DOCKET NO. _____

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

DIRECT TESTIMONY
of
PERRY D. FOSTER

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(*Filename:* FosterRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
FERC	Federal Energy Regulatory Commission
native costs or SPS costs	costs for services provided by SPS employees
NERC	North American Electric Reliability Corporation
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; and SPS
Operating Company	One of the Operating Companies
SAIDI	System Average Interruption Duration Index
SPP	Southwest Power Pool, Inc.
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	October 1, 2019 through September 30, 2020
Total Company or total company	Total SPS (before jurisdictional allocation)
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

Attachment	Description
PDF-RR-1	SPS Transmission Operation and Maintenance Expenses (*Filename*: PDF-RR-1.xlsx)
PDF-RR-2	Organization Chart - Transmission (*Non-native format*)
PDF-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (*Filename:* PDF-RR-ABCD.xlsx)
PDF-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account (*Filename:* PDF-RR-ABCD.xlsx)
PDF-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (*Filename:* PDF-RR-ABCD.xlsx)
PDF-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (*Filename:* PDF-RR-ABCD.xlsx)

DIRECT TESTIMONY
OF
PERRY D. FOSTER

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Perry D. Foster. My business address is 790 South Buchanan Street, Amarillo, Texas 79101.

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

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

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

A. I am employed by SPS, as Regional Director, Substation Operations and Maintenance.

Q. Please briefly outline your responsibilities as Regional Director, Substation Operations and Maintenance.

A. I am responsible for the operation and maintenance ("O&M") of SPS's transmission and distribution substations in Texas and New Mexico, and transmission-only facilities in Oklahoma and Kansas.

Q. Please describe your educational background.

A. I received a Bachelor of Business Administration degree from Oklahoma Panhandle State University. I also received an Associate in Applied Science degree from Amarillo College.

Q. Please describe your professional experience.

A. I have worked in the electric utility industry since 1989. All of my experience has been with Xcel Energy and its predecessor companies. From 1989 to 1992, I worked as a meter reader for SPS. From 1992 to 1993, I worked in the Substation Construction Department. From 1993 to 2003, I worked in the Substation Operations and Maintenance Department as a Substation Electrician. From 2003 to 2009, I was a Relay Technician in the SPS System Protection Department. In 2009, I was promoted to Manager of SPS's System Protection Department. In 2016, I was promoted to my current position as Regional Director, Substation Operations and Maintenance.

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

A. Yes. Over my career, I have taken numerous courses related to electric utilities and related issues including courses for protective relay testing certification and continuing education for journeyman electricians.

Q. Do you hold any professional licenses?

A. Yes. I hold a State of Texas Journeyman Electrician License.

Q. Are you a member of any professional organizations?

A. Yes. I am a Member of the Institute of Electrical and Electronics Engineers.

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

A. Yes. In Docket No. 45524 before the Public Utility Commission of Texas, I assumed the testimony of M. Chance Hedger, and in Docket Nos. 47527 and 49831, I filed testimony, both regarding O&M and administrative and general expenses relating to the Transmission & Substations class of services.

II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. What is your assignment in this proceeding?

A. I support the Updated Test Year (January 1, 2020 through December 31, 2020)[1] O&M expenses and the administrative and general expenses related to activities and work performed for Transmission & Substations by: (1) SPS employees to provide electric service (also referred to as "native SPS costs"); and (2) the Transmission & Substations class of affiliate services.

In regard to SPS's native transmission O&M costs,[2] my testimony will:

- describe the types of services provided;
- explain how the services are reasonable and necessary for SPS's operations; and
- support the costs as reasonable and necessary for rate recovery purposes.

In regard to the Transmission & Substations affiliate class, my testimony will:

- describe the services included in the class;
- explain that those services are reasonable and necessary for SPS's operations;

[1] The Test Year in this case is October 1, 2019 through September 30, 2020, and the Update Period is October 1, 2020 through December 31, 2020. 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 class I support and find those costs to be reasonable.

[2] SPS witness Stephanie N. Niemi also addresses SPS native transmission O&M expenses, specifically those expenses: (1) incurred to manage reliability coordination, which are recorded in the Federal Energy Regulatory Commission ("FERC") 561 series of accounts; (2) payable to others for the transmission of electricity over transmission facilities owned by others, which are recorded in FERC Account 565; and (3) incurred for other market administration activities, which are recorded in the FERC 575 series of accounts. Thus, Ms. Niemi addresses SPS native transmission O&M expenses related to Southwest Power Pool, Inc. ("SPP") market operations and transmission wheeling.

- explain that the costs for those services are reasonable and necessary;
- explain that these services do not duplicate services that SPS provides to itself through its own employees or that are provided from any other source; and
- explain that charges from Xcel Energy Services Inc. ("XES"), the service company subsidiary of Xcel Energy, to SPS for those services are no higher than the charges to SPS affiliates for the same or similar services.

Q. Please summarize the recommendations and conclusions in your testimony.

A. The amounts included in Attachment PDF-RR-1 represent, at a total company level (total SPS before jurisdictional allocation, "total company" or "Total Company"), reasonable and necessary transmission O&M costs incurred directly by SPS—i.e., SPS native costs—to support SPS's ability to provide safe and reliable electric service to its Texas retail customers. The affiliate charges to SPS are included in Attachments PDF-RR-A through PDF-RR-D, and addressed in more detail in Section IV of my testimony. The estimated total company Updated Test Year costs that SPS seeks to recover for the services of the Transmission & Substations affiliate class of $6,382,847[3] are reasonable and necessary because they support SPS's ability to provide electric service to its Texas retail customers.

- The costs are for services for the planning, siting, design, construction, operation, and maintenance of SPS's transmission assets.
- The services are necessary to ensure that the transmission system, which is essential to bringing safe and reliable electric service to SPS's customers, is appropriately operating and maintained.
- The costs are reasonable because they are shared with other affiliates, consist primarily of reasonable personnel costs, and are subjected to rigorous budgeting and cost control processes.

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

- SPS does not provide these services for itself, and the services do not duplicate services provided by others.

- Each charge from SPS's affiliates for these services is billed at cost, and is no higher than the charge by those affiliates to any other entity for the same or similar service.

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

A. As explained by SPS witness William A. Grant, SPS will be using an Updated Test Year in this case. SPS's initial filing presents actual O&M expenses for the Test Year (October 1, 2019 through September 30, 2020) and estimated information for the time period of October 1, 2020 through December 31, 2020, which is the Update Period. Accordingly, the first nine months of SPS's Updated Test Year (i.e., January 2020 through September 2020) consist of actual cost information and the last three months (i.e., October 2020 through December 2020) contain estimated cost information. For this reason, certain SPS witnesses refer to the Updated Test Year in direct testimony as the "estimated Updated Test Year."

Regarding the Transmission & Substations affiliate costs I support, as explained by SPS witness Ross L. Baumgarten, actual figures for October and November 2020 have been provided and December 2020 figures have been estimated based on the forecasted budget. However, these expenses have not gone through the full pro forma adjustment review process. With respect to the Transmission & Substations native costs that I support, the actual costs for October and November 2020 have been provided and December 2020 figures have been estimated based on the forecasted budget.

