charged by XES to SPS are no higher than the unit amounts
17 billed by XES to other affiliates for the same or similar services and represent the
18 actual costs of the services.

19 **Q. Why is it appropriate to allocate costs based upon the “Electric Transmission**
20 **Plant” method for the costs captured in the cost centers that use that**
21 **allocation method?**

22 A. For the cost centers charged using the “Electric Transmission Plant” method as
23 the allocator, the costs are driven by the transmission assets of all of the Operating

1 Companies. For example, the labor costs associated with developing standards,
2 evaluating performance, and establishing criteria for maintaining transmission
3 plant assets of all of the Operating Companies, which are collected in Cost Center
4 200122 – Transmission Electric FERC 560 (E&S), are assigned using the
5 “Electric Transmission Plant” allocation method. Thus, the costs in this cost
6 center are allocated among the Operating Companies based on each Operating
7 Company’s proportionate share of total Operating Company transmission plant
8 assets (i.e., the transmission plant assets of a particular Operating Company as a
9 percentage of the total transmission plant assets of all of the Operating
10 Companies). This allocation of costs to affiliates is appropriate because it
11 allocates costs for the services in accordance with cost causation and the
12 distribution of the benefits of the services received. For the cost centers that
13 assign costs based upon this allocation method, the per unit amounts charged by
14 XES to SPS as a result of the application of this allocation method are no higher
15 than the unit amounts billed by XES to other affiliates for the same or similar
16 services and represent the actual costs of the services.

17 **Q. You have covered the allocation methods used to bill 99.96% of the costs**
18 **associated with this affiliate class. Why have you not specifically covered the**
19 **allocation of the remaining 0.04% of the costs of this class?**

20 A. I have described the predominant allocation methods associated with this affiliate
21 class. The remaining costs are billed using 5 different allocators, no one of which
22 is used to bill more than 0.01% of the costs. In light of the number of remaining

1 allocators, cost centers (billing methods), and relative dollar amounts, I have not
2 gone into a detailed discussion of these other allocation methods in order to keep
3 the discussion to a manageable level. The cost centers (billing methods) used to
4 charge the remaining 0.04% of the costs in this class, however, are presented in
5 my Attachment PDF-RR-B(CD), discussed earlier. A reader may reference that
6 attachment and then refer to the specific cost center (billing method) summary
7 provided in Ms. Schmidt's Attachment MLS-RR-11 for an explanation of the
8 particular allocators used and the cost drivers for the activities reflected in that
9 particular cost center.

10 **Q. Have you determined that the costs reflected in the remaining 0.04% of costs**
11 **associated with this class of services have been billed using an appropriate**
12 **billing method and allocation method?**

13 A. Yes. I, or one of my staff working at my direction, have reviewed each of the cost
14 centers and the associated allocators used to bill the remaining 0.04% of the costs
15 of this class. The cost drivers reflected in the allocation method used to bill the
16 costs of each cost center (billing method) are consistent with and reflect the cost
17 drivers of the services captured in each particular cost center (billing method).
18 Therefore, the billing methods and allocation methods are appropriate because the
19 allocation of costs is in accordance with the distribution of the benefits received
20 by SPS and are no higher than the per unit costs charged to other affiliates for the
21 same or similar types of services.

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

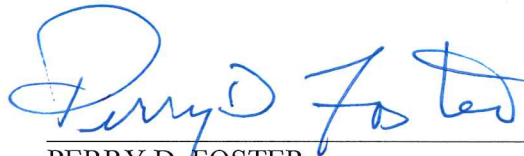
23 A. Yes.

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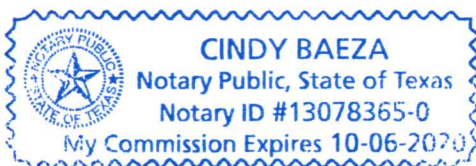
STATE OF TEXAS)
)
COUNTY OF POTTER)

PERRY D. FOSTER, first being sworn on his oath, states:

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


PERRY D. FOSTER

Subscribed and sworn to before me this 31st day of July, 2019 by PERRY D. FOSTER.




