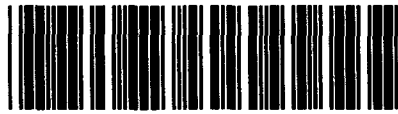


Control Number: 32766



Item Number: 587

Addendum StartPage: 0

APPLICATION OF SOUTHWESTERN §
PUBLIC SERVICE COMPANY FOR: §
(1) AUTHORITY TO CHANGE § BEFORE THE STATE OFFICE
RATES; (2) RECONCILIATION OF §
ITS FUEL COSTS FOR 2004 AND §
2005; (3) AUTHORITY TO REVISE § OF
THE SEMI-ANNUAL FORMULAE §
ORIGINALLY APPROVED IN §
DOCKET NO. 27751 USED TO § ADMINISTRATIVE HEARINGS
ADJUST ITS FUEL FACTORS; AND §
(4) RELATED RELIEF §

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CERTIFICATE OF SERVICE19

EXHIBITS ATTACHED:

Exhibit OAG4-2 (filename: OAG4-2.xls)	20
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**SOAH DOCKET NO. 473-06-2536
DOCKET NO. 32766**

APPLICATION OF SOUTHWESTERN	§	
PUBLIC SERVICE COMPANY FOR:	§	
(1) AUTHORITY TO CHANGE	§	BEFORE THE STATE OFFICE
RATES; (2) RECONCILIATION OF	§	
ITS FUEL COSTS FOR 2004 AND	§	
2005; (3) AUTHORITY TO REVISE	§	OF
THE SEMI-ANNUAL FORMULAE	§	
ORIGINALLY APPROVED IN	§	
DOCKET NO. 27751 USED TO	§	ADMINISTRATIVE HEARINGS
ADJUST ITS FUEL FACTORS; AND	§	
(4) RELATED RELIEF	§	

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
RESPONSE TO STATE OF TEXAS'
FOURTH REQUEST FOR INFORMATION
QUESTION NOS. 4-1 THROUGH 4-12**

Southwestern Public Service Company (SPS) files this response to State of Texas' (OAG) Fourth Set of Requests for Information.

I. WRITTEN RESPONSES

SPS's written responses to the OAG's Fourth Set of Requests for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. SPS's responses are made in the spirit of cooperation without waiving SPS's right to contest the admissibility of any of these matters at hearing. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When SPS provides certain information sought by the request while objecting to the provision of other information, it does so without prejudice to its objection in the interests of narrowing discovery disputes pursuant to P.U.C. PROC.

R. 22.144(d)(5). Pursuant to P.U.C. PROC. R. 22.144(c)(2)(F), SPS stipulates that its responses may be treated by all parties as if they were made under oath.

II. INSPECTIONS.

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is VOLUMINOUS and, pursuant to P.U.C. PROC. R. 22.144(h)(2), the attachment will be made available for inspection at SPS's voluminous room at 1150 Capitol Center, 919 Congress Ave., Austin, Texas 78701, telephone number (512) 476-7137. If a response or the responsive documents are provided pursuant to the protective order in this docket, the response will indicate that it or the attachment is either CONFIDENTIAL or HIGHLY SENSITIVE as appropriate under the protective order. Highly sensitive responses will be made available for inspection at SPS's voluminous room, unless they form a part of a response that exceeds eight linear feet in length; then they will be available at their usual repository in accordance with the following paragraph. Please call in advance for an appointment to ensure that there is sufficient space to accommodate your inspection.

If responsive documents exceed eight linear feet in length, the response will indicate that the attachment is subject to the FREIGHT CAR DOCTRINE, and, pursuant to Commission Procedural Rule 22.144(h)(3), the attachment will be available for inspection at its usual repository, SPS's offices in Amarillo, Texas, unless otherwise indicated. SPS requests that parties wishing to inspect this material provide at least 48 hours' notice of their intent by contacting Steven D. Arnold of Hinkle, Hensley, Shanor & Martin, L.L.P., 1150 Capitol Center, 919 Congress Ave., Austin, Texas 78701; telephone number (512) 476-7137; facsimile transmission number (512) 476-7146. Inspections will be scheduled to accommodate all requests with as little inconvenience to the requesting party and to SPS's operations as possible.

XCEL ENERGY

Jerry F. Shackelford
Texas Bar. No. 18070000
e-mail: jerry.f.shackelford@xcelenergy.com
816 Congress Ave., Suite 1650
Austin, Texas 78701
(512) 478-9229
(512) 478-9232 (FAX)

Respectfully submitted,

HINKLE, HENSLEY, SHANOR
& MARTIN, L.L.P.

