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SOAH DOCKET NO. 473-13-1173  
DOCKET NO. 40824

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APPLICATION OF SOUTHWESTERN §  
PUBLIC SERVICE COMPANY FOR § BEFORE THE STATE OFFICE  
AUTHORITY TO CHANGE RATES AND §  
TO RECONCILE FUEL AND § OF  
PURCHASED POWER COSTS FOR THE §  
PERIOD JANUARY 1, 2010 THROUGH § ADMINISTRATIVE HEARINGS  
JUNE 30, 2012 §

SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO STAFF'S FOURTH REQUEST FOR INFORMATION  
QUESTION NOS. 4-1 THROUGH 4-11

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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO STAFF'S FOURTH REQUEST FOR INFORMATION  
QUESTION NOS. 4-1 THROUGH 4-11**

Southwestern Public Service Company ("SPS") files this response to Commission Staff's ("Staff") Fourth Request for Information Question Nos. 4-1 through 4-11.

**I. WRITTEN RESPONSES**

SPS's written responses to Staff's Fourth Request for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. SPS's responses are made in the spirit of cooperation without waiving SPS's right to contest the admissibility of any of these matters at hearing. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When SPS provides certain information sought by the request while objecting to the provision of other information, it does so without prejudice to its objection in the interests of narrowing discovery disputes pursuant to P.U.C. PROC. R. 22.144(d)(5). Pursuant to P.U.C. PROC. R. 22.144(c)(2)(F), SPS stipulates that its responses may be treated by all parties as if they were made under oath.

## II. INSPECTIONS.

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is VOLUMINOUS and, pursuant to P.U.C. PROC. R. 22.144(h)(2), the attachment will be provided on CD and made available for inspection at SPS's voluminous room at 401 Congress Avenue, Suite 2100, Austin, Texas 78701; telephone number (512) 370-2867. In addition, SPS will provide voluminous exhibits to all parties on CD. If a response or the responsive documents are provided pursuant to the protective order in this docket, the response will indicate that it or the attachment is either CONFIDENTIAL or HIGHLY SENSITIVE as appropriate under the protective order. Highly sensitive responses will be made available for inspection at SPS's voluminous room, unless they form a part of a response that exceeds eight linear feet in length; then they will be available at their usual repository in accordance with the following paragraph. Please call in advance for an appointment to ensure that there is sufficient space to accommodate your inspection.

If responsive documents exceed eight linear feet in length, the response will indicate that the attachment is subject to the FREIGHT CAR DOCTRINE, and, pursuant to P.U.C. PROC. R. 22.144(h)(3), the attachment will be available for inspection at its usual repository, SPS's offices in Amarillo, Texas, unless otherwise indicated. SPS requests that parties wishing to inspect this material provide at least 48 hours notice of their intent by contacting Ron Moss of Winstead, P.C., 401 Congress Avenue, Suite 2100, Austin, Texas 78701; telephone number (512) 370-2867; facsimile transmission number (512) 370-2850; email address [rhmoos@winstead.com](mailto:rhmoos@winstead.com). Inspections

will be scheduled to accommodate all requests with as little inconvenience to the requesting party and to SPS's operations as possible.

Respectfully submitted,

XCEL ENERGY SERVICES INC.

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BY:   
ATTORNEYS FOR  
SOUTHWESTERN PUBLIC SERVICE COMPANY

## **RESPONSES**

### **QUESTION NO. STAFF 4-1:**

Provide a copy of all work papers, including electronic files, used to develop the recommended average service lives, survivor curves, net salvage rates, and annual depreciation accrual rates proposed by the company.

### **RESPONSE:**

Please refer to SPS's Errata filed on December 21, 2012, specifically Attachment DAW-RR-3, for a copy of the workpapers to the Direct Testimony of Dane A. Watson that were inadvertently omitted in SPS's initial filing.

Preparer: Dane A. Watson

Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-2:**

Provide the following data in electronic and hard copy format:

- a. Annual additions, retirements, adjustments and ending plant balances by depreciable plant account.
- b. Annual retirements by vintage year by depreciable plant account
- c. Annual gross salvage, cost of removal, reimbursements, and annual adjustment to gross salvage and cost of removal by depreciable plant account.

