



Control Number: 35763



Item Number: 270

Addendum StartPage: 0

PUC DOCKET NO. 35763
SOAH DOCKET NO. 473-08-3436

APPLICATION OF SOUTHWESTERN §
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES, §
TO RECONCILE FUEL AND §
PURCHASED POWER COSTS FOR §
2006 AND 2007, AND TO PROVIDE A §
CREDIT FOR FUEL COST SAVINGS §

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

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SOUTHWESTERN PUBLIC SERVICE COMPANY'S
FIRST SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
QUESTION NOS. AG-6-24, 6-41, AND AG-6-42
(Filename: Staff6thRFI(SUPP1).doc; Total Pages: 15)

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| EXHIBITS ATTACHED: | |
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270

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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
FIRST SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
QUESTION NOS. AG-6-24, 6-41, AND AG-6-42**

Southwestern Public Service Company ("SPS") files this supplemental response to Commission Staff's ("Staff") Sixth Request for Information.

I. WRITTEN RESPONSES

SPS's written supplemental responses to the Staff's Sixth Request 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 401 Congress Avenue, Suite 2200, Austin, Texas 78701; telephone number (512) 480-5724, and provided on CD. 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 Ron Moss of Graves, Dougherty, Hearon & Moody P.C., 401 Congress Avenue, Suite 2200, Austin, Texas 78701; telephone number (512) 480-5724; facsimile transmission number (512) 480-5824. Inspections will be scheduled to accommodate all requests with as little inconvenience to the requesting party and to SPS's operations as possible.

Respectfully submitted,

XCEL ENERGY SERVICES INC.

Stephen Fogel
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ATTORNEYS FOR
SOUTHWESTERN PUBLIC SERVICE COMPANY

SUPPLEMENTAL RESPONSES

QUESTION NO. STAFF-AG-6-24:

Does the Company pay its PUC Assessment Tax quarterly or annually? If the answer is quarterly, please provide all quarterly payment reports for the test year as well as for each quarter subsequent to the test year. If the answer is annually, please provide the Company's annual payment reports for 2006, 2007, and 2008 (when available).

RESPONSE:

The following supplements SPS's initial response:

Please refer to Exhibit STAFF6-24(SUPP1) for the 2008 Gross Receipts Assessment Report for 2008.

Preparer(s): Kiem Thang
Sponsor(s): Timothy L. Willemsen

QUESTION NO. STAFF-AG-6-41:

Please provide copies of all minutes, notices, memorandums, or other materials/recordings associated with discussions regarding the accounting treatment for the Lea Power Partners Power Purchase Agreement or any other SPS or SPS affiliate power purchase agreements.

RESPONSE:

SPS inadvertently provided the incorrect files on Exhibit STAFF6-41(CONF)V(CD) provided in SPS's initial response. The following response replaces SPS's initial response in its entirety:

Please refer to SPS's response to AXM's Seventh Request for Information, Question No. AXM 7-19, Exhibit STAFF6-41, and Exhibit STAFF6-41(CONF)V(SUPP1)(CD), which is CONFIDENTIAL.

Preparer(s): Brian Fleming
Sponsor(s): David L. Eves

QUESTION NO. STAFF-AG-6-42:

As the Company submits its compliance reports regarding the accounting treatment for the power purchase agreement with Lea Power Partners to the New Mexico Public Regulation Commission please provide a copy of the same report.

RESPONSE:

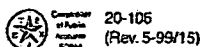
Refer to Exhibit STAFF6-42(SUPP1) for SPS's Eighth Supplemental Compliance Report Regarding the Accounting Treatment for the Power Purchase Agreement with Lea Power Partners filed on August 8, 2008.

Preparer(s): Ruth Valle
Sponsor(s): David T. Hudson

Certificate of Service

I, Amy M. Shelhamer, attorney for Southwestern Public Service Company, certify that a copy of this document was served on all parties of record in this proceeding on August 8, 2008, in the following manner: facsimile transmission, hand delivery, electronic mail, overnight mail and/or United States Postal Service first-class mail.




