

**DOCKET NO. 51802**

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

**UPDATE TESTIMONY  
of  
NAOMI KOCH**

*on behalf of*

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

*(Filename: KochRRUpdate.doc; Total Pages: 10)*

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## **GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
ADIT	Accumulated Deferred Income Taxes
RFP	Rate Filing Package
R&E	Research & Experimentation
SPS	Southwestern Public Service Company, a New Mexico corporation
Test Year	October 1, 2019 through September 30, 2020
Update Period	October 1, 2020 through December 31, 2020
Updated Test Year	January 1, 2020 through December 31, 2020

**UPDATE TESTIMONY  
OF  
NAOMI KOCH**

**I. WITNESS IDENTIFICATION**

1

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

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

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

6   A.     I am employed by Xcel Energy Services Inc. as Director, Tax Reporting.

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

8   A.     I am filing testimony on behalf of Southwestern Public Service Company, a New  
9           Mexico corporation (“SPS”).

10   **Q.     Are you the same Naomi Koch who filed direct testimony on behalf of SPS in  
11           this docket?**

12   A.     Yes.

1 **II. UPDATED SCHEDULES**

2 **Q. What is your assignment in this update testimony?**

3 A. As explained in SPS's direct testimony, SPS is using an Updated Test Year in this  
4 case. The Updated Test Year is the period from January 1, 2020 through December  
5 31, 2020. Because of the timing of the filing of this case, certain costs for the period  
6 from October 1, 2020 through December 31, 2020 ("Update Period") in SPS's  
7 direct testimony were estimated. My assignment in this update testimony is to  
8 provide certain updated Rate Filing Package ("RFP") schedules and to replace  
9 certain estimated numbers with actual numbers and updated estimates including  
10 SPS's proposed Research & Experimentation ("R&E") credit, Texas Gross Margin  
11 Tax, excess accumulated deferred income tax ("ADIT") amortization, and property  
12 tax expense.

13 **Q. Are any of the Rate Filing Package ("RFP") schedules that you sponsor or co-**  
14 **sponsor updated in this filing?**

15 A. Yes. RFP Schedules G-7.1, G-7.1a, G-7.4, G-7.6, G-7.6a, G-7.8, G-9, and G-9.1  
16 are updated.

17 **Q. Were the updated RFP schedules that you are sponsoring or co-sponsoring**  
18 **prepared by you or under your supervision and control?**

19 A. Yes.

20 **Q. Do you incorporate the updated RFP schedules that you sponsor or co-sponsor**  
21 **into your testimony?**

22 A. Yes.

**III. UPDATED NUMBERS**

**Q. What estimated numbers from your Direct Testimony are you replacing in this Testimony?**

A. I am updating the amounts of R&E credit, Texas Gross Margin Tax, and excess ADIT referenced in my Initial Direct Testimony.

**Q. What drove the changes to these estimates?**

A. The R&E credit, Texas Gross Margin Tax, and excess ADIT included in my Direct Testimony were estimated based on what SPS had recorded in its ledger during the Test Year. Below I am providing updated estimates based on the Updated Test Year.

**Q. What are the updated numbers?**

A. The numbers from my Direct Testimony should be updated as follows:

**Table NK-RR-1**

	Initial Direct Testimony			Update Direct
	Page #	Line #	Amount	Amount
R&E credit	18	14	2,035,699	2,083,626
Texas Gross Margin Tax, net of federal	23	18	2,547,011	2,469,557
Nonplant Deficient ADIT Regulatory Asset ending balance	34	3	1.5 million	1.4 million
Net Operating Loss Deficient ADIT Regulatory Asset ending balance	34	4	40.2 million	40.1 million
Nonplant Excess ADIT Regulatory Liability ending balance	34	5	11.3 million	10.8 million
Net Excess ADIT amortization	34	17	4.0 million	3.8 million

1    **Q.    Were any other updates necessary to your Initial Direct Testimony?**

2    A.    Yes. Although property tax expense proposed in my Update Direct Testimony is  
3           consistent with what was proposed in my Initial Direct Testimony, the property tax  
4           expense that SPS recorded during the Updated Test Year changed compared to  
5           what was recorded in the Test Year. As a result, the \$61,389,020 of property tax  
6           expense referenced on page 37 line 12 of my Initial Direct Testimony should be  
7           updated to \$64,373,542. Page 2 of Attachment NK-RR-5 of my Initial Direct  
8           Testimony has been updated accordingly and is attached to my Updated Direct  
9           Testimony as Attachment NK-RR-U6.

