

Southwestern Public Service Company  
 Energy Trading Department Total Charges by Work Order  
 For the Twelve Months Ended December 31, 2007

Department	Work Order	Work Order Title	Amount	Exclusions	Pro Formas	SPS Amount
Energy Trading Department	910	Non-labor allocation following labor	\$ 26,690.16	\$ (440.98)	\$ -	\$ 26,249.18
	351010	CF SPS Admin & Gen Elec	10,596.23	-	-	10,596.23
	351040	ES SPS Trading Gen Sales	93,087.10	-	2,366.81	95,453.91
	351041	ES SPS Power Trading Prop	145,407.07	-	3,588.05	148,995.12
	351048	ES SPS Trading Native Hedge	102,531.37	-	2,410.18	104,941.55
	351055	RP-SPS Transmission Gen-566	63.49	-	2.38	65.87
	351056	ES SPS Transmission Prop	12.71	-	0.47	13.18
	351066	ES SPS Load Dispatch Reliab	10,918.12	-	69.32	10,987.44
	351067	ES SPS Load Dspch Mntr & Op	10,918.12	-	69.32	10,987.44
	413	Payment & Reporting	(4.75)	-	-	(4.75)
	429	Energy Markets-Reg Trading	95,997.28	-	-	95,997.28
			<u>\$ 496,216.90</u>	<u>\$ (440.98)</u>	<u>\$ 8,506.53</u>	<u>\$ 504,282.45</u>

**QUESTION NO. OPUC 5-10:**

- a) Does the term "regulated trading costs" also include wholesale-associated trading costs?
- b) Please provide all documents which support your response to (a) above.

**RESPONSE:**

- a) Yes.
- b) Please refer to the Direct Testimony of Mary E. Holland, adopted by Janet S. Schmidt-Petree, Attachment MEH-RR-14 (Vol. RR2, Bates Page 115).

Preparer(s): John Kundert, Janet S. Schmidt-Petree

Sponsor(s): Mark D. Freeman, Janet S. Schmidt-Petree

**QUESTION NO. OPUC 6-24:**

Please explain why 66% of the total CF controller charges to SPS were direct charged during the test year, whereas 52% of the total charges to non-SPS subsidiaries were direct charged.

**RESPONSE:**

The XES direct charges to SPS's other affiliates are lower (at 52%) than the direct charges to SPS (at 66%) for the CF Controller organization because more labor, and associated labor overheads, was direct to SPS than to SPS's affiliates. The increased labor costs are associated with implementation and ongoing work associated with the SPP market, initial accounting and on-going tracking associated with renewable energy credits, and rate case preparation and support. In addition to the labor costs, SPS made a payment of approximately \$882k to Ryan and Company in support of Texas sales and use taxes consulting. Whenever possible the services provided by an organization within XES are direct charged to the affiliates to whom the services were provided. For the CF Controller organization, this means that they provided more direct assistance to SPS. The CF Controller organization: (1) establishes and implements accounting policy; (2) maintains financial books and records; (3) prepares internal and external financial and statistical reports, such as external reporting to the Federal Energy Regulatory Commission and the United States Securities and Exchange Commission; (4) ensures compliance with applicable federal and state laws and rules and accounting and financial standards, including corporate general accounting standards and Sarbanes-Oxley requirements; (5) prepares federal, state, and local tax filings; and, (6) coordinates the corporate budget process, including establishing budget guidelines, and preparation schedules as stated in Teresa S. Madden's Direct Testimony, Volume RR4, Bates Stamp pages 10.

Please refer to Exhibit OPUC6-24, a modified copy of Attachment TSM-RR-A to the Direct Testimony of Teresa S. Madden, Volume RR4, Bates Stamp page 44-45, for the direct charge percents for the CF Controller organization in relation to the total charges for the CF Controller organization for both XES billings for the class to all legal entities except for SPS (column E1) and the similar calculation for the XES billings for the class to SPS (column F1). The numbers used in the calculation are highlighted by a boxed-in area of the exhibit.

Preparer(s): Janet S. Schmidt-Petree  
Sponsor(s): Teresa S. Madden

Exhibit OPUC-24  
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Summary of XES Expenses to SPS by Affiliate Class and Billing Method  
For Twelve Months Ended December 31, 2007  
Teresa Madden

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
CFO Organization	Business Area	Billing Method (Work Order)	Total XES Billings for Class to SPS (FERC Act. 400-935)	XES Billings for Class to SPS (FERC Act. 400-935)	XES Billings for Class to SPS (FERC Act. 400-935)	Exclusions	Per Book	Pro Forma	Requested Amount (Total Company)
CFO Organization	CP Chief Financial Officer	121 Direct	1,046,440.39	911,601.22	134,939.17	(336.40)	134,612.57	2,696.79	137,309.36
			463.36	463.36					
			1,047,003.75	912,064.58	134,939.17	(336.40)	134,612.57	2,696.79	137,309.36
CFO Organization	CP Controller	120	5,504,652.84	4,722,636.83	782,016.01	(131.21)	781,884.80	12,577.55	794,462.35
		121	4,498,405.57	3,918,448.06	579,957.51	(508.72)	579,448.79	11,705.47	591,154.26
		122	847,440.93	738,189.19	109,251.74	692.38	109,944.12	2,635.03	112,579.15
		123	2,916,327.07	2,501,696.60	414,630.47	(92.22)	414,538.25	5,395.90	419,934.15
		190	469,946.69	403,979.70	65,966.99		65,966.99	1,576.97	67,543.96
		197	132,688.41	114,142.13	18,546.28		18,546.28	447.73	19,004.19
		198	7,818.55	6,719.38	1,099.17		1,099.17	1,098.97	1,098.97
		423	67.99	39.69	8.30		8.30		8.30
		430	2,586.99	2,218.52	368.47		368.47	1.30	369.77
		431	587,797.53	504,156.03	83,641.50	(79.00)	83,562.50	1,573.65	85,136.15
		432	999,908.13	857,619.12	142,289.01		142,289.01	3,471.81	145,760.82
		434	25,468.01	21,847.04	3,620.97		3,620.97	90.59	3,711.56
		435	265.99	245.30	20.69		20.69	20.49	20.49
		500	684,089.14	597,621.88	86,467.26	(129.73)	86,337.55	2,103.64	88,441.19
		534	158,751.29	141,416.97	17,334.32		17,334.32	418.36	18,022.95
		910	30,213.39	26,316.25	3,897.14		3,897.14	3,877.14	4,640,450.90
CFO Organization	CP Controller Total	Direct	20,352,639.56	15,782,225.66	4,569,413.90	(25.85)	4,569,388.05	71,061.79	4,640,450.90
			37,220,878.08	30,440,954.17	6,779,923.91	(254.35)	6,779,669.56	113,059.80	6,892,728.32
CFO Organization	CP Environmental Policy	409	18,433.51	16,051.91	2,381.60	(652.46)	1,729.14	(4,534.62)	1,779.14
		410	600,841.51	523,101.71	77,739.80	(775.20)	76,964.60	539.21	72,429.98
		Direct	619,275.02	539,153.62	80,121.40	(1,427.66)	78,536.99	(3,995.41)	74,531.38
CFO Organization	CP Investor Relations	116	1,497,107.79	1,303,847.51	193,260.28	(621.76)	192,638.52	(509.32)	192,127.20
		Direct	254,350.01	254,350.01					
			1,751,457.80	1,558,197.52	193,260.28	(623.76)	192,638.52	(509.32)	192,127.20
CFO Organization	CP Perf. Strateg. & Bus. Dev.	160	171,399.70	147,052.34	24,347.36	(238.66)	24,347.36	(136.25)	24,211.11
		161	2,232,402.96	1,944,717.17	287,685.79	(8.42)	287,677.37	6,159.89	293,837.26
		437	(108.33)	(108.33)					
CFO Organization	CP Perf. Strateg. & Bus. Dev. Total	910	718.99	635.60	84.33		84.33	(317.89)	1,553.60
		Direct	5,588.33	5,588.33					
			2,410,201.59	2,097,892.53	312,309.06	(238.66)	312,070.40	6,023.64	318,094.04
CFO Organization	CP Risk Management	140	77.34	66.35	10.99		10.99		10.99
		141	(1,435.35)	(1,250.41)	(184.94)		(184.94)	1.60	(184.94)
		142	22,340.44	19,164.27	3,176.17	(25.76)	3,176.17	1,369.86	3,177.77
CFO Organization	CP Treasurer	143	434,318.04	378,305.06	56,012.98		56,012.98	1,369.86	57,357.08
		413	239.85	211.77	28.08		28.08	22.08	22.08
		431	1,073,887.20	921,221.61	152,665.59	(165.92)	152,499.67	868.49	153,368.16
CFO Organization	CP Risk Management Total	910	10,820.87	8,946.38	1,874.49		1,874.49	(317.89)	1,553.60
		Direct	4,548,515.31	3,728,191.51	820,323.80	(191.68)	820,132.12	20,308.43	840,522.23
			6,088,763.70	5,054,867.54	1,033,896.16	(191.68)	1,033,604.48	22,336.49	1,055,940.97
CFO Organization	CP Treasurer	110	6,883,980.30	5,996,189.29	887,791.01	(21.93)	887,769.08	(0.75)	887,769.01
		140	13,553.29	11,966.87	1,586.42	(99.61)	1,586.42	6,445.90	331,819.55
		141	2,523,841.82	2,198,268.36	325,573.46		325,573.46	9.01	325,582.47
CFO Organization	CP Treasurer	142	6,818.57	5,848.87	969.70	(124.95)	969.70	1,777.10	978.71
		143	3,078,982.22	2,681,913.73	397,068.49		397,068.49	1,777.10	398,718.64
		410	(6.74)	(5.87)	(0.87)		(0.87)		(0.87)
CFO Organization	CP Treasurer	431	7,347.97	6,302.60	1,045.37		1,045.37		1,045.37

