

DOCKET NO. 51802

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

**UPDATE TESTIMONY
of
WILLIAM A. GRANT**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

(Filename: GrantRRUpdate.doc; Total Pages: 48)

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
A&G	Administrative & General
ADFIT	Accumulated Deferred Federal Income Taxes
Commission	Public Utility Commission of Texas
ES	Energy Supply
FERC	Federal Energy Regulatory Commission
FIT	Federal Income Taxes
GC	General Counsel
kWh	kilowatt-hour
Native SPS Costs	Expenses incurred directly by SPS
O&M	Operation and Maintenance
PSCo	Public Service Company of Colorado, a Colorado corporation
PURA	Public Utility Regulatory Act
REC	Renewable Energy Credit
RFP	Rate Filing Package
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
VP	Vice President
WACC	weighted average cost of capital
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
WAG-RR-U1 (Updated Test Year)	Summary of Requested Rate Increase (Filename: WAG-RR-U1.xlsx)
WAG-RR-U4 (Updated Test Year)	Native O&M Costs (Filename: WAG-RR-U4.xlsx)
WAG-RR-UA (Updated Test Year)	Summary of XES Expenses to SPS by Affiliate Class and Billing Method (Filename: WAG-RR-UABCD.xlsx)
WAG-RR-UB(CD) (Updated Test Year)	XES Expenses by Affiliate Class, Activity, Billing Method and FERC Account (Filename: WAG-RR-UABCD.xlsx)
WAG-RR-UC (Updated Test Year)	Exclusions from XES Expenses to SPS by Affiliate Class and FERC Account (Filename: WAG-RR-UABCD.xlsx)
WAG-RR-UD (Updated Test Year)	Pro Forma Adjustments to XES Expenses by Affiliate Class and FERC Account (Filename: WAG-RR-UABCD.xlsx)

**UPDATE TESTIMONY
OF
WILLIAM A. GRANT**

I. WITNESS IDENTIFICATION

1

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

3 A. My name is William A. Grant. My business address is 790 South Buchanan
4 Street, Amarillo, Texas 79101.

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

6 A. I am employed by Southwestern Public Service Company, a New Mexico
7 corporation (“SPS”), as Regional Vice President, Rates and Regulatory Affairs.

8 **Q. On whose behalf are you submitting update testimony in this case?**

9 A. I am submitting update testimony on behalf of SPS.

10 **Q. Are you the same William A. Grant who submitted direct testimony in this**
11 **proceeding?**

12 A. Yes.

II. ASSIGNMENT AND SUMMARY OF UPDATE TESTIMONY AND RECOMMENDATIONS

Q. What is the purpose of your update testimony?

Q. Please summarize your testimony and the recommendations you present regarding SPS's application, as modified by this Case Update filing.

After taking into consideration the replacement of estimates with actual amounts, SPS's requested Texas retail revenue requirement declines to \$761,917,417, which reflects an updated requested base rate increase of \$143,060,618 over current rates on a Texas retail basis. I recommend that the Commission approve that updated revenue requirement, along with the other forms of relief set forth in the last section of this update testimony.

1 through December 2020 (“Update Period”) expenses have now gone through the
2 full pro forma adjustment review process. Thus, I provide updated figures for
3 those Update Period expenses. My update testimony includes Attachments
4 WAG-RR-UA through WAG-RR-UD in support of the Strategic Revenue
5 Initiatives and PSCo President affiliate costs I support.

6 Regarding the native Operation and Maintenance (“O&M”) and
7 Administrative and General (“A&G”) costs in Federal Energy Regulatory
8 Commission (“FERC”) Accounts 912, 916, 921, 923, and 928 that I support, my
9 update testimony includes Attachment WAG-RR-U4, which replaces the
10 estimated costs that I provided in my direct testimony for the Updated Test Year
11 (January 1, 2020 through December 31, 2020) with actual costs.

12 **Q. Is this Case Update testimony intended to replace the direct testimony you**
13 **submitted along with the RFP on February 8, 2021?**

14 A. No. This Case Update testimony is intended to supplement, rather than replace,
15 the testimony I filed on February 8, 2021.

16 **Q. Are any of the RFP schedules that you sponsor or co-sponsor updated in this**
17 **filing?**

18 A. Yes. The RFP schedules that I sponsor or co-sponsor that are updated in this
19 filing are shown in the table below:

20 **TABLE WAG-RR-U1**

Schedule G	4, 4.1, 4.1a, 4.1c, 4.1d, 4.2, 4.2a, 4.2b, 4.2c, 4.3, 4.3a, 4.3b, 4.3c, 4.3d
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1 **Q. Were the updated schedules that you sponsor or co-sponsor prepared by you**
2 **or under your direct supervision or control?**

3 A. Yes.

4 **Q. Were Attachments WAG-RR-U1, WAG-RR-U4, and WAG-RR-UA through**
5 **WAG-RR-UD prepared by you or under your direct supervision and**
6 **control?**

7 A. Attachment WAG-RR-U1 was prepared under my direct supervision. Attachment
8 WAG-RR-U4 was prepared by SPS Witness Stephanie N. Niemi and her staff and
9 is based on the cost of service study. My staff and I have reviewed this
10 attachment and I believe it is accurate. Attachments WAG-RR-UA through
11 WAG-RR-UD were prepared as described by SPS witness Ross L. Baumgarten.
12 My staff and I have reviewed those attachments, and I believe them to be
13 accurate. The same information is presented in Mr. Baumgarten's Attachments
14 MLS-RR-UA through MLS-RR-UD (Updated Test Year). This information is
15 presented in attachments to my testimony for the convenience of those reviewing
16 my testimony.

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III. OVERVIEW OF UPDATE FILING

Q. Why is SPS making a Case Update filing?

A. As I explained in my direct testimony, section 36.112 of the Public Utility Regulatory Act (“PURA”)¹ provides that, for a utility outside the Electric Reliability Council of Texas, the Commission,

shall determine the utility’s revenue requirement based on, at the election of the utility:

- (1) information submitted for a test year; or
- (2) information submitted for a test year, updated to include information that reflects the most current actual or estimated information regarding increases or decreases in the utility’s cost of service, including expenses, capital investment, cost of capital, and sales.

In this docket, SPS elected to provide the information submitted for the Test Year (October 1, 2019 through September 30, 2020) but updated the information to include estimated information for the Update Period, which is the three-month period from October 1, 2020 through December 31, 2020. That effectively creates an Updated Test Year consisting of the twelve-month period from January 1, 2020 through December 31, 2020. The primary purpose of the Case Update filing is to update the estimates with actual amounts for the Update Period. This update creates actual Updated Test Year balances for capital costs, expenses, and other elements of the ratemaking calculation.

¹ PURA is codified in Section II of the Texas Utilities Code. Tex. Util. Code Ann. §§ 11.001 – 66.016 (West 2007 and Supp. 2015).

1 **Q. You stated in the previous answer that the “primary” purpose of the Case**
2 **Update filing is to update the estimates with actual amounts for the Update**
3 **Period. Are there other purposes of the Case Update filing?**

4 A. Yes. SPS is providing two types of updates in this filing. First, as part of the Case
5 Update, SPS is updating the estimates filed as part of the original application with
6 actual amounts through December 31, 2020, as required by PURA § 36.112(d).
7 According to the statute and 16 Texas Administrative Code (“TAC”) § 25.246, the
8 update must be filed on the 45th day after the date on which the initial filing was
9 made.

10 Second, the Commission’s RFP requires certain schedules to be updated on
11 the 45th day after the initial filing.² For those RFP schedules that contain the
12 designation “Update Required,” the utility must make a filing 45 days after the initial
13 filing to “include all information subsequent to test year end but not previously
14 provided in the rate filing package.”³ In prior cases, that update has been referred to
15 as the “45-Day Update.” As part of this filing, SPS is also providing the 45-Day
16 Update schedules along with the Case Update testimony and schedules.