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

11   A.    Yes.

**AFFIDAVIT**

STATE OF MINNESOTA       )  
  )  
COUNTY OF HENNEPIN     )

NAOMI KOCH, first being sworn on her oath, states:

I am the witness identified in the preceding testimony. I have read the testimony 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.

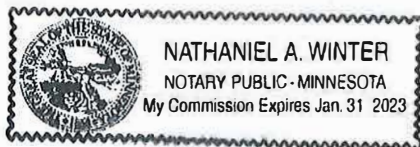
*Naomi Koch*

\_\_\_\_\_  
NAOMI KOCH

Subscribed and sworn to before me this 16<sup>th</sup> day of March 2021 by NAOMI KOCH.

*Nathaniel A. Winter*

\_\_\_\_\_  
Notary Public, State of Minnesota



My Commission Expires: 01/31/2023

### **CERTIFICATE OF SERVICE**

I certify that on the 25<sup>th</sup> 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*

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**Southwestern Public Service Company**

<b>Line No.</b>	<b>Description</b>	<b>Total Company Property Tax Amounts</b>	
1	TX Property Tax Accrued (2021)*	\$ 56,772,000	(1)
2	NM Property Tax Accrued (2021)**	17,640,000	(1)
3	KS Property Tax (2021)	1,260,000	(1)
4	OK Property Tax (2021)	660,000	(1)
5	Total SPS Property Tax - Tax Year 2021	76,332,000	
6	Property Tax Capitalized - CWIP Adjustment	(896,000)	(1)
8	Property Tax One Time Payments - Hale	(3,360,000)	(2)
9	Recommended Total Company Property Tax Expense	\$ 72,076,000	

<sup>(1)</sup> Estimated 2021 property tax per books based on 12/31/2020 plant balances and 2019 tax rates.

\* \$7.2M of 2021 TX property tax related to Hale plant balance as of 12/31/2020

\*\* \$5.7M of 2021 NM property tax related to Sagamore plant balance as of 12/31/2020

<sup>(2)</sup> \$3.36M of the 2021 TX property tax related to Hale is for a one time payment

**Southwestern Public Service Company****Adjusted Property Tax - Updated Test Year**

Line No.	Date	Expense Booked				Total
		Texas	New Mexico	Kansas	Oklahoma	
1	Jan-20	4,174,000	1,000,000	105,000	50,000	5,329,000
2	Jan-20 *	2,100,000	-	-	-	2,100,000
3	Feb-20	4,144,000	1,030,000	105,000	50,000	5,329,000
4	Mar-20	4,159,000	955,000	105,000	50,000	5,269,000
5	Mar-20 *	-	(1,740,000)	-	-	(1,740,000)
6	Mar-20 #	(345,750)	(33,000)	-	-	(378,750)
7	Apr-20	4,159,000	995,000	105,000	50,000	5,309,000
8	May-20	5,184,000	995,000	105,000	50,000	6,334,000
9	May-20 *	(65,372)	(83,835)	-	-	(149,208)
10	Jun-20	4,364,000	995,000	45,000	50,000	5,454,000
11	Jun-20 #	(345,750)	(33,000)	-	-	(378,750)
12	Jul-20	5,274,000	995,000	95,000	50,000	6,414,000
13	Jul-20 *	311	-	-	-	311
14	Aug-20	4,494,000	995,000	95,000	50,000	5,634,000
15	Sep-20	4,494,000	995,000	95,000	50,000	5,634,000
16	Sep-20 #	(345,750)	(694,500)	-	-	(1,040,250)
17	Oct-20	4,494,000	95,000	95,000	50,000	4,734,000
18	Nov-20	4,494,000	905,000	95,000	50,000	5,544,000
19	Dec-20	4,530,000	917,000	196,336	61,102	5,704,438
20	Dec-20 #	(543,750)	(184,500)			(728,250)
21	<b>TOTAL</b>	<b>\$ 54,417,939</b>	<b>\$ 8,103,165</b>	<b>\$ 1,241,336</b>	<b>\$ 611,102</b>	<b>\$ 64,373,542</b>

\* Tax year 2019 true-up

# 2020 Property Tax on CWIP Capitalized