

**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*  
**JEFF R. LYN**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

*(Filename: LyngRRUpdate.docx; Total Pages: 18)*

**Table of Contents<sup>1</sup>**

GLOSSARY OF ACRONYMS AND DEFINED TERMS.....	3
LIST OF ATTACHMENTS .....	4
I. WITNESS IDENTIFICATION .....	5
II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS.....	6
III. UPDATED AFFILIATE EXPENSES FOR THE POLICY & REGULATORY COMPLIANCE CLASS OF SERVICES .....	8
A. SUMMARY OF AFFILIATE EXPENSES FOR THE POLICY & REGULATORY COMPLIANCE CLASS OF SERVICES .....	8
C. THE POLICY & REGULATORY COMPLIANCE CLASS OF SERVICES ARE PROVIDED AT A REASONABLE COST .....	10
1. ADDITIONAL EVIDENCE .....	10
3. COST TRENDS.....	10
4. STAFFING TRENDS.....	11
D. THE COSTS FOR THE POLICY & REGULATORY COMPLIANCE CLASS OF SERVICES ARE PRICED IN A FAIR MANNER.....	12
AFFIDAVIT .....	13
CERTIFICATE OF SERVICE .....	14
TESTIMONY ATTACHMENTS: Attachment JRL-RR-UA ( <i>filename: JRL-RR-UABCD.xlsx</i> ) .....	15

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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.

Attachment JRL-RR-UB(CD) ( <i>filename: JRL-RR-UABCD.xlsx</i> ) .....	16
Attachment JRL-RR-UC ( <i>filename: JRL-RR-UABCD.xlsx</i> ).....	17
Attachment JRL-RR-UD ( <i>filename: JRL-RR-UABCD.xlsx</i> ) .....	18

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

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

## LIST OF ATTACHMENTS

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

**UPDATE TESTIMONY  
OF  
JEFF R. LYN**

**I. WITNESS IDENTIFICATION**

1

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

3    A.    My name is Jeff R Lyng. My business address is 1800 Larimer Street, Denver,  
4           Colorado 80202.

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

6    A.    I am employed by Xcel Energy Services Inc. (“XES”) as the Director of Energy  
7           and Environmental Policy.

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 Jeff R. Lyng who filed direct testimony on behalf of SPS in  
12          this docket?**

13   A.    Yes.

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

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

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

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

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

23   A.     *Affiliate Costs* – The estimated Updated Test Year costs for the services of the  
24           Policy & Regulatory Compliance affiliate class that SPS sought to recover were

1       \$839,625 (total SPS before jurisdictional allocations, or “total company”). The  
2       actual Updated Test Year costs for the services of the Policy & Regulatory  
3       Compliance affiliate class that SPS seeks to recover are \$864,049. Please refer to  
4       Attachments JRL-RR-UA through JRL-RR-UD. In addition to providing updated  
5       SPS numbers, those attachments also reflect the total updated XES class expenses  
6       for the Policy & Regulatory Compliance affiliate class. The actual costs are  
7       reasonable and necessary for the reasons I provided in my direct testimony.

8       **Q.   Were Attachments JRL-RR-UA through JRL-RR-UD prepared by you or**  
9       **under your direct supervision and control?**

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

**III. UPDATED AFFILIATE EXPENSES FOR THE POLICY & REGULATORY COMPLIANCE CLASS OF SERVICES**

**A. Summary of Affiliate Expenses for the Policy & Regulatory Compliance 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 Policy & Regulatory Compliance affiliate class?**

**A. The following table summarizes the dollar amount of the actual Updated Test Year XES charges for the Policy & Regulatory Compliance affiliate class.**

**Table JRL-RR-U1**

Class of Services	Total XES Class Expenses	Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
		Requested Amount	% Direct Billed	% Allocated
Policy & Regulatory Compliance	\$6,420,261	\$864,049	29.57%	70.43%

