

Southwestern Public Service Company

Weighted Average Cost of Capital

Actual Weighted Average Cost of Capital as of March 31, 2019

Line No.	Description	Component Aggregate Total	Applicable Component Weighting	Applicable Component Cost	Weighted Cost
1	Common Stockholder's Equity @3/31/2019	\$ 2,534,547,636	54.65%	10.35%	5.66%
2	Preferred Stockholder's Equity	-	0.00%	0.00%	0.00%
3	Long-Term Debt	2,102,935,356	45.35%	4.40%	1.99%
4	Total Capitalization	\$ 4,637,482,992	100.00%		7.65%

	Description	Schedule Reference	Amount
5	Original Cost Rate Base	B-1	\$ 5,440,428,499
6	Overall Claimed Rate of Return	K-1	7.65%
7	Total Claimed Dollar Return on Original Cost Rate Base		\$ 416,192,780

Southwestern Public Service Company

Weighted Average Cost of Capital

Forecasted Weighted Average Cost of Capital as of June 30, 2019
Including Forecasted Known and Measurable Items for 2019

Line No.	Description	Actual 3/31/2019 Balance	4/2019-6/2019 Adjustments ⁽¹⁾	Forecasted 6/30/2019 Balance	Applicable Component Weighting	Applicable Component Cost	Weighted Cost
1	Common Stockholder's Equity	\$ 2,534,547,636	\$ 353,000,000	\$ 2,887,547,636	54.65%	10.35%	5.66%
2	Preferred Stockholder's Equity	-	-	-	0.00%	0.00%	0.00%
3	Long-Term Debt	2,102,935,356	293,419,666	2,396,355,022	45.35%	4.33%	1.96%
4	Total Capitalization	\$ 4,637,482,992	\$ 646,419,666	\$ 5,283,902,658	100.00%		7.62%

⁽¹⁾Equity includes \$25 million in dividends and three months of retained earnings.

Description	Schedule Reference	Amount
5 Original Cost Rate Base	B-1	\$ 4,901,807,245
6 Overall Claimed Rate of Return	K-1	7.62%
7 Total Claimed Dollar Return on Original Cost Rate Base		\$ 373,517,712

Southwestern Public Service Company

**Weighted Cost of Preferred Stock
As of March 31, 2019**

Southwestern Public Service Company ("SPS") had no Preferred Stock as of March 31, 2019. SPS also had no preferred stock between the end of the test year (March 31, 2019) and the filing date.

Southwestern Public Service Company
Weighted Average Cost of Long-Term Debt as of March 31, 2019
Actual

Line No.	(A) Series Description	(B) Issuance Date	(C) Maturity Date	(D) Interest Rate	(E) Sinking Fund Requirement	(F) Principal Amount at Issuance	(G) Premium or (Discount)	(H) Underwriting Fees and Issuance Exp.	(I) Gain (Loss) on Debt	(J) Net Proceeds at Issuance	(K) Net Proceeds as a % of Par	(L) Issue as % of Total Book Value	(M) Cost of Debt	(N) Weighted Average Cost				
1	Unsecured Senior Notes C & D, 6% due 2033	10/06/03	10/01/33	6.00%	No	100,000,000	(2,706,568)	1,237,091	\$ (2,854,297)	93,222,044	93.22%	97,877,904	4.65%	0.30%				
2	Unsecured Senior Notes F, 6.00% due 2036	10/06/06	10/01/36	6.00%	No	250,000,000	(1,922,500)	2,596,882	-	245,480,618	98.19%	247,361,246	11.76%	0.72%				
3	FMB Series 1, 4.5% due 2041	08/03/11	08/15/41	4.50%	No	200,000,000	(3,014,000)	3,848,638	-	193,137,372	96.57%	194,884,339	9.26%	0.44%				
4	FMB Series 1, 4.5% due 2041	06/05/12	08/15/41	4.50%	No	100,000,000	(1,058,000)	1,380,528	-	108,677,472	108.68%	107,544,909	5.11%	0.20%				
5	FMB Series 1, 4.5% due 2041	08/20/13	08/15/41	4.50%	No	100,000,000	(4,088,000)	1,307,349	-	94,604,751	94.60%	95,384,551	4.53%	0.28%				
6	FMB Series 3, 3.3% due 2024	06/09/14	06/15/24	3.30%	No	150,000,000	(495,000)	1,445,554	-	148,659,446	98.71%	148,983,982	7.08%	0.24%				
7	FMB Series 3, 3.3% due 2024	09/16/15	06/15/24	3.30%	No	200,000,000	(596,000)	2,038,826	-	198,867,174	99.28%	199,143,116	9.46%	0.32%				
8	FMB Series 4, 3.7% due 2046	08/12/16	08/15/46	3.40%	No	300,000,000	(507,000)	3,511,066	(22,105,472)	295,981,594	98.66%	296,333,147	14.08%	0.49%				
9	FMB Series 5, 3.7% due 2047	08/09/17	08/15/47	3.70%	No	450,000,000	(2,587,500)	3,056,507	-	420,250,521	93.39%	421,829,463	20.05%	0.82%				
10	FMB Series 5, 4.4% due 2048	11/05/18	11/15/48	4.40%	No	300,000,000	(1,935,000)	3,173,579	-	294,891,421	98.30%	294,958,926	14.02%	0.65%				
Subtotal											\$ 2,150,000,000	\$ (6,601,568)	\$ 25,585,851	\$ (24,937,769)	\$ 2,092,872,812	\$ 2,104,251,584	100.00%	4.99%

