

**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  
JAMES L. ALTMAN**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

*(Filename: AltmanRRUpdate.docx; Total Pages: 33)*

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<sup>1</sup> 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.

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## **GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
GC	General Counsel
O&M	Operation and Maintenance
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
VP	Vice President
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

## LIST OF ATTACHMENTS

<b><u>Attachment</u></b>	<b><u>Description</u></b>
JLA-RR-U2	Updated Native SPS Costs for Outside Law Firms and Third Party Legal Vendors (Filename: JLA-RR-U2.xlsx)
JLA-RR-UA (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (Filename: JLA-RR-UABCD.xlsx)
JLA-RR-UB(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (Filename: JLA-RR-UABCD.xlsx)
JLA-RR-UC (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (Filename: JLA-RR-UABCD.xlsx)
JLA-RR-UD (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (Filename: JLA-RR-UABCD.xlsx)

**UPDATE TESTIMONY  
OF  
JAMES L. ALTMAN**

**I. WITNESS IDENTIFICATION**

1

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

3    A.    My name is James L. Altman. My business address is 401 Nicollet Mall,  
4           Minneapolis, Minnesota 55401.

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

6    A.    I am employed by Xcel Energy Services Inc. (“XES”) as Vice President (“VP”)  
7           and Deputy General Counsel (“GC”).

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 James L. Altman 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 my 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 legal costs that I support from outside law firms and third  
15                 party legal vendors that SPS incurred directly, rather than through XES (“native  
16                 SPS costs”), my update testimony includes Attachment JLA-RR-U2, which  
17                 replaces the estimated costs that I provided in my direct testimony for the  
18                 Updated Test Year with actual costs.

19                 Regarding the GC Claims, GC Legal Services, and GC VP General  
20                 Counsel affiliate costs I support, my direct testimony provided actual figures for  
21                 April and May 2019 and estimated figures for June based on the forecasted  
22                 budget. In this testimony, I replace the June 2019 estimates with actuals. In  
23                 addition, the April through June 2019 expenses have now gone through the full  
24                 pro forma adjustment review process. Thus, I provide updated figures for those

1 Update Period expenses. My update testimony includes Attachments  
2 JLA-RR-UA through JLA-RR-UD in support of the GC Claims, GC Legal  
3 Services, and GC VP General Counsel affiliate costs.

4 **Q. Please summarize your update testimony and recommendations.**

5 A. *Native Costs* – The amounts included in Attachment JLA-RR-U2 represent, at a  
6 total company level, reasonable and necessary costs incurred directly by SPS to  
7 support SPS’s ability to provide service to its Texas retail customers.<sup>2</sup> I  
8 recommend the Public Utility Commission of Texas approve those costs for the  
9 reasons discussed in my direct testimony.

10 *Affiliate Costs* - The estimated Updated Test Year costs for the services of the  
11 following affiliate classes that SPS sought to recover (total SPS before  
12 jurisdictional allocations, or “total company”) were:

- 13 • GC Claims - \$230,800
- 14 • GC Legal Services - \$2,134,707
- 15 • GC VP General Counsel - \$120,527

16 The actual Updated Test Year costs for the services of the following affiliate  
17 classes that SPS seeks to recover are:

- 18 • GC Claims - \$241,299
- 19 • GC Legal Services - \$2,228,030
- 20 • GC VP General Counsel - \$131,389

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<sup>2</sup> As shown on Attachment JLA-RR-U2, I sponsor only those amounts in Federal Energy Regulatory Commission Account 923 that relate to expenses for outside law firms and other third-party legal vendors.

1 Please refer to Attachments JLA-RR-UA through JLA-RR-UD. In addition to  
2 providing updated SPS numbers, those attachments also reflect the total updated  
3 XES class expenses for the GC Claims, GC Legal Services, and GC VP General  
4 Counsel affiliate classes. The actual costs are reasonable and necessary for the  
5 reasons I provided in my direct testimony.

6 **Q. Were Attachments JLA-RR-UA through JLA-RR-UD prepared by you or**  
7 **under your direct supervision and control?**

8 A. Attachments JLA-RR-UA through JLA-RR-UD were prepared as described by  
9 SPS witness Melissa L. Schmidt. My staff and I have reviewed these attachments  
10 and I believe them to be accurate. Although the information I have described also  
11 is present in Ms. Schmidt's attachments, I have presented this information in the  
12 attachments to my update testimony for the convenience of those reviewing it.



