

DOCKET NO. _____

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

**DIRECT TESTIMONY
of
SHAWN M. WHITE**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: WhiteRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Commission	Public Utility Commission of Texas
DSM	Demand-Side Management
EE	Energy Efficiency
EECRF	Energy Efficiency Cost Recovery Factor
EE Rule	16 Tex. Admin. Code §25.181
FERC	Federal Energy Regulatory Commission
FoF	Finding of Fact
ICO	Interruptible Credit Option
LM	Load Management
M&V	Measurement and verification
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
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	April 1, 2018 through March 31, 2019
Total Company or total company	Total SPS (before jurisdictional allocation)
Update Period	April 1, 2019 through June 30, 2019
Updated Test Year	July 1, 2018 through June 30, 2019

<u>Acronym/Defined Term</u>	<u>Meaning</u>
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
SMW-RR-1	List of Prior Testimonies (<i>Non-native format</i>)
SMW-RR-2	SPS Energy Efficiency and Load Management Costs (<i>Filename: SMW-RR-2.xlsx</i>)
SMW-RR-3	Organization Chart for Marketing (<i>Non-native format</i>)
SMW-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (<i>Filename: SMW-RR-ABCD.xlsx</i>)
SMW-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (<i>Filename: SMW-RR-ABCD.xlsx</i>)

**DIRECT TESTIMONY
OF
SHAWN M. WHITE**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Shawn M. White. 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 Manager of the Demand-Side Management
12 (“DSM”) Regulatory Strategy & Financial Operations group.

13 **Q. Please briefly outline your responsibilities as Manager, DSM Regulatory**
14 **Strategy & Financial Operations.**

15 A. As Manager of the DSM Strategy & Financial Operations group within the
16 Marketing organization, my responsibilities are to: ensure that the Xcel Energy
17 Operating Companies’¹ energy efficiency (“EE”) and demand response programs
18 adhere to regulatory requirements and policies; develop long-range EE goals for
19 the purpose of resource planning; track and report on EE achievements and
20 financial operations; prepare DSM regulatory reports and filings; and analyze the

¹ 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 cost-effectiveness of EE and load management (“LM”) programs and portfolios in
2 each of Xcel Energy’s state jurisdictions with active EE programs. I am also
3 responsible for setting measurement and verification (“M&V”) policies and
4 ensuring that proper M&V is being conducted for all programs.

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

6 A. I graduated from Hawaii Pacific University with a Bachelor of Science degree in
7 Marketing in 1998 and from the University of Minnesota’s Carlson School of
8 Business with a Master’s degree in Strategic Management in 2004. I am also a
9 graduate of the United States Navy’s Nuclear Power Program.

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

11 A. I began my career as an Engineering Laboratory Technician. I have nine years of
12 experience with the United States Navy in the operation and maintenance of
13 nuclear power plants. In 2001, I joined Xcel Energy as an Associate Product
14 Manager. In 2008, I became the Manager of Consumer and Commercial Energy
15 Efficiency, and in 2013, the Manager of DSM Regulatory Strategy & Planning.

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

18 A. Yes. I have completed the New Mexico State University’s Practical Regulatory
19 Training through their Center for Public Utilities.

20 **Q. Have you testified or filed testimony before any regulatory authorities?**

21 A. Yes. I have filed testimony before the Public Utility Commission of Texas
22 (“Commission”) regarding the Marketing affiliate class of services in SPS base
23 rate cases, as well as Energy Efficiency Cost Recovery Factor (“EECRF”) cases. I

1 have also filed testimony in other jurisdictions on these same topics. Please refer
2 to my Attachment SMW-RR-1 for a list of my prior testimonies.

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

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

4 A. I support the Updated Test Year (July 1, 2018 through June 30, 2019)² operation
5 and maintenance (“O&M”) expenses and the administrative and general expenses
6 for the Marketing class of affiliate services. In regard to this affiliate class, my
7 testimony will:

- 8 • describe the services included in the class;
- 9 • explain that those services are reasonable and necessary for SPS’s
10 operation;
- 11 • explain that the costs for those services are reasonable and necessary;
- 12 • explain that these services do not duplicate services that SPS provides
13 to itself through its own employees or that are provided from any other
14 source; and
- 15 • explain that charges from XES to SPS for those services are no higher
16 than the charges to SPS affiliates for the same or similar services.