Notary Public, State of Texas

My Commission Expires: 10-06-2020

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jul '18-Jun '19)	Test Year Affiliate O&M Expense (Jul '18-Jun '19)	Total Company Requested O&M
Production					
1	500	Operation Supervision and Engineering	\$ 1,432,129	\$ 742,754	\$ 2,174,883
2	501.35*	Coal Non-Mine; Non-Freight	34,515,666	-	34,515,666
3	507.70	Coal Ash Sales	(1,970,658)	1,329,592	(641,065)
4	502	Steam Expenses	10,433,079	(16,011)	10,417,068
5	505	Electric Expenses	9,674,863	214	9,675,077
6	506	Miscellaneous Steam Power Expenses	7,064,766	5,374,135	12,438,901
7	507	Rents	1,391,316	4,419,144	5,810,460
8	509	Steam Operation SO2 Allowance Expense	124,830	-	124,830
9	509.02	Allowances - NM Nox Expense Amortz	(2,340)	-	(2,340)
10	510	Maintenance Supervision and Engineering	1,452,197	4,910	1,457,107
11	511	Maintenance of Structures	4,825,180	1,534	4,826,713
12	512	Maintenance of Boiler Plant	16,817,025	1,019,257	17,836,282
13	513	Maintenance of Electric Plant	12,885,934	449,147	13,335,081
14	514	Maintenance of Miscellaneous Steam Plant	9,671,362	1,499,169	11,170,531
15	546	Operation Supervision and Engineering	2,084	36,052	38,136
16	548	Generation Expenses	311,697	-	311,697
17	549	Misc Other Power Generation Expenses	644,946	169,466	814,412
18	549W	Misc Other Power Generation Expenses Wind	5,755,120	-	5,755,120
19	550	Rents	246,516	413,266	659,782
20	551	Maintenance Supervision and Engineering	179,727	301	180,028
21	552	Maintenance of Structures	335,622	481	336,104
22	553	Maintenance of Generating and Electric Equipment	1,572,028	33,713	1,605,740
23	553W	Maintenance of Generating and Electric Equipment Wind	3,843,120	-	3,843,120
24	554	Maintenance of Misc Other Power Generation Plant	143,369	163,309	306,679
25	556	System Control and Load Dispatching	(2,686)	1,061,033	1,058,347
26	557	Purchased Power Other	(381,078)	1,742,113	1,361,034
27	557.9*	REC Costs	2,543,109	-	2,543,109
28	Total Production O&M Expense		\$ 123,508,923	\$ 18,443,580	\$ 141,952,503