**III. UPDATED AFFILIATE EXPENSES FOR THE GC CLAIMS**  
**CLASS OF SERVICES**

**A. Summary of Affiliate Expenses for the GC Claims 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 GC Claims affiliate class?**

**A.** The following table summarizes the dollar amount of the actual Updated Test Year XES charges for the GC Claims affiliate class.

**Table JLA-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
GC Claims	\$1,879,611	\$241,299	91.15%	8.85%

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 JLA-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 JLA-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 JLA-RR-U1.**

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

7   **Q.   Are there updated exclusions for the GC Claims affiliate class?**

8   A.   No.

9   **Q.   Are there updated pro forma adjustments to SPS's per book expenses for the**  
10       **GC Claims affiliate class?**

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

17   **Q.   Attachment JLA-RR-UD shows that you sponsor pro forma adjustments for**  
18       **expenses for the GC Claims affiliate class during the Updated Test Year that**  
19       **result in a net decrease for the GC Claims affiliate class of \$2,298. Please**  
20       **explain the adjustments.**

21   A.   The adjustments that I sponsor remove minor expenses that were incorrectly  
22       charged.

1 **C. The GC Claims Class of Services are Provided at a Reasonable**  
2 **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 GC Claims affiliate class  
7 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 GC Claims class, 89.43% 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 *2. Cost Trends*

16 **Q. Please state the dollar amounts of the actual charges (per book) from XES to**  
17 **SPS for the GC Claims class of services for the three fiscal years preceding**  
18 **the end of the Updated Test Year and the charges (per book) for the Updated**  
19 **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 JLA-RR-UA) from XES to SPS for the services  
23 grouped in the GC Claims affiliate class:

1

**Table JLA-RR-U2**

	(Per Book) Charges Over Time				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
GC Claims	\$148,375	\$165,667	\$269,436	\$235,554	\$253,251

2

3 **Q. Has the trend in the per book charges over time changed with the**  
 4 **replacement of the estimated charges with the actual charges for the period**  
 5 **of time between 2018 and the Updated Test Year?**

6 A. No. Costs for the Updated Test Year are still below the actual costs in 2018.

7 *3. Staffing Trends*

8 **Q. Please provide the staffing levels for the GC Claims class of services for the**  
 9 **three fiscal years preceding the end of the Updated Test Year and the**  
 10 **Updated Test Year.**

11 A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar  
 12 years) and for the Updated Test Year, the average of the end of month staffing  
 13 levels for the GC Claims class of services.

14

**Table JLA-RR-U3**

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

1 **D. The Costs for the GC Claims Class of Services are Priced in a**  
2 **Fair Manner**

3 **Q. Have any of the predominant allocation methods for the GC Claims affiliate**  
4 **operation and maintenance (“O&M”) expenses changed?**

5 A. No. The predominant allocation methods and the percentages have stayed the  
6 same, and the amounts have changed as follows:

7 **Table JLA-RR-U4**

<b>Allocation Method</b>	<b>Estimated Percentage of XES charges to SPS/Amount Requested (total company) in Direct Testimony</b>	<b>Actual Percentage of XES charges to SPS/Amount Requested (total company) in Update Filing</b>
Assets/Revenue/No. of employees	8.85%/\$20,421	8.85%/\$21,361
Direct	91.15% / \$210,379	91.15% / \$219,938

1           **IV.     UPDATED AFFILIATE EXPENSES FOR THE GC LEGAL**  
2                                   **SERVICES CLASS OF SERVICES**

3   **A.     Summary of Affiliate Expenses for the GC Legal Services Class of**  
4           **Services**

5   **Q.     What is the dollar amount of the Updated Test Year XES charges that SPS**  
6           **requests, on a total company basis, for the GC Legal Services affiliate class?**

7   A.     The following table summarizes the dollar amount of the actual Updated Test  
8           Year XES charges for the GC Legal Services affiliate class.

9                                   **Table JLA-RR-U5**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
GC Legal Services	\$18,393,329	\$2,228,030	41.29%	58.71%

10   **Q.     Please describe the updated attachments that support the information**  
11           **provided on Table JLA-RR-U5.**

12   A.     Attachments JLA-RR-UA through JLA-RR-UD present the updated information  
13           about the requested SPS affiliate expenses for the GC Legal Services affiliate  
14           class. The detailed descriptions for Attachments JLA-RR-A through JLA-RR-D  
15           that were provided in my direct testimony remain applicable to these updated  
16           attachments.

