

DOCKET NO. _____

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

**DIRECT TESTIMONY
of
JAMES W. SAMPLE**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: SampleRRDirect.doc)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
CSO	Chief Security Officer
FERC	Federal Energy Regulatory Commission
ISAC	Information Sharing Analysis Center
IT	Information Technology
NERC	North American Electric Reliability Corporation
O&M	operation and maintenance
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation; and SPS
Operating Company	One of the Operating Companies
SOC	Security Operations Center
SPS	Southwestern Public Service Company, a New Mexico corporation
TAC	Texas Administrative Code
Test Year	October 1, 2019 through September 30, 2020
Total Company or total company	Total SPS (before jurisdictional allocation)
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020
WBS	Work Breakdown Structure
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
JWS-RR-1	Enterprise Security Organization Chart (<i>Non-native format</i>)
JWS-RR-2	Physical Security Capital Additions for July 1, 2019 through September 30, 2020 (<i>Filename: JWS-RR-2.xlsx</i>)
JWS-RR-3	Physical Security Capital Additions for October 1, 2020 through December 31, 2020 (<i>Filename: JWS-RR-3.xlsx</i>)
JWS-RR-A (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (<i>Filename: JWS-RR-ABCD.xlsx</i>)
JWS-RR-B(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method, and FERC Account (<i>Filename: JWS-RR-ABCD.xlsx</i>)
JWS-RR-C (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (<i>Filename: JWS-RR-ABCD.xlsx</i>)
JWS-RR-D (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (<i>Filename: JWS-RR-ABCD.xlsx</i>)

**DIRECT TESTIMONY
OF
JAMES W. SAMPLE**

1 **I. WITNESS IDENTIFICATION AND QUALIFICATIONS**

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

3 A. My name is James W. Sample. My business address is 1800 Larimer Street,
4 Denver, Colorado 80202.

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

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

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

10 A. I am employed by Xcel Energy Services Inc. (“XES”), the service company
11 subsidiary of Xcel Energy, as Vice President, Enterprise Security Services &
12 Chief Security Officer (“CSO”).

13 **Q. Please briefly outline your responsibilities as Vice President, Enterprise
14 Security Services & CSO.**

15 A. I am responsible for leading Xcel Energy’s enterprise security risk management
16 program, overseeing all aspects of security, including cyber security, physical
17 security, enterprise resiliency, and North American Electric Reliability
18 Corporation (“NERC”) critical infrastructure protection.

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

20 A. I hold a Bachelor of Science in Business Management from Western Governors
21 University.

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

2 A. Prior to joining Xcel Energy, I was a partner at Ernst and Young from April 2015
3 to January 2020, where I served as the Americas Energy Security and Operational
4 Technology Leader. Prior to Ernst and Young, I served as the Chief Information
5 Security Officer at Pacific Gas & Electric from May 2011 to March 2015;
6 Tennessee Valley Authority from September 2008 to April 2011; and Manager of
7 Information Security at the California Independent System Operator from March
8 2001 to September 2008. I also served as a Cryptologic Technician in the United
9 States Navy.

10 **Q. Do you hold any professional certifications?**

11 A. Yes. The professional certifications I hold include the following: (ISC)2 Certified
12 Information Systems Security Professional, Information Sharing Analysis Center
13 (“ISACA”) Certified Information Security Manager, ISACA Certified in the
14 Governance of Enterprise Information Technology (“IT”), and ISACA Certified
15 in Risk and Information Systems Control.

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

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

4 A. I review and provide cost data for the Security-related capital additions that closed
5 to plant-in-service during the period July 1, 2019, which is the first day after the
6 period for which capital additions were approved in Docket No. 49831, through
7 December 31, 2020, which is the end of the Update Period in this case. I first
8 explain the selection and management of Security-related capital additions. I then
9 provide the *actual* dollar amount of the capital additions for this 18-month period
10 in two steps. First, in my direct testimony, I present the *actual* dollar amount of
11 Security-related capital additions that closed to plant-in-service through
12 September 30, 2020, the end of the Test Year in this case, and *estimated* dollar
13 amounts of Security-related capital additions that SPS expects to close to plant-in-
14 service during the Update Period. Second, as part of SPS's 45-day case update
15 filing, I will provide the *actual* dollar amount of Security-related capital additions
16 that closed to plant-in-service during the Update Period. Together, these two
17 pieces of testimony will provide the actual dollar amount of Security-related
18 capital additions closed to plant-in-service during the period July 1, 2019 through
19 December 31, 2020.

20 In addition, I support the Updated Test Year (January 1, 2020 through
21 December 31, 2020)¹ operation and maintenance ("O&M") expenses and

¹ The Test Year in this case is October 1, 2019 through September 30, 2020, and the Update Period is October 1, 2020 through December 31, 2020. The Updated Test Year consists of the last nine months of the Test Year and the three months in the Update Period. In addition to supporting the Updated Test Year costs, I have also reviewed the costs for the first three months of the Test Year for the class I support and find those costs to be reasonable.

1 administrative and general expenses for the Enterprise Security class of affiliate
2 services. In regard to this affiliate class, my testimony will:

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

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

13 A. The costs of the Security-related capital additions placed in service between July
14 1, 2019 and September 30, 2020, of \$1,982,818 (total SPS before jurisdictional
15 allocations, or “total company”), are reasonable and necessary and were prudently
16 incurred. These costs, which are provided on Attachment JWS-RR-2, are
17 reasonable and necessary capital costs to provide and maintain the security of the
18 properties, facilities, and systems that are used in providing service to SPS's
19 customers.

20 Further, SPS incurred Security-related capital costs for projects placed in
21 service between October 1, 2020 through December 31, 2020 as shown on
22 Attachment JWS-RR-3. These costs are also reasonable and necessary to provide
23 and protect the properties and facilities necessary for the provision of electric
24 service by SPS, and were also prudently incurred.

25 The affiliate charges of \$819,999 that are included in the July 1, 2019
26 through September 30, 2020 capital projects, shown on Attachment JWS-RR-2,

1 and the estimated affiliate charges shown on Attachment JWS-RR-3 that are
2 included in the October 1, 2020 through December 31, 2020 capital projects,
3 reflect reasonable and necessary costs and services. The charge from SPS's
4 affiliate for a particular service is no higher than the charge by that affiliate to any
5 other entity for the same or similar service.

6 In addition, the estimated Updated Test Year (January 1, 2020 through
7 December 31, 2020) costs that SPS seeks to recover for the services of the
8 Enterprise Security affiliate class of \$3,394,611 (total company) are reasonable
9 and necessary because they support SPS's ability to provide electric service to its
10 Texas retail customers.

- 11 • These costs are for providing enterprise security (i.e., cyber and
12 physical security); protecting assets, corporate, and customer data;
13 performing investigations and incident response; and assisting in
14 regulatory compliance. These services allow SPS to operate securely
15 and within regulatory requirements governing the cyber and physical
16 security of electrical facilities.
- 17 • The costs are reasonable because they are shared with other affiliates,
18 include reasonable personnel costs, and are subjected to rigorous
19 budgeting and cost control processes.
- 20 • SPS does not provide these services for itself, and the services do not
21 duplicate services provided by others.
- 22 • Each charge from SPS's affiliates for these services is no higher than
23 the charge by those affiliates to any other entity for the same or similar
24 service.

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

27 A. As explained by SPS witness William A. Grant, SPS will be using an Updated
28 Test Year in this case. SPS's initial filing presents actual expenses for the Test
29 Year (October 1, 2019 through September 30, 2020) and estimated information

1 for the time period of October 1, 2020 through December 31, 2020, which is the
2 Update Period. Accordingly, the first nine months of SPS's Updated Test Year
3 (i.e., January 2020 through September 2020) consist of actual cost information
4 and the last three months (i.e., October through December 2020) contain
5 estimated cost information. For this reason, certain SPS witnesses refer to the
6 Updated Test Year in direct testimony as the "estimated Updated Test Year."

7 Regarding the Enterprise Security affiliate costs I support, as explained by
8 SPS witness Ross L. Baumgarten, actual figures for October and November 2020
9 have been provided and December 2020 figures have been estimated based on the
10 forecasted budget. However, these expenses have not gone through the full pro
11 forma adjustment review process. With respect to the Security-related capital
12 costs (and related affiliate expense) that I support, the costs for projects placed in
13 service between October 1, 2020 and December 31, 2020 have been estimated.