Adjusted Cost of Long-Term Debt	
Annual Requirements	
Long-Term Debt Outstanding	\$ 2,104,251,584
X Weighted Cost of Debt	4.39%
Annual Interest Requirement	\$ 92,367,519
Adjusted Annual Requirement:	
Annual Interest Requirement	\$ 92,367,519
Annualized Amortization: Loss on Required Debt	\$ 60,469
Adjusted Annual Interest Requirement	\$ 92,427,988
Adjusted Long-Term Debt Balance:	
Long-Term Debt Outstanding	\$ 2,104,251,584
Unamortized Balance: Loss on Reacquisition	(1,316,228)
Adjusted Long-Term Debt Balance	\$ 2,102,935,356
Adjusted Cost of Debt	4.40%

Notes: (I) = (F) + (G) - (H) + (I)
(K) = (J) / (F)
(L) = (T) / (Total of T)
(M) = YTM (B.C.D.K)
(N) = (L) x (M)

Southwestern Public Service Company
Weighted Average Cost of Long-Term Debt as of March 31, 2019
Actual

Line No.	(A, p. 1) Series Description	(O) Principal Amount Outstanding	(P) Principal Excluding Scheduled Maturities	(Q) Unamortized Premium or (Discount)	(R) Unamortized Fees and Expenses	(S) Unamortized Gain (Loss) on Recquired Debt	(T) Book Value Excluding Scheduled Maturities
1	Unsecured Senior Notes C & D, 6% due 2033	\$ 100,000,000	\$ 100,000,000	\$ (1,308,481)	\$ 600,523	\$ (213,092)	\$ 97,877,904
2	Unsecured Senior Notes F, 6.00% due 2036	250,000,000	250,000,000	(1,122,117)	1,516,637	-	247,361,246
3	FMB Series 1, 4.5%, Due 2041	200,000,000	200,000,000	(2,246,685)	2,868,976	-	194,884,339
4	FMB Series 1, 4.5%, Due 2041	100,000,000	100,000,000	8,604,811	1,059,902	-	107,544,909
5	FMB Series 1, 4.5%, Due 2041	100,000,000	100,000,000	(3,618,938)	1,046,511	-	95,334,551
6	FMB Series 3, 3.3%, Due 2024	150,000,000	150,000,000	(257,308)	788,710	-	148,983,982
7	FMB Series 3, 3.3%, Due 2024	200,000,000	200,000,000	354,802	1,211,686	-	199,143,116
8	FMB Series 4, 3.4%, Due 2046	300,000,000	300,000,000	(462,499)	3,204,354	(20,942,548)	296,333,147
9	FMB Series 5, 3.7%, Due 2047	450,000,000	450,000,000	(244,5887)	4,782,101	-	421,829,463
10	FMB Series 5, 4.4%, Due 2048	300,000,000	300,000,000	(1,909,066)	3,132,008	-	294,958,926
Total		\$ 2,150,000,000	\$ 2,150,000,000	\$ (4411,367)	\$ 20,181,408	\$ (21,155,641)	\$2,104,251,584

Notes
(T) = (P) + (Q) - (R) + (S)

Southwestern Public Service Company
Weighted Average Cost of Long-Term Debt as of June 30, 2019

Line No.	(A) Series Description	(B) Issuance Date	(C) Maturity Date	(D) Interest Rate	(E) Sinking Fund Requirement	(F) Principal Amount at Issuance	(G) Premium or Discount	(H) Underwriting Fees and Exp.	(I) Gain (Loss) on Recquired Debt	(J) Net Proceeds at Issuance	(K) Net Proceeds as a % of Par	(L) Issue as % of Total Book Value	(M) Cost of Debt	(N) Weighted Average Cost				
1	Unsecured Senior Notes C & D, 6% due 2035	10/06/03	10/01/33	6.00%	No	100,000,000	\$ (2,706,568)	\$ 1,237,091	\$ (2,834,297)	\$ 93,222,044	93.22%	\$ 97,913,072	4.08%	0.27%				
2	Unsecured Senior Notes F, 6.00% due 2036	10/06/06	10/01/36	6.00%	No	250,000,000	(1,972,500)	2,596,882	245,480,618	98.19%	98.19%	247,398,807	10.32%	6.13%				
3	FMB Series 1, 4.5% due 2041	08/03/11	08/15/41	4.50%	No	200,000,000	(3,014,000)	3,848,828	193,137,372	96.57%	96.57%	194,941,305	8.13%	0.38%				
4	FMB Series 1, 4.5% due 2041	06/05/12	08/15/41	4.50%	No	100,000,000	(4,088,000)	1,380,528	108,677,472	108.68%	108.68%	107,495,937	4.48%	0.18%				
5	FMB Series 1, 4.5% due 2041	06/09/14	06/15/24	3.30%	No	150,000,000	(4,950,000)	1,307,249	148,059,446	98.71%	94.60%	95,368,675	3.98%	0.19%				
6	FMB Series 3, 3.3% due 2024	09/16/15	06/15/24	3.30%	No	200,000,000	596,000	2,028,826	198,567,174	99.28%	98.71%	149,033,593	6.22%	0.21%				
7	FMB Series 4, 3.4% due 2046	08/12/16	08/15/46	3.40%	No	300,000,000	(5,070,000)	3,511,066	295,381,994	98.46%	98.66%	296,366,523	12.36%	0.43%				
8	FMB Series 5, 3.7% due 2047	08/09/17	08/15/47	3.70%	No	450,000,000	(2,387,500)	3,056,307	420,250,321	93.39%	93.39%	422,076,835	17.60%	0.72%				
9	FMB Series 6, 4.4% due 2048	11/05/18	11/15/48	4.40%	No	300,000,000	(1,935,000)	3,524,379	294,340,421	98.18%	98.18%	294,653,268	12.29%	0.55%				
10	FMB Series 7, 3.75% due 2049	06/18/19	06/15/49	3.75%	No	300,000,000	(3,783,000)	3,000,000	293,217,000	97.74%	97.74%	293,225,047	12.23%	0.47%				
Subtotal												\$ 2,450,000,000	\$ (10,394,568)	\$ 28,936,851	\$ (24,129,769)	\$ 2,397,656,174	100.00%	4.33%

