

DOCKET NO. ____

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

**DIRECT TESTIMONY
of
ANGELENE HENNES GHELF**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: HennesGhelfRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
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, a Colorado corporation; and SPS
Operating Company	one of the Operating Companies
RFP	Rate Filing Package
SEC	Securities and Exchange Commission
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 any jurisdictional allocation)
Update Period	April 1, 2019 through June 30, 2019
Updated Test Year	July 1, 2018 through June 30, 2019
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
AHG-RR-1	Organization Chart for Corporate Secretary & Executive Services (<i>Non-native format</i>)
AHG-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (<i>Filename: AHG-RR-ABCD.xlsx</i>)
AHG-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (<i>Filename: AHG-RR-ABCD.xlsx</i>)
AHG-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (<i>Filename: AHG-RR-ABCD.xlsx</i>)
AHG-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (<i>Filename: AHG-RR-ABCD.xlsx</i>)

**DIRECT TESTIMONY
OF
ANGELENE HENNES GHELF**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Angelene Hennes Ghelf. My business address is 414 Nicollet Mall,
4 Minneapolis, Minnesota 55401.

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

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

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

10 A. I am employed by Xcel Energy Services Inc. (“XES”), the service company
11 subsidiary of Xcel Energy, as a Strategy & Performance Consultant.

12 **Q. Please briefly outline your responsibilities as a Strategy & Performance**
13 **Consultant.**

14 A. I serve as Chief of Staff to the Senior Vice President of the Corporate Secretary
15 and Executive Services organization. My duties include operation oversight and
16 business planning for the Corporate Secretary and Executive Services.

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

18 A. I received a Bachelor of Arts degree in Political Science and Legal Studies from
19 Hamline University in Saint Paul, Minnesota, and a Master’s degree in
20 Organizational Development and Change Leadership from the University of St.
21 Thomas in Minneapolis, Minnesota.

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

2 A. Prior to my employment with XES, I spent four years in public affairs in the
3 insurance industry. My responsibilities were to develop and execute a strategy for
4 the company's philanthropic and employee political advocacy programs in Iowa,
5 Nebraska, and South Dakota. I was hired as a Civic and Political Engagement
6 Consultant at XES in February of 2013. I worked in that role for two years before
7 moving over to a Strategy and Performance consultant role in the Corporate
8 Secretary and Executive Services organization. In January of 2017, I was
9 assigned the Chief of Staff responsibilities for Corporate Secretary and Executive
10 Services organization.

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

13 A. Yes, I have received a certification related to change management strategies
14 specific to the utility industry.

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

16 A. Yes. I filed testimony before the Public Utility Commission of Texas in Docket
17 No. 47527 regarding operation and maintenance ("O&M") expenses and the
18 administrative and general expenses for the Corporate Secretary & Executive
19 Services affiliate class.

- 1 • The costs are for the following services:
- 2 ○ providing oversight to the Corporate Compliance and Business
- 3 Conduct Program to maintain compliance with legal and
- 4 regulatory requirements;
- 5 ○ developing reports such as the Annual Report and annual
- 6 Corporate Responsibility Report;
- 7 ○ assisting with the planning for and response to a pandemic and
- 8 emergency planning;
- 9 ○ developing and implementing communications for SPS's
- 10 customers regarding billing and payment programs, rates,
- 11 services, and outages, and for SPS's employees on business
- 12 issues and the safe handling of electricity;
- 13 ○ performing design and production services for external and
- 14 internal communications;
- 15 ○ developing corporate strategy and Operating Company³
- 16 specific strategic initiatives; and
- 17 ○ organizing the meetings of the SPS and Xcel Energy Boards of
- 18 Directors, overseeing the process for compensating the
- 19 independent directors, making required filings, overseeing
- 20 compliance programs, and coordinating corporate and
- 21 executive communications.
- 22 • The services grouped in the Corporate Secretary & Executive Services
- 23 affiliate class are necessary for many reasons, including to ensure that:
- 24 SPS complies with the state and federal regulatory requirements
- 25 governing a publicly traded, investor-owned utility company; required
- 26 filings are made; meetings of the Xcel Energy and SPS Boards of
- 27 Directors are appropriately conducted and independent directors
- 28 retained; the business of the corporation is conducted in accordance
- 29 with ethical standards; institutional knowledge is retained and made
- 30 available for use; executive, regulatory, and shareholder
- 31 communications present accurate information; and SPS's customers
- 32 and the public receive necessary communications such as information
- 33 about rates, outages, safety issues, emergency situations, and billing
- 34 and payment programs.

³ The Operating Companies are: Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS.

- 1 • The costs are reasonable because they are shared with other affiliates,
2 consist primarily of personnel costs that are reasonable, and are
3 subjected to rigorous budgeting and cost control processes.
- 4 • SPS does not provide these services for itself, and the services do not
5 duplicate services provided by others.
- 6 • Each charge from SPS's affiliates for these services is billed at cost,
7 and is no higher than the charges by those affiliates to any other entity
8 for the same or similar service.

9 **Q. Please describe the information in Schedule I-10(V).**

10 A. I co-sponsor Schedule I-10(V), which presents employee ethics documents. SPS
11 witnesses Jeffrey C. Klein, H. Craig Romer, Bennie F. Weeks, and William A.
12 Grant also co-sponsor this schedule. I co-sponsor the portion of this schedule that
13 contains the Xcel Energy Code of Conduct.

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

16 A. As explained by Mr. Grant, SPS will be using an Updated Test Year in this case.
17 SPS's initial filing presents actual affiliate O&M expenses for the Test Year and
18 estimated information for the Update Period. Accordingly, the first nine months
19 of SPS's Updated Test Year (i.e., July 2018 through March 2019) consist of
20 actual cost information and the last three months (i.e., April through June 2019)
21 contain estimated cost information. For this reason, certain SPS witnesses refer to
22 the Updated Test Year in direct testimony as the "estimated Updated Test Year."