Exhibit OPUC 6-24  
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Summary of XES Expenses to SPS by Affiliate Class and Billing Method  
For Twelve Months Ended December 31, 2007  
Teresa Madden

(A) Business Area	(B) Affiliate Class	(C) Billing Method (Work Order)	(D) Total XES Billings for Class to all Legal Entities (FERC Acct. 400-925)	(E) XES Billings for Class to all Legal Entities Except for SPS (FERC Acct. 400- 925)	(F) XES Billings for Class to SPS (Total Company) (FERC Acct. 400-925)	(G) Exclusions	(H) Per Book	(I) Pro Forma	(J) Requested Amount (Total Company)
Chief Executive Officer	CIE Treasurer Total	910	59,943.31	49,830.63	10,092.68	(208.32)	9,784.36		9,784.36
		Direct	1,459,644.97	751,249.06	708,395.91	(453,063.26)	255,332.65	(41,248.51)	213,984.14
			14,084,606.71	11,701,685.74	2,332,819.97	(483,611.97)	1,478,201.90	(33,117.35)	1,845,084.55
Chief Executive Officer	CIE Audit Services	123	463,938.25	397,943.85	65,994.40		65,994.40	1,617.45	67,611.85
		130	2,232,426.44	1,907,499.98	315,926.46	(137.55)	315,788.91	5,651.56	321,420.47
		131	272,160.01	237,078.61	35,120.40		35,120.40	518.81	35,639.21
		910	4,167.36	3,601.52	565.84		565.84		565.84
Chief Executive Officer	CIE Audit Services Total	Direct	605,563.69	499,895.26	106,468.43		106,468.43	2,541.12	109,009.55
			3,570,955.78	3,045,980.22	524,075.53	(157.55)	523,917.98	10,328.94	534,246.92
Chief Executive Officer	Chairman's Environmental Fund Chairman's Environmental Fund Total	Direct	1,995,303.00	1,855,303.00	70,000.00	(70,000.00)			
			1,975,303.00	1,855,303.00	70,000.00	(70,000.00)			
Chief Executive Officer	Chief Executive Officer	110	2,827,060.59	2,462,616.20	364,444.39	(12,906.70)	351,537.61	5,645.24	357,182.85
		Direct	3,913,791.21	3,635,164.21	278,627.00	(60,443.00)	218,184.00		218,184.00
			6,740,851.80	6,097,780.41	643,071.39	(73,349.70)	569,721.61	5,645.24	575,366.85
Total - Wilcoas Teresa Madden	Total - Wilcoas Teresa Madden		76,063,792.16	63,832,218.04	12,241,584.12	(600,228.11)	11,641,356.07	122,366.91	11,763,711.59

Amounts may not add or tie to other schedules due to rounding.

**QUESTION NO. OPUC 8-4:**

- a) Regarding your response to OPC 1-6, is direct or indirect communication with members of the legislative or executive branch by anyone not registered as a lobbyist considered by SPS or XES to be a "lobbying expense"? Explain your response
- b) If lobbyists directly or indirectly work on general legislative activities and/or policy development matters, does SPS or XES consider these activities to be a lobbying or a non-lobbying expense? Explain your response.
- c) If lobbyists directly communicate with a member of the legislative or executive branch but the communication includes wider distribution to a general audience, does SPS or XES consider this activity to be a lobbying expense or non-lobbying expense? Explain your response.
- d) How does SPS or XES classify its private communications or contacts with Texas PUC Commissioners? Are these considered lobbying or non-lobbying expenses? Explain your response.
- e) How does SPS or XES classify its private communications or contacts with municipal authorities or officials? Are these considered lobbying or non-lobbying expenses? Explain your response.
- f) For (a) – (e) above, provide all documentation which supports your response.

**RESPONSE:**

- a) Please refer to SPS's response to AXM's Fifteenth Request for Information, Question 15-8.
- b) Please refer to SPS's response to AXM's Fifteenth Request for Information, Question 15-8.
- c) No. The Texas Lobby Laws (Chap. 305, Government Code) and the Texas Ethics Commission rules are designed to ensure the timely disclosure of "certain persons who, by direct communication with government officers, engage in efforts to persuade members of the legislative or executive branch to take specific actions." (305.001, Govt Code) Lobby registration is required if a person meets either one of two thresholds:
  - 1. The Compensation & Reimbursement Threshold, covering those persons who are entitled to receive more than \$1,000 in a calendar quarter to lobby; and
  - 2. The Expenditure Threshold, covering those persons who spend more than \$500 in a calendar quarter for certain expenses related to lobbying.

A person is not required to register under the compensation threshold, no matter how much compensation or reimbursement the person receives to lobby, if lobbying constitutes no more than five percent of the person's compensated time during a calendar quarter. 1 T.A.C. § 34.43(b). The "incidental lobbying" exception is not applicable to a person who exceeds the expenditure threshold.

Furthermore, under Ethics Commission rules, if a person engages in activities to prepare for lobby communications (for example, strategy sessions, review and analysis of legislation or administrative matters, research, or communication with a client concerning lobbying strategy) but does not actually communicate to influence legislation or administrative action, registration is not required. 1 T.A.C. § 34.3.

According to the Texas Ethics Commission, compensation or reimbursement received for the following types of communications, among others, does not count toward the compensation threshold and is not required to be reported:

- responses to a specific request for information from a state officer or employee, when the request was not solicited by or on behalf of the person providing the information;
- providing oral or written comments, making an appearance, or any other type of communication, if documented as part of a public record in an agency's rule-making proceeding under the Administrative Procedure Act; and
- communicating to an agency's legal counsel, an administrative law judge, or a hearings examiner concerning litigation or adjudicative proceedings to which the agency is a party, or concerning adjudicative proceedings of that agency.

Among XES and SPS employees, only Eric Woomer makes expenditures related to lobbying under the Texas law. Sherry Kunka made no expenditures to lobby, and was covered by the "incidental lobbying" exception, but registered anyway out of an abundance of caution. Other XES and SPS employees, who may have participated in strategy sessions or reviewed legislation but did not communicate directly with legislative or executive branch employees, similarly do not meet the standards for required registration, and their activities were not considered "lobbying." Preparation of positions to notices of rulemakings ("NOPR") are not lobbying activities since the NOPR was initiated by the commission.

Mr. Woomer's expenditures made to maintain good will among legislative and executive branch employees, whether or not specific legislation or administrative actions were discussed at the time of the communication, are counted as lobby

expenditures and are included in the list provided under part (c), in accordance with Texas Ethics Commission rules.

Lobby expenses are associated with "direct contact" with legislative and executive branch members and their staffs. The Ethics Commission rules stipulate that information distributed in a general manner is not being "directed" to the covered official. "For example, if an organization publishes a newsletter for its members, the individuals writing the newsletter are not "communicating directly" with members of the legislature, even if a legislator may read the newsletter." (TEC, Lobbying in Texas: A Guide to the Texas Law.)

- d. SPS's and XES's communications and contacts with the Texas PUC Commissioners are not considered lobbying by SPS or the Texas Ethics Commission. Contacts with Commissioners are infrequent and are of an informative nature. SPS does not ask Commissioners to take specific actions. In addition, SPS does not communicate or contact Commissioners regarding pending contested cases other than through the process of filing briefs, motions, and exceptions in docketed proceedings. Furthermore, Commissioners and their staffs do not allow lobbyists to pay for food, entertainment, or other expenses associated with lobby activity, so SPS personnel incur no such expenses.
- e. SPS and XES classify its private communications and contacts with municipal authorities or officials as non-lobbying activities. Communications with municipal authorities or officials are specifically excluded from the lobby law, and are therefore considered non-lobbying expenses. "The lobby law applies only to communications to *state* officers and employees. It does not apply to a communication made to an officer, an employee, or anyone else who represents a political subdivision of state government, such as a county, city, school district, or other local government or special district." (TEC, Lobbying in Texas: A Guide to the Texas Law).
- f. Please refer to the Texas Lobby Laws (Chap. 305, Government Code) and the Texas Ethics Commission rules. These can be found at the Texas Ethics Commission website: [www.ethics.state.tx.us](http://www.ethics.state.tx.us)

Preparer(s): Eric Woomer, David T. Hudson  
Sponsor(s): David T. Hudson



**QUESTION NO. OPUC 15-4:**

- a. Please explain the specific projects and activities undertaken during the test year for work orders 999283 and 525.
- b. How do Texas retail ratepayers benefit from these activities?

**RESPONSE:**

- a. For the test year, the primary cost in work order 999283 is related to facilities clearing. This totaled \$69,912.93. There is also \$35.49 incentive cost and \$5.66 I/T costs.

The facilities overhead is allocated based on the prior quarter labor. Please refer to SPS's response to OPUC 11-10 for the calculation of this overhead. The facilities overhead is considered an off-line allocation. The labor used in the calculation has already been allocated, so although there may be labor indirectly billed, the facilities overhead will show up as directly billed.

The facilities costs above followed labor costs that were allocated to SPS using work orders 160 and 161. It would be very difficult to identify specific projects charged to work orders 160 and 161 as these are used for any work done related to Corporate Strategy & Business Development that is not directly attributable to a specific legal entity.

Work Order 525 – Utility of the Future is now referred to as Utility Innovations. The costs in this work order are related to developing synergies and advancements to benefit utility customers.

By partnering with various industry leaders, Utility Innovations is able to leverage technological advances and incorporate innovative ideas into various projects, such as: Wind to Battery project (storing wind power in batteries); Plug-In Electric Hybrids ("PHEV"); Outage Verification Tool ("OVT") (ability to ping meters to determine the true impact of an outage); Substation Analysis (ability to detect and predict faults); and many other projects that benefit all of our customers throughout the service territory.

- b. All of the projects listed above benefit Texas Retail ratepayers by either providing technology that reduces fuel costs (PHEV), or by reducing expenses related to outage verification or Substation faults.