Adjusted Cost of Long-Term Debt	Annual Requirements	Adjusted Annual Requirement	Adjusted Long-Term Debt Balance	Adjusted Cost of Debt
Unamortized Balance: Loss on Reacquisition @ 6/30/19	\$ 22,270,518			
Adjustment: 7.85% Trust Originated Preferred Securities/2018 debt	20,969,366			
Revised Unamortized Balance: Loss on Reacquisition @ 6/30/19	1,301,152			
Annualized Amortization: Loss on Reacquisition Debt @ 6/30/19	\$ 807,613.92			
ADJUSTMENT: 7.85% Trust Originated Preferred Securities/2018 debt	747,145			
Revised Annualized Amort: Loss on Reacquisition Debt @ 6/30/19	60,469			
Adjusted Long-Term Debt Outstanding			\$ 2,397,656,174	
X Weighted Cost of Debt				4.33%
Annual Interest Requirement			\$ 103,708,193	
Adjusted Annual Requirement			\$ 103,768,193	
Annualized Amortization: Loss on Required Debt			\$ 60,469	
Adjusted Annual Interest Requirement			\$ 103,828,662	
Adjusted Long-Term Debt Balance:			\$ 2,397,656,174	
Unamortized Balance: Loss on Reacquisition			(1,301,152)	
Adjusted Long-Term Debt Balance			\$ 2,396,355,022	
Adjusted Cost of Debt				4.33%

Notes
(J) = (F) + (G) - (H) + (I)
(K) = (J) / (F)
(N) = (L) x (M)

Southwestern Public Service Company
Weighted Average Cost of Long-Term Debt as of June 30, 2019

Line No.	(A, p. 1) Series Description	(O) Principal Amount Outstanding	(P) Principal Excluding Scheduled Maturities	(Q) Unamortized Premium or (Discount)	(R) Unamortized Fees and Expenses	(S) Unamortized Gain (Loss) on Recoupled Debt	(T) Book Value Excluding Scheduled Maturities
1	Unsecured Senior Notes C & D, 6% due 2033	\$ 100,000,000	\$ 100,000,000	\$ (1,286,002)	\$ 590,206	\$ (210,719)	\$ 97,913,072
2	Unsecured Senior Notes F, 6.00% due 2036	250,000,000	250,000,000	(1,106,144)	1,495,049	-	247,398,807
3	FMB Series 1, 4.5%, Due 2041	200,000,000	200,000,000	(2,221,667)	2,837,028	-	194,941,305
4	FMB Series 1, 4.5%, Due 2041	100,000,000	100,000,000	\$544,037	1,048,100	-	107,495,937
5	FMB Series 1, 4.5%, Due 2041	100,000,000	100,000,000	(3,596,468)	1,034,857	-	95,568,675
6	FMB Series 3, 3.3%, Due 2024	150,000,000	150,000,000	(344,697)	722,410	-	149,032,593
7	FMB Series 3, 3.3%, Due 2024	200,000,000	200,000,000	337,827	1,153,714	-	199,184,113
8	FMB Series 4, 3.4%, Due 2046	300,000,000	300,000,000	(458,289)	3,173,188	-	296,366,523
9	FMB Series 5, 3.7%, Due 2047	450,000,000	450,000,000	(2,424,409)	4,740,109	(20,758,647)	422,076,833
10	FMB Series 6, 4.4%, Due 2048	300,000,000	300,000,000	(1,893,015)	3,453,717	-	294,655,268
11	FMB Series 7, 3.75%, Due 2049	300,000,000	300,000,000	(3,778,512)	2,996,441	-	293,225,047
Total		\$2,450,000,000	\$ 2,450,000,000	\$ 18,127,641	\$ 23,246,819	\$ (20,909,566)	\$2,397,656,174

Notes
(T) = (P) + (Q) - (R) + (S)

Southwestern Public Service Company

Notes Payable Outstanding
End of Test Year (April 1, 2018 through March 31, 2019)