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

			Native SPS O&M Expense through the Update Period (Jul '18-Jun '19)	Test Year Affiliate O&M Expense (Jul '18-Jun '19)	Total Company Requested O&M
Line No.	FERC Acct	Account Description			
Transmission					
29	560	Operation Supervision and Engineering	\$ (545,350)	\$ 10,121,801	\$ 9,576,451
30	561.1	Load Dispatch - Reliability	211,475	-	211,475
31	561.2	Load Dispatch - Monitor and Operate Trans. System	1,723,643	1,375,714	3,099,357
32	561.4	Scheduling, System Control and Dispatching Services	3,079,020	-	3,079,020
33	561.4W	Scheduling, System Control and Dispatching Services - Wholesale	964,243	-	964,243
34	561.5	Reliability, Planning and Standards Development	-	3,608	3,608
35	561.6	Transmission Service Studies	64,465	27,835	92,300
36	561.7	Generation Interconnection Studies	(49,954)	-	(49,954)
37	561.8	Reliability Planning and Standards Development Services	2,724,405	-	2,724,405
38	561.8W	Reliability Planning and Standards Development Services - Wholesale	465,778	-	465,778
39	562	Station Expenses	1,618,771	291	1,619,062
40	563	Overhead Line Expenses	969,905	12,027	981,932
41	565	Wheeling Lamar DC Tie	(420)	-	(420)
42	565	Wheeling Meter Charges	910,542	-	910,542
43	565	Wheeling Miscellaneous	(160,568)	-	(160,568)
44	565	Wheeling Schedule 11	97,414,450	-	97,414,450
45	565	Wheeling Schedule 11 - Wholesale	36,648,282	-	36,648,282
46	565	Wheeling Schedule 12	2,027,287	-	2,027,287
47	565	Wheeling Schedule 12 - Wholesale	544,137	-	544,137
48	565	Wheeling Schedule 1 - Wholesale	718,162	-	718,162
49	565	Wheeling Schedule 2	87,728	-	87,728
50	565	W-Wheeling Schedule 2 - Wholesale	(38,596)	-	(38,596)
51	565	Wheeling Schedule 9	6,012,320	-	6,012,320
52	565	Wheeling Schedule 9 - Wholesale	24,630,445	-	24,630,445
53	565	Z2 Direct Assigned Upgrade Charge	81,490	-	81,490
54	565	Z2 Direct Assigned Upgrade Charge - Wholesale	16,962	-	16,962
55	565	Z2 Schedule 11 Charges	(182,512)	-	(182,512)
56	565	Z2 Schedule 11 Charges - Wholesale	(4,093)	-	(4,093)
57	566	Misc Transmission Expenses	2,758,831	771,036	3,529,868
58	567	Rents	248,554	1,443,247	1,691,801
59	568	Maintenance Supervision and Engineering	(4,514)	8,197	3,683
60	570	Maintenance of Station Equipment	1,881,327	3,286	1,884,613
61	571	Maintenance of Overhead Lines	3,279,359	40,513	3,319,872
62	Sub-Total Transmission O&M Expenses		\$ 188,095,571	\$ 13,807,556	\$ 201,903,127
Regional Market Expenses					
63	575.1	Operation Supervision	\$ 0	\$ 144,493	\$ 144,493
64	575.2	Day-Ahead and Real-Time Market Administration	-	319,247	319,247
65	575.5	Ancillary Services Market Administration	-	45,199	45,199
66	575.6	Market Monitoring and Compliance	-	52,834	52,834
67	575.7	Market Admin, Monitoring, and Compliance Services	5,493,541	-	5,493,541
68	575.7W	Market Admin, Monitoring, and Compliance Services - Wholesale	1,955,333	-	1,955,333
69	575.8	Regional Market Rents	16,697	46,542	63,239
70	Total Regional Market Expenses		\$ 7,465,572	\$ 608,316	\$ 8,073,887
71	Total Transmission O&M Expenses		\$ 195,561,142	\$ 14,415,872	\$ 209,977,014