Preparer(s): Dionne Houchen, Anthony Russeth  
Sponsor(s): Janet S. Schmidt-Petree, Michael J. Carlson

**QUESTION NO. OPUC 5-11:**

- a) Please explain in detail all functions that are included under work orders 351040, 351041, and 351048.
- b) What specifically is a "native hedge?"
- c) Please provide the total charges requested by SPS for each of the three work orders in (a) above.

**RESPONSE:**

- a) These work orders are used for the following functions:

351041 (EM SPS Power Trading Proprietary) – Used for non-system sales and purchase transactions (commodity trading).

351040 (SPS Trading Gen Sales) – Used when selling SPS's excess generation.

351048 (SPS Trading Native Hedge) -Used when buying below what it costs SPS to generate.

All of the above are considered expenses incurred directly in connection with the purchase of electricity.

- b) When electricity is purchased below the cost of SPS's generation it is called a native hedge.

- c) The Texas retail charges requested by SPS for each of the three work orders is:

351040 – \$124,262.00

351041 - \$128,768.69

351048 - \$153,813.00

The amounts shown above are not all of the amounts charged to each of the work orders listed by the Energy Supply Classes of affiliate services. There are other charges to the listed work orders that are not associated with the Energy Supply Classes and those charges are not included above.

Preparer(s): Nancy Linnet, Jennifer Gregory

Sponsor(s): Mark D. Freeman, Janet S. Schmidt-Petree, Timothy L. Willemsen

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*PUC Docket No. 35763; SOAH Docket No. 473-08-3436  
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Office of Public Utility Counsel's Fifth Request for Information  
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**QUESTION NO. OPUC 5-7:**

Please explain the specific purpose for each of the work orders in #5-6 above.

**RESPONSE:**

Please refer to Exhibit OPUC5-7.

Preparer(s): Anthony Russeth

Sponsor(s): Michael J. Carlson, Janet Schmidt-Petree

Sum of YE Amt				
Subledger Cd	Subldgr Desc	Bus Unit Full Desc	Total	Specific Purpose
434522	CC-Mtr Rdg (Roswell NM)-SPS	510511 BS P-Customer Care Services	1,775.64	Maintenance fees to support the quantity of PCs associated with Meter Reading in Roswell, New Mexico
		530511 BS N-Customer Care Services	7,172.67	Maintenance fees to support network connectivity for Meter Reading in Roswell, New Mexico
			<b>8,948.31</b>	
628452	GRA SPS Gov Affairs - NM	510517 BS P-Comm Enterprises Svs.	<b>69.96</b>	Maintenance fees to support the quantity of PCs associated with Governmental Affairs in New Mexico
629450	GRA SPS Rates & Reg - K/N/O/T	510510 BS P-Utility Services	253.28	Maintenance fees to support the quantity of PCs associated with Utility Rates & Regulatory in overall SPS
		510515 BS P-GC - Services	2,388.45	Maintenance fees to support the quantity of PCs associated with General Counsel Rates & Regulatory in overall SPS
		510517 BS P-Comm Enterprises Svs.	116.56	Maintenance fees to support the quantity of PCs associated with Commercial Enterprise Services Rates & Regulatory in overall SPS
		530515 BS N-GC - Services	313.75	Maintenance fees to support network connectivity for General Counsel Rates & Regulatory in New Mexico
		530517 BS N-Commercial Enterprises	3,060.19	Maintenance fees to support network connectivity for Commercial Enterprise Services Rates & Regulatory in overall SPS
			<b>6,132.23</b>	
807598	UP SPS NM SS GNL	500460 BS Finance and Administration	14,277.84	Sales and Use tax from the IBM invoice assigned to this New Mexico category
		530510 BS N-Utility Services	5,892.75	Telecommunications tax from the IBM invoice assigned to this New Mexico category
			<b>20,170.59</b>	
834000	Dir Texas NM SPS Misc	510510 BS P-Utility Services	<b>108.96</b>	Maintenance fees to support the quantity of PCs associated with Utility operations in New Mexico
834012	Dir Texas NM SPS 588	510510 BS P-Utility Services	307.46	Maintenance fees to support the quantity of PCs associated with Utility distribution operations in New Mexico
		530510 BS N-Utility Services	126.72	Maintenance fees to support network connectivity for Utility distribution operations in New Mexico
			<b>434.18</b>	
834066	Dir Texas NM SPS 580	510510 BS P-Utility Services	<b>25.09</b>	Maintenance fees to support the quantity of PCs associated with Utility distribution operation supervision and engineering in New Mexico
834210	Elect Const Clovis SPS 583	510510 BS P-Utility Services	<b>733.86</b>	Maintenance fees to support the quantity of PCs associated with Utility distribution operation of overhead lines construction in Clovis
847100	Corporate Account SPS Misc	530510 BS N-Utility Services	<b>406.08</b>	Maintenance fees to support network connectivity for Corporate Utility operations in overall SPS
847112	Corporate Account SPS 588	510510 BS P-Utility Services	285.75	Maintenance fees to support the quantity of PCs associated with Corporate Utility distribution operations in overall SPS
		530510 BS N-Utility Services	9,352.13	Maintenance fees to support network connectivity for Corporate Utility distribution operations in overall SPS
			<b>9,637.88</b>	
853212	Design S TX_NM SPS ED 588	500340 BS NS Gen Network Services	12.12	Maintenance fees to support network connectivity for Utility distribution operation design in Texas and New Mexico
		500510 BS Utility Group Services	33.50	Maintenance fees to support network connectivity for Utility distribution operation design in Texas and New Mexico
		510510 BS P-Utility Services	13,866.89	Maintenance fees to support the quantity of PCs associated with Utility distribution operation design in Texas and New Mexico
		530510 BS N-Utility Services	6,168.42	Maintenance fees to support network connectivity for Utility distribution operation design in Texas and New Mexico
		530511 BS N-Customer Care Services	23.82	Maintenance fees to support network connectivity for Customer Care Systems in Texas and New Mexico
			<b>20,104.75</b>	
853227	Design S TX_NM SPS CAP	510510 BS P-Utility Services	1,768.79	Maintenance fees to support the quantity of PCs associated with Utility Transmission Design in Texas and New Mexico
		530510 BS N-Utility Services	71.68	Maintenance fees to support network connectivity for Utility Design in Texas and New Mexico
			<b>1,840.47</b>	
999283	NS SPS Corp Strat & Bus Dev	500343 BS NS Telecom-3rd Party	<b>5.66</b>	Maintenance fees to support network connectivity for Corporate Strategy and Business Development in overall SPS
999393	NS SPS Facilities & RE	500130 BS Security Services	126.63	Security services at the SPS Facilities
		500131 BS Protection Services	16,788.10	Protection services at the SPS Facilities
		500133 BS Security Systems	224,847.44	Security systems at the SPS Facilities
		500134 BS Personnel Security	127,123.80	Personnel security at the SPS Facilities
		510512 BS P-Corporate Services	158.50	Maintenance fees to support the quantity of PCs associated with Corporate Services in overall SPS
		530512 BS N-Corporate Services	146.88	Maintenance fees to support network connectivity for Corporate Services in overall SPS
		500131 BS Protection Services	400.69	Proforma for labor escalation for Protection Services in Texas
		500134 BS Personnel Security	1,016.18	Proforma for labor escalation for Personnel Security in Texas
		500131 BS Protection Services	(84.00)	Proforma to remove Incentive Escalator for Protection Services in Texas
		500134 BS Personnel Security	(186.12)	Proforma to remove Incentive Escalator for Personnel Security in Texas
		500131 BS Protection Services	21.53	Proforma for Pension & Benefit for Protection Services in Texas
		500134 BS Personnel Security	150.31	Proforma for Pension & Benefit for Personnel Security in Texas
			<b>370,509.94</b>	
10144164	SS Boise Pole Yard	500131 BS Protection Services	<b>13,865.86</b>	Protection services at the Boise Pole Yard transition of transmission operations

**452,993.82**

**QUESTION NO. OPUC 5-12:**

- a) Please explain in detail all the functions that are included under work order 351081?
- b) Please explain in detail what is meant by "Regulated" Energy Markets.
- c) Please provide the total charges requested by SPS for work order 351081.

**RESPONSE:**

- a) Work order 351081 (ES SPS Supervision Regional Energy Markets) is used for supervision of regional energy market expenses incurred for the facilitation of real time markets, transmission rights markets, capacity markets, ancillary services markets, and market monitoring and compliance services.
- b) For SPS, the term "Regulated" Energy Markets refers to the wholesale markets for energy and capacity that are regulated by the FERC.
- c) The Texas Retail charges requested by SPS for work order 351081 are \$75,483.86. The amount shown above is not the entire amount charged to the work order by the Energy Supply Classes of affiliate services. There are other charges to the work order that are not associated with the Energy Supply Classes and those charges are not included above.

Preparer(s): Nancy Linnet, Jennifer Gregory, John Kundert

Sponsor(s): Mark D. Freeman, Janet S. Schmidt-Petree

## RESPONSES

The following RFI No. 6-1 is directed to Michael Connelly.

### QUESTION NO. OPUC 6-1:

- a) Please list all state, local and federal regulatory dockets, projects and other regulatory-related activities that were included as an expense under the legal services or VP-General Counsel classes of service for the test year.
- b) For each of the items listed in (a) above, please explain how SPS Texas retail ratepayers benefit from the expenditure.