**RESPONSE:**

- a.-b. Please refer to Attachment DAW-RR-3 for Mr. Watson's workpapers, which were provided in SPS's December 20, 2012 Errata, specifically the folder entitled "DataSets," in the file "SPR Data SPS 2011" for the workpapers addressing details of additions and retirements by year for accounts analyzed using SPR analysis. Please refer to SPS's response to Question No. 3-30 to AXM's Third Request for Information for accounts that were analyzed using actuarial analysis.
- c. Please refer to Attachment DAW-RR-1 to the Direct Testimony of Dane A. Watson, Appendix F-1 and Appendix F-2 (Vol. RR10, Pages 513-547 of 549). Please note that Appendix F-2 was mislabeled as "Appendix F-1, Pages 1 of 28" (Vol. RR10, Pages 520-547 of 549) in the Depreciation Study and will be corrected in SPS's next errata filing. Currently, SPS has no retirements for which reimbursements have been received. Any adjustments to retirements, gross salvage, or removal costs are shown in SPS's response to Question No. 3-34 to AXM's Third Request for Information.

Preparer: Linda Hudgins  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-3:**

When using the retirement rate method to determine the survivor curve and average service life for a plant account:

- a. State whether any statistical goodness of fit statistics were calculated and reviewed, or if the curve fitting was based on visual curve fitting.
- b. Provide statistics or other data showing the goodness of fit for the survivor curves and average service lives determined using the retirement rate method.
- c. Provide observed life table and the company proposed curve parameter data and graph for all accounts for which the company used actuarial method of life analysis. Please provide data in Microsoft excel or in a format ready to be used in Excel.

**RESPONSE:**

- a. For those accounts analyzed through actuarial analysis, Mr. Watson primarily relied upon visual curve fitting to select mortality parameters. Mr. Watson did, however, compute and review various statistical goodness of fit analyses.
- b. Please refer to Attachment DAW-RR-3 for Mr. Watson's workpapers, which were provided in SPS's December 21, 2012 Errata, specifically the folder entitled "Actuarial SPS 2012," for the workpapers addressing goodness of fit statistics for actuarial accounts.
- c. The software does not produce the requested data in Microsoft Excel format. All outputs are in Adobe format and can be found in Attachment DAW-RR-3 in the folder entitled "Actuarial SPS 2012."

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson



**QUESTION NO. STAFF 4-4:**

Provide copies of all industry depreciation studies and/or surveys and depreciation studies for other companies that were relied upon in developing the proposed depreciation rates.

**RESPONSE:**

Because depreciation rates are developed on a utility specific basis, no industry depreciation studies and/or surveys and depreciation studies for other companies were relied upon in developing the proposed depreciation rates. Mr. Watson is familiar with industry and geographical mortality characteristics from participating in or reviewing numerous depreciation filings or results over a number of years.

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-5:**

Provide a Microsoft Excel spread sheet showing the company's currently approved average service lives, survivor curves, net salvage values, and depreciation rates by plant account.

**RESPONSE:**

Please refer to Attachment DAW-RR-1, Appendix B and Appendix C, to the Direct Testimony of Dane A. Watson (Vol. RR-10, Pages 482-499 of 549). Please refer to Exhibit AXM 1-1(CD), provided in SPS's response to AXM's First Request for Information for a copy of the electronic files.

Preparer: Linda Hudgins  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-6:**

Provide a calculation of the remaining life depreciation rate and accrual using the current survivor curves, average service lives and net salvage values for each account. Provide a computer output for each account in a table format.

**RESPONSE:**

Please refer to Exhibit SPS-Staff 4-6V, provided on the enclosed CD.

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-7:**

Provide a detailed analysis of historical gross salvage data, including the cost of removal, three year overlapping average net salvage value, the overall average net salvage value, and the most recent five-year average net salvage value for each account. Also, provide in Microsoft Excel format, for each FERC account category, the corresponding gross salvage and cost of removal amounts for all vintage years and the amount of retired as used in the company's actuarial analysis.