23 Regarding the Corporate Secretary & Executive Services affiliate costs I
24 support, as explained by SPS witness Melissa L. Schmidt, actual figures for April
25 and May 2019 have been provided and June 2019 figures have been estimated

1 based on the forecasted budget. However, these expenses have not gone through
2 the full pro forma adjustment review process.

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

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

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

14 A. Yes, as to Attachment AHG-RR-1. Attachments AHG-RR-A through
15 AHG-RR-D were prepared by Ms. Schmidt and her staff. My staff and I have
16 reviewed these attachments and I believe them to be accurate. Although the same
17 information provided in Attachments AHG-RR-A through AHG-RR-D is
18 presented in Ms. Schmidt's Attachments MLS-RR-A through MLS-RR-D, I have
19 presented this information in my testimony for the convenience of those
20 reviewing my testimony.

21 **Q. Was the portion of the RFP schedule you co-sponsor prepared by you or**
22 **under your supervision and control?**

23 A. Yes.

1 **Q.** Do you incorporate the portion of the RFP schedule you co-sponsor into your
2 testimony?

3 **A.** Yes.

1 **III. AFFILIATE EXPENSES FOR THE CORPORATE SECRETARY**
2 **& EXECUTIVE SERVICES 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 reflects 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 Corporate Secretary & Executive Services class of affiliate services.

14 **A. Summary of Affiliate Expenses for the Corporate Secretary &**
15 **Executive Services Class of Services**

16 **Q. Where does the Corporate Secretary & Executive Services affiliate class fit**
17 **into the overall 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 Corporate
21 Secretary & Executive Services affiliate class was part of the Corporate Secretary
22 & Executive Services business area during the Updated Test Year. Attachment
23 AHG-RR-1 to my testimony is an organization chart showing the Corporate
24 Secretary & Executive Services organization.

1 **Q. What services are grouped into the Corporate Secretary & Executive**
2 **Services affiliate class?**

3 A. The services that are grouped into the Corporate Secretary & Executive Services
4 affiliate class are: Boards of Directors meeting organization and independent
5 director compensation oversight; official record keeping; completing filings
6 required for public companies, such as Securities and Exchange Commission
7 (“SEC”) filings, Nasdaq filings, and Secretary of State filings in Texas and New
8 Mexico; writing reports, including the Annual Report and shareholder reports;
9 assisting with the planning for and response to a pandemic and emergency
10 planning; providing executive and corporate communications functions; providing
11 oversight to the enterprise compliance training requirement and business code of
12 conduct; promoting programs and tariffs, and communications; performing design
13 and production services; developing content for portions of Xcel Energy’s website
14 and social media channels; and certain corporate strategy functions.

15 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
16 **requests, on a total company basis, for the Corporate Secretary & Executive**
17 **Services affiliate class?**

18 A. The following table summarizes the dollar amount of the estimated Updated Test
19 Year XES charges for the Corporate Secretary & Executive Services affiliate
20 class. I will update the table below as part of SPS’s 45-day case update filing to
21 reflect the actual Updated Test Year costs for the Corporate Secretary &
22 Executive Services affiliate class.

Table AHG-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
Corporate Secretary & Executive Services	\$21,779,997	\$1,170,760	6.62%	93.38%

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 AHG-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 AHG-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.

2 **Q. Please describe the attachments that support the information provided on**
3 **Table AHG-RR-1.**

4 A. There are four attachments to my testimony that present information about the
5 requested SPS affiliate expenses for the Corporate Secretary & Executive
6 Services affiliate class.

1 **Attachment AHG-RR-A:** Provides a summary of the affiliate expenses
2 for this class during the Updated Test Year. The portion of the summary specific
3 to billings to SPS starts with the total of the XES expenses to SPS for the services
4 provided by this affiliate class and ends with the requested dollar amount of XES
5 expenses to SPS (total company) for this affiliate class after exclusions and pro
6 forma adjustments. The columns on this attachment provide the following
7 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 Billings 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 the 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 Updated
3 Test Year.

4 **Attachment AHG-RR-B(CD):** Provides the detail of the XES expenses
5 for the Corporate Secretary & Executive Services affiliate class that are
6 summarized on Attachment AHG-RR-A. The detail shows the XES expenses
7 billed to SPS for the Corporate Secretary & Executive Services affiliate class,
8 itemized by the amount, with each expense listed by individual activity, and
9 billing method (cost center). When summed, these amounts tie to the amounts

1 shown on Attachment AHG-RR-A, and the detail regarding the expenses is
2 organized to support that attachment. Specifically, the columns on this
3 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 Billing 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 Billing 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 AHG-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 AHG-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 AHG-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 AHG-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 AHG-RR-A.

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

3 **Attachment AHG-RR-C:** Both Attachments AHG-RR-A and
4 AHG-RR-B(CD) show exclusions to the XES expenses billed to SPS for the
5 Corporate Secretary & Executive Services affiliate class (Attachment
6 AHG-RR-A, Column H; Attachment AHG-RR-B(CD), Column K). Attachment

1 AHG-RR-C provides detail about those exclusions listed on Attachments
2 AHG-RR-A and AHG-RR-B(CD). The columns on Attachment AHG-RR-C
3 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.

4 In her direct testimony, Ms. Schmidt describes the calculations underlying
5 the exclusions.

6 **Attachment AHG-RR-D:** Both Attachments AHG-RR-A and
7 AHG-RR-B(CD) show pro forma adjustments to SPS's per book expenses for the
8 Corporate Secretary & Executive Services affiliate class (Attachment
9 AHG-RR-A, Column J; Attachment AHG-RR-B(CD), Column M). Attachment
10 AHG-RR-D provides information about those pro forma adjustments shown on
11 Attachments AHG-RR-A and AHG-RR-B(CD). The columns on Attachment
12 AHG-RR-D 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.