17 In addition, I address and support SPS’s DSM costs, which consist of EE
18 and LM costs recorded in Federal Energy Regulatory Commission (“FERC”)
19 Accounts 908 and 910. I detail how SPS recovers these types of costs, which are
20 described in more detail in Section IV of my testimony, and explain that a portion
21 SPS’s EE and LM costs originate in SPS (also referred to as SPS native costs). In
22 regard to SPS’s native EE and LM costs recovered through base rates, my
23 testimony will:

² The Test Year in this case is April 1, 2018 through March 31, 2019, and the Update Period is April 1, 2019 through June 30, 2019. The Updated Test Year consists of the last nine months of the Test Year and the three months in the Update Period. In addition to supporting the Updated Test Year costs, I have also reviewed the costs for the first three months of the Test Year for the classes I support and find those costs to be reasonable.

- 1 • describe the types of services provided and nature of the costs incurred;
- 2 • explain how the services are reasonable and necessary for SPS's
- 3 operations; and
- 4 • support the costs as reasonable and necessary for rate recovery purposes.

5 **Q. Please summarize your testimony and recommendations.**

6 A. The estimated Updated Test Year costs for the services of the Marketing affiliate

7 class of \$1,224,658³ (total SPS before jurisdictional allocations, "total company"

8 or "Total Company") are reasonable and necessary because they support SPS's

9 ability to provide electric service to its Texas retail customers.

- 10 • The costs are for developing customer choice options such as LM
- 11 programs for SPS; performing regulatory compliance, and performing
- 12 assessments for SPS's customer programs; developing new methods of
- 13 customer engagement and improving customer satisfaction with
- 14 interactions with SPS;
- 15 • The costs are reasonable because they are shared with other affiliates,
- 16 consist primarily of reasonable personnel costs, and are subjected to
- 17 rigorous budgeting and cost control processes;
- 18 • SPS does not provide these services for itself, and the services do not
- 19 duplicate services provided by others; and
- 20 • Each charge from SPS's affiliates for these services is no higher than
- 21 the charge by those affiliates to any other entity for the same or similar
- 22 service.

23 In addition, SPS's overall EE and LM costs recorded in FERC Accounts

24 908 and 910 for the Updated Test Year are reasonable. Most of those costs have

25 been approved by the Commission or the New Mexico Public Regulation

26 Commission as part of annual reviews of EE and LM costs, or through

27 stipulations approved by the Commission. The remainder of the costs support

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

1 SPS's EE and LM programs that reduce peak demand and help SPS avoid
2 increased investment in generation, transmission, and distribution.

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

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

14 Regarding the Marketing affiliate costs I support, as explained by SPS
15 witness Melissa L. Schmidt, actual figures for April and May 2019 have been
16 provided and June 2019 figures have been estimated based on the forecasted
17 budget. However, these expenses have not gone through the full pro forma
18 adjustment review process.

19 Regarding the SPS native EE and LM cost that I support, which are
20 provided in my Attachment SMW-RR-2, as explained by SPS witness Arthur P.
21 Freitas, actual figures for April and May 2019 have been provided and June 2019
22 figures have been estimated based on the forecasted budget.

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

3 A. Yes. SPS will file an update 45 days after the application has been filed. The
4 update will provide actual costs to replace the estimates provided in the
5 application for the Update Period. As part of that process, my Attachments
6 SMW-RR-A through D will be updated by removing estimates of Marketing
7 affiliate O&M expenses incurred by SPS during the Updated Test Year and then
8 replacing those estimates with actual expenses, which will be used to establish
9 SPS's base rates in this case. Additionally, my Attachment SMW-RR-2 will be
10 updated in SPS's 45-day update filing to replace estimates of SPS's native EE and
11 LM costs recovered through base rates with actual costs.

12 **Q. Were Attachments SMW-RR-1 through SWM-RR-3 and SMW-RR-A**
13 **through SMW-RR-D prepared by you or under your direct supervision and**
14 **control?**

15 A. Yes, as to Attachment SMW-RR-1 and SMW-RR-3. Attachment SMW-RR-2
16 was prepared by Mr. Freitas and his staff and is based on the cost of service study.
17 My staff and I have reviewed this attachment, and believe it to be accurate.
18 Attachments SMW-RR-A through SMW-RR-D were prepared by Ms. Schmidt
19 and her staff. My staff and I have reviewed these attachments and believe them to
20 be accurate. Although the information I have described also is present in these
21 other witnesses' attachments, I have presented this information in the attachments
22 to my testimony for the convenience of those reviewing my testimony.

1 **III. AFFILIATE EXPENSES FOR THE MARKETING**
2 **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 Marketing class of affiliate services.**

14 **A. Summary of Affiliate Expenses for the Marketing Class of**
15 **Services**

16 **Q. Where does the Marketing affiliate class fit into the overall affiliate**
17 **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 Marketing**
21 **affiliate class was part of the Utilities & Corporate Services business area during**
22 **the Updated Test Year. Attachment SMW-RR-3 to my testimony is an**
23 **organization chart showing the Marketing organization.**

1 **Q. What services are grouped into the Marketing affiliate class?**

A. The costs of Xcel Energy's Marketing organization are grouped in the Marketing affiliate class. These services are: developing and managing customer choice programs such as LM for SPS; assessing customer satisfaction with SPS's services and customer interest in new programs and services that could be provided to SPS's customers; performing regulatory compliance and reporting for SPS's customer programs; and developing new and maintaining existing customer engagement tools to improve customer satisfaction.