**RESPONSE:**

Please refer to Attachment DAW-RR-1, Appendix F-1 and Appendix F-2 , to the Direct Testimony of Dane A. Watson (Vol. RR-10, Pages 513-547 of 549). Please note that Appendix F-2 was mislabeled as "Appendix F-1, Pages 1 of 28" (Vol. RR10, Pages 520-547 pf 549) in the Depreciation Study and will be corrected in SPS's next errata filing. Please refer to Exhibit AXM 1-1(CD), provided in SPS's response to AXM's First Request for Information for a copy of the electronic files. The net salvage analysis was conducted using transaction year information. A vintage year analysis is not available.

Preparer: Linda Hudgins  
Sponsor: Dane A. Watson

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

Provide a table, in an Excel format, showing the following for each account category for the study year:

- a.) Original plant investment
- b.) Book reserve
- c.) Proposed average service life
- d.) Proposed survivor curve as applicable
- e.) Proposed net salvage value
- f.) Proposed composite remaining life
- g.) Proposed remaining life depreciation rate
- h.) Proposed annual depreciation accrual
- i.) Current depreciation rate
- j.) Current annual depreciation accrual

**RESPONSE:**

Please refer to Exhibit SPS-Staff 4-8(CD), provided on the enclosed CD.

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-9:**

Please provide work papers, charts, and graph plots generated in conducting actuarial analysis for the selected curves for the accounts that had aged data. The data table shall include the actual proportion surviving of the aged data and the Iowa curve percent surviving information.

**RESPONSE:**

Please refer to Attachment DAW-RR-3 for Mr. Watson's workpapers, which were provided in SPS's December 21, 2012 Errata, specifically the folder entitled "Actuarial SPS 2012." Each account with aged data has a folder with Graphs and Observed Life Tables giving the requested data.

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-10:**

Please explain how the remaining life calculations were performed in the model used in the study.

**RESPONSE:**

The computation of average remaining life for each age interval within an account is computed based on the area under the survivor curve to the right of that age divided by the percent survivors at the beginning of that age interval. The weighted average remaining life computation for each account was computed in a direct weighting by multiplying each vintage or account balance times its remaining life and dividing by the gross plant investment in service at December 31, 2011.

The details of this computation are discussed on pages 20 and 22 of Attachment DAW-RR-1 (Vol. RR-10, Pages 413 and 415 of 549) to the Direct Testimony of Dane A. Watson.

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson

**QUESTION NO. STAFF 4-11:**

Please provide a copy of calculations used to determine the existing and proposed composite depreciation rates and accruals.

**RESPONSE:**

Please refer to Attachment DAW-RR-3 for Mr. Watson's workpapers, which were provided in SPS's December 21, 2012 Errata. The folder entitled "Accrual" provides the computations of the proposed depreciation rates. The existing depreciation rates were established in a settlement agreement in Docket No. 35763. Mr. Watson does not have a copy of the calculations used to compute the existing depreciation rates with formulae intact.

The existing depreciation rates were presented in the Direct Testimony of Mr. Jacob Pous in Docket No. 35763. The link below provides Mr. Pous's computations:

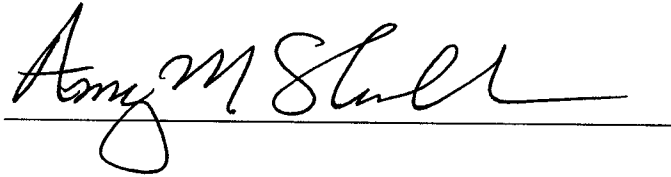
[http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch\\_Results.asp?TXT\\_CNTR\\_NO=35763&TXT\\_ITEM\\_NO=603](http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch_Results.asp?TXT_CNTR_NO=35763&TXT_ITEM_NO=603)

Preparer: Dane A. Watson  
Sponsor: Dane A. Watson



**CERTIFICATE OF SERVICE**

I certify that on the 24<sup>th</sup> day of January, 2013, a true and correct copy of the foregoing instrument was served on all parties of record by electronic service and by either hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.

  
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SOAH DOCKET NO. 473-13-1173  
PUCT DOCKET NO. 40824

APPLICATION OF SOUTHWESTERN PUBLIC  
SERVICE COMPANY FOR AUTHORITY TO CHANGE  
RATES AND TO RECONCILE FUEL AND PURCHASED  
POWER COSTS FOR THE PERIOD JANUARY 1, 2010  
THROUGH JUNE 30, 2012

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STAFF 4 (CD)