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

			Native SPS O&M Expense through the Update Period (Jul '18-Jun '19)		Test Year Affiliate O&M Expense (Jul '18-Jun '19)		Total Company Requested O&M	
Line No.	FERC Acct	Account Description						
Distribution								
72	580	Operation Supervision and Engineering	\$	3,405,755	\$	1,112,909	\$	4,518,665
73	581	Load Dispatching		102,311		248,335		350,646
74	582	Station Expenses		1,435,464		(14,170)		1,421,293
75	583	Overhead Line Expenses		3,334,194		105,570		3,439,764
76	584	Underground Line Expenses		156,919		-		156,919
77	585	Street Lighting and Signal Systems Expenses		287,435		415		287,850
78	586	Meter Expenses		2,797,646		179,701		2,977,347
79	587	Customer Installations Expenses		919,216		1,495		920,712
80	588	Misc Distribution Expense		10,390,098		1,143,464		11,533,563
81	589	Rents		989,709		1,543,961		2,533,670
82	590	Maintenance Supervision and Engineering		16,017		28,724		44,741
83	591	Maintenance of Structures		815		-		815
84	592	Maintenance of Station Equipment		912,565		1,149		913,714
85	593	Maintenance of Overhead Lines		9,126,107		191,724		9,317,831
86	594	Maintenance of Underground Lines		180,525		(0)		180,525
87	595	Maintenance of Line Transformers		618		-		618
88	596	Maintenance of Street Lighting and Signal Systems		584,448		2,020		586,468
89	597	Maintenance of Meters		20,218		-		20,218
90	598	Maintenance of Misc Distribution Plant		(390,387)		769		(389,618)
91	Total Distribution O&M Expenses		\$	34,269,676	\$	4,546,065	\$	38,815,741
Customer Accounts								
92	901	Supervision	\$	-	\$	30,503	\$	30,503
93	902	Meter Reading Expenses		4,380,976		460,573		4,841,549
94	903	Customer Records and Collection Expenses		3,232,359		3,722,097		6,954,456
95	904.0*	Uncollectible Expenses		4,736,858		-		4,736,858
96	904.1*	Uncollectible Expenses		762,650		-		762,650
97	DEPINT Customer Deposit Interest Expense			151,110		-		151,110
98	Total Customer Accounts Expense		\$	13,263,953	\$	4,213,172	\$	17,477,125
Customer Service								
99	908.00	Customer Assistance Expense	\$	911,114	\$	130,975	\$	1,042,089
100	908.00	Historical EE Amortization		(30,099)	\$	-	\$	(30,099)
101	908.01	EE Amortization - Texas		-		-		-
102	908.03	EE Amortization - New Mexico		-		-		-
103	908.04	SaversSwitch		775,839		-		775,839
104	909.10	Informational and Instructional Advertising Expense		-		-		-
105	910.00	Miscellaneous Customer Service Expense		44,957		21,107		66,063
106	Total Customer Service Expense		\$	1,701,811	\$	152,081	\$	1,853,892
Sales								
107	912.00	Demonstration and Selling Expense-Economic Development	\$	273,509	\$	105	\$	273,614
108	Total Sales Expense		\$	273,509	\$	105	\$	273,614