1 **Q. Does XES bill its expenses for the Corporate Secretary & Executive Services**
2 **affiliate class to SPS in the same manner as it bills other affiliates for those**
3 **expenses?**

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

7 **Q. Are there any exclusions to the XES billings to SPS for the Corporate**
8 **Secretary & Executive Services affiliate class?**

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

1 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
2 **Corporate Secretary & Executive Services affiliate class?**

3 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test
4 Year expenses for known and measurable changes. Pro forma adjustments are
5 shown on Attachment AHG-RR-A, Column J, and on Attachment
6 AHG-RR-B(CD), 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 AHG-RR-D. Given the time of SPS's initial filing, only
9 the first nine months of the Updated Test Year have completed the full pro forma
10 adjustment review process. In SPS's 45-day case update, I will present an
11 updated Attachment AHG-RR-D that will complete the full pro forma adjustment
12 review process for the last three months of the Updated Test Year.

13 **Q. Attachment AHG-RR-D shows that you sponsor pro forma adjustments for**
14 **expenses for the Corporate Secretary & Executive Services affiliate class**
15 **during the first nine months of the Updated Test Year that result in a net**
16 **decrease for the Corporate Secretary & Executive Services affiliate class of**
17 **\$1,078,088. Please explain the adjustments.**

18 A. The adjustments that I sponsor remove alcohol expense (a decrease of \$70);
19 remove costs for foreign travel (a decrease of \$1,652); remove costs for life
20 events (a decrease of \$60); and reclassify costs to a new affiliate class (a decrease
21 of \$1,076,307).

1 **B. The Corporate Secretary & Executive Services Class of Services**
2 **are Necessary Services**

3 **Q. Are the services that are grouped in the Corporate Secretary & Executive**
4 **Services affiliate class necessary for SPS's operations?**

5 A. Yes. The services grouped in the Corporate Secretary & Executive Services
6 affiliate class are necessary for many reasons, including to ensure that: SPS
7 complies with the state and federal regulatory requirements governing a publicly
8 traded, investor-owned utility company; required filings are made; meetings of
9 the Xcel Energy and SPS Boards of Directors are appropriately conducted and
10 independent directors retained; the business of the corporation is conducted in
11 accordance with ethical standards; appropriate plans are in place for recovery
12 from major disasters; institutional knowledge is retained and made available for
13 use; and executive communications, communications required by regulatory
14 agencies, and communications to shareholders present accurate information. In
15 addition, the Corporate Secretary & Executive Services affiliate class helps to
16 provide the framework for the development of corporate strategy and supports the
17 efforts of senior leadership in advancing the Operating Company's strategic
18 initiatives; provides SPS's customers with information about rates, outages,
19 emergency situations, and billing and payment programs; provides information to
20 the public in SPS's service territory regarding safety issues related to electricity;
21 and promotes and communicates SPS's renewable energy and energy efficiency
22 programs. These are functions required by all investor-owned utilities and
23 without which SPS would not be able to provide reliable electric service to its
24 customers.

1 **Q. What are the specific services that are provided to SPS by the Corporate**
2 **Secretary & Executive Services affiliate class?**

3 **A. The specific services that are provided to SPS by the Corporate Secretary &**
4 **Executive Services affiliate class are:**

- 5 • Preparation of annual filings with the Texas and New Mexico Secretary of
6 State offices, including assistance in the preparation of filing the annually
7 required Texas Corporation Franchise Tax reports and Texas Corporation
8 Public Information Reports;
- 9 • Preparation of SEC Forms 3, 4, and 5 and FERC (Interlocking) reports.
10 These reports are required for all public companies;
- 11 • Maintenance of official records, such as minute books for SPS and Xcel
12 Energy. This is a legal requirement for a corporation;
- 13 • Management of corporate information, and making information available
14 to employees regarding regulatory history, corporate metrics, and
15 performance data, and other issues;
- 16 • Compliance with listing requirements for various exchanges, such as the
17 Nasdaq. This is necessary in order for the stock of Xcel Energy to
18 continue to be publicly traded;
- 19 • Oversight of the Corporate Compliance and Business Conduct Program.
20 This service is essential to promoting a culture of ethical conduct and
21 ensuring compliance with legal and regulatory requirements;
- 22 • Assisting in the preparation for responding to major emergencies,
23 pandemics, and disasters in order to ensure continued operations;
- 24 • Performing executive communications functions, including assisting with
25 presentations by senior leadership and those made at Board of Directors
26 meetings, and providing oversight of internal and external
27 communications to ensure they accurately present information regarding
28 SPS and Xcel Energy to consumers and the public;
- 29 • Writing and production of the Xcel Energy Annual Report that is provided
30 to the SEC, scripting of earnings calls, writing of financial reports and
31 quarterly shareholder communications, and supporting the Investor
32 Relations department in the preparation of reports and materials;
- 33 • Coordination and management of the meetings of the SPS Operating
34 Company Board of Directors, the Xcel Energy Board of Directors

- 1 meetings, and board committee meetings. The Corporate Secretary &
2 Executive Services staff acts as a communication liaison outside of
3 meetings between the Xcel Energy and SPS management teams and the
4 Board of Directors;
- 5 • Retention and oversight of the process for compensating the independent
6 directors of the Xcel Energy Board of Directors, including the filing of
7 appropriate forms at the SEC and reporting in annual proxy and other
8 financial reports;
 - 9 • Developing the annual Corporate Responsibility Report, which provides
10 extensive information on the efforts of Xcel Energy and its affiliates,
11 including SPS, in meeting financial, environmental, and sustainability
12 guidelines. It is distributed on the Xcel Energy website and made
13 available to customers;
 - 14 • Compiling various comparison studies, such as the Average Electric Rate
15 Comparison Study and electric FERC costs comparison;
 - 16 • Promoting SPS's Saver's Switch[®] program, which is SPS's direct load
17 control program for residential and small commercial customers;
 - 18 • Building customer awareness for billing and payment programs and
19 products and services that are available to SPS's customers;
 - 20 • Promoting digital tools such as online enrollment forms for use by SPS's
21 customers;
 - 22 • Writing and developing communications for SPS's customers about
23 products and services of SPS. This includes business area projects and
24 regulatory-required materials such as messaging included with monthly
25 bills about rates;
 - 26 • Researching, writing, and disseminating information regarding outages, in
27 coordination with other business areas, to ensure that accurate information
28 is made available to SPS's customers;
 - 29 • Providing some web and social media content development and
30 management, including creation and maintenance of material that is posted
31 on www.XcelEnergy.com. This material includes investor relations,
32 public safety, and community projects;
 - 33 • Providing creative and communication support to advertising campaigns
34 on public safety and energy conservation issues such as "Call Before You
35 Dig" and "Overhead Electric Safety" to be deployed in the SPS service
36 territory. Facilitating communications with employees through writing,
37 production, and design of print and electronic communications regarding