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

16 A. Yes. SPS will file an update 45 days after SPS files this application. The update
17 will provide actual costs to replace the estimates provided in the application for
18 the Update Period. As part of that process, my Attachment JWS-RR-3 will be
19 updated to remove estimates of Security-related capital additions closed to plant-
20 in-service in the Update Period and then replace those estimates with actual
21 capital additions closed to plant-in-service during that period. Additionally, my
22 Attachments JWS-RR-A through D will be updated to remove estimates of
23 Enterprise Security affiliate costs incurred by SPS during the Updated Test Year

1 and then replace those estimates with actual expenses, which will be used to
2 establish SPS's base rates in this case.

3 **Q. Were Attachments JWS-RR-1 through JWS-RR-D prepared by you or**
4 **under your direct supervision and control?**

5 A. Yes, as to Attachment JWS-RR-1 and the project descriptions on Attachment
6 JWS-RR-3. Attachment JWS-RR-2 and the cost information contained in
7 Attachment JWS-RR-3 were prepared by SPS witness Mark P. Moeller and his
8 staff. My staff and I have reviewed these attachments, and I believe them to be
9 accurate. Attachments JWS-RR-A through JWS-RR-D were prepared by Mr.
10 Baumgarten and his staff. My staff and I have reviewed these attachments and I
11 believe them to be accurate. Although the information I have described also is
12 present in these other witnesses' attachments, I have presented this information in
13 the attachments to my testimony for the convenience of those reviewing my
14 testimony.

1 **III. SECURITY SERVICES CAPITAL ADDITIONS**

2 **A. Selection and Management of Security Services Capital Additions**

3 **Q. Please describe the work that the Enterprise Security organization performs**
4 **to support SPS’s operations that is directly related to capital projects.**

5 A. SPS’s Enterprise Security organization performs work to secure the properties,
6 facilities, and systems that are used by SPS to serve its customers, as discussed
7 more specifically below in relation to O&M. The work performed that is directly
8 related to capital projects includes assurance of appropriate security equipment to
9 reduce risk to SPS’s facilities, employees, and information. Capital project work
10 ensures that timely and accurate investigations and incident response are adhered
11 to and tied directly into the Security Operations Center (“SOC”), 24 hours a day,
12 7 days a week, 365 days a year for monitoring all SPS facilities to reduce risk to
13 SPS. Capital additions are a necessary part of this work that is necessary for SPS
14 to provide safe and reliable electric utility service for SPS’s customers.

15 **Q. Please describe the process for ranking and funding Security Services capital**
16 **projects.**

17 A. Early each year, corporate facilities are evaluated by Enterprise Security staff to
18 identify projects for inclusion in the capital budget for the following year. This
19 involves identification of short and long-term security needs in coordination with
20 facility and project managers. The needs may be greater than the organization’s
21 ability to fund them, so Enterprise Security has implemented a systematic
22 approach for evaluating and prioritizing SPS’s needs and any proposed
23 investments. The evaluation considers factors such as facility safety, which is a

1 high priority, SPS's requests, opportunities for increased efficiencies, and urgency
2 of security equipment replacement in relation to potential consequences of the
3 failure of such equipment. Reviews are also conducted on an ongoing basis as
4 new needs arise and priorities change and sometimes result in deferring projects
5 in order to match the available funds. Mr. Dietenberger discusses the capital
6 projects budgeting process in more detail.

7 **Q. Please generally describe how the Enterprise Security Services organization**
8 **develops cost estimates for proposed capital additions.**

9 A. Enterprise Security Services develops cost information in different ways
10 depending on the type of project involved. For smaller projects, Enterprise
11 Security collects past project cost information and historical data used to
12 approximate costs for similar work. These costs are weighed against the active
13 year's economic climate and costs are adjusted accordingly—construction
14 industry activity in the area, cost of materials/labor, oil prices, and location of the
15 work/access to labor. For some larger projects, a third party estimator is hired to
16 develop an estimate based on a defined scope of work. For security assets that
17 are primarily hardware and software, the company considers a number of
18 environmental factors when pricing this equipment to include the life expectancy
19 of the equipment, any additional O&M costs beyond the life expectancy, and the
20 location of where the hardware and software is being installed. Utilizing a third
21 party estimator/integrator is also required to develop estimates based on a defined
22 scope of work, and also provides competition in the form of Requests For
23 Proposals.

1 **Q. Please explain how Enterprise Security capital costs are managed.**

2 A. After the estimates are developed, all projects follow a project flow process that
3 requires reviews and approvals at the budget, management, senior management,
4 and executive levels. After this approval, they are reviewed by project managers,
5 area management, and corporate finance on a monthly basis to compare the
6 monthly budget to actual expenditures. Each project's budget is updated monthly
7 with a current forecast for all remaining months, including current year-to-date
8 spend. Further, year-to-date actual expenditures are compared with year-to-date
9 forecasts and year-end forecasts. Deviations are identified and recommendations
10 are reviewed and approved. Changes to budgeted project costs are reported to the
11 finance department on a monthly basis.

12 When a project's actual costs will exceed the original budget or an
13 unbudgeted emergency occurs, all lower priority projects included in that year's
14 budget are reviewed by Enterprise Security management to determine whether
15 they can be delayed or removed to cover the costs of those emergencies. For
16 example, a vehicle access gate that is not operating correctly and is creating a
17 safety issue would be a higher priority than replacing an analog/digital camera
18 that provides adequate security with a more up-to-date Internet Protocol based
19 camera, which can be delayed to a future year.

20 **Q. Do any other SPS witnesses address management of cyber security capital**
21 **additions?**

22 A. SPS witness Michael Remington addresses ranking, estimation, and management
23 of Business Systems capital additions, which, among other types of investment,

1 include technical implementation and IT support of cyber security capital projects
2 (e.g., software and hardware).

3 **B. Security Capital Projects Placed in Service Between July 1, 2019**
4 **and September 30, 2020**

5 **Q. As part of this rate case, is SPS asking to include in its rate base Security-**
6 **related capital additions closed to plant-in-service during the period of**
7 **July 1, 2019 through September 30, 2020?**

8 A. Yes. Attachment JWS-RR-2 sets forth the Security-related capital additions that
9 closed to plant-in-service during the 15-month period starting July 1, 2019 and
10 ending on September 30, 2020. The starting date for this period (July 1, 2019) is
11 the first day after the end of the period for which capital additions were approved
12 in Docket No. 49831, and the ending date for this period (September 30, 2020) is
13 the end of the Test Year in this current case. All of these capital additions were
14 prudently incurred and support SPS's ability to provide electric service to its
15 customers.

16 **Q. What is the dollar amount of the Security-related capital additions placed in**
17 **service between July 1, 2019 through September 30, 2020 that SPS is**
18 **requesting in this docket?**

19 A. The total requested dollar amount of Security-related capital additions closed to
20 plant-in-service during the period July 1, 2019 through September 30, 2020 is
21 \$1,982,818 (total company). Attachment JWS-RR-2 provides details regarding
22 the costs of the Physical Security-related capital additions closed to plant-in-
23 service during this 15-month period. SPS witness Stephanie Niemi allocates the

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

3 **Q. Please briefly describe the Security-related capital additions placed in service**
4 **July 1, 2019 through September 30, 2020.**

5 A. The Security-related capital additions placed in service July 1, 2019 through
6 September 30, 2020 consist of the installation of physical and cyber security
7 department hardware and software security system components. This also
8 includes the replacement of security equipment hardware/software that is no
9 longer manufactured, serviced, or has surpassed its manufactured shelf life.

10 **Q. Please describe the information in Attachment JWS-RR-2, which provides**
11 **the details on the dollar amounts closed to plant-in-service for these Security-**
12 **related capital additions and the associated affiliate component.**

13 A. Attachment JWS-RR-2 provides the following information:

Column A —	WBS Level 4 Number	Provides the Work Breakdown Structure (“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 for the project.
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.
Column H —	In-Service Date	Provides the date that the project was completed and added to plant-in-service.
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 the 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. Attachment JWS-RR-2 includes capitalized affiliate costs. Are those affiliate**
2 **costs necessary to complete the projects listed in Attachment JWS-RR-2?**
- 3 **A.** Yes. Many employees in the Enterprise Security organization, in which Physical
4 Security and Cyber Security are included, perform work that causes their labor
5 and expenses to be capitalized, rather than expensed. For example, developers,
6 analysts, and project managers who work on Physical Security capital projects to

1 benefit SPS charge their time to specific capital projects, and these costs are
2 charged back to SPS as part of the capital project cost. In addition, the capital
3 projects include overhead charges that reflect labor and other costs as discussed
4 by Mr. Moeller. When those projects are complete, the costs, including the labor
5 charges, are recorded as new assets. The affiliate charges included in Attachment
6 JWS-RR-2 are \$819,999, which is approximately 41% of SPS's total security
7 capital costs.