17 **Q. Does replacing the estimates with actual amounts change the revenue**
18 **requirement increase that SPS is requesting in this case?**

19 A. Yes. In the application filed on February 8, 2021, SPS requested Commission
20 approval to recover a Texas retail revenue requirement of \$765,521,011 which

² The RFP applicable to SPS is the Commission document titled “Electric Utility Rate Filing Package for Generating Utilities,” which is available on the Commission’s website.

³ The quoted language is from the RFP instructions for Schedule G, which requires the utility to provide numerous types of accounting information. In the 45-Day Update for Schedule G and other affected schedules, SPS has provided information through June 30, 2017.

would be an increase of \$143,365,836 over current rates on a Texas retail basis. As a result of these updates included in the Case Update, SPS is now requesting Commission approval to recover a Texas retail revenue requirement of \$761,917,417, which amounts to an increase of \$143,060,618 over current rates on a Texas retail basis. In Section IV of my update testimony, I describe the drivers that caused the change in the Texas retail revenue requirement.

Q. What other witnesses are providing update testimony?

A. Table WAG-RR-U2 lists the other witnesses providing update testimony (or an update affidavit where indicated) on revenue requirement issues and describes the subjects they address in their testimony.

Table WAG-RR-U2 – Revenue Requirement

Witness	Area of Update Testimony
David T. Hudson	Provides an update regarding the main cost drivers of the rate increase requested by SPS in this case (affidavit).
Mark P. Moeller	Replaces estimates with actuals for capital additions, including affiliate charges, for the Updated Test Year. Replaces the previously filed estimated book depreciation based on actual capital additions, and makes associated updates to SPS's balance of accumulated depreciation for the Texas retail jurisdiction and related balance of accumulated deferred income taxes (the unblending adjustment).
Ross L. Baumgarten	Replaces the previously filed estimates of affiliate billings (including adjustments) during the Updated Test Year for all affiliate classes with actual costs.

Witness	Area of Update Testimony
Casey S. Meeks	<p>Replaces estimated Distribution Business Operations, Distribution Electric Engineering, Distribution Planning & Performance, Vegetation Management & Pole Program, Vice President (“VP”) Distribution Operations, and Gas Operations affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of Distribution capital additions for October 1, 2020 through December 31, 2020 with actuals.</p> <p>Replaces estimates with actuals for SPS Distribution O&M Expenses for the Updated Test Year.</p>
Perry D. Foster	<p>Replaces estimates of Transmission & Substations affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates with actuals for SPS Transmission O&M Expenses for the Updated Test Year.</p>
Jarred J. Cooley	Replaces estimates of Transmission capital additions for October 1, 2020 through December 31, 2020 with actuals.
David A. Low	<p>Replaces estimates of Energy Supply (“ES”) Engineering and Construction, ES Environmental, ES Performance Optimization, ES Energy Supply, and ES VP Operations, ES Business Operations, and ES Wind affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of ES native costs for the Updated Test Year with actuals.</p>
Bennie F. Weeks	Replaces estimates of Resource Planning affiliate expenses for the Updated Test Year with actuals.
Mark Lytal	Replaces estimates of ES capital additions for October 1, 2020 through December 31, 2020 with actuals.
Richard L. Belt	Provides 2020 groundwater modeling results for wellfield serving Tolk Generating Station
Michael O. Remington	<p>Replaces estimates of Business Systems affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of Business Systems capital additions for October 1, 2020 through December 31, 2020 with actuals.</p>

Witness	Area of Update Testimony
Lawrence A. Bick	<p>Replaces estimates of SPS A&G Rents and Maintenance of General Plant Expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of Property Services, Workforce Relations & Safety, and Aviation & Travel Services affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of Property Services capital additions for October 1, 2020 through December 31, 2020 with actuals.</p>
James W. Sample	<p>Replaces estimates of Enterprise Security affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of Security capital additions for October 1, 2020 through December 31, 2020 with actuals.</p>
Adam R. Dietenberger	<p>Replaces estimates of Chief Executive Officer, Chief Customer and Innovation Officer, Corporate Other, Risk Management and Audit Services, Chief Financial Officer, Controller, Finance and Corporate Development, Investor Relations, Tax Services, and Treasurer affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of native Property and Auto Liability Insurance expenses for the Updated Test Year with actuals.</p>
Robert H. Kunze	<p>Replaces estimates of Supply Chain affiliate expenses for the Updated Test Year with actuals.</p> <p>Provides the final version of 2019 CAPS Research Cross-Industry Report of Standard Benchmarks: Utilities Industry.</p>
Nora Lindgren	<p>Replaces estimates of Customer Care affiliate expenses for the Updated Test Year with actuals.</p> <p>Replaces estimates of native SPS Costs for Meter Reading and Customer Records and Collections with actuals.</p>

Witness	Area of Update Testimony
Shawn M. White	Replaces estimates of SPS Energy Efficiency and Load Management Costs for the Updated Test Year with actuals. Replaces estimates of Marketing affiliate expenses for the Updated Test Year with actuals.
Carol C. Bouw	Replaces estimates of native SPS costs for outside law firms and third-party legal vendors for the Updated Test Year with actuals. Replaces estimates of General Counsel (“GC”) Claims, GC Legal Services, and Corporate Secretary affiliate expenses for the Updated Test Year with actuals.
Jeff R. Lyng	Replaces estimates of Policy & Regulatory Compliance and Corporate Strategy & Communication affiliate expenses for the Updated Test Year with actuals.
Jeffrey A. Butler	Replaces estimates of Operations Services Senior VP – Commercial Operations affiliate expenses during the Updated Test Year with actuals.
Michael P. Deselich	Replaces estimates of Human Resources, Shared Services Company Benefits, and Enterprise Training affiliate expenses during the Updated Test Year with actuals.
Richard R. Schrubbe	Updates estimates of the following pension and benefit-related balances with actual amounts: qualified pension expense; retiree medical expense; self-insured long-term disability; active health care; third-party-insured long-term disability; life insurance; miscellaneous health-care-related benefits; miscellaneous retirement costs; 401(k) match; and third-party-insured workers’ compensation benefits. Provides updated prepaid pension asset balance.
H. Craig Romer	Replaces estimates of SPS’s coal-related costs for the Updated Test Year with actual costs.
Jeffrey C. Klein	Replaces estimates of capacity-related costs incurred under SPS’s Purchased Power Agreements during the Updated Test Year with actual costs.
Naomi Koch	Sponsors updated RFP schedules and supports certain information in the Update Cost of Service.

Witness	Area of Update Testimony
Ruth M. Sakya	Provides total annual Renewable Energy Credit (“REC”) costs and resulting RECs to be sold, and REC sales credit (affidavit).
Thomas K. Anson	Supports external rate case expenses incurred by SPS to date.
Stephanie N. Niemi	Supports the Update Cost of Service and explains the differences between that jurisdictional cost of service study and the original jurisdictional cost of service study.

1 In addition, the following witnesses are providing update testimony on rate design
2 issues:

Witness	Area of Update Testimony
Richard M. Luth	Describes SPS’s updated jurisdictional allocation factors. Updates SPS’s present revenues calculation. Explains SPS’s updated Class Cost of Service Study. Provides updated baselines for the Transmission Cost Recovery Factor, Distribution Cost Recovery Factor, and Purchased Power Capacity Cost Recovery Factor.
Jannell E. Marks	Provides the updated load research data and weather normalization adjustment used for the updated class cost of service study and rate design.

3 **Q. Is SPS updating any RFP schedules as part of the Case Update or 45-Day**
4 **Update?**

5 **A.** Yes. Table WAG-RR-U3 lists the schedules that SPS is updating as part of the Case
6 Update and the 45-Day Update.⁴

⁴ Although I have noted earlier in my testimony the updated schedules that I sponsor or co-sponsor, I have included those schedules in Table WAG-RR-U3 for completeness.