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

A. Yes. SPS will file an update 45 days after the application has been filed. The update will provide actual costs to replace the estimates provided in the application for the Update Period. As part of that process, my Attachments PDF-RR-A through D will be updated to remove estimates of Transmission & Substations affiliate O&M expenses incurred by SPS during the Updated Test Year and then replace those estimates with actual expenses, which will be used to establish SPS's base rates in this case.

Additionally, my Attachment PDF-RR-1 will be updated with the actual native costs incurred during the Updated Test Year.

Q. Were Attachments PDF-RR-1, PDF-RR-2, and PDF-RR-A through PDF-RR-D prepared by you or under your direct supervision and control?

A. Yes, as to Attachment PDF-RR-2. Attachment PDF-RR-1 was prepared by Ms. Neimi and her staff and is based on the cost of service study. My staff and I have reviewed this attachment and I believe it is accurate. Attachments PDF-RR-A through PDF-RR-D were prepared by Mr. Baumgarten and his staff. My staff and I have reviewed these attachments and I believe them to be accurate. Although the same information provided in Attachments PDF-RR-A through PDF-RR-D is presented in Mr. Baumgarten's Attachments RLB-RR-A through RLB-RR-D, I have presented this information in my testimony for the convenience of those reviewing my testimony.

III. TRANSMISSION & SUBSTATIONS-RELATED ACTIVITIES AND TOTAL O&M COSTS

Q. What are the types of charges included in SPS's requested level of Transmission & Substations-related expenses?

A. Transmission & Substations-related O&M expenses, within the Transmission business area, include both native SPS costs and affiliate charges. SPS's native costs are those costs incurred directly by SPS, associated with the provision of electric service to customers. These costs include labor, materials, and other non-fuel O&M costs. For example, the salaries of the SPS employees who perform transmission functions are native costs. These include system operators, engineers, journeyman linemen, journeyman electricians, relay technicians, heavy equipment operators, mechanics, truck drivers, apprentices, working foremen, office support, and in most instances their immediate supervisors. SPS's native costs are included in Attachment PDF-RR-1, at a total company level.

Affiliate expenses are those associated with services provided by XES to SPS. XES is a centralized service company and the charges for its services must be provided "at cost," or without profit. These services are in addition to, and not duplicative of, the services that SPS employees provide. Finally, affiliate O&M expenses also include charges to SPS from other Operating Companies or affiliated interests. Similar to the charges from XES, these services are charged to SPS "at cost" and generally involve emergency services, such as storm restoration activities. Mr. Baumgarten provides additional details regarding the methodology of charging affiliate costs to SPS from XES and other affiliated interests.

Q. What are the types of services and costs specifically associated with the Transmission business area?

A. The Transmission business area provides a wide range of services that are necessary to support SPS's ability to provide electric service to its Texas and New Mexico retail customers. Within this business area, XES and SPS employees have separate roles and responsibilities but work in coordination with each other and under the direction of the XES Transmission business area management to provide types of services including:

Native Services and Affiliate Class Oversight Services:

- Managing and directing the O&M of transmission lines and substations located in the Texas Panhandle, eastern and southeastern New Mexico, the Oklahoma Panhandle, and southwestern Kansas. The transmission system has transmission lines and substations that operate at 345, 230, 115, and 69 kilovolts. These duties are performed by SPS, with certain high-level management roles performed by the affiliate class separate from the management provided by SPS employees.

- Managing and directing the Operations Center in Amarillo, Texas, which provides round-the-clock operation of the SPS transmission system. The Operations Center monitors load and generation balance, monitors and controls the transmission system, dispatches switching for equipment maintenance, dispatches outage restoration efforts, maintains and drills emergency operations plans, coordinates operations with electrically-adjacent utilities, and participates in regional reliability activities. These duties are performed by SPS, with certain high-level management roles performed by the affiliate class separate from the management provided by SPS employees.

- Providing maintenance and operations engineering. These duties are performed by SPS, with certain high-level management roles performed by the affiliate class separate from the management provided by SPS employees.

- Coordinating with SPP on operations, scheduling, and system development; monitoring the activities of SPP with regard to the impact on the SPS transmission system; providing input to SPP planning; and developing and executing strategic initiatives. These

duties are performed by SPS, with certain high-level management roles performed by the affiliate class separate from the management provided by SPS employees.

Affiliate Services Only:

- Providing engineering and design services, system protection services, right-of-way procurement, and project management services for capital project development.

- Managing transmission system planning, interconnection contracts, and physical projects necessary to interconnect new generation and new end-use customers to the grid.

- Providing oversight of compliance tracking with respect to the North American Electric Reliability Corporation ("NERC") and Electric Reliability Organization standards; managing the Transmission O&M budget; and providing oversight of the Transmission Resource Optimization initiative.

- Tracking performance, providing technical training, establishing maintenance criteria, and establishing standards for the transmission system (including both lines and substations), the electric distribution system (including both lines and substations), and the metering functions of the transmission and distribution electrical system.

- Managing the corporate-wide Transmission organization.

Q. Are the services and associated O&M costs related to the Transmission business area necessary and reasonable for SPS's operations?

A. Yes. The services provided by the Transmission business area are necessary to ensure that the transmission system, which is essential to bringing safe and reliable electric service to SPS's customers, is appropriately operated and maintained. As I noted above, the costs for these services are made up of both native costs and affiliate charges. These costs include labor, materials, and other non-fuel O&M costs. SPS witnesses Michael P. Deselich and Richard R. Schrubbe provide testimony regarding labor and benefits costs, SPS witness Robert H. Kunze provides testimony about sourcing and procurement of goods

and services, and Mr. Baumgarten provides testimony regarding the methodology of billings for labor and labor-related overheads. Starting in the next section of my testimony, I discuss affiliate O&M charges to SPS for Transmission & Substations-related activities in more detail.

IV. AFFILIATE EXPENSES FOR THE TRANSMISSION & SUBSTATIONS CLASS OF SERVICES

Q. Earlier in your testimony, you referred to an "affiliate class." What do you mean by the terms "affiliate class" or "affiliate class of services"?

A. A portion of SPS's costs reflect charges for services provided by a supplying affiliate, specifically XES or one of the Operating Companies. These charges have been grouped into various affiliate classes, or aggregations of charges, based upon the business area, organization, or department that provided the service or, in a few instances, the accounts that captured certain costs. In his direct testimony, Mr. Baumgarten provides a detailed explanation of how the affiliate classes were developed and are organized for this case.

Q. Which affiliate class do you sponsor?

A. I sponsor the Transmission & Substations class of affiliate services.

A. Summary of Affiliate Expenses for the Transmission & Substations Class of Services

Q. Where does the Transmission & Substations affiliate class fit into the overall affiliate structure?

A. Attachment RLB-RR-6 to Mr. Baumgarten's direct testimony provides a list and a pictorial display of all affiliate classes, dollar amounts for those classes, and sponsoring witness for each class. As seen on that attachment, the Transmission & Substations affiliate class was part of the Transmission business area during the Updated Test Year. Attachment PDF-RR-2 to my testimony is an organization chart showing the Transmission organization.