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

9 A. Yes. In Section IV of this testimony, I demonstrate that the Updated Test Year
10 charges by XES employees in the Enterprise Security organization are reasonable
11 and necessary and Mr. Baumgarten explains that charges for labor and goods
12 from the Operating Companies to SPS are reasonable and necessary. Those
13 discussions also apply to the \$819,999 of capitalized affiliate costs that are
14 reflected in Column L of Attachment JWS-RR-2, and that were incurred during
15 the 15-month period of July 1, 2019 through September 30, 2020. Thus, that
16 discussion supports the reasonableness and necessity of these capitalized affiliate
17 costs.

18 **Q. What is the difference between the affiliate charges you discuss in Section IV**
19 **of your testimony and the affiliate charges you discuss regarding capital**
20 **additions?**

21 A. The affiliate charges I discuss below are those related to only O&M affiliate
22 expense during the Updated Test Year. In contrast, the affiliate charges that I
23 discuss in this section of my testimony refer to the capitalized affiliate charges

that were closed to plant-in-service during the period from July 1, 2019 through September 30, 2020.

Q. Please describe the Security-related capital additions closed to plant-in-service during the period July 1, 2019 through September 30, 2020, and listed on Attachment JWS-RR-2 in more detail.

A. All of the Security-related capital additions listed in Attachment JWS-RR-2 support SPS's ability to provide electric service to its customers. These additions consist of the installation or upgrades of security equipment and systems. These capital additions are reasonable and necessary to provide, maintain, and secure the properties, facilities, systems, and data that are used by SPS to provide safe and reliable electric service to its retail customers.

As shown in Table JWS-RR-1, the capital additions for this period all fall within the following two categories: Cyber Security and Controls & Monitoring.

Table JWS-RR-1
Physical Security-Related Capital Additions (Total Company)

Project Category	Capital Additions for the Period July 1, 2019 through September 30, 2020
Cyber Security	\$1,676,539
Controls & Monitoring	\$306,279
TOTAL	\$1,982,818

Q. Please describe the types of projects included in the "Cyber Security" category.

A. Projects in this category include solutions required to meet regulatory requirements, such as the NERC Critical Infrastructure Protection Standards, and

to protect SPS and Xcel Energy’s computing environment. Accordingly, these projects assist SPS in establishing and maintaining the proper tools to protect the integrity and confidentiality of its data and its systems. Projects in this category include:

- **Security Camera Upgrade - \$735,006 Total Company** (WBS Level 2 Nos. D.0001840.114, D.0001840.116, D.0001804.126). These projects are part of a security camera upgrade effort, which replaced analog cameras with digital cameras, including the necessary software and cabling. The legacy security camera system was reaching the end of its useful life and did not provide the required level of security observation. The new system allows security personnel to work more efficiently.
- **OT Monitoring - \$275,334 Total Company** (WBS Level 2 Nos. D.0002165.010, D.0002165.007). This project implemented an operating technology monitoring resource. The monitoring resource supports and improves Xcel Energy’s threat detection, incident response, and vulnerability identification and case management/workflow procedures.
- **SailPoint Phase 4 - \$227,707 Total Company** (WBS Level 2 No. D.0002001.020). This project involved enhancements to the SailPoint Identity and Access Management tool, including bringing more entitlements (software and access) into the system. The expansion of SailPoint enhances Xcel Energy’s Identity and Access Management, which supports compliance with Sarbanes-Oxley Act, Federal Energy Regulatory Commission (“FERC”), and NERC reliability standards. Generally, this project has identified a total of 100 needed applications and we are able to address an average of 12–15 per year. In the last five years, we have addressed 65 applications with 35 remaining for 2021 (phases 5-6).
- **Multi-Factor Authentication – Initiation - \$226,806 Total Company** (WBS Level 2 No. D.0002202.006). This project involved implementing a multi-method, multi-level process for authentication of Xcel Energy users that evaluates assurance, network quality, managed/unmanaged devices, device type, and frequency of use to a select pathway for validation and verification. It provides a more robust and adaptable method for protecting Xcel Energy data, intellectual property, and operational information. Without multi-factor authentication, Xcel Energy is more susceptible to malicious (passive and aggressive) intrusion to networks, data sources, and IT.

- 1 • **eGRC Enterprise Security – Phase 3 - \$99,028 Total Company** (WBS
2 Level 2 Nos. D.0002101.018, D.0002101.012, D.0002101.006). This
3 initiative added risk management functionality in the areas of vendor
4 management; disaster recovery plans; application risk assessments; policy,
5 control, and risk framework; and discrepancy reporting. It further reduces
6 cyber security risk and the likelihood and severity of a future cyber event,
7 improves the allocation of resources to the highest priority risks, and
8 improves productivity around each of the processes addressed.
- 9 • **Enterprise Database Security Phase II - \$81,556 Total Company**
10 (WBS Level 2 No. D.0002008.012). This project involved enhancing the
11 control and logging of access to structured data assets. This phase of the
12 project focused on data encryption, masking, protection, best practices,
13 and governance processes to enforce security policies and demonstrate
14 compliance.
- 15 Combined, these projects account for approximately 98% of the total
16 capital additions in this category. The remaining projects are similar in nature in
17 that they are necessary to meet regulatory requirements and protect SPS's and
18 Xcel Energy's computing environment.
- 19 **Q. Please describe the types of projects included in the “Controls &**
20 **Monitoring” category.**
- 21 A. This category covers the replacement and installation of security system
22 equipment associated with SPS facilities and infrastructure. The projects included
23 in this category are:
- 24 • **Security Projects – Electric - \$57,298 Total Company** (WBS Level 2
25 No. D.0001781.042). This project involved installation of access controls
26 and security cameras at the Tucumcari Service Center in New Mexico.
- 27 • **Virtual Emergency Operations Center - \$153,862 Total Company**
28 (WBS Level 2 No. D.0002189.006). This project involved identifying and
29 implementing a commercial Virtual Emergency Operations Center
30 software solution to effectively handle emergency situations (from day-to-
31 day incidents to large scale, major incidents). The solution provides a
32 complete command and control center allowing SPS to more efficiently
33 consolidate information, coordinate assets, and act effectively. With this
34 solution, SPS can manage all aspects of emergency management

procedures, share situational awareness among stakeholders, and coordinate responses and communication.

- **Endpoint Server Security Suite - \$50,456 Total Company** (WBS Level 2 No. D.0002268.005). The purpose of this project is to extend additional Tanium capabilities to include endpoint protection, through management of configuration drift, through the use of a centralized server. Additionally, the project expanded the effectiveness of the new Tanium solution by expanding to additional endpoints across the enterprise.

- **Security Camera Upgrade - \$44,663 Total Company** (WBS Level 2 No. D.0002123.008). This project was part of a security camera upgrade effort, which replaced analog cameras with digital cameras, including the necessary software and cabling. The legacy security camera system was reaching the end of its useful life and did not provide the required level of security observation. The new system allows security personnel to work more efficiently.

Combined, these projects account for 100% of the total capital additions in this category.

Q. Are the Security capital additions listed on Attachment JWS-RR-2, that were closed to plant-in-service during the period July 1, 2019 through September 30, 2020, including the capitalized affiliate charges, reasonable and necessary?

A. Yes. The Security-related projects listed on Attachment JWS-RR-2 are reasonable and necessary to maintain appropriate security for the service centers, office facilities, computing environment, and equipment that are required to maintain safe and reliable service to SPS's customers. As discussed further above, oversight for prioritization of capital investments was provided by management and ensures that the capital projects are reasonable and necessary and that the costs were prudently incurred.

1 **C. Security-Related Capital Projects Placed in Service Between**
2 **October 1, 2020 and December 31, 2020**

3
4 **Q. Is SPS asking to recover Security-related capital costs for projects placed in**
5 **service between the end of the Test Year and December 31, 2020?**

6 A. Yes. Attachment JWS-RR-3 provides SPS's costs for these projects. As initially
7 filed, the costs reflected in Attachment JWS-RR-3 are estimated amounts. Mr.
8 Moeller explains the basis for the budgeted amounts. As discussed by Mr. Grant,
9 SPS will file actual costs for the Update Period, including an updated version of
10 Attachment JWS-RR-3, no later than the 45th day after the date of the initial
11 filing of this rate case, as required by 16 TAC § 25.246.