- 1 SPS and Xcel Energy business and operational activities and best
2 practices, and in order to deliver training;
- 3 • Providing graphic design and production services for all types of written
4 and visual communications in conjunction with other business areas,
5 including designing messaging included with monthly bills, messages
6 explaining rate changes, energy efficiency messaging, and customer safety
7 messages for SPS's retail customers;
- 8 • Providing video production services, which are most frequently employed
9 to assist in educating and informing employees, including providing
10 training for SPS's employees, particularly in the area of safety; and
- 11 • Providing overall guidance in the development of corporate strategy and
12 Operating Company-specific strategic initiatives, goals, and business plans
13 in alignment with those of the corporation.

14 **Q. Are any of the Corporate Secretary & Executive Services class of services**
15 **that are provided to SPS duplicated elsewhere in XES or in any other Xcel**
16 **Energy subsidiary such as SPS itself?**

17 A. No. Within XES, none of the services grouped in the Corporate Secretary &
18 Executive Services affiliate class are duplicated elsewhere. No other Xcel Energy
19 subsidiary performs these services for the Operating Companies. In addition, SPS
20 does not perform these services for itself.

21 **Q. Do SPS's Texas retail customers benefit from the services that are part of the**
22 **Corporate Secretary & Executive Services class of services?**

23 A. Yes. The services of the Corporate Secretary & Executive Services affiliate class
24 benefit SPS's customers in many ways. For example, the services of the
25 Corporate Secretary & Executive Services affiliate class support the functions of
26 the SPS and Xcel Energy Boards of Directors. All publicly traded corporations
27 are required to have a board of directors in order to function as legal entities. The
28 role of the Xcel Energy Board of Directors includes setting policies and

1 overseeing operating and financial performance. Its functions are critical to the
2 ongoing operations of Xcel Energy and SPS, ensuring their ability to operate and
3 provide power to customers. The services of the class ensure that in the event of a
4 major disaster, SPS would be resilient and able to provide continuity of service to
5 customers. The services of the class also ensure that customers receive access to
6 helpful information regarding various topics including billing and payment
7 programs, Saver's Switch[®], and public safety. In addition, the overall guidance
8 provided in the development of corporate strategy and Operating Company-
9 specific strategic initiatives, goals, and business plans serves to support efficient,
10 reliable, and safe Operating Company operations.

11 **Q. What is the makeup of the Xcel Energy Board of Directors?**

12 A. At the end of the Updated Test Year, the Xcel Energy Board of Directors
13 consisted of 13 members, who provide a diversity of utility and non-utility
14 industry governance experience, work experience, and areas of expertise. Twelve
15 of the Board members at the end of the Updated Test Year were independent
16 outside directors who are compensated for their service. In addition, there was
17 one non-independent director who does not receive additional compensation for
18 serving on the Board.

19 **Q. Has the composition of the board fluctuated recently?**

20 A. Yes. The Xcel Energy bylaws allow for no fewer than seven and no more than 15
21 directors. The philosophy of Xcel Energy is to maintain between 10 and 13
22 directors, with the exact number dependent upon how the individual director
23 qualifications and the combined skills of the Board as a whole meet Xcel

1 Energy's governance, regulatory, and business needs. Consideration is also given
2 to the need to maintain continuity on the Board as retirements occur. In keeping
3 with public company governance best practices, Xcel Energy has mandatory age
4 retirements for its directors as well as mandatory maximum years of service to the
5 board. In the past few years, as existing directors have met the age or years of
6 service retirement terms, Xcel Energy has worked to recruit new directors. With
7 the increasing responsibility that directors on public company boards face,
8 recruitment of qualified and willing potential candidates that fill specific talent or
9 experience vacancies often takes considerable time, and, thus, the numbers have
10 varied.

11 **C. The Corporate Secretary & Executive Services Class of Services**
12 **are Provided at a Reasonable Cost**

13 **Q. Are the costs of the Corporate Secretary & Executive Services class of**
14 **services reasonable?**

15 **A.** Yes. The costs of the Corporate Secretary & Executive Services class of services
16 are reasonable. Because the services are provided centrally through XES, the
17 costs of the services are shared among multiple affiliates. In addition, because
18 services are acquired for multiple entities, overall costs are reduced as a result of
19 economies of scale. For example, SPS pays only a small fraction of the costs
20 associated with the Xcel Energy Board of Directors, as opposed to carrying 100%
21 of the costs associated with an independent Board of Directors.

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 estimated Updated Test Year costs for the Corporate Secretary &
5 Executive Services class, 74.1% are compensation and benefits costs for XES
6 personnel. SPS witnesses Michael T. Knoll and Richard R. Schrubbe establish
7 that the level of Xcel Energy's compensation and benefits is reasonable and
8 necessary.

9 2. *Budget Planning*

10 **Q. Is a budget planning process applicable to the Corporate Secretary &**
11 **Executive Services class of affiliate costs?**

12 A. Yes. Annual O&M budgets are created for the Corporate Secretary & Executive
13 Services organization, using guidelines developed at the corporate level. Each
14 manager within the Corporate Secretary & Executive Services department
15 carefully reviews historical spend information, identifies changes that will be
16 coming in the future, and analyzes the costs associated with those changes prior to
17 submitting a proposed budget. The budgeting process is discussed in more detail
18 by SPS witness Adam R. Dietenberger.