Table WAG-RR-U3

Schedule	Title	Case Update	45-Day Update
A	Overall Cost of Service	✓	
A-1	Cost of Service –Texas Retail	✓	
A-2	Cost of Service Detail by Account	✓	
A-3	Adjustments to Test Year	✓	
A-4	Detail TYE Trial Balance	✓	
A-5	Unadjusted O&M	✓	
B-1	Total Company	✓	
B-1.1	Texas Retail	✓	
B-2	Accumulated Provision Balances	✓	
C-1	Original Cost of Utility Plant	✓	
C-2	Detail of Original Cost of Utility Plant	✓	
C-3	Monthly Detail of Utility Plant in Service	✓	
C-4.1	CWIP by Functional Group	✓	
C-5	Allowance for Funds Used During Construction	✓	
D-1	By Functional Group and/or Primary Account	✓	
D-3	Plant Held for Future Use	✓	
D-4	Depreciation and Amortization Expense	✓	
E-1	Monthly Balances of Short Term Assets	✓	✓

Schedule	Title	Case Update	45-Day Update
E-1.1	Detail of Short Term Assets	✓	✓
E-4	Working Cash Allowances	✓	
E-5	Prepayments and Materials and Supplies	✓	✓
G-1.1	Regular and Overtime Payroll	✓	✓
G-1.2	Regular Payroll by Category	✓	✓
G-1.3	Payroll Capitalized vs. Expensed	✓	✓
G-1.4	Payroll by Company		✓
G-1.5	Number of Employees	✓	✓
G-1.6	Payments Other Than Standard Pay	✓	✓
G-2	General Employee Benefit Information	✓	✓
G-2.1	Pension Expense	✓	✓
G-2.2	Postretirement Benefits Other Than Pension	✓	✓
G-2.3	Administration Fees	✓	✓
G-3	Bad Debt Expense	✓	✓
G-4	Summary of Advertising, Contributions & Dues	✓	
G-4.1	Summary of Advertising Expense	✓	
G-4.1a	Summary of Informational/Instructional Advertising	✓	

Schedule	Title	Case Update	45-Day Update
G-4.1b	Summary of General Advertising Expense	✓	
G-4.1c	Summary of General Advertising Expense	✓	
G-4.1d	Capitalized Advertising	✓	
G-4.2	Summary of Contribution and Donation Expense	✓	
G-4.2a	Summary of Educational Contributions and Donations	✓	
G-4.2b	Summary of Community Service Contributions and Donations	✓	
G-4.2c	Summary of Economic Development Contributions and Donations	✓	
G-4.3	Summary of Membership Dues Expense	✓	
G-4.3a	Summary of Industry Organization Dues	✓	
G-4.3b	Summary of Business/Economic Dues	✓	
G-4.3c	Summary of Professional Dues	✓	
G-4.3d	Summary of Social, Recreational, Fraternal or Religious Expenses	✓	
G-4.3e	Summary of Political Organizations Expense	✓	
G-6	Summary of Test Year Affiliate Transactions	✓	

Schedule	Title	Case Update	45-Day Update
G-6.1	Summary of Test Year Expense by Affiliate	✓	
G-6.2	Summary of Adjustments to Test Year Expense by Affiliate	✓	
G-7.1	Reconciliation of Test Year Book Net Income to Taxable Net Income	✓	
G-7.1a	Reconciliation of Timing Differences	✓	
G-7.4	Accumulated Deferred Federal Income Taxes (“ADFIT”)	✓	
G-7.4a	ADFIT – Description of Timing Differences	✓	
G-7.4b	Adjustments to ADFIT	✓	
G-7.6	Analysis of Test Year Federal Income Taxes (“FIT”) and Requested FIT – Tax Method 2	✓	
G-7.6a	Analysis of Deferred FIT	✓	
G-7.7	Analysis of Additional Depreciation Requested	✓	
G-7.8	Analysis of Test Year FIT and Requested FIT – Tax Method 1	✓	
G-7.9	Amortization of Protected & Unprotected Excess Deferred Taxes	✓	
G-7.9a	Analysis of Excess Deferred Taxes by Timing Difference	✓	
G-9	Taxes Other than Income Taxes	✓	✓
G-9.1	Ad Valorem Taxes & Plant Balances	✓	

Schedule	Title	Case Update	45-Day Update
G-12	Below the Line Expenses	✓	
G-14	Regulatory Commission Expense	✓	
G-15	Monthly O&M Expense	✓	
H-1	Summary of Test Year Production O&M Expenses	✓	
H-1.2	Fossil Company-wide O&M Expenses Summary	✓	
H-1.2a	Natural Gas Plant O&M Summary	✓	
H-1.2a1	Natural Gas (Steam Generation)	✓	
H-1.2a2	Natural Gas (Combustion Turbine)	✓	
H-1.2b	Coal Plant O&M Summary	✓	
H-1.2d	Other Plant O&M Summary	✓	
H-2	Summary of Adjusted Test Year Production O&M Expenses	✓	
H-5.2b	Fossil Capital Cost Projects	✓	
H-12.1	Supply and Load Data	✓	
H-12.4a	Firm Purchased Power	✓	
H-12.4c	Firm Purchased Power Fixed Charges	✓	
H-12.5f	On-System Sales (Wholesale & Retail)	✓	
H-12.6a	Monthly Minimum and Peak Demand	✓	

Schedule	Title	Case Update	45-Day Update
I-17.1	Coal Cost Breakdown	✓	
J-2	Consolidated Financial Statements	✓	
K-1	Weighted Average Cost of Capital	✓	
O-1.1	Test Year Data by Rate Class	✓	
O-1.2	Monthly Data by Rate Class	✓	
O-1.3	Unadjusted Test Year Data by Rate Class	✓	
O-1.4	Monthly Adjusted Test Year Data by Rate Class	✓	
O-1.5	System Information	✓	
O-1.6	System Load Factor	✓	
O-1.7	Adjustments to Billing Demand	✓	
O-1.9	Peak Demand by Rate Class	✓	
O-1.10	Break Down of Rate Class Sales	✓	
O-3.1	Number of Customers	✓	
O-3.3	Other Customer Adjustment Information	✓	
O-4.1	Kilowatt-hour (“kWh”) Sales and kilowatt Demand	✓	
O-6.1	Unadjusted kWh Sales by Month of the Test Year	✓	
O-6.2	Adjusted kWh Sales Data	✓	
O-7.2	Historical Sales Data	✓	

Schedule	Title	Case Update	45-Day Update
O-8.1	Historical Weather Data	✓	
O-8.2	Historical Weather after Weighting and Bill Cycle Adjustments	✓	
P-1.1	Proposed Rate Schedules/Proposed Rate Classes	✓	
P-1.2	Existing Rate Schedules/Proposed Rate Classes	✓	
P-1.3	Existing Rate Schedules/Existing Rate Classes	✓	
P-1.4	Proposed Rate Schedules/Existing Rate Classes	✓	
P-2	Allocation of Revenue Deductions to Proposed Rate Classes	✓	
P-3	Allocation of Rate Base to Proposed Rate Classes	✓	
P-4	Separation of Expenses	✓	
P-5	Separation of Rate Base	✓	
P-6	Unit Cost Analysis	✓	
P-7	Allocation Factors	✓	
P-8	Classification Factors	✓	
P-10	Payroll Expense Distribution	✓	
P-11	Distribution Plant Study	✓	

Schedule	Title	Case Update	45-Day Update
P-13	Summary of Changes in Allocation Factors	✓	
Q-1	Revenue Summary	✓	
Q-5.1	Demand Data by Customer Class	✓	
Q-5.2	Demand, Consumption, and Customer Data by Strata	✓	
Q-7	Proof of Revenue Statement	✓	
Q-8.5	Billing Determinants	✓	
Q-8.8	Tariff Schedules	✓	
Q-8.9	Bill Comparisons	✓	

1 **Q. Are the 45-Day Update schedules segregated from the other schedules that**
2 **SPS is submitting as part of the Case Update?**

3 A. No. SPS has organized the schedules in the order they appear in the RFP,
4 regardless of whether they are Case Update schedules or 45-Day Update
5 schedules.