12 **Q. What is the cost of Security-related capital projects placed in service between**
13 **October 1, 2020 and December 31, 2020?**

14 A. The total costs are reflected on Attachment JWS-RR-3, including affiliate costs.
15 These amounts reflect total company costs. Ms. Niemi allocates the total
16 company dollar amount among SPS's three rate jurisdictions (Texas retail; New
17 Mexico retail; and wholesale) in the cost of service study she presents.

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

19 A. Yes. The costs include capitalized affiliate costs similar to those included for
20 projects placed in service during the previous 15 months. As initially filed,
21 Attachment JWS-RR-3 contains only a total estimated amount of affiliate charges,
22 which are based on historical percentages for the different asset classes. This is
23 explained in more detail by Mr. Moeller. The updated version of Attachment
24 JWS-RR-3, will reflect actual affiliate charges for the Update Period.

1 **Q. Are those affiliate costs necessary to complete the Security-related capital**
2 **projects?**

3 A. Yes. Affiliate costs are incurred for the same reasons they were incurred on the
4 projects placed in service between July 1, 2019 and September 30, 2020 as
5 discussed earlier in my testimony.

6 **Q. Are these capitalized affiliate charges reasonable?**

7 A. Yes. These costs satisfy the standards for inclusion of affiliate costs in rates for
8 the reasons presented in my testimony below, as well as the testimony of Mr.
9 Baumgarten and Mr. Moeller regarding the reasonableness of affiliate charges.

10 **Q. Please describe the information in Attachment JWS-RR-3, which provides**
11 **the dollar amounts for projects placed in service during the Update Period.**

12 A. Attachment JWS-RR-3 provides the following information:

Column A —	Asset Class	Identifies the type of asset.
------------	-------------	-------------------------------

Column B —	Witness	Identifies the witness supporting the project.
------------	---------	------------------------------------------------

Column C —	Project Category	Identifies the project category.
------------	------------------	----------------------------------

Column D —	Additions to Plant-in-Service (Oct. 2020 – Dec. 2020)	Provides the total company dollar amount of the addition to plant-in-service.
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Column E —	Total Affiliate Charges	Provides the total affiliate charges included in the charges in Column D.
------------	-------------------------	---------------------------------------------------------------------------

Column F —	Project Description	Provides a description of the project and its major components.
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1 **Q. Please describe the projects placed in service during the Update Period.**

2 A. The projects placed in service from October 1, 2020 through December 31, 2020
3 are similar to the projects that were closed to plant-in-service in the previous
4 15 months and that are discussed in the previous subsection of my testimony.
5 These projects are necessary to provide appropriate security to the service centers,
6 office facilities, computing environment, and equipment that are required to
7 maintain service to SPS's customers. Descriptions of the specific projects placed
8 in service between October 1, 2020 and December 31, 2020, and the reasons the
9 specific projects are necessary, are provided on my Attachment JWS-RR-3.

10 **Q. Has SPS managed its Update Period security-related capital addition**
11 **projects to ensure the final, actual costs are reasonable and prudent?**

12 A. Yes. The same budgeting and project management process that I describe in the
13 previous subsection of my testimony applies to the projects for the Update Period.

1 **IV. AFFILIATE EXPENSES FOR THE ENTERPRISE SECURITY**
2 **CLASS OF SERVICES**

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

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

12 **Q. Which affiliate class do you sponsor?**

13 A. I sponsor the Enterprise Security class of affiliate services.

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

16 **Q. Where does the Enterprise Security affiliate class fit into the overall affiliate**
17 **structure?**

18 A. Attachment RLB-RR-6 to Mr. Baumgarten’s direct testimony provides a list and a
19 pictorial display of all affiliate classes, dollar amounts for those classes, and
20 sponsoring witness for each class. As seen on that attachment, the Enterprise
21 Security affiliate class was part of the Customer and Innovation business area
22 during the Updated Test Year. Attachment JWS-RR-1 to my testimony is an
23 organization chart showing the Enterprise Security organization.

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

2 A. The Enterprise Security affiliate class provides enterprise security for Xcel
3 Energy, including SPS. Enterprise Security is responsible for all aspects of Xcel
4 Energy’s Cyber Security, Physical Security, Enterprise Resilience, and Security
5 Governance & Risk Programs. These functions ensure that appropriate policies
6 and procedures are in place for protecting high-risk data, preparing for increasing
7 cyber security threats, and satisfying data privacy requirements, including
8 emerging regulations for data privacy of customer energy consumption. The
9 Enterprise Security affiliate class is also responsible for the preparation for
10 responding to major emergencies, pandemics, and disasters in order to ensure
11 continued operations of Xcel Energy and its Operating Companies, including
12 SPS.

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

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

1

Table JWS-RR-2²

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Enterprise Security	\$25,604,665	\$3,394,611	12.28%	87.72%

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

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

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

Column A — Line No. Lists the Attachment line numbers.

Column B — Affiliate Class Lists the affiliate class.

² **Total XES Class Expenses** is the Dollar amount of total Updated Test Year expenses that XES charged to all Xcel Energy companies for the services provided by this affiliate class. This is the amount from Column E in Attachment JRL-RR-A. **Requested Amount** is SPS's requested amount after exclusions and pro forma adjustments. **% Direct Billed** is the percentage of SPS's requested XES expenses for the class that were billed 100% to SPS. **% Allocated** is the percentage of SPS's requested XES expenses for the class that were allocated to SPS.

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 the
3 Updated Test Year.

4 **Attachment JWS-RR-B(CD):** Provides the detail of the XES expenses
5 for the Enterprise Security affiliate class that are summarized on Attachment
6 JWS-RR-A. The detail shows the XES expenses billed to SPS for the Enterprise
7 Security affiliate class, itemized by the amount, with each expense listed by
8 individual activity and billing method (cost center). When summed, these
9 amounts tie to the amounts shown on Attachment JWS-RR-A, and the detail
10 regarding the expenses is organized to support that attachment. Specifically, the
11 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 JWS-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 JWS-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 JWS-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 JWS-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 JWS-RR-A.

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

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

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

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

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

Column A 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 Enterprise Security 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 cost 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 Enterprise**
2 **Security 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 JWS-RR-A, Column H, and on Attachment JWS-RR-B(CD),
6 Column K. The details for the exclusions are provided in Attachment JWS-RR-C.
7 Mr. Baumgarten describes how the exclusions were calculated. In SPS's 45-day
8 case update, I will present an updated Attachment JWS-RR-C that will provide
9 actual exclusions to replace any estimated exclusions included in my original
10 attachment.

11 **Q. Are there any pro forma adjustments to SPS's per book expenses for the**
12 **Enterprise Security 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 JWS-RR-A, Column J, and on Attachment JWS-RR-
16 B(CD), Column M. The details for the pro forma adjustments, including the
17 witness or witnesses who sponsor each pro forma adjustment, are provided in
18 Attachment JWS-RR-D. Given the time of SPS's initial filing, only the first nine
19 months of the Updated Test Year have completed the full pro forma adjustment
20 review process. In SPS's 45-day case update, I will present an updated
21 Attachment JWS-RR-D that will complete the full pro forma adjustment review
22 process for the last three months of the Updated Test Year.

1 **Q. Attachment JWS-RR-D shows that you are a sponsor for pro forma**
2 **adjustments for expenses for the Enterprise Security affiliate class during the**
3 **first nine months of the Updated Test Year that result in a minor increase for**
4 **the Enterprise Security affiliate class.. Please explain the adjustments.**

5 A. I sponsor certain minor business area adjustments to office supplies and expenses
6 that result in a net increase of \$390 to SPS's request.

7 **B. The Enterprise Security Class of Services are Necessary Services**

8 **Q. Are the services that are grouped in the Enterprise Security affiliate class**
9 **necessary for SPS's operations?**

10 A. Yes. The Enterprise Security affiliate class provides a vital service that enables
11 SPS and Xcel Energy to safely and securely conduct its business to provide
12 electric service to its customers. They are functions required by all utilities and
13 without which SPS would not be able to provide electric service to its customers.

14 **Q. What are the specific services that are provided to SPS by the Enterprise**
15 **Security affiliate class?**

16 A. The specific services that are provided to SPS by the Enterprise Security affiliate
17 class include:

- 18 • **Cyber Security** – Providing a robust team of cyber security specialists
19 that enable twenty-four hours a day, seven days a week monitoring and
20 incident response capabilities, security engineering services, identity
21 and access management, and threat intelligence monitoring and
22 reporting.
- 23 • **Enterprise Resilience** – Streamlining and strengthening the
24 organization's ability to respond to major crisis events or disasters,
25 identify business risks and critical operations, develop continuity plans
26 to maintain or restore operations during a crisis, and enhance external
27 emergency management partner engagement.