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

11 A. The following table summarizes the dollar amount of the estimated Updated Test
12 Year XES charges for the Marketing affiliate class. I will update the table below
13 as part of SPS's 45-day case update filing to reflect the actual Updated Test Year
14 costs for the Marketing affiliate class.

Table SMW-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
Marketing	\$9,848,877	\$1,224,658	2.63%	97.37%

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 SMW-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 SMW-
RR-A.

% Direct Billed

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

% Allocated

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

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

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

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

4 **Attachment SMW-RR-B(CD):** Provides the detail of the XES expenses
5 for the Marketing affiliate class that are summarized on Attachment SMW-RR-A.
6 The detail shows the XES expenses billed to SPS for the Marketing affiliate class,
7 itemized by the amount, with each expense listed by individual activity and
8 billing method (cost center). When summed, these amounts tie to the amounts
9 shown on Attachment SMW-RR-A, and the detail regarding the expenses is
10 organized to support that attachment. Specifically, the columns on this
11 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.
Column H—	Total XES Billings for Class to all Legal Entities (FERC 400- 935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities for the affiliate class.

Column I	XES Billings for Class to all Legal Entities Except SPS (FERC 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. 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 SMW-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 SMW-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 SMW-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 SMW-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 SMW-RR-A.

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

3 **Attachment SMW-RR-C:** Both Attachments SMW-RR-A and
4 SMW-RR-B(CD) show exclusions to the XES expenses billed to SPS for the
5 Marketing affiliate class (Attachment SMW-RR-A, Column H; Attachment
6 SMW-RR-B(CD), Column K). Attachment SMW-RR-C provides detail about
7 those exclusions listed on Attachments SMW-RR-A and SMW-RR-B(CD). The
8 columns on Attachment SMW-RR-C provide the following information.

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

9 In her direct testimony, Ms. Schmidt describes the calculations underlying
10 the exclusions.

11 **Attachment SMW-RR-D:** Both Attachments SMW-RR-A and
12 SMW-RR-B(CD) show pro forma adjustments to SPS's per book expenses for
13 the Marketing affiliate class (Attachment SMW-RR-A, Column J; Attachment
14 SMW-RR-B(CD), Column M). Attachment SMW-RR-D provides information
15 about those pro forma adjustments shown on Attachments SMW-RR-A and

1 SMW-RR-B(CD). The columns on Attachment SMW-RR-D provide the
2 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.

3 **Q. Does XES bill its expenses for the Marketing affiliate class to SPS in the same**
4 **manner as it bills other affiliates for those expenses?**

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

8 **Q. Are there any exclusions to the XES billings to SPS for the Marketing**
9 **affiliate class?**

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

1 will provide actual exclusions to replace any estimated exclusions included in my
2 original attachment.

3 **Q. Has SPS excluded the EE costs that are eligible for recovery through SPS's**
4 **EECRF?**

5 A. Yes. The Updated Test Year XES administrative and program costs related to
6 SPS's EE programs that are recovered through SPS's EECRF under the
7 Commission's Energy Efficiency Goal rule, 16 Tex. Admin. Code § 25.181 ("EE
8 Rule") are excluded.⁴

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

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

⁴ See *Application of Southwestern Public Service Company for Approval of an Energy Efficiency Cost Recovery Factor*, Docket No. 39364 (Sep. 2, 2011); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 40293 (Jun. 28, 2012); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 41446 (Nov. 4, 2013); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 42454 (Nov. 24, 2014); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 44698 (Jan. 6, 2016); *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 45916 (Sep. 23, 2016); and *Application of Southwestern Public Service Company to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 47117 (Sep. 29, 2017).

1 updated Attachment SMW-RR-D that will complete the full pro forma adjustment
2 review process for the last three months of the Updated Test Year.

3 **Q. Attachment SMW-RR-D shows that you sponsor pro forma adjustments for**
4 **expenses for the Marketing affiliate class during the first nine months of the**
5 **Updated Test Year that result in a decrease for the Marketing affiliate class**
6 **of \$1,915.61. Please explain the adjustment.**

7 A. The adjustment that I sponsor removes charges for costs not benefitting SPS (a
8 decrease of \$1,260.45), employee recognition (a decrease of \$394.50), Life
9 events (a decrease of \$110.46) and Alcohol (a decrease of \$150.20).