6 **Q. To the extent a schedule that must be updated as part of the 45-day Update is**
7 **also being updated as part of the Case Update, is SPS providing two separate**
8 **schedules?**

9 A. No. To avoid duplication and to lessen the risk of confusion, SPS is providing
10 only one version of each updated schedule.

1 **IV. CAUSES OF CHANGES IN REVENUE REQUIREMENT**

2 **Q. What caused the requested rate increase to decline from the \$143,365,836 set**
3 **forth in SPS’s original filing to the \$143,060,618 requested as part of this Case**
4 **Update?**

5 A. The decline is primarily driven by replacing the estimated expenses and capital
6 additions in the Estimated Updated Test Year with actual amounts. The Update
7 Testimony of Ms. Niemi discusses other adjustments that have contributed to the
8 change in revenue requirement.

9 **Q. Is SPS providing updated information regarding the actual amounts of plant**
10 **placed in service during the Update Period?**

11 A. Yes. Mr. Moeller’s testimony compares the actual capital additions and capitalized
12 affiliate charges during the Update Period to the estimates by function. As Mr.
13 Moeller explains, the actual amounts were lower than the estimates for some
14 functions, and the actual amounts were higher than the estimates for other functions.
15 On an overall basis, however, the actual amounts of capital placed in service during
16 the Update Period were approximately \$1.7 million (total SPS before jurisdictional
17 allocations, or “total company”) higher than the estimate. Ms. Niemi incorporated
18 the higher amount in the calculation of the updated jurisdictional cost of service study
19 that she sponsors.

20 **Q. Is SPS also providing updated information showing the jurisdictional allocators**
21 **and present revenues as of the end of the Update Period?**

22 A. Yes. Mr. Luth updates the estimates of sales and revenues through December 31,
23 2020 with the actual amounts. Those updates caused the jurisdictional allocators to
24 change between the end of the Test Year and the end of the Update Period.

- 1 **Q.** **Is SPS replacing all of the numbers in the Update Period in the original cost of**
2 **service with new amounts in the Update Cost of Service?**
- 3 **A.** Yes. In accordance with 16 TAC § 25.246, SPS has updated all plant and non-plant
4 amounts that make up SPS's rate base.

1 **V. NATIVE O&M AND A&G EXPENSE**

2 **Q. What issues do you address in this section of your testimony?**

3 A. In this section of my testimony, I will discuss updates to certain O&M and A&G
4 expenses related to specific FERC accounts. The expenses I discuss are costs that
5 are native to SPS.

6 **Q. What are the types of services and costs specifically associated with the**
7 **native O&M and A&G expenses that you sponsor and are updating?**

8 A. I sponsor and am updating services and costs related to the following areas:

9 • Sales Expense:

- 10 ▪ Demonstration and Selling Expense (FERC Account 912); and
11 ▪ Miscellaneous Sales Expense (FERC Account 916)

12 • A&G Expenses:

- 13 ▪ Office Supplies and Expenses (FERC Account 921);
14 ▪ Outside Services Employed (FERC Account 923);⁵ and
15 ▪ Regulatory Commission Expense (FERC Accounts 928 - 928.05).

16 These costs include labor, materials, and other non-fuel O&M costs as reflected
17 on my Attachment WAG-RR-U4.

18 **Q. Are there other witnesses who support and update these O&M and A&G**
19 **expenses?**

20 A. Yes. Mr. Baumgarten, Mr. Deselich, and Mr. Schrubbe provide update testimony
21 regarding actual labor and associated costs (both native and affiliate), and Ms.
22 Bouw addresses actual outside legal services and third-party vendor costs
23 recorded in FERC Account 923.

⁵ Mr. Anson sponsors those amounts in FERC Account 923 that relate to expenses for outside law firms and other third-party legal vendors. I sponsor the remaining amounts.

1 **Q. Are the services and associated O&M costs you sponsor necessary and**
2 **reasonable for SPS's operations?**

3 A. Yes. The amounts included in Attachment WAG-RR-U4 represent at a total
4 company level, reasonable and necessary costs incurred directly by SPS to
5 support SPS's ability to provide service to its Texas retail customers. I
6 recommend the Commission approve those costs for the reasons discussed in my
7 direct testimony.

1 **VI. UPDATED AFFILIATE EXPENSES FOR THE STRATEGIC REVENUE**
2 **INITIATIVES CLASS OF SERVICES**

3 **Q. What is the dollar amount of the Updated Test Year Xcel Energy Services**
4 **Inc. (“XES”) charges that SPS requests, on a total company basis, for the**
5 **Strategic Revenue Initiatives affiliate class?**

6 A. The estimated Updated Test Year costs that SPS sought to recover for the services
7 of the Strategic Revenue Initiatives affiliate class were \$147,093 (total company).
8 The actual Updated Test Year costs that SPS seeks to recover for the services of
9 the Strategic Revenue Initiatives affiliate class are \$129,246.

10 The following table summarizes the dollar amount of the actual Updated
11 Test Year XES charges for the Strategic Revenue Initiatives affiliate class.

12 **Table WAG-RR-U4⁶**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
Strategic Revenue Initiatives	\$1,016,031	\$129,246	0%	100%

13 **Q. Please describe the updated attachments that support the information**
14 **provided on Table WAG-RR-U4.**

15 A. Attachments WAG-RR-UA through WAG-RR-UD present the updated
16 information about the requested SPS affiliate expenses for the Strategic Revenue

⁶ **Total XES Class Expenses** is the Dollar amount of total Updated Test Year expenses that XES charged to all Xcel Energy Inc. (“Xcel Energy”) companies for the services provided by this affiliate class. This is the amount from Column E in Attachment WAG-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.

1 Initiatives affiliate class. The detailed descriptions for Attachments WAG-RR-A
2 through WAG-RR-D that were provided in my direct testimony remain applicable
3 to these updated attachments.

4 **Q. Are there updated exclusions for the Strategic Revenue Initiatives affiliate**
5 **class?**

6 A. Yes. The actual exclusions are provided on Attachment WAG-RR-UC.

7 **Q. Are there updated pro forma adjustments to SPS's per book expenses for the**
8 **Strategic Revenue Initiatives affiliate class?**

9 A. Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions
10 to Updated Test Year expenses for known and measurable changes. Pro forma
11 adjustments are shown on Attachment WAG-RR-UA, Column J, and on
12 Attachment WAG-RR-UB, Column M. The details for the pro forma
13 adjustments, including the witness or witnesses who sponsor each pro forma
14 adjustment, are provided in Attachment WAG-RR-UD.

15 **Q. Attachment WAG-RR-UD shows that you sponsor pro forma adjustments**
16 **for expenses for the Strategic Revenue Initiatives affiliate class during the**
17 **Updated Test Year that result in a net decrease of \$984.50. Please explain**
18 **the adjustments.**

19 A. The adjustments I sponsor remove costs not benefitting SPS (a decrease of
20 \$966.02) and alcohol (a decrease of \$18.48).

21 **A. The Strategic Revenue Initiatives Class of Services are Provided**
22 **at a Reasonable Cost**

23 **Q. What is the purpose of this section of your update testimony?**

24 A. In this section of my direct testimony, several numbers were based on estimates
25 for the Update Period. In this update testimony, I replace those estimates with

actual numbers, and explain that the actual costs for the Strategic Revenue Initiatives affiliate class are reasonable.

1. Objective Evidence (Benchmarking)

Q. Is there any objective evidence that supports your opinion that the actual costs of the Strategic Revenue Initiatives affiliate class are reasonable?

A. Yes. Of the Updated Test Year costs for the Strategic Revenue Initiatives class, 62.58% are compensation and benefits costs for XES personnel. Mr. Deselich and Mr. Schrubbe establish that the level of Xcel Energy's compensation and benefits is reasonable and necessary.

2. Cost Trends

Q. Please quantify the actual per book charges from XES to SPS for the Strategic Revenue Initiatives class of services for the three years preceding the Updated Test Year and for the Updated Test Year.