 20-106
 (Rev. 5-99/15)

GROSS RECEIPTS ASSESSMENT REPORT

Do not write in the space above

Taxpayer number

1-75-0575400-6

Commission certificate number

Taxpayer name and mailing address

 Southwestern Public Service Co.
 1225 17th St., Suite 800
 Denver, CO 80202-5598

For Comptroller's use only

T Code 90100

Deposit Code 230

Check business type

☒ Electric☐ Telephone

Enter the annual reporting period for which this report is being filed.

| Calendar Reporting Period | Reporting Period | Assessment Period | Due Date |
|--|--|-------------------|-----------|
| <input checked="" type="checkbox"/> 2008 | <input checked="" type="checkbox"/> Annual | July through June | August 15 |

| REPORTING PERIOD | MONTHLY GROSS RECEIPTS | | | QUARTERLY TOTALS |
|------------------|------------------------|---------------|---------------|------------------|
| | 1st month | 2nd month | 3rd month | |
| 1st Quarter | 74,893,243.75 | 85,917,132.66 | 75,451,102.55 | 236,261,478.96 |
| 2nd Quarter | 76,238,561.83 | 65,403,289.92 | 66,381,773.57 | 208,023,625.31 |
| 3rd Quarter | 76,825,767.36 | 65,554,013.24 | 66,681,372.97 | 209,061,153.57 |
| 4th Quarter | 68,440,573.97 | 72,723,671.00 | 94,655,825.46 | 235,820,070.43 |
| Annual | July through June | | | |

| | |
|---|----------------------|
| 1. Enter total receipts for the year | 1. \$ 889,166,328.28 |
| 2. TOTAL ASSESSMENT DUE (Multiply Item 1 by .001667) | 2. 1,482,240.27 |
| 3. Deduct authorized overpayments applied to this period (The deduction must be net of any penalties and/or interest assessed) | 3. - |
| 4. NET ASSESSMENT DUE (Item 2 minus Item 3) | 4. 1,482,240.27 |
| 5. Late filing penalty: 10% of Item 4 if report filed after due date | 5. - |
| 6. Amount due (Item 4 plus Item 5) | 6. 1,482,240.27 |
| 7. Late payment interest starting 31 days after due date: 12 % per annum simple interest, based on Item 6. | 7. - |
| 8. TOTAL AMOUNT DUE AND PAYABLE (Item 6 plus Item 7) | 8. \$ 1,482,240.27 |

 Complete this report and make amount in Item 8 payable to
 STATE COMPTROLLER

 Mail to: COMPTROLLER OF PUBLIC ACCOUNTS
 111 E. 17th Street
 Austin, Texas 78774-0100

I declare that the above information is true and correct to the best of my knowledge and belief.

 sign here Taxpayer or duly authorized agent
 (303) 294-2018

 Business
 phone

 Date
 8-5-08

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

| | | |
|--|---|-----------------------------|
| IN THE MATTER OF SOUTHWESTERN |) | |
| PUBLIC SERVICE COMPANY'S |) | |
| APPLICATION FOR REVISION OF ITS |) | |
| RETAIL ELECTRIC RATES PURSUANT |) | |
| TO ADVICE NOTICE NOS. 208 AND 209 |) | CASE No. 07-00319-UT |
| AND ALL ASSOCIATED APPROVALS, |) | |
| |) | |
| SOUTHWESTERN PUBLIC SERVICE |) | |
| COMPANY |) | |
| |) | |
| APPLICANT. |) | |
| |) | |

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
EIGHTH SUPPLEMENTAL COMPLIANCE REPORT REGARDING THE
ACCOUNTING TREATMENT FOR THE POWER PURCHASE
AGREEMENT WITH LEA POWER PARTNERS**

On April 17, 2008, Southwestern Public Service Company (SPS) submitted its Initial Compliance Report regarding the accounting treatment and restructuring options for the power purchase agreement (PPA) between SPS and Lea Power Producers, LLC. (LPP). In the Initial Report, SPS committed to file supplemental reports on a bi-weekly basis as new information becomes available. The following constitutes SPS's Eighth Supplemental Compliance Report:

I. STATUS UPDATE

A. Procedural Matters.

1. On May 5, 2008, the Hearing Examiner issued an Order, which granted the relief requested by SPS, Occidental Permian Ltd. and the Commission Staff in the 'Joint Motion Regarding the Parties' Briefing of Issues and SPS's Compliance Reporting' in this case. In material part, the Order relieves SPS from the requirement to report on restructuring activities but requires SPS to promptly inform the Commission,

Hearing Examiner, Staff and other parties if an agreement is reached with a counterparty regarding LPP PPA restructuring, and to inform them if and when SPS determines not to pursue restructuring activities further.