### RESPONSE:

Please refer to Exhibit OPUC6-1 which lists all state, local and federal regulatory dockets, projects and other regulatory-related activities that were included as an expense under the legal services or VP-General Counsel classes of service for the Test Year set forth in Mr. Connelly's testimony, as well as an explanation of how SPS Texas retail ratepayers benefits from such expenditure

Preparer(s): Deb Meuwissen  
Sponsor(s): Michael C. Connelly

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Regulatory Proceeding	Benefit to Texas Retail Ratepayers
Electric Reliability Organization ("ERO") Compliance	Under Section 215 of the Federal Power Act, adopted as part of the Energy Policy Act of 2005, SPS is obligated to comply with electric reliability standards adopted by the North American Electric Reliability Corporation ("NERC") and approved by FERC. NERC is the designated Electric Reliability Organization ("ERO") for the United States. The expenses were incurred to: (a) prepare written comments in several FERC rulemaking dockets on proposed NERC standards to either clarify ambiguous standards or reduce the cost of compliance obligations; (b) for outside legal guidance on the compliance obligations of specific standards. FERC approved 83 NERC standards to be effective June 21, 2007 in Order No. 693; and (c) outside counsel guidance on compliance documentation for the Southwest Power Pool Regional Entity compliance audit of SPS in 2007. The SPP RE found SPS compliant with all standards audited. Since SPS is obligated to comply with the new reliability standards, the costs were a necessary expense of providing utility service. The costs of ERO compliance matters were shared among the four Xcel Energy operating companies, reducing the cost allocated to SPS.
Order 890 Compliance filing	Under FERC Order No. 890, issued in February 2007, SPS and the other Xcel Energy operating companies were obligated to submit a series of compliance filings and OASIS (Open-Access Same-Time Information System) postings in 2007. Xcel Energy Services Inc. submitted compliance filings on July 13, 2007 (revised compliance Open Access Transmission Tariff); September 11, 2007 (Available Transfer Capability compliance filing); and December 7, 2007 (transmission planning tariff). In addition, XES posted a draft of the transmission planning tariff in September 2007 for comment. The outside counsel expenses were incurred to assist in preparing and submitting these extensive FERC compliance requirements. Since SPS is obligated to comply with Order 890, the costs were a necessary expense of utility service. The costs of Order 890 compliance matters were shared among the four Xcel Energy operating companies, reducing the cost allocated to SPS.
FERC Standards of Conduct Compliance	Under FERC Order No. 2004, SPS is obligated to comply with the FERC standards of conduct rules, which require functional separation between the Transmission Function and Wholesale Merchant Function, and mandate various ongoing compliance obligations (internet postings, etc.). In 2007, after Order No. 2004 was vacated by the D.C. Circuit Court of Appeals as applied to interstate gas pipelines, FERC issued a notice of proposed rulemaking to modify the rules. The outside counsel expenses were incurred to (a) provide expert guidance on compliance issues related to the Order 2004 standards (which remain applicable to electric Transmission Providers like SPS), and (b) to assist in preparation of the XES comments on the newly proposed rules, so as to minimize the future compliance costs to SPS and its ratepayers. Since SPS is obligated to comply with Order 2004, and would benefit from improved future SO rules, the costs were a necessary expense of utility service. The costs of Order 2004 compliance matters were shared among the four Xcel Energy operating companies, reducing the cost allocated to SPS.
SPS – PURPA Application for Relief of QF Power Purchase Obligation	The purpose of this filing was to establish that SPS should no longer be obligated to purchase power from qualifying facilities. This would have enabled SPS to select the best resource options rather than being forced to purchase power from particular QFs. FERC denied the request but further explained the grounds on which it would consider lifting the PURPA purchase obligation in the future.



Regulatory Proceeding	Benefit to Texas Retail Ratepayers
SPS Fuel Clause	SPS filed to update its wholesale fuel cost adjustment clause to assure complete and timely recovery, from its wholesale customers, of their proportionate share of SPS' costs for fuel and purchased power. Texas retail ratepayers benefit from assurance that the customers of each jurisdiction bear their appropriate share of such costs.
2006 SPS Rates	SPS filed to increase rates for service to its wholesale customers to recover the Company's increased costs incurred to serve such customers. Texas retail ratepayers benefit when SPS files in a timely manner to assure that the customers of each jurisdiction pay their appropriate share of SPS' cost of service and fuel costs.
FERC FPA Issues	Occasionally, SPS must address issues associated with the provision of wholesale service arising under the Federal Power Act or FERC regulations. Texas retail ratepayers benefit when SPS complies with its legal obligations.
FERC General Rate Case	SPS defended against a complaint by its full-requirements and partial-requirements wholesale customers that wholesale base rates and the wholesale fuel cost adjustment clause were recovering more than SPS' costs to serve such wholesale customers. Texas retail ratepayers benefit when SPS acts to assure that the customers of each jurisdiction pay their appropriate share of SPS' cost of service and fuel costs or to respond to allegations that rates and/or the FCAC recovery are inappropriate.
FERC Rate Case – Litigation	SPS sought assistance in addressing inquiries from FERC and the CFTC regarding trading activities.
SPS - PNM Complaint	SPS defended against a complaint by Public Service Company of New Mexico ("PNM"), a long-term purchaser of wholesale interruptible service, that the rates for such service and the wholesale fuel cost adjustment clause were recovering more than SPS' costs to serve PNM. Texas retail ratepayers benefit when SPS acts to assure that customers in each jurisdiction pay their appropriate share of SPS' cost of service and fuel costs or to respond to allegations that rates and/or the FCAC recovery are inappropriate.
SPS Power Supply Agreement Arbitration	SPS asked for assistance in resolving, by means of an alternative dispute resolution process, a contract dispute with Golden Spread Electric Cooperative, Inc. as to the scope of SPS' commitment of generating capacity to Golden Spread. Ultimately, the dispute was settled as part of a comprehensive settlement with Golden Spread of a number of dockets. Texas retail ratepayers benefited from the agreement reached as part of the settlement to set absolute limits on the capacity available to Golden Spread and to phase out such capacity commitment.
SPS-Golden Spread C&D Agreement (revisions to C + D Agreement) Golden Spread	SPS and Golden Spread have a joint dispatch agreement under which they pool resources and buy and sell energy and capacity from each other. SPS was negotiating the price it would pay for energy and capacity under certain conditions in order to reduce energy costs to its customers.
EL07-73, ER07-319: Southwest Power Pool's VRL proceeding	SPS is participant in the Southwest Power Pool, Inc. Regional Transmission Organization (SPP). SPP proceedings affecting energy and/or capacity costs in the SPP affect SPS and its retail ratepayers. Retail ratepayers have an interest in SPS being able to serve its load using the most efficient portfolio of generation resources and for service to be provided reliably. These proceedings concern SPP's proposed Violation Relaxation Limits ("VRL") which is used by SPP to calculate the most cost-effective generation dispatch solution to serve load when transmission congestion over a flowgate may otherwise prevent such service. SPS is particularly vulnerable to VRL costs because only one flowgate comprises the entire interface between SPS and SPP. Accordingly, SPS has a strong interest in ensuring that VRL costs are minimized.

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
<ul style="list-style-type: none"> <li>• ER06-451: Southwest Power Pool's Energy Imbalance Service Market</li> <li>• ER06-1485, ER07-266, ER07-345: SPS's participation in Southwest Power Pool's Energy Imbalance Service Market</li> <li>• DC Circuit Nos. 06-1390, 06-1392, 06-1076, 07-1299: Petition for Review of Southwest Power Pool Energy Imbalance Service Market, and participation therein by SPS</li> </ul>	<p><b>ER06-451, ER06-1485, ER07-266, ER07-345:</b> SPP proceedings affecting energy and/or capacity costs in the SPP affect SPS and its retail ratepayers because retail ratepayers have an interest in SPS being able to: (1) serve its load using the most efficient portfolio of generation resources; (2) ensure service reliability; and (3) ensure SPS is not unfairly allocated costs associated with SPP's operations and markets. Docket No. ER06-451 concerns the rates, terms and conditions pursuant to which SPP's Energy Imbalance Service Market ("EIS Market") is operated and the establishment of the market monitoring and mitigation plan for the EIS Market. In establishing SPP's EIS Market, FERC allowed SPP transmission providers to include a new schedule under their Open Access Transmission Tariffs to allow for the pass-through of "emergency energy" costs incurred. Docket Nos. ER06-1485 and ER07-266 are the proceedings in which SPS proposed this emergency energy pass-through filing. Docket No. ER07-345 concerns SPP's proposal to review market participants' resource plans and ensure that they may be implemented reliably on a Day-Ahead basis.</p> <p><b>DC Circuit Nos. 06-1390, 06-1392, 06-1076, 07-1299</b> concern various petitions for review of FERC's approval of SPP's EIS Market. SPS intervened in these proceedings to ensure that its interests were not adversely affected by a DC Circuit Decision.</p> <p>In all of these matters, SPS efforts have been aimed at reducing costs to its customers.</p>
<ul style="list-style-type: none"> <li>• EL07-28: JD Wind complaint against SPP</li> <li>• EL07-87: 2nd JD Wind complaint against SPP and JD Wind</li> </ul>	<p><b>EL07-28:</b> SPS filed this complaint against SPP because SPP has improperly registered certain qualifying facilities owned and operated by John Deere Wind Energy (JD Wind) to SPS for participation in SPP's EIS Market. This registration was against SPS's will and over SPS's repeated objections. By registering JD Wind's assets to SPS, SPP was imposing on SPS (and its customers) the operational and financial penalties associated with JD Wind's scheduling (or mis-scheduling) of its facilities into the EIS Market. SPS had no arrangement in place with JD Wind to coordinate its participation in the EIS Market and therefore filed the complaint to force SPP to de-register these facilities. FERC granted SPS's complaint and determined that SPP had no authority to register JD Wind's assets to SPS.</p> <p><b>EL07-87:</b> Despite SPS's victory in EL07-28, SPP continued to bill SPS for JD Wind's imbalances when scheduling into the EIS Market. In this Complaint, SPS asked FERC to order SPP to cease assessing these charges to SPS and to enforce its finding in EL07-28 that JD Wind must register its assets to itself. This case was resolved in a settlement agreement acceptable to SPS.</p>