Q. What services are grouped into the Transmission & Substations affiliate class?

A. The services that are grouped into the Transmission & Substations affiliate class include the planning, siting, design, construction, operation, and maintenance of transmission assets.

Q. What is the dollar amount of the Updated Test Year XES charges that SPS requests, on a total company basis, for the Transmission & Substations affiliate class?

A. The following table summarizes the dollar amount of the estimated Updated Test Year XES charges for the Transmission & Substations affiliate class. I will update the table below as part of SPS's 45-day case update filing to reflect the actual Updated Test Year costs for the Business Systems affiliate class.

Table PDF-RR-1[4]

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Transmission & Substations	$24,299,688	$6,382,847	61.20%	38.80%

[4] **Total XES Class Expenses** is the 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 PDF-RR-A. **Requested Amount** is SPS's requested amount after exclusions and pro forma adjustments. **% Direct Billed** is the percentage of SPS's requested XES expenses for the class that were billed 100% to SPS. **% Allocated** is the percentage of SPS's requested XES expenses for the class that were allocated to SPS.

Q. Please describe the attachments that support the information provided on Table PDF-RR-1.

A. There are four attachments to my testimony that present information about the requested SPS affiliate expenses for the Transmission & Substations affiliate class.

Attachment PDF-RR-A: Provides a summary of the affiliate expenses for this class during the Updated Test Year. The portion of the summary specific to billings to SPS starts with the total of the XES expenses to SPS for the services provided by this affiliate class and ends with the requested dollar amount of XES expenses to SPS (total company) for this affiliate class after exclusions and pro forma adjustments. The columns on this attachment provide the following 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 his direct testimony, Mr. Baumgarten 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 Billing 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 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.

In his direct testimony, Mr. Baumgarten provides a consolidated summary of affiliate expenses billed to SPS for all classes during the Test Year and the Updated Test Year.

Attachment PDF-RR-B(CD): Provides the detail of the XES expenses for the Transmission & Substations affiliate class that are summarized on Attachment PDF-RR-A. The detail shows the XES expenses billed to SPS for the Transmission & Substations affiliate class, itemized by the amount, with each expense listed by individual activity, and billing method (cost center). When summed, these amounts tie to the amounts shown on Attachment PDF-RR-A, and the detail regarding the expenses is organized to support that attachment. Specifically, the columns on this 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 his direct testimony, Mr. Baumgarten explains the billing methods and defines the codes.
Column G —	FERC Account	Shows the FERC Account in which the expense was recorded for the operating companies.
Column H —	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities for the affiliate class.
Column I —	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to all legal entities except SPS for the affiliate class.

Column J —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows the itemized amount of the listed XES expense that was billed to SPS for the affiliate class. Therefore, the sum of this column provides total billings to SPS and ties to the total dollar amount for the affiliate class in Column G of Attachment PDF-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 PDF-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 PDF-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 PDF-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 PDF-RR-A.

Mr. Baumgarten also provides a consolidated summary of this information for all affiliate classes during the Test Year and the Updated Test Year.

Attachment PDF-RR-C: Both Attachments PDF-RR-A and PDF-RR-B(CD) show exclusions to the XES expenses billed to SPS for the Transmission & Substations affiliate class (Attachment PDF-RR-A, Column H; Attachment PDF-RR-B(CD), Column K). Attachment PDF-RR-C provides detail about those exclusions listed on Attachments PDF-RR-A and PDF-RR-B(CD). The columns on Attachment PDF-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.

In his direct testimony, Mr. Baumgarten describes the calculations underlying the exclusions.

Attachment PDF-RR-D: Both Attachments PDF-RR-A and PDF-RR-B(CD) show pro forma adjustments to SPS's per book expenses for the Transmission & Substations affiliate class (Attachment PDF-RR-A, Column J; Attachment PDF-RR-B(CD), Column M). Attachment PDF-RR-D provides information about those pro forma adjustments shown on Attachments PDF-RR-A and PDF-RR-B(CD). The columns on Attachment PDF-RR-D provide the following information.

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	FERC Account	Identifies the FERC Account and FERC Account description affected by the pro forma adjustment.
Column D —	Explanations for Pro Formas	Provides a brief rationale for the pro forma adjustment.
Column E —	Sponsor	Identifies the witness or witnesses who sponsor the pro forma adjustment.
Column F —	Pro Formas (Total Company)	Shows the dollar amount of the pro forma adjustment.

Q. Does XES bill its expenses for the Transmission & Substations affiliate class to SPS in the same manner as it bills other affiliates for those expenses?

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

Q. Are there any exclusions to the XES billings to SPS for the Transmission & Substations affiliate class?

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

Q. Are there any pro forma adjustments to SPS's per book expenses for the Transmission & Substations affiliate class?

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

Q. Attachment PDF-RR-D shows that you sponsor pro forma adjustments for expenses for the Transmission & Substations affiliate class during the first nine months of the Updated Test Year that result in a decrease for the Transmission & Substations affiliate class of $35,292. Please explain the adjustments.

A. The adjustments I sponsor remove costs not benefitting SPS (a decrease of $18,584); life events and non-recoverable employee recognition (a decrease of $12,260); and other costs not recoverable from Texas rate payers (a decrease of $4,448).

B. The Transmission & Substations Class of Services are Necessary Services

Q. Are the services that are grouped in the Transmission & Substations affiliate class necessary for SPS's operations?

A. Yes. The services grouped in the Transmission & Substations affiliate class are necessary to ensure that the transmission system, which is essential to bringing safe and reliable electric service to SPS's customers, is appropriately operated and maintained. They are functions required by all utilities and without which SPS would not be able to provide electric service to its customers.

Q. What are the specific services that are provided to SPS by the Transmission & Substations affiliate class?

A. The specific services that are provided to SPS by the Transmission & Substations affiliate class were discussed in Section III of my testimony. Please refer to the services specific to the affiliate class in that section.

Q. Are any of the Transmission & Substations class of services that are provided to SPS duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as SPS itself?

A. No. Within XES, none of the services grouped in the Transmission & Substations affiliate class are duplicated elsewhere. No other Xcel Energy subsidiary performs these services for the Operating Companies. In addition, SPS does not perform these services for itself. Although there are both XES and SPS employees in the Transmission organization, the SPS employees do not perform the same activities as the XES employees and they have separate responsibilities

and roles. Section III of my testimony discussed the activities of the XES and SPS employees. The services provided by the SPS employees are not duplicative of services provided by XES employees, although they work in coordination with and under the direction of the XES Transmission business area management.

Q. Do SPS's Texas retail customers benefit from the services that are part of the Transmission & Substations class of services?