Steven D. Arnold
Texas Bar No. 01345480
e-mail: sarnold@hinklelawfirm.com
Richard R. Wilfong
Texas Bar No. 21474025
e-mail: dwilfong@hinklelawfirm.com
Stephen Fogel, Of Counsel
Texas Bar No. 07202010
email: sfogel@hinklelawfirm.com
1150 Capitol Center
919 Congress Ave.
Austin, Texas 78701
(512) 476-7137
(512) 476-7146 (FAX)

COURTNEY, COUNTISS, BRIAN
& BAILEY, L.L.P.

By:



Amy M. Shelhamer
Texas Bar Card No. 24010392
email: ashelhamer@courtneylawfirm.com
1700 Chase Tower
Amarillo, Texas 79101
(806) 372-5569
(806) 372-9761 (FAX)

ATTORNEYS FOR SOUTHWESTERN
PUBLIC SERVICE COMPANY

RESPONSES

QUESTION NO. 4-1:

Please refer to page 24 of the SECOND ERRATA, Attachment A-1 Page 2 of 3. Please explain in detail the reasons for using the same allocators for ERRATA 2 as used in the original filing for allocating transmission revenue credits to Texas Retail customers.

RESPONSE:

Each attachment in SPS's Second Errata shows the incremental change to the revenue requirement associated with each adjustment.

Attachment A-1 shows the individual revenue requirements impacts of removing the revenue credits associated with network transmission and removing the loads associated with point-to-point transmission from the transmission demand allocator. The two pieces are broken out on page 1 of that attachment, which shows the impact of removing the network transmission revenue credits of \$8,631,537 and the impact of removing the point-to-point loads from the allocator of \$4,725,228. Page 2 of Attachment A-1 shows the individual components of Network transmission revenue credits that were removed. Since this page supports the impact of only removing the revenue credits the allocator does not change between the original filing and the errata. The change in the allocator is shown on page 3 of Attachment A-1.

Preparer: Timothy L. Willemsen
Sponsor: Timothy L. Willemsen

QUESTION NO. 4-2:

Please refer to page 24 of the SECOND ERRATA, Attachment A-1 Page 2 of 3. Please explain in detail what Network Transmission revenues comprised the following:

- a. \$3,818,319
- b. \$14,242,982
- c. \$360,544
- d. \$839,917

RESPONSE:

For clarification purposes, SPS had a change in its accounting for transmission revenues and related ancillary service revenue during the Test Year. In 2004, the first three months of the test year in this case, network transmission revenues, point-to-point transmission revenues and ancillary service revenue for customers taking service under the Southwest Power Pool (SPP) Open Access Transmission Tariff (OATT) were all recorded in the same FERC Account (45605). Beginning in January 2005, the transmission revenues (both network and point-to-point) were recorded in FERC Account 45607 and the revenues for each ancillary service were recorded in separate FERC Accounts (45612 – 45622). The transmission revenue from customers taking service under the SPS OATT were recorded in FERC Account 45607 for the entire Test Year. So, all of the \$14,242,982 referenced in part (b), plus \$2,384,082 of the \$3,818,319 referenced in part (a) are network transmission revenues. A portion of the \$3,818,319 referenced in part a plus the amounts referenced in parts (c) and (d) are ancillary service revenues. More detailed descriptions of the different components follow.

- a. Refer to Exhibit OAG4-2 to see the breakdown of the components of the \$3,818,319 adjustment.

FERC Account 45605 contained revenues for the first three months of the Test Year (October 2004 through December 2004). Specific components include:

- * Revenues received from the SPP for providing network transmission service under the SPP OATT.

- * Revenues received from the SPP for providing Schedule 1 services under the SPP OATT. Schedule 1 provides Scheduling, System Control, and Dispatch Service.

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within or into a Control Area.

* Revenues received from the SPP for providing Schedule 2 services under the SPP OATT. Schedule 2 provides Reactive Supply and Voltage Control from Generator Sources Service.

* Revenues received from the SPP for providing wholesale distribution services under the SPP OATT. Distribution service refers to the provision of transmission service over a Transmission Owner's Distribution Facilities necessary to effectuate a transaction under the SPP OATT.