Line No.	Description	Maturity Date	Principal Amount	% of Total Principal	Interest Rate	Weighted Average Cost
1	Borrowings on Utility Money Pool on March 31, 2019	N/A	\$ 38,000,000	22%	2.440%	0.530%
2	Commercial Paper on March 31, 2019	N/A	\$ 137,000,000	78%	2.681%	2.099%
3	Total		\$ 175,000,000			

Notes Payable Outstanding During the Last Two Years:

Quarter Ending	Amount
4 Quarter Ending June 30, 2017	\$ 167,000,000
5 Quarter Ending September 30, 2017	-
6 Quarter Ending December 31, 2017	-
7 Quarter Ending March 31, 2018	10,000,000
8 Quarter Ending June 30, 2018	232,000,000
9 Quarter Ending September 30, 2018	58,000,000
10 Quarter Ending December 31, 2018	42,000,000
11 Quarter Ending March 31, 2019	175,000,000

Anticipated Changes in Notes Payable During the Twelve Months Following the Test Year:

Month	Monthly Change	Ending Balance
12 March 2019	\$ 37,000,000	\$ 175,000,000
13 April 2019	(21,806,000)	153,194,000
14 May 2019	(2,342,000)	150,852,000
15 June 2019	(150,852,000)	-
16 July 2019	-	-
17 August 2019	-	-
18 September 2019	-	-
19 October 2019	-	-
20 November 2019	-	-
21 December 2019	-	-
22 January 2020	73,554,000	73,554,000
23 February 2020	101,595,000	175,149,000
24 March 2020	11,648,000	186,797,000

Southwestern Public Service Company

Security Issuance Restrictions

The following is a brief description of the restrictions which would encumber Southwestern Public Service Company (“SPS”) when obtaining new capital.

Preferred Stock

Pursuant to the Articles of Incorporation (the “Articles”) of SPS, effective September 30, 1997, SPS is authorized to issue 10,000,000 preferred shares having a par value of \$1 per share. As of March 31, 2019, there were no shares of preferred stock outstanding.

There are no other restrictions in the Articles limiting the amount of preferred stock that SPS can issue other than the amount authorized to be issued.

Long-Term Debt

SPS issues its First Mortgage Bonds under its Debt Securities Indenture dated August 1, 2011 (the “Indenture”). The amount of securities that may be issued under the Indenture is unlimited.

Short-Term Debt

As of March 31, 2019, SPS was authorized by its Board of Directors in resolutions dated February 3, 2005 to borrow up to \$500 million under revolving credit facilities or other financing arrangements with maturities not to exceed eight years. As of March 31, 2019, SPS had a \$137 million outstanding balance in its Commercial Paper account and a \$38 million outstanding balance in the Utility Money Pool account.

SPS’s \$500 million, five-year credit agreement among SPS and various lenders dated June 7, 2019, has a covenant stating that SPS’s funded debt to total capital will not exceed 0.65 to 1.00 as of the last day of any fiscal quarter of SPS. As of March 31, 2019, SPS had no borrowings under its five-year credit agreement and had a 47.59% debt to total capital ratio.

Southwestern Public Service Company

Security Issuance Restrictions

Line No.	Description	2018	2019	2020	2021
	<u>Including Rate Relief</u>				
	Preferred Stock				
1	Limited to 10,000,000 shares	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued
	5-Year Credit Facility				
2	Debt to Total Capital (will not exceed 0.65 to 1.00)	0.4608	0.4513	0.4691	0.4517
	<u>Excluding Rate Relief</u>				
	Preferred Stock				
3	Limited to 10,000,000 shares	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued	Zero Preferred Stock Shares Issued
4	5-Year Credit Facility				
	Debt to Total Capital (will not exceed 0.65 to 1.00)	0.4608	0.4513	0.4691	0.4517

Southwestern Public Service Company

Financial Ratios

Line No.		(1)		(2)		(3)		(4)		(5)		(6)		(7)	
		Total Debt % Capital	CWIP % Net Plant	Construction Expense % Average Capital	Pre-tax Interest Coverage	Pre-tax Interest Coverage Excl. AFUDC and Defr.	Fixed Charge Coverage	Fixed Charge Coverage Excl. AFUDC and Defr.	Pre-tax Interest Coverage Excl. AFUDC and Defr.	Fixed Charge Coverage	Fixed Charge Coverage Excl. AFUDC and Defr.				
	Actual:														
1	Fiscal Year 2013	49.20%	11.82%	22.83%	2.91	2.70	2.50	2.34	2.70	2.50	2.34	2.50	2.34	2.50	2.34
2	Fiscal Year 2014	47.34%	6.37%	18.96%	3.56	3.29	3.03	2.81	3.29	3.03	2.81	3.03	2.81	3.03	2.81
3	Fiscal Year 2015	46.22%	5.44%	18.58%	3.41	3.05	2.98	2.68	3.05	2.98	2.68	2.98	2.68	2.98	2.68
4	Fiscal Year 2016	46.60%	5.54%	14.24%	3.64	3.71	3.18	3.23	3.71	3.18	3.23	3.18	3.23	3.18	3.23
5	Fiscal Year 2017	46.21%	6.91%	14.39%	3.64	3.26	3.17	2.86	3.26	3.17	2.86	3.17	2.86	3.17	2.86
6	Fiscal Year 2018	46.08%	14.25%	22.92%	3.98	3.74	3.48	3.27	3.74	3.48	3.27	3.48	3.27	3.48	3.27
7	Test Year: March 31, 2019	47.19%	16.00%	23.28%	4.11	4.09	3.60	3.58	4.09	3.60	3.58	3.60	3.58	3.60	3.58
	Projected:														
8	Fiscal Year 2019	45.13%	16.23%	17.88%	4.20	4.02	3.68	3.53	4.02	3.68	3.53	3.68	3.53	3.68	3.53
9	Fiscal Year 2020	46.91%	15.04%	19.11%	3.85	3.68	3.43	3.29	3.68	3.43	3.29	3.43	3.29	3.43	3.29
10	Fiscal Year 2021	45.17%	12.53%	6.83%	3.14	2.99	2.86	2.74	2.99	2.86	2.74	2.86	2.74	2.86	2.74
11	Fiscal Year 2022	45.52%	12.47%	8.04%	3.25	3.11	2.97	2.85	3.11	2.97	2.85	2.97	2.85	2.97	2.85
	Rate Year Ending														
12	January 31, 2021	46.76%	14.83%	18.01%	3.78	3.62	3.38	3.24	3.62	3.38	3.24	3.38	3.24	3.38	3.24
13	With No Rate Relief	46.76%	14.83%	18.01%	2.40	2.24	2.20	2.06	2.24	2.20	2.06	2.20	2.06	2.20	2.06