17   **Q.     Are there updated exclusions for the GC Legal Services affiliate class?**

18   A.     Yes. The actual exclusions are provided on Attachment JLA-RR-UC.

1   **Q.    Are there updated pro forma adjustments to SPS's per book expenses for the**  
2       **GC Legal Services affiliate class?**

3    A.    Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions  
4       to Updated Test Year expenses for known and measurable changes. Pro forma  
5       adjustments are shown on Attachment JLA-RR-UA, Column J, and on  
6       Attachment JLA-RR-UB, Column M. The details for the pro forma adjustments,  
7       including the witness or witnesses who sponsor each pro forma adjustment, are  
8       provided in Attachment JLA-RR-UD.

9   **Q.    Attachment JLA-RR-UD shows that you sponsor pro forma adjustments for**  
10       **expenses for the GC Legal Services affiliate class during the Updated Test**  
11       **Year that result in a net decrease for the GC Legal Services affiliate class of**  
12       **\$7,977. Please explain the adjustments.**

13   A.    The adjustments that I sponsor are for removing miscellaneous office supplies and  
14       outside service-related expenses.

15   **C.    The GC Legal Services Class of Services are Provided at a**  
16       **Reasonable Cost**

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

18   A.    In this section of my direct testimony, several numbers were based on estimates  
19       for the Update Period. In this update testimony, I replace those estimates with  
20       actual numbers, and explain that the actual costs for the GC Legal Services  
21       affiliate class are reasonable.

1                    *1. Additional Evidence*

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

4    A. Yes. Of the Updated Test Year costs for the GC Legal Services class, 84.91% are  
5    compensation and benefits costs for XES personnel. Mr. Knoll and Mr. Schrubbe  
6    establish that the level of Xcel Energy's compensation and benefits is reasonable  
7    and necessary.

8                    *3. Cost Trends*

9    **Q. Please state the dollar amounts of the actual charges (per book) from XES to**  
10    **SPS for the GC Legal Services class of services for the three fiscal years**  
11    **preceding the end of the Updated Test Year and the charges (per book) for**  
12    **the Updated Test Year.**

13   A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar  
14   years), and for the Updated Test Year, the actual per book affiliate charges  
15   (Column I on Attachment JLA-RR-UA) from XES to SPS for the services  
16   grouped in the GC Legal Services affiliate class:

17                    **Table JLA-RR-U6**

	(Per Book) Charges Over Time				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
GC Legal Services	\$2,887,309	\$2,348,685	\$2,389,148	\$2,161,963	\$2,314,314





**Table JLA-RR-U8**

<b>Allocation Method</b>	<b>Estimated Percentage of XES charges to SPS/Amount Requested (total company) in Direct Testimony</b>	<b>Actual Percentage of XES charges to SPS/Amount Requested (total company) in Update Filing</b>
Assets/Revenue/No. of employees	60.81%/\$1,298,140	58.71%/\$1,308,042
Direct Billing	39.19% / \$836,567	41.29% / \$919,988

**V. UPDATED AFFILIATE EXPENSES FOR THE GC VP  
GENERAL COUNSEL CLASS OF SERVICES**

**A. Summary of Affiliate Expenses for the GC VP General Counsel  
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 GC VP General Counsel affiliate class?**

A. The following table summarizes the dollar amount of the actual Updated Test Year XES charges for the GC VP General Counsel affiliate class.

**Table JLA-RR-U9**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
GC VP General Counsel	\$1,094,675	\$131,389	9.37%	90.63%

**Q. Please describe the updated attachments that support the information provided on Table JLA-RR-U9.**

A. Attachments JLA-RR-UA through JLA-RR-UD present the updated information about the requested SPS affiliate expenses for the GC VP General Counsel affiliate class. The detailed descriptions for Attachments JLA-RR-A through JLA-RR-D that were provided in my direct testimony remain applicable to these updated attachments.

**Q. Are there updated exclusions for the GC VP General Counsel affiliate class?**

A. Yes. The actual exclusion is provided on Attachment JLA-RR-UC.

1   **Q.    Are there updated pro forma adjustments to SPS's per book expenses for the**  
2       **GC VP General Counsel affiliate class?**

3    A.    Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions  
4       to Updated Test Year expenses for known and measurable changes. Pro forma  
5       adjustments are shown on Attachment JLA-RR-UA, Column J, and on  
6       Attachment JLA-RR-UB, Column M. The details for the pro forma adjustments,  
7       including the witness or witnesses who sponsor each pro forma adjustment, are  
8       provided in Attachment JLA-RR-UD.