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
<ul style="list-style-type: none"> <li>• QM07-5: SPS/JW Wind purchase obligation issue</li> <li>• ER02-1202: JD Wind self-certification issues</li> </ul>	<p><b>QM07-5:</b> Under the Public Utility Regulatory Policies Act of 1978 as implemented through FERC's regulations, public utilities such as SPS must purchase Qualifying Facilities' ("QF") output at their avoided costs. Purchasing the output of Qualifying Facilities causes SPS to incur additional expenses which are flowed through to SPS's ratepayers. In the Energy Policy Act of 2005, as implemented through FERC's regulations, Congress eliminated this purchase obligation, in relevant part to SPS, to the extent that utilities could establish that the QF's sited on their systems had open access to competitive energy and capacity markets. In this proceeding, SPS filed to establish that QFs located on its system had access to such competitive markets and therefore SPS no longer had to purchase from QFs at their avoided costs. FERC denied SPS's petition without prejudice and SPS is currently considering a new filing addressing FERC's concerns.</p> <p><b>ER02-1202:</b> SPS intervened and protested in this docket to oppose JD Wind's characterization of SPS's pricing methodology for purchases made pursuant to SPS's QF purchase obligation. JD Wind's described pricing methodology would have resulted in higher prices for its sales to SPS, which would have flowed through in the form of higher rates to JD Wind's ratepayers.</p>
<ul style="list-style-type: none"> <li>• Questions concerning PNM Agreement (Scheduling and Tagging Issues)</li> </ul>	<p>SPS resisted efforts to impose "back-up" obligations on SPS that would have increased its operating costs.</p>
<ul style="list-style-type: none"> <li>• Questions concerning NoMansLand Qualifying Facility</li> </ul>	<p>SPS resisted efforts by NoMansLand to impose a high-cost purchase obligation on SPS.</p>
<ul style="list-style-type: none"> <li>• SPS Full Requirements Formula Rate (Contract Review)</li> </ul>	<p>SPS was seeking assurance of full cost recovery from its wholesale customers, thereby reducing its risks and costs.</p>
<ul style="list-style-type: none"> <li>• Questions concerning FERC Credit Requirements</li> </ul>	<p>SPS sought to reduce its financial risks by imposing more stringent financial assurance requirements on its customers</p>
<ul style="list-style-type: none"> <li>• QF NOPR</li> </ul>	<p><b>QF NOPR:</b> This is the Notice of Proposed Rulemaking that led to QM07-5, as described above.</p>
<ul style="list-style-type: none"> <li>• FERC Lamar Tie Investigation</li> </ul>	<p>FERC is investigating SPS's use of the Lamar Tie which results in lower capacity and energy costs.</p>
<ul style="list-style-type: none"> <li>• ER01-205 and ER99-1610: XES and SPS Market-based Rate proceedings</li> </ul>	<p>These proceedings concern the Xcel Energy Operating Companies, including SPS's, ability to engage in sales of energy and capacity at market-based rates. SPS's ability to engage in market-based rate transactions allows SPS to earn greater margins on its off-system sales, a portion of which is flowed through to retail customers.</p>
<ul style="list-style-type: none"> <li>• EL07-69: Western System Power Pool Agreement proceeding</li> </ul>	<p>This proceeding concerns the Xcel Energy Operating Companies, including SPS's, ability to use the WSPP Agreement to engage in off-system sales at a high rate. A portion of the margins flow through to retail customers.</p>

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
<ul style="list-style-type: none"> <li>• RM07-15: FERC Rulemaking on Cross-Subsidization Restrictions on Affiliate Transactions</li> </ul>	<p>This proceeding concerns the terms and conditions pursuant to which public utilities may engage in transactions with their non-regulated affiliates and utility services companies. XES participated in this proceeding in order to attempt ensure that services provided between the Xcel Energy Operating Companies and Xcel Energy Services (as the service companies for the Xcel Energy Operating Companies) can be provided at costs. The intent of these filings was to minimize the operating costs for all of the Xcel Energy Operating Companies, including SPS.</p>
<ul style="list-style-type: none"> <li>• ER06-301: Schedules H and I under Joint Operating Agreement</li> </ul>	<p>Schedules H and I were added to the Joint Operating Agreement to facilitate off-system sales by the Xcel Energy Operating Companies, thereby allowing opportunities for additional margins, which are flowed through to retail customers.</p>
<ul style="list-style-type: none"> <li>• FERC Reliability Standards (RM06-16)</li> </ul>	<p>This proceeding concerns FERC's reliability standards. Retail ratepayers benefit by SPS's participation in these proceedings because they govern the reliability standards that will govern as SPS services its various loads. Retail ratepayers are benefitted by standards that ensure the reliability of the service provided to them.</p>
<ul style="list-style-type: none"> <li>• OA07-39: Xcel Energy Joint OATT Order No. 890 compliance proceeding</li> <li>• OA08-35: Xcel Energy Joint OATT Order No. 890 transmission planning proceeding (SPS and PSCO)</li> <li>• OA07-91: Xcel Energy Joint OATT Revised Attachment C – ATC Methodology</li> </ul>	<p>These proceedings concern the Xcel energy Operating Companies, including SPS, compliance with FERC's revised Order 890 pro forma Open Access Transmission tariff. The Xcel Energy Operating Companies operate under a Joint OATT, which needed to be revised for Order No. 890-compliance. SPS's retail rate payers benefit by the fact that SPS operates under an Order No. 890-compliant open access transmission tariff because allow that SPS's retail ratepayers enjoy the benefits of energy procured and transmitted in competitive wholesale markets.</p>
<ul style="list-style-type: none"> <li>• OA08-5: Southwest Power Pool OATT Order No. 890 compliance filing</li> </ul>	<p>This proceeding concerns SPP's Order No. 890 compliance filings. SPS's retail ratepayers benefit by the fact that SPS monitors SPP's use of an Order No. 890-compliant open access transmission tariff. Open access tariff promote competitive markets and SPS's retail ratepayers enjoy the benefits of energy procured and transmitted in competitive wholesale markets.</p>
<p>NMPRC Case No. 07-00319-UT: 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 and all associated approvals</p>	<p>This is a New Mexico retail base rate case that SPS filed with the New Mexico Public Regulation Commission ("NMPRC") in July 2007. Texas retail ratepayers benefit from this case because the revenue SPS will receive from the increase in base rates will improve SPS's financial health and improve SPS's ability to support its operation in both Texas and New Mexico.</p>

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
PUCT Docket 34269: Application of Southwestern Public Service Company for: (1) authority to revise semi-annual formulae approved in Docket No. 27751 used to adjust its fuel factors and (2) related relief	SPS filed this docket with the Commission to revise its fixed fuel factor. Texas retail ratepayers benefited from this docket because the fixed fuel factor was updated to reflect current estimates of fuel and purchased power costs, thus mitigating potential under-recoveries and over-recovery of fuel and purchased power costs.
PUCT Docket 34270: Application of Southwestern Public Service Company for authority to surcharge its fuel under-recoveries	Under P.U.C. SUBSTR. R. 25.237(a)(3)(B), SPS was required to file this docket because it had a material under-recovery of its fuel and purchased power costs. Texas retail ratepayers benefited from this docket because SPS complied with the Commission's rules and because the surcharge would have reduced interest expense ratepayers paid on under-recovery balances.
Cause No. D-1-GN-07000541: Texas Surcharge Case Appeal To The 98 <sup>th</sup> Judicial District Court, Travis County, Texas	This is SPS's appeal of Commission Docket No. 32685, an SPS fuel surcharge case. Texas retail ratepayers benefit from this case because the judicial system will have the opportunity to review the validity and evidentiary support for the Commission's order.
PUCT Docket 33672: Commission Staff's Petition For Designation Of Competitive Renewable Energy Zones	The Commission Staff opened this docket to help the Commission to designate Competitive Renewable Energy Zones throughout Texas in areas in which renewable energy resources and suitable land areas are sufficient to develop generating capacity from renewable energy technologies. The outcome of this case had the potential to affect SPS's Texas service territory and SPS's operations. SPS's Texas retail ratepayers benefited from this docket because the Commission was able to take SPS's position into account.

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
<p>NMPRC Case No. 05-00341-UT: In the matter or Southwestern Public Service Company's application for approval of (1) continued use of its fuel and purchased power cost adjustment clause ("FPPCAC") using a monthly adjustment factor pursuant to NMPRC Rule 550, (2) the existing variance from Rule 550.14(A), and (3) the report regarding collections under the previous annual FPPCAC in effect during the period October 2001 through January 2002, and collections under the existing monthly FPPCAC for the period February 2002 through May 2005</p>	<p>This is a New Mexico retail fuel and purchased power case that SPS filed with the NMPRC. Texas retail ratepayers benefit from this case because SPS fuel and purchased power cost and cost recovery issues are resolved, which helps SPS to stabilize its financial condition.</p>
<p>FCC Citation No. C20073250016; FCC File No. EB-07-DL-155: Federal Communication Commission ("FCC") Citation Against Xcel Energy</p>	<p>The Federal Communications Commission opened this proceeding to investigate a complaint by a ham radio operator located in Texas that SPS facilities were interfering with the operator's equipment. Texas retail ratepayers benefited from this proceeding because SPS was able to continue operating its facilities, thus enabling continued electric service to ratepayers, and resolve the ham radio operator's concerns.</p>
<p>PUCT Docket No. 34442: Complaint of JD Wind 1, LLC, JD Wind 2, LLC, JD Wind 2, LLC JD Wind 3, LLC, JD Wind 4, LLC, JD Wind 5, LLC, and JD Wind 6, LLC, against Southwestern Public Service Company</p>	<p>The JD Wind Companies filed a complaint at the Commission alleging that SPS's had failed to enter into a 20-year purchase contract at SPS's estimated avoided cost. Texas retail ratepayers benefit from SPS's participation in this proceeding because any payments to the JD Wind Companies under the proposed contract would be passed on to ratepayers and the JD Wind Companies are requesting a higher level of payment than SPS considers to be warranted.</p>