10 **B. The Marketing Affiliate Class of Services are Necessary Services**

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

13 A. Yes. For example, the services grouped in the Marketing affiliate class are
14 necessary in order to develop and implement SPS's customer choice and LM
15 programs, manage the customer experience through portals such as MyAccount or
16 the Xcel Energy website, and evaluate customer perceptions of the effectiveness
17 of SPS's choice programs and customer services. These are functions that are
18 routinely provided by utilities.

19 **Q. What are the specific services that are provided to SPS by the Marketing**
20 **affiliate class?**

21 A. The Marketing affiliate class provides the following specific services to SPS:
22 • operating, and providing oversight and management of SPS's Saver's
23 Switch[®] program, which is SPS's direct load control program for
24 residential and small commercial customers;

- 1 • working with SPS and other departments within XES, such as Policy
2 & Federal Affairs, Revenue Requirements, Energy & Demand
3 Forecasting, and Resource Planning, to integrate SPS's EE, LM, and
4 renewable energy strategies into the larger Xcel Energy strategy;
- 5 • performing assessments of the satisfaction of SPS's residential,
6 commercial, and industrial customers, with regard to the strategies and
7 practices for starting service, bill payment, outage notification, and
8 energy management;
- 9 • performing home use studies to identify how SPS's customers use
10 energy in order to assist in the development of new products and
11 services;
- 12 • providing oversight of the billing and payment programs and products
13 and services that are available to SPS's customers and developing
14 improvements such as expanded payment capabilities and bill
15 notifications;
- 16 • identifying and developing new customer programs to offer more
17 choice and services to SPS's customers; and
- 18 • developing digital tools such as online enrollment forms for use by
19 SPS's customers.

20 **Q. Are any of the Marketing affiliate class of services that are provided to SPS**
21 **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**
22 **SPS itself?**

23 A. No. Within XES, none of the services grouped in the Marketing affiliate class are
24 duplicated elsewhere. No other Xcel Energy subsidiary performs these services
25 for the Operating Companies. In addition, SPS does not perform these services
26 for itself.

27 **Q. Do SPS's Texas retail customers benefit from the services that are part of the**
28 **Marketing affiliate class of services?**

29 A. Yes. The services of the Marketing affiliate class benefit SPS's customers in
30 many ways. For example, through the services provided by the Marketing class,

1 SPS's customers are provided digital tools for managing their electric service,
2 they are offered a range of billing and payment options, and they receive accurate
3 and timely information about outages and rate changes. SPS's customers also
4 benefit from the LM programs that are managed by the Marketing affiliate class.

5 **C. The Marketing Affiliate Class of Services are Provided at a**
6 **Reasonable Cost**

7 **Q. Are the costs of the Marketing affiliate class of services reasonable?**

8 A. Yes. The costs of the Marketing affiliate class of services are reasonable. The
9 Marketing affiliate class of services is provided on a consolidated basis for
10 multiple Xcel Energy legal entities. As a result, SPS benefits from sophisticated
11 services, the consolidated costs of which are shared. For example, upgrades to
12 customer billing options, including additional choices in how to make payments,
13 can be used by more than one legal entity at a time, avoiding what would
14 otherwise be duplication of effort, and thus reducing costs. The economies of
15 scale inherent in this system result in reasonable costs for SPS for these services.

16 *I. Additional Evidence*

17 **Q. Is there additional support for a portion of the costs you present in this**
18 **testimony?**

19 A. Yes. Of the estimated Updated Test Year costs for the Marketing affiliate class,
20 37.80% are compensation and benefits costs for XES personnel. Mr. Knoll and
21 Mr. Schrubbe establish that the level of Xcel Energy's compensation and benefits
22 is reasonable and necessary. In addition, the majority of the remaining costs for
23 this class were for goods or services procured by contract. Xcel Energy's Supply
24 Chain organization is responsible for the sourcing and purchasing of goods and

1 services needed by SPS, as well as the review and processing of payments by
2 vendors. SPS witness Gary J. O'Hara provides testimony about these functions
3 and demonstrates that the Supply Chain processes and controls produce
4 reasonable costs supporting SPS's operations.

5 *2. Budget Planning*

6 **Q. Is a budget planning process applicable to the Marketing class of affiliate**
7 **costs?**

8 A. Yes. Annual O&M budgets are created for the Marketing organization, which
9 includes the Marketing class of affiliate costs, using guidelines developed at the
10 corporate level. Each manager within the Marketing organization carefully
11 reviews historical spend information, identifies changes that will be coming in the
12 future, and analyzes the costs associated with those changes prior to submitting a
13 proposed budget. The budgeting process is discussed in more detail by SPS
14 witness Adam R. Dietenberger.

