

DOCKET NO. _____

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

**DIRECT TESTIMONY
of
LAWRENCE A. BICK**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: BickRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
A&G	Administrative and General
Commission	Public Utility Commission of Texas
EEO	equal employment opportunity
FERC	Federal Energy Regulatory Commission
IFMA	International Facilities Management Association
MWH or MWh	megawatt hour
Native SPS Costs	Costs directly incurred by SPS
O&M	Operation and maintenance
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS
OSHA	Occupational Safety and Health Administration
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 any jurisdictional allocations)
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020
WBS	Work Breakdown Structure
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
LAB-RR-1	Property Services Capital Additions for July 1, 2019 through September 30, 2020 (Filename: LAB-RR-1.xlsx)
LAB-RR-2	Property Services Capital Additions for October 1, 2020 through December 31, 2020 (Filename: LAB-RR-2.xlsx)
LAB-RR-3	SPS Administrative and General Rents and Maintenance of General Plant Expenses (Filename: LAB-RR-3.xlsx)
LAB-RR-4	Human Resources and Employee Services Chart (Non-native format)
LAB-RR-5	OSHA Statistics (Filename: LAB-RR-5.xlsx)
LAB-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (Filename: LAB-RR-ABCD.xlsx)
LAB-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (Filename: LAB-RR-ABCD.xlsx)
LAB-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (Filename: LAB-RR-ABCD.xlsx)
LAB-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (Filename: LAB-RR-ABCD.xlsx)

**DIRECT TESTIMONY
OF
LAWRENCE A. BICK**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is Lawrence A. Bick. My business address is 414 Nicollet Mall,
4 Minneapolis, Minnesota 55401.

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

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

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

10 A. I am employed by Xcel Energy Services Inc. (“XES”), the service company
11 subsidiary of Xcel Energy, as Senior Director, Property and Aviation Services.

12 **Q. Please briefly outline your responsibilities as Senior Director, Property and**
13 **Aviation Services.**

14 A. I have executive responsibility for all corporate real estate, buildings, and
15 grounds, including five million square feet of facilities in eight states and 165
16 campuses. This includes responsibility for capital projects, operations,
17 maintenance, administrative services, and project engineering and architecture for
18 these properties. I also direct the Aviation and Travel Services organization.

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

20 A. In 1980, I earned a Bachelor of Science in Civil Engineering from Purdue
21 University. In 1990, I earned a Master of Business Administration from St.
22 Ambrose University.

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

2 A. My career began in 1980 as a Project Engineer for Iowa-Illinois Gas & Electric

3 Company, where I was promoted to Senior Engineer, managing facilities-related

4 projects, and then Manager, Utility Service. In 1995, I became Manager, Gas

5 Engineering, for MidAmerican Energy, directing a team of engineers and

6 technicians building gas pipelines and managing pipeline integrity programs. In

7 1998, I joined Northern States Power Company as Manager, Gas Engineering,

8 and was subsequently promoted to Manager, Northwest Region Gas Operations.

9 In 2001, I became Director, Delivery Design, for Xcel Energy, with responsibility

10 for all gas and electric distribution projects in the Northern States Power

11 Company (Minnesota and Wisconsin) region. In 2002, I was promoted to

12 Managing Director, Property Services, responsible for operation and maintenance

13 (“O&M”) for all Xcel Energy Operating Company call centers, headquarters

14 buildings, and service centers.¹ In 2012, I was given additional responsibility to

15 manage physical security for all Xcel Energy facilities, including power plants,

16 transmission lines, and corporate facilities, and was named Senior Director,

17 Property & Security Services. In 2014, my responsibilities were expanded to

18 include direction of Aviation and Travel Services. In 2016, Security Services was

19 moved into a different organization.

¹ The Xcel Energy Operating Companies are Northern States Power Company – Minnesota, a Minnesota corporation; Northern States Power Company – Wisconsin, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS.

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

3 A. Yes. As a component of my professional development, throughout my career, I
4 have attended numerous technical seminars, including Utility Finance
5 Accounting, the Public Utilities Reports Guide, and gas and electric transmission
6 and distribution engineering, design, operations, and maintenance seminars.

7 **Q. Do you hold any professional licenses?**

8 A. Yes. I am credentialed as a Certified Facility Manager by the International
9 Facilities Management Association (“IFMA”) and also hold a Sustainability
10 Facilities Professional credential from the same organization.

11 **Q. Are you a member of any professional organizations?**

12 A. Yes. I am a member of the IFMA, the American Society of Civil Engineers, the
13 Building Owners and Managers Association, National Business Aviation
14 Association, and the Association of Security International Professionals.

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

16 A. Yes. I submitted written testimony to the Public Utility Commission of Texas
17 (“Commission”) in Docket Nos. 43695, 45524, 47527, and 49831,² SPS’s most
18 recent base rate proceedings, on the issues of property services-related capital
19 additions and certain classes of affiliate services, including the three classes I am

² *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 43695 (Dec. 18, 2015); *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 45524 (Jan. 26, 2017); *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 47527 (Dec. 10, 2018); *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 49831 (Aug. 27, 2020).

1 supporting in this proceeding. I have also submitted written testimony before the
2 New Mexico Public Regulation Commission on these same issues in numerous
3 cases.

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A. I first explain how the Property Services and Physical Security Services capital projects are ranked, estimated, selected for funding, and managed. Next, I present the major Property Services and Physical Security Services capital additions from July 1, 2019 through December 31, 2020, including the cost data for: (1) the capital additions that closed to plant-in-service during the period from July 1, 2019 through September 30, 2020, and (2) the capital additions that closed to plant-in-service or were expected to close to plant-in-service during the period from October 1, 2020 through December 31, 2020, which is the Update Period for this case.³

- Property Services;
- Workforce Relations & Safety; and
- Aviation & Travel Services.

⁴ Affiliate charges are those amounts charged to SPS for goods or services provided by employees of XES or one of the other Xcel Energy affiliates. In contrast, native costs are costs incurred by or on behalf of SPS's own employees.

1 I explain that the O&M expenses are reasonable and necessary to support the
2 electric service SPS provides to its customers and are representative of future
3 costs. With regard to the affiliate classes themselves, my testimony will:

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

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

14 A. The Property Services and Physical Security Services capital additions total
15 \$9,918,368 on a total company basis for the period from July 1, 2019 to
16 December 31, 2020. The amount for projects placed in service during the period
17 from July 1, 2019 through September 30, 2020 is \$9,257,491. The amount for
18 projects that were placed in service or were expected to be placed in service
19 during the period from October 1, 2020 through December 31, 2020 is estimated
20 to be \$660,877. All of these prudently incurred costs arise from reasonable and
21 necessary capital projects to secure, construct, equip, repair, and maintain SPS's
22 service centers, call center, storage facilities, and office facilities. They are
23 necessary to provide functional and safe facilities for SPS's operations and are
24 used in providing service to customers. Therefore, the Commission should
25 authorize these Property Services and Physical Security Services capital additions
26 to be included in SPS's rate base.

1 Some of the capital additions placed in service between July 1, 2019 and
2 December 31, 2020 include capitalized affiliate charges. The charges from SPS's
3 affiliates for a particular service are no higher than the charge by that affiliate to
4 any other entity for the same or similar service, and those services are provided at
5 the affiliate's cost. The capitalized affiliate costs are reasonable and necessary
6 capital costs to provide functional and safe facilities for SPS's operations and are
7 used in providing service to customers. Accordingly, I recommend that the
8 Commission approve recovery of the capitalized affiliate charges.

9 I also recommend that the Commission approve SPS's requested amount
10 of O&M expenses for the Property Services and Physical Security Services
11 organization for the Test Year. Those amounts are reasonable and necessary for
12 SPS to provide safe and reliable electric service to its customers. As I
13 demonstrate in my testimony, the affiliate costs included in the O&M costs satisfy
14 the affiliate-cost standards applicable under Texas law.

15 **Q. You mentioned earlier that certain costs for the Update Period are estimates.**
16 **Please explain why you are presenting estimates.**

17 A. As discussed in more detail by SPS witness William A. Grant, SPS will be using
18 an Updated Test Year in this case. SPS's initial filing presents actual O&M
19 expenses for the Test Year (October 1, 2019 through September 30, 2020) and
20 estimated information for the three-month period from October 1, 2020 through
21 December 31, 2020, which is the Update Period. Accordingly, the costs that SPS
22 seeks to recover for the first nine months of the Updated Test Year (i.e., January
23 2020 through September 2020) are actual costs, whereas the costs for the last

1 three months (i.e., October 2020 through December 2020) are a mixture of both
2 actual and estimated cost information.⁵

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

5 A. Yes. SPS will file an update 45 days after the application has been filed, and that
6 update will provide actual costs to replace the estimates in the application for the
7 Update Period. As part of that process, my Attachments LAB-RR-A through
8 LAB-RR-D will be updated to replace estimates of affiliate O&M expenses
9 incurred by SPS during the Updated Test Year with actual expenses. My
10 Attachment LAB-RR-3 will also be updated to replace estimates of SPS's native
11 costs with actual expenses.

12 **Q. Were the attachments to your testimony prepared by you or under your**
13 **direct supervision and control?**

14 A. Yes, as to Attachments LAB-RR-4 and LAB-RR-5. SPS witness Mark P. Moeller
15 and his staff prepared Attachments LAB-RR-1 and LAB-RR-2. My staff and I
16 have reviewed them, and I believe them to be accurate. SPS witness Stephanie N.
17 Niemi and her staff prepared Attachment LAB-RR-3 based on the cost of service
18 study. My staff and I have reviewed that attachment, and I believe it to be
19 accurate. SPS witness Ross L. Baumgarten and his staff prepared Attachments
20 LAB-RR-A through LAB-RR-D. My staff and I have reviewed those
21 attachments, and I believe them to be accurate. Although some of the information

⁵ My attachments provide actual costs for October and November 2020, and they provide estimates for December 2020 based on the forecasted budget. However, the October and November expenses have not gone through the full pro forma adjustment review process, and therefore they are subject to change.

1 presented in my attachments also appears in other witnesses' attachments, I have
2 presented the information in the attachments to my testimony for the convenience
3 of those reviewing my testimony.

1 **III. THE RANKING, ESTIMATION, SELECTION FOR FUNDING, AND**
2 **MANAGEMENT OF PROPERTY SERVICES AND PHYSICAL**
3 **SECURITY SERVICES CAPITAL ADDITIONS**

4 **Q. Please describe the Property Services and Physical Security Services business**
5 **area and the work that Property Services and Physical Security Services**
6 **performs to support SPS's operations.**

7 A. The Property Services and Physical Security Services business area provides,
8 maintains, and secures the properties and facilities that are used by SPS to serve
9 its customers. The work performed by the business area that is directly related to
10 capital projects includes:

- 11 • Property – Responsible for real estate; facilities O&M; building
12 construction projects; space coordination; employee move management;
13 and office equipment provision and support.
- 14 • Physical Security – Responsibility for the physical security of facilities
15 and employees; asset protection; performing investigations and incident
16 response; managing the Security Operations Center 24 hours a day, 7 days
17 a week, 365 days a year; and assisting in regulatory compliance.

18 Capital additions are a necessary part of this work in order for SPS to provide safe
19 and reliable electric utility service to SPS customers.

20 **Q. Please describe the process for ranking and funding Property Services and**
21 **Physical Security Services capital projects.**

22 A. Early each year, the Property Services and Physical Security staff evaluates
23 corporate facilities to identify projects for inclusion in the capital budget for the
24 following year. Property Services and Physical Security Services identifies both
25 short-term and long-term facilities needs in coordination with facility and project
26 managers. The needs may be greater than the organization's ability to fund them,
27 so the Property Services and Physical Security Services organization has
28 implemented a careful, methodical approach for evaluating and prioritizing SPS's

1 needs and any proposed investments. New items identified are categorized and
2 prioritized along with existing multi-year capital projects. The evaluation
3 considers factors such as facility safety, opportunities for increased efficiencies,
4 and urgency of equipment replacement in relation to potential consequences of
5 equipment failure. Projects that are related to safety have the highest priority.
6 Other projects are reviewed with the relevant Operating Company staff to verify
7 need and priority. The final project list for a given year is based on funding all
8 safety projects first, and then funding the remaining projects based on priority in
9 consideration of overall Xcel Energy capital guidelines.

10 Safety-related projects such as new or replacement fire alarm systems,
11 uninterruptible power supply, fire suppressing sprinkler systems, and building
12 code requirements are all funded to comply with safety requirements of local
13 governmental jurisdictions.

14 Projects, such as office consolidations, mechanical equipment
15 replacements, and structural projects that are not safety-related, receive funding
16 based on a highest cost-benefit analysis and return on investment. Projects that
17 are more appearance-related, such as office furniture, landscaping, and
18 improvements to common building areas, receive funding based on comparison to
19 existing building standards. For example, projects that are most likely to bring
20 facility conditions to established standards are funded before those that have less
21 benefit.

22 Property Services and Physical Security Services conducts reviews on an
23 ongoing basis as new needs arise and priorities change, sometimes resulting in
24 deferring projects in order to match the available funds.

1 **Q. Please generally describe how the Property Services and Physical Security**
2 **Services business area develops cost estimates for proposed capital additions.**

3 A. Property Services and Physical Security Services develop cost information in
4 different ways depending on the type of project involved. For smaller projects,
5 Property Services collects past project cost information and historical data used to
6 approximate costs for similar work. These costs are weighed against the active
7 year's economic climate, and costs are adjusted accordingly to reflect factors such
8 as the construction industry activity in the area, the cost of materials/labor, oil
9 prices, and the location of the work/access to labor. For some larger projects,
10 Property Services hires a third-party estimator to develop an estimate based on a
11 defined scope of work.

12 **Q. Please explain how Property Services and Physical Security Services capital**
13 **costs are managed.**

14 A. After the estimates are developed, all projects follow a project flow process that
15 requires reviews and approvals at the budget, management, senior management,
16 and executive levels. After this approval, the projects are reviewed by project
17 managers, area management, and corporate finance on a monthly basis to
18 compare the monthly budget to actual expenditures. Each project's budget is
19 updated monthly with a current forecast for all remaining months, including
20 current year-to-date spending. Further, year-to-date actual expenditures are
21 compared with year-to-date forecasts and year-end forecasts. Deviations are
22 identified, and recommendations are reviewed and approved. Changes to
23 budgeted project costs are reported to the finance department on a monthly basis.

1 When a project's actual costs will exceed the original budget or an
2 unbudgeted emergency occurs, all lower priority projects included in that year's
3 budget are reviewed by Property Services and Physical Security Services
4 management to determine whether they can be delayed or removed to cover the
5 costs of those emergencies. For example, a parking lot that is not draining
6 correctly and is creating unsafe ice patches would be a higher priority than
7 replacing the lighting or windows to increase efficiency, which can be delayed to
8 a future year.

1 **IV. PROPERTY SERVICES AND PHYSICAL SECURITY**
2 **SERVICES CAPITAL ADDITIONS**

3 **Q. As part of this rate case, is SPS requesting to include any Property Services**
4 **and Physical Security Services capital additions in its rate base?**

5 A. Yes. SPS is requesting authorization to include in rate base those Property
6 Services and Physical Security Services capital additions that closed or were
7 expected to close to plant-in-service during the period from July 1, 2019 through
8 December 31, 2020. In Subsection A, I address the capital additions that closed
9 to plant-in-service during the period from July 1, 2019 through September 30,
10 2020. In Subsection B, I discuss the capital additions that closed to plant-in-
11 service or were expected to close to plant-in-service during the period from
12 October 1, 2020 through December 31, 2020. All of these Property Services and
13 Physical Security Services capital additions, which relate to SPS's offices and
14 facilities, support SPS's ability to provide safe and reliable electric service to its
15 customers.