Southwestern Public Service Company

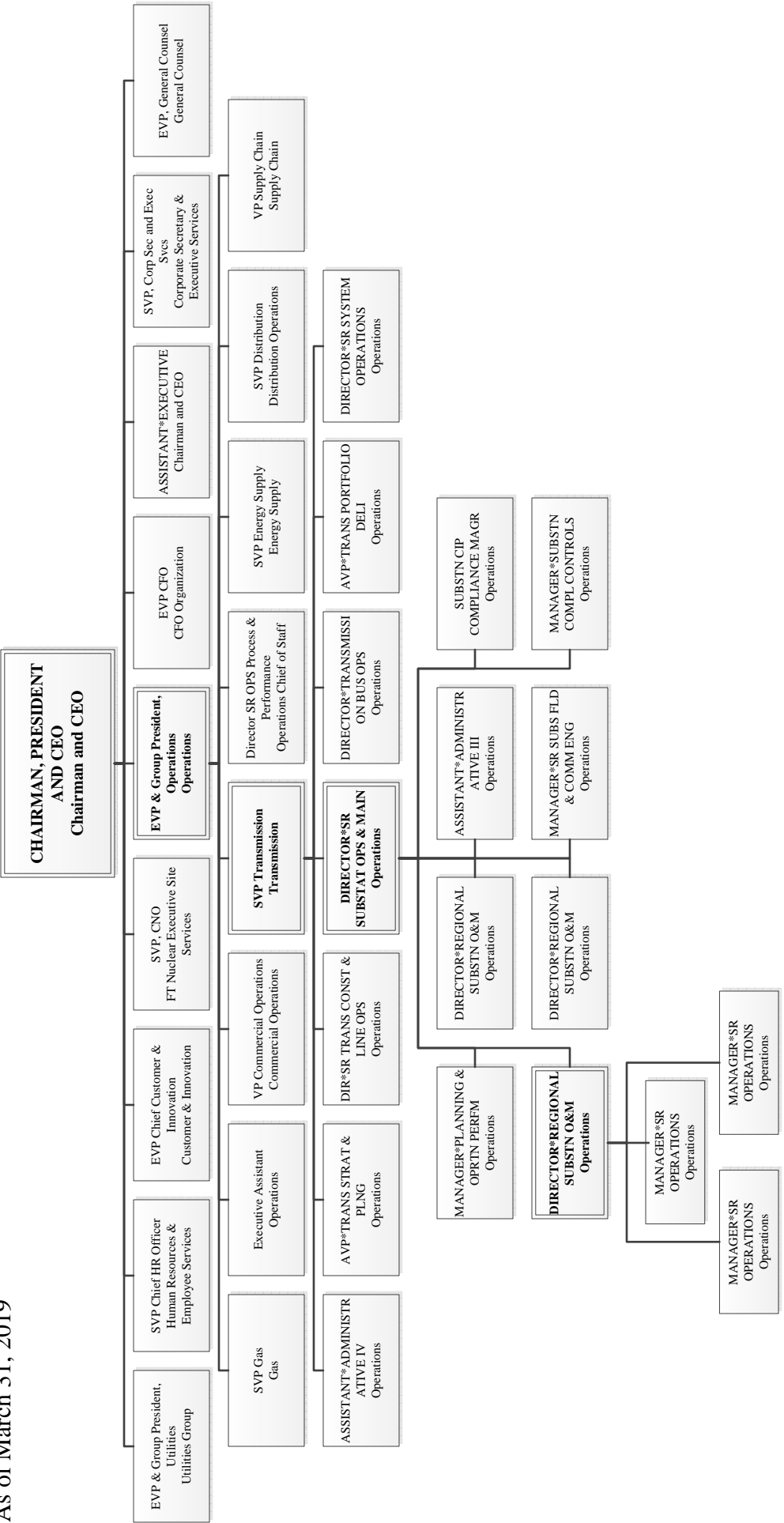
SPS Transmission Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jul '18-Jun '19)	Test Year Affiliate O&M Expense (Jul '18-Jun '19)	Total Company Requested O&M
Administrative and General Expenses					
109	920*	Administrative and General Salaries	\$ 4,833,384	\$ 24,142,782	\$ 28,976,166
110	921	Office Supplies and Expenses	1,269,421	17,962,307	19,231,728
111	922*	Administrative Expenses Transferred-Credit	(14,611,279)	(228,870)	(14,840,149)
112	923	Outside Services Employed	2,916,830	9,095,481	12,012,311
113	924	Property Insurance	3,180,864	1,633	3,182,497
114	925*	Injuries and Damages	4,475,740	2,106,862	6,582,602
115	926.01*	Employee Pensions and Benefits	20,587,923	13,238,622	33,826,545
116	926.03*	Deferred Pension Expense	1,574,975	-	1,574,975
117	928	Regulatory Commission Expense - TX	8,781,003	-	8,781,003
118	928.01	Regulatory Commission Expense - NM	4,701,597	-	4,701,597
119	928.02	Regulatory Commission Expense - Wholesale	748,078	-	748,078
120	928.04	Regulatory Commission Expense - Misc	93,393	1,040	94,433
121	929	Duplicate Charges-Credit	(1,367,138)	-	(1,367,138)
122	930.11	General Advertising Expenses	-	-	-
123	930.20	Misc General Expenses	16,227	468,159	484,386
124	931	Rents	(959,185)	12,711,133	11,751,948
125	935	Maintenance of General Plant	482	107,643	108,125
126		Recoverable Contributions, Dues, and Donations	2,556,746	-	2,556,746
127		Total Administrative and General Expenses	\$ 38,799,063	\$ 79,606,791	\$ 118,405,854
128		Total Operations and Maintenance Expense	\$ 407,378,077	\$ 121,377,667	\$ 528,755,744

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment APF-RR1

Southwestern Public Service Company
Organization Chart – Transmission
As of March 31, 2019