19 **Q. During the fiscal year, does the Corporate Secretary & Executive Services**
20 **department monitor its actual expenditures versus its budget?**

21 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by
22 management in the Corporate Secretary & Executive Services department. The
23 deviations are discussed and evaluated as to the anticipated impact to the

1 approved budget at the end of the year. Actions are developed to mitigate
2 variations in actual to budgeted expenditures. These mitigation actions may either
3 reduce or delay other expenditures so that overall expenditures are in compliance
4 with the authorized budget.

5 **Q. Are employees within the Corporate Secretary & Executive Services**
6 **department held accountable for deviations from the budget?**

7 A. Yes. All management employees in the Corporate Secretary & Executive
8 Services department have specific budgetary goals that are incorporated into their
9 performance evaluations. Performance is measured on a monthly basis to ensure
10 adherence to the goals and develop action plans to address variances. All
11 Corporate Secretary & Executive Services employees are required to manage their
12 expenses to support the budgetary goals established by their manager.

13 *3. Cost Trends*

14 **Q. Please state the dollar amounts of the actual per book charges from XES to**
15 **SPS for the Corporate Secretary & Executive Services class of services for**
16 **the three fiscal years preceding the end of the Updated Test Year and the**
17 **estimated per book charges for the estimated Updated Test Year.**

18 A. The following table shows, for the fiscal years 2016, 2017, and 2018 (calendar
19 years), the actual per book, and, for the Updated Test Year, the estimated per
20 book affiliate charges (Column I on Attachment AHG-RR-A) from XES to SPS
21 for the services grouped in the Corporate Secretary & Executive Services affiliate
22 class:

1

Table AHG-RR-2

	(Per Book) Charges Over Time			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Corporate Secretary & Executive Services	\$3,138,576	\$2,860,320	\$2,993,103	\$2,489,582

2 **Q. What are the reasons for this trend?**

3 A. The overall decrease in charges from 2016 through the Updated Test Year is
 4 largely attributable to the implementation of lean management practices,
 5 including reassigning work responsibilities to reduce headcount and maximize
 6 team performance, in order to achieve greater operational excellence.

7 *4. Staffing Trends*

8 **Q. Please provide the staffing levels for the Corporate Secretary & Executive**
 9 **Services class of services for the three fiscal years preceding the end of the**
 10 **Updated Test Year 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 Corporate Secretary & Executive Services class of services.

14

Table AHG-RR-3

	Average of End of Month # of Staff			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Corporate Secretary & Executive Services	74	68	65	64

1 **Q. What are the reasons for this trend?**

2 A. The decrease in staffing between 2016 and 2018 was primarily due to the attrition
3 of employees and reassigning work responsibilities to operate at a lower
4 headcount.

5 5. *Cost Control and Process Improvement Initiatives*

6 **Q. Separate from the budget planning process, does the Corporate Secretary &
7 Executive Services affiliate class take any steps to control its costs or to
8 improve its services?**

9 A. Yes. The Corporate Secretary & Executive Services organization continually
10 reviews its plans and initiatives and staffing to ensure they are appropriate and to
11 identify and implement improvements. Staffing levels are increased only when it
12 becomes apparent that there will be a long-term need for a specific type of
13 expertise that is not currently on staff, when work levels appear to have increased
14 on a permanent basis and are not able to be absorbed within current staffing, or
15 when systematic employee transfers result in the need to replace staff.
16 Conversely, staff is decreased when the opposite trends become apparent.

17 **D. The Costs for the Corporate Secretary & Executive Services
18 Affiliate Class of Services are Priced in a Fair Manner**

19 **Q. For those costs that XES charges (either directly or through use of an
20 allocation) to SPS for the Corporate Secretary & Executive Services affiliate
21 class of services, does SPS pay any more for the same or similar service than
22 does any other Xcel Energy affiliate?**

23 A. No. The XES charges to SPS for any particular service are no higher than the
24 XES charges to any other Xcel Energy affiliate. The costs charged for particular

1 services are the actual costs that XES incurred in providing those services to SPS.
2 A single, specific allocation method, rationally related to the cost drivers
3 associated with the service being provided, is used with each cost center (billing
4 method). In her direct testimony, Ms. Schmidt discusses the selection of billing
5 methods and XES's method of charging for services in more detail.

6 **Q. How are the costs of the Corporate Secretary & Executive Services affiliate**
7 **class billed to SPS?**

8 A. My Attachment AHG-RR-B(CD) shows all of the costs in this class broken out by
9 activity and, in conjunction with Column C in my Attachment AHG-RR-A, shows
10 the billing method associated with each activity. My Attachment AHG-RR-A,
11 shows the allocation method (Column D) associated with each billing method
12 (Column C) used in this affiliate class.

13 In SPS's 45-day case update, I will present updated Attachments
14 AHG-RR-A and AHG-RR-B(CD) so that the entries for the last three months of
15 the Updated Test Year provide actual data and conform to the information
16 provided for the first nine months. In the event the predominant billing methods
17 and associated allocation methods for the Corporate Secretary & Executive
18 Services affiliate O&M expenses on my updated Attachments AHG-RR-A and
19 AHG-RR-B(CD) differ from those discussed below, I will explain those
20 differences in supplemental testimony in SPS's 45-day case update filing.

21 **Q. What are the predominant allocation methods used for billing the costs that**
22 **SPS seeks to recover for the Corporate Secretary & Executive Services**
23 **affiliate class of services?**

24 A. Approximately 99.94% of the requested XES charges to SPS for this class were
25 charged using one of the following four billing allocation methods:

- 1 • Assets, Revenue, & Number of Employees – 71.95% of XES charges
2 to SPS – \$842,397.26;
- 3 • Number of Employees – 20.12% of XES charges to SPS –
4 \$235,452.51;
- 5 • Direct Billing – 6.62% of XES charges to SPS – \$77,516.43; and
- 6 • Number of Customers – 1.25% of XES charges to SPS – \$14,645.45.