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
PUCT Docket No. 34470: Application of Southwestern Public Service Company for: (1) approval of line loss factors; and (2) authority to implement revised fuel factors	The unanimous settlement in SPS's rate case, Docket No. 32766, required SPS to file this docket to seek approval for its line loss calculation. Texas retail ratepayers benefited from this docket because the Commission was able to review the line loss calculation and determine the line losses that should be used in future SPS cases. October 29, 2007.
NMPRC Case No. 07-00369-UT: Application Of SPS For Authority To Increase Notes Authority From \$250M to \$400M	New Mexico law requires SPS to obtain approval from the NMPRC before issuing or assuming debt. SPS filed this case to receive that approval for a new debt offering. Texas retail ratepayers benefit from this case because the case enabled SPS to obtain financing for its operations in Texas and New Mexico.
NMPRC Case No. 07-00077-UT: SPS Intervention in the PNM Rate Case	SPS intervened in a Public Service Company of New Mexico ("PNM") rate case filed with the NMPRC. Texas retail ratepayers benefited from SPS's participation in this case because information learned in this case assisted SPS in preparing and prosecuting NMPRC Case. 07-00319-UT (SPS base rate case), which had the benefit described earlier for that case.
NMPRC Case No. 07-00053-UT: SPS's Intervention into PNM Energy Efficiency Docket	SPS intervened in a PNM energy efficiency case filed with the NMPRC. Texas retail ratepayers benefited from SPS's participation in this case because information learned in this case assisted SPS in preparing its own energy efficiency plan, which helps to reduce demand and usage system-wide and, thus, mitigates against higher fuel and purchased power costs.
NMPRC Case No. 05-00352-UT: PNM's Petition for Declaratory Order Filing (Awaiting Final Order)	The NMPRC ordered SPS to participate in this case, which was initiated by PNM as a petition for declaratory order regarding the purchases and regulatory treatment of renewable energy certificates. Texas retail ratepayers benefited from SPS's participation in this case because SPS complied with a regulatory agency directive and the outcome affects SPS's environmental activities, which benefits customers in both Texas and New Mexico.
Regulatory General New Mexico	This matter reflects costs for SPS's New Mexico outside counsel's work on general regulatory questions and issues that arise during the routine course of SPS's operations. Texas retail ratepayers benefit from this work because SPS is able to comply with regulatory requirements and maintain continuous service system-wide.
NMPRC Case No. 07-00359-UT: SPS New Mexico 2006 Annual Renewable Energy Report and 2007 Plan Filing	This matter reflects work on SPS's renewable energy filing with the NMPRC. The NMPRC required this filing. Texas retail ratepayers benefited from this case because the outcome affects SPS's environmental activities, which benefits customers in both Texas and New Mexico, and increases SPS's portfolio of renewable energy resources.
NMPRC Case No. 07-00376-UT: SPS New Mexico Energy Efficiency and Load Management Programs	This matter reflects work on SPS's energy efficiency and load management filing with the NMPRC. The NMPRC required this filing. Texas retail ratepayers benefited from this case because these programs help to reduce demand and usage system-wide and, thus, mitigates against higher fuel.

Regulatory Proceeding	Benefit to Texas Retail Ratepayers
PUCT Docket 34995: Application of Southwestern Public Service Company for authority to surcharge its fuel under-recoveries	Under P.U.C. SUBST. R. 25.237(a)(3)(B), SPS was required to file this docket because it had a material under-recovery of its fuel and purchased power costs. Texas retail ratepayers benefited from this docket because SPS complied with the Commission's rules and because the surcharge would have reduced interest expense ratepayers paid on under-recovery balances.
Case No. PUD 200700367 SPS Oklahoma 2006 Fuel Audit	The Staff of the Oklahoma Corporation Commission opened this case to conduct and audit the 2006 fuel and purchased power and purchased gas cost recovery clauses for all Oklahoma utilities. Texas retail ratepayers benefit from this case because SPS fuel and purchased power cost and cost recovery issues are resolved, which helps SPS to stabilize its financial condition.
NMPRC Case No. 07-00390-UT: SPS-NMPRC SPP/RTO Investigation	The NMPRC opened case to investigate SPS's participation in the Southwest Power Pool ("SPP"). Texas retail ratepayers benefit from this case because the Commission has encouraged SPS to participate in the SPP regional transmission organization and the NMPRC is questioning that participation.
NMPRC Case No. 08-00161-UT: Seven Rivers to Pecos to Potash Transmission Line CCN	This case is one of SPS's requests for a certificate of convenience and necessity from the NMPRC to construct a transmission line connecting SPS's transmission grid with the Hobbs generating facility. Texas retail ratepayers benefit from this case because the transmission line will enable SPS to take full power from the Hobbs facility, which serves SPS's Texas and New Mexico customers. Without that output, SPS would have to incur higher fuel and purchased power costs to meet its system load.
Regulatory General Texas	This matter reflects costs for SPS's Texas outside counsel's work on general regulatory questions and issues that arise during the routine course of SPS's operations. Texas retail ratepayers benefit from this work because SPS is able to comply with regulatory requirements and maintain continuous service system-wide.
TC#GN 302903: Lamb County Electric Cooperative v. PUCT, No. 03-04-00593	This case is an appeal by Lamb County Electric Cooperative ("LCEC") from a Commission order resolving a territorial dispute between LCEC and SPS. Texas retail ratepayers benefit from this case because the judicial system will have the opportunity to review the validity and evidentiary support for the Commission's order.
PUCT Docket 33456: Application of Southwestern Public Service Company for an amendment to a certificate of convenience and necessity for a proposed transmission line within Floyd and Hale Counties, Texas	The Cox to Floyd transmission CCN was approved by the PUCT on April 26, 2007. The CCN was to construct approximately 21 miles of new double circuit 115/69 kV transmission line from Cox Interchange to Floyd County Interchange and to rebuild approximately 3.5 miles of 69 kV transmission line from Lockney Tap to Lockney Rural Substation. The transmission line was necessary to provide electric service to the growing load in the area. Texas retail ratepayers benefit from this case because the transmission line will directly improve the reliability of transmission service to 19 substations by mitigating or delaying the contingency overloads and low voltage conditions and providing a second transmission source to Cox Interchange.



Regulatory Proceeding	Benefit to Texas Retail Ratepayers
PUCT Docket 33602: Application of Southwestern Public Service Company for a certificate of convenience and necessity for a proposed transmission line within Randall County, Texas	On December 20, 2006, SPS filed an application for a Certificate of Convenience and Necessity ("CCN") to allow it to construct and operate a new 115/13.2-kV substation and approximately 5.41 miles of new single-circuit 115-kV transmission line that will start at the Amarillo South Interchange and terminate at the new proposed Spring Draw Substation. Texas retail ratepayers benefit from this case because the transmission line will allow SPS to continue to provide reliable electric service to the growing load in the area.
PUCT Docket 35106: Application to amend a certificate of convenience and necessity for a proposed transmission line within Gaines and Yoakum Counties, Texas	On December 18, 2007, SPS filed an application for a transmission line certificate of convenience and necessity ("CCN") for a new 230 kV single circuit transmission line that will be approximately 18 miles long, and extend from SPS's existing Mustang Station near Denver City, Texas to the proposed Seminole interchange near Seminole, Texas. Texas retail ratepayers benefit from this case because the transmission line will allow SPS to continue to provide reliable electric service to the growing load in the area.

**The following RFI No. 8-2 is directed to various affiliate witnesses.**

**QUESTION NO. OPUC 8-2:**

Please provide 2005, 2006 and test year billed amounts to SPS without any below the line deductions or exclusions for the following tables.

- a) Table KTH-2
- b) Table TSM-2
- c) Table DLE-2
- d) Table DLE-2
- e) Table MM-7
- f) Table MM-3
- g) Table MCC-3
- h) Table MDF-5
- i) Table MJC-2
- j) Table FCS-2
- k) Table CJH-2
- l) Table CJH-4
- m) Table CJH-6
- n) Table CJH-9
- o) Table CJH-11
- p) Table RJB-2
- q) Table KRF-2

**RESPONSE:**

Please refer to Exhibit OPUC8-2 for 2005, 2006, and Test Year billed amounts to SPS without any below the line deductions or exclusions for the tables listed above.

Preparer(s): Heidi Koplin  
Sponsor(s): Janet S. Schmidt-Petree

The amounts provided in the following tables for 2005, 2006 and the test year are billed amounts to SPS without any below the line deductions or exclusions.

a) Table KTH-2

Class	2005	2006	Test Year
Resource Planning & Acq.	1,319,920	1,832,196	1,900,647

b) Table TSM-2

Class	2005	2006	Test Year
Controller	5,339,776	6,136,966	6,879,520
Treasurer	1,904,701	1,914,913	2,332,820
Risk Management	921,633	982,273	1,033,897
CEO	1,530,390	614,749	643,071
Audit Services	391,043	501,964	524,076
Portfolio Strategy & Business Development	368,833	352,994	312,309
Investor Relations	214,671	250,486	193,260
CFO	112,245	129,392	134,940
Environmental Policy	113,648	134,181	117,691

c) Table DLE-2

Class	2005	2006	Test Year
Utility President	2,870,240	2,217,704	538,899

d) Table DLE-2

Same as c) Table DLE-2

e) Table MM-7

Class	2005	2006	Test Year
CAO	80,221	395,508	165,100

f) Table MM-3

Class	2005	2006	Test Year
Human Resources	2,224,140	2,343,215	2,459,626

g) Table MCC-3

Class	2005	2006	Test Year
Claims Services	568	1,559	66,430
Legal Services	1,092,775	1,252,982	1,448,745
VP-General Counsel	96,567	104,195	251,710

h) Table MDF-5

Class	2005	2006	Test Year
ES Commercial Operations	2,818,688	3,057,496	2,876,089
ES Engineering & Construction	646,308	692,074	986,365
ES Environmental	1,569,436	2,050,323	2,043,415
ES President/Executive Office	119,157	148,598	583,319
ES VP Fuels	744,966	811,795	779,365
ES VP Operations	829,919	865,727	874,945
Production Resources	5,081,730	5,158,891	5,712,125
Energy Supply Total	11,810,204	12,784,904	13,855,623

i) Table MJC-2

Class	2005	2006	Test Year
Business Systems	17,462,215	17,665,028	18,476,766

j) Table FCS-2

Class	2005	2006	Test Year
Marketing	2,134,470	2,034,411	1,912,171

1,595,900

325

8

2,0364

526,530

301

389,530

4,6175

5,4250

12405

17,3200

2,804370

10,414700

k) Table CJH-2

Class	2005	2006	Test Year
Corporate Secretary	391,434	457,919	518,342

31.42

l) Table CJH-4

Class	2005	2006	Test Year
Shareholder Relations	239,964	272,524	237,961

11.82

m) Table CJH-6

Class	2005	2006	Test Year
Corporate Communications	1,611,640	1,879,582	1,969,534

22.20

n) Table CJH-9

Class	2005	2006	Test Year
Aviation and Travel Services	411,786	442,367	524,942

27.48

o) Table CJH-11

Class	2005	2006	Test Year
Property Services	7,445,007	6,625,535	6,323,981

-15.057 part -  
disputed not  
enrolled

p) Table RJB-2

Class	2005	2006	Test Year
VP Asset Management	1,626,982	1,792,029	2,051,898

24.66

q) Table KRF-2

Class	2005	2006	Test Year
Customer Care	6,309,156	6,314,885	4,229,799

-32.95790 P 20  
flood

**The following RFI Nos. 8-3 to 8-4 are directed to David Hudson.**

**QUESTION NO. OPUC 8-3:**

Please provide the 2005, 2006 and test year billed amounts to SPS for the utility group governmental and regulatory affairs class, without any below the line deductions or exclusions.