9   **Q.    Attachment JLA-RR-UD shows that you sponsor pro forma adjustments for**  
10       **expenses for the GC VP General Counsel affiliate class during the Updated**  
11       **Test Year that result in a net decrease for the GC VP General Counsel**  
12       **affiliate class of \$958. Please explain the adjustments.**

13   A.    The adjustments that I sponsor remove minimal costs associated with  
14       miscellaneous expenses that are not recoverable through rates.

15   **C.    The GC VP General Counsel Class of Services are Provided at a**  
16       **Reasonable Cost**

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

18   A.    In this section of my direct testimony, several numbers were based on estimates  
19       for the Update Period. In this update testimony, I replace those estimates with  
20       actual numbers, and explain that the actual costs for the GC VP General Counsel  
21       affiliate class are reasonable.

1                    *1. Additional Evidence*

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

4    A. Yes. Of the Updated Test Year costs for the GC VP General Counsel class,  
5       95.47% are compensation and benefits costs for XES personnel. Mr. Knoll and  
6       Mr. Schrubbe establish that the level of Xcel Energy's compensation and benefits  
7       is reasonable and necessary.

8                    *3. Cost Trends*

9    **Q. Please state the dollar amounts of the actual charges (per book) from XES to**  
10    **SPS for the GC VP General Counsel class of services for the three fiscal**  
11    **years preceding the end of the Updated Test Year and the charges (per book)**  
12    **for the Updated Test Year.**

13   A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar  
14       years), and for the Updated Test Year, the actual per book affiliate charges  
15       (Column I on Attachment JLA-RR-UA) from XES to SPS for the services  
16       grouped in the GC VP General Counsel affiliate class:

17                    **Table JLA-RR-U10**

	(Per Book) Charges Over Time				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
GC VP General Counsel	\$119,088	\$170,578	\$128,575	\$123,102	\$138,042

1 **Q. Has the trend in the per book charges over time changed with the**  
2 **replacement of the estimated charges with the actual charges for the period**  
3 **of time between 2018 and the Updated Test Year?**

4 A. Yes. The updated test year amount is slightly higher than actual costs in 2018.  
5 The driver for this slight increase is higher than estimated labor expenses related  
6 to where certain labor costs within the GC department were billed.

7 **4. Staffing Trends**

8 **Q. Please provide the staffing levels for the GC VP General Counsel class of**  
9 **services for the three fiscal years preceding the end of the Updated Test Year**  
10 **and the Updated Test Year.**

11 A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar  
12 years) and for the Updated Test Year, the average of the end of month staffing  
13 levels for the GC VP General Counsel class of services.

14 **Table JLA-RR-U11**

	Average of End of Month # of Staff				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
GC VP General Counsel	2	2	1	1	1

15 **D. The Costs for the GC VP General Counsel Class of Services are**  
16 **Priced in a Fair Manner**

17 **Q. Have any of the predominant allocation methods for the GC VP General**  
18 **Counsel affiliate O&M expenses changed?**

19 A. No. The predominant allocation methods have remained the same, but the  
20 percentages and amounts have changed as follows:

1

**Table JLA-RR-U12**

<b>Allocation Method</b>	<b>Estimated Percentage of XES charges to SPS/Amount Requested (total company) in Direct Testimony</b>	<b>Actual Percentage of XES charges to SPS/Amount Requested (total company) in Update Filing</b>
Assets/Revenue/No. of employees	96.02%/\$115,731	90.63%/\$119,074
Direct Billing	3.98% / \$4,796	9.37% / \$12,315

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

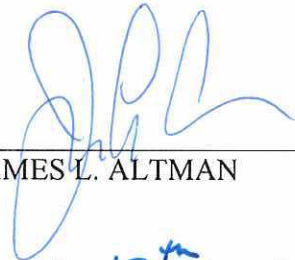
3    **A.**    Yes.

**AFFIDAVIT**

STATE OF MINNESOTA       )  
  )  
COUNTY OF HENNEPIN     )

JAMES L. ALTMAN, first being sworn on his oath, states:

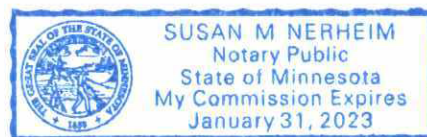
I am the witness identified in the preceding Update Testimony. I have read the Update Testimony and the accompanying attachment(s) and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional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

  
\_\_\_\_\_  
JAMES L. ALTMAN

Subscribed and sworn to before me this 12<sup>th</sup> day of September, 2019 by JAMES L. ALTMAN.