16 **A. Property Services and Physical Security Services Capital**
17 **Additions for the Period from July 1, 2019 through September 30,**
18 **2020**

19 **Q. What is the total company dollar amount of the Property Services and**
20 **Physical Security Services capital additions that SPS placed in service for the**
21 **period from July 1, 2019 through September 30, 2020?**

22 A. SPS placed in service \$9,257,491 of Property Services and Physical Security
23 Services capital additions during the period from July 1, 2019 through September
24 30, 2020. SPS seeks to include that amount in rate base. Ms. Niemi allocates the

total company dollar amount among SPS's jurisdictions (Texas retail; New Mexico retail; and wholesale).

Q. Have you prepared a list of the Property Services and Physical Security Services capital additions closed to plant-in-service during the period from October 1, 2019 through September 30, 2020?

A. Yes. Attachment LAB-RR-1 lists the Property Services and Physical Security Services capital additions placed in service during the period from July 1, 2019 through September 30, 2020. Attachment LAB-RR-1 contains the information listed in Table LAB-RR-1:

Table LAB-RR-1

Column A —	Work Breakdown Structure (“WBS”) Level 4 Number ⁶	Provides the WBS Level 4 number for the project.
Column B —	WBS Level 4 Description	Provides a short title for the WBS Level 4 number for the project.
Column C —	Asset Class	Identifies the type of asset.
Column D —	Witness	Identifies the witness supporting the project.
Column E —	Project Category	Provides the project category that is descriptive of the project's type.
Column F —	WBS Level 2 Number	Provides the WBS Level 2 number for the project.
Column G —	WBS Level 2 Description	Provides a short title for the WBS Level 2 number for the project.

⁶ Mr. Moeller discusses the WBS terminology in his direct testimony.

Column H —	In-Service Date	Provides the in-service date of the WBS Level 2 Number part of the project.
Column I —	Additions to Plant-in-Service (July 1, 2019 – September 30, 2020)	Provides the total company dollar amount of the addition to plant-in-service for the project.
Column J —	XES Charges (Included in Column I)	Provides the amount of charges from XES that are included in the total company dollar amount of addition to plant-in-service for the project in Column I.
Column K —	Other Affiliate Charges (Included in Column I)	Provides the amount of charges from affiliates other than XES that are included in the total company dollar amount of addition to plant-in-service for the project in Column I.
Column L —	Total Affiliate Charges (Included in Column I)	Provides total of Columns J and K associated with new plant-in-service shown in Column I.
Column M —	Total Native Charges (Columns I less L) Within the Total Additions to Plant-in-Service Shown in Column (I)	Provides the dollar amount (total company) of the addition to plant-in-service in Column I that is not an affiliate charge.

- 1 **Q. Please describe the Property Services-related capital additions placed in**
2 **service between July 1, 2019 and September 30, 2020 in more detail.**
- 3 A. As shown in Table LAB-RR-2, the capital additions for this period fall within
4 three categories: Buildings and Infrastructure; Office Equipment; and Tools and
5 Equipment.

Table LAB-RR-2
Property-Service Related Capital Additions
(Total Company)

Project Category	Capital Additions for the Period July 1, 2019 through September 30, 2020
Buildings and Infrastructure	\$8,213,086
Office Furniture and Equipment	\$827,733
Tools and Equipment	\$216,672
Total	\$9,257,491

Q. Please describe the types of projects included in the “Buildings and Infrastructure” category.

A. This category of investment contains the capital additions for constructing, maintaining, renovating, remodeling, and furnishing building facilities and infrastructure used by or for the benefit of SPS in its provision of retail electric service to its customers. The total investment in this category amounts to \$8,213,086 during the period. Major projects included in this category are:

Amarillo Tech Center Bldg Acquisition – \$6,059,770 (WBS Level 2 Number D.0001810.097) – This project involved the purchase of the Amarillo Technical Center, which was previously leased, eliminating O&M lease costs.

Amarillo Tech Center Land Acquisition – \$2,007,640 (WBS Level 2 Number D.0001810.096) – This project involved the purchase of the property on which the Amarillo Technical Center is located, eliminating O&M lease costs.

790 Buchanan OH Door Rplc – \$55,177 (WBS Level 2 Number D.0001810.087) – This project involved replacing two 22’ x 14’ overhead rolling doors and operators that had failed, creating a hazard to life and safety.

1 **Mechanical – Lubbock – Routine** – \$53,037 (WBS Level 2 Number
2 D.0001806.080) – This project involved the replacement of the building
3 automation system at the Lubbock Operations Center, which is used to
4 monitor and control the mechanical systems in the facility.

5 **Amarillo Trans Ctr OH Doors Rplc** – \$38,441 (WBS Level 2 Number
6 D.0001810.090) – This project involved replacing the overhead rolling
7 doors on the west side of the facility, which were damaged beyond repair
8 by heavy wind.

9 Combined, these projects account for over 99% of the total capital additions in
10 this category. The remaining costs are attributable to a small negative plant
11 addition due to trailing charges and charges for similar projects that total to less
12 than 1% of the total costs.

13 **Q. Please describe the types of projects included in the “Office Furniture &**
14 **Equipment” category.**

15 A. This category of investment involves interior furnishings and non-facility specific
16 equipment, such as office furniture and audio-visual equipment. The total
17 investment in this category amounts to \$827,733 during the period. The projects
18 included in this category are:

19 **Office Furn & Equipment – Electric** – \$814,901 (WBS Level 2 Number
20 A.0005014.101) – This project involved the replacement of office
21 furniture including, but not limited to, full workstation replacement, new
22 office chairs, sit-to-stand desks, and new conference room furniture at
23 Amarillo Operations Center, Amarillo Substation Building, Plainview
24 Service Center, and Canyon Service Center. Also included are upgrades to
25 the audio-visual system at Amarillo Operations Center.

26 **Office Furn & Equipment – Electric** – \$12,832 (WBS Level 2 Number
27 A.0005014.102) – This project involved the purchase of existing furniture
28 in the Santa Fe office and new furniture where necessary.

29 These projects account for 100% of the total capital additions in this category.

1 **Q. Please describe the types of projects included in the “Tools and Equipment”**
2 **category.**

3 A. This category of investment contains the capital additions for furnishing and
4 equipping building facilities and infrastructure used by or for the benefit of SPS in
5 its provision of retail electric service to its customers. The total investment in this
6 category amounts to \$216,672 during the period. The project in this category is:

7 **Tools & Equipment – Electric – TX – \$216,672** (WBS Level 2 Number
8 A.0006059.488). This project involved the purchase of batteries for an
9 uninterrupted power supply at Amarillo Operations Center; replacement of
10 a generator at Elmwood Service Center; purchase of a forklift for 790
11 Buchanan; replacement of a manlift at Amarillo Southwest Storage
12 building; upgrade of the audio-visual systems at 790 Buchanan and the
13 Amarillo Meter Reading building; and replacing and purchasing new ice
14 machines for the Amarillo Southwest Storage building.

15 This project accounts for 100% of the total capital additions in this category.

16 **Q. Were the Property Services-related capital additions placed in service during**
17 **the period from July 1, 2019 through September 30, 2020 reasonable and**
18 **necessary?**

19 A. Yes. The Property Services projects listed in Attachment LAB-RR-1 are
20 reasonable and necessary to provide the service centers, facilities, infrastructure,
21 furnishings, and equipment that are required to maintain service to SPS’s
22 customers, and to maintain them in a functional operating condition. As discussed
23 above, the Property Services management team oversees prioritization of capital
24 investments, and it ensures both that the capital projects are reasonable and
25 necessary and that the costs were prudently incurred.

1 **B. Property Services-Related Capital Projects Placed in Service**
2 **Between October 1, 2020 and December 31, 2020**

3 **Q. What is the total company dollar amount of the Property Services and**
4 **Physical Security Services capital additions that SPS placed in service or**
5 **expected to place in service for the period from October 1, 2020 through**
6 **December 31, 2020?**

7 A. SPS placed in service or expected to place in service \$660,877 of Property
8 Services and Physical Security Services capital additions during the period from
9 October 1, 2020 through December 31, 2020. SPS seeks to include that amount
10 in rate base. Ms. Niemi allocates the total company dollar amount among SPS's
11 jurisdictions (Texas retail; New Mexico retail; and wholesale).

12 **Q. Have you prepared a list of the Property Services and Physical Security**
13 **Services capital additions closed to plant-in-service during the period from**
14 **October 1, 2020 through December 31, 2020?**

15 A. Yes. Attachment LAB-RR-2 lists the Property Services and Physical Security
16 Services capital additions placed in service or expected to be placed in service
17 during the period from October 1, 2020 through December 31, 2020. Attachment
18 LAB-RR-2 contains the information listed in Table LAB-RR-3:

19 **Table LAB-RR-3**

Column A —	Asset Class	Identifies the type of asset.
Column B —	Witness	Identifies the witness supporting the project.
Column C —	Project Category	Provides the project category that is descriptive of the project's type.

1 **Q. Please describe the types of projects included in the “Buildings and**
2 **Infrastructure” category.**

3 A. The general description of the Buildings and Infrastructure category provided in
4 the previous subsection of this testimony applies to the Buildings and
5 Infrastructure projects included in Attachment LAB-RR-2. The total planned
6 investment in this category amounts to \$222,680 during the period. The main
7 project included in this category is the following:

8 **Lubbock Substation Roof Replacement** – \$222,496 – This project
9 includes the removal of evaporative coolers and replacement of the
10 leaking roof, which had to be replaced because of weather damage and
11 age.

12 This project accounts for over 99% of the total capital additions in this category.

13 The remaining costs are for a similar project of a minimal amount.

14 **Q. Please describe the types of projects included in the “Tools & Equipment”**
15 **category.**

16 A. The general description of the Tools & Equipment category provided in the
17 previous subsection of this testimony applies to the Tools & Equipment projects
18 included on Attachment LAB-RR-2. The total planned investment in this
19 category is \$58,215 during the period. The project category is composed of:

20 **Tools & Equipment** – \$58,215 – This project includes non-facility
21 specific tools and equipment utilized by facility staff to perform
22 maintenance.

23 These projects account for 100% of the total capital additions in this category.

1 **Q. Please describe the types of projects included in the “Office Furniture &**
2 **Equipment” category.**

3 A. The general description of the Office Furniture & Equipment category provided in
4 the previous subsection of this testimony applies to the projects included as
5 “Office Furniture & Equipment” on Attachment LAB-RR-2. The total planned
6 investment in this category is \$39,873 during the period. The project included in
7 this category is:

8 **Office Furniture & Equipment** – \$39,873. This project includes the
9 replacement or new purchase of non-facility specific furnishings, office
10 equipment, and audio-visual equipment.

11 This project accounts for 100% of the total capital additions in this category.

12 **Q. Please describe the types of projects included in the “Security – Controls and**
13 **Monitoring” category.**

14 A. This category of costs is necessary to help ensure the security of SPS facilities.
15 The total planned investment in this category is \$45,056 during the period. The
16 project category is composed of:

17 **Card Readers, Cabling, and Video Monitoring at Multiple Locations**
18 – \$45,056 – These projects are for integrated physical and Information
19 Technology security systems for access control, visitor management, and
20 video surveillance.

21 This accounts for 100% of the total capital additions in this category.

22 **Q. Please describe the types of projects included in the “Cybersecurity”**
23 **category.**

24 A. This category includes replacement of the firewalls at Energy Supply facilities in
25 SPS to meet the current corporate Cybersecurity requirements. The current
26 firewalls at the SPS facilities were installed in 2013 and do not have the latest

1 security features to meet the ever-increasing threats to generation facilities. The
2 new firewalls will incorporate the new features identified by Xcel Energy's
3 corporate Cybersecurity standards to meet these new threats. The total planned
4 investment in this category is \$250,504 during the period. The project included in
5 this category is:

6 **Firewall Upgrade** – \$250,504 – This project includes replacement of the
7 firewalls at Energy Supply facilities in SPS to meet the current corporate
8 Cybersecurity requirements.

9 This accounts for 100% of the total capital additions in this category.

10 **Q. Please describe the types of projects included in the “Outdoor/Area**
11 **Lighting” category.**

12 A. These costs were incurred to install or replace outdoor or area lights at SPS
13 facilities. Such lighting is necessary for the security of the premises and for the
14 safety of SPS employees who work at the facilities. The project included in this
15 category is:

16 **Outdoor/Area Lighting** – \$44,549 – This project includes installation and
17 replacement of outdoor and area lighting at SPS facilities to promote
18 safety and security at those facilities.

19 This accounts for 100% of the total capital additions in this category.

20 **Q. Are the Property Services and Physical Security Services capital additions**
21 **presented in Attachment LAB-RR-2 consistent with what is expected to be**
22 **placed in service during the period October 1, 2020 through December 31,**
23 **2020?**

24 A. Yes. Although the actual cost of any single capital project may vary somewhat
25 from the estimated amount on Attachment LAB-RR-2, it is possible that other

1 projects will emerge or replace those listed. Thus, Attachment LAB-RR-2 is a
2 reasonable estimate of the total costs of the Property Services and Physical
3 Security Services capital investment placed in service during the period from
4 October 1, 2020 through December 31, 2020.

5 **Q. Are capitalized affiliate costs included in the total costs?**

6 A. Yes. As initially filed, Attachment LAB-RR-2 contains only a total estimated
7 amount of affiliate charges, which is based on historic percentages for the
8 different asset classes. This is explained in more detail by Mr. Moeller. The
9 updated version of Attachment LAB-RR-2 will reflect actual affiliate charges for
10 the Update Period.

11 **Q. Were those capitalized affiliate costs necessary to complete the Property
12 Services and Physical Security Services capital projects?**

13 A. Yes. Many employees who support the Property Services and Physical Security
14 Services business area perform work that results in their labor and expenses being
15 capitalized, rather than expensed. In addition, the capital projects include
16 overhead charges that reflect costs for labor, goods, and services as discussed by
17 Mr. Moeller. When those projects are complete, the costs, including the labor
18 charges, are recorded as new assets.

19 **Q. Are the costs of these capitalized affiliate charges reasonable?**

20 A. Yes. Later in my testimony I address the reasonableness of the O&M affiliate
21 charges to SPS for several affiliate classes. I discuss the services provided and
22 explain that:

- 23 • those services are reasonable and necessary for SPS's operation,

- 1 • the costs for those services are reasonable and necessary,
- 2 • the services do not duplicate services that SPS provides to itself or that
- 3 are provided from any other source, and
- 4 • the XES charges to SPS for those services are no higher than the
- 5 charges to SPS affiliates for the same or similar services.

6 The affiliate charges that are capitalized satisfy those same standards, and
7 therefore those charges are reasonable and necessary. In addition, Mr.
8 Baumgarten and Mr. Moeller explain that costs for labor, goods, and services
9 charged to SPS by the Operating Companies and XES are reasonable and
10 necessary, and that the processes for including those capitalized charges are
11 appropriate and meet regulatory standards.