B. Accounting Treatment/Restructuring Matters.

1. Since June 30, 2008, Xcel Energy/SPS representatives' have continued their on-going daily activities related to the LPP PPA accounting treatment, which have included:

(a) conferring with the consultant hired to determine the fair market value of the LPP generating project in conjunction with the lease accounting criteria;

(b) evaluating the current LPP PPA under the accounting treatment criteria to determine if the agreement is either an operating lease or a capital lease and whether the accounting of the power plant project must be consolidated onto SPS's books under FIN 46;

(c) conferring with its independent auditor regarding SPS's lease accounting evaluation approaches;

(d) discussions with potential counterparties and other persons about various LPP PPA restructuring options. As mentioned in the prior Supplemental Compliance Reports, these discussions involve highly sensitive and proprietary information, which are covered by the Order of May 5, 2008;

(e) because the LPP generating project did not begin commercial operations on June 1, 2008 in accordance with the PPA, Xcel Energy/SPS have previously taken the following actions: (i) sent LPP a notice of default on April 24, 2008 regarding LPP's failure to meet Milestones 16 and 18 of the PPA; (ii) sent a notice of

default on June 12, 2008 regarding LPP's failure to meet the June 1, 2008 commercial operation Milestone; (iii) Xcel Energy/SPS are considering other notices that may be provided to LPP under the PPA in relation to on-going delay of the commercial operation for the generating project; (iv) filed for and obtained approvals of the tariff for the Voluntary Customer Load Reduction Program by the NMPRC (Case No. 08-000153-UT) and the Public Utility Commission of Texas; and (v) procured peaking power from other sources for June and July. LPP has contested SPS's default notices and claims for damages.

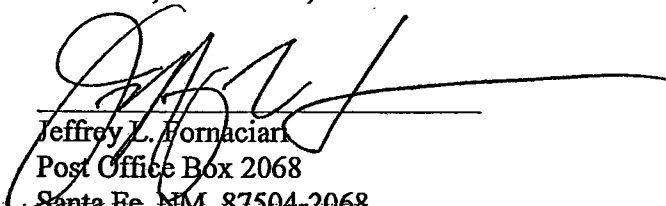
As indicated in SPS's prior Compliance Reports, Xcel Energy/SPS representatives will continue to collect documents and will periodically furnish additional documents in accordance with the reporting requirements as modified by the Order regarding compliance reporting. As a matter of information, LPP has indicated it plans to start Commercial Operations sometime during the week of August 11, 2008.

II. CONCLUSION

SPS is filing six (6) copies of this Eighth Supplemental Compliance Report with the Commission's Records Office. SPS's next supplemental report is due on August 22nd, 2008.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR & MARTIN LLP



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505.982.4554

Attorneys for Southwestern Public Service Company

August 8th, 2008

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

| | | |
|--|---|-----------------------------|
| IN THE MATTER OF SOUTHWESTERN |) | |
| PUBLIC SERVICE COMPANY'S |) | |
| APPLICATION FOR REVISION OF ITS |) | |
| RETAIL ELECTRIC RATES PURSUANT |) | |
| TO ADVISE NOTICE NOS. 208 AND 209 |) | CASE No. 07-00319-UT |
| AND ALL ASSOCIATED APPROVALS, |) | |
| |) | |
| SOUTHWESTERN PUBLIC SERVICE |) | |
| COMPANY |) | |
| |) | |
| APPLICANT. |) | |

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Southwestern Public Service Company's Eighth Supplemental Compliance Report Regarding the Accounting Treatment for the Power Purchase Agreement with Lea Power Partners was electronically communicated and sent by first class mail or hand delivered, as indicated below, to the following on this 8th day of August, 2008:

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c/o ArcLight Capital Partners, LLC
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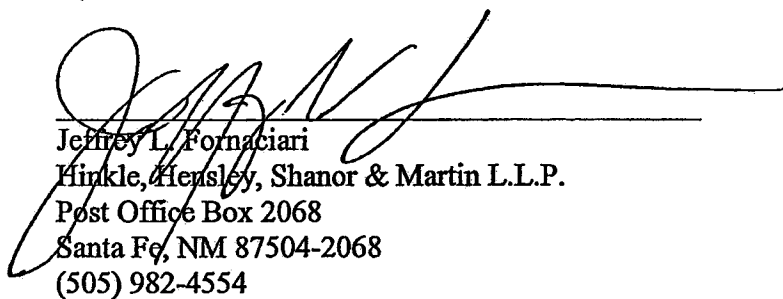
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Respectfully submitted,



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