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 JRL-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 JRL-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 JRL-RR-U1.**
- 3   A.   Attachments JRL-RR-UA through JRL-RR-UD present the updated information  
4       about the requested SPS affiliate expenses for the Policy & Regulatory  
5       Compliance affiliate class. The detailed descriptions for Attachments JRL-RR-A  
6       through JRL-RR-D that were provided in my direct testimony remain applicable  
7       to these updated attachments.
- 8   **Q.   Are there updated exclusions for the Policy & Regulatory Compliance**  
9       **affiliate class?**
- 10  A.   Yes. The actual exclusions are provided on Attachment JRL-RR-UC.
- 11  **Q.   Are there updated pro forma adjustments to SPS's per book expenses for the**  
12       **Policy & Regulatory Compliance affiliate class?**
- 13  A.   Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions  
14       to Updated Test Year expenses for known and measurable changes. Pro forma  
15       adjustments are shown on Attachment JRL-RR-UA, Column J, and on  
16       Attachment JRL-RR-UB, Column M. The details for the pro forma adjustments,  
17       including the witness or witnesses who sponsor each pro forma adjustment, are  
18       provided in Attachment JRL-RR-UD.
- 19  **Q.   Attachment JRL-RR-UD shows that you sponsor pro forma adjustments for**  
20       **expenses for the Policy & Regulatory Compliance affiliate class during the**  
21       **Updated Test Year that result in a net decrease for the Policy & Regulatory**  
22       **Compliance affiliate class of \$1,692.57. Please explain the adjustments.**
- 23  A.   The adjustments that I sponsor decrease SPS requested costs and are for costs not  
24       benefitting SPS, such as certain travel, alcohol, and employee life event  
25       recognition expenses.

1 **C. The Policy & Regulatory Compliance Class of Services are**  
2 **Provided at a Reasonable Cost**

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

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

8 *1. Additional Evidence*

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

11 A. Yes. Of the Updated Test Year costs for the Policy & Regulatory Compliance  
12 class, 83.74% are compensation and benefits costs for XES personnel. SPS  
13 witnesses Michael T. Knoll and Richard R. Schrubbe establish that the level of  
14 Xcel Energy's compensation and benefits is reasonable and necessary.

15 *3. Cost Trends*

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

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

1

**Table JRL-RR-U2**

	(Per Book) Charges Over Time				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
Policy & Regulatory Compliance	\$1,097,052	\$1,107,266	\$949,264	\$848,007	\$895,958

2

*4. Staffing Trends*

3

**Q. Please provide the staffing levels for the Policy & Regulatory Compliance class of services for the three fiscal years preceding the end of the Updated Test Year and the Updated Test Year.**

4

5

6

**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 Policy & Regulatory Compliance class of services.

7

8

9

**Table JRL-RR-U3**

	Average of End of Month # of Staff				
Class of Services	2016	2017	2018	Updated Test Year (Estimated)	Updated Test Year (Actual)
Policy & Regulatory Compliance	31	30	28	28	27

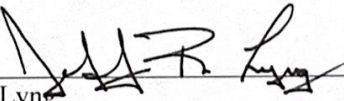


**AFFIDAVIT**

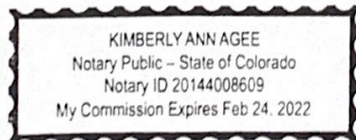
STATE OF COLORADO       )  
  )  
COUNTY OF DENVER       )

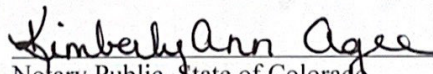
JEFF R. LYNQ, first being sworn on his oath, states:

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.

  
\_\_\_\_\_  
Jeff R. Lyng

Subscribed and sworn to before me this 10<sup>th</sup> day of September, 2019 by JEFF R. LYNQ.

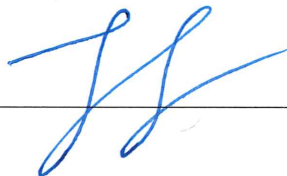


  
\_\_\_\_\_  
Notary Public, State of Colorado

My Commission Expires: Feb 24, 2022

### **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.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and strokes, positioned above a horizontal line.