A. Yes. The services of the Transmission & Substations affiliate class benefit SPS's customers by supporting the safe and reliable transmission of energy resources from the generators to the distribution system. For example, the Transmission Line Performance department monitors reliability performance and has developed reliability improvement plans for the transmission lines that are used to transport electricity to SPS's customers. These plans, initially developed by the department in 2013, and which will continue to be implemented beyond 2020, include reliability improvement initiatives that focus on: patrol-based end-of-life replacements on transmission structures and transmission switches; individual circuit renewal and refurbishment on the worst performing circuits; and adding or upgrading transmission lines and developing mitigation plans to improve reliability on high usage lines.

Similarly, the Substation System Performance department monitors reliability performance and develops reliability improvement plans for the transmission and distribution substations that are necessary for providing electricity to SPS's customers. These plans, also initially developed in 2013, and

which will continue to be implemented beyond 2020, include reliability improvement initiatives that focus on: infrastructure renewal with the replacement of equipment that is at or near end of life; prioritized maintenance of transmission and distribution circuit breakers, transmission and distribution transformers, distribution voltage regulators, and transmission instrument transformers that are deemed to present the highest risk to the system; installation of substation animal deterrent systems; upgrades of substation perimeter fencing; installation of protective schemes to allow reclosing after bus faults caused by animals; and installation of additional Remote Terminal Units at distribution substations. Ongoing maintenance activities include the performance of condition assessments on relay protection schemes and batteries, and diagnostics on circuit breakers, transformers, and regulators.

Q. What are the trends with regard to the reliability statistics for the SPS transmission system?

A. The primary reliability metric tracked is the System Average Interruption Duration Index ("SAIDI"), which is defined as the average number of minutes that a customer is interrupted in a given time period (e.g., annually) due to an outage. SAIDI is tracked at several levels, including distribution line, distribution substation, transmission line, and transmission substation. Table PDF-RR-2 reflects the SAIDI for the previous five years for transmission lines and all substations.

Table PDF-RR-2[5]

Year	Transmission Line SAIDI	Transmission Substation SAIDI	Distribution Substation SAIDI	Total Transmission & Substations SAIDI
2016	8.20	3.65	6.95	18.80
2017	10.91	4.35	1.42	16.68
2018	3.95	1.55	8.41	13.90
2019	4.78	4.28	13.42	22.48
2020	4.58	3.09	11.90	19.56

SPS's transmission line and transmission substation SAIDI metrics have remained relatively stable between 2016 – 2020, averaging 6.48 minutes for transmission lines and 3.38 minutes for transmission substations. The improvement in SPS's transmission SAIDI metrics since 2017 can be attributed to increased investment in transmission projects to enhance system reliability and to serve increasing loads in parts of SPS's Texas and New Mexico service areas.

SPS's total 2019 and 2020 SAIDI metrics reflect an increase over prior year levels primarily due to increased outage times associated with distribution substations. In 2019, the SAIDI for distribution substations increased by 5.01 minutes over 2018 levels. This increase was due to three isolated outage events at different substations totaling 5.28 minutes. These outages resulted from: (1) equipment damage caused by an animal encroachment; (2) an accidental switching error by SPS personnel; and (3) a protective relay setting error. In 2020, while the SAIDI for distribution substations improved, it was still high as compared to 2016 through 2018 levels due to four isolated outage events

[5] Table PDF-RR-2 is based on the corporate normalization method effective as of the end of 2013.

occurring at different substations on SPS's New Mexico system. These four outages totaled 4.14 minutes. These outage events were caused by: (1) equipment damage caused by an animal encroachment; (2) a protective relay setting error; (3) an equipment failure (fuse) at one substation; and (4) an overloaded transformer that resulted from high customer loads due to extreme heat in August 2020. In addressing these events, SPS has continued to focus on training personnel and other process improvements to avoid errors that were a result of "human error." Further, SPS has upgraded substation equipment, such as the installation of "Critter Guards" to minimize the impact of animals and birds on substation equipment. Finally, as with transmission, SPS continues to invest in distribution projects to enhance system reliability and serve its expanding customer loads.

C. The Transmission & Substations Class of Services are Provided at a Reasonable Cost

Q. Are the costs of the Transmission & Substations class of services reasonable?

A. Yes. The costs of the Transmission & Substations class of services are reasonable. XES provides these services on a consolidated basis, which provides SPS with the benefit of a pool of talented professionals, economies of scale, and the distribution of the consolidated costs among the Operating Companies. By managing these functions through XES, resources are used as efficiently as possible across the Operating Companies' Transmission organization, resulting in lower costs overall.

1. Additional Evidence

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

A. Yes. Of the estimated Updated Test Year costs for the Transmission & Substations class, 80.60% are compensation and benefits costs for XES personnel. Mr. Deselich and Mr. Schrubbe establish that the level of Xcel Energy's compensation and benefits is reasonable and necessary.

2. Budget Planning

Q. Is a budget planning process applicable to the Transmission & Substations class of affiliate costs?

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

Q. During the fiscal year, does the Transmission business area monitor its actual expenditures versus its budget?

A. Yes. Actual versus expected expenditures are monitored on a monthly basis by management within each department of the Transmission organization. Deviations are evaluated each month to ensure that costs are appropriate. In addition, action plans are developed to mitigate variations in actual to budgeted

expenditures. These mitigation plans may either reduce or delay other expenditures so that overall spending complies with the authorized budget.

Q. Are employees within the Transmission business area held accountable for deviations from the budget?

A. Yes. All management employees in the Transmission business area have specific budgetary targets that are measured on a monthly basis to ensure adherence to the targets and provide for action plan development to address variances. All XES Transmission management employees are required to manage their expenses to support the budgetary goals established by their manager.

3. Cost Trends

Q. Please state the dollar amounts of the actual per book charges from XES to SPS for the Transmission & Substations class of services for the three fiscal years preceding the end of the Updated Test Year and the estimated per book charges for the estimated Updated Test Year.

A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar years), the actual per book and, for the Updated Test Year, the estimated per book affiliate charges (Column I on Attachment PDF-RR-A) from XES to SPS for the services grouped in the Transmission & Substations affiliate class:

Table PDF-RR-3

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Transmission & Substations	$6,531,964	$7,148,432	$6,187,234	$6,270,114

Q. What are the reasons for this trend?

A. The decrease in costs between 2018 and 2019 can be attributed to Xcel Energy's review of the controls in place for Engineering & Supervision costs allocated to SPS. In 2018, Xcel Energy performed a re-study and determined that departments charging costs to the Engineering & Supervision cost centers were supporting capital projects more than O&M projects. As a result, a larger percentage of those costs were booked as capital expense beginning in 2019. The cost for the Transmission & Substations affiliate class between 2019 and the Updated Test Year remained stable overall.

4. Staffing Trends

Q. Please provide the staffing levels for the Transmission & Substations class of services for the three fiscal years preceding the end of the Updated Test Year and the Updated Test Year.

A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar years) and for the Updated Test Year, the average of the end of month staffing levels for the Transmission & Substations class of services.

Table PDF-RR-4

	Average End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Transmission & Substations	486	495	506	494

Q. What are the reasons for this trend?

A. Average staffing levels have remained stable overall between 2017 and the Updated Test Year. The decease in staffing levels for the Updated Test Year reflects positions that remain unfilled.