  
\_\_\_\_\_  
Notary Public, State of Minnesota

My Commission Expires: 01/31/2023





### **CERTIFICATE OF SERVICE**

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



## Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

## 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
<b>Production</b>					
1	500	Operation Supervision and Engineering	\$ 1,302,088	\$ 845,746	\$ 2,147,834
2	501.35*	Coal Non-Mine; Non-Freight	34,732,116	-	34,732,116
3	507.70	Coal Ash Sales	(1,730,689)	1,503,199	(227,490)
4	502	Steam Expenses	10,073,061	(24,863)	10,048,198
5	505	Electric Expenses	9,786,043	559	9,786,601
6	506	Miscellaneous Steam Power Expenses	8,396,464	5,057,641	13,454,105
7	507	Rents	1,467,127	4,334,766	5,801,893
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	1,499,505	4,805	1,504,310
11	511	Maintenance of Structures	4,965,791	1,535	4,967,326
12	512	Maintenance of Boiler Plant	16,708,182	1,041,142	17,749,323
13	513	Maintenance of Electric Plant	12,734,579	438,068	13,172,648
14	514	Maintenance of Miscellaneous Steam Plant	9,892,881	1,300,657	11,193,538
15	546	Operation Supervision and Engineering	(16,230)	49,163	32,932
16	546W	Operation Supervision and Engineering Wind	27,667	-	27,667
17	548	Generation Expenses	328,123	-	328,123
18	549	Misc Other Power Generation Expenses	224,417	161,231	385,648
19	549W	Misc Other Power Generation Expenses Wind	5,800,304	-	5,800,304
20	550	Rents	99,441	406,940	506,381
21	551	Maintenance Supervision and Engineering	175,358	376	175,734
22	552	Maintenance of Structures	364,670	679	365,349
23	553	Maintenance of Generating and Electric Equipment	1,215,324	32,503	1,247,827
24	553W	Maintenance of Generating and Electric Equipment Wind	3,843,120	-	3,843,120
25	554	Maintenance of Misc Other Power Generation Plant	189,267	167,464	356,731
26	554W	Maintenance of Misc Other Power Generation Plant Wind	31,430	-	31,430
27	556	System Control and Load Dispatching	(2,639)	1,031,823	1,029,185
28	557	Purchased Power Other	(466,572)	1,774,980	1,308,408
29	557.9*	REC Costs	2,543,109	-	2,543,109
30	Total Production O&M Expense		\$ 124,306,427	\$ 18,128,414	\$ 142,434,841

## Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

## Total Company SPS Operation and Maintenance Expenses

			Native SPS O&M	Test Year	
Line	FERC		Expense through the	Affiliate O&M	Total Company
No.	Acct	Account Description	Update Period	Expense	Requested O&M
			(Jul '18-Jun '19)	(Jul '18-Jun '19)	
Transmission					
31	560	Operation Supervision and Engineering	\$ (571,330)	\$ 9,857,223	\$ 9,285,893
32	561.1	Load Dispatch - Reliability	229,954	-	229,954
33	561.2	Load Dispatch - Monitor and Operate Trans. System	1,651,374	1,329,161	2,980,535
34	561.4	Scheduling, System Control and Dispatching Services	3,105,159	-	3,105,159
35	561.4W	Scheduling, System Control and Dispatching Services - Wholesale	974,315	-	974,315
36	561.5	Reliability, Planning and Standards Development	-	846	846
37	561.6	Transmission Service Studies	47,042	26,860	73,902
38	561.7	Generation Interconnection Studies	(3,424)	-	(3,424)
39	561.8	Reliability Planning and Standards Development Services	2,621,019	-	2,621,019
40	561.8W	Reliability Planning and Standards Development Services - Wholesale	454,281	-	454,281
41	562	Station Expenses	1,771,195	544	1,771,738
42	563	Overhead Line Expenses	945,666	12,197	957,863
43	565	Wheeling Lamar DC Tie	(420)	-	(420)
44	565	Wheeling Meter Charges	703,366	-	703,366
45	565	Wheeling Miscellaneous	33,381	-	33,381
46	565	Wheeling Schedule 11	102,664,790	-	102,664,790
47	565	Wheeling Schedule 11 - Wholesale	30,753,348	-	30,753,348
48	565	Wheeling Schedule 12	2,055,178	-	2,055,178
49	565	Wheeling Schedule 12 - Wholesale	535,444	-	535,444
50	565	Wheeling Schedule 1 - Wholesale	712,636	-	712,636
51	565	Wheeling Schedule 2	2,964	-	2,964
52	565	W-Wheeling Schedule 2 - Wholesale	508	-	508
53	565	Wheeling Schedule 9	6,040,362	-	6,040,362
54	565	Wheeling Schedule 9 - Wholesale	24,384,791	-	24,384,791
55	565	Z2 Direct Assigned Upgrade Charge	82,054	-	82,054
56	565	Z2 Direct Assigned Upgrade Charge - Wholesale	16,400	-	16,400
57	565	Z2 Schedule 11 Charges	(169,497)	-	(169,497)
58	565	Z2 Schedule 11 Charges - Wholesale	-	-	-
59	566	Misc Transmission Expenses	2,527,124	782,852	3,309,976
60	567	Rents	282,189	1,422,644	1,704,834
61	568	Maintenance Supervision and Engineering	(4,386)	7,960	3,574
62	570	Maintenance of Station Equipment	1,899,246	3,287	1,902,534
63	571	Maintenance of Overhead Lines	1,088,688	42,673	1,131,361
64	Sub-Total Transmission O&M Expenses		\$ 184,833,416	\$ 13,486,247	\$ 198,319,663
Regional Market Expenses					
65	575.1	Operation Supervision	\$ -	\$ 137,183	\$ 137,183
66	575.2	Day-Ahead and Real-Time Market Administration	-	302,981	302,981
67	575.5	Ancillary Services Market Administration	-	23,132	23,132
68	575.6	Market Monitoring and Compliance	-	46,429	46,429
69	575.7	Market Admin, Monitoring, and Compliance Services	6,163,708	-	6,163,708
70	575.7W	Market Admin, Monitoring, and Compliance Services - Wholesale	1,933,684	-	1,933,684
71	575.8	Regional Market Rents	5,371	45,687	51,058
72	Total Regional Market Expenses		\$ 8,102,764	\$ 555,412	\$ 8,658,175
73	Total Transmission O&M Expenses		\$ 192,936,179	\$ 14,041,659	\$ 206,977,838

## Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

## 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								
74	580	Operation Supervision and Engineering	\$	2,633,263	\$	1,025,866	\$	3,659,129
75	581	Load Dispatching		32,133		239,967		272,099
76	582	Station Expenses		1,592,293		(14,169)		1,578,124
77	583	Overhead Line Expenses		3,937,620		99,718		4,037,338
78	584	Underground Line Expenses		263,184		-		263,184
79	585	Street Lighting and Signal Systems Expenses		350,477		2,904		353,381
80	586	Meter Expenses		2,493,053		169,959		2,663,012
81	587	Customer Installations Expenses		869,414		2,306		871,719
82	588	Misc Distribution Expense		10,534,860		1,207,141		11,742,001
83	589	Rents		1,004,026		1,515,415		2,519,442
84	590	Maintenance Supervision and Engineering		-		24,754		24,754
85	591	Maintenance of Structures		300		-		300
86	592	Maintenance of Station Equipment		770,434		1,147		771,581
87	593	Maintenance of Overhead Lines		10,623,795		202,369		10,826,164
88	594	Maintenance of Underground Lines		269,725		-		269,725
89	595	Maintenance of Line Transformers		-		-		-
90	596	Maintenance of Street Lighting and Signal Systems		490,965		2,021		492,986
91	597	Maintenance of Meters		14,821		-		14,821
92	598	Maintenance of Misc Distribution Plant		(543,095)		1,371		(541,724)
93	Total Distribution O&M Expenses		\$	35,337,269	\$	4,480,769	\$	39,818,037
Customer Accounts								
94	901	Supervision	\$	-	\$	29,707	\$	29,707
95	902	Meter Reading Expenses		4,340,928		471,846		4,812,774
96	903	Customer Records and Collection Expenses		3,461,044		3,646,671		7,107,715
97	904.0*	Uncollectible Expenses		4,447,042		-		4,447,042
98	904.1*	Uncollectible Expenses		1,182,664		-		1,182,664
99	DEPINT Customer Deposit Interest Expense			131,865		-		131,865
100	Total Customer Accounts Expense		\$	13,563,543	\$	4,148,224	\$	17,711,767
Customer Service								
101	908.00	Customer Assistance Expense	\$	1,968,094	\$	87,030	\$	2,055,124
102	908.00	Historical EE Amortization		258,825	\$	-	\$	258,825
103	908.01	EE Amortization - Texas		-		-		-
104	908.03	EE Amortization - New Mexico		-		-		-
105	908.04	SaversSwitch		712,529		3,492		716,021
106	909.10	Informational and Instructional Advertising Expense		-		-		-
107	910.00	Miscellaneous Customer Service Expense		-		16,994		16,994
108	Total Customer Service Expense		\$	2,939,448	\$	107,515	\$	3,046,963
Sales								
109	912.00	Demonstration and Selling Expense-Economic Development	\$	268,577	\$	97	\$	268,674
110	Total Sales Expense		\$	268,577	\$	97	\$	268,674