A. Table WAG-RR-U5 shows the actual per book affiliate charges for the years from 2017-2019 and for the Updated Test Year. Those charges also appear on Column I on Attachment WAG-RR-UA).

Table WAG-RR-U5

	(Per Book) Charges Over Time				
Class of Services	2017	2018	2019	Updated Test Year (Estimated)	Updated Test Year (Actual)
Strategic Revenue Initiatives	\$142,635	\$186,773	\$154,872	\$148,288	\$129,821

3. *Staffing Trends*

Q. Please provide the staffing levels for the Strategic Revenue Initiatives class of services for the three years preceding the Updated Test Year and for the Updated Test Year.

A. Table WAG-RR-U6 shows the average end-of-month staffing levels for the Strategic Revenue Initiatives class of services.

Table WAG-RR-U6

	Average of End of Month # of Staff				
Class of Services	2017	2018	2019	Updated Test Year (Estimated)	Updated Test Year (Actual)
Strategic Revenue Initiatives	5	8	6	4	5

B. The Costs for the Strategic Revenue Initiatives Class of Services are Priced in a Fair Manner

Q. Have any of the predominant allocation methods for the Strategic Revenue Initiatives affiliate O&M expenses changed?

A. No. All of the costs for the Strategic Revenue Initiatives class of services are allocated using the Assets, Revenues, Number of Employees allocator (\$129,246.34).

1 **VII. UPDATED AFFILIATE EXPENSES FOR PSCO PRESIDENT**
2 **CLASS OF SERVICES**

3 **Q. What is the dollar amount of the Updated Test Year XES charges that SPS**
4 **requests, on a total company basis, for the PSCo President affiliate class?**

5 A. The estimated Updated Test Year costs that SPS sought to recover for the services
6 of the PSCo President affiliate class were \$127,560 (total company). The actual
7 Updated Test Year costs that SPS seeks to recover for the services of the PSCo
8 President affiliate class are \$142,918.

9 The following table summarizes the dollar amount of the actual Updated
10 Test Year XES charges for the PSCo President affiliate class.

11 **Table WAG-RR-U8**

		Requested Amount of XES Class Expenses Billed to SPS (Total Company)		
Class of Services	Total XES Class Expenses	Requested Amount	% Direct Billed	% Allocated
PSCo President	\$1,817,426	\$142,918	26%	74%

12 **Q. Please describe the updated attachments that support the information**
13 **provided on Table WAG-RR-U8.**

14 A. Attachments WAG-RR-UA through WAG-RR-UD present the updated
15 information about the requested SPS affiliate expenses for the PSCo President
16 affiliate class. The detailed descriptions for Attachments WAG-RR-A through
17 WAG-RR-D that were provided in my direct testimony remain applicable to these
18 updated attachments.

19 **Q. Are there updated exclusions for the PSCo President affiliate class?**

20 A. Yes. The actual exclusions are provided on Attachment WAG-RR-UC.

1 **Q. Are there updated pro forma adjustments to SPS's per book expenses for the**
2 **PSCo President affiliate class?**

3 A. Yes. As I mentioned in my direct testimony, pro forma adjustments are revisions
4 to Updated Test Year expenses for known and measurable changes. Pro forma
5 adjustments are shown on Attachment WAG-RR-UA, Column J, and on
6 Attachment WAG-RR-UB, Column M. The details for the pro forma
7 adjustments, including the witness or witnesses who sponsor each pro forma
8 adjustment, are provided in Attachment WAG-RR-UD.

9 **Q. Attachment WAG-RR-UD shows that you sponsor one pro forma adjustment**
10 **for expenses for the PSCo President affiliate class during the Updated Test**
11 **Year that results in a net decrease of \$48.41. Please explain the adjustment.**

12 A. The adjustment I sponsor removes costs that are not recoverable from customers.

13 **A. The PSCo President Class of Services are Provided at a**
14 **Reasonable Cost**

15 **Q. What is the purpose of this section of your update testimony?**

16 A. In this section of my direct testimony, several numbers were based on estimates
17 for the Update Period. In this update testimony, I replace those estimates with
18 actual numbers, and explain that the actual costs for the PSCo President affiliate
19 class are reasonable.

20 *1. Objective Evidence (Benchmarking)*

21 **Q. Is there any objective evidence that supports your opinion that the actual**
22 **costs of the PSCo President affiliate class are reasonable?**

23 A. Yes. Of the Updated Test Year costs for the PSCo President class, 98.69% are
24 compensation and benefits costs for XES personnel. Mr. Deselich and Mr.

Schrubbe establish that the level of Xcel Energy's compensation and benefits is reasonable and necessary.

2. Cost Trends

Q. Please quantify the actual per book charges from XES to SPS for the PSCo President class of services for the three years preceding the Updated Test Year and for the Updated Test Year.

A. Table WAG-RR-U9 shows the actual per book affiliate charges for the years from 2017-2019 and for the Updated Test Year. Those charges also appear on Column I on Attachment WAG-RR-UA).

Table WAG-RR-U9

	(Per Book) Charges Over Time				
Class of Services	2017	2018	2019	Updated Test Year (Estimated)	Updated Test Year (Actual)
PSCo President	\$10,769	\$90,935	\$106,374	\$123,500	\$138,859

3. Staffing Trends

Q. Please provide the staffing levels for the PSCo President class of services for the three years preceding the Updated Test Year and for the Updated Test Year.

A. Table WAG-RR-U10 shows the average end-of-month staffing levels for the PSCo President class of services.

1

Table WAG-RR-U10

	Average of End of Month # of Staff				
Class of Services	2017	2018	2019	Updated Test Year (Estimated)	Updated Test Year (Actual)
PSCo President	15	13	10	9	9

2 **B. The Costs for the PSCo President Class of Services are Priced in a**
3 **Fair Manner**

4 **Q. Have any of the predominant allocation methods for the PSCo President**
5 **affiliate O&M expenses changed?**

6 A. No. The predominant allocation methods have remained the same, but the
7 percentages and amounts have changed as follows:

8

Table WAG-RR-U11

Allocation Method	Estimated Percentage of XES charges to SPS/Amount Requested (total company) in Direct Testimony	Actual Percentage of XES charges to SPS/Amount Requested (total company) in Update Filing
Assets/Revenue/No. of employees	71.22% / \$90,849	73.95% / \$105,686
Direct Billing	28.78% / \$36,711	26.05% / \$37,232

1 **VIII. SPS'S UPDATED REQUESTS OF THE COMMISSION**

2 **Q. What relief is SPS seeking from the Commission in this case?**

3 A. In my direct testimony, I summarized the relief that SPS is seeking in this case.
4 SPS's requests for relief remain largely the same, although the amounts are
5 changing as a result of the Case Update filing. For the convenience of the
6 Commission and the parties, I will restate SPS's requests for relief in the Revenue
7 Requirement phase, including those requests for relief that have not changed:

8 1. SPS asks the Commission to approve a total Texas retail base rate revenue
9 requirement (including miscellaneous tariff charges) of \$761,917,417, and
10 a base rate increase of \$143,060,618, which SPS has calculated based on
11 an overall weighted average cost of capital ("WACC") of 7.56%. That
12 WACC is based on:

- 13 • a proposed equity ratio of 54.60%;
- 14 • a proposed long-term debt ratio of 45.40%;
- 15 • a proposed cost of long-term debt of 4.20%; and
- 16 • a proposed ROE of 10.35%.

17 This request is supported by my testimony and by the testimony of the
18 other SPS witnesses who testify in the Revenue Requirement phase of this
19 docket.

20 2. SPS asks the Commission to find that the capital additions placed into
21 service during the period from July 1, 2019 through December 31, 2020
22 are reasonable and necessary, and that the costs incurred by SPS for those
23 capital additions are reasonable and prudent. The witnesses supporting
24 this request are Mr. Meeks, Mr. Bick, Mr. Remington, Mr. Lytal, Mr.
25 Harkness, Mr. Cooley, Mr. Sample and Mr. Moeller.