5. Cost Control and Process Improvement Initiatives

Q. Separate from the budget planning process, does the Transmission & Substations affiliate class take any steps to control its costs or to improve its services?

A. Yes. The Transmission organization has several initiatives that are focused on driving productivity and effectiveness. For example, the Productivity Through Technology effort is designed to leverage technology and improved processes to achieve efficiencies across Xcel Energy. For the Transmission organization, in particular, it has resulted in efficiency gains that are realized across many of the maintenance activities that are performed in the Operating Companies by identifying better tools for the field forces to record and receive work activity. Additionally, better mobile tools for reporting of labor hours and equipment conditions allow for quicker management decisions on activities resulting in better productivity. Improved reliability measures are possible with the increased availability of operational data that allows for targeted maintenance activities based on current field conditions, with the ability to transition quickly as conditions in the field warrant.

D. The Costs for the Transmission & Substations Class of Services are Priced in a Fair Manner

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

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

Q. How are the costs of the Transmission & Substations affiliate class billed to SPS?

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

In SPS's 45-day case update, I will present updated Attachments PDF-RR-A and PDF-RR-B(CD) so that the entries for the last three months of the Updated Test Year provide actual data and conform to the information provided for the first nine months. In the event the predominant billing methods and

associated allocation methods for the Transmission & Substations affiliate O&M expenses on my updated Attachments PDF-RR-A and PDF-RR-B(CD) differ from those discussed below, I will explain those differences in supplemental testimony in SPS's 45-day case update filing.

Q. What are the predominant allocation methods used for billing the costs that SPS seeks to recover for the Transmission & Substations affiliate class of services?

A. Of the requested XES charges to SPS for this class, all were charged using one of the following two allocation methods:

- Direct Billing – 61.20% of XES charges to SPS - $3,906,179; and
- Electric Transmission Plant – 38.80% of XES charges to SPS - $2,476,669.

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

A. For the cost centers that are assigned using the "Direct Billing" method, the costs normally reflect work that was performed specifically for SPS only. In some cases, however, the direct billing occurred after the application of an off-line allocator that tracks the relevant cost drivers. In either situation, the cost centers charged using the "Direct Billing" method are appropriate because the assignment of costs is in accordance with the distribution of benefits for the services received. For example, the labor and employee expense costs related to regional planning activities for SPS's transmission system were assigned using the "Direct Billing" method. The cost of these services benefitted SPS, the work was performed specifically for SPS alone, and the cost drivers were the regional planning

activities and associated load studies required for SPS. Thus, the "Direct Billing" method is appropriate because it assigns costs in accordance with cost causation and benefits received. For the cost centers that assign costs using Direct Billing, the per unit amounts charged by XES to SPS are no higher than the unit amounts billed by XES to other affiliates for the same or similar services and represent the actual costs of the services.

Q. Why is it appropriate to allocate costs based upon the "Electric Transmission Plant" method for the costs captured in the cost centers that use that allocation method?

A. For the cost centers charged using the "Electric Transmission Plant" method as the allocator, the costs are driven by the transmission assets of all of the Operating Companies. For example, the labor costs associated with developing standards, evaluating performance, and establishing criteria for maintaining transmission plant assets of all of the Operating Companies, which are collected in Cost Center 200122 – Transmission Electric FERC 560 (E&S), are assigned using the "Electric Transmission Plant" allocation method. Thus, the costs in this cost center are allocated among the Operating Companies based on each Operating Company's proportionate share of total Operating Company transmission plant assets (i.e., the transmission plant assets of a particular Operating Company as a percentage of the total transmission plant assets of all of the Operating Companies). This allocation of costs to affiliates is appropriate because it allocates costs for the services in accordance with cost causation and the distribution of the benefits of the services received. For the cost centers that

assign costs based upon this allocation method, the per unit amounts charged by XES to SPS as a result of the application of this allocation method are no higher than the unit amounts billed by XES to other affiliates for the same or similar services and represent the actual costs of the services.

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

A. Yes.

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF RANDALL)

PERRY D. FOSTER 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.

Perry D. Foster
PERRY D. FOSTER

Subscribed and sworn to before me this 27 day of January 2021 by PERRY D. FOSTER.

Donna M Anderson
Notary Public, State of Texas

My Commission Expires: 6/17/2024

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
	Production				
1	500	Operation Supervision and Engineering	$ 1,584,420	$ 2,220,371	$ 3,804,791
2	501.35	Coal Non-Mine; Non-Freight	$ 32,900,061	$ -	32,900,061
3	507.70	Coal Ash Sales	$ (1,525,777)	$ 1,603,318	77,540
4	502	Steam Expenses	$ 10,813,001	$ 300	10,813,301
5	505	Electric Expenses	$ 9,365,875	$ (6)	9,365,868
6	506	Miscellaneous Steam Power Expenses	$ 9,583,693	$ 4,165,010	13,748,704
7	507	Rents	$ 29,041	$ 3,320,913	3,349,954
8	509	Steam Operation SO2 Allowance Expense	$ -	$ -	-
9	509.02	Allowances - NM Nox Expense Amortz	$ 34,908	$ -	34,908
10	510	Maintenance Supervision and Engineering	$ 506,357	$ 134,911	641,268
11	511	Maintenance of Structures	$ 3,673,190	$ 4,228	3,677,418
12	512	Maintenance of Boiler Plant	$ 11,792,802	$ 879,815	12,672,617
13	513	Maintenance of Electric Plant	$ 6,855,891	$ 400,864	7,256,756
14	514	Maintenance of Miscellaneous Steam Plant	$ 9,297,296	$ 19,963	9,317,259
15	546	Operation Supervision and Engineering	$ (59,716)	$ 465,664	405,948
16	546W	Operation Supervision and Engineering Wind	$ 113,231	$ 34,346	147,577
17	548	Generation Expenses	$ 293,086	$ 39,164	332,249
18	549	Misc Other Power Generation Expenses	$ 342,737	$ 358,506	701,243
19	549W	Misc Other Power Generation Expenses Wind	$ 8,507,925	$ -	8,507,925
20	550	Rents	$ 11,758	$ 364,276	376,034
	550W	Rents Wind	$ 5,319,674	$ -	5,319,674
21	551	Maintenance Supervision and Engineering	$ 1,180	$ 449,473	450,653
22	552	Maintenance of Structures	$ 234,508	$ (1)	234,507
23	553	Maintenance of Generating and Electric Equipment	$ 1,605,028	$ 424,153	2,029,181
24	553W	Maintenance of Generating and Electric Equipment Wind	$ 4,398,462	$ 1,289	4,399,751
25	554	Maintenance of Misc Other Power Generation Plant	$ (67,888)	$ 11,490	(56,398)
26	554W	Maintenance of Misc Other Power Generation Plant Wind	$ 4,104,846	$ -	4,104,846
27	556	System Control and Load Dispatching	$ -	$ 1,095,557	1,095,557
28	557	Purchased Power Other	$ (5,214,908)	$ 1,952,664	(3,262,244)
29	557.90	REC Costs	$ 4,110,497	$ -	4,110,497
30	**Total Production O&M Expense**		**$ 118,611,178**	**$ 17,946,268**	**$ 136,557,446**