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

(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 Forma	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Transmission & Substations	200063 - Executive - Corporate Governance	Assets/Revenue/No. of employees	\$ 10,128.31	\$ 8,824.14	\$ 1,304.17	\$ -	\$ 1,304.17	\$ 39.13	\$ 1,343.30	0.01%
2	Transmission & Substations	200074 - Corporate Systems - Corporate Governance	Assets/Revenue/No. of employees	285.08	248.37	36.71	-	36.71	(36.71)	-	0.00%
3	Transmission & Substations	200078 - Governmental Affairs	Assets/Revenue/No. of employees	284.35	247.62	36.73	-	36.73	(36.73)	-	0.00%
4	Transmission & Substations	200092 - Corp Strategy & Bus Dev - OpCo	Assets/Revenue/No. of employees	5,286.21	4,522.78	763.43	-	763.43	22.90	786.33	0.01%
5	Transmission & Substations	200098 - Transm Elec FERC 566	Assets/Revenue/No. of employees	387.42	331.47	55.95	-	55.95	(55.95)	-	0.00%
6	Transmission & Substations	200116 - Distribution Electric FERC 580 (E&S)	Electric Distribution Plant	5,589.52	4,925.61	663.91	-	663.91	(35.68)	628.23	0.01%
7	Transmission & Substations	200117 - Distribution Elec FERC 586	Electric Distribution Plant	379.09	334.23	44.86	-	44.86	(44.86)	-	0.00%
8	Transmission & Substations	200122 - Transmission Electric FERC 560 (E&S)	Electric Transmission Plant	12,617,957.59	8,876,952.69	3,741,004.90	(6,969.96)	3,734,034.94	(51,785.59)	3,682,249.35	38.90%
9	Transmission & Substations	200124 - EMS-Transmission (Energy Mgmt System-SCADA)	Electric Transmission Plant	1,117.44	783.09	334.35	-	334.35	10.03	344.38	0.00%
10	Transmission & Substations	200125 - Transm Elec 560 NSPM & NSPW	Electric Transmission Plant	5,435,654.48	5,435,654.48	-	-	-	-	-	0.00%
11	Transmission & Substations	200126 - Customer & Field Operations Constr, Oper & Maint	ElcTrn ElcDst GasTrn GasDst Plnt	200.25	167.66	32.59	-	32.59	(32.59)	-	0.00%
12	Transmission & Substations	200132 - Payment and Reporting	Invoice Transactions	1,900.40	1,714.74	185.66	-	185.66	5.57	191.23	0.00%
13	Transmission & Substations	200148 - Business Systems	Number of Computers	5,340.86	4,600.06	740.80	-	740.80	22.22	763.02	0.01%
14	Transmission & Substations	200155 - Customer Care 903	Number of Customers	101.52	94.42	7.10	-	7.10	(7.10)	-	0.00%
15	Transmission & Substations	200165 - PeopleSoft	Number of Employees	2,091.50	1,790.67	300.83	-	300.83	9.02	309.85	0.00%
16	Transmission & Substations	200180 - EMS-Shared (Energy Mgmt System-SCADA)	Elec Prod Elec Trns Elec Dst Plnt	270.85	222.06	48.79	-	48.79	(48.79)	-	0.00%
17	Transmission & Substations	Direct	Direct	21,429,269.42	15,535,801.73	5,893,467.69	(6,357.23)	5,887,110.46	(108,404.39)	5,778,706.07	61.05%
18	Transmission & Substations	Transmission & Substations Total		\$ 39,516,244.29	\$ 29,877,215.82	\$ 9,639,028.47	\$ (13,327.19)	\$ 9,625,701.28	\$ (160,379.51)	\$ 9,465,321.77	100.00%
19	Total - Witness Perry Foster			\$ 39,516,244.29	\$ 29,877,215.82	\$ 9,639,028.47	\$ (13,327.19)	\$ 9,625,701.28	\$ (160,379.51)	\$ 9,465,321.77	
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

Perry D. Foster

2019 TX Rate Case

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

PDF-RR-B(CD)