- b. The \$14,242,982 of network transmission revenues includes revenues received from the SPP for providing transmission service under the SPP OATT for January through September 2005 and revenues received under the SPS OATT for the entire Test Year. These revenues were recorded in FERC Account 45607.
- c. The \$360,544 includes revenues received from the SPP for providing Schedule 1 services under the SPP OATT for January through September 2005 and Schedule 1 services received under the SPS OATT for the entire Test Year. These revenues were recorded in FERC Account 45612.
- d. The \$839,917 includes revenues received from the SPP for providing Schedule 2 services under the SPP OATT for January through September 2005 and Schedule 2 services received under the SPS OATT for the entire Test Year. These revenues were recorded in FERC Account 45614.

Preparers: Ruth Sakya, Wesley Berger
Sponsors: Timothy L. Willemsen, David B. Grover

QUESTION NO. 4-3:

Please refer to page 24 of the SECOND ERRATA, Attachment A-1 Page 2 of 3. Please explain in detail what the \$299,999 Firm Point to Point Schedule 2 Revenue is and what it includes.

RESPONSE:

Refer to the workpapers to Schedule A-3 (WP/A-3) as revised in SPS's Second Errata, Volume WPS-1, Bates Stamp pages 1-44. Firm Point to Point Schedule 2 Revenue includes the firm point-to-point portion of the revenues received from the SPP for Schedule 2 services under the SPP OATT.

Preparers: Ruth Sakya, Wesley Berger
Sponsors: Timothy L. Willemsen, David B. Grover

QUESTION NO. 4-4:

Please refer to page 25 of the SECOND ERRATA, Attachment A-1 Page 3 of 3. Please explain in detail how the following difference was determined:

- a. The difference in the Jurisdictional Transmission Demand kW for the Wholesale group between the original filing and the Errata 2 correction (1,485,781-original filed versus 1,119,405-Errata 2-----366,375)

RESPONSE:

The amount removed represents the 12-month average demands of the point-to-point contracts removed from the original transmission allocation. Refer to Exhibit OAG4-4.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-5:

Please refer to page 26 of the SECOND ERRATA, Attachment A-2 Page 1 of 3. Please explain in detail how the following numbers shown on this page were determined:

- a. \$405,682
- b. \$859,870

RESPONSE:

- a. As shown on page 2 of 3 of Attachment A-2, the amount was determined by removing a revenue credit in the amount of \$775,076 associated with SPP losses. The Texas retail portion of this revenue credit is equal to \$406,131. The difference between the \$406,131 and the revenue requirements impact shown on page 1 of 3 of Attachment A-2 of \$405,682 is due to the iterative nature of the revenue requirements calculation that takes into account the income tax and related cash working capital amounts.
- b. \$859,870 is the resultant incremental increase to the Texas jurisdictional cost of service due to the removal of demand and energy losses from certain wholesale contracts in the jurisdictional allocations. The adjustments to the wholesale demand and energy are detailed in SPS's response to Question No. OAG4-7 below.

Preparers: Timothy L. Willemsen, James M. Elliott
Sponsors: Timothy L. Willemsen, James M. Elliott

QUESTION NO. 4-6:

Please refer to page 27 of SECOND ERRATA, Attachment A-2 Page 2 of 3. Please explain in detail what the \$775,076 Revenue Associated with Losses is and how it was determined.

RESPONSE:

Under the SPP OATT, the SPP allows transmission customers to financially settle losses. The revenues collected are shared among the transmission owners who supply the energy according to a predetermined matrix developed by the SPP. Thus, SPS's revenue associated with losses refers to the revenue received from the SPP for the financial settlement of transmission losses.

The \$775,076 represents the amount of transmission loss revenues received from the SPP for the first three months of the Test Year (October 2004 through December 2004). Beginning in January 2005, transmission loss revenues received from the SPP were recorded to FERC Account 44775. In addition, SPS began crediting the SPP transmission loss revenue through the Texas retail fuel cost factors, as shown in the Texas Deferred Fuel Report. Refer to the line labeled "SPP Energy Loss Reimbursement" on the first page of each month's Texas Deferred Fuel Report, provided in the workpapers to Schedule I-22 (WP/I-22V), SPS's Rate Filing Package, WP/I-22V, Volume WPS-32, Bates Stamp pages 10-45.