Southwestern Public Service Company

Financial Ratios

Line No.		(8)		(9)		(10)		(11)		(12)		(13)	
		Cash Interest Coverage	Internal Cash % Constr. Exp.	Internal Cash %	Cash Coverage Dividends	AFUDC % Net Income for Common	Internal Cash % Average Total Debt	Return on Average Equity					
1	Actual:												
2	Fiscal Year 2013	5.83	53.78%	5.31	6.79%	25.10%	7.49%						
3	Fiscal Year 2014	5.34	47.55%	3.73	5.46%	18.70%	8.88%						
4	Fiscal Year 2015	4.63	37.42%	3.58	3.53%	14.88%	7.56%						
5	Fiscal Year 2016	5.95	67.51%	4.24	3.67%	20.71%	8.14%						
6	Fiscal Year 2017	4.89	42.26%	3.20	3.38%	13.11%	7.84%						
7	Fiscal Year 2018	7.50	40.29%	3.68	4.17%	20.01%	9.14%						
7	Test Year: March 31, 2019	8.76	51.87%	4.32	4.77%	25.83%	10.05%						
8	Projected:												
9	Fiscal Year 2019	4.49	13.87%	1.69	6.15%	5.44%	9.48%						
10	Fiscal Year 2020	6.59	33.18%	2.83	5.76%	13.76%	9.51%						
11	Fiscal Year 2021	3.84	26.93%	1.52	5.31%	4.00%	9.48%						
11	Fiscal Year 2022	4.96	47.80%	2.07	5.03%	8.47%	9.51%						
12	Rate Year Ending January 31, 2021	6.33	32.97%	2.71	5.72%	17.29%	13.60%						
13	With Full Rate Relief	5.26	22.43%	2.16	9.09%	11.76%	8.56%						
13	With No Rate Relief												

Southwestern Public Service Company

Financial Ratios

(1) TOTAL DEBT AS A PERCENT OF TOTAL CAPITAL

Numerator: Notes Payable
+ Long-Term Debt (Incl. Maturities & Capital
Lease Obligations)

Denominator: Notes Payable
+ Long-Term Debt (Incl. Current Maturities & Capital
Lease Obligations)
+ Preferred Stock
+ Common Equity

(2) TOTAL CWIP AS A PERCENT OF NET PLANT

Numerator: Total Construction Work in Progress

Denominator: Total Utility Plant
- Accumulated Depreciation and Amortization

(3) CONSTRUCTION EXPENDITURES AS A PERCENT OF AVERAGE TOTAL CAPITAL

Numerator: Cash Construction Expenditures

Denominator: Average of Beginning and Ending Balance of Total
Capital (See Definition of Total Capital Provided
in the Denominator of Ratio 1)

(4) PRE-TAX INTEREST COVERAGE

Numerator: Income from Continuing Operations
+/- Non-Recurring Items (before tax)
+ Income Taxes
+ Interest Incurred

Denominator: Interest Incurred

Southwestern Public Service Company

Financial Ratios

(5) PRE-TAX INTEREST COVERAGE (Excluding AFUDC & Deferrals)

Numerator: Same as (4)
- Total AFUDC
- Deferred Carrying Costs
- Deferred Expenses
- Mirror CWIP Amortization

Denominator: Interest Incurred

(6) FIXED CHARGE COVERAGE

Numerator: Same as (4)
+ 1/3 of Rental Expenses

Denominator: Interest Incurred
+ 1/3 of Rental Expenses

(7) FIXED CHARGE COVERAGE RATIO (Excluding AFUDC & Deferrals)

Numerator: Same as (5)
+ 1/3 of Rental Expenses

Denominator: Interest Incurred
+ 1/3 of Rental Expenses

(8) CASH INTEREST COVERAGE

Numerator: Cash Flow from Operations (Before Working Capital Changes)
+ Cash Interest Paid