- 1 • **Physical Security** – Providing a diverse suite of physical security
2 tools, tactics, and procedures for the enterprise to ensure regulated and
3 non-regulated physical security requirements are met based on a
4 strategic (enterprise wide) or business unit need to minimize risk to
5 Xcel Energy personnel, assets, and information.
- 6 • **Security Governance & Risk Services** – overseeing Governance,
7 Risk, and Compliance management, which are the three pillars that
8 ensure that Xcel Energy understands and effectively manages IT risk,
9 which includes governance of the discipline of designing,
10 implementing, and maturing technology risk management practices to
11 protect business processes and IT assets across the enterprise.
- 12 **Q. Are any of the Enterprise Security class of services that are provided to SPS**
13 **duplicated elsewhere in XES or in any other Xcel Energy subsidiary such as**
14 **SPS itself?**
- 15 A. No. Within XES, none of the services grouped in the Enterprise Security affiliate
16 class are duplicated elsewhere. No other Xcel Energy subsidiary performs these
17 services for the Operating Companies. In addition, SPS does not perform these
18 services for itself. Although the Business Systems affiliate class, which is
19 supported by Mr. Remington, is responsible for the implementation and IT
20 support of cyber security capital projects (e.g., software and hardware), those
21 services are separate and distinct from those provided by the Enterprise Security
22 affiliate class.
- 23 **Q. Do SPS’s Texas retail customers benefit from the services that are part of the**
24 **Enterprise Security class of services?**
- 25 A. Yes. The services of the Enterprise Security class benefit SPS’s customers in
26 many ways. The sophisticated security systems, round-the-clock monitoring, and
27 awareness training provided by the Enterprise Security affiliate class protect the
28 assets and personnel of SPS that are necessary to provide electric service to
29 customers.

1 **C. The Enterprise Security Class of Services are Provided at a**
2 **Reasonable Cost**

3 *1. Additional Evidence*

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

6 A. Yes. Of the Updated Test Year costs for the Enterprise Security class, over 57%
7 are compensation and benefits costs for XES personnel. SPS witnesses Michael
8 P. Deselich and Richard R. Schrubbe establish that the level of Xcel Energy's
9 compensation and benefits is reasonable and necessary. In addition,
10 approximately 27% of the costs for this class were for goods or services procured
11 by contract. Xcel Energy's Supply Chain organization is responsible for the
12 sourcing and purchasing of goods and services needed by SPS, as well as the
13 review and processing of payments by vendors. SPS witness Robert H. Kunze
14 provides testimony about these functions and demonstrates that the Supply Chain
15 processes and controls produce reasonable costs supporting SPS's operations.

16 *2. Budget Planning*

17 **Q. Is a budget planning process applicable to the Enterprise Security class of**
18 **affiliate costs?**

19 A. Yes. Annual budgets are created which are applicable to the Enterprise Security
20 class of affiliate costs, using guidelines developed at the corporate level. As part
21 of the process, historical spend information for the Enterprise Security class of
22 affiliate costs is reviewed, changes are identified that will be coming in the future,
23 and the costs associated with those changes are analyzed prior to submitting a
24 proposed budget. The budgeting process is discussed in more detail by SPS
25 witness Adam R. Dietenberger.

1 **Q. During the fiscal year, does the Enterprise Security organization monitor its**
2 **actual expenditures versus its budget?**

3 A. Yes. Actual versus expected expenditures are monitored on a monthly basis.
4 Deviations are evaluated each month to ensure that costs are appropriate. In
5 addition, action plans are developed to mitigate variations in actual to budgeted
6 expenditures. These mitigation plans may either reduce or delay other
7 expenditures so that overall spending complies with the authorized budget.

8 **Q. Are employees within the Enterprise Security organization held accountable**
9 **for deviations from the budget?**

10 A. Yes. All management employees in the Customer and Innovation business area,
11 which includes the Enterprise Security class of affiliate costs, have specific
12 budgetary goals that are incorporated into their performance evaluations.
13 Performance is measured on a monthly basis to ensure adherence to the goals and
14 provide for action plan development to address variances. All Enterprise Security
15 managers are required to manage their expenses to support the budgetary goals.
16 Failure to meet these performance targets will affect their performance evaluation
17 and overall compensation.

18 3. *Cost Trends*

19 **Q. Please state the dollar amounts of the actual per book charges from XES to**
20 **SPS for the Enterprise Security class of services for the three fiscal years**
21 **preceding the end of the Updated Test Year and the estimated per book**
22 **charges for the estimated Updated Test Year.**

23 A. The following table shows, for the fiscal years 2017, 2018, and 2019 (calendar
24 years), the actual per book, and, for the Updated Test Year, the estimated per

book affiliate charges (Column I on Attachment JWS-RR-A) from XES to SPS for the services grouped in the Enterprise Security affiliate class:

Table JWS-RR-3

	(Per Book) Charges Over Time			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Enterprise Security	\$2,262,047	\$2,659,584	\$2,788,100	\$3,418,179

Q. What are the reasons for this trend?

A. There has been an increase in costs from 2017 to the Updated Test Year. This increase is due to the increase in staffing needed to support the work and responsibilities of the organization, including but not limited to ensuring that appropriate policies and procedures are in place for protecting high-risk data, preparing for increasing cyber security threats, and satisfying data privacy requirements, including emerging regulations for data privacy of customer energy consumption. I discuss the increase in staffing in more detail below.

4. Staffing Trends

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

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

1

Table JWS-RR-4

	Average of End of Month # of Staff			
Class of Services	2017	2018	2019	Updated Test Year (Estimated)
Enterprise Security	87	123	140	148

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

3 A. The increase in average staffing levels from 2017 through the Updated Test Year
 4 was due to the need to correct a lack of resources to ensure adequate headcount to
 5 provide essential cyber and physical Enterprise Security services for Xcel Energy
 6 and its Operating Companies, including SPS. This increase in staffing
 7 demonstrates the emerging need that led to a stand-alone organization (i.e.,
 8 Enterprise Security) to focus on Cyber Operations, Enterprise Resilience, Physical
 9 Security, and Security Governance.

10 *5. Cost Control and Process Improvement Initiatives*

11 **Q. Separate from the budget planning process, does the Enterprise Security**
 12 **affiliate class take any steps to control its costs or to improve its services?**

13 A. Yes. The Enterprise Security organization continually reviews its plans,
 14 initiatives, and staffing to ensure they are appropriate and to identify and
 15 implement improvements. For example, non-critical physical security equipment
 16 repairs and maintenance activities are grouped by geographical area in order to
 17 reduce travel time and expense, and “smart” software has been installed that
 18 reduces the number of people required to monitor Xcel Energy facilities and

1 provide improved response times and, thus, have an incentive to keep the price of
2 their services competitive.

3 **D. The Costs for the Enterprise Security 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 Enterprise Security 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 costs 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 Enterprise Security affiliate class billed to SPS?**

17 A. My Attachment JWS-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 JWS-RR-A, shows
19 the billing method associated with each activity. My Attachment JWS-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 JWS-
23 RR-A and JWS-RR-B(CD) so that the entries for the last three months of the
24 Updated Test Year provide actual data and conform to the information provided

1 for the first nine months. In the event the predominant billing methods and
2 associated allocation methods for the Enterprise Security affiliate O&M expenses
3 on my updated Attachments JWS-RR-A and JWS-RR-B(CD) differ from those
4 discussed below, I will explain those differences in supplemental testimony in
5 SPS's 45-day case update filing.

6 **Q. What are the predominant allocation methods used for billing the costs that**
7 **SPS seeks to recover for the Enterprise Security affiliate class of services?**

8 A. One hundred percent of the requested XES charges to SPS for this class were
9 charged using one of the following five allocation methods:

- 10 • Assets, Revenues, Number of Employees – 62.21% of XES charges to
11 SPS – \$2,111,899;
- 12 • Number of Employees – 24.57% of XES charges to SPS - \$834,083;
- 13 • Direct Billing – 12.28% of XES charges to SPS - \$416,830;
- 14 • Number of Computers – 0.68% of XES charges to SPS – \$23,010; and
- 15 • Number of Customers – 0.26% of XES charges to SPS - \$8,789.