7 **Q. Why is it appropriate to allocate costs based upon the “Assets, Revenue, and**
8 **Number of Employees” method for the costs captured in the cost centers that**
9 **use that allocation method?**

10 A. The three factor allocation method using assets, revenue, and number of
11 employees produces an allocation of costs that recognizes the complexity, risk,
12 and overall business activity levels that drive the costs included in the cost centers
13 and measures the benefits received from those activities. For the cost centers
14 billed using this allocator, there is no one specific cost driver for the support tasks
15 and services provided, and the services benefit multiple Xcel Energy affiliates.
16 For example, the costs associated with conducting meetings of the Xcel Energy
17 Board of Directors, which are collected in Cost Center 200075, are assigned using
18 this allocation method. Within the Xcel Energy holding company group, those
19 legal entities that have proportionately more assets, revenues, and employees will
20 have more focus placed on their operations due to those subsidiaries’ relative
21 influence on the consolidated business balance sheet, income statement, and
22 statement of cash flow, and the subsidiaries will benefit accordingly from the
23 services provided. Thus, allocating these costs based upon the average of the total
24 asset ratio, revenue ratio, and the employee ratio is appropriate because it
25 allocates costs in accordance with cost causation and benefits received. Ms.

1 Schmidt discusses this billing method in more detail in her testimony. For the
2 cost centers that assign costs based upon this allocation method, the per unit
3 amounts charged by XES to SPS as a result of the application of this allocation
4 method are no higher than the unit amounts billed by XES to other affiliates for
5 the same or similar services and represent the actual costs of the services.

6 **Q. Why is it appropriate to allocate costs based upon the “Number of**
7 **Employees” method for the costs captured in the cost centers that use that**
8 **allocation method?**

9 A. For the cost centers that use the “Number of Employees” method as the allocator,
10 the costs are driven by the services provided to employees. For example, Cost
11 Center 200163, which uses the “Number of Employees” method as the allocator,
12 captures costs associated with designing and printing communications to
13 employees. The cost driver for these services is the number of employees to
14 whom the communications are directed. Thus, this cost center allocates costs
15 among the Xcel Energy legal entities based upon the proportionate share of
16 employees of each Xcel Energy legal entity (i.e., the number of employees of a
17 particular legal entity as a percentage of the total number of employees of all of
18 the legal entities). This allocation method is appropriate because it reflects the
19 cost causation and the distribution of the benefits of the services received. For the
20 cost centers that assign costs based upon this allocation method, the per unit
21 amounts charged by XES to SPS as a result of the application of this allocation
22 method are no higher than the unit amounts billed by XES to other affiliates for
23 the same or similar services and represent the actual costs of the services.

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, labor costs for an individual serving as the primary communication
10 and public relations representative for the SPS jurisdiction were assigned using
11 the “Direct Billing” method. The cost of these services benefited SPS, the work
12 was performed specifically for SPS alone, and the cost driver is work done for
13 SPS. Thus, the “Direct Billing” method is appropriate because it assigns costs in
14 accordance with cost causation and benefits received. For the cost centers that
15 assign costs using Direct Billing, the per unit amounts charged by XES to SPS are
16 no higher than the unit amounts billed by XES to other affiliates for the same or
17 similar services and represent the actual costs of the services.

18 **Q. Why is it appropriate to allocate costs based upon the “Number of**
19 **Customers” method for the costs captured in the cost centers that use that**
20 **allocation method?**

21 A. For the cost centers that use the “Number of Customers” method as the allocator,
22 these costs are driven by the customers to whom the programs are directed. For

1 example, Cost Center 200153 that uses the “Number of Customers” method as the
2 allocator, collects costs associated with public safety communications and
3 advertising. Thus, this cost center allocates costs among the Operating
4 Companies based upon the proportionate share of customers of each Operating
5 Company (i.e., the number of customers of a particular Operating Company as a
6 percentage of the total number of customers of all of the Operating Companies).
7 This allocation reflects cost causation and the distribution of the benefits of the
8 services received. For the cost centers that assign costs based upon this allocation
9 method, the per unit amounts charged by XES to SPS as a result of the application
10 of this allocation method are no higher than the unit amounts billed by XES to
11 other affiliates for the same or similar services and represent the actual costs of
12 the services.

13 **Q. You have covered the allocation methods used to bill 99.94% of the costs**
14 **associated with this affiliate class. Why have you not specifically covered the**
15 **remaining 0.06% of the costs of this class?**

16 A. I have described the predominant allocation methods associated with this affiliate
17 class. The remaining costs are billed using two different allocators, no one of
18 which is used to bill more than 0.04% of the costs. In light of the number of
19 remaining allocators, cost centers (billing methods), and relative dollar amounts, I
20 have not gone into a detailed discussion of these other allocation methods in order
21 to keep the discussion to a manageable level. The cost centers (billing methods)
22 used to charge the remaining 0.06% of the costs in this class, however, are
23 presented in my Attachment AHG-RR-B(CD), discussed earlier. A reader may

1 reference that attachment and then refer to the specific cost center (billing
2 method) summary provided in Ms. Schmidt's Attachment MLS-RR-13 for an
3 explanation of the particular allocators used and the cost drivers for the activities
4 reflected in that particular cost center.

5 **Q. Have you determined that the costs reflected in the remaining 0.06% of costs**
6 **associated with this class of services have been billed using an appropriate**
7 **billing method and allocation method?**

8 A. Yes. I, or one of my staff working at my direction, have reviewed each of the cost
9 centers and the associated allocators used to bill the remaining 0.06% of the costs
10 of this class. The cost drivers reflected in the allocation method used to bill the
11 costs of each cost center (billing method) are consistent with and reflect the cost
12 drivers of the services captured in each particular cost center (billing method).
13 Therefore, the billing methods and allocation methods are appropriate because the
14 allocation of costs is in accordance with the distribution of the benefits received
15 by SPS and are no higher than the per unit costs charged to other affiliates for the
16 same or similar types of services.