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

(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 Act. 400-935)	(F) XES Billings for Class to All Legal Entities Except SPS (FERC Act. 400-935)	(G) XES Billings for Class to SPS (Total Company) (FERC Act. 400- 935)	(H) Exclusions	(I) Per Book	(J) Proformas	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Policy & Regulatory Compliance	200106 - Acctg. Rptg. Tax - MN, WI Elec	Assets/Revenue/No. of employees	\$ 1,486.57	\$ 1,486.57	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2	Policy & Regulatory Compliance	200178 - Rates & Regulation	Revenue	3,474.02	2,947.85	526.17	-	526.17	(12.72)	513.45	0.06%
3	Policy & Regulatory Compliance	200079 - Federal Lobbying	Assets/Revenue/No. of employees	1,117,952.19	973,159.00	144,793.18	(141,141.54)	3,651.64	(253.03)	3,398.61	0.39%
4	Policy & Regulatory Compliance	200078 - Governmental Affairs	Assets/Revenue/No. of employees	2,160,603.09	1,880,997.91	279,605.18	(38,765.52)	240,839.66	(9,186.58)	231,653.07	26.81%
5	Policy & Regulatory Compliance	Direct		764,966.83	501,295.80	263,671.03	-	263,671.03	(8,164.99)	255,506.04	29.57%
6	Policy & Regulatory Compliance	200177 - Rates Electric	Revenue	2,371,778.61	1,984,696.62	387,081.99	187.38	387,269.37	(14,291.96)	372,977.41	43.17%
7	<b>Policy &amp; Regulatory Compliance Total</b>			<b>\$ 6,420,261.30</b>	<b>\$ 5,344,583.76</b>	<b>\$ 1,075,677.54</b>	<b>\$ (179,719.68)</b>	<b>\$ 895,957.86</b>	<b>\$ (31,909.28)</b>	<b>\$ 864,048.58</b>	<b>100.00%</b>
8	<b>Total Witness - Jeff Lyng</b>			<b>\$ 6,420,261.30</b>	<b>\$ 5,344,583.76</b>	<b>\$ 1,075,677.54</b>	<b>\$ (179,719.68)</b>	<b>\$ 895,957.86</b>	<b>\$ (31,909.28)</b>	<b>\$ 864,048.58</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 Jeffrey L. Lyng**

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

**Docket No. 49831**

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

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**JRL-RR-UB(CD)**



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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Policy & Regulatory Compliance	426.1 - Donations	Below the Line	\$ (3,331.93)
2	Policy & Regulatory Compliance	426.4 - Life Insurance	Below the Line	(175,913.06)
3	Policy & Regulatory Compliance	426.5 - Other Deductions	Below the Line	(474.69)
4	<b>Policy &amp; Regulatory Compliance Total</b>			<b>\$ (179,719.68)</b>
5	<b>Total Witness - Jeff Lyng</b>			<b>\$ (179,719.68)</b>
	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  
Lyng**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Policy & Regulatory Compliance	408.2 - Taxes other than income taxes, other income and deductions	Business Area Adjustment	Jeff Lyng	\$ (253.03)
2	Policy & Regulatory Compliance	920 - Administrative and general salaries	223.62% Incentive	Arthur Freitas/Michael Knoll	(38,336.94)
3	Policy & Regulatory Compliance	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	14,405.32
4	Policy & Regulatory Compliance	921 - Office supplies and expenses	Business Area Adjustment	Jeff Lyng	(1,439.54)
5	Policy & Regulatory Compliance	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(6,285.08)
6	<b>Policy &amp; Regulatory Compliance Total</b>				<b>\$ (31,909.28)</b>
7	<b>Total Witness - Jeff Lyng</b>				<b>\$ (31,909.28)</b>
	Amounts may not add or tie to other schedules due to rounding				