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
	Transmission				
31	**560**	**Operation Supervision and Engineering**	**$ 1,046,989**	**$ 6,958,673**	**$ 8,005,661**
32	561.1	Load Dispatch - Reliability	$ (169,941)	$ -	(169,941)
	561.11	Load Dispatch - Reliability	$ 170,599	$ -	
33	561.2	Load Dispatch - Monitor and Operate Trans. System	$ 2,098,567	$ 1,195,630	3,294,196
34	561.4	Scheduling, System Control and Dispatching Services	$ 3,637,403	$ -	3,637,403
35	561.4W	Scheduling, System Control and Dispatching Services - Wholesale	$ 1,065,179	$ -	1,065,179
36	561.5	Reliability, Planning and Standards Development	$ -	$ 27,616	27,616
37	561.6	Transmission Service Studies	$ 10,956	$ 22,033	32,989
38	561.7	Generation Interconnection Studies	$ (13,397)	$ 158,983	145,587
39	561.8	Reliability Planning and Standards Development Services	$ 2,756,221	$ -	2,756,221
40	561.8W	Reliability Planning and Standards Development Services - Wholesale	$ 464,991	$ -	464,991
41	**562**	**Station Expenses**	**$ 1,479,573**	**$ 43**	**1,479,616**
42	**563**	**Overhead Line Expenses**	**$ 1,491,499**	**$ 1,527**	**1,493,026**
	565	Transmission of Others	$ 288,806	$ -	
43	565	Wheeling Lamar DC Tie	$ -	$ -	-
44	565	Wheeling Meter Charges	$ 403,986	$ -	403,986
45	565	Wheeling Miscellaneous	$ 4,036,141	$ -	4,036,141
46	565	Wheeling Schedule 11	$ 140,353,019	$ -	140,353,019
47	565	Wheeling Schedule 11 - Wholesale	$ 31,315,163	$ -	31,315,163
48	565	Wheeling Schedule 12	$ 2,678,896	$ -	2,678,896
49	565	Wheeling Schedule 12 - Wholesale	$ 639,203	$ -	639,203
50	565	Wheeling Schedule 1 - Wholesale	$ 599,438	$ -	599,438
51	565	Wheeling Schedule 2	$ 107,336	$ -	107,336
52	565	W-Wheeling Schedule 2 - Wholesale	$ 30,251	$ -	30,251
53	565	Wheeling Schedule 9	$ 10,448,848	$ -	10,448,848
54	565	Wheeling Schedule 9 - Wholesale	$ 31,154,821	$ -	31,154,821
55	565	Z2 Direct Assigned Upgrade Charge	$ 249,444	$ -	249,444
56	565	Z2 Direct Assigned Upgrade Charge - Wholesale	$ 17,766	$ -	17,766
57	565	Z2 Schedule 11 Charges	$ -	$ -	-
58	565	Z2 Schedule 11 Charges - Wholesale	$ -	$ -	-
59	**566**	**Misc Transmission Expenses**	**$ 2,142,416**	**$ 1,293,758**	**3,436,174**
60	**567**	**Rents**	**$ 115,413**	**$ 1,509,504**	**1,624,917**
	569	**Transmission Mtce of Structures**	**$ -**	**$ -**	
61	**568**	**Maintenance Supervision and Engineering**	**$ -**	**$ -**	**-**
62	**570**	**Maintenance of Station Equipment**	**$ 1,490,422**	**$ (2)**	**1,490,419**
63	**571**	**Maintenance of Overhead Lines**	**$ 560,841**	**$ 48,655**	**609,496**
64	**Sub-Total Transmission O&M Expenses**		**$ 240,670,851**	**$ 11,216,420**	**$ 251,427,866**
	Regional Market Expenses				
65	575.1	Operation Supervision	$ 13,612	$ 154,014	$ 167,626
66	575.2	Day-Ahead and Real-Time Market Administration	$ -	$ 306,670	306,670
67	575.5	Ancillary Services Market Administration	$ -	$ 15,371	15,371
68	575.6	Market Monitoring and Compliance	$ -	$ 26,637	26,637
69	575.7	Market Admin, Monitoring, and Compliance Services	$ 5,692,999	$ -	5,692,999
70	575.7W	Market Admin, Monitoring, and Compliance Services - Wholesale	$ 1,849,773	$ -	1,849,773
71	575.8	Regional Market Rents	$ 4,944	$ 39,759	44,703
72	**Total Regional Market Expenses**		**$ 7,561,327**	**$ 542,452**	**$ 8,103,779**
73	**Total Transmission O&M Expenses**		**$ 248,232,178**	**$ 11,758,872**	**$ 259,531,645**

Southwestern Public Service Company

SPS Transmission Operation & Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
	Distribution				
74	580	Operation Supervision and Engineering	$ 4,159,461	$ 653,231	$ 4,812,691
75	581	Load Dispatching	$ 53,518	$ 325,552	379,070
76	582	Station Expenses	$ 1,061,336	$ (5)	1,061,332
77	583	Overhead Line Expenses	$ 593,544	$ 88,191	681,736
78	584	Underground Line Expenses	$ 625,682	$ (0)	625,682
79	585	Street Lighting and Signal Systems Expenses	$ 564,247	$ 31,248	595,496
80	586	Meter Expenses	$ 2,080,418	$ 168,816	2,249,234
81	587	Customer Installations Expenses	$ 672,562	$ 233	672,796
82	588	Misc Distribution Expense	$ 5,154,037	$ 1,901,606	7,055,643
83	589	Rents	$ 306,415	$ 2,112,339	2,418,754
84	590	Maintenance Supervision and Engineering	$ 19,265	$ 30,466	49,732
85	591	Maintenance of Structures	$ (22,102)	$ -	(22,102)
86	592	Maintenance of Station Equipment	$ 724,252	$ 2,662	726,914
87	593	Maintenance of Overhead Lines	$ 10,191,875	$ 203,106	10,394,982
88	594	Maintenance of Underground Lines	$ 88,641	$ (0)	88,641
89	595	Maintenance of Line Transformers	$ 1,262	$ -	1,262
90	596	Maintenance of Street Lighting and Signal Systems	$ 304,806	$ (1)	304,806
91	597	Maintenance of Meters	$ 55,405	$ -	55,405
92	598	Maintenance of Misc Distribution Plant	$ 41,218	$ 3,158	44,376
93	**Total Distribution O&M Expenses**		**$ 26,675,843**	**$ 5,520,604**	**$ 32,196,447**
	Customer Accounts				
94	901	Supervision	$ -	$ 22,478	$ 22,478
95	902	Meter Reading Expenses	$ 4,408,365	$ 640,349	5,048,714
96	903	Customer Records and Collection Expenses	$ 2,872,880	$ 4,497,473	7,370,353
97	904	Uncollectible Expenses	$ 6,043,905	$ -	6,043,905
98	904	Uncollectible Expenses	$ (588,242)	$ -	(588,242)
	905	Customer Accounts Miscellaneous	$ 77,254	$ 59,453	
99	DEPINT	Customer Deposit Interest Expense	$ 126,563	$ -	126,563
100	**Total Customer Accounts Expense**		**$ 12,940,726**	**$ 5,219,752**	**$ 18,023,771**
	Customer Service				
101	908.00	Customer Assistance Expense	$ 1,757,163	$ 116,564	$ 1,873,726
102	908.00	Historical EE Amortization	$ -	$ -	$ -
103	908.01	EE Amortization - Texas	$ -	$ -	-
104	908.03	EE Amortization - New Mexico	$ -	$ -	-
105	908.04	SaversSwitch	$ 667,364	$ 5,947	673,311
106	909.10	Informational and Instructional Advertising Expense	$ (39,529)	$ 39,529	0
107	910.00	Miscellaneous Customer Service Expense	$ 64,360	$ 34,403	98,763
108	**Total Customer Service Expense**		**$ 2,449,358**	**$ 196,443**	**$ 2,645,801**
	Sales				
108	912.00	Demonstration and Selling Expense-Economic Development	$ 218,209	$ 58,243	$ 276,452
109	916.00	Miscellaneous Sales Expense	$ 5,516	$ 3,075	$ 8,592
110	**Total Sales Expense**		**$ 223,725**	**$ 61,318**	**$ 285,043**