## Southwestern Public Service Company

Native SPS Costs for Outside Law Firms and  
Third Party Legal Vendors

## Total Company SPS Operation and Maintenance Expenses

			Native SPS O&M		Test Year			
Line	FERC		Expense through the		Affiliate O&M		Total Company	
No.	Acct	Account Description	Update Period		Expense		Requested O&M	
			(Jul '18-Jun '19)		(Jul '18-Jun '19)			
Administrative and General Expenses								
111	920*	Administrative and General Salaries	\$	4,790,698	\$	23,150,797	\$	27,941,496
112	921	Office Supplies and Expenses		304,031		18,918,661		19,222,692
113	922*	Administrative Expenses Transferred-Credit		(14,470,585)		(230,528)		(14,701,112)
114	923	Outside Services Employed		1,835,157		9,175,083		11,010,241
115	924	Property Insurance		3,180,828		1,633		3,182,461
116	925*	Injuries and Damages		5,330,221		2,118,099		7,448,320
117	926.01*	Employee Pensions and Benefits		16,109,725		12,729,019		28,838,744
118	926.03*	Deferred Pension Expense		1,574,975		-		1,574,975
119	928	Regulatory Commission Expense - TX		8,742,791		-		8,742,791
120	928.01	Regulatory Commission Expense - NM		4,851,744		-		4,851,744
121	928.02	Regulatory Commission Expense - Wholesale		523,587		-		523,587
122	928.03	Regulatory Commission Expense - Transmission Related		183,845		-		183,845
123	928.04	Regulatory Commission Expense - Misc		94,203		-		94,203
124	928.05	Regulatory Commission Expense - Energy Related		3,657		-		3,657
125	929	Duplicate Charges-Credit		(1,380,460)		-		(1,380,460)
126	930.11	General Advertising Expenses		-		-		-
127	930.20	Misc General Expenses		16,227		302,594		318,821
128	931	Rents		(1,010,618)		12,598,995		11,588,377
129	935	Maintenance of General Plant		482		89,165		89,647
130		Recoverable Contributions, Dues, and Donations		2,034,743		-		2,034,743
131	Total Administrative and General Expenses		\$	32,715,253	\$	78,853,520	\$	111,568,773
132	Total Operations and Maintenance Expense		\$	402,066,695	\$	119,760,197	\$	521,826,893

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment APF-RR-U2 to the Update Testimony of Arthur P. Freitas

<sup>1</sup>Mr. Altman sponsors only those amounts recorded in FERC Account 923 that are incurred for Outside Legal Services.