Denominator: Interest Incurred

(9) INTERNAL CASH AS A PERCENTAGE OF CONSTRUCTION EXPENDITURES

Numerator: Cash Flow from Operations (Before Working Capital Changes)
- Preferred Dividends
- Common Dividends

Denominator: Cash Construction Expenditures

Southwestern Public Service Company

Financial Ratios

(10) CASH COVERAGE OF COMMON DIVIDENDS

Numerator: Cash Flow from Operations (Before Working Capital Changes)
- Preferred Dividends

Denominator: Common Dividends

(11) AFUDC AS A PERCENTAGE OF NET INCOME FOR COMMON SHAREHOLDERS

Numerator: Total AFUDC
+ Deferred Carrying Costs
+ Mirror CWIP Amortization

Denominator: Net Income After Preferred Dividends

(12) INTERNAL CASH AS A PERCENT OF AVERAGE TOTAL DEBT

Numerator: Same as (9)

Denominator: Average of Beginning and Ending Balance of Total
Debt (See Definition of Total Debt provided in numerator of Ratio 1)

(13) RETURN ON AVERAGE COMMON EQUITY

Numerator: Net Income after Preferred Dividends

Denominator: Average of Beginning and Ending Common Equity

Southwestern Public Service Company

Financial Ratios

Definition of Terms for the Above Ratios

“Interest Incurred” includes all interest charges, and excludes any recognition of the allowance for borrowed funds used during construction (ABFUDC), deferred borrowing costs, or capitalized interest.

“Total AFUDC” includes both the allowance for ABFUDC, and the allowance for equity funds used during construction (AEFUDC). Actual reported AFUDC should not be adjusted for related tax effects.

“Deferred Carrying Costs” includes any borrowing costs or equity return deferred under an accounting order or qualified phase-in plan.

“Deferred Expenses” includes any expenses deferred under an accounting order or qualified phase-in plan.

“Mirror CWIP Amortization” reflects the amortization of a mirror CWIP liability, or the rapid amortization of contra-AFUDC.

“Cash Flow From Operations” should reflect the amount reported in the Statement of Cash Flows prior to changes in current assets and current liabilities, less ABFUDC and capitalized interest (if not already subtracted from net income in the Statement of Cash Flows).

“Cash Construction Expenditures” should not include any AFUDC or capitalized interest.

“Before Working Capital Changes” means before changes to current assets and current liabilities.

Southwestern Public Service Company

Capital Requirements and Acquisition Plan

(in millions)

Line No.		Most Recent	-----ESTIMATED-----			
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
<u>CAPITAL REQUIREMENTS</u>						
1	Generation	\$ 625	\$ 430	\$ 640	\$ 45	\$ 45
2	Transmission	265	265	250	200	225
3	Distribution	100	110	115	120	160
4	General ⁽¹⁾	-	-	-	-	-
5	Fuel ⁽²⁾	-	-	-	-	-
7	Other ⁽³⁾	45	55	50	55	80
8	Subtotal: Utility Cash Construction	\$ 1,035	\$ 860	\$ 1,055	\$ 420	\$ 510
9	Long-Term Debt Retirements	\$ -	\$ -	\$ -	\$ -	\$ -
10	Preferred Stock Sinking Funds	-	-	-	-	-
11	Subsidiary Cash Construction	-	-	-	-	-
12	Total Capital Requirements	\$ 1,035	\$ 860	\$ 1,055	\$ 420	\$ 510
<u>SOURCES OF CAPITAL</u>						
13	Internal (includes cash changes)	\$ 400	\$ 125	\$ 365	\$ 115	\$ 250
External:						
14	Long-Term Debt	\$ 300	\$ 300	\$ 300	\$ 150	\$ 150
15	Preferred Stock	-	-	-	-	-
16	Common Stock	335	435	390	155	110
17	Non-Utility	-	-	-	-	-
18	Total Capital Sources	\$ 1,035	\$ 860	\$ 1,055	\$ 420	\$ 510

Notes: ⁽¹⁾ General Capital Requirements round to zero.
⁽²⁾ Fuel is forecasted in expenses.
⁽³⁾ Includes Corporate Services and General Counsel.

Southwestern Public Service Company
Growth in Earnings, Dividends, and Book Value