**RESPONSE:**

Below are the billed amounts to SPS without any below the line deductions or exclusions:

<u>Class</u>	<u>2005</u>	<u>2006</u>	<u>Test Year</u>
Govt Regl Affairs	\$3,548,679	\$4,212,752	\$4,619,941

Preparer(s): Heidi Koplin

Sponsor(s): Janet S. Schmidt-Petree, David T. Hudson

}

**QUESTION NO. OPUC 8-4:**

- a) Regarding your response to OPC 1-6, is direct or indirect communication with members of the legislative or executive branch by anyone not registered as a lobbyist considered by SPS or XES to be a "lobbying expense"? Explain your response
- b) If lobbyists directly or indirectly work on general legislative activities and/or policy development matters, does SPS or XES consider these activities to be a lobbying or a non-lobbying expense? Explain your response.
- c) If lobbyists directly communicate with a member of the legislative or executive branch but the communication includes wider distribution to a general audience, does SPS or XES consider this activity to be a lobbying expense or non-lobbying expense? Explain your response.
- d) How does SPS or XES classify its private communications or contacts with Texas PUC Commissioners? Are these considered lobbying or non-lobbying expenses? Explain your response.
- e) How does SPS or XES classify its private communications or contacts with municipal authorities or officials? Are these considered lobbying or non-lobbying expenses? Explain your response.
- f) For (a) – (e) above, provide all documentation which supports your response.

**RESPONSE:**

- a) Please refer to SPS's response to AXM's Fifteenth Request for Information, Question 15-8.
- b) Please refer to SPS's response to AXM's Fifteenth Request for Information, Question 15-8.
- c) No. The Texas Lobby Laws (Chap. 305, Government Code) and the Texas Ethics Commission rules are designed to ensure the timely disclosure of "certain persons who, by direct communication with government officers, engage in efforts to persuade members of the legislative or executive branch to take specific actions." (305.001, Govt Code) Lobby registration is required if a person meets either one of two thresholds:
  - 1. The Compensation & Reimbursement Threshold, covering those persons who are entitled to receive more than \$1,000 in a calendar quarter to lobby; and
  - 2. The Expenditure Threshold, covering those persons who spend more than \$500 in a calendar quarter for certain expenses related to lobbying.

A person is not required to register under the compensation threshold, no matter how much compensation or reimbursement the person receives to lobby, if lobbying constitutes no more than five percent of the person's compensated time during a calendar quarter. 1 T.A.C. § 34.43(b). The "incidental lobbying" exception is not applicable to a person who exceeds the expenditure threshold.

Furthermore, under Ethics Commission rules, if a person engages in activities to prepare for lobby communications (for example, strategy sessions, review and analysis of legislation or administrative matters, research, or communication with a client concerning lobbying strategy) but does not actually communicate to influence legislation or administrative action, registration is not required. 1 T.A.C. § 34.3.

According to the Texas Ethics Commission, compensation or reimbursement received for the following types of communications, among others, does not count toward the compensation threshold and is not required to be reported:

- responses to a specific request for information from a state officer or employee, when the request was not solicited by or on behalf of the person providing the information;
- providing oral or written comments, making an appearance, or any other type of communication, if documented as part of a public record in an agency's rule-making proceeding under the Administrative Procedure Act; and
- communicating to an agency's legal counsel, an administrative law judge, or a hearings examiner concerning litigation or adjudicative proceedings to which the agency is a party, or concerning adjudicative proceedings of that agency.

Among XES and SPS employees, only Eric Woomer makes expenditures related to lobbying under the Texas law. Sherry Kunka made no expenditures to lobby, and was covered by the "incidental lobbying" exception, but registered anyway out of an abundance of caution. Other XES and SPS employees, who may have participated in strategy sessions or reviewed legislation but did not communicate directly with legislative or executive branch employees, similarly do not meet the standards for required registration, and their activities were not considered "lobbying." Preparation of positions to notices of rulemakings ("NOPR") are not lobbying activities since the NOPR was initiated by the commission.

Mr. Woomer's expenditures made to maintain good will among legislative and executive branch employees, whether or not specific legislation or administrative actions were discussed at the time of the communication, are counted as lobby



expenditures and are included in the list provided under part (c), in accordance with Texas Ethics Commission rules.

Lobby expenses are associated with "direct contact" with legislative and executive branch members and their staffs. The Ethics Commission rules stipulate that information distributed in a general manner is not being "directed" to the covered official. "For example, if an organization publishes a newsletter for its members, the individuals writing the newsletter are not "communicating directly" with members of the legislature, even if a legislator may read the newsletter." (TEC, Lobbying in Texas: A Guide to the Texas Law.)

- d. SPS's and XES's communications and contacts with the Texas PUC Commissioners are not considered lobbying by SPS or the Texas Ethics Commission. Contacts with Commissioners are infrequent and are of an informative nature. SPS does not ask Commissioners to take specific actions. In addition, SPS does not communicate or contact Commissioners regarding pending contested cases other than through the process of filing briefs, motions, and exceptions in docketed proceedings. Furthermore, Commissioners and their staffs do not allow lobbyists to pay for food, entertainment, or other expenses associated with lobby activity, so SPS personnel incur no such expenses.
- e. SPS and XES classify its private communications and contacts with municipal authorities or officials as non-lobbying activities. Communications with municipal authorities or officials are specifically excluded from the lobby law, and are therefore considered non-lobbying expenses. "The lobby law applies only to communications to *state* officers and employees. It does not apply to a communication made to an officer, an employee, or anyone else who represents a political subdivision of state government, such as a county, city, school district, or other local government or special district." (TEC, Lobbying in Texas: A Guide to the Texas Law).
- f. Please refer to the Texas Lobby Laws (Chap. 305, Government Code) and the Texas Ethics Commission rules. These can be found at the Texas Ethics Commission website: [www.ethics.state.tx.us](http://www.ethics.state.tx.us)

Preparer(s): Eric Woomer, David T. Hudson  
Sponsor(s): David T. Hudson

**QUESTION NO. OPUC 11-2:**

Please show an overall breakdown of the direct and allocated charges to each Xcel Energy subsidiary for the test year. The spreadsheet should be in the following form:

	<u>Subsidiary 1</u>	<u>Subsidiary 2</u>	<u>Subsidiary 3</u>	<u>... Grand Total</u>
Direct				
Allocated				
Total				
% of Grand Total Direct				
% of Grand Total Indirect				

**RESPONSE:**

Please refer to Exhibit OPUC11-2.

Preparer(s): Dionne Houchen  
Sponsor(s): Janet S. Schmidt-Petree

Xcel Energy Services  
Direct vs. Indirect by Affiliate

Exhibit OPUC 11-2  
Page 1 of 2

Exhibit OPUC11-2  
Page 1 of 2

	1480 Welton, Inc.	Chippewa Flambow Imp Co	Clearwater Investments	Elizaga	Expire, Inc.	NCB Communications, Inc.	NSP Land, Inc.	NSP Minnesota	NSP Nuclear	NSP Wisconsin	P.S.R. Investments, Inc.	PSCo	Quinx Corporation	Raddy Kilvatt Corp	Seren Innovations, Inc.	SPS
Direct	16,333	41,109	9,474	445,994	42,661	9,129	8,452	155,852,646	726,661	25,988,742	428,176	157,736,275	41,084	7,163	20,463	63,764,096
Allocated	160,032	13	7	218,991	16	12,495	26	111,428,629	(121)	19,481,941	13,866	113,352,574	40	6,233	11	34,333,420
Total	176,365	41,122	9,481	664,985	42,677	21,624	8,478	267,281,275	726,540	45,470,683	442,042	271,088,849	41,124	13,396	20,474	98,097,516
% of Grand Total Direct	0.0041%	0.0101%	0.0023%	0.1099%	0.0105%	0.0022%	0.0021%	38.3954%	0.1790%	6.3951%	0.1055%	38.8594%	0.0101%	0.0018%	0.0050%	15.7017%
% of Grand Total Indirect	0.0500%	0.0000%	0.0000%	0.0766%	0.0000%	0.0044%	0.0000%	38.3974%	0.0000%	6.8165%	0.0009%	39.5606%	0.0000%	0.0022%	0.0000%	12.0128%

Xcel Energy Service  
Direct vs. Indirect by Affiliate

	United Power and Land Co.	WestGas Interstate, Inc.	Xcel Energy - Argentina	Xcel Energy - Comm. Grp., Inc.	Xcel Energy Int'l, Inc.	Xcel Energy Mkt. Hldgs, Inc.	Xcel Energy Performance Cont.	Xcel Energy Products and Services	Xcel Energy Retail Holding In.	Xcel Energy Ventures Inc.	Xcel Energy Wholesale Grp Inc.	Xcel Energy WYCO Inc.	Xcel Energy, Inc. Cadence Inc.	Xcel Energy - Grand Total
Direct	5,342	49,506	752	5,943	19,342	6,764	6,489	(765)	7,174	6,957	6,850	71,222	615,681	405,913,356
Allocated	1,575	171	-	4	11	11	4	-	5	5	2	14,357	6,782,228	285,806,548
Total	6,917	49,677	752	5,947	19,353	6,775	6,493	(765)	7,179	6,962	6,852	85,579	7,397,909	691,721,904
% of Grand Total Direct	0.0013%	0.0122%	0.0002%	0.0015%	0.0045%	0.0017%	0.0016%	-0.0002%	0.0018%	0.0017%	0.0017%	0.0175%	0.1517%	100.0000%
% of Grand Total Indirect	0.0006%	0.0001%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0050%	2.3730%	100.0000%

## **SUPPLEMENTAL RESPONSES**

### **Revenue Requirement**

#### **QUESTION NO. OPUC 11-3:**

- a. In the approximate two year period that has elapsed since the Docket 32766 test year, SPS's allocated charges from XES has increased by 23%. Does SPS and/or XES believe that affiliate charge expense growth rates of 11% a year are reasonable?
- b. If so, please provide all documents, reports and studies which support your response.