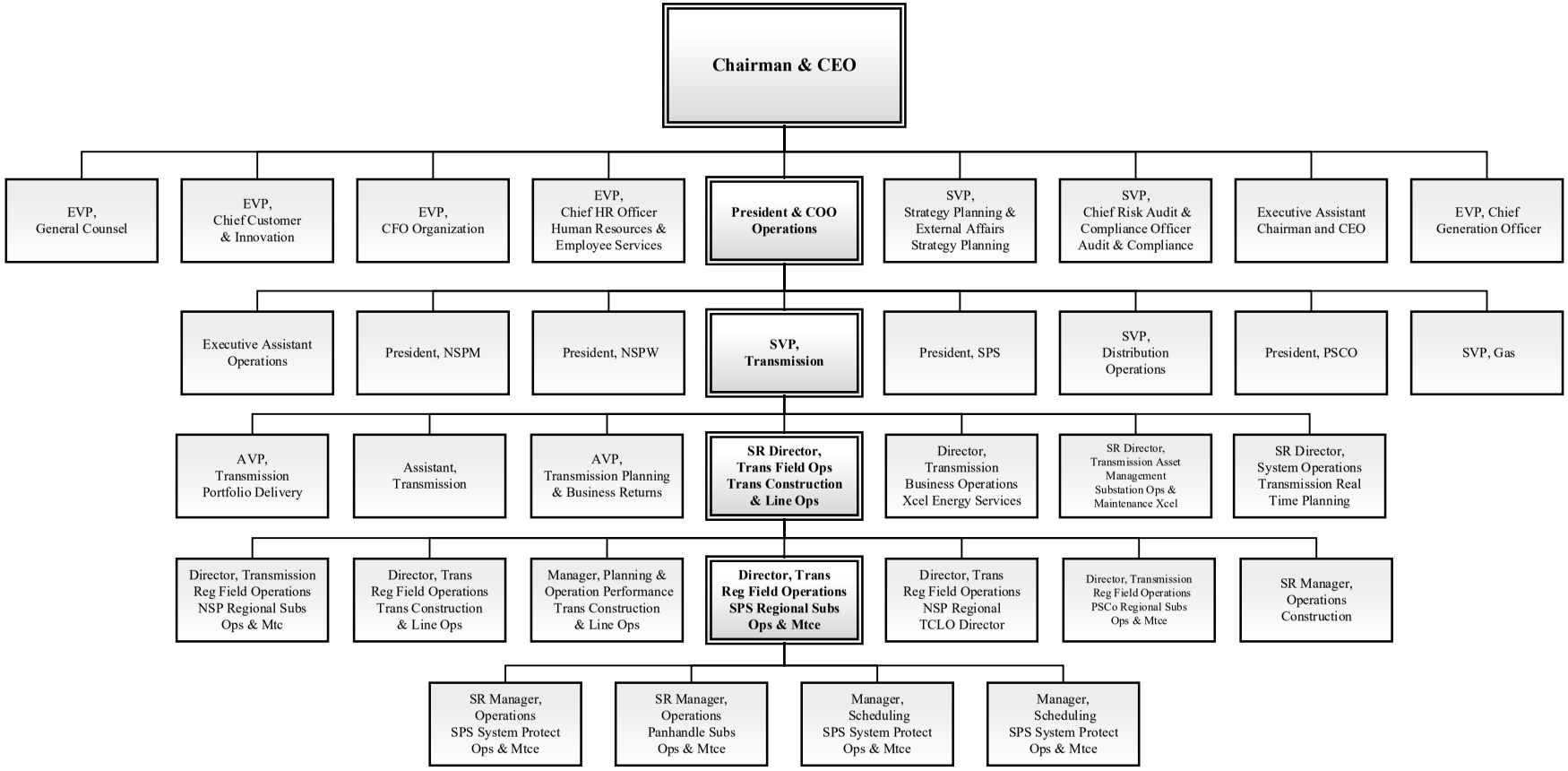
Southwestern Public Service Company

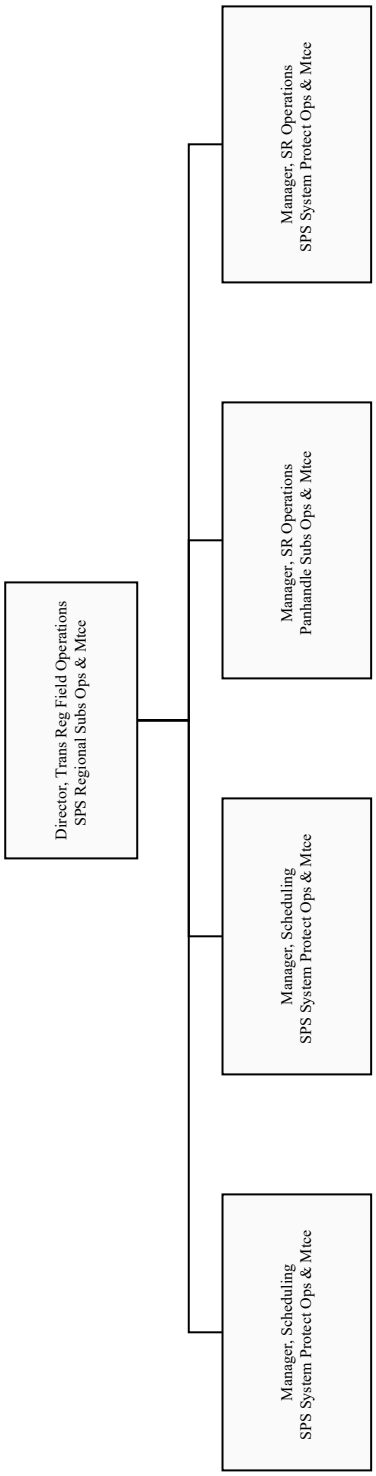
SPS Transmission Operation & Maintenance Expenses