26 3. SPS asks the Commission to approve SPS's Technical Depreciation
27 Update and resulting depreciation rates, including shorter service lives for:
28 the Tolk Generating Station Units 1 and 2 based upon a retirement date of
29 2032; the coal-specific assets at Harrington based on a retirement date of
30 2024; and Plant X Unit 3 based on a retirement date of 2022.

31 4. SPS asks the Commission to establish SPS's baseline levels for the
32 pension and OPEB expenses, which are supported by Mr. Schrubbe.

- 1 5. SPS asks the Commission to approve the waivers to the RFP Schedules
2 described in Section III of my testimony.
- 3 6. SPS asks the Commission to approve SPS's request to maintain the
4 current Attachment Z2 regulatory asset.
- 5 7. SPS asks the Commission to approve SPS's request to recover incremental
6 direct costs incurred as a result of COVID-19, establish a tracker for bad
7 debt expense, and seek recovery of the additional bad debt expense in
8 SPS's next base rate case.
- 9 8. SPS asks the Commission to approve its request to reallocate transmission
10 costs as a result of LP&L moving its transmission load to ERCOT in June
11 2021.
- 12 9. SPS asks the Commission to approve SPS's proposed Resiliency Service
13 Tariff.
- 14 10. SPS asks the Commission to authorize recovery of \$6,486,825 in rate case
15 expenses that were incurred or are expected to be incurred by SPS and the
16 intervening municipalities in the following dockets:
- 17 ▪ \$5,489,800 – rate case expenses associated with this immediate
18 docket;
- 19 ▪ \$685,575 – rate case expenses associated with Docket No. 51625,
20 SPS's currently pending Fuel Formula Docket;
- 21 ▪ \$311,450 – rate case expenses associated with Docket No. 51644,
22 SPS's surcharge proceeding associated with Docket No. 49831.

23 The Update Testimony of Mr. Luth explains SPS's requests for relief in
24 the rate design phase of this proceeding.

25 **Q. Does this conclude your pre-filed update testimony?**

26 **A.** Yes.

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF JASPER)

WILLIAM A. GRANT, first being sworn on his oath, states:

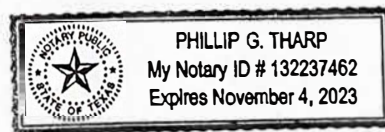
I am the witness identified in the preceding testimony. I have read the testimony and the accompanying attachment(s) and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience,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

William A. Grant
WILLIAM A. GRANT

Subscribed and sworn to before me this 17 day of March, 2021 by WILLIAM A. GRANT.

Phillip G. Tharp
Notary Public, State of Texas

My Commission Expires: 11/4/2023



CERTIFICATE OF SERVICE

I certify that on the 25th day of March 2021, notice of the filing of the foregoing update testimony with the PUCT was served on all parties of record by electronic service and was posted to SPS's file sharing platform.

/s/ Jeremiah W. Cunningham

Southwestern Public Service Company

Summary of Texas Retail Rate Increase Request at Update Filing

Line No.	Description	(1) Current Revenue	(2) Rate Case Request	(3) Proposed Revenues	(4) Net Revenue Increase	(5) Net Percent Increase
1	Base Rate Revenues	\$ 618,856,799	\$ 143,060,618	\$ 761,917,417	\$ 143,060,618	23.1%
2	EECRF Revenue	5,101,599	-	5,101,599	-	
3	Rate Case Expense Rider Revenue ¹	1,232,894	-	1,232,894		
4	Net Non-Fuel Revenue	<u>\$ 625,191,292</u>		<u>\$ 768,251,910</u>	<u>\$ 143,060,618</u>	22.9%
5	Fuel and Purchased Energy Revenue ²	176,203,758		106,861,534	\$ (69,342,224)	-39.4%
6	Total Texas Retail Revenue	<u><u>\$ 801,395,050</u></u>		<u><u>\$ 875,113,444</u></u>	<u><u>\$ 73,718,394</u></u>	<u><u>9.2%</u></u>

Southwestern Public Service Company

Native O&M Costs

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M
Production					
1	500	Operation Supervision and Engineering	\$ 1,517,241	\$ 2,098,185	\$ 3,615,426
2	501.35	Coal Non-Mine; Non-Freight	\$ 32,828,421	\$ -	\$ 32,828,421
3	507.70	Coal Ash Sales	\$ (1,058,626)	\$ 1,536,346	\$ 477,719
4	502	Steam Expenses	\$ 11,136,654	\$ 306	\$ 11,136,960
5	505	Electric Expenses	\$ 9,191,610	\$ (1)	\$ 9,191,609
6	506	Miscellaneous Steam Power Expenses	\$ 8,734,628	\$ 3,968,138	\$ 12,702,766
7	507	Rents	\$ (336,163)	\$ 3,325,979	\$ 2,989,816
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	\$ 392,616	\$ 141,553	\$ 534,169
11	511	Maintenance of Structures	\$ 3,855,605	\$ 4,641	\$ 3,860,246
12	512	Maintenance of Boiler Plant	\$ 12,763,158	\$ 884,336	\$ 13,647,494
13	513	Maintenance of Electric Plant	\$ 6,487,016	\$ 411,080	\$ 6,898,096
14	514	Maintenance of Miscellaneous Steam Plant	\$ 9,786,531	\$ 3,330	\$ 9,789,861
15	546	Operation Supervision and Engineering	\$ 13,703	\$ 410,582	\$ 424,285
16	546W	Operation Supervision and Engineering Wind	\$ 39,160	\$ 59,436	\$ 98,596
17	548	Generation Expenses	\$ 299,285	\$ -	\$ 299,285
18	549	Misc Other Power Generation Expenses	\$ 356,713	\$ 428,568	\$ 785,280
19	549W	Misc Other Power Generation Expenses Wind	\$ 8,485,357	\$ -	\$ 8,485,357
20	550	Rents	\$ (5,103)	\$ 364,836	\$ 359,732
21	550W	Rents Wind	\$ 5,303,789	\$ -	\$ 5,303,789
22	551	Maintenance Supervision and Engineering	\$ (11,461)	\$ 449,280	\$ 437,819
23	552	Maintenance of Structures	\$ 230,305	\$ (0)	\$ 230,305
24	553	Maintenance of Generating and Electric Equipment	\$ 692,966	\$ 417,635	\$ 1,110,601
25	553W	Maintenance of Generating and Electric Equipment Wind	\$ 4,388,789	\$ 1,256	\$ 4,390,045
26	554	Maintenance of Misc Other Power Generation Plant	\$ 45,238	\$ (2)	\$ 45,236
27	554W	Maintenance of Misc Other Power Generation Plant Wind	\$ 3,657,398	\$ -	\$ 3,657,398
28	556	System Control and Load Dispatching	\$ -	\$ 1,042,838	\$ 1,042,838
29	557	Purchased Power Other	\$ (893,980)	\$ 1,868,299	\$ 974,319
30	557.90	REC Costs	\$ 4,110,497	\$ -	\$ 4,110,497
31	Total Production O&M Expense		\$ 122,046,254	\$ 17,416,618	\$ 134,159,083