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

18 A. Yes.

AFFIDAVIT

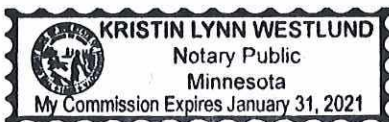
STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

ANGELENE HENNES GHELF, first being sworn on her 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.


ANGELENE HENNES GHELF

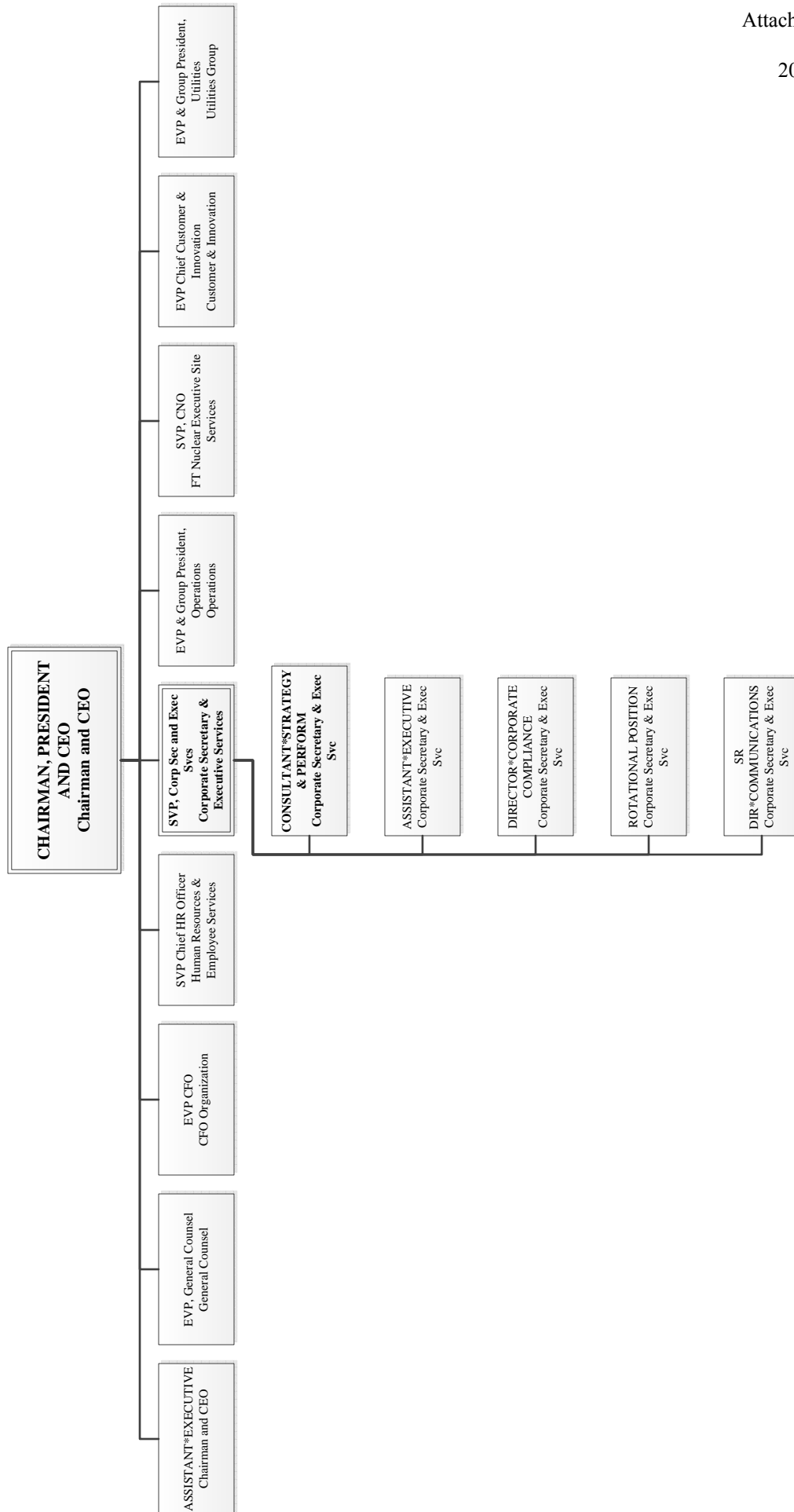
Subscribed and sworn to before me this 29 day of July, 2019 by ANGELENE HENNES GHELF.




Notary Public, State of Minnesota

My Commission Expires: 1/31/2020

Southwestern Public Service Company
 Organization Chart – Corporate Secretary & Executive Services
 As of March 31, 2019