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
	Administrative and General Expenses				
111	920	Administrative and General Salaries	$ 4,567,528	$ 29,033,835	$ 33,601,363
112	921	Office Supplies and Expenses	$ 3,128,572	$ 17,013,148	20,141,721
113	922	Administrative Expenses Transferred-Credit	$ (19,367,350)	$ (504,767)	(19,872,117)
114	923	Outside Services Employed	$ 888,279	$ 5,816,408	6,704,688
115	924	Property Insurance	$ 3,853,753	$ 1,543	3,855,296
116	925	Injuries and Damages	$ 5,657,269	$ 2,213,162	7,870,431
117	926.01	Employee Pensions and Benefits	$ 17,512,113	$ 9,035,911	26,548,023
118	926.03	Deferred Pension Expense	$ -	$ -	-
	928	A&G Regulatory Commission Expense	$ -	$ -	
119	928	Regulatory Commission Expense - TX	$ 1,489,288	$ -	1,489,288
120	928.01	Regulatory Commission Expense - NM	$ 2,293,032	$ -	2,293,032
121	928.02	Regulatory Commission Expense - Wholesale	$ 1,949,917	$ -	1,949,917
122	928.03	Regulatory Commission Expense - Transmission Related	$ -	$ -	-
123	928.04	Regulatory Commission Expense - Misc	$ (83,936)	$ (12)	(83,947)
124	928.05	Regulatory Commission Expense - Energy Related	$ -	$ -	-
125	929	Duplicate Charges-Credit	$ (1,149,547)	$ -	(1,149,547)
126	930.11	General Advertising Expenses	$ -	$ -	-
127	930.20	Misc General Expenses	$ (39,822)	$ 310,444	270,623
128	931	Rents	$ (1,913,122)	$ 13,846,230	11,933,108
129	935	Maintenance of General Plant	$ 76	$ 38,890	38,966
130		Recoverable Contributions, Dues, and Donations	$ 2,130,030	$ -	2,130,030
131	**Total Administrative and General Expenses**		**$ 20,916,080**	**$ 76,804,794**	**$ 97,720,874**
132	**Total Operations and Maintenance Expense**		**$ 430,049,088**	**$ 117,508,051**	**$ 546,961,027**

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment SNN-RR-2

Southwestern Public Service Company
Organizational Chart – Transmission
As of September 30, 2020




Director, Trans Reg Field Operations
SPS Regional Subs Ops & Mtce
Manager, SR Operations
SPS System Protect Ops & Mtce
Manager, SR Operations
Panhandle Subs Ops & Mtce
Manager, Scheduling
SPS System Protect Ops & Mtce
Manager, Scheduling
SPS System Protect Ops & Mtce

Southwestern Public Service Company

Summary of XES Expenses to SPS by Affiliate Class and Billing Method
For the Twelve Months Ended December 31, 2020

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Line No.	**Affliate Class**	**Billing Method (Cost Center)**	**Allocation Method**	**Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)**	**XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)**	**XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)**	**Exclusions**	**Per Book**	**Pro Formas**	**Requested Amount (Total Company)**	**% of Class Charges**
1	Transmission & Substations	200122 - Transmission Electric Supervision & Engineering (S&E) FERC 560	Electric Transmission Plant	$ 8,123,951.79	$ 5,660,680.04	$ 2,463,271.75	$ (6,753.95)	$ 2,456,517.80	$ 20,150.73	$ 2,476,668.53	38.80%
2	Transmission & Substations	200125 - Transmission Electric Supervision & Engineering (S&E) NSPM & NSPW FERC 560	Electric Transmission Plant	3,596,105.18	3,596,105.18	-	-	-	-	-	0.00%
3	Transmission & Substations	Direct	Direct	12,579,630.87	8,765,873.55	3,813,757.32	(161.05)	3,813,596.27	92,582.52	3,906,178.79	61.20%
4	**Transmission & Substations Total**			**$ 24,299,687.84**	**$ 18,022,658.77**	**$ 6,277,029.07**	**$ (6,915.00)**	**$ 6,270,114.07**	**$ 112,733.25**	**$ 6,382,847.32**	**100.00%**
5	**Total Witness Perry D. Foster**			**$ 24,299,687.84**	**$ 18,022,658.77**	**$ 6,277,029.07**	**$ (6,915.00)**	**$ 6,270,114.07**	**$ 112,733.25**	**$ 6,382,847.32**	
	Amounts may not add or tie to other schedules due to rounding										

Southwestern Public Service Company

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

Perry D. Foster

2021 TX Rate Case

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

PDF-RR-B(CD) is provided in electronic format.

Southwestern Public Service Company

Exclusions from XES Expense to SPS
For the Twelve Months Ended December 31, 2020

(A)	(B)	(C)	(D)	(E)
Line No.	**Affiliate Class**	**FERC Account**	**Explanation for Exclusions**	**Exclusions (Total Company)**
1	Transmission & Substations	426.1 - Donations	Below the Line	$ (1,378.63)
2	Transmission & Substations	426.4 - Expenditures for certain civic, political and related activities	Below the Line	(4,581.11)
3	Transmission & Substations	426.5 - Other Deductions	Below the Line	(955.26)
4	**Transmission & Substations Total**			**$ (6,915.00)**
5	**Total Witness Perry D. Foster**			**$ (6,915.00)**
	Amounts may not add or tie to other schedules due to rounding			

Southwestern Public Service Company

Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account
For the Twelve Months Ended December 31, 2020

(A)	(B)	(C)	(D)	(E)	(F)
Line No.	**Affiliate Class**	**FERC Account**	**Explanation for Pro Formas**	**Sponsor**	**Pro Formas (Total Company)**
1	Transmission & Substations	560 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	$ 144,653.68
2	Transmission & Substations	560 - Operation supervision and engineering	Business Area Adjustment	Perry D. Foster	(35,254.41)
3	Transmission & Substations	561.2 - Load dispatch-Monitor and operate transmiss system	Business Area Adjustment	Perry D. Foster	(30.68)
4	Transmission & Substations	563 - Overhead line expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	39.93
5	Transmission & Substations	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1,759.35
6	Transmission & Substations	566 - Miscellaneous transmission expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(57.65)
7	Transmission & Substations	571 - Maintenance of overhead lines	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	226.53
8	Transmission & Substations	580 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1,183.18
9	Transmission & Substations	580 - Operation supervision and engineering	Business Area Adjustment	Perry D. Foster	(7.28)
10	Transmission & Substations	588 - Miscellaneous distribution expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	218.01
11	Transmission & Substations	926 - Employee pensions and benefits	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	2.60
12	**Transmission & Substations Total**				**$ 112,733.25**
13	**Total Witness Perry D. Foster**				**$ 112,733.25**
	Amounts may not add or tie to other schedules due to rounding				