12 **Q. What is the difference between the affiliate charges that you discuss later in**
13 **your testimony and the affiliate charges you discuss regarding capital**
14 **additions?**

15 A. The affiliate charges that I discuss in this section of my testimony refer to the
16 capitalized affiliate charges associated with the Property Services and Physical
17 Security Services capital additions that were closed to plant-in-service during the
18 period from October 1, 2020 through December 31, 2020. In contrast, the
19 affiliate charges that I discuss later in my testimony reflect the O&M affiliate
20 expenses incurred during the Updated Test Year.

21 **Q. Are the Property Services and Physical Security Services capital additions**
22 **for the period presented in Attachment LAB-RR-2 reasonable and**
23 **necessary?**

24 A. Yes. The Property Services and Physical Security Services capital additions
25 presented in Attachment LAB-RR-2 are reasonable and necessary to provide and

1 maintain facilities needed for SPS's operations. They help provide a safe, secure,
2 and functional environment at each facility, which is necessary for SPS to provide
3 safe and reliable utility service to its customers. The process for developing costs
4 and managing projects that I discussed in Section III ensures that the expenditures
5 are reasonable and necessary, and that the costs were prudently incurred.

1 **V. AFFILIATE CLASSES SPONSORED**

2 **Q. Earlier in your testimony, you referred to “affiliate classes.” What do you**
3 **mean by the terms “affiliate classes” or “affiliate classes of services”?**

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

11 **Q. Which affiliate classes do you sponsor?**

12 A. I sponsor the following classes of affiliate services:

- 13 • Property Services;
- 14 • Workforce Relations & Safety; and
- 15 • Aviation & Travel Services.

16 **Q. Where do these affiliate classes fit into the overall affiliate structure?**

17 A. Attachment RLB-RR-6 to Mr. Baumgarten’s direct testimony provides a list and a
18 pictorial display of all affiliate classes, the dollar amounts for those classes, and
19 the sponsoring witness for each class. As seen on that attachment, the three
20 affiliate classes that I sponsor were part of the Human Resources and Employee
21 Services business area during the Updated Test Year. Attachment LAB-RR-4 to
22 my testimony is an organization chart showing the Human Resources and
23 Employee Services organization.

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

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

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

Column A —	Line No.	Lists the Attachment line numbers.
Column B —	Affiliate Class	Lists the affiliate class.
Column C —	Billing Method (Cost Center)	Shows the billing method that XES uses to charge the expenses to the affiliates, and the billing method short title. In 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 Billings for Class to all Legal Entities Except for SPS (FERC Acct. 400-935)	Shows XES billings to all legal entities except SPS for the affiliate class.

Column G —	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Shows XES billings to SPS (total company) for the affiliate class.
Column H —	Exclusions	Shows the total dollars to be excluded from Column G. Exclusions reflect expenses not requested, such as expenses not allowed or other expenses excluded from the cost of service.
Column I —	Per Book	Shows XES billings to SPS (total company), for the affiliate class, after the exclusions shown in Column H. The dollar amount in Column I is Column G plus Column H.
Column J —	Pro Formas	Shows the total dollar amount of pro forma adjustments to the dollar amount in Column I. Pro forma adjustments reflect revisions for known and measurable changes to the Updated Test Year expenses.
Column K —	Requested Amount (Total Company)	Shows the requested amount (total company) for the affiliate class. The dollar amount in Column K is Column I plus Column J.
Column L —	% of Class Charges	Shows the percentage of affiliate class charges billed using the cost center.

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

4 **Attachment LAB-RR-B(CD):** Provides the detail of the XES expenses
5 for the Property Services affiliate class that are summarized on Attachment
6 LAB-RR-A. The detail shows the XES expenses billed to SPS for the Property
7 Services affiliate class, itemized by the amount, with each expense listed by

1 individual activity and billing method (cost center). When summed, these
2 amounts tie to the amounts shown on Attachment LAB-RR-A, and the detail
3 regarding the expenses is organized to support that attachment. Specifically, the
4 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 LAB-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 LAB-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 LAB-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 LAB-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 LAB-RR-A.

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

1 Attachment LAB-RR-B(CD), Column E, the costs in Property Services include
2 shared asset costs that occur when employees in two or more of the Xcel Energy
3 legal entities use or share an asset owned by one of the Xcel Energy legal entities.
4 The transactions result in the sharing of the costs for that asset. Mr. Baumgarten's
5 Attachments RLB-RR-14 and RLB-RR-15 provide the Shared Assets Agreement
6 and First Amendment to the Shared Assets Agreement in effect during the
7 Updated Test Year. These documents address the terms of the sharing of the
8 assets, and identify the subject assets including property. Mr. Baumgarten, Mr.
9 Moeller, and Ms. Niemi further address the treatment of shared asset costs in this
10 case.

11 **Attachment LAB-RR-C:** Both Attachments LAB-RR-A and
12 LAB-RR-B(CD) show exclusions to the XES expenses billed to SPS for the
13 Property Services affiliate class (Attachment LAB-RR-A, Column H; Attachment
14 LAB-RR-B(CD), Column K). Attachment LAB-RR-C provides detail about
15 those exclusions listed on Attachments LAB-RR-A and LAB-RR-B(CD). The
16 columns on Attachment LAB-RR-C provide the following information.

17

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.

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

3 **Attachment LAB-RR-D:** Both Attachments LAB-RR-A and
4 LAB-RR-B(CD) show pro forma adjustments to SPS's per book expenses for the
5 Property Services affiliate class (Attachment LAB-RR-A, Column J; Attachment
6 LAB-RR-B(CD), Column M). Attachment LAB-RR-D provides information
7 about those pro forma adjustments shown on Attachments
8 LAB-RR-A and LAB-RR-B(CD). The columns on Attachment LAB-RR-D
9 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.

10 **Q. Does XES bill its expenses for the Property Services affiliate class to SPS in**
11 **the same manner as it bills other affiliates for those expenses?**

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

1 **Q. Are there any exclusions to the XES billings to SPS for the Property Services**
2 **affiliate class?**

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

11 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
12 **Property Services affiliate class?**

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

1 **Q. Attachment LAB-RR-D shows that you sponsor pro forma adjustments for**
2 **expenses for the Property Services affiliate class during the first nine months**
3 **of the Updated Test Year that result in a decrease for the Property Services**
4 **affiliate class of \$35. Please explain the adjustments.**

5 A. This adjustment removed charges that did not benefit SPS.

6 **B. The Property Services Class of Services are Necessary Services**

7 **Q. Are the services that are grouped in the Property Services affiliate class**
8 **necessary for SPS's operations?**

9 A. Yes. The services grouped in the Property Services affiliate class are necessary to
10 ensure that SPS employees have places to work and that their workspaces are
11 appropriately furnished and maintained. In addition, the equipment and
12 machinery used by SPS in providing electric service must be appropriately
13 housed, and it is necessary for SPS to have switchboard operators and record
14 analysts, among other types of employees. These services are provided for SPS
15 by the Property Services organization. They are functions required by all utilities,
16 and without them SPS would not be able to provide electric service to its
17 customers.

18 **Q. What are the specific services that the Property Services affiliate class**
19 **provides to SPS?**

20 A. The specific services that the Property Services affiliate class provides to SPS are:

21 • Providing office buildings and service center facilities. This includes
22 assessing real estate needs and devising the most cost-effective
23 strategies for meeting them; acquiring needed properties through
24 purchase or lease; administering leases; and constructing facilities;

- 1 • Operating and maintaining office buildings and service center
2 facilities. This includes: providing mechanical, electrical, plumbing,
3 architectural, engineering, construction, janitorial, housekeeping, and
4 landscaping services for the buildings and facilities; responding to
5 requests for repairs or maintenance; bidding and administering
6 contracts for the provision of these services; and overseeing
7 contractors;
- 8 • Providing office furniture and equipment. This includes assessing
9 needs for the interiors of the facilities and purchasing or otherwise
10 acquiring needed furniture and equipment such as desks, cubicles, and
11 chairs;
- 12 • Providing records services. This includes coordinating the movement
13 of inactive records from SPS to one of the corporate records centers
14 located in Colorado or Minnesota, and providing consulting services to
15 the business areas regarding record retention, schedules, and filing
16 requirements;
- 17 • Providing general switchboard services. This is provided through
18 three corporate switchboard operators located in Minneapolis (this is
19 distinct from customer call center operators) who take calls from
20 external and internal sources for all of Xcel Energy corporate and
21 operating staff, including SPS; and
- 22 • Providing print and mail services. This includes operation of print
23 shops, mail centers, and courier services, and bidding and
24 administering the contracts under which these services are provided
25 including performing oversight of contractors.

26 **Q. Are any of the Property Services class of services that are provided to SPS**
27 **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**
28 **SPS itself?**

29 A. No. Within XES, none of the services grouped in the Property Services affiliate
30 class are duplicated elsewhere. No other Xcel Energy subsidiary performs these
31 services for the Operating Companies. In addition, SPS does not perform these
32 services for itself.

1 **Q. Do SPS’s Texas retail customers benefit from the services that are part of the**
2 **Property Services class of services?**

3 A. Yes. The services of the Property Services affiliate class benefit SPS’s customers
4 in many ways. For example, the service centers located throughout the SPS
5 service territory house the equipment and vehicles used to maintain electric
6 service to customers. Those service centers are managed by Property Services.

7 **C. The Property Services Class of Services are Provided at a**
8 **Reasonable Cost**

9 **Q. Are the costs of the Property Services class of services reasonable?**

10 A. Yes. The costs of the Property Services class of services are reasonable. Because
11 the costs of the centralized services provided by the Property Services department
12 are shared across Xcel Energy affiliates, the costs to SPS are more reasonable
13 than if SPS were providing the services on its own. For example, there are
14 management and administrative costs associated with bidding, negotiating, and
15 monitoring the contract pursuant to which mail room services are provided.
16 Rather than repeating this process and incurring the administrative costs in
17 multiple Xcel Energy affiliates, the service is provided under one contract that is
18 administered by Property Services for Xcel Energy affiliates simultaneously, and
19 the administrative costs are shared. SPS also benefits from the economies of scale
20 that accrue when XES contracts for services and acquires equipment for Xcel
21 Energy affiliates as a group. For example, the equipment and service contracts
22 for office equipment are combined with others for like services in other territories,
23 resulting in lower per unit costs because of economies of scale. Economies of
24 scale also result in lower per unit costs for office furniture and equipment and
25 contracts for maintenance and housekeeping services.

1 *I. Budget Planning*

2 **Q. Is a budget planning process applicable to the Property Services class of**
3 **affiliate costs?**

4 A. Yes. Annual O&M budgets are created for the Property Services class of affiliate
5 costs, using guidelines developed at the corporate level. As part of the process,
6 historical spending information for the Property Services class of affiliate costs is
7 reviewed, changes that will be coming in the future are identified, and the costs
8 associated with those changes are analyzed prior to submitting a proposed budget.
9 The budgeting process is discussed in more detail by SPS witness Adam R.
10 Dietenberger.

11 **Q. During the fiscal year, are the actual expenditures of the Property Services**
12 **class of costs monitored versus the budget?**

13 A. Yes. Actual versus expected expenditures are monitored on a monthly basis. The
14 deviations are discussed and evaluated as to the anticipated impact to the
15 approved budget at the end of the year. Actions are developed to mitigate
16 variations in actual to budgeted expenditures. These mitigation actions may either
17 reduce or delay other expenditures so that overall expenditures are in compliance
18 with the authorized budget.

19 **Q. Are employees within the Property Services department held accountable for**
20 **deviations from the budget?**

21 A. Yes. All senior management employees in the Employee and Business Services
22 business area within Human Resources and Employee Services, which includes
23 the Property Services class of affiliate costs, are held accountable to meet the
24 established budget metric, and this is incorporated into their performance

1 evaluations. Failure to meet the performance metric will affect the manager's
2 performance evaluations and overall compensation.

3 2. *Cost Trends*

4 **Q. Please state the dollar amounts of the actual per book charges from XES to**
5 **SPS for the Property Services class of services for the three fiscal years**
6 **preceding the end of the Updated Test Year and the estimated per book**
7 **charges for the estimated Updated Test Year.**

8 A. The following table shows the estimated per book affiliate charges (Column I on
9 Attachment LAB-RR-A) from XES to SPS for the services grouped in the
10 Property Services affiliate class for 2017-2019 and for the Updated Test Year:

Table LAB-RR-6

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Property Services	\$11,269,181	\$12,522,629	\$11,559,883	\$11,410,583

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

12 A. The increase between 2017 and 2018 was due to increased maintenance costs,
13 annual contractual lease increases, and a full year of lease payments at 790
14 Buchanan. The change in costs between 2018 and the Updated Test Year was due
15 to changes in maintenance and annual contractual lease costs, along with changes
16 in labor costs.

1 3. *Staffing Trends*

2 **Q. Please provide the staffing levels for the Property Services class of services**
3 **for the three fiscal years preceding the end of the Updated Test Year and the**
4 **Updated Test Year.**

5 A. The following table shows the average end-of-month staffing levels for the
6 Property Services class of services for 2017-2019 and for the Updated Test Year.

7 **Table LAB-RR-7**

	Average of End-of-Month Headcount			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Property Services	33	31	32	31

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

9 A. The decrease in average staffing levels from 2017 to 2018 was due to employees
10 leaving the company and the positions not being backfilled or backfilled with full
11 time positions. The average staffing between 2018 and the Updated Test Year has
12 remained largely the same.

13 4. *Cost Control and Process Improvement Initiatives*

14 **Q. Separate from the budget planning process, does the Property Services**
15 **affiliate class take any steps to control its costs or to improve its services?**

16 A. Yes. The Property Services team continuously looks for ways to lower costs
17 without compromising safety or quality. For example, the Property Services team
18 evaluates the furniture and products used in offices, and it develops standards to

1 ensure they are durable and have a long life cycle, with the goal of achieving
2 lower costs long-term.

3 **D. The Costs for the Property Services Class of Services are Priced**
4 **in a Fair Manner**

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

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

16 **Q. How are the costs of the Property Services affiliate class billed to SPS?**

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

22 In SPS's 45-day case update, I will present updated Attachments
23 LAB-RR-A and LAB-RR-B(CD) so that the entries for the last three months of

1 the Updated Test Year provide actual data and conform to the information
2 provided for the first nine months. If the predominant billing methods and
3 associated allocation methods for the Property Services affiliate O&M expenses
4 on my updated Attachments LAB-RR-A and LAB-RR-B(CD) differ from those
5 discussed below, I will explain those differences in supplemental testimony in
6 SPS's 45-day case update filing.

7 **Q. What are the predominant allocation methods used for the costs that SPS**
8 **seeks to recover for the Property Services affiliate class of services?**

9 A. Nearly all of the requested XES charges to SPS for this class were charged using
10 Direct Billing (99.98% of XES charges to SPS or \$11,419,228).