15 **Q. During the fiscal year, does the Marketing organization monitor its actual**
16 **expenditures versus its budget?**

17 A. Yes. Actual versus expected expenditures are monitored on a monthly basis by
18 management in the Marketing organization of the Utilities & Corporate Services
19 business area. Deviations are evaluated each month to ensure that costs are
20 appropriate. In addition, action plans are developed to mitigate variations in
21 actual to budgeted expenditures. These mitigation plans may either reduce or
22 delay other expenditures so that overall spending complies with the authorized
23 budget.

1 **Q. Are employees within the Marketing organization held accountable for**
2 **deviations from the budget?**

3 A. Yes. All management employees in the Marketing organization have specific
4 budgetary goals that are incorporated into their performance evaluations.
5 Performance is measured on a monthly basis to ensure adherence to the goals and
6 provide for action plan development to address variances. Marketing employees
7 are required to manage their expenses to support the budgetary goals established
8 by their manager.

9 **3. Cost Trends**

10 **Q. Please state the dollar amounts of the actual per book charges from XES to**
11 **SPS for the Marketing affiliate class of services for the three fiscal years**
12 **preceding the end of the Updated Test Year and the estimated per book**
13 **charges for the estimated Updated Test Year.**

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

18 **Table SMW-RR-2**

	(Per Book) Charges Over Time			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Marketing	\$1,044,875	\$1,295,415	\$1,263,517	\$1,253,719

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

2 A. The increase in costs from 2016 to 2017 was related to initiatives that optimized
3 the customer experience including launching Xcel Energy's Mobile App and
4 refreshing customer facing email designs. The decrease in costs from 2017 to the
5 Updated Test Year was a result of the ramp down and completion of the customer
6 experience projects I just described.

7 4. *Staffing Trends*

8 **Q. Please provide the staffing levels for the Marketing affiliate class of services**
9 **for the 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 Marketing affiliate class of services.

14 **Table SMW-RR-3**

	Average End of Month # of Staff			
Class of Services	2016	2017	2018	Updated Test Year (Estimated)
Marketing	131	136	139	138

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

16 A. The overall staffing within the Marketing organization has increased by eight staff
17 members during the three fiscal years immediately proceeding the end of the
18 Updated Test Year. This is a result of adding new positions to explore new
19 technologies and provide customers with more choice programs.

1 5. *Cost Control and Process Improvement Initiatives*

2 **Q. Separate from the budget planning process, does the Marketing affiliate class**
3 **take any steps to control its costs or to improve its services?**

4 A. Yes. The Marketing organization continually reviews its plans, initiatives, and
5 staffing to ensure they are appropriate and to identify and implement
6 improvements. For example, staffing levels are increased only when it becomes
7 apparent that there will be a long-term need for a specific type of expertise that is
8 not currently on staff, when work levels appear to have increased on a permanent
9 basis, or when systematic employee transfers result in the need to replace staff.
10 Conversely, staff is decreased when the opposite trends become apparent.

11 With respect to improving its services, efforts have increased in recent
12 years to improve customer satisfaction with the typical, recurring interactions
13 with SPS. In order to achieve these ends, Xcel Energy identified and enhanced
14 areas of the Xcel Energy website that would benefit from better content
15 organization and structure, new content, and revisions to current content. The
16 ultimate objective is to make it easier for customers to do business with SPS
17 digitally, which offers valuable tasks and information in the channels customers
18 prefer.

19 As a way to measure customer engagement and satisfaction, Xcel Energy
20 has also changed the current focus of research to further improve customer
21 engagement and satisfaction. A centralized new channel measure platform started
22 in 2015 is now providing quicker feedback from customers regarding their
23 interactions with Xcel Energy companies, including SPS, whether online or by

1 telephone. This feedback is instrumental in improving communications during
2 outages, optimizing customer care interactions through the interactive voice
3 response system and call agent contacts, as well as modifying the ease of
4 navigation and functionality for Xcel Energy's online website.

5 **D. The Costs for the Marketing Affiliate Class of Services are Priced**
6 **in a Fair Manner**

7 **Q. For those costs that XES charges (either directly or through use of an**
8 **allocation) to SPS for the Marketing affiliate class of services, does SPS pay**
9 **any more for the same or similar service than does any other Xcel Energy**
10 **affiliate?**

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

18 **Q. How are the costs of the Marketing affiliate class billed to SPS?**

19 A. My Attachment SMW-RR-B(CD) shows all of the costs in this class broken out
20 by activity and, in conjunction with Column C in my Attachment SMW-RR-A,
21 shows the billing method associated with each activity. My Attachment
22 SMW-RR-A, shows the allocation method (Column D) associated with each
23 billing method (Column C) used in the affiliate class.