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Transmission & Substations	426.1 - Donations	Below the line	\$ (1,770.86)
2	Transmission & Substations	426.4 - Life Insurance	Below the line	(26.31)
3	Transmission & Substations	426.5 - Other Deductions	Below the line	(11,530.02)
4	Transmission & Substations Total			\$ (13,327.19)
5		Total - Witness Perry Foster		\$ (13,327.19)
	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
Foster**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Trans & Subs	556 - System control and load dispatching	Business Area Adjustment	Perry Foster	\$ (1.28)
2	Trans & Subs	560 - Operation supervision and engineering	116.5% Incentive	Arthur Freitas/Michael Knoll	(115,438.70)
3	Trans & Subs	560 - Operation supervision and engineering	3% Wage Adjustment	Arthur Freitas/Michael Knoll	123,255.52
4	Trans & Subs	560 - Operation supervision and engineering	Business Area Adjustment	Perry Foster	(21,399.58)
5	Trans & Subs	561.2 - Load dispatch-Monitor and operate transmiss system	3% Wage Adjustment	Arthur Freitas/Michael Knoll	10.03
6	Trans & Subs	561.2 - Load dispatch-Monitor and operate transmiss system	Business Area Adjustment	Perry Foster	(25.28)
7	Trans & Subs	561.6 - Transmission service studies	116.5% Incentive	Arthur Freitas/Michael Knoll	(169.73)
8	Trans & Subs	561.6 - Transmission service studies	3% Wage Adjustment	Arthur Freitas/Michael Knoll	177.14
9	Trans & Subs	563 - Overhead line expenses	116.5% Incentive	Arthur Freitas/Michael Knoll	(193.01)
10	Trans & Subs	563 - Overhead line expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	231.07
11	Trans & Subs	563 - Overhead line expenses	Business Area Adjustment	Perry Foster	(1,120.90)
12	Trans & Subs	566 - Miscellaneous transmission expenses	116.5% Incentive	Arthur Freitas/Michael Knoll	(82.59)
13	Trans & Subs	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	191.74
14	Trans & Subs	566 - Miscellaneous transmission expenses	Business Area Adjustment	Perry Foster	(55.95)
15	Trans & Subs	568 - Maintenance supervision and engineering	3% Wage Adjustment	Arthur Freitas/Michael Knoll	23.16
16	Trans & Subs	571 - Maintenance of overhead lines	116.5% Incentive	Arthur Freitas/Michael Knoll	(19.05)
17	Trans & Subs	571 - Maintenance of overhead lines	3% Wage Adjustment	Arthur Freitas/Michael Knoll	44.09
18	Trans & Subs	580 - Operation supervision and engineering	116.5% Incentive	Arthur Freitas/Michael Knoll	(444.49)
19	Trans & Subs	580 - Operation supervision and engineering	3% Wage Adjustment	Arthur Freitas/Michael Knoll	767.88
20	Trans & Subs	580 - Operation supervision and engineering	Business Area Adjustment	Perry Foster	(34.63)
21	Trans & Subs	581 - Load dispatching	Business Area Adjustment	Perry Foster	(22.23)

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
22	Trans & Subs	586 - Meter expenses	Business Area Adjustment	Perry Foster	(44.86)
23	Trans & Subs	588 - Miscellaneous distribution expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	1.06
24	Trans & Subs	592 - Distribution Maintenance of Station Equipment	116.5% Incentive	Arthur Freitas/Michael Knoll	(0.29)
25	Trans & Subs	903 - Customer records and collection expenses	Business Area Adjustment	Perry Foster	(7.10)
26	Trans & Subs	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	691.22
27	Trans & Subs	920 - Administrative and general salaries	Business Area Adjustment	Perry Foster	(117.79)
28	Trans & Subs	920 - Administrative and general salaries	Foundation	William Grant	(19.30)
29	Trans & Subs	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(146,575.66)
30	Transmission & Substations Total				\$ (160,379.51)
31	Total Witness - Perry Foster				\$ (160,379.51)
	Amounts may not add or tie to other schedules due to rounding				