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

13 A. For the cost centers that are assigned using the "Direct Billing" method, the costs
14 normally reflect work that was performed specifically for SPS only. In some
15 cases, however, the direct billing occurred after the application of an off-line
16 allocator that tracks the relevant cost drivers. In either situation, the cost centers
17 charged using the "Direct Billing" method are appropriate because the assignment
18 of costs is in accordance with the distribution of benefits for the services received.
19 For example, lease costs for 790 Buchanan were assigned using the "Direct
20 Billing" method. The portion of the lease costs assigned to SPS were incurred
21 specifically for SPS alone and, therefore, these services benefited SPS. Thus, the
22 "Direct Billing" method is appropriate because it assigns costs in accordance with
23 cost causation and benefits received. For the cost centers that assign costs using

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

4 **Q. You have covered the allocation methods used to bill 99.98% of the costs**
5 **associated with this affiliate class. Why have you not specifically covered the**
6 **remaining 0.02% of the costs of this class?**

7 A. I have described the predominant allocation methods associated with this affiliate
8 class. The remaining costs amounts to 0.02%, or \$2,149 of the costs. In light of
9 the relative dollar amount, I have not gone into a detailed discussion of the other
10 allocation method in order to keep the discussion to a manageable level. The cost
11 center (billing method) used to charge the remaining 0.02% of the costs in this
12 class, however, is presented in my Attachment LAB-RR-B(CD), discussed earlier.
13 A reader may reference that attachment and then refer to the specific cost center
14 (billing method) summary provided in Mr. Baumgarten's Attachment
15 RLB-RR-11 for an explanation of the particular allocators used and the cost
16 drivers for the activities reflected in that particular cost center.

17 **Q. Have you determined that the costs reflected in the remaining .02% of costs**
18 **associated with this class of services have been billed using an appropriate**
19 **billing method and allocation method?**

20 A. Yes. I have reviewed the cost center and the associated allocator used to bill the
21 remaining 0.02% of the costs of this class. The cost driver reflected in the
22 allocation method used to bill the costs of the cost center (billing method) are
23 consistent with and reflect the cost driver of the services captured in the particular
24 cost center (billing method). Therefore, the billing method and allocation method

1 is appropriate because the allocation of costs is in accordance with the distribution
2 of the benefits received by SPS and are no higher than the per unit costs charged
3 to other affiliates for the same or similar types of services.

1 **VII. AFFILIATE EXPENSES FOR THE WORKFORCE RELATIONS**
2 **& SAFETY CLASS OF SERVICES**

3 **A. Summary of Affiliate Expenses for the Workforce Relations &**
4 **Safety of Services**

5 **Q. What services are grouped into the Workforce Relations & Safety affiliate**
6 **class?**

7 A. The services that are grouped into the Workforce Relations & Safety affiliate
8 class are the development and implementation of safety programs, coordination of
9 Equal Employment Opportunity (“EEO”) investigation and compliance, oversight
10 of union/management relations, and the development and delivery of technical
11 training curricula for apprentices and ongoing technical training for journeymen.

12 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
13 **requests, on a total company basis, for the Workforce Relations & Safety**
14 **affiliate class?**

15 A. The following table (next page) summarizes the dollar amount of the estimated
16 Updated Test Year XES charges for the Workforce Relations & Safety affiliate
17 class. I will update the table below as part of SPS’s 45-day case update filing to
18 reflect the actual Updated Test Year costs for the Workforce Relations & Safety
19 affiliate class.

20 **Table LAB-RR-8**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Workforce Relations & Safety	\$9,082,195	\$1,448,879	53.71%	46.29%

1 **Q. Please describe the attachments that support the information provided on**
2 **Table LAB-RR-8.**

3 A. My testimony has four attachments that present information about the requested
4 SPS affiliate expenses for the Workforce Relations & Safety affiliate class. I
5 explained these attachments in detail in Section VI.A of my testimony.

6 **Q. Does XES bill its expenses for the Workforce Relations & Safety affiliate**
7 **class to SPS in the same manner as it bills other affiliates for those expenses?**

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

11 **Q. Are there any exclusions to the XES billings to SPS for the Workforce**
12 **Relations & Safety affiliate class?**

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

21 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
22 **Workforce Relations & Safety affiliate class?**

23 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test
24 Year expenses for known and measurable changes. Pro forma adjustments are

1 shown on Attachment LAB-RR-A, Column J, and on Attachment
2 LAB-RR-B(CD), Column M. The details for the pro forma adjustments,
3 including the witness or witnesses who sponsor each pro forma adjustment, are
4 provided in Attachment LAB-RR-D. Given the time of SPS's initial filing, only
5 the first nine months of the Updated Test Year have completed the full pro forma
6 adjustment review process. In SPS's 45-day case update, I will present an
7 updated Attachment LAB-RR-D that will complete the full pro forma adjustment
8 review process for the last three months of the Updated Test Year.

9 **Q. Attachment LAB-RR-D shows that you sponsor pro forma adjustments for**
10 **expenses for the Workforce Relations & Safety affiliate class during the first**
11 **nine months of the Updated Test Year that result in a net increase for the**
12 **Workforce Relations & Safety affiliate class of \$135. Please explain the**
13 **adjustments.**

14 A. The adjustments that I sponsor remove charges for life events (a decrease of
15 \$54.09), and costs not benefiting SPS (a decrease of \$80.95).

16 **B. The Workforce Relations & Safety Class of Services are**
17 **Necessary Services**

18 **Q. Are the services that are grouped in the Workforce Relations & Safety**
19 **affiliate class necessary for SPS's operations?**

20 A. Yes. The services grouped in the Workforce Relations & Safety affiliate class are
21 necessary to ensure that personnel have the technical training required for
22 providing electric service to SPS's retail customers and that SPS operates in a safe
23 manner. This includes the development, implementation, and oversight of safety
24 and training programs for SPS personnel, coordination of EEO investigation and
25 compliance, as well as programs designed to educate the public about safety

1 issues related to electrical hazards. The services of the class are also necessary to
2 ensure that SPS is represented in labor collective bargaining negotiations and
3 other interactions with represented employees and the unions. They are functions
4 required by all utilities, and without them SPS would not be able to provide
5 electric service to its customers.

6 **Q. What specific services does the Workforce Relations & Safety affiliate class**
7 **provide to SPS?**

8 A. The specific services provided to SPS by the Workforce Relations & Safety
9 affiliate class are:

- 10 • Providing learning, development, and training programs directed
11 toward creating a workforce that is competent and safe and that
12 complies with applicable corporate and governmental regulations.
13 This includes leading the SPS safety program, identifying, and
14 implementing best safety practices, and implementing safety programs
15 directed toward prevention of injuries and safety awareness. An
16 example is the Stop Work Responsibility program which gives all
17 employees the authority and responsibility to stop work if they think a
18 task is unsafe. The safety program also provides ergonomic training
19 for employees in order to avoid injuries and increase productivity;
- 20 • Developing and implementing a contractor safety program to ensure
21 that contractors meet company safety requirements and work safely
22 when on Xcel Energy premises;
- 23 • Providing oversight and management of public safety, education, and
24 information programs, including developing and creating
25 communication material for contractors, schools, and public officials
26 regarding electrical and gas safety as well as meeting regulations;
- 27 • Providing oversight and management of safety compliance and
28 interfacing with Occupational Safety and Health Administration
29 (“OSHA”). This includes responsibility for industrial hygiene and the
30 administration of medical surveillance of employees as required by
31 regulations. Medical surveillance includes medical exams or
32 assessments for employees who may have occupational health hazard
33 exposures and periodic exams for emergency response teams, crane
34 operators, and others as needed to meet United States Department of
35 Transportation requirements;

- 1 • Providing oversight and administration of the Transmission and
2 Distribution apprenticeship agreements with the United States
3 Department of Labor;
- 4 • Managing Xcel Energy's EEO Investigation process for all
5 jurisdictions to ensure compliance with Federal, State, and local laws
6 regarding equal employment opportunities, and consulting with all
7 levels of management to provide solutions to workplace issues for the
8 purpose of complying with all aspects of EEO laws and corporate
9 policy;
- 10 • Managing internal employee investigations involving non-EEO related
11 matters, code-of-conduct and other performance management issues;
12 and
- 13 • Dealing with labor relations issues, including negotiations and
14 administration of the Collective Bargaining Agreements, and
15 providing management support for grievances, positive discipline, and
16 bargaining employee relations issues.

17 **Q. Are any of the Workforce Relations & Safety class of services that are**
18 **provided to SPS duplicated elsewhere in XES or in any other Xcel Energy**
19 **subsidiary such as SPS itself?**

20 A. No. Within XES, none of the services grouped in the Workforce Relations &
21 Safety affiliate class are duplicated elsewhere. No other Xcel Energy subsidiary
22 performs these services for the Operating Companies, and SPS does not perform
23 these services for itself. Although there are both XES and SPS employees in the
24 Workforce Relations & Safety department, the SPS employees work in
25 coordination with and under the direction of the XES Workforce Relations &
26 Safety management. The SPS employees do not perform the same activities as
27 the XES employees and they have separate responsibilities and roles that are not
28 duplicative of the services provided by XES.

1 **Q. Do SPS’s Texas retail customers benefit from the services that are part of the**
2 **Workforce Relations & Safety class of services?**

3 A. Yes. The services of the Workforce Relations & Safety affiliate class benefit
4 SPS’s customers in many ways. For example, initiatives that are designed to
5 reduce accidents and provide a safe workplace help to minimize the costs
6 associated with injuries and staff down-time and increase employee productivity.
7 As shown on Attachment LAB-RR-2, from 2018 through 2020, SPS’s OSHA
8 recordable incident rate has increased (ranging from 1.21 to 3.87) compared to its
9 rate in 2012 through 2017 (ranging 1.17 to 1.63). The increase is due solely to
10 recordable cases of Covid-19.

11 **C. The Workforce Relations & Safety Class of Services are Provided**
12 **at a Reasonable Cost**

13 **Q. Are the costs of the Workforce Relations & Safety class of services**
14 **reasonable?**

15 A. Yes. The costs of the Workforce Relations & Safety class of services are
16 reasonable. Because the services of the Workforce Relations & Safety
17 department are provided on a centralized basis, with the costs shared across Xcel
18 Energy affiliates, there are economies of scale and lower per unit costs. For
19 example, development of the contractor safety program and associated costs are
20 spread among all Xcel Energy affiliates, resulting in a reduced cost to SPS for this
21 service.

1 *1. Additional Evidence*

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

4 A. Yes. More than 89.67% of the estimated Updated Test Year costs for the
5 Workforce Relations & Safety class consists of compensation and benefits costs
6 for XES personnel. SPS witnesses Michael P. Deselich and Richard R. Schrubbe
7 establish that the level of Xcel Energy's compensation and benefits is reasonable
8 and necessary.

9 *2. Budget Planning*

10 **Q. Is a budget planning process applicable to the Workforce Relations & Safety**
11 **class of affiliate costs?**

12 A. Yes. Annual O&M budgets are created for the Workforce Relations & Safety
13 class of affiliate costs, using guidelines developed at the corporate level. As part
14 of the process, historical spending information for the Workforce Relations &
15 Safety class of affiliate costs is reviewed, changes are identified that will be
16 coming in the future, and the costs associated with those changes are analyzed
17 prior to submitting a proposed budget. The budgeting process is discussed in
18 more detail by Mr. Dietenberger.

19 **Q. During the fiscal year, are the actual expenditures of the Workforce**
20 **Relations & Safety class of costs monitored versus the budget?**

21 A. Yes. Actual versus expected expenditures are monitored on a monthly basis. The
22 deviations are discussed and evaluated as to the anticipated impact to the
23 approved budget at the end of the year. Actions are developed to mitigate

1 variations in actual to budgeted expenditures. These mitigation actions may either
2 reduce or delay other expenditures so that overall spending is in compliance with
3 the authorized budget.

4 **Q. Are employees within the Workforce Relations & Safety department held**
5 **accountable for deviations from the budget?**

6 A. Yes. All senior management employees in the Safety business area within
7 Human Resources, which includes the Workforce Relations & Safety class of
8 affiliate costs, are held accountable to meet the established budget metric and this
9 is incorporated into their performance evaluations. Failure to meet the
10 performance metric will affect the manager's performance evaluations and overall
11 compensation.

12 *3. Cost Trends*

13 **Q. Please state the dollar amounts of the actual per book charges from XES to**
14 **SPS for the Workforce Relations & Safety class of services for the three fiscal**
15 **years preceding the end of the Updated Test Year and the estimated per**
16 **book charges for the estimated Updated Test Year.**

17 A. The following table (next page) shows the estimated per book affiliate charges
18 (Column I on Attachment LAB-RR-A) from XES to SPS for the services grouped
19 in the Workforce Relations & Safety affiliate class for 2017-2019 and for the
20 Updated Test Year:

1

Table LAB-RR-9

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Workforce Relations & Safety	\$1,401,360	\$1,267,672	\$1,268,865	\$1,441,027

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

3 A. The decrease in costs between 2017 and 2018 was primarily due to reductions in
 4 labor due to efficiency improvements, benefits costs, materials, consulting and
 5 fleet vehicle usage. Spending was reduced for apprentice and journeyman
 6 training materials. These materials were purchased as stock ran low and in large
 7 enough quantities to qualify for price breaks. Spending for these materials can
 8 vary widely by year. Contract labor was reduced due to projects requiring less
 9 industrial hygiene sampling for hazardous materials such as asbestos and lead.
 10 Lastly, transportation fleet cost was reduced due to a decrease in pool car usage.
 11 This portion of the expense can vary widely from year to year. The increase in
 12 cost between 2019 and the Updated Test Year was primarily due to labor
 13 increases.

14 *4. Staffing Trends*

15 **Q. Please provide the staffing levels for the Workforce Relations & Safety class**
 16 **of services for the three fiscal years preceding the end of the Updated Test**
 17 **Year and the Updated Test Year.**

18 A. The following table shows the average of the end-of-month staffing levels for the
 19 Workforce Relations & Safety class of services for 2017-2019 and for the
 20 Updated Test Year.

1

Table LAB-RR-10

	Average of End of Month Headcount			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Workforce Relations & Safety	83	75	74	74

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

3 A. The reduction in headcount from 2017 to 2019 came primarily from the Safety
4 and Technical Training departments. Both departments permanently reduced
5 headcount for efficiency purposes. Other 2018 headcount reductions were in
6 EEO/ER and Public Safety and were due to routine vacancies for which
7 replacements would be sought at a future date. The average staffing between
8 2019 and the Updated Test Year has remained the same.

9 *5. Cost Control and Process Improvement Initiatives*

10 **Q. Separate from the budget planning process, does the Workforce Relations &**
11 **Safety affiliate class take any steps to control its costs or to improve its**
12 **services?**

13 A. Yes. The Workforce Relations & Safety organization continually reviews its
14 plans, initiatives and staffing to ensure they are appropriate and to identify and
15 implement improvements. Staffing levels are increased only when it becomes
16 apparent that there will be a long-term need for a specific type of expertise that is
17 not currently on staff, when work levels appear to have increased on a permanent
18 basis, or when systematic employee transfers result in the need to replace staff.

Conversely, staff is decreased when the opposite trends become apparent. Because personnel costs make up the majority of the costs in the Workforce Relations & Safety department, these measures help to limit overall costs.

D. The Costs for the Workforce Relations & Safety 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 Workforce Relations & Safety 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 cost drivers associated with the service being provided, is used with each cost center (billing methods). 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 Workforce Relations & Safety affiliate class billed to SPS?

A. My Attachment LAB-RR-B(CD) shows all of the costs in this class broken out by activity, and in conjunction with Column C in my Attachment LAB-RR-A, shows the billing method associated with each activity. My Attachment LAB-RR-A shows the allocation method (Column D) associated with each billing method (Column C) used in the affiliate class. In this initial filing, only the first 11

1 months of the Updated Test Year have a cost center (billing method) and
2 allocation method associated with each activity.