1 In SPS's 45-day case update, I will present updated Attachments
2 SMW-RR-A and SMW-RR-B(CD) so that the entries for the last three months of
3 the Updated Test Year provide actual data and conform to the information
4 provided for the first nine months. In the event the predominant billing methods
5 and associated allocation methods for the Marketing affiliate O&M expenses on
6 my updated Attachments SMW-RR- A and SMW-RR- B(CD) differ from those
7 discussed below, I will explain those differences in supplemental testimony in
8 SPS's 45-day case update filing.

9 **Q. What are the predominant allocation methods used for billing the costs that**
10 **SPS seeks to recover for the Marketing affiliate class of services?**

11 A. All of the requested XES charges to SPS for this class were charged using one of
12 the following two billing allocation methods:

- 13 • Revenue – 97.37% of XES charges to SPS – \$1,192,480.22; and
- 14 • Direct Billing – 2.63% of XES charges to SPS – \$32,177.58.

15 **Q. Why is it appropriate to allocate costs based upon the “Revenue” method for**
16 **the costs captured in the cost centers that uses that allocation method?**

17 A. Cost Center 200176 which uses the “Revenue” method as the allocator, captures
18 the costs of the marketing and sales activities that are undertaken in support of the
19 revenue producing operations of the Operating Companies. For example, the
20 costs associated with developing messages and communicating with customers
21 regarding billing and payment options are collected in Cost Center 200176 and
22 are assigned using this allocation method. These costs are driven by the activities
23 required to support revenue generation and each Operating Company derives
24 benefits from the services captured in this cost center in proportion to the

1 Operating Company's relative level of revenues. Thus, the costs in this cost
2 center are allocated based on each individual Operating Company's proportionate
3 share of annual revenue (i.e., the annual revenue of a particular Operating
4 Company as a percentage of the total annual revenue of all of the Operating
5 Companies). This allocation reflects cost causation and the distribution of the
6 benefits of the services received. For the cost centers that assign costs based upon
7 this allocation method, the per unit amounts charged by XES to SPS as a result of
8 the application of this allocation method are no higher than the unit amounts
9 billed by XES to other affiliates for the same or similar services and represent the
10 actual costs of the services.

11 **Q. Why is the "Direct Billing" method appropriate for assigning the costs**
12 **captured in the cost centers that use that billing method?**

13 A. For the cost centers that are assigned using the "Direct Billing" method, the costs
14 normally reflect work that was performed specifically for SPS only. In some
15 cases, however, the direct billing occurred after the application of an off-line
16 allocator that tracks the relevant cost drivers. In either situation, the cost centers
17 charged using the "Direct Billing" method are appropriate because the assignment
18 of costs is in accordance with the distribution of benefits for the services received.
19 For example, the costs associated with support of the Texas Saver's Switch[®]
20 program for residential customers were assigned using the "Direct Billing"
21 method. The cost of these services benefitted SPS, the work was performed
22 specifically for SPS alone, and the cost driver is an SPS tariff. Thus, the "Direct
23 Billing" method is appropriate because it assigns costs in accordance with cost
24 causation and benefits received. For the cost centers that assign costs using Direct

1 Billing, the per unit amounts charged by XES to SPS are no higher than the unit
2 amounts billed by XES to other affiliates for the same or similar services and
3 represent the actual costs of the services.

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A. SPS recovers a portion of its Texas retail EE and LM costs through base rates and a portion through its EECRF. In this section of my testimony, I demonstrate that SPS's EE and LM costs recorded in FERC Accounts 908 and 910 that are recovered through base rates—and not through the EECRF—are reasonable.

A. For Texas retail ratemaking purposes, SPS recovered all EE and LM costs in base rates until 2013. SPS began recovering most of its EE and LM costs through its EECRF in 2013, although the recovery began in two steps. First, as a result of a black box settlement in Docket No. 38147, all EE and LM costs were removed from SPS's base rates in effect on January 1, 2013 except for EE labor costs.⁵ Second, in SPS's next rate case, Docket No. 40824, SPS proposed to remove the EE labor costs from base rates and recover them through the EECRF. In a black box settlement in that proceeding, EE labor costs were removed from the proposed test year revenue requirement and allowed to be recovered through the EECRF.⁶ The new rates resulting from the black box settlement in Docket No. 40824 were effective May 1, 2013. Thus, effective January 1, 2013, SPS began recovery of EE and LM costs (but not EE labor costs) through the EECRF (and

⁶ *Application of Southwestern Public Service Company for Authority to Change Rates and to Reconcile Fuel and Purchased Power Costs for the Period January 1, 2010 through June 30, 2012*, Docket No. 40824, FoF No. 15 (Jun. 19, 2013).