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

19 A. The “Assets, Revenues, Number of Employees” method produces an allocation of
20 costs that recognizes the complexity, risk, and overall business activity levels that
21 drive the costs included in the cost centers and measures the benefits received
22 from those activities. For the cost centers billed using this allocator, there is no
23 one specific cost driver for the support tasks and services provided, and the
24 services benefit multiple Xcel Energy affiliates. For example, the costs associated

1 with labor and non-labor costs of providing support to the Operations
2 organization in the area of cyber security planning and implementation, which are
3 collected in Cost Center 200074, are allocated using this method. Within the Xcel
4 Energy holding company group, those legal entities that have proportionately
5 more assets, revenues, and employees will have more focus placed on their
6 operations due to those subsidiaries' relative influence on the consolidated
7 business balance sheet, income statement, and statement of cash flow, and the
8 subsidiaries will benefit accordingly from the services provided. Thus, allocating
9 these costs based upon the average of the total asset ratio, revenue ratio, and the
10 employee ratio is appropriate because it allocates costs for the services in
11 accordance with cost causation and the distribution of the benefits of the services
12 received. For the cost centers that assign costs based upon this allocation method,
13 the per unit amounts charged by XES to SPS as a result of the application of this
14 allocation method are no higher than the unit amounts billed by XES to other
15 affiliates for the same or similar services and represent the actual costs of the
16 services.

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

20 **A.** For the cost centers that use the “Number of Employees” method as the allocator,
21 the costs are driven by the employees. For example, Cost Center 200165 –
22 Employee Communications, which uses the “Number of Employees” method as

1 the allocator, captures costs for the development and enhancement of employee
2 awareness of Xcel Energy's security efforts through communication vehicles and
3 targeted communications for specific business areas such as Human Resources
4 and employee meetings. Thus, this cost center allocates costs among the Xcel
5 Energy legal entities based upon the proportionate share of employees of each
6 Xcel Energy legal entity (i.e., the number of employees of a particular legal entity
7 as a percentage of the total number of employees of all of the legal entities). This
8 allocation reflects 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 allocation method are no higher than the unit amounts billed by XES to
12 other affiliates for the same or similar services and represent the actual costs of
13 the services.

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

16 A. For the cost centers that are assigned using the "Direct Billing" method, the costs
17 normally reflect work that was performed specifically for SPS only. In some
18 cases, however, the direct billing occurred after the application of an off-line
19 allocator that tracks the relevant cost drivers. In either situation, the cost centers
20 charged using the "Direct Billing" method are appropriate because the assignment
21 of costs is in accordance with the distribution of benefits for the services received.
22 For example, the labor costs associated with monitoring SPS generation facility

1 security systems were assigned using the “Direct Billing” method. The cost of
2 these services benefited SPS, and the work was performed specifically for SPS
3 alone. Thus, the “Direct Billing” method is appropriate because it assigns costs in
4 accordance with cost causation and benefits received. For the cost centers that
5 assign costs using Direct Billing, the per unit amounts charged by XES to SPS are
6 no higher than the unit amounts billed by XES to other affiliates for the same or
7 similar services and represent the actual costs of the services.

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

11 A. For the cost centers charged using the “Number of Computers” method as the
12 allocator, the costs are driven by the machines in the environment. For example,
13 the costs of defending against persistent actor malware attacks are collected in
14 Cost Center 200148, are assigned using this billing method, and these costs are
15 driven by the number of computers in use. Thus, allocating these costs based on
16 the number of computers is appropriate for the allocation of costs to affiliates
17 because it allocates costs for the services in accordance with cost causation and
18 the distribution of the benefits of the services received. For the cost centers that
19 assign costs based upon this allocation method, the per unit amounts charged by
20 XES to SPS as a result of the application of this allocation method are no higher
21 than the unit amounts billed by XES to other affiliates for the same or similar
22 services and represent the actual costs of the services.

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

4 A. For the cost centers charged using the “Number of Customers” method as the
5 allocator, the costs are driven by the needs of customers. They include costs
6 associated with the Customer Care organization that operates the centralized
7 customer contact centers and handles the interface between individual customers
8 and each of the Operating Companies. Cost Center 200152 uses the “Number of
9 Customers” method as the allocator. Accordingly, this cost center allocates costs
10 among the Operating Companies based upon the proportionate share of customers
11 of each Operating Company (i.e., the number of customers of a particular
12 Operating Company as a percentage of the total number of customers of all of the
13 Operating Companies). This allocation reflects cost causation and the distribution
14 of the benefits of the services received. For the cost centers that assign costs
15 based upon this allocation method, the per unit amounts charged by XES to SPS
16 as a result of the application of this allocation method are no higher than the unit
17 amounts billed by XES to other affiliates for the same or similar services and
18 represent the actual costs of the services.

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

20 A. Yes.

AFFIDAVIT

STATE OF COLORADO)

COUNTY OF DENVER)

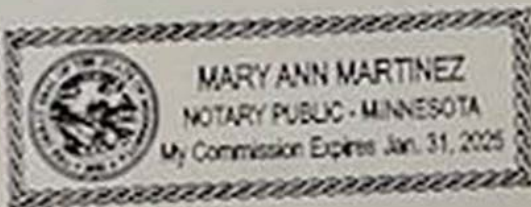
JAMES W. SAMPLE, first being sworn on his oath, states:

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.

James W. Sample

JAMES W. SAMPLE

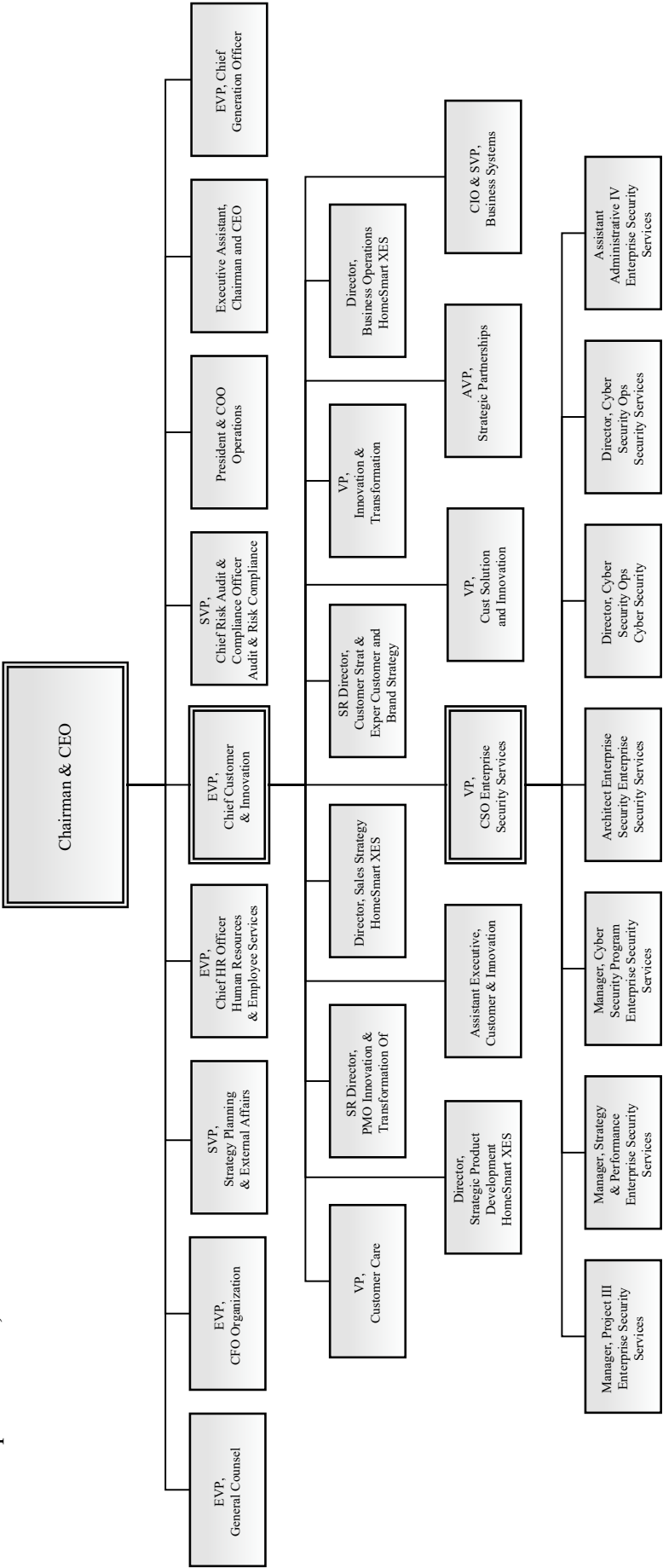
Subscribed and sworn to before me this 2 day of February, 2021 by JAMES W. SAMPLE.