Southwestern Public Service Company-Texas

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
Line No.	BEGINNING COMMON EQUITY (in thousands)	COMMON NET INCOME FOR COMMON (in thousands)	COMMON DIVIDENDS (in thousands)	ADDTL. EQUITY (NET) (in thousands)	ENDING COMMON EQUITY (in thousands)	AVERAGE COMMON EQUITY (C+G)/2 (in thousands)	ROE D/H	PERCENT EARNINGS IMPLIED (D-E)/D	RETAINED GROWTH I ²	WTD. AVG. SHARES (FOR EPS) (in thousands)	WTD. AVG. SHARES (FOR DPS) (in thousands)	YEAR-END SHARES (FOR BVPS)	EPS	DPS	BVPS
1	2002	\$ 846,020	\$ 73,882	\$ 96,823	\$ 5,631	\$ 828,710	8.823%	-31.051%	-2.740%	N/A	N/A	N/A	N/A	N/A	N/A
2	2003	828,710	82,293	96,637	129	814,495	10.016%	-17.430%	-1.746%	N/A	N/A	N/A	N/A	N/A	N/A
3	2004	814,495	54,903	92,105	3,618	780,911	6.883%	-67.760%	-4.664%	N/A	N/A	N/A	N/A	N/A	N/A
4	2005	780,911	62,428	81,218	52,117	814,238	7.827%	-30.099%	-2.356%	N/A	N/A	N/A	N/A	N/A	N/A
5	2006	814,238	47,535	76,167	9,808	795,414	5.906%	-60.234%	-3.558%	N/A	N/A	N/A	N/A	N/A	N/A
6	2007	795,414	32,886	66,459	24,312	786,153	4.159%	-102.089%	-4.246%	N/A	N/A	N/A	N/A	N/A	N/A
7	2008	786,153	31,792	61,449	173,809	930,305	3.704%	-93.284%	-3.456%	N/A	N/A	N/A	N/A	N/A	N/A
8	2009	930,305	67,750	68,500	19,955	949,510	7.208%	-1.107%	-0.080%	N/A	N/A	N/A	N/A	N/A	N/A
9	2010	949,510	78,067	66,219	755	962,113	8.168%	15.177%	1.240%	N/A	N/A	N/A	N/A	N/A	N/A
10	2011	962,113	89,901	64,957	89,802	1,076,859	8.818%	27.746%	2.447%	N/A	N/A	N/A	N/A	N/A	N/A
11	2012	1,076,859	106,369	66,469	60,196	1,176,955	9.439%	37.511%	3.541%	N/A	N/A	N/A	N/A	N/A	N/A
12	2013	1,176,955	95,177	70,889	162,448	1,363,691	7.492%	25.519%	1.912%	N/A	N/A	N/A	N/A	N/A	N/A
13	2014	1,363,691	129,852	93,243	160,172	1,560,472	8.881%	28.193%	2.504%	N/A	N/A	N/A	N/A	N/A	N/A
14	2015	1,560,472	127,263	85,254	205,468	1,684,211	7.556%	33.010%	2.494%	N/A	N/A	N/A	N/A	N/A	N/A
15	2016	1,807,949	152,157	103,401	74,991	1,931,696	8.138%	32.043%	2.608%	N/A	N/A	N/A	N/A	N/A	N/A
16	2017	1,931,696	159,213	104,648	144,103	2,130,364	7.839%	34.272%	2.687%	N/A	N/A	N/A	N/A	N/A	N/A
17	2018	2,130,364	213,320	149,183	342,124	2,536,626	9.142%	30.066%	2.749%	N/A	N/A	N/A	N/A	N/A	N/A

18					5 Year Average	8.311%	31.517%	2.608%		5 Year Compounded Growth Rate	N/A	N/A	N/A	N/A	N/A
19					10 Year Average	8.268%	26.243%	2.210%		10 Year Compounded Growth Rate	N/A	N/A	N/A	N/A	N/A
20					15 Year Average	7.411%	-6.069%	0.255%		15 Year Compounded Growth Rate	N/A	N/A	N/A	N/A	N/A

Notes: ROE = Return on Equity
EPS = Earnings Per Share
DVPS = Dividends Per Share
BVPS = Book Value Per Share

Southwestern Public Service Company
Growth in Earnings, Dividends, and Book Value

Southwestern Public Service Company-Texas

(A) Line No.	(Q) YEAR MARKET PRICE	(R) MARKET TO BOOK	(S) NON-RECURRING GAINS/(LOSSES) (NET OF TAX) (in thousands)	(T) NET INCOME FOR COMMON (ADJUSTED) (in thousands)	(U) DESCRIPTION OF NON-RECURRING ITEM
1	2002	N/A	\$ -	73,882	
2	2003	N/A	-	82,293	
3	2004	N/A	-	54,903	
4	2005	N/A	-	62,428	
5	2006	N/A	-	47,535	
6	2007	N/A	-	32,886	
7	2008	N/A	-	31,792	
8	2009	N/A	-	67,750	
9	2010	N/A	-	78,067	
10	2011	N/A	-	89,901	
11	2012	N/A	-	106,369	
12	2013	N/A	-	95,177	
13	2014	N/A	-	129,852	
14	2015	N/A	-	127,263	
15	2016	N/A	-	152,157	
16	2017	N/A	-	159,213	
17	2018	N/A	-	213,320	

Southwestern Public Service Company
Growth in Earnings, Dividends, and Book Value