1 not through base rates), and EE labor costs were included in the EECRF (and not
2 in base rates) effective May 1, 2013.

3 Although SPS now recovers most of its EE and LM costs through rate
4 riders, there are some EE and LM costs that SPS recovers through base rates. LM
5 costs, such as Saver's Switch[®] and Interruptible Credit Option ("ICO"), continue
6 to be recovered through base rates.

7 **Q. Does SPS propose to eliminate the ICO program and corresponding tariff?**

8 A. Yes. In this case, SPS is proposing to eliminate the ICO program in Texas upon
9 receiving a final order in this case.

10 **Q. How were ICO program costs previously recovered ?**

11 A. The ICO program has its own tariff (IV-177), and any costs associated with
12 running the program were recovered through base rates and not the EECRF.

13 **Q. Why is SPS requesting to eliminate the ICO program and corresponding
14 tariff?**

15 A. SPS has only had one customer on the tariff since 2013 and has not seen customer
16 interest increase over the last several years due to the high opportunity costs
17 during events for possible/previous participants.

18 **Q. Why are Saver's Switch[®] costs recovered through base rates rather than
19 through the EECRF?**

20 A. SPS uses the Saver's Switch[®] program to help manage peak loads. These
21 programs were initially developed as tools to defer investment in generation,
22 transmission, and distribution costs and to improve reliability in the service
23 territory.

1 **Q. Are the EE and LM costs SPS is seeking to recover through base rates**
2 **reasonable (Saver's Switch[®] costs)?**

3 A. Yes. The EE and LM costs for the Updated Test Year, which are reflected on my
4 Attachment SMW-RR-2, are reasonable and necessary costs for these programs
5 that help SPS to manage peak loads without the significant capital investment
6 required for generation, transmission, and distribution. In helping to reduce peak
7 loads, these programs can also provide reliability benefits.

8 **Q. Are the EE and LM cost for programs required in New Mexico recovered in**
9 **SPS's Texas retail base rates?**

10 A. No. Costs associated with New Mexico EE programs are recovered from SPS's
11 New Mexico retail customers in a rider. This includes New Mexico's ICO and
12 Saver's Switch[®] programs, which are part of the portfolio of programs. These
13 New Mexico programs do not have similar restrictions, such as eligible
14 participation classes, that are in place in Texas. However, these programs provide
15 similar benefits, such as reducing demand on the system at times of peak load or
16 economic need.

17 **Q. Please describe the expenses on Attachment SMW-RR-2, which SPS is**
18 **seeking to recover in this case.**

19 A. The costs that I sponsor are the native costs found in FERC Accounts 908 and
20 910. The expenses shown in FERC Account 908 reflect native costs associated
21 with administering and implementing SPS's EE and LM programs that are not
22 recovered through the Texas EECRF or the New Mexico rider. As described
23 earlier, the EE and LM programs help SPS manage peak loads and can improve
24 reliability in SPS's service territory.

1 **Q. What are native costs?**

2 A. Native SPS costs are those costs incurred directly by SPS associated with the
3 provision of electric service to customers. These costs include labor, materials,
4 and other non-fuel O&M costs. For example, the salaries of SPS employees are
5 native costs.

6 **Q. Are the native SPS costs for EE and LM expenses necessary and reasonable**
7 **for SPS's operations?**

8 A. Yes. These costs enable SPS to operate its EE and LM programs, including the
9 ICO program. These costs include costs for promoting the programs to attract
10 customer participation and the costs for the devices and infrastructure that support
11 the programs. These costs are reasonable and necessary and support SPS's ability
12 to provide safe and reliable service to its Texas retail customers by supporting the
13 ability of SPS to help control peak demand on its system and defer infrastructure
14 and generation costs.

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

16 A. Yes.

AFFIDAVIT

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

SHAWN M. WHITE, first being sworn on his oath, states:

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



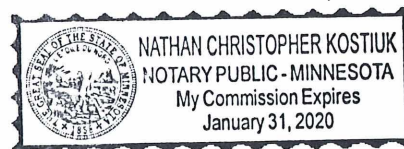
SHAWN M. WHITE

Subscribed and sworn to before me this 30th day of July, 2019 by SHAWN M. WHITE.