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

(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 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	GC Claims	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	\$ 172,323.22	\$ 150,087.71	\$ 22,235.51	\$ -	\$ 22,235.51	\$ (874.45)	\$ 21,361.07	8.85%
2	GC Claims	Direct		1,707,287.69	1,476,272.25	231,015.44	-	231,015.44	(11,077.87)	219,937.57	91.15%
3	<b>GC Claims Total</b>			<b>\$ 1,879,610.91</b>	<b>\$ 1,626,359.96</b>	<b>\$ 253,250.95</b>	<b>\$ -</b>	<b>\$ 253,250.95</b>	<b>\$ (11,952.31)</b>	<b>\$ 241,298.64</b>	<b>100.00%</b>
4	GC Legal Services	200101 - Legal - Opco's - Gas	Assets/Revenue/No. of employees	\$ 15,542.49	\$ 15,542.49	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
5	GC Legal Services	200107 - Legal - NSPM & NSPW	Assets/Revenue/No. of employees	227,760.29	227,760.29	-	-	-	-	-	0.00%
6	GC Legal Services	200086 - Legal	Assets/Revenue/No. of employees	27,793.75	23,763.84	4,029.91	-	4,029.91	(114.28)	3,915.62	0.18%
7	GC Legal Services	200093 - Legal - OpCos	Assets/Revenue/No. of employees	1,024,492.88	876,167.24	148,325.64	-	148,325.64	(4,108.37)	144,217.28	6.47%
8	GC Legal Services	Direct		7,797,068.87	6,831,691.58	965,377.29	-	965,377.29	(45,388.97)	919,988.32	41.29%
9	GC Legal Services	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	9,300,671.10	8,100,874.46	1,199,796.64	(3,215.60)	1,196,581.04	(36,671.90)	1,159,909.14	52.06%
10	<b>GC Legal Services Total</b>			<b>\$ 18,393,329.38</b>	<b>\$ 16,075,799.90</b>	<b>\$ 2,317,529.48</b>	<b>\$ (3,215.60)</b>	<b>\$ 2,314,313.88</b>	<b>\$ (86,283.52)</b>	<b>\$ 2,228,030.36</b>	<b>100.00%</b>
11	GC VP General Counsel	Direct		\$ 118,920.71	\$ 106,181.39	\$ 12,739.32	\$ -	\$ 12,739.32	(424.56)	\$ 12,314.76	9.37%
12	GC VP General Counsel	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	975,754.36	849,875.49	125,878.87	(576.47)	125,302.40	(6,228.32)	119,074.08	90.63%
13	<b>GC VP General Counsel Total</b>			<b>\$ 1,094,675.07</b>	<b>\$ 956,056.88</b>	<b>\$ 138,618.19</b>	<b>\$ (576.47)</b>	<b>\$ 138,041.72</b>	<b>\$ (6,652.87)</b>	<b>\$ 131,388.84</b>	<b>100.00%</b>
14	<b>Total Witness - James Altman</b>			<b>\$ 21,367,615.36</b>	<b>\$ 18,658,216.74</b>	<b>\$ 2,709,398.62</b>	<b>\$ (3,792.07)</b>	<b>\$ 2,705,606.55</b>	<b>\$ (104,888.71)</b>	<b>\$ 2,600,717.84</b>	
	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**

**James L. Altman**

**SOAH Docket No. 473-19-6677**

**Docket No. 49831**

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

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**JLA-RR-UB(CD)**

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	GC Legal Services	426.1 - Donations	Below the Line	\$ (2,715.06)
2	GC Legal Services	426.4 - Life Insurance	Below the Line	(85.67)
3	GC Legal Services	426.5 - Other Deductions	Below the Line	(414.87)
4	<b>GC Legal Services Total</b>			<b>\$ (3,215.60)</b>
5	GC VP General Counsel	426.5 - Other Deductions	Below the Line	\$ (576.47)
6	<b>GC VP General Counsel Total</b>			<b>\$ (576.47)</b>
7	<b>Total Witness - James Altman</b>			<b>\$ (3,792.07)</b>
	Amounts may not add or tie to other schedules due to rounding			



**Pro Forma Adj to XES Expenses by Affiliate Class and FERC Acct  
For Twelve Months ended June 30, 2019  
Altman**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	GC Claims	920 - Administrative and general salaries	223.62% Incentive	Arthur Freitas/Michael Knoll	\$ (1,848.86)
2	GC Claims	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	4,216.44
3	GC Claims	921 - Office supplies and expenses	Business Area Adjustment	James Altman	(2,225.10)
4	GC Claims	923 - Outside services employed	Business Area Adjustment	James Altman	(72.85)
5	GC Claims	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(2,021.95)
6	<b>GC Claims Total</b>				<b>\$ (11,952.31)</b>
7	GC Legal Services	566 - Miscellaneous transmission expenses	223.62% Incentive	Arthur Freitas/Michael Knoll	\$ (3,863.56)
8	GC Legal Services	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	1,149.47
9	GC Legal Services	920 - Administrative and general salaries	223.62% Incentive	Arthur Freitas/Michael Knoll	(95,576.87)
10	GC Legal Services	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	36,609.53
11	GC Legal Services	921 - Office supplies and expenses	Business Area Adjustment	James Altman	(7,977.42)
12	GC Legal Services	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(16,589.26)
13	GC Legal Services	930.1 - General advertising expenses	Advertising	Arthur Freitas	(35.41)
14	<b>GC Legal Services Total</b>				<b>\$ (86,283.52)</b>
15	GC VP General Counsel	920 - Administrative and general salaries	223.62% Incentive	Arthur Freitas/Michael Knoll	\$ (6,997.08)
16	GC VP General Counsel	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	2,455.55
17	GC VP General Counsel	921 - Office supplies and expenses	Business Area Adjustment	James Altman	(957.89)
18	GC VP General Counsel	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(1,153.46)
19	<b>GC VP General Counsel Total</b>				<b>\$ (6,652.87)</b>
20	<b>Total Witness - James Altman</b>				<b>\$ (104,888.71)</b>
		Amounts may not add or tie to other schedules due to rounding			