Xcel Energy

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
	YEAR	BEGINNING COMMON EQUITY (in thousands)	COMMON NET INCOME (in thousands)	COMMON DIVIDENDS (in thousands)	ADDTL. EQUITY (NET) (in thousands)	ENDING COMMON EQUITY (in thousands)	AVERAGE COMMON EQUITY (in thousands)	ROE	PERCENT EARNINGS RETAINED	IMPLIED GROWTH	WTD. AVG. (FOR EPS) (in thousands)	WTD. AVG. SHARES (FOR DPS) (in thousands)	YEAR-END SHARES (FOR BVPS)	EPS	DPS	BVPS
					F-(B+C-D)		(B+F)/2	C/G	(C-D)/C	H x I				C/K	D/L	F/M
1	2002	\$ 6,194,477	\$ 547,147	\$ 437,113	\$ (1,639,527)	\$ 4,664,984	\$ 5,429,731	10.077%	20.111%	2.027%	\$ 382,051	\$ 382,051	\$ 398,714	1.432	1.144	11,700
2	2003	4,664,984	518,583	299,127	282,000	5,166,440	4,915,712	10.549%	42.318%	4.464%	398,765	398,765	398,965	1,300	0.750	12,950
3	2004	5,166,440	518,023	323,742	(157,803)	5,202,918	5,184,679	9.991%	37.504%	3.747%	399,456	399,456	400,462	1,297	0.810	12,992
4	2005	5,202,918	494,797	343,234	40,774	5,395,255	5,299,087	9.337%	30.631%	2.860%	402,330	402,330	403,387	1,230	0.853	13,375
5	2006	5,395,255	564,440	358,402	215,529	5,816,822	5,606,039	10.068%	36.503%	3.675%	405,689	405,689	407,297	1,391	0.883	14,282
6	2007	5,816,822	571,658	382,647	295,169	6,301,002	6,058,912	9.435%	33.064%	3.120%	416,139	416,139	428,783	1,374	0.920	14,695
7	2008	6,301,002	641,479	415,678	436,938	6,963,741	6,632,372	9.672%	35.200%	3.405%	437,054	437,054	453,792	1,468	0.951	15,346
8	2009	6,963,741	681,283	445,356	83,577	7,283,245	7,123,493	9.564%	34.630%	3.312%	456,433	456,433	457,509	1,493	0.976	15,919
9	2010	7,283,245	747,715	469,091	521,650	8,083,519	7,683,382	9.732%	37.263%	3.626%	462,052	462,052	482,334	1,618	1.015	16,759
10	2011	8,083,519	834,580	503,525	67,624	8,482,198	8,282,859	10.076%	39.667%	3.997%	485,039	485,039	486,494	1,721	1.038	17,435
11	2012	8,482,198	905,199	523,969	10,649	8,874,077	8,678,138	10.431%	42.116%	4.393%	487,899	487,899	487,960	1,855	1.074	18,186
12	2013	8,874,077	948,234	554,067	297,706	9,565,950	9,220,014	10.285%	41.569%	4.275%	496,073	496,073	497,972	1,911	1.117	19,210
13	2014	9,565,950	1,021,306	608,331	235,557	10,214,482	9,890,216	10.326%	40.436%	4.176%	503,847	503,847	505,733	2,027	1.207	20,197
14	2015	10,214,482	984,485	652,715	54,668	10,600,920	10,407,701	9.459%	33.700%	3.188%	507,768	507,768	507,536	1,939	1.285	20,887
15	2016	10,600,920	1,123,379	694,886	(8,564)	11,020,849	10,810,885	10.391%	38.143%	3.964%	508,794	508,794	507,223	2,208	1.366	21,728
16	2017	11,020,849	1,148,000	736,000	22,151	11,455,000	11,237,925	10.215%	35.889%	3.666%	509,000	509,000	507,763	2,255	1.446	22,560
17	2018	11,455,000	1,261,000	780,000	286,000	12,222,000	11,838,500	10.652%	38.144%	4.063%	511,000	511,000	514,037	2,468	1.526	23,776

18							5 Year Average	10.209%	37.262%	3.811%				4.013%	4.801%	3.317%
19							10 Year Average	10.113%	38.156%	3.866%				5.156%	4.577%	4.093%
20							15 Year Average	9.976%	36.964%	3.698%				6.645%	6.536%	6.230%

Southwestern Public Service Company
Growth in Earnings, Dividends, and Book Value

Xcel Energy

Line No.	YEAR	(Q) MARKET PRICE	(R) MARKET TO BOOK	(S) NON-RECURRING GAINS/(LOSSES) (NET OF TAX) (in thousands)	(T) NET INCOME FOR COMMON (ADJUSTED) (in thousands)	(U) DESCRIPTION OF NON-RECURRING ITEM
1	2002	\$ 11,000	\$ 0.940	\$ (2,769,379)	\$ (2,222,232)	Discontinued Operations
2	2003	16,980	1.311	99,568	618,151	Discontinued Operations
3	2004	18,200	1.401	(166,303)	351,720	Discontinued Operations
4	2005	18,460	1.380	13,934	508,731	Discontinued Operations
5	2006	23,060	1.615	3,073	567,513	Discontinued Operations
6	2007	22,570	1.536	1,449	573,107	Discontinued Operations
7	2008	18,550	1.209	(166)	641,313	Discontinued Operations
8	2009	21,220	1.333	(4,637)	676,646	Discontinued Operations
9	2010	23,550	1.405	3,878	751,593	Discontinued Operations
10	2011	27,640	1.585	(202)	834,378	Discontinued Operations
11	2012	26,710	1.469	30	905,229	Discontinued Operations
12	2013	27,940	1.454	-	948,234	
13	2014	35,920	1.778	-	1,021,306	
14	2015	35,910	1.719	-	984,485	
15	2016	40,700	1.873	-	1,123,379	
16	2017	48,110	2.133	-	1,148,000	
17	2018	49,270	2.072	-	1,261,000	

Southwestern Public Service Company

Rating Agency Reports

2019 TX Rate Case

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

K-9(V)