Southwestern Public Service Company

Native O&M Costs

			Native SPS O&M	Test Year		
Line	FERC		Expense through the	Affiliate O&M		Total Company
No.	Acct	Account Description	Update Period	Expense		Requested O&M
			(Jan '20-Dec '20)	(Jan '20-Dec '20)		
Transmission						
32	560	Operation Supervision and Engineering	\$ 1,313,086	\$ 6,480,566	\$	7,793,651
33	561	Load Dispatch - Reliability	\$ (921)	\$ -	\$	(921)
34	561	Load Dispatch - Reliability	\$ 870	\$ -	\$	870
35	561	Load Dispatch - Monitor and Operate Trans. System	\$ 2,067,224	\$ 1,196,249	\$	3,263,473
36	561	Scheduling, System Control and Dispatching Services	\$ 3,797,900	\$ -	\$	3,797,900
37	561.4W	Scheduling, System Control and Dispatching Services - Wholesale	\$ 1,085,513	\$ -	\$	1,085,513
38	562	Reliability, Planning and Standards Development	\$ -	\$ 15,007	\$	15,007
39	562	Transmission Service Studies	\$ (6,427)	\$ 21,195	\$	14,768
40	562	Generation Interconnection Studies	\$ (23,396)	\$ 149,923	\$	126,527
41	562	Reliability Planning and Standards Development Services	\$ 2,881,351	\$ -	\$	2,881,351
42	561.8W	Reliability Planning and Standards Development Services - Wholesale	\$ 474,912	\$ -	\$	474,912
43	562	Station Expenses	\$ 1,493,479	\$ 43	\$	1,493,522
44	563	Overhead Line Expenses	\$ 2,155,178	\$ 3,035	\$	2,158,213
45	565	Transmission of Others	\$ 266,590	\$ -	\$	266,590
46	565	Wheeling Lamar DC Tie	\$ -	\$ -	\$	-
47	565	Wheeling Meter Charges	\$ 464,397	\$ -	\$	464,397
48	565	Wheeling Miscellaneous	\$ 31,189	\$ -	\$	31,189
49	565	Wheeling Schedule 11	\$ 107,224,348	\$ -	\$	107,224,348
50	565	Wheeling Schedule 11 - Wholesale	\$ 30,634,304	\$ -	\$	30,634,304
51	565	Wheeling Schedule 12	\$ 2,013,194	\$ -	\$	2,013,194
52	565	Wheeling Schedule 12 - Wholesale	\$ 486,620	\$ -	\$	486,620
53	565	Wheeling Schedule 1 - Wholesale	\$ 464,620	\$ -	\$	464,620
54	565	Wheeling Schedule 2	\$ 125,465	\$ -	\$	125,465
55	565	W-Wheeling Schedule 2 - Wholesale	\$ 34,544	\$ -	\$	34,544
56	565	Wheeling Schedule 9	\$ 8,990,528	\$ -	\$	8,990,528
57	565	Wheeling Schedule 9 - Wholesale	\$ 25,522,668	\$ -	\$	25,522,668
58	565	Z2 Direct Assigned Upgrade Charge	\$ 245,782	\$ -	\$	245,782
59	565	Z2 Direct Assigned Upgrade Charge - Wholesale	\$ 16,400	\$ -	\$	16,400
60	565	Z2 Schedule 11 Charges	\$ -	\$ -	\$	-
61	565	Z2 Schedule 11 Charges - Wholesale	\$ -	\$ -	\$	-
62	566	Misc Transmission Expenses	\$ 2,124,599	\$ 1,258,542	\$	3,383,141
63	567	Rents	\$ 77,837	\$ 1,512,456	\$	1,590,293
64	569	Transmission Mtce of Structures	\$ -	\$ -	\$	-
65	568	Maintenance Supervision and Engineering	\$ -	\$ -	\$	-
66	570	Maintenance of Station Equipment	\$ 1,568,565	\$ (0)	\$	1,568,565
67	571	Maintenance of Overhead Lines	\$ 661,726	\$ 47,409	\$	709,135
68	Sub-Total Transmission O&M Expenses		\$ 196,192,147	\$ 10,684,425	\$	206,609,112
Regional Market Expenses						
69	575.1	Operation Supervision	\$ 13,322	\$ 142,932	\$	156,254
70	575.2	Day-Ahead and Real-Time Market Administration	\$ -	\$ 288,869	\$	288,869
71	575.5	Ancillary Services Market Administration	\$ -	\$ 13,813	\$	13,813
72	575.6	Market Monitoring and Compliance	\$ -	\$ 24,160	\$	24,160
73	575.7	Market Admin, Monitoring, and Compliance Services	\$ 6,408,957	\$ -	\$	6,408,957
74	575.7W	Market Admin, Monitoring, and Compliance Services - Wholesale	\$ 1,831,803	\$ -	\$	1,831,803
75	575.8	Regional Market Rents	\$ (3,393)	\$ 38,523	\$	35,130
76	Total Regional Market Expenses		\$ 8,250,689	\$ 508,298	\$	8,758,987
77	Total Transmission O&M Expenses		\$ 204,442,836	\$ 11,192,722	\$	215,368,099

Southwestern Public Service Company

Native O&M Costs

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M
Distribution					
78	580	Operation Supervision and Engineering	\$ 4,320,990	\$ 570,941	\$ 4,891,931
79	581	Load Dispatching	\$ 17,320	\$ 324,920	\$ 342,240
80	582	Station Expenses	\$ 993,289	\$ (3)	\$ 993,286
81	583	Overhead Line Expenses	\$ 951,616	\$ 84,308	\$ 1,035,924
82	584	Underground Line Expenses	\$ 828,061	\$ (0)	\$ 828,061
83	585	Street Lighting and Signal Systems Expenses	\$ 539,851	\$ 31,829	\$ 571,680
84	586	Meter Expenses	\$ 1,869,842	\$ 155,078	\$ 2,024,920
85	587	Customer Installations Expenses	\$ 591,615	\$ 233	\$ 591,848
86	588	Misc Distribution Expense	\$ 6,066,963	\$ 1,891,816	\$ 7,958,779
87	589	Rents	\$ 298,621	\$ 2,115,935	\$ 2,414,556
88	590	Maintenance Supervision and Engineering	\$ -	\$ 26,186	\$ 26,186
89	591	Maintenance of Structures	\$ (1)	\$ -	\$ (1)
90	592	Maintenance of Station Equipment	\$ 705,815	\$ 3,132	\$ 708,947
91	593	Maintenance of Overhead Lines	\$ 8,642,103	\$ 254,910	\$ 8,897,014
92	594	Maintenance of Underground Lines	\$ 53,993	\$ (0)	\$ 53,993
93	595	Maintenance of Line Transformers	\$ -	\$ -	\$ -
94	596	Maintenance of Street Lighting and Signal Systems	\$ 314,957	\$ (0)	\$ 314,956
95	597	Maintenance of Meters	\$ 57,366	\$ -	\$ 57,366
96	598	Maintenance of Misc Distribution Plant	\$ 14,530	\$ -	\$ 14,530
97		Total Distribution O&M Expenses	\$ 26,266,931	\$ 5,459,285	\$ 31,726,216
Customer Accounts					
98	901	Supervision	\$ -	\$ 28,508	\$ 28,508
99	902	Meter Reading Expenses	\$ 4,356,976	\$ 628,154	\$ 4,985,130
100	903	Customer Records and Collection Expenses	\$ 2,717,747	\$ 4,400,676	\$ 7,118,423
101	904	Uncollectible Expenses	\$ 6,464,353	\$ -	\$ 6,464,353
102	904	Uncollectible Expenses	\$ (230,332)	\$ -	\$ (230,332)
	905	Customer Accounts Miscellaneous	\$ 101,982	\$ 78,576	\$ 180,558
103		DEPINT Customer Deposit Interest Expense	\$ 44,060	\$ -	\$ 44,060
104		Total Customer Accounts Expense	\$ 13,454,785	\$ 5,135,914	\$ 18,410,142
Customer Service					
105	908.00	Customer Assistance Expense	\$ 2,277,342	\$ 76,128	\$ 2,353,470
106	908.00	Historical EE Amortization	\$ -	\$ -	\$ -
107	908.01	EE Amortization - Texas	\$ -	\$ -	\$ -
108	908.03	EE Amortization - New Mexico	\$ -	\$ -	\$ -
109	908.04	SaversSwitch	\$ 613,243	\$ 4,867	\$ 618,109
110	909.10	Informational and Instructional Advertising Expense	\$ 4,059	\$ -	\$ 4,059
111	910.00	Miscellaneous Customer Service Expense	\$ 65,107	\$ 43,893	\$ 109,000
112		Total Customer Service Expense	\$ 2,959,750	\$ 124,888	\$ 3,084,639
Sales					
112	912.00	Demonstration and Selling Expense-Economic Development	\$ 231,661	\$ 60,420	\$ 292,082
113	916.00	Miscellaneous Sales Expense	\$ 6,894	\$ 4,144	\$ 11,039
114		Total Sales Expense	\$ 238,556	\$ 64,564	\$ 303,120