Mary Ann Martinez
Notary Public, State of Minnesota

My Commission Expires: Jan. 31, 2025

Southwestern Public Service Company
Organization Chart – Enterprise Security
As of September 30, 2020



Southwestern Public Service Company

Physical Security Capital Additions
July 1, 2019 through September 30, 2020

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	WBS Level 4 Number	WBS Level 4 Description	Asset Class	Witness	Project Category	WBS Level 2 Number
1	D.0001804.126.001.010	Purch Security Camera Plant X SPS	Electric General	Sample	Cyber Security	Purch Network Appl Camera Upgr SPS
2	D.0001804.126.001.009	Purch Security Camera Jones SPS	Electric General	Sample	Cyber Security	Purch Network Appl Camera Upgr SPS
3						D.0001804.126 Total
4	D.0001840.114.001.002	Purch Sec Camera Canyon TX	Electric General	Sample	Cyber Security	Purch Sec Camera HW TX
5	D.0001840.114.001.004	Purch Sec Camera Pampa TX	Electric General	Sample	Cyber Security	Purch Sec Camera HW TX
6	D.0001840.114.001.003	Purch Sec Camera Toik TX	Electric General	Sample	Cyber Security	Purch Sec Camera HW TX
7	D.0001840.114.001.006	Purch Sec PowerEdge HW SPS	Electric General	Sample	Cyber Security	Purch Sec Camera HW TX
8	D.0001840.114.001.005	Purch Sec Camera PlainView TX	Electric General	Sample	Cyber Security	Purch Sec Camera HW TX
9						D.0001840.114 Total
10	D.0001781.042.001.001	Security Projects - Electric -	Electric General	Sample	Security - Controls & Monitoring	Security Projects - Electric -
11						D.0001781.042 Total
12	D.0001840.116.001.002	Purch Sec Camera HW Roswell NM	Electric General	Sample	Cyber Security	Purch Sec Camera HW NM
13						D.0001840.116 Total
14	D.0002165.010.001.001	ITC-Purch OT Monitor DRAGOS HW SPS	Electric General	Sample	Cyber Security	ITC-Purch OT Monitor DRAGOS HW SPS
15						D.0002165.010 Total
16						D.0002165.010 Total
Total Electric General						
17	D.0001770.007.001.001	Electronic Data SW SPS	Electric General - Software	Sample	Cyber Security	Electronic Data SW SPS
18						D.0001770.007 Total
19	D.0001771.007.001.001	Certificate Key Mgmt SW SPS	Electric General - Software	Sample	Cyber Security	Certificate Key Mgmt SW SPS
20						D.0001771.007 Total
21	D.0001818.018.001.001	Security Incident SW SPS	Electric General - Software	Sample	Cyber Security	Security Incident SW SPS
22						D.0001818.018 Total
23	D.0002098.004.001.001	CyberArk PAM SW SPS-10694	Electric General - Software	Sample	Cyber Security	CyberArk PAM SW SPS-10694
24						D.0002098.004 Total
25	D.0002099.007.001.001	Firewall Rule Mgmt SW SPS-10707	Electric General - Software	Sample	Cyber Security	Firewall Rule Mgmt SW SPS-10707
26						D.0002099.007 Total
27	D.0002101.006.001.001	eGRC Ph3 SW SPS-10719	Electric General - Software	Sample	Cyber Security	eGRC Ph3 SW SPS-10719
28						D.0002101.006 Total
29	D.0001818.108.001.001	Emergency Mass SW SPS-10709	Electric General - Software	Sample	Cyber Security	Emergency Mass SW SPS-10709
30						D.0001818.108 Total
31	D.0002101.012.001.001	eGRC Continuity SW SPS-10750	Electric General - Software	Sample	Cyber Security	eGRC Continuity SW SPS-10750
32						D.0002101.012 Total
33	D.0002202.006.001.001	Multi Auth SW SPS-10759	Electric General - Software	Sample	Cyber Security	Multi Auth SW SPS-10759

Southwestern Public Service Company
Physical Security Capital Additions
July 1, 2019 through September 30, 2020

Line No.	(A) WBS Level 4 Number	(H) In-Service Date	(I) Additions (Jul 2019 - Sep 2020)	(J) XES Charges (Included in Column I)	(K) Other Affiliate Charges (Included in Column I)	(L) Total Affiliate Charges (Included in Column I)	(M) Total Native Charges (Columns L less L) Within the Total Additions to Plant-in-Service Shown in Column (I)
1	D.0001804.126.001.010	201803	\$ 184.23	\$ -	\$ -	\$ -	\$ 184.23
2	D.0001804.126.001.009	201803	728.42	-	-	-	728.42
3			912.65	-	-	-	912.65
4	D.0001840.114.001.002	201812	48.91	-	-	-	48.91
5	D.0001840.114.001.004	201909	176,854.01	-	-	-	176,854.01
6	D.0001840.114.001.003	202004	324,781.10	-	-	-	324,781.10
7	D.0001840.114.001.006	201912	34,430.71	-	-	-	34,430.71
8	D.0001840.114.001.005	201905	2,561.52	-	-	-	2,561.52
9			538,676.25	-	-	-	538,676.25
10	D.0001781.042.001.001	201906	57,298.16	578.86	-	578.86	56,719.30
11			57,298.16	578.86	-	578.86	56,719.30
12	D.0001840.116.001.002	201909	195,417.07	-	-	-	195,417.07
13			195,417.07	-	-	-	195,417.07
14	D.0002165.010.001.001	201911	11,444.14	11,444.14	-	11,444.14	5.30
15			11,449.44	11,444.14	-	11,444.14	5.30
16			\$ 803,753.57	\$ 12,023.00	\$ -	\$ 12,023.00	\$ 791,730.57
17	D.0001770.007.001.001	201703	\$ 806.94	\$ -	\$ -	\$ -	\$ 806.94
18			806.94	-	-	-	806.94
19	D.0001771.007.001.001	201812	33.76	33.76	-	33.76	-
20			33.76	33.76	-	33.76	-
21	D.0001818.018.001.001	201709	(513.06)	-	-	-	(513.06)
22			(513.06)	-	-	-	(513.06)
23	D.0002098.004.001.001	201812	1,932.32	1,932.32	-	1,932.32	-
24			1,932.32	1,932.32	-	1,932.32	-
25	D.0002099.007.001.001	201812	1,956.07	1,956.07	-	1,956.07	-
26			1,956.07	1,956.07	-	1,956.07	-
27	D.0002101.006.001.001	201812	29.54	29.54	-	29.54	-
28			29.54	29.54	-	29.54	-
29	D.0001818.108.001.001	201811	175.44	175.44	-	175.44	-
30			175.44	175.44	-	175.44	-
31	D.0002101.012.001.001	201912	46,695.62	12,215.89	-	12,215.89	34,479.73
32			46,695.62	12,215.89	-	12,215.89	34,479.73
33	D.0002202.006.001.001	201912	226,805.64	140,038.82	-	140,038.82	86,766.82

Southwestern Public Service Company
Physical Security Capital Additions
July 1, 2019 through September 30, 2020

(A)		(B)	(C)	(D)	(E)	(F)	(G)
Line No.	WBS Level 4 Number	WBS Level 4 Description	Asset Class	Witness	Project Category	WBS Level 2 Number	WBS Level 2 Description
34						D.0002202.006 Total	
35	D.0002189.006.001.001	ITC-Virtual Emergency SW TX-10745	Electric General - Software	Sample	Security - Controls & Monitoring	D.0002189.006	ITC-Virtual Emergency SW TX-10745
36						D.0002189.006 Total	
37	D.0002001.020.001.001	Sailpoint Ph4 SW SPS-10760	Electric General - Software	Sample	Cyber Security	D.0002001.020	Sailpoint Ph4 SW SPS-10760
38						D.0002001.020 Total	
39	D.0002101.018.001.001	eGRC Standard SW SPS-10751	Electric General - Software	Sample	Cyber Security	D.0002101.018	eGRC Standard SW SPS-10751
40						D.0002101.018 Total	
41	D.0002008.012.001.001	Enterprise Data Ph3 SW SPS-10762	Electric General - Software	Sample	Cyber Security	D.0002008.012	Enterprise Data Ph3 SW SPS-10762
42						D.0002008.012 Total	
43	D.0002165.007.001.001	OT Monitor DRAGOS SW SPS-10772	Electric General - Software	Sample	Cyber Security	D.0002165.007	OT Monitor DRAGOS SW SPS-10772
44						D.0002165.007 Total	
45	D.0002268.005.001.001	ITC-Endpoint Svr Security Suite-SW	Electric General - Software	Sample	Security - Controls & Monitoring	D.0002268.005	ITC-Endpoint Svr Security Suite-SW
46						D.0002268.005 Total	
47	D.0002123.008.001.001	ITC-Security Camera Verint-SW SPS	Electric General - Software	Sample	Security - Controls & Monitoring	D.0002123.008	ITC-Security Camera Verint-SW SPS
48						D.0002123.008 Total	
49	D.0001770.026.001.001	Secure File MFT SW SPS-10754	Electric General - Software	Sample	Cyber Security	D.0001770.026	Secure File MFT SW SPS-10754
50						D.0001770.026 Total	
51	Total Electric General - Software						
Grand Total							