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

11 **Q. What are the predominant allocation methods used for the costs that SPS**
12 **seeks to recover for the Workforce Relations & Safety affiliate class of**
13 **services?**

14 A. Approximately 99.97% of the requested XES charges to SPS for this class were
15 charged using one of the following five allocation methods:

- 16 • Direct Billing – 53.71% of XES charges to SPS – \$778,260.03;
- 17 • Number of Employees – 33.05% of XES charges to SPS –
18 \$478,877.18;
- 19 • Assets, Revenue, and Number of Employees – 9.84% of XES charges
20 to SPS – \$142,598.21;
- 21 • Megawatt hour (“MWH”) Generation – 1.98% of XES charges to SPS
22 – \$28,625.51; and
- 23 • Number of Customers – 1.39% of XES charges to SPS – \$20,077.45.

1 **Q. Why is the “Direct Billing” method appropriate for assigning the costs**
2 **captured in the cost centers that use that allocation method?**

3 A. For the cost centers that are assigned using the “Direct Billing” method, the costs
4 normally reflect work that was performed specifically for SPS only. In some
5 cases, however, the direct billing occurred after the application of an off-line
6 allocator that tracks the relevant cost drivers. In either situation, the cost centers
7 charged using the “Direct Billing” method are appropriate because the assignment
8 of costs is in accordance with the distribution of benefits for the services received.
9 For example, the costs related to accident prevention at the Tolk plant were
10 assigned using the “Direct Billing” method. The cost of these services benefited
11 SPS, the work was performed specifically for SPS alone, and the cost driver is
12 employee safety at an SPS plant. Thus, the “Direct Billing” method is appropriate
13 because it assigns costs in accordance with cost causation and benefits received.
14 For the cost centers that assign costs using Direct Billing, the per unit amounts
15 charged by XES to SPS are no higher than the unit amounts billed by XES to
16 other affiliates for the same or similar services and represent the actual costs of
17 the services.

18 **Q. Why is it appropriate to allocate costs of the Workforce Relations & Safety**
19 **affiliate class based upon the “Number of Employees” method for the costs**
20 **captured in the cost centers that use that allocation method?**

21 A. For the cost centers that use the “Number of Employees” method as the allocator,
22 the costs are driven by the services provided to employees. For example, Cost
23 Center 200166, which uses the “Number of Employees” method as the allocator,

1 captures costs associated with designing, implementing, and managing corporate
2 safety initiatives for employees. The cost driver for these services is the number
3 of employees to whom the safety initiatives are directed. Thus, this cost center
4 allocates costs among the Xcel Energy legal entities based upon the proportionate
5 share of employees of each Xcel Energy legal entity (i.e., the number of
6 employees of a particular legal entity as a percentage of the total number of
7 employees of all of the legal entities). This allocation method is appropriate
8 because it reflects the cost causation and the distribution of the benefits of the
9 services received. For the cost centers that assign costs based upon this allocation
10 method, the per unit amounts charged by XES to SPS as a result of the application
11 of this billing method are no higher than the unit amounts billed by XES to other
12 affiliates for the same or similar services and represent the actual costs of the
13 services.

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

17 A. The three factor allocation method using assets, revenue, and employees produces
18 an allocation of costs that recognizes the complexity, risk, and overall business
19 activity levels that drive the costs included in the cost centers and measures the
20 benefits received from those activities. For the cost centers billed using this
21 allocator, there is no one specific cost driver for the support tasks and services
22 provided, and the services benefit multiple Xcel Energy affiliates. For example,
23 the labor costs associated with developing and implementing corporate safety

1 programs designed to reduce occupational injuries and illnesses, which are
2 collected in Cost Center 200073 – HR Corp Governance, are allocated using this
3 method. Within the Xcel Energy holding company group, those legal entities that
4 have proportionately more assets, revenues, and employees will have more focus
5 placed on their operations due to those subsidiaries’ relative influence on the
6 consolidated business balance sheet, income statement, and statement of cash
7 flow, and the subsidiaries will benefit accordingly from the services provided.
8 Thus, allocating these costs based upon the average of the total asset ratio,
9 revenue ratio, and the employee ratio is appropriate because it allocates costs in
10 accordance with cost causation and benefits received. Mr. Baumgarten discusses
11 this billing method in more detail in his testimony. For the cost centers that
12 assign costs based upon this allocation method, the per unit amounts charged by
13 XES to SPS as a result of the application of this allocation method are no higher
14 than the unit amounts billed by XES to other affiliates for the same or similar
15 services and represent the actual costs of the services.

16 **Q. Why is it appropriate to allocate costs based upon the “MWh Generation”**
17 **method for the costs captured in the cost center that uses that allocation**
18 **method?**

19 A. Cost Center 200135, which uses the “MWh Generation” method as the allocator,
20 captures costs associated with services that support the power plants of the
21 Operating Companies. For example, the labor costs associated with providing
22 safety consulting and training for employees at SPS power plants are collected in
23 this Cost Center and assigned using the “MWh Generation” method. The costs

1 are driven by the generation production activities of the Operating Companies.
2 Thus, this cost center allocates costs among the Xcel Energy Operating
3 Companies based upon the proportionate share of MWh of generation of each
4 Operating Company (i.e., the MWh of generation of a particular Operating
5 Company as a percentage of the total MWh of generation of all of the Operating
6 Companies). This allocation reflects cost causation and the distribution of the
7 benefits of the services received. For the cost centers that assign costs based upon
8 this allocation method, the per unit amounts charged by XES to SPS as a result of
9 the application of this allocation method are no higher than the unit amounts
10 billed by XES to other affiliates for the same or similar services and represent the
11 actual costs of the services.

12 **Q. Why is it appropriate to allocate costs based upon the “Number of**
13 **Customers” method for the costs captured in the cost center that uses that**
14 **allocation method?**

15 A. Cost Center 200153, which uses the “Number of Customers” method as the
16 allocator, collects costs associated with providing public safety information and
17 education programs to customers. The cost driver for these activities is the
18 customers to whom the programs are directed. Thus, this Cost Center allocates
19 costs among the Operating Companies based upon the proportionate share of
20 customers of each Operating Company (i.e., the number of customers of a
21 particular Operating Company as a percentage of the total number of customers of
22 all of the Operating Companies). This allocation reflects cost causation and the
23 distribution of the benefits of the services received. For the cost centers that

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

5 **Q. You have covered the allocation methods used to bill 99.97% of the costs**
6 **associated with this affiliate class. Why have you not specifically covered the**
7 **remaining 0.03% of the costs of this class?**

8 A. I have described the predominant allocation methods associated with this affiliate
9 class. The remaining costs amount to 0.03%, or \$440.73 of the costs. In light of
10 the relative dollar amount, I have not gone into a detailed discussion of the other
11 allocation method in order to keep the discussion to a manageable level. The cost
12 center (billing method) used to charge the remaining 0.03% of the costs in this
13 class, however, is presented in my Attachment LAB-RR-B(CD), discussed earlier.
14 A reader may reference that attachment and then refer to the specific cost center
15 (billing method) summary provided in Mr. Baumgarten's Attachment RLB-RR-
16 11 for an explanation of the particular allocators used and the cost drivers for the
17 activities reflected in that particular cost center.

18 **Q. Have you determined that the costs reflected in the remaining 0.03% of costs**
19 **associated with this class of services have been billed using an appropriate**
20 **billing method and allocation method?**

21 A. Yes. I have reviewed the cost center and the associated allocator used to bill the
22 remaining .03% of the costs of this class. The cost driver reflected in the
23 allocation method used to bill the costs of the cost center (billing method) are
24 consistent with and reflect the cost driver of the services captured in the particular

1 cost center (billing method). Therefore, the billing method and allocation method
2 is appropriate because the allocation of costs is in accordance with the distribution
3 of the benefits received by SPS and are no higher than the per unit costs charged
4 to other affiliates for the same or similar types of services.

1 **VIII. AFFILIATE EXPENSES FOR THE AVIATION & TRAVEL SERVICES**
2 **CLASS OF SERVICES**

3 **A. Summary of Affiliate Expenses for the Aviation & Travel Services**
4 **Class of Services**

5 **Q. What services are grouped into the Aviation & Travel Services affiliate**
6 **class?**

7 A. The services that are grouped into the Aviation & Travel Services affiliate class
8 are those related to business travel on the corporate aircraft, including the cost of
9 leasing, maintaining, and operating and scheduling two corporate aircraft.

10 **Q. On what basis is SPS requesting recovery of the costs for Aviation & Travel**
11 **Services.**

12 A. While SPS properly incurred costs for the Aviation & Travel services through the
13 corporate aircraft, SPS is not directly requesting those costs. Instead, SPS is
14 requesting the amount that would have been incurred had commercial airlines
15 been utilized for this business travel rather than the corporate aircraft. This is
16 consistent with the treatment of these costs in Docket Nos. 45524, 47527 and
17 49831. To request these costs, I establish that these costs meet the criteria for
18 recovery, I also show that SPS properly incurred costs, and I present the amount
19 requested.

20 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
21 **requests, on a total company basis, for the Aviation & Travel Services**
22 **affiliate class?**

23 A. The following table summarizes the dollar amount of the estimated Updated Test
24 Year XES charges for the Aviation & Travel Services 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 Aviation & Travel Services affiliate class.

Table LAB-RR-11

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Aviation & Travel Services	\$4,171,067	\$15,750	0%	100%

It is important to recognize that the requested amount is approximately 2% of SPS's normal amount of aviation expenses because of the Covid-related restrictions on travel in 2020.⁸ The aviation expense is likely to rebound to pre-Covid 19 levels when the pandemic wanes. Accordingly, the amount that SPS is requesting in this case for Aviation & Travel Services expenses is extremely conservative.

Q. Please describe the attachments that support the information provided on Table LAB-RR-11.

A. There are four attachments to my testimony that present information about the requested SPS affiliate expenses for the Aviation & Travel Services affiliate class. I explained these attachments in detail previously in Section VI.A. of my testimony.

⁸ As shown in Table LAB-RR-12 of my testimony, the Aviation & Travel Services expenses in 2019 were \$757,782.

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

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

6 **Q. Are there any exclusions to the XES billings to SPS for the Aviation & Travel**
7 **Services affiliate class?**

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

16 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
17 **Aviation & Travel Services affiliate class?**

18 A. Yes. As I mentioned earlier, pro forma adjustments are revisions to Updated Test
19 Year expenses for known and measurable changes. Pro forma adjustments are
20 shown on Attachment LAB-RR-A, Column J, and on Attachment
21 LAB-RR-B(CD), Column M. The details for the pro forma adjustments,
22 including the witness or witnesses who sponsor each pro forma adjustment, are
23 provided in Attachment LAB-RR-D. As shown on that attachment, I am not a

1 sponsor for the pro forma adjustments for the Aviation and Travel Services
2 Affiliate Class. The adjustments have been calculated by SPS witness Richard D.
3 Starkweather and are sponsored by Ms. Niemi. Given the time of SPS's initial
4 filing, only the first nine months of the Updated Test Year have completed the full
5 pro forma adjustment review process. In SPS's 45-day case update, I will present
6 an updated Attachment LAB-RR-D that will complete the full pro forma
7 adjustment review process for the last three months of the Updated Test Year.

8 **Q. How were the costs that would have been incurred using commercial airlines**
9 **calculated?**

10 A. Mr. Starkweather performed this analysis and explains his methodology in detail
11 in his testimony. Mr. Starkweather began with the corporate aircraft flight log,
12 which allowed him to compile the number of passenger trips taken by Xcel
13 Energy personnel on the corporate aircraft during the Test Year between
14 Minneapolis/St. Paul, Denver, and Amarillo. He then applied the average
15 commercial ticket costs for the relevant quarterly time period to the number of
16 passengers who flew on the corporate aircraft to determine the equivalent
17 commercial airfare costs. The analysis was conservative because it only
18 accounted for trips between Minneapolis/St. Paul, Denver, and Amarillo, which as
19 Mr. Starkweather explains accounts for 87% of the business trips flown during the
20 Test Year. Thus, the analysis does not account for commercial airline costs
21 associated with 13% of the flights taken on the corporate aircraft during the Test
22 Year. In addition, the analysis did not include the related costs often incurred
23 when traveling commercially that are usually not incurred when trips are made on

1 the corporate aircraft, such as hotel and meal costs necessitated by overnight stays
2 required because of commercial flight schedules. Mr. Starkweather then updated
3 this analysis to determine the number of flights taken in the Updated Test Year
4 and what their associated costs would have been if they were taken on
5 commercial airlines.

6 **B. The Aviation & Travel Services Class of Services are Necessary**
7 **Services**

8 **Q. Are the services that are grouped in the Aviation & Travel Services affiliate**
9 **class necessary for SPS's operations?**

10 A. Yes. Business travel is necessary in order for SPS to provide service to retail
11 customers. XES and SPS personnel have to travel for both regular business
12 purposes such as meetings and site visits. Such travel is especially important
13 when personnel have to travel quickly to address emergency situations with plants
14 or service areas. Similar functions are required by all utilities.

15 **Q. What are the specific services that are provided to SPS by the Aviation &**
16 **Travel Services affiliate class?**

17 A. The specific services provided to SPS by the Aviation & Travel Services affiliate
18 class are flight services required for business travel by XES and SPS personnel
19 using two leased Cessna Sovereign aircraft. Additional services are the
20 scheduling of travel on the aircraft and making arrangements to meet other travel
21 needs, such as ground transportation. Costs to operate the aircraft consist of:

- 22 • aircraft lease cost;
- 23 • secure storage (hangaring) of the aircraft;
- 24 • aircraft maintenance;

- 1 • pilot training and licensing;
- 2 • aircraft fuel;
- 3 • salaries and wages for pilots and support staff;
- 4 • aircraft insurance; and
- 5 • other operating costs including in-flight wireless service, ground
- 6 transportation, airport access fees, office supplies, and other
- 7 administrative costs.

8 During the Updated Test Year, corporate aircraft were used in flying 610 total
9 passenger trips between Amarillo, Denver, and Minneapolis; during the Test Year
10 corporate aircraft were used in flying 1,416 such trips. As discussed by Mr.
11 Starkweather, if such flights had instead been taken on commercial airlines, the
12 airline ticket costs would have been \$112,035 in the Updated Test Year and
13 \$257,608 in the Test Year.

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

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

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

23 A. Yes. Business travel is necessary in order for employees to perform many of the
24 services required by SPS's retail customers. Use of the corporate aircraft for that

travel facilitates efficient business operations, maximizes the productivity of employees, and aids in timely response to emergency situations.

C. The Aviation & Travel Services Class of Services are Provided at a Reasonable Cost

Q. Are the costs of the Aviation & Travel Services class of services reasonable?

A. Yes. The costs of the Aviation & Travel Services class of services are reasonable. Air travel is a valuable business tool that supports Xcel Energy personnel in accomplishing their business purposes. Although use of corporate aircraft provides benefits in terms of employee time savings and productivity gains that cannot be duplicated using commercial travel, SPS is requesting only the ticket costs that would have been incurred had the trips been taken on commercial airlines. In addition, the costs of the Aviation & Travel Services affiliate class are spread among the Xcel Energy affiliates and SPS bears only a fraction of the costs. These costs are reasonable and necessary for achieving business travel that is necessary to the operations of SPS.