Southwestern Public Service Company

Native O&M Costs

Line No.	FERC Acct	Account Description	Native SPS O&M Expense through the Update Period (Jan '20-Dec '20)	Test Year Affiliate O&M Expense (Jan '20-Dec '20)	Total Company Requested O&M
Administrative and General Expenses					
115	920	Administrative and General Salaries	\$ 5,091,651	\$ 28,421,698	\$ 33,513,349
116	921	Office Supplies and Expenses	\$ 2,693,105	\$ 17,788,272	\$ 20,481,377
117	922	Administrative Expenses Transferred-Credit	\$ (19,257,283)	\$ (517,108)	\$ (19,774,391)
118	923	Outside Services Employed	\$ 673,333	\$ 5,677,501	\$ 6,350,834
119	924	Property Insurance	\$ 3,844,844	\$ 2,760	\$ 3,847,604
120	925	Injuries and Damages	\$ 5,309,125	\$ 2,366,746	\$ 7,675,871
121	926.01	Employee Pensions and Benefits	\$ 17,110,144	\$ 9,508,106	\$ 26,618,250
122	926.03	Deferred Pension Expense	\$ -	\$ -	\$ -
	928	A&G Regulatory Commission Expense	\$ (4,554)	\$ 4,131	\$ (423)
123	928	Regulatory Commission Expense - TX	\$ 1,418,661	\$ -	\$ 1,418,661
124	928.01	Regulatory Commission Expense - NM	\$ 2,275,741	\$ -	\$ 2,275,741
125	928.02	Regulatory Commission Expense - Wholesale	\$ 1,301,992	\$ -	\$ 1,301,992
126	928.03	Regulatory Commission Expense - Transmission Related	\$ -	\$ -	\$ -
127	928.04	Regulatory Commission Expense - Misc	\$ 155,334	\$ 70	\$ 155,404
128	928.05	Regulatory Commission Expense - Energy Related	\$ -	\$ -	\$ -
129	929.00	Duplicate Charges-Credit	\$ (1,137,629)	\$ -	\$ (1,137,629)
130	930.11	General Advertising Expenses	\$ -	\$ -	\$ -
131	930.20	Misc General Expenses	\$ 54,811	\$ 318,228	\$ 373,040
132	931	Rents	\$ (1,905,859)	\$ 13,827,351	\$ 11,921,492
133	935	Maintenance of General Plant	\$ 75	\$ 23,372	\$ 23,448
134		Recoverable Contributions, Dues, and Donations	\$ 1,232,509	\$ -	\$ 1,232,509
135		Total Administrative and General Expenses	\$ 18,856,001	\$ 77,421,126	\$ 96,277,550
136		Total Operations and Maintenance Expense	\$ 388,265,114	\$ 116,815,119	\$ 499,328,849

Note: All amounts included in this attachment are included in the cost of service study provided as Attachment SNN-RR-U2

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	Corporate Giving	200076 - Xcel Foundation	Assets/Revenue/No. of Employees	\$ 226,603.04	\$ 197,191.66	\$ 29,411.38	\$ (2,140.84)	\$ 27,270.54	\$ (27,270.54)	\$ -	-
2	Corporate Giving Total			\$ 226,603.04	\$ 197,191.66	\$ 29,411.38	\$ (2,140.84)	\$ 27,270.54	\$ (27,270.54)	\$ -	0.00%
3	NSPM President	Direct	Direct	\$ 465.14	\$ 465.14	\$ -	\$ -	\$ -	\$ -	\$ -	-
4	NSPM President Total			\$ 465.14	\$ 465.14	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
5	NSPW President	Direct	Direct	\$ (8,754.88)	\$ (8,754.88)	\$ -	\$ -	\$ -	\$ -	\$ -	-
6	NSPW President Total			\$ (8,754.88)	\$ (8,754.88)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
7	PSCo President	200063 - Executive - Corporate Governance	Assets/Revenue/No. of Employees	\$ 795,532.91	\$ 692,822.17	\$ 102,710.74	\$ -	\$ 102,710.74	\$ 2,975.10	\$ 105,685.84	73.95%
8	PSCo President	Direct	Direct	1,021,893.49	985,745.51	36,147.98	-	36,147.98	1,084.44	37,232.42	26.05%
9	PSCo President Total			\$ 1,817,426.40	\$ 1,678,567.68	\$ 138,858.72	\$ -	\$ 138,858.72	\$ 4,059.54	\$ 142,918.26	100.00%
10	SPS President	Direct	Direct	\$ (22,389.00)	\$ -	\$ (22,389.00)	\$ -	\$ (22,389.00)	\$ -	\$ (22,389.00)	100.00%
11	SPS President Total			\$ (22,389.00)	\$ -	\$ (22,389.00)	\$ -	\$ (22,389.00)	\$ -	\$ (22,389.00)	100.00%
12	Strategic Revenue Initiatives	200092 - Corporate Strategy & Business Development	Assets/Revenue/No. of Employees	\$ 972,900.25	\$ 829,845.15	\$ 143,055.10	\$ (13,234.11)	\$ 129,820.99	\$ (574.65)	\$ 129,246.34	100.00%
13	Strategic Revenue Initiatives	Direct	Direct	43,130.49	43,130.49	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
14	Strategic Revenue Initiatives Total			\$ 1,016,030.74	\$ 872,975.64	\$ 143,055.10	\$ (13,234.11)	\$ 129,820.99	\$ (574.65)	\$ 129,246.34	100.00%
15	Total Witness William A. Grant			\$ 3,029,381.44	\$ 2,740,445.24	\$ 288,936.20	\$ (15,374.95)	\$ 273,561.25	\$ (23,785.65)	\$ 249,775.60	
Amounts may not add or tie to other schedules due to rounding											

Southwestern Public Service Company

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

William A. Grant

Docket No. 51802

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

WAG-RR-UB(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	Corporate Giving	426.1 - Donations	Below the Line	\$ (2,140.84)
2	Corporate Giving Total			(2,140.84)
3	Strategic Revenue Initiatives	426.1 - Donations	Below the Line	\$ (13,099.06)
4	Strategic Revenue Initiatives	426.5 - Other Deductions	Below the Line	(135.05)
5	Strategic Revenue Initiatives Total			\$ (13,234.11)
6	Total Witness William A. Grant			\$ (15,374.95)

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	Corporate Giving	920 - Administrative and general salaries	Foundation	William A. Grant	\$ (19,684.18)
2	Corporate Giving	921 - Office supplies and expenses	Business Area Adjustment	William A. Grant	(1,508.09)
3	Corporate Giving	921 - Office supplies and expenses	Foundation	William A. Grant	(5,090.20)
4	Corporate Giving	923 - Outside services employed	Foundation	William A. Grant	(96.33)
5	Corporate Giving	930.2 - Miscellaneous general expenses	Foundation	William A. Grant	(891.74)
6	Corporate Giving Total				\$ (27,270.54)
7	PSCo President	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 4,107.95
8	PSCo President	921 - Office supplies and expenses	Business Area Adjustment	William A. Grant	(48.41)
9	PSCo President Total				\$ 4,059.54
10	Strategic Revenue	920 - Administrative and general salaries	3% Wage Adjustment	Stephanie N. Niemi/Michael P. Deselich	\$ 2,355.67
11	Strategic Revenue	921 - Office supplies and expenses	Business Area Adjustment	William A. Grant	(205.60)
12	Strategic Revenue	930.1 - General advertising expenses	Advertising	Stephanie N. Niemi	(1,945.82)
13	Strategic Revenue	930.1 - General advertising expenses	Business Area Adjustment	William A. Grant	(778.90)
14	Strategic Revenue Initiatives Total				\$ (574.65)
15	Total Witness William A. Grant				\$ (23,785.65)
	Amounts may not add or tie to other schedules due to rounding				