



Control Number: 35763



Item Number: 315

Addendum StartPage: 0

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

**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 PUBLIC UTILITY
COMMISSION OF TEXAS**

**STATE OF TEXAS' FOURTH REQUESTS FOR INFORMATION TO
SOUTHWESTERN PUBLIC SERVICE COMPANY**

The State of Texas ("State"), by and through the Office of the Attorney General, Consumer Protection and Public Health Division, Public Agency Representation Section ("PAR") requests Southwestern Public Services Company ("SPS" or "the Company") to provide the following information and answer the following questions under oath. Please answer the questions and sub-questions in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to each question.

Definitions

As used in this introduction and in these questions,

- (1) "SPS" or "the Company" refers to Southwestern Public Service Company.
- (2) "You," "yours," "your," and "Company's" refer collectively to SPS, including its directors, officers, employees, consultants, agents and, unless privileged, their attorneys;
- (3) "Application" refers to the Application and supporting testimony, schedules and other documents submitted by SPS and docketed as PUC Docket No. 35763;
- (4) "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, electronic mail (e-mail), computer storage device or any other media, including, but not limited to memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, drafts, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals,

forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form;

- (5) "Commission" and "PUC" means the Public Utility Commission of Texas; and
- (6) "Staff" means the professional staff of the PUC.
- (7) "RFP" means rate filing package.

Instructions

In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may obtain it, and your attorneys and their investigators.

Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.

If you or any of your attorneys have possession, custody, or control [as defined by Tex. R. Civ. P. 192.7(b)] of the originals of any documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineations, receipt stamp, or notation.

If you or any of your attorneys do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, that are in your possession, custody, or control. If any document requested is not in your possession or subject to your control, please explain why not, and give the present location and identify the custodian of any copy or summary of the documents.

Claim of Privilege

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

Questions and Responses

The Definitions, Instructions, and Claim of Privilege set out in this Request for Information apply to these questions. If any question appears confusing, please request clarification from the undersigned counsel.

In providing your responses, please start each response on a separate page and identify, at the top of each page, the question being answered. As part of the response to each question, please state at the bottom of the answer the name and job position of each person who participated in any way, other than providing clerical assistance, in preparing the answer. If the question has sub-parts, please identify the person or persons who

answered each sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer. If the question has sub-parts, please identify the witness or witnesses by sub-part.

Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearing, then you should submit, under oath, a supplemental response to your earlier answer as soon as the change in circumstances or facts are known to you.

If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please contact the undersigned counsel as soon as possible to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks proprietary information, or on any other grounds, please contact the undersigned counsel as soon as possible.

If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or in electronic format, please furnish specific references thereto, including Bates Stamped page citations and detailed cross-references.

REQUESTS FOR INFORMATION

Note: For all of your answers, please provide documents that support your answers to these RFIs. If documents have already been produced and provided to the State in answer to RFIs from other intervenors, or are publicly available, please provide a clear reference to those answers so that the documents also responsive to the State's RFIs may be located.

RFI 4-1: Please refer to Schedule E-6, page 1 of 1. Please answer the following:

- Explain the difference between an "active" account and an "inactive" account.
- Does the Company still pay interest on an "inactive" account?
- If an account becomes inactive once it is "finalized," how long will the account be classified and recorded as inactive before it drops off the books?

RFI 4-2: The Company work paper that is Bates stamped 8607 shows the Federal Reserve to be open on the day after Thanksgiving (November 23, 2007). Line number 54 of the work paper that is Bates stamped 8543 shows that the Company paid its bi-weekly employees on November 21. Please explain why the Company paid its bi-weekly employees on November 21, 2007, instead of Friday, November 23, 2007.

RFI 4-3: Please see the Company's response to AXM's RFI 7-1. The Company stated the following in its response: "FERC Account 430 is a below the line account and therefore is not included in the cost of service." Please explain the Company's understanding of what a "below the line" account is. Please explain which "below the line" accounts (if any) were included in the Company's cost of service.

RFI 4-4: Please explain if the Company considers Interest on Customer Deposits to be a "below the line" expense. Please explain why or why not.

RFI 4-5: Please refer to Attachment TLW-1, page 9 of 73. Row 27 shows the "Customer Advances for Construction" amount of \$672,974 (Texas retail) being deducted from Rate Base. Please briefly explain under what circumstances the Company collects Customer Advances for Construction from its customers.

RFI 4-6: Please explain, in as much detail as possible, the Company's payroll process for both its regular and its incentive payroll. At a minimum, please provide the following:

- The number of employees in the Company's payroll department.
- A brief description of the Company's payroll system.

- For the employees paid by check, the average number of days before payday that checks are mailed to the employees.
- For the direct deposit employees, the average number of days before payday that the direct deposit information is delivered to the Company's financial institution (please include name of financial institution and method of delivery).
- Any other relevant processes performed by the Company's payroll personnel either prior to or during the actual payday.

RFI 4-7: Please refer to rows 34 and 53 of the work paper that is Bates stamped 8545 (FICA and Federal tax withholding leads). The two submission dates shown on these two rows (2/19/07 and 11/12/07) are Federal banking holidays. Please explain why (and how) the Company submitted its employee withholdings to the IRS on these two days in which the Federal Reserve was closed.

RFI 4-8: Please refer to the WP/A-3 page 28 of 33. Please split the \$7,492,111 of customer deposits (Texas portion) and the \$351,380 of customer deposit interest between the residential and the non-residential customers.

RFI 4-9: The Company stated in its response to the State's RFI 1-2 that in those circumstances where a deposit is required, its policy is to hold a residential deposit for 12 months and for its non-residential deposits, 24 months. For the customer deposits that the Company returned to its customers during the test year, please provide information in spreadsheet, electronic form, showing the date the deposit was returned, dollar amount of each deposit returned, and the date the deposit had originally been paid to the company. Please provide this information for both the residential and the non-residential customers.

RFI 4-10: The Company stated in its response to the States RFI 1-2 that on every January, SPS credits the interest earned on deposits to those customers that have a deposit on file. Please explain how the Company credits the interest that is earned on the customers account from January to the time the deposit is returned to the customer. For example, if the Company returns a customer's deposit in July, when is the customer's account credited for the interest earned from January to July (and when is the corresponding interest expense recorded)?

RFI 4-11: The Company stated in its response to the Staff's RFI 6-24 that the Company paid the PUC Assessment Tax annually. Please provide the dollar amount of the PUC Assessment Tax that was paid by the Company for the test year. Also, please explain if this amount and its corresponding lead calculation were included in the Company's lead-lag study. If so, why is this tax not shown on Schedule E-4 of the rate filing package?

Dated: August 21, 2008

Respectfully submitted,

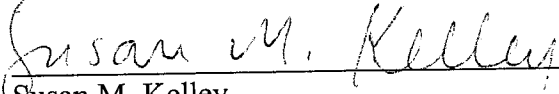
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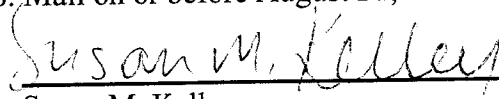
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of **State of Texas' Fourth RFIs to SPS** has been served upon SPS and all parties of record in Docket No. 35763 by hand delivery, facsimile, or email, and/or First Class U.S. Mail on or before August 21, 2008.


Susan M. Kelley