I. Cost Trends

Q. Please state the dollar amounts of the actual per book charges from XES to SPS for the Aviation & Travel Services 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 the estimated per book affiliate charges (Column I on Attachment LAB-RR-A) from XES to SPS for the services grouped in the Aviation & Travel Services affiliate class for 2017-2019 and for the Updated Test Year:

1

Table LAB-RR-12

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Aviation & Travel Services	\$784,728	\$791,447	\$757,782	\$538,881

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

3 A. Costs between 2017 and 2018 remained relatively flat. Costs have fallen since
4 then, in part because of the reduced number of flights caused by Covid
5 restrictions.

6 2. *Staffing Trends*

7 **Q. Please provide the staffing levels for the Aviation & Travel Services class of**
8 **services for the three fiscal years preceding the end of the Updated Test Year**
9 **and the Updated Test Year.**

10 A. The following table shows the average end-of-month staffing levels for the
11 Aviation & Travel Services class of services for 2017-2019 and for the Updated
12 Test Year.

13

Table LAB-RR-13

	Average of End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Aviation & Travel Services	8	8	8	8

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

2 A. The department has maintained the same level of staffing over this period of time.

3 3. *Cost Control and Process Improvement Initiatives*

4 **Q. Separate from the budget planning process, does the Aviation & Travel**
5 **Services affiliate class take any steps to control its costs or to improve its**
6 **services?**

7 A. Yes. Use of the corporate aircraft is rigorously monitored to ensure that it is
8 operated in the most cost-effective manner, maximizing the number of people on
9 each trip and reducing the number of “deadhead” legs (repositioning flights where
10 there are no passengers on board).

11 **D. The Costs for the Aviation & Travel Services Class of Services are**
12 **Priced in a Fair Manner**

13 **Q. For those costs that XES charges (either directly or through use of an**
14 **allocation) to SPS for the Aviation & Travel Services class of services, does**
15 **SPS pay any more for the same or similar service than does any other Xcel**
16 **Energy affiliate?**

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

1 **Q. How are the costs of the Aviation & Travel Services affiliate class billed to**
2 **SPS?**

3 A. My Attachment LAB-RR-B(CD) shows all of the costs in this class broken out by
4 activity, and in conjunction with Column C in my Attachment LAB-RR-A, shows
5 the billing method associated with each activity. My Attachment LAB-RR-A
6 shows the allocation method (Column D) associated with each billing method
7 (Column C) used in the affiliate class. In this initial filing, only the first 11
8 months of the Updated Test Year have a cost center (billing method) and
9 allocation method associated with each activity.

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

18 **Q. What is the allocation method used for the Aviation & Travel Services**
19 **affiliate class of services?**

20 A. All of the XES charges to SPS for this class were charged using the Assets,
21 Revenue, and Number of Employees allocation method.

1 **Q. Why is it appropriate to allocate the costs of the Aviation & Travel Services**
2 **affiliate class based upon the “Assets, Revenue, and Number of Employees”**
3 **allocation method?**

4 A. The three factor allocation method using assets, revenue, and employees produces
5 an allocation of costs that recognizes the complexity, risk, and overall business
6 activity levels that drive the costs included in the cost centers and measures the
7 benefits received from those activities. For the cost centers billed using this
8 allocator, there is no one specific cost driver for the support tasks and services
9 provided, and the services benefit multiple Xcel Energy affiliates. For example, a
10 flight from Minneapolis to Denver may carry several executives to a meeting that
11 is necessary for purposes related to overall business planning and strategy, or at
12 which issues affecting all subsidiaries of Xcel Energy, including SPS, are
13 addressed, and during the flight there may be discussions of multiple other issues
14 that affect multiple affiliates. In addition, employees are often traveling for more
15 than one business purpose or accomplish additional or unplanned business
16 purposes during their flight or at their destination. Thus, often there is no one
17 single purpose associated with a business trip, and the business travel frequently
18 benefits all affiliates, including SPS. Therefore, the costs associated with travel
19 on the corporate aircraft are collected in Cost Center 200063, and allocated using
20 the Assets, Revenue, and Number of Employees method. Within the Xcel Energy
21 holding company group, those legal entities that have proportionately more assets,
22 revenues, and employees will have more focus placed on their operations due to
23 those subsidiaries’ relative influence on the consolidated business balance sheet,
24 income statement, and statement of cash flow, and the subsidiaries will benefit

1 accordingly from the services provided. Thus, allocating these costs based upon
2 the average of the total asset ratio, revenue ratio, and the employee ratio is
3 appropriate because it allocates costs in accordance with cost causation and
4 benefits received. Mr. Baumgarten discusses this allocation method in more
5 detail in his testimony. For the cost centers that assign costs based upon this
6 allocation method, the per unit amounts charged by XES to SPS as a result of the
7 application of this allocation method are no higher than the unit amounts billed by
8 XES to other affiliates for the same or similar services and represent the actual
9 costs of the services.

10 **Q. Why does SPS not limit its request to the costs of trips in and out of Texas,**
11 **and trips made by SPS employees?**

12 A. Employees of XES and other affiliates provide services that are necessary to
13 SPS's operations, and business travel to and from destinations not within Texas or
14 New Mexico may be necessary in order for them to provide those services to SPS.
15 As explained above, executives or XES employees traveling from Minneapolis to
16 Denver are frequently doing so for business purposes that benefit many affiliates,
17 including SPS, or for an SPS-only business purpose. Therefore, it would not be
18 reasonable to conclude that SPS only benefits from the business travel of its own
19 employees, or only travel that originates or terminates in Texas or New Mexico.
20 Because SPS shares in the benefits from the business travel of the employees of
21 XES and other affiliates, and benefits from travel between destinations outside of
22 Texas and New Mexico, it is appropriate that SPS be charged a portion of the
23 costs for that travel.

1 **IX. NATIVE COSTS FOR ADMINISTRATIVE & GENERAL RENTS**
2 **AND MAINTENANCE OF GENERAL PLANT**

3 **Q. What are SPS native costs?**

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

8 **Q. Please describe SPS's native Administrative and General ("A&G") rent**
9 **expense and general plant maintenance expenses that SPS seeks to recover**
10 **in its base rates.**

11 A. These costs, which are provided on my Attachment LAB-RR-3 and included in
12 FERC Accounts 931 and 935, include various services associated with A&G
13 rents and maintenance of general plant for which SPS directly incurs costs. With
14 respect to A&G rents, costs are composed of services that include equipment
15 rental, lease costs, building construction, and office equipment support.
16 Regarding maintenance of general plant, costs include services such as space
17 coordination and general janitorial maintenance. The Property Services portfolio
18 within SPS includes 64 buildings across 50 campuses totaling more than 553,700
19 square feet of office, warehouse, and garage space. Fifty-three of those buildings
20 are located in Texas.

21 **Q. Are the native SPS costs for A&G rents and maintenance of general plant**
22 **reasonable and reasonable for SPS's operations?**

23 A. Yes. These costs enable SPS to have sufficient facilities and equipment to meet
24 the needs of its customers and employees, as well as operate securely within
25 regulatory requirements governing the physical security of electrical facilities.

1 These costs are reasonable and necessary and support SPS's ability to provide
2 safe and reliable service to its Texas retail customers.

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

4 **A. Yes.**

AFFIDAVIT

STATE OF MINNESOTA)
)
COUNTY OF HENNIPEN)

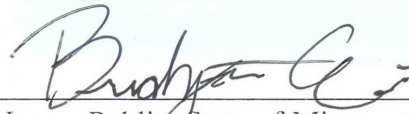
LAWRENCE A. BICK, first being sworn on his oath, states:

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.



LAWRENCE A. BICK

Subscribed and sworn to before me this 22 day of January 2021 by
LAWRENCE A. BICK.



Notary Public, State of Minnesota

My Commission Expires: 1/31/25

Southwestern Public Service Company
Property Services Capital Additions
July 1, 2019 through September 30, 2020

(A)	(B)	(C)	(D)	(E)	(F)
Line No	WBS Level 4 Number	WBS Level 4 Description	Asset Class	Witness	Project Category
1	A.0005014.102.001.001	Office Furn & Equipment - Electric	Electric General	Bick	Office Furniture & Equipment
2					A.0005014.102 Total
3	D.0001806.080.001.003	Lubbock Overhead Doors	Electric General	Bick	Building & Infrastructure
4					D.0001806.080 Total
5	D.0001810.035.001.002	Amarillo Tower Backup Control Cente	Electric General	Bick	Building & Infrastructure
6					D.0001810.035 Total
7	D.0001810.057.001.002	Amarillo NESC Evidence Storage Faci	Electric General	Bick	Building & Infrastructure
8					D.0001810.057 Total
9	A.0005014.101.001.001	Office Furn & Equipment - Electric	Electric General	Bick	Office Furniture & Equipment
10					A.0005014.101 Total
11	D.0001810.096.001.001	Amarillo Tech Center Land Acquisitio	Electric General	Bick	Building & Infrastructure
12					D.0001810.096 Total
13	D.0001810.090.001.001	Amarillo Trans Ctr OH Doors Rpl	Electric General	Bick	Building & Infrastructure
14					D.0001810.090 Total
15	D.0001813.026.001.002	Sale & Retire of Clovis Customer Of	Electric General	Bick	Building & Infrastructure
16					D.0001813.026 Total
17	D.0001810.087.001.001	790 Buchanan OH Door Rpl	Electric General	Bick	Building & Infrastructure
18					D.0001810.087 Total
19	A.0006059.488.001.001	Tools & Equipment - Electric - TX	Electric General	Bick	Tools & Equipment
20					A.0006059.488 Total
21	D.0001810.097.001.001	Amarillo Tech Center Bldg Acquisitio	Electric General	Bick	Building & Infrastructure
22					D.0001810.097 Total
23	Total Electric General				
24	Grand Total				

Southwestern Public Service Company

Property Services Capital Additions
July 1, 2019 through September 30, 2020

(A) Line No	(B) WBS Level 4 Number	(C) WBS Level 2 Description	(D) In-Service Date	(E) Additions (Jul 2019 Sep 2020)	(F) XES Charges (Included in Column I)	(G) Other Affiliate Charges (Included in Column I)	(H) Total Affiliate Charges (Included in Column I)	(I) Total Native Charges (Columns I less L) Within the Total Additions to Plant-in-Service Shown in Column I
1	A.0005014.102.001.001	Office Furn & Equipment - Electric	Routine	12,832.30	-	-	-	12,832.30
2				12,832.30	-	-	-	12,832.30
3	D.0001806.080.001.003	Mechanical - Lubbock - Routine	201910	53,037.23	-	-	-	53,037.23
4				53,037.23	-	-	-	53,037.23
5	D.0001810.035.001.002	Amarillo Tower - Structural	201707	(4,063.66)	(1,056.55)	-	(1,056.55)	(3,007.11)
6				(4,063.66)	(1,056.55)	-	(1,056.55)	(3,007.11)
7	D.0001810.057.001.002	Amarillo NESC Evidence Storage Faci	201712	682.25	-	-	-	682.25
8				682.25	-	-	-	682.25
9	A.0005014.101.001.001	Office Furn & Equipment - Electric	Routine	814,901.05	967.55	-	967.55	813,933.50
10				814,901.05	967.55	-	967.55	813,933.50
11	D.0001810.096.001.001	Amarillo Tech Center Land Acquisitio	202005	2,007,639.53	-	-	-	2,007,639.53
12				2,007,639.53	-	-	-	2,007,639.53
13	D.0001810.090.001.001	Amarillo Trans Ctr OH Doors Rpl	201910	38,441.33	-	-	-	38,441.33
14				38,441.33	-	-	-	38,441.33
15	D.0001813.026.001.002	Clovis SC Reno & Consolid - Ba	202004	2,401.68	-	-	-	2,401.68
16				2,401.68	-	-	-	2,401.68
17	D.0001810.087.001.001	790 Buchanan OH Door Rpl	201910	55,177.19	-	-	-	55,177.19
18				55,177.19	-	-	-	55,177.19
19	A.0006059.488.001.001	Tools & Equipment - Electric - TX	Routine	216,672.32	-	-	-	216,672.32
20				216,672.32	-	-	-	216,672.32
21	D.0001810.097.001.001	Amarillo Tech Center Bldg Acquisitio	202005	6,059,770.18	-	-	-	6,059,770.18
22				6,059,770.18	-	-	-	6,059,770.18
23				\$ 9,257,491.40	\$ (89.00)	\$ -	\$ (89.00)	\$ 9,257,580.40
24				\$ 9,257,491.40	\$ (89.00)	\$ -	\$ (89.00)	\$ 9,257,580.40

Southwestern Public Service Company

Property Services Capital Additions
October 1, 2020 through December 31, 2020

Line No.	(A) Asset Class	(B) Witness	(C) Project Category	(D) Additions to Plant-in-Service (Oct. 2020 - Dec. 2020)	(E) Total Affiliate Charges (Included in Column D)	(F) Project Description
October-December 2020 Budget Amounts						
1	Electric General Plant	Bick	Building & Infrastructure	\$ 222,495.64		Lubbock Substation Roof Replacement
2	Electric General Plant	Bick	Security - Controls & Monitoring			
3	Electric General Plant	Bick	Outdoor / Area Lighting	45,055.63		Install New Card Readers and Cameras at new Office Location
4	Electric General Plant	Bick	Office Furniture & Equipment	44,549.05		SPS Energy Management
5	Electric General Plant	Bick	Office Furniture & Equipment	39,872.75		Office Furniture and Equipment
6	Electric General Plant	Bick	Tools & Equipment	29,890.00		SPS-Legal Drones
7	Electric General Plant	Bick	Tools & Equipment	28,324.84		Tools & Equipment
8	Electric General Plant	Bick	Building & Infrastructure	185.14		Amarillo Transportation Roof Rplc
	Total Electric General Pl			\$ 410,373.05	\$ 29,130.75	
October-December 2020 Budget Amounts						
9						
10	Electric Production	Bick	Cyber Security	\$ 250,503.61		Firewall Upgrade
11	Total Electric Production			\$ 250,503.61	\$ 13,870.46	
12	Grand Total			\$ 660,876.66	\$ 43,001.22	

Southwestern Public Service Company

Administrative & General Rents &
Maintenance of General Plant 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

Administrative & General Rents &
Maintenance of General Plant Expenses

			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
Line No.	FERC Acct	Account Description			
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

Administrative & General Rents &
Maintenance of General Plant 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	\$ 136,707
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