Preparers: Ruth Sakya, Wesley Berger

Sponsors: Timothy L. Willemsen, David B. Grover, Michael E. Mally

QUESTION NO. 4-7:

Please refer to page 28 of SECOND ERRATA, Attachment A-2 Page 3 of 3. Please explain in detail how the following differences were determined:

- a. The difference in the Jurisdictional Production Demand kW for the Wholesale group between the original filing and the Errata 2 correction (1,232,315-original filed versus 1,214,131-Errata 2----18,184)
- b. The difference in the Jurisdictional Transmission Demand kW for the Wholesale group between the original filing and the Errata 2 correction (1,119,405-original filed versus 1,104,881-Errata 2----14,525)
- c. The difference in the Jurisdictional Energy kWh for the Wholesale group between the original filing and the Errata 2 correction (9,408,101,902-original filed versus 9,353,940,475-Errata 2---54,161,427)

RESPONSE:

Refer to Exhibit OAG4-7(HS), which is HIGHLY SENSITIVE.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-8:

Please refer to page 29 of the SECOND ERRATA, Attachment A-3 Page 1 of 1. Please explain in detail how the following differences were determined:

- a. The difference in the Jurisdictional Production Demand kW for the Wholesale group between the original filing and the Errata 2 correction (1,214,131-original filed versus 1,142,631-Errata 2---71,500)
- b. The difference in the Jurisdictional Energy kWh for the Wholesale group between the original filed and the Errata 2 correction (9,353,940,475-original filed versus 7,913,694,585-Errata 2---1,440,245,890)

RESPONSE:

Refer to Exhibit OAG4-8(HS), which is HIGHLY SENSITIVE.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-9:

Please refer to page 30 of SECOND ERRATA, Attachment A-4 Page 1 of 1. Please explain in detail how the following differences were determined:

- a. The difference in the Jurisdictional Transmission Demand kW for the Wholesale group between the original filing and the Errata 2 correction (1,104,881-original filed versus 1,172,026-Errata 2----67,145)

RESPONSE:

Refer to Exhibit OAG4-9(HS), which is HIGHLY SENSITIVE, for the 12CP calculation.

The difference is the 12-month average demand of Lyntegar Electric Cooperative that was added back to the transmission allocation. Lyntegar Electric Cooperative receives network transmission service under the SPP OATT. Therefore, contrary to those receiving point-to-point service, Lyntegar Electric Cooperative should be included in the transmission demand allocation.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-10:

Please provide a list of all the wholesale contracts that were included in the determination of all the jurisdictional production demand and energy allocators, the contract demand and kwh usage for the test year for each of these contracts, a list of the wholesale contracts that have expired in the test year or will have expired soon after the test year; and the contract demand and kwh usage for the test year for each of these contracts

RESPONSE:

The following wholesale contracts are included in the determination of the jurisdictional production and energy allocations:

Cap Rock Energy
Central Valley Electric Cooperative
El Paso Electric – 103 MW
Farmers' Electric Cooperative
Golden Spread Electric Cooperative - 330 MW for Oct. 2004 through May 2005, 355 MW for June 2005 through Sep. 2005
Lea County Electric Cooperative
Roosevelt Electric Cooperative
Western Area Power Authority (now rolled into EPE) – 30 MW
West Texas Municipal Power Agency

The following wholesale contracts are excluded in the determination of the jurisdictional production and energy allocations:

Los Alamos County – energy based
Public Service Company of New Mexico – 67 MW and 50 MW
Tenaska – 30 MW
The Energy Authority – 21 MW

The kWh usage for all wholesale contracts is detailed in the response to TIEC1-97. The contract demands are denoted next to each wholesale customer with a contractually set demand level, otherwise, the demands are calculated as the sum of the monthly maximum demand for each delivery point. Refer to Exhibit OAG4-10(HS), which is **HIGHLY SENSITIVE** for the monthly demands of the requirements customers.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-11:

Please provide a list of all the wholesale contracts that were included in the determination of all the jurisdictional transmission demand allocators. Please also provide the contract demand and kwh usage for the test year for each of these contracts.

RESPONSE:

Only Network Service contracts are included in the transmission demand allocation. Network Service does not have a set contract demand, but is instead based on the measured demand that is coincident with SPS's system peak and loss-adjusted to the generation output level. The following Network Customers are included:

Cap Rock Energy
Central Valley Electric Cooperative
Farmers' Electric Cooperative
Golden Spread Electric Cooperative
Lea County Electric Cooperative
Lyntegar Electric Cooperative
Roosevelt Electric Cooperative
West Texas Municipal Power Agency

The monthly energy for each of these customers is given in SPS's response to Question No. TIEC1-97. Refer to SPS's response to Question No. OAG4-10 above, for the demands of customers other than Golden Spread. Refer to Exhibit OAG4-11(HS), which is HIGHLY SENSITIVE for Golden Spread.