#### **RESPONSE:**

- a. For clarification purposes, please refer to Exhibit OPUC 11-3-1(SUPP1). The allocated affiliate charges increased by 22.90% between 2005 and 2007, however at the same time the direct charges decreased by 5.19% and the combined total XES direct and allocated charges only increased by 5.31%. Labor alone increased an average of 3.5% each year over the two-year period. In addition, allocated charges were increased and direct charges were decreased as a result of a shift of costs related to the call center and credit and collections from an offline allocation (which would have been a direct charge as explained in the testimony) to a three digit workorder which would have been an allocated charge. The new work order assigned to the call center and credit and collections is work order 435. This work order was established in calendar year 2007 and \$2,040,572 was allocated to SPS, a similar amount would have been reported as direct charged in calendar years 2005 and 2006 through the use of offline allocations. As a result of these two items alone, SPS and XES believes that the overall increase of 5.31% between the two years is reasonable.
- b. Please refer to Exhibit OPUC 11-3-2(SUPP1) for the call center and credit and collections amounts billed to SPS in 2007 using work order 435 that would have previously been direct charged using offline allocations.

Preparer(s): Paula Hargrove, Janet S. Schmidt-Petree

Sponsor(s): Janet S. Schmidt-Petree

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*PUC Docket No. 35763; SOAH Docket No. 473-08-3436  
Southwestern Public Service Company's First Supplemental Response to  
Office of Public Utility Counsel's Eleventh Request for Information  
Page 5*

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Southwestern Public Service Company  
XES Charges Between 2005 and 2007

	Twelve Months Ended 9/30/05 (from Docket 32766 Attachment JSSP-19)	Twelve Months Ended 12/31/07 (see Attachment MEH-RR-21)	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Direct	\$45,247,326	\$42,898,453	(\$2,348,873)	-5.19%
Allocated	<u>\$27,033,426</u>	<u>\$33,223,906</u>	<u>\$6,190,480</u>	22.90%
Total	\$72,280,752	\$76,122,359	\$3,841,607	5.31%

Southwestern Public Service Company  
Call Center and Credit and Collections Allocated Costs

Business Unit	Business Unit Description	Amount
432700	Customer Care Credit And Collections	\$249,669
433200	Customer Care Center (Amarillo)	\$612,279
433300	Customer Care Center (Centre Pointe)	\$415,564
433400	Customer Care Center (Sky Park)	\$763,060
	Total	<u>\$2,040,572</u>

**QUESTION NO. OPUC 11-3:**

- a. In the approximate two year period that has elapsed since the Docket 32766 test year, SPS's allocated charges from XES has increased by 23%. Does SPS and/or XES believe that affiliate charge expense growth rates of 11% a year are reasonable?
- b. If so, please provide all documents, reports and studies which support your response.

**RESPONSE:**

OPUC has agreed to an extension of time to September 15, 2008 to complete this response.



**QUESTION NO. OPUC 11-6:**

Please provide a schedule similar to Attachment MEH-RR-11 for all five digit work orders direct billed to SPS for the test year.

**RESPONSE:**

Please refer to Attachment MEH-RR-13 to the Direct Testimony of Mary E. Holland, (Vol. RR2, Bates Stamp page 67) for the only five-digit work order direct billed to SPS for the test year.

Preparer(s): Janet S. Schmidt-Petree  
Sponsor(s): Janet S. Schmidt-Petree

**QUESTION NO. OPUC 11-12:**

- a. Are the amounts and expenses shown in attachment MEH-RR-17 always subsumed in eight-digit work orders?
- b. Please prove a summary schedule of all eight digit work orders charged to SPS for the test year, as well as the amount charged to SPS.
- c. Are the eight digit work orders always directly charged to a specific subsidiary? Explain your response.

**RESPONSE:**

- a. No. Attachment MEH-RR-17 is a summary of all XES Billings to SPS with Balance Sheet Exclusions by FERC account. Thus, it includes all charges billed using an eight-digit workorder as well as all other charges.
- b. Please refer to Attachment MEH-RR-12 to the Direct Testimony of Mary E. Holland, Volume RR2, Bates Stamp pages 63 to 66 for a list of all eight-digit workorders charged to SPS for the test year as well as the amount charged to SPS.
- c. Yes. Eight-digit workorders are only valid on one legal entity or subsidiary.

Preparer(s): Janet S. Schmidt-Petree

Sponsor(s): Janet S. Schmidt-Petree

**QUESTION NO. OPUC 13-2:**

- a. Please explain in detail the purpose of work order 351280.
- b. Please explain "WP-FERC 557".

**RESPONSE:**

- a. Wholesale Planning SPS Power Supply is responsible for planning and implementing power supply portfolios (generation and purchased power) and participates in strategic planning and business analysis activities associated with electric resource planning efforts. Please refer to SPS's response to OPUC's Second Request for Information, Question No. OPUC2-13.
- b. The description for 351280 is "RP -SPS Pwr Supply WP-FERC 557". WP is an abbreviation for wholesale planning. The work-order captures wholesale planning costs incurred for the FERC Account 557 activities.

Preparer(s): Peggy Stevens, Jeff Butler  
Sponsor(s): Karen T. Hyde

The following RFI No. 13-7 is directed to Teresa Madden.

**QUESTION NO. OPUC 13-7:**

- a. Please explain why SPS charges incurred under work order 430 are primarily for General Counsel Legal Service class expenses.
- b. Please explain in detail the activities by the General Counsel that maximized the business values of energy supply information systems.
- c. What type of business plan did the General Counsel develop for energy supply?
- d. Explain how the General Counsel optimized plant inventory
- e. Explain the General Counsel's activities in the development of asset management strategy and implementation.

**RESPONSE:**

The charges incurred under work order 430 are primarily for General Counsel Legal Service class expenses because they reflect amounts paid to outside counsel for services rendered and time charged by in-house legal personnel in connection with certain legal matters, including lawsuits alleging that the Xcel Energy operating companies have contributed to climate change through the discharge of greenhouse gases. The costs were charged to Energy Supply because that part of the organization operates the power plants that are alleged to have contributed to climate change. In terms of subparts (b) through (e), the General Counsel assisted Energy Supply in addressing various business issues that arose from operating production facilities.

Preparer(s): Deb Meuwissen  
Sponsor(s): Michael C. Connelly

The following RFI No. 13-8 is directed to Kenneth Floyd.

**QUESTION NO. OPUC 13-8:**

- a. Please identify the test year total amount of billing and collection outside service costs included in SPS' cost of service (separately identify native costs and costs charged from XES).
- b. What is the total amount of billing and collection outside service costs charged to SPS in 2006?
- c. Do these billing and collection outside agency costs only include costs associated with overdue customer bills? Please explain your response.

**RESPONSE:**

- a. Refer to Exhibit OPUC13-8a.
- b. Refer to Exhibit OPUC13-8b.
- c. No. There are also outside billing vendor costs associated with current bills, as well as collection outside agency costs associated with new customer credit reviews.

Preparer(s): Wade Nielsen, Timothy L. Willemsen  
Sponsor(s): Kenneth R. Floyd, Timothy L. Willemsen

CES Finance  
2007 Billing and Collections (CC 25 rollup)  
Outside Vendor object account 713055  
SPS Company

Type of Expense	SPS Total	Allocation	Texas Retail Cost of Service
Native	725,647.77	0.71717713	520,417.98
XES	147,670.68	0.71717713	105,906.04
Total	873,318.45		626,324.02

CES Finance  
2006 Billing and Collections (CC 25 rollup)  
Outside Vendor object account 713055  
SPS Company

Type of Expense  
Native  
XES

	2006
Native	551,737.38
XES	395,892.55
Total	<u>947,629.93</u>

## RESPONSES

The following RFI Nos. 15-1 through 15-5 are directed to Janet Schmidt-Petree.

### QUESTION NO. OPUC 15-1:

Please provide the test year Texas retail jurisdictional and wholesale allocators for each of the below work orders, as well as the total Texas retail jurisdictional amount SPS is requesting to recover.

- a) 351017
- b) 351016
- c) 351018
- d) 351035
- e) 351040
- f) 351041
- g) 351045
- h) 351048
- i) 351080
- j) 351081
- k) 351312
- l) 351313
- m) 801317
- n) 801321
- o) 801322
- p) 801323
- q) 801352
- r) 801353
- s) 801354
- t) 414
- u) 415
- v) 429
- w) 430
- x) 431



**RESPONSE:**

Please refer to Exhibit OPUC15-1.

Preparer(s): Dionne Houchen

Sponsor(s): Janet S. Schmidt-Petree

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