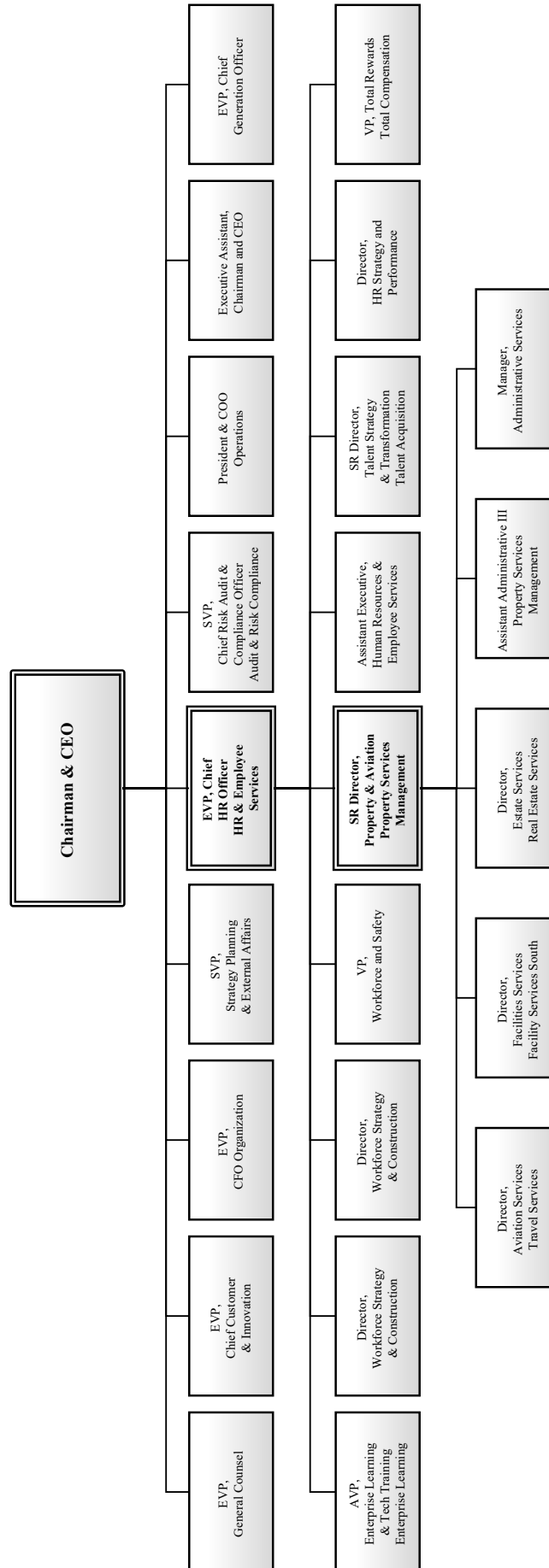
Southwestern Public Service Company

Administrative & General Rents &
Maintenance of General Plant Expenses

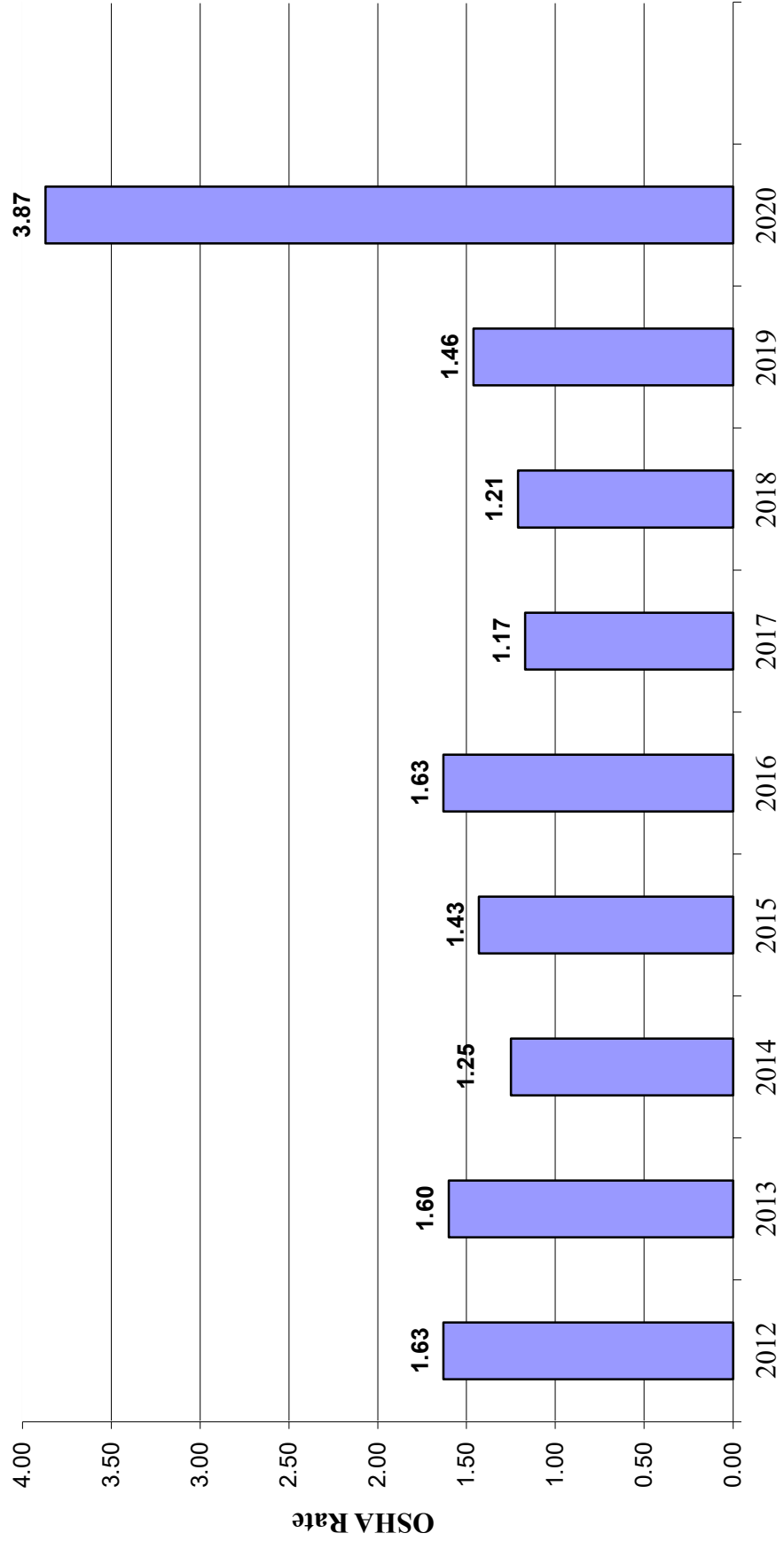
Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Update Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M for the Updated Test Year
Administrative and General Expenses					
111	920	Administrative and General Salaries	\$ 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
Organization Chart – Human Resources and Employee Services
As of September 30, 2020



**SOUTHWESTERN PUBLIC SERVICE COMPANY
OSHA STATISTICS
2012 - 2020**



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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except 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	Aviation & Travel Services	200063 - Executive - Corporate Governance	Assets/Revenue/No. of employees	\$ 4,171,067.30	\$ 3,632,295.38	\$ 538,771.92	\$ 108.72	\$ 538,880.64	\$ (523,130.48)	\$ 15,750.16	100.00%
2	Aviation & Travel Services Total			\$ 4,171,067.30	\$ 3,632,295.38	\$ 538,771.92	\$ 108.72	\$ 538,880.64	\$ (523,130.48)	\$ 15,750.16	100.00%
3	Property Services	200063 - Executive - Corporate Governance	Assets/Revenue/No. of employees	\$ 1,862.99	\$ 1,621.99	\$ 241.00	\$ -	\$ 241.00	\$ 0.16	\$ 241.16	0.00%
4	Property Services	200064 - Shareholder - Corporate Governance	Assets/Revenue/No. of employees	2.76	2.44	0.32	-	0.32	-	0.32	0.00%
5	Property Services	200065 - Investor Relations - Corporate Governance	Assets/Revenue/No. of employees	190.01	165.46	24.55	-	24.55	0.01	24.56	0.00%
6	Property Services	200066 - Accounting, Reporting & Tax - Corporate Governance	Assets/Revenue/No. of employees	793.21	690.52	102.69	-	102.69	0.07	102.76	0.00%
7	Property Services	200067 - Audit Services - Corporate Governance	Assets/Revenue/No. of employees	146.56	127.68	18.88	-	18.88	0.01	18.89	0.00%
8	Property Services	200068 - Corporate Finance, Treasury & Cash Management - Corporate Governance	Assets/Revenue/No. of employees	17.18	14.95	2.23	-	2.23	0.00	2.23	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except 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
9	Property Services	200070 - Corporate Strategy & Business Development - Corporate Governance	Assets/Revenue/No. of employees	11.87	10.38	1.49	-	1.49	0.00	1.49	0.00%
10	Property Services	200071 - Legal - Corporate Governance	Assets/Revenue/No. of employees	241.37	210.15	31.22	-	31.22	0.02	31.24	0.00%
11	Property Services	200072 - Communications - Corporate Governance	Assets/Revenue/No. of employees	62.51	54.50	8.01	-	8.01	0.00	8.01	0.00%
12	Property Services	200073 - Human Resources (HR) - Corporate Governance	Assets/Revenue/No. of employees	21.92	19.09	2.83	-	2.83	0.00	2.83	0.00%
13	Property Services	200074 - Corporate Systems - Corporate Governance	Assets/Revenue/No. of employees	212.96	185.49	27.47	-	27.47	0.02	27.49	0.00%
14	Property Services	200075 - Board of Directors - Corporate Governance	Assets/Revenue/No. of employees	20.73	18.11	2.62	-	2.62	0.00	2.62	0.00%
15	Property Services	200076 - Xcel Foundation	Assets/Revenue/No. of employees	0.27	0.24	0.03	-	0.03	(0.03)	-	0.00%
16	Property Services	200077 - Branding	Assets/Revenue/No. of employees	245.43	213.63	31.80	-	31.80	0.02	31.82	0.00%
17	Property Services	200078 - Governmental Affairs	Assets/Revenue/No. of employees	1.43	1.26	0.17	-	0.17	-	0.17	0.00%
18	Property Services	200079 - Federal Lobbying	Assets/Revenue/No. of employees	234,066.82	203,659.56	30,407.26	(30,407.26)	-	-	-	0.00%
19	Property Services	200086 - Legal & Claims Services	Assets/Revenue/No. of employees	1.03	0.90	0.13	-	0.13	-	0.13	0.00%
20	Property Services	200087 - Accounting, Reporting & Tax - Regulated	Assets/Revenue/No. of employees	260.83	222.74	38.09	-	38.09	0.02	38.11	0.00%
21	Property Services	200088 - Accounting, Reporting, Tax & Audit Services - Regulated Electric	Assets/Revenue/No. of employees	16.03	13.82	2.21	-	2.21	-	2.21	0.00%
22	Property Services	200090 - Risk Management - OpCo's & TransCo's	Assets/Revenue/No. of employees	102.66	87.87	14.79	-	14.79	0.01	14.80	0.00%
23	Property Services	200092 - Corporate Strategy & Business Development	Assets/Revenue/No. of employees	62.22	53.21	9.01	-	9.01	0.00	9.01	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except 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
24	Property Services	20093 - Legal - OpCo's & TransCo's	Assets/Revenue/No. of employees	87.60	74.93	12.67	-	12.67	0.01	12.68	0.00%
25	Property Services	20096 - Energy Markets - Business Services	Assets/Revenue/No. of employees	288.51	246.41	42.10	-	42.10	0.03	42.13	0.00%
26	Property Services	20104 - Accounting & Reporting - PSCo & SPS	Assets/Revenue/No. of employees	1.42	1.00	0.42	-	0.42	-	0.42	0.00%
27	Property Services	20106 - Accounting & Reporting Electric - NSPM & NSPW	Assets/Revenue/No. of employees	16.83	16.83	-	-	-	-	-	0.00%
28	Property Services	20107 - Legal - NSPM & NSPW	Assets/Revenue/No. of employees	0.54	0.54	-	-	-	-	-	0.00%
29	Property Services	20108 - Advanced Metering Infrastructure (AMI)	No. of AMI Meters	18.41	18.41	-	-	-	-	-	0.00%
30	Property Services	20111 - Enterprise Application Integration (EAI)	Avg of Select Set Softwr Allctrs	8.85	7.93	0.92	-	0.92	-	0.92	0.00%
31	Property Services	20112 - Mainframe Charges	Avg of Select Set Softwr Allctrs	15.95	15.00	0.95	-	0.95	-	0.95	0.00%
32	Property Services	20115 - Miscellaneous Applications	Average of All Software Percent	2,317.06	2,069.78	247.28	-	247.28	0.15	247.43	0.00%
33	Property Services	20116 - Distribution Electric Supervision & Engineering (S&E) FERC 580	Electric Distribution Plant	39.87	35.23	4.64	-	4.64	0.00	4.64	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Exclusions	Per Book	Pro Forma	Requested Amount (Total Company)	% of Class Charges
34	Property Services	200118 - Distribution Electric Load Dispatching/EMS FERC 581	Electric Distribution Plant	22.56	19.91	2.65	-	2.65	0.00	2.65	0.00%
35	Property Services	200119 - Distribution Electric & Gas Miscellaneous FERC 588 & 880	Elec Dist Plant Gas Dist Plant	28.00	25.67	2.33	-	2.33	0.00	2.33	0.00%
36	Property Services	200121 - Distribution Electric & Gas and Transmission Gas Miscellaneous FERC 588, 880, & 859	ElecDstPlnt GasTranPlnt GasDstPlnt	2.31	2.14	0.17	-	0.17	-	0.17	0.00%
37	Property Services	200122 - Transmission Electric Supervision & Engineering (S&E) FERC 560	Electric Transmission Plant	403.20	282.32	120.88	-	120.88	0.08	120.96	0.00%
38	Property Services	200123 - Transmission Electric Reliability, Planning, & Standards Development FERC 561.5	Electric Transmission Plant	29.89	20.91	8.98	-	8.98	0.00	8.98	0.00%
39	Property Services	200124 - Transmission Electric Load Dispatch-Monitor and Operate Transmission System FERC 561.2	Electric Transmission Plant	33.92	23.74	10.18	-	10.18	0.00	10.18	0.00%
40	Property Services	200125 - Transmission Electric Supervision & Engineering (S&E) NSPM & NSPW FERC 560	Electric Transmission Plant	86.97	86.97	-	-	-	-	-	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Exclusions	Per Book	Pro Forma	Requested Amount (Total Company)	% of Class Charges
41	Property Services	200126 - Utilities Group Administrative & General (A&G) FERC 921	EleTrn EleDst GasTrn GasDst Plnt	61.57	51.54	10.03	-	10.03	0.00	10.03	0.00%
42	Property Services	200127 - Distribution Gas Supervision & Engineering (S&E) FERC 870	Gas Distribution Plant	54.88	54.88	-	-	-	-	-	0.00%
43	Property Services	200130 - Transmission Gas Supervision & Engineering (S&E) FERC 850	Gas Transmission Plant	6.94	6.94	-	-	-	-	-	0.00%
44	Property Services	200131 - Distribution & Transmission Gas System Control and Load Dispatching FERC 851 & 871	Gas Trans Plant Gas Dist Plant	41.22	41.22	-	-	-	-	-	0.00%
45	Property Services	200132 - Payment and Reporting	Invoice Transactions	91.20	82.15	9.05	-	9.05	0.00	9.05	0.00%
46	Property Services	200134 - Proprietary Trading - Front/Mid Office FERC 557	Joint Operating Agreement	43.62	34.42	9.20	-	9.20	0.01	9.21	0.00%
47	Property Services	200135 - Energy Supply Business Resources	MWH Generation	0.44	0.33	0.11	-	0.11	-	0.11	0.00%
48	Property Services	200136 - Energy Markets - Fuel	MWH Generation	5.23	4.01	1.22	-	1.22	0.00	1.22	0.00%
49	Property Services	200138 - Energy Supply Operation Supervision & Engineering (S&E) FERC 500, 535, & 546	MWH Generation	91.51	69.42	22.09	-	22.09	0.01	22.10	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except 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
50	Property Services	200147 - Business Objects	Number of Business Objects Users	18.06	16.64	1.42	-	1.42	-	1.42	0.00%
51	Property Services	200148 - Business Systems	Number of Computers	2,797.38	2,420.30	377.08	-	377.08	0.25	377.33	0.00%
52	Property Services	200151 - Customer Billing FERC 903	Number of Customer Bills	299.49	274.23	25.26	-	25.26	0.02	25.28	0.00%
53	Property Services	200152 - Customer Care 902	Number of Customers	393.52	366.40	27.12	-	27.12	0.02	27.14	0.00%
54	Property Services	200153 - Customer Safety Advertising & Information Costs	Number of Customers	314.49	292.82	21.67	-	21.67	0.01	21.68	0.00%
55	Property Services	200154 - Customer Service Information Technology (IT) FERC 903	Number of Customers	(341.42)	(317.73)	(23.69)	-	(23.69)	(0.02)	(23.71)	0.00%
56	Property Services	200155 - Customer Care FERC 903	Number of Customers	146.43	136.57	9.86	-	9.86	0.00	9.86	0.00%
57	Property Services	200156 - Customer Care FERC 901	Number of Customers	0.09	0.09	-	-	-	-	-	0.00%
58	Property Services	200163 - Employee Communications	Number of Employees	6.69	5.79	0.90	-	0.90	-	0.90	0.00%
59	Property Services	200164 - Payroll	Number of Employees	0.08	0.07	0.01	-	0.01	-	0.01	0.00%
60	Property Services	200165 - Employee Management Systems	Number of Employees	587.87	503.80	84.07	-	84.07	0.05	84.12	0.00%
61	Property Services	200166 - Human Resources (Diversity/Safety/Employee Relations)	Number of Employees	472.03	404.48	67.55	-	67.55	0.04	67.59	0.00%
62	Property Services	200170 - Meter Reading and Monitoring Systems FERC 902	Number of Meters	47.06	44.01	3.05	-	3.05	0.00	3.05	0.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except 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
63	Property Services	200171 - Customer Resource System (CRS) FERC 903	Number of Mtrs Number of Cntacts	2,124.67	1,887.74	236.93	-	236.93	0.16	237.09	0.00%
64	Property Services	200172 - Network	Phones Radios Computers	1,056.09	917.03	139.06	-	139.06	0.09	139.15	0.00%
65	Property Services	200176 - Marketing & Sales	Revenue	610.88	516.77	94.11	-	94.11	0.06	94.17	0.00%
66	Property Services	200177 - Rates & Regulation - Electric	Revenue	20.89	16.77	4.12	-	4.12	0.00	4.12	0.00%
67	Property Services	200178 - Rates & Regulation	Revenue	12.63	10.13	2.50	-	2.50	0.00	2.50	0.00%
68	Property Services	200180 - EMS-Shared (Energy Management System-SCADA) FERC 556, 561.2, & 581	Elec Prod Elec Trns Elec Dst Phnt	30.65	25.36	5.29	-	5.29	0.00	5.29	0.00%
69	Property Services	200181 - Energy Supply Environmental Policy & Services	Electric PTD Gas TD Plant	35.91	30.43	5.48	-	5.48	0.00	5.48	0.00%
70	Property Services	200184 - PowerPlan	Total Plant	0.30	0.27	0.03	-	0.03	-	0.03	0.00%
71	Property Services	Direct	Direct	77,265,604.56	65,848,945.78	11,416,658.78	(8,223.27)	11,408,435.51	10,792.90	11,419,228.41	99.98%
72	Property Services Total			\$77,516,377.64	\$66,067,164.37	\$11,449,213.27	\$ (38,630.53)	\$11,410,582.74	\$ 10,794.23	\$ 11,421,376.97	100.00%