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

(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) Proformas	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Corporate Secretary & Executive Services	200063 - Executive - Corporate Governance	Assets/Revenue/No. of employees	\$ 1,927,967.76	\$ 1,679,314.57	\$ 248,653.19	\$ (1,040.06)	\$ 247,613.13	\$ (2,670.29)	\$ 244,942.84	20.92%
2	Corporate Secretary & Executive Services	200064 - Shareholder - Corporate Governance	Assets/Revenue/No. of employees	763,521.38	665,088.12	98,433.26	-	98,433.26	(51,607.57)	46,825.69	4.00%
3	Corporate Secretary & Executive Services	200070 - Corporate Strategy & Bus Dev - Corporate Governance	Assets/Revenue/No. of employees	1,080,215.09	940,917.07	139,298.02	(128.76)	139,169.26	(1,149.76)	138,019.50	11.79%
4	Corporate Secretary & Executive Services	200072 - Communications - Corporate Governance	Assets/Revenue/No. of employees	3,288,345.90	2,864,052.62	424,293.28	(326.08)	423,967.20	(54,649.12)	369,318.08	31.55%
5	Corporate Secretary & Executive Services	200074 - Corporate Systems - Corporate Governance	Assets/Revenue/No. of employees	-	-	-	-	-	(1,724.10)	(1,724.10)	-0.15%
6	Corporate Secretary & Executive Services	200075 - Board of Directors - Corporate Governance	Assets/Revenue/No. of employees	1,227,632.66	1,069,557.44	158,075.22	(63.17)	158,012.05	(139,438.80)	18,573.25	1.59%
7	Corporate Secretary & Executive Services	200077 - Branding	Assets/Revenue/No. of employees	7,901,046.56	6,879,393.04	1,021,653.52	(15.37)	1,021,638.15	(1,004,552.81)	17,085.34	1.46%
8	Corporate Secretary & Executive Services	200078 - Governmental Affairs	Assets/Revenue/No. of employees	1,048.00	912.47	135.53	-	135.53	-	135.53	0.01%
9	Corporate Secretary & Executive Services	200088 - Acctg, Rptg, Tax, OpCos Elec	Assets/Revenue/No. of employees	63,725.64	54,522.50	9,203.14	-	9,203.14	-	9,203.14	0.79%
10	Corporate Secretary & Executive Services	200122 - Transmission Electric FERC 560 (E&S)	Electric Transmission Plant	884.39	622.99	261.40	-	261.40	7.84	269.24	0.02%

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

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Line No.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except for SPS (FERC Acct. 400-935)	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Exclusions	Per Book	Pro Formas	Requested Amount (Total Company)	% of Class Charges
11	Corporate Secretary & Executive Services	200153 - Customer Safety Advertising/Information Costs	Number of Customers	574,837.51	534,748.70	40,088.81	-	40,088.81	(25,443.36)	14,645.45	1.25%
12	Corporate Secretary & Executive Services	200163 - Employee Communications	Number of Employees	1,662,723.79	1,423,704.83	239,018.96	(17.70)	239,001.26	(3,736.46)	235,264.80	20.10%
13	Corporate Secretary & Executive Services	200166 - Human Resources (Diversity/Safety/Emp Relations)	Number of Employees	1,266.17	1,083.93	182.24	-	182.24	5.47	187.71	0.02%
14	Corporate Secretary & Executive Services	200176 - Marketing & Sales	Revenue	3,137.14	2,645.59	491.55	-	491.55	5.60	497.15	0.04%
15	Corporate Secretary & Executive Services	Direct	Direct	3,283,645.11	3,172,260.40	111,384.71	-	111,384.71	(33,868.28)	77,516.43	6.62%
16	Corporate Secretary & Executive Services Total			\$ 21,779,997.10	\$ 19,288,824.27	\$ 2,491,172.83	\$ (1,591.14)	\$ 2,489,581.69	\$ (1,318,821.64)	\$ 1,170,760.05	100.00%
17	Total - Witness Angelene Hennes-Ghelf			\$ 21,779,997.10	\$ 19,288,824.27	\$ 2,491,172.83	\$ (1,591.14)	\$ 2,489,581.69	\$ (1,318,821.64)	\$ 1,170,760.05	
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

Angelene Hennes Ghelf

2019 TX Rate Case

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

AHG-RR-B(CD)

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Corporate Secretary & Executive Services	426.1 - Donations	Below the line	\$ (785.49)
2	Corporate Secretary & Executive Services	426.5 - Other Deductions	Below the line	(805.65)
3	Corporate Secretary & Executive Services Total			\$ (1,591.14)
4	Total - Witness Angelene Hennes-Ghelf			\$ (1,591.14)
	Amounts may not add or tie to other schedules due to rounding.			

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Corp Sec & Exec Svcs	408.1 - Tax Other Than Income Tax - Payroll	Business Area Adjustment	Angelene Hennes-Ghelf	\$ (4,129.38)
2	Corp Sec & Exec Svcs	560 - Operation supervision and engineering	3% Wage Adjustment	Arthur Freitas/Michael Knoll	7.84
3	Corp Sec & Exec Svcs	908 - Customer assistance expenses	Business Area Adjustment	Angelene Hennes-Ghelf	(3,474.39)
4	Corp Sec & Exec Svcs	909 - Customer Service Instructional Advertising	Business Area Adjustment	Angelene Hennes-Ghelf	(56,544.79)
5	Corp Sec & Exec Svcs	920 - Administrative and general salaries	116.5% Incentive	Arthur Freitas/Michael Knoll	(12,009.82)
6	Corp Sec & Exec Svcs	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	16,230.54
7	Corp Sec & Exec Svcs	920 - Administrative and general salaries	Business Area Adjustment	Angelene Hennes-Ghelf	(48,873.43)
8	Corp Sec & Exec Svcs	921 - Office supplies and expenses	Business Area Adjustment	Angelene Hennes-Ghelf	(4,943.87)
9	Corp Sec & Exec Svcs	923 - Outside services employed	Business Area Adjustment	Angelene Hennes-Ghelf	(399.70)
10	Corp Sec & Exec Svcs	925 - Injuries & Damages	Business Area Adjustment	Angelene Hennes-Ghelf	(73.24)
11	Corp Sec & Exec Svcs	926 - Employee pensions and benefits	Business Area Adjustment	Angelene Hennes-Ghelf	(16,078.49)
12	Corp Sec & Exec Svcs	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(14,413.15)
13	Corp Sec & Exec Svcs	930.1 - General advertising expenses	Advertising	Arthur Freitas	(230,548.60)
14	Corp Sec & Exec Svcs	930.1 - General advertising expenses	Business Area Adjustment	Angelene Hennes-Ghelf	(752,513.80)
15	Corp Sec & Exec Svcs	930.2 - Miscellaneous general expenses	Business Area Adjustment	Angelene Hennes-Ghelf	(191,057.37)
16	Corporate Secretary & Executive Services Total				\$ (1,318,821.64)
17	Total Witness - Angelene Hennes-Ghelf				\$ (1,318,821.64)
	Amounts may not add or tie to other schedules due to rounding				