Southwestern Public Service Company
Physical Security Capital Additions
July 1, 2019 through September 30, 2020

	(A)	(H)	(I)	(J)	(K)	(L)	(M)
Line No.	WBS Level 4 Number	In-Service Date	Additions (Jul 2019 - Sep 2020)	XES Charges (Included in Column I)	Other Affiliate Charges (Included in Column I)	Total Affiliate Charges (Included in Column I)	Total Native Charges (Columns I less L) Within the Total Additions to Plant-in-Service Shown in Column (I)
34			226,805.64	140,038.82	-	140,038.82	86,766.82
35	D.0002189.006.001.001	202008	153,861.78	149,358.16	-	149,358.16	4,503.62
36			153,861.78	149,358.16	-	149,358.16	4,503.62
37	D.0002001.020.001.001	201912	227,706.83	105,729.32	-	105,729.32	121,977.51
38			227,706.83	105,729.32	-	105,729.32	121,977.51
39	D.0002101.018.001.001	201912	52,302.82	23,908.28	-	23,908.28	28,394.54
40			52,302.82	23,908.28	-	23,908.28	28,394.54
41	D.0002008.012.001.001	201911	81,555.56	19,682.09	-	19,682.09	61,873.47
42			81,555.56	19,682.09	-	19,682.09	61,873.47
43	D.0002165.007.001.001	201911	263,884.16	253,676.51	-	253,676.51	10,207.65
44			263,884.16	253,676.51	-	253,676.51	10,207.65
45	D.0002268.005.001.001	202004	50,456.07	49,397.18	-	49,397.18	1,058.89
46			50,456.07	49,397.18	-	49,397.18	1,058.89
47	D.0002123.008.001.001	202007	44,662.67	43,717.39	-	43,717.39	945.28
48			44,662.67	43,717.39	-	43,717.39	945.28
49	D.0001770.026.001.001	201911	26,712.15	6,125.23	-	6,125.23	20,586.92
50			26,712.15	6,125.23	-	6,125.23	20,586.92
51			\$ 1,179,064.31	\$ 807,976.00	\$ -	\$ 807,976.00	\$ 371,088.31
			\$ 1,982,817.88	\$ 819,999.00	\$ -	\$ 819,999.00	\$ 1,162,818.88

Southwestern Public Service Company

Physical Security 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						
Security - Controls &						
1	Electric General Plant	Sample	Monitoring	\$ 369,156.41		Card Readers, Cabling, and Video Monitoring at Multiple Locations
2	Electric General Plant	Sample	Cyber Security	34,179.00		ITC OT Monitoring 2020 HW SPS
3	Total Electric General Plant			\$ 403,335.41	\$ 28,631.18	
October-December 2020 Budget Amounts						
4	Electric General -					
5	Software	Sample	Cyber Security	\$ 715,471.30		ITC Email Advanced Threat Protect SW SPS
6	Software	Sample	Cyber Security	511,111.27		Host Intrusion SW SPS-10684
7	Software	Sample	Cyber Security	247,397.07		ITC OT Monitoring 2020 SW SPS
8	Software	Sample	Cyber Security	144,332.93		Ent DataBase Security Ph4 SW SPS-10774
9	Software	Sample	Cyber Security	132,288.37		ITC-CloudSAST_DAST-SW SPS
10	Software	Sample	Cyber Security	129,746.04		CyberArk CIP SW SPS-10749
11	Software	Sample	Cyber Security	100,239.31		ITC-MFA-Maturation-SW SPS
12	Software	Sample	Cyber Security	96,423.03		Axio Risk Dashboards SPS
13	Software	Sample	Cyber Security	75,186.85		ITC-Archer 2020-SW SPS
14	Software	Sample	Cyber Security	25,984.09		ITC-Cloud Access Security Broker SW SPS
15	Software	Sample	Cyber Security	(143,600.81)		BUDG-Security Tech Refresh SW SPS
16	Total Electric General - Software			\$ 2,034,579.45	\$ 869,790.20	
17						
18	Grand Total			\$ 2,437,914.86	\$ 898,421.37	

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

(A) Line No.	(B) Affiliate Class	(C) Billing Method (Cost Center)	(D) Allocation Method	(E) Total XES Billings for Class to all Legal Entities (FERC Acct. 400-935)	(F) XES Billings for Class to all Legal Entities Except SPS (FERC Acct. 400-935)	(G) XES Billings for Class to SPS (Total Company) (FERC Acct. 400-935)	(H) Exclusions	(I) Per Book	(J) Pro Formas	(K) Requested Amount (Total Company)	(L) % of Class Charges
1	Enterprise Security	200074 - Corporate Systems - Corporate Governance	Assets/Revenue/No. of employees	\$ 16,062,389.57	\$ 13,987,686.58	\$ 2,074,702.99	\$ (162.54)	\$ 2,074,540.45	\$ 37,358.60	\$ 2,111,899.05	62.21%
2	Enterprise Security	200148 - Business Systems	Number of Computers	175,000.00	151,990.13	23,009.87	-	23,009.87	-	23,009.87	0.68%
3	Enterprise Security	200152 - Customer Care 902	Number of Customers	123,952.35	115,371.25	8,581.10	-	8,581.10	207.65	8,788.75	0.26%
4	Enterprise Security	200165 - Employee Management Systems	Number of Employees	5,659,660.41	4,835,757.83	823,902.58	(2.55)	823,900.03	10,182.79	834,082.82	24.57%
5	Enterprise Security	Direct	Direct	3,583,662.69	3,095,514.90	488,147.79	-	488,147.79	(71,317.74)	416,830.05	12.28%
6	Enterprise Security Total			\$25,604,665.02	\$22,186,320.69	\$ 3,418,344.33	\$ (165.09)	\$ 3,418,179.24	\$ (23,568.70)	\$ 3,394,610.54	100.00%
7	Total Witness James W. Sample			\$25,604,665.02	\$22,186,320.69	\$ 3,418,344.33	\$ (165.09)	\$ 3,418,179.24	\$ (23,568.70)	\$ 3,394,610.54	

Southwestern Public Service Company

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

James W. Sample

2021 Texas Rate Case

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

SJB-RR-B(CD) is provided in electronic format

Southwestern Public Service Company

Exclusions from XES Expense to SPS

For the Twelve Months Ended December 31, 2020

(A)	(B)	(C)	(D)	(E)
Line No.	Affiliate Class	FERC Account	Explanation for Exclusions	Exclusions (Total Company)
1	Enterprise Security	426.4 - Expenditures for certain civic, political and related activities	Below the Line	\$ (0.05)
2	Enterprise Security	426.5 - Other Deductions	Below the Line	(165.04)
3	Enterprise Security Total			\$ (165.09)
4	Total Witness James W. Sample			\$ (165.09)
	Amounts may not add or tie to other schedules due to rounding			

Southwestern Public Service Company

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

(A) Line No.	(B) Affiliate Class	(C) FERC Account	(D) Explanation for Pro Formas	(E) Sponsor	(F) Pro Formas (Total Company)
1	Enterprise Security	902 - Meter reading expenses	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 207.65
2	Enterprise Security	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	55,749.92
3	Enterprise Security	921 - Office supplies and expenses	Business Area Adjustment	James W. Sample	389.88
4	Enterprise Security	930.1 - General advertising expenses	Advertising	Stephanie N. Niemi	(79,916.15)
5	Enterprise Security Total				\$ (23,568.70)
6	Total Witness James W. Sample				\$ (23,568.70)
	Amounts may not add or tie to other schedules due to rounding				