Preparer: James M. Elliott
Sponsor: James M. Elliott

QUESTION NO. 4-12:

Please refer to page 335 of the SECOND ERRATA, Attachment JME-1, page 1 of 1. Please calculate all of the jurisdictional demand allocators based on a 3CP methodology, with the updated kW numbers.

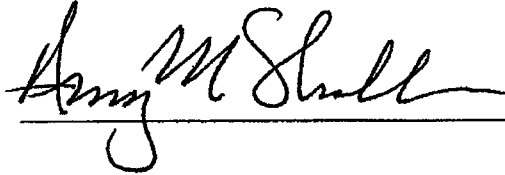
RESPONSE:

Refer to Exhibit OAG4-12.

Preparer: James M. Elliott
Sponsor: James M. Elliott

Certificate of Service

I certify that on the 23rd day of October 2006, a true and correct copy of the foregoing instrument was served on all parties of record by hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.



A handwritten signature in cursive script, reading "Amy M. Shull", is written over a horizontal line.

		<u>Trans. Service</u>	<u>Sch. 1</u>	<u>Sch. 2</u>	<u>DISTR</u>	<u>Total</u>
Oct-04	Network Total	<u>761,535</u> \$ 761,535	<u>17,140</u> \$ 17,140	<u>84,796</u> \$ 84,796	<u>3,890</u> \$ 3,890	<u>867,362</u> \$ 867,362
Nov-04	Network Total	<u>733,759</u> \$ 733,759	<u>14,952</u> \$ 14,952	<u>73,974</u> \$ 73,974	<u>2,503</u> \$ 2,503	<u>825,188</u> \$ 825,188
Dec-04	Network Total	<u>888,787</u> \$ 888,787	<u>10,878</u> \$ 10,878	<u>53,815</u> \$ 53,815	<u>2,289</u> \$ 2,289	<u>955,769</u> \$ 955,769
Nov/Dec	Accrual Network	\$ -	\$ -	\$ -	\$ -	\$ 1,170,000
Total Network Revenues 45605		\$ 2,384,082	\$ 42,969	\$ 212,585	\$ 8,682	\$ 3,818,319

Production Demand (kW)

	PNM	PNM-I	EPE	TEA	Tenaska	WAPA	Total
October	51,675	155,025	106,450	21,703	31,005	31,005	
November	51,675	155,025	106,450	21,703	31,005	31,005	
December	51,675	155,025	106,450	21,703	31,005	31,005	
January	51,675	155,025	106,450	21,703	-	31,005	
February	51,675	155,025	106,450	21,703	-	31,005	
March	51,675	155,025	106,450	21,703	-	31,005	
April	51,675	155,025	106,450	21,703	-	31,005	
May	51,675	155,025	106,450	21,703	-	31,005	
June	51,675	155,025	106,450	-	-	31,005	
July	51,675	155,025	106,450	-	-	31,005	
August	51,675	155,025	106,450	-	-	31,005	
September	51,675	155,025	106,450	-	-	31,005	
12 Month Average	51,675	155,025	106,450	14,469	7,751	31,005	366,375

Production Demand

	Texas	New Mexico	Oklahoma	Kansas	Wholesale	Total
June	2,223,508	721,499	58,338	5,318	1,323,180	4,331,843
July	2,258,931	725,066	58,050	5,530	1,340,764	4,388,340
August	2,242,189	673,135	57,200	6,281	1,298,623	4,277,428
3CP	2,241,543	706,567	57,863	5,709	1,320,856	4,332,537
3CP Production Allocation	51.7374%	16.3084%	1.3355%	0.1318%	30.4869%	100.0000%

Transmission Demand

	Texas	New Mexico	Oklahoma	Kansas	Wholesale	Total
June	2,223,508	721,499	58,338	5,318	1,617,286	4,625,949
July	2,258,931	725,066	58,050	5,530	1,755,323	4,802,900
August	2,242,189	673,135	57,200	6,281	1,715,894	4,694,699
3CP	2,241,543	706,567	57,863	5,709	1,696,168	4,707,849
3CP Transmission Allocation	47.6129%	15.0083%	1.2291%	0.1213%	36.0284%	100.0000%