Notary Public, State of Minnesota

My Commission Expires: Jan. 31, 2020



Southwestern Public Service Company

List of Prior Testimonies

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2011	New Mexico Public Regulation Commission	11-00400-UT	IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR APPROVAL OF ITS: (A) 2012 ENERGY EFFICIENCY AND LOAD MANAGEMENT PLAN AND ASSOCIATED PROGRAMS; (B) COST RECOVERY TARIFF RIDER; AND (C) REQUESTED VARIANCE.	SPS
2013	New Mexico Public Regulation Commission	13-00286-UT	IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION FOR APPROVAL OF ITS: (A) 2014 ENERGY EFFICIENCY AND LOAD MANAGEMENT PLAN AND ASSOCIATED PROGRAMS; (B) REQUEST FOR FINANCIAL INCENTIVES FOR 2013-2015; (C) COST RECOVERY TARIFF RIDER; AND (D) REQUEST TO ESTABLISH LOWER MINIMUM SAVINGS REQUIREMENTS FOR 2014 UNDER THE EFFICIENT USE OF ENERGY ACT,	SPS
2014	Public Utilities Commission of the State of Colorado	14A-1057EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2015 AND 2016 AND TO CHANGE ITS ELECTRIC AND GAS DSM COST ADJUSTMENT RATES EFFECTIVE JANUARY 1, 2015	PSCO
2014	Public Utility Commission of Texas	42004	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES AND TO RECONCILE FUEL AND PURCHASED POWER COSTS FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013	SPS
2014	Public Utility Commission of Texas	42454	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	SPS
2014	Public Utility Commission of Texas	43695	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2016	Public Utility Commission of Texas	45524	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2016	Public Utilities Commission of the State of Colorado	16A-0512EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF (1) ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2017 AND 2018, (2) REVISIONS TO ITS ELECTRIC AND GAS DSM COST ADJUSTMENT (DSMCA) TARIFFS INCLUDING RATES EFFECTIVE JANUARY 1, 2017, AND (3) APPROVAL OF THE PEAK PARTNER REWARDS TARIFF	PSCO
2017	Public Utility Commission of Texas	47117	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	SPS
2017	Public Utilities Commission of the State of Colorado	17A-0426EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF A NUMBER OF STRATEGIC ISSUES RELATION TO ITS ELECTRIC AND GAS DEMAND SIDE MANAGEMENT PLAN	PSCO
2017	Public Utility Commission of Texas	47527	APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES	SPS
2018	Public Utilities Commission of the State of Colorado	18A-0606EG	IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT (DSM) PLAN FOR CALENDAR YEARS 2019 AND 2020.	PSCO

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

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

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

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

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

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

Southwestern Public Service Company

SPS Native Operation & Maintenance Expenses

Total Company SPS Operation and Maintenance Expenses

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

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

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

[illegible]

Southwestern Public Service Company

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

Shawn M. White

2019 TX Rate Case

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

SMW-RR-B(CD)

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Marketing	417.1 - Expenses of nonutility operations	Below the line	\$ (17,568.98)
2	Marketing	426.5 - Other Deductions	Below the line	(635.22)
3	Marketing Total			\$ (18,204.20)
4		Total - Witness Shawn White		\$ (18,204.20)
	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
White**

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Marketing	408.2 - Taxes other than income taxes, other income and deductions	Business Area Adjustment	Shawn White	\$ (599.10)
2	Marketing	903 - Customer records and collection expenses	Business Area Adjustment	Shawn White	(27.08)
3	Marketing	908 - Customer assistance expenses	116.5% Incentive	Arthur Freitas/Michael Knoll	(38.52)
4	Marketing	908 - Customer assistance expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	95.42
5	Marketing	910 - Miscellaneous customer service and informational expenses	116.5% Incentive	Arthur Freitas/Michael Knoll	(68.08)
6	Marketing	910 - Miscellaneous customer service and informational expenses	3% Wage Adjustment	Arthur Freitas/Michael Knoll	58.12
7	Marketing	920 - Administrative and general salaries	116.5% Incentive	Arthur Freitas/Michael Knoll	(6,522.37)
8	Marketing	920 - Administrative and general salaries	3% Wage Adjustment	Arthur Freitas/Michael Knoll	8,318.73
9	Marketing	921 - Office supplies and expenses	Business Area Adjustment	Shawn White	(859.65)
10	Marketing	925 - Injuries & Damages	Business Area Adjustment	Shawn White	(398.39)
11	Marketing	926 - Employee pensions and benefits	Pension & Benefits Adjustment	William Grant	(7,647.73)
12	Marketing	930.1 - General advertising expenses	Advertising	Arthur Freitas	(21,341.00)
13	Marketing	930.2 - Miscellaneous general expenses	Business Area Adjustment	Shawn White	(7.85)
14	Marketing	931 - Rents	Business Area Adjustment	Shawn White	(23.54)
15	Marketing Total				\$ (29,061.04)
16	Total Witness - Shawn White				\$ (29,061.04)
	Amounts may not add or tie to other schedules due to rounding				