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.	Affiliate Class	Billing Method (Cost Center)	Allocation Method	Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	Exclusions	Per Book	Pro Forma	Requested Amount (Total Company)	% of Class Charges
73	Workforce Relations & Safety	200073 - Human Resources (HR) - Corporate Governance	Assets/Revenue/No. of employees	\$ 1,076,501.46	\$ 937,469.90	\$ 139,031.56	\$ (12.94)	\$ 139,018.62	\$ 3,579.59	\$ 142,598.21	9.84%
74	Workforce Relations & Safety	200116 - Distribution Electric Supervision & Engineering (S&E) FERC 580	Electric Distribution Plant	1,719.34	1,511.40	207.94	-	207.94	4.10	212.04	0.01%
75	Workforce Relations & Safety	200122 - Transmission Electric Supervision & Engineering (S&E) FERC 560	Electric Transmission Plant	736.16	511.89	224.27	-	224.27	4.42	228.69	0.02%
76	Workforce Relations & Safety	200127 - Distribution Gas Supervision & Engineering (S&E) FERC 870	Gas Distribution Plant	1,719.34	1,719.34	-	-	-	-	-	0.00%
77	Workforce Relations & Safety	200135 - Energy Supply Business Resources	MWH Generation	119,430.52	91,358.41	28,072.11	-	28,072.11	553.40	28,625.51	1.98%
78	Workforce Relations & Safety	200153 - Customer Safety Advertising & Information Costs	Number of Customers	621,793.98	578,667.30	43,126.68	(450.39)	42,676.29	(22,598.84)	20,077.45	1.39%
79	Workforce Relations & Safety	200166 - Human Resources (Diversity/Safety/Employee Relations)	Number of Employees	3,205,545.60	2,738,202.37	467,343.23	(61.47)	467,281.76	11,595.42	478,877.18	33.05%
80	Workforce Relations & Safety	Direct	Direct	4,054,748.38	3,261,159.70	793,588.68	(30,042.35)	763,546.33	14,713.70	778,260.03	53.71%
81	Workforce Relations & Safety Total			\$ 9,082,194.78	\$ 7,610,600.31	\$ 1,471,594.47	\$ (30,567.15)	\$ 1,441,027.32	\$ 7,851.79	\$ 1,448,879.11	100.00%
82	Total Witness Lawrence A. Bick			\$ 90,769,639.72	\$ 77,310,060.06	\$ 13,459,579.66	\$ (69,088.96)	\$ 13,390,490.70	\$ (504,484.46)	\$ 12,886,006.24	

Southwestern Public Service Company

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

Lawrence A. Bick

2021 TX Rate Case

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

LAB-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) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Exclusions	(E) Exclusions (Total Company)
1	Aviation & Travel Services	426.5 - Other Deductions	Below the Line	\$ 108.72
2	Aviation & Travel Services Total			\$ 108.72
3	Property Services	417.1 - Expenses of nonutility operations	Below the Line	\$ (1,893.66)
4	Property Services	426.4 - Expenditures for certain civic, political and related activities	Below the Line	(36,736.87)
5	Property Services Total			\$ (38,630.53)
6	Workforce Relations & Safety	426.1 - Donations	Below the Line	\$ (30,450.39)
7	Workforce Relations & Safety	426.5 - Other Deductions	Below the Line	(116.76)
8	Workforce Relations & Safety Total			\$ (30,567.15)
9	Total Witness Lawrence A. Bick			\$ (69,088.96)
	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
For the Twelve Months Ended December 31, 2020

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Aviation & Travel Svcs	408.1 - Tax Other Than Income Tax - Payroll	Aviation	Stephanie N. Niemi	\$ (912.37)
2	Aviation & Travel Svcs	920 - Administrative and general salaries	Aviation	Stephanie N. Niemi	(177,331.71)
3	Aviation & Travel Svcs	921 - Office supplies and expenses	Aviation	Stephanie N. Niemi	(288,167.40)
4	Aviation & Travel Svcs	921 - Office supplies and expenses	Business Area Adjustment	Lawrence A. Bick	(50.93)
5	Aviation & Travel Svcs	923 - Outside services employed	Aviation	Stephanie N. Niemi	(16,368.95)
6	Aviation & Travel Svcs	924 - Property insurance	Aviation	Stephanie N. Niemi	(7,416.79)
7	Aviation & Travel Svcs	925 - Injuries & Damages	Aviation	Stephanie N. Niemi	(1,912.02)
8	Aviation & Travel Svcs	926 - Employee pensions and benefits	Aviation	Stephanie N. Niemi	(3,033.23)
9	Aviation & Travel Svcs	931 - Rents	Aviation	Stephanie N. Niemi	(444.70)
10	Aviation & Travel Svcs	935 - Maintenance of general plant	Aviation	Stephanie N. Niemi	(27,492.38)
11	Aviation & Travel Svcs Total				\$ (523,130.48)
12	Property Services	500 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 0.01
13	Property Services	501 - Fuel	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.01
14	Property Services	502 - Steam expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.26

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
15	Property Services	505 - Electric expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.12
16	Property Services	506 - Miscellaneous steam power expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	3,929.69
17	Property Services	506 - Miscellaneous steam power expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(2.36)
18	Property Services	506 - Miscellaneous steam power expenses	Business Area Adjustment	Lawrence A. Bick	(13.25)
19	Property Services	510 - Maintenance supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.03
20	Property Services	511 - Maintenance of structures	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.81
21	Property Services	511 - Maintenance of structures	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
22	Property Services	512 - Maintenance of boiler plant	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	3.21
23	Property Services	512 - Maintenance of boiler plant	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
24	Property Services	512 - Maintenance of boiler plant	Business Area Adjustment	Lawrence A. Bick	(0.01)
25	Property Services	513 - Maintenance of electric plant	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1.61
26	Property Services	513 - Maintenance of electric plant	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
27	Property Services	514 - Maintenance of miscellaneous steam plant	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1.91
28	Property Services	514 - Maintenance of miscellaneous steam plant	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
29	Property Services	548 - Generation Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00
30	Property Services	549 - Miscellaneous other power generation expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	404.61
31	Property Services	549 - Miscellaneous other power generation expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.22)
32	Property Services	549 - Miscellaneous other power generation expenses	Business Area Adjustment	Lawrence A. Bick	(1.30)
33	Property Services	552 - Maintenance of structures	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.02
34	Property Services	553 - Maintenance of generating and electric plant	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.19
35	Property Services	554 - Maintenance of miscellaneous other power generation plant	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.18
36	Property Services	557 - Other expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00
37	Property Services	557 - Other expenses	SIP Expense	Michael P. Deselich	0.01
38	Property Services	560 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.25
39	Property Services	560 - Operation supervision and engineering	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
40	Property Services	561.2 - Load dispatch-Monitor and operate transmiss system	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.02
41	Property Services	561.5 - Reliability planning and standards development	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00
42	Property Services	561.6 - Transmission service studies	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
43	Property Services	562 - Station expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.23
44	Property Services	566 - Miscellaneous transmission expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1,757.50
45	Property Services	566 - Miscellaneous transmission expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(1.03)
46	Property Services	566 - Miscellaneous transmission expenses	Business Area Adjustment	Lawrence A. Bick	(6.09)
47	Property Services	570 - Maintenance of station equipment	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.36
48	Property Services	570 - Maintenance of station equipment	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
49	Property Services	571 - Maintenance of overhead lines	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.06
50	Property Services	575.1 - Operation Supervision	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	45.66
51	Property Services	575.1 - Operation Supervision	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.03)
52	Property Services	575.1 - Operation Supervision	Business Area Adjustment	Lawrence A. Bick	(0.16)
53	Property Services	580 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	2.36
54	Property Services	580 - Operation supervision and engineering	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
55	Property Services	581 - Load dispatching	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00
56	Property Services	582 - Distribution Operation Station Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	6.79

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
57	Property Services	582 - Distribution Operation Station Expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
58	Property Services	582 - Distribution Operation Station Expenses	Business Area Adjustment	Lawrence A. Bick	(0.03)
59	Property Services	583 - Overhead line expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.15
60	Property Services	584 - Underground Line Expense	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.01
61	Property Services	585 - Street Lighting and Signal System Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.05
62	Property Services	586 - Meter expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1.04
63	Property Services	586 - Meter expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
64	Property Services	588 - Miscellaneous distribution expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	2,532.69
65	Property Services	588 - Miscellaneous distribution expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(1.47)
66	Property Services	588 - Miscellaneous distribution expenses	Business Area Adjustment	Lawrence A. Bick	(8.64)
67	Property Services	592 - Distribution Maintenance of Station Equipment	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.06
68	Property Services	593 - Maintenance of overhead lines	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.51
69	Property Services	594 - Maintenance of Underground Lines	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.01
70	Property Services	596 - Maintenance of Street Lighting and Signal Systems	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.17

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
71	Property Services	902 - Meter reading expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	6.57
72	Property Services	902 - Meter reading expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
73	Property Services	902 - Meter reading expenses	Business Area Adjustment	Lawrence A. Bick	(0.02)
74	Property Services	903 - Customer records and collection expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.23
75	Property Services	905 - Miscellaneous Customer Accounts Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	388.62
76	Property Services	905 - Miscellaneous Customer Accounts Expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.24)
77	Property Services	905 - Miscellaneous Customer Accounts Expenses	Business Area Adjustment	Lawrence A. Bick	(1.03)
78	Property Services	908 - Customer assistance expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.95
79	Property Services	910 - Miscellaneous customer service and informational expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	218.96
80	Property Services	910 - Miscellaneous customer service and informational expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.12)
81	Property Services	910 - Miscellaneous customer service and informational expenses	Business Area Adjustment	Lawrence A. Bick	(0.82)
82	Property Services	912 - Sales Demo & Sales	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.04
83	Property Services	916 - Miscellaneous Sales Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	21.94
84	Property Services	916 - Miscellaneous Sales Expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.02)

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
85	Property Services	916 - Miscellaneous Sales Expenses	Business Area Adjustment	Lawrence A. Bick	(0.04)
86	Property Services	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1,504.52
87	Property Services	920 - Administrative and general salaries	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.74)
88	Property Services	921 - Office supplies and expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	2.52
89	Property Services	921 - Office supplies and expenses	Annual Incentive Target Adjustment	Stephanie N. Niemi/Michael P. Deselich	(0.00)
90	Property Services	921 - Office supplies and expenses	Business Area Adjustment	Lawrence A. Bick	(4.15)
91	Property Services	926 - Employee pensions and benefits	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	1.02
92	Property Services	928 - Regulatory Commission Expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.06
93	Property Services	930.2 - Miscellaneous general expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	0.00
94	Property Services	931 - Rents	Foundation	William A. Grant	(0.03)
95	Property Services Total				\$ 10,794.23
96	Wkfc Relat & Sfty	506 - Miscellaneous steam power expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 800.49
97	Wkfc Relat & Sfty	560 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	4.42
98	Wkfc Relat & Sfty	580 - Operation supervision and engineering	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	4.10

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
99	Wkfc Relat & Sfty	588 - Miscellaneous distribution expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	5,086.45
100	Wkfc Relat & Sfty	909 - Customer Service Instructional Advertising	Advertising	Stephanie N. Niemi	(28,480.36)
101	Wkfc Relat & Sfty	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	31,826.19
102	Wkfc Relat & Sfty	921 - Office supplies and expenses	Business Area Adjustment	Lawrence A. Bick	(135.03)
103	Wkfc Relat & Sfty	930.1 - General advertising expenses	Advertising	Stephanie N. Niemi	(1,254.46)
104	Workforce Relations & Safety Total				\$ 7,851.79
105	Total Witness Lawrence A. Bick				\$ (504,484.46)
	Amounts may not add or tie to other schedules due to rounding				