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SOAH DOCKET NO. 473-14-1665 PUBLIC UTILITY COMMISSION
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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES AND §
TO RECONCILE FUEL AND § OF
PURCHASED POWER COSTS FOR THE §
PERIOD JULY 1, 2012 THROUGH §
JUNE 30, 2013 § ADMINISTRATIVE HEARINGS

SOUTHWESTERN PUBLIC SERVICE COMPANY'S
RESPONSE TO STAFF'S
ELEVENTH REQUEST FOR INFORMATION
QUESTION NOS. 11-1 THROUGH 11-66
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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
RESPONSE TO STAFF'S
ELEVENTH REQUEST FOR INFORMATION
QUESTION NOS. 11-1 THROUGH 11-66**

Southwestern Public Service Company ("SPS") files this response to Commission Staff's ("Staff") Eleventh Request for Information, Question Nos. 11-1 through 11-66.

I. WRITTEN RESPONSES

SPS's written responses to Staff's Eleventh 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. In accordance with 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 under P.U.C. PROC.

*PUC Docket No. 42004
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R. 22.144(d)(5). As allowed under 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 (“(V)”) and, pursuant to P.U.C. PROC. R. 22.144(h)(2), the exhibit will be made available for inspection at SPS’s voluminous room at 401 Congress Avenue, Suite 2100, Austin, Texas 78701; telephone number (512) 370-2867. Voluminous exhibits will also be provided on CD to any requesting party. Further, SPS will upload all voluminous documents, along with all native files for review to SPS’s Sharepoint website:

<https://collaboration.xcelenergy.com/sps/SPSFinalRateCases/default.aspx>

All parties will be provided a log in id number at time of intervention to access the Sharepoint website.

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 (“CONF”) or highly Sensitive (“HS”) as appropriate under the protective order. Confidential and Highly Sensitive materials will be served on all parties that have signed and filed the certification under the protective order entered in this docket. Confidential and Highly Sensitive responsive documents will also 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 hour 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 rhmoss@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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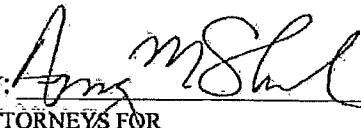
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BY: 
ATTORNEYS FOR
SOUTHWESTERN PUBLIC SERVICE COMPANY

RESPONSES

QUESTION NO. STAFF 11-1:

Reference Exhibit SPS-Staff 2-16, page 2 of 8. Please provide a more detailed description of the services performed by Alliance Consulting Group in the amount of \$63,960.84 than was provided on pages 9-27 of Exhibit SPS-Staff 2-16 that would support a reasonable and necessary service that should be included in the Company's requested rate case expense amortization.

RESPONSE:

The invoices shown on pages 9-27 reflect work that Alliance Consulting Group personnel performed related to the depreciation study presented in Docket No. 40824 and in SPS's rate filing in New Mexico. Because the study was used for both the Texas proceeding and a rate proceeding SPS filed at the New Mexico Public Regulation Commission, the cost for the study was allocated between the Texas and New Mexico retail jurisdictions based on the Texas and New Mexico retail jurisdictions' relative proportions of plant. (73% to Texas and 27% to New Mexico.)

The invoice on pages 11-15 reflects fees for services performed in November 2012 totaling \$8,295.00, with 73% (\$6,055.35) allocated to Texas. The work that Alliance personnel performed in November 2012 involved reviewing and editing the depreciation study and related attachments and workpapers, as well as drafting and revising the direct testimony of Dane A. Watson in support of the depreciation study.

The invoice on pages 16-20 reflects fees for services performed in December 2012 totaling \$16,170.00, with \$13,783.35 directly allocated to Texas. The work that Alliance personnel performed involved reviewing testimony, gathering information and documents to respond to RFIs related to the depreciation study or Mr. Watson's testimony, drafting RFI responses, reviewing and editing RFI responses, and attending teleconferences to discuss RFI responses.

The invoice on pages 21-24 reflects fees for services performed in January 2013 totaling \$9,568.13, with \$7,481.25 allocated to Texas. The work that Alliance personnel performed during that time included gathering information and documents to respond to RFIs related to the depreciation study or Mr. Watson's testimony, drafting RFI responses, reviewing and editing RFI responses, and attending teleconferences to discuss RFI responses.

The invoice on pages 25-27 reflects fees for services performed in February 2013 totaling \$1,220.63 with 73% (\$891.06), allocated to Texas. The work that Alliance personnel performed during that time included review and revisions of an errata filing gathering information and documents to respond to RFIs related to the depreciation study or Mr. Watson's testimony, drafting RFI responses, reviewing and editing RFI responses, attending teleconferences to discuss RFI responses, and preparing rate scenario analyses for settlement purposes.

Additional invoices are provided on pages 1532-1544 of 1899 of Exhibit SPS-Staff 2-16(V).

Preparers: Linda Hudgins, Karen Ponder
Sponsors: Lisa H. Perkett, David T. Hudson, Dane A. Watson

QUESTION NO. STAFF 11-2:

Reference Exhibit SPS-Staff 2-16, page 2 of 8. Please provide a more detailed description of the services performed by ScottMadden, Inc. in the amount of \$84,132.81 than was provided on pages 41-47 of Exhibit SPS-Staff 2-16 that would support a reasonable and necessary service that should be included in the Company's requested rate case expense amortization.

RESPONSE:

The Commission requires unbundled Transmission and Distribution utilities to file benchmark data to support the recovery of affiliate costs. Even though SPS is not unbundled and thus is not subject to these filing requirements, SPS has voluntarily supplied affiliate information and benchmark data as prescribed for the unbundled Transmission and Distribution utilities, given the interest expressed by the Commission in Docket No. 16705 in receiving benchmarking information for bundled utilities.

ScottMadden was asked by SPS to: (1) prepare benchmark data comparing SPS to other Texas utilities and to national utility averages; and (2) prepare and file testimony explaining the benchmark data and conclusions to be drawn from that data. Because of the difficulty in gathering benchmark data for each category of affiliate expense, SPS requested that the benchmarking be on total SPS costs (thus, the benchmark data would implicitly support SPS's affiliate costs).

Based on previous benchmarking work similar to that requested by SPS, ScottMadden developed the following approach for this effort:

- Meet with SPS to confirm the objectives of the study, select metrics based on project objectives, and develop the appropriate peer groups.
- Assemble benchmarking data for the period 2007 through 2011 for the defined peer groups (all Texas utilities, and the U.S. national average). Complete the analyses, compile findings, and develop the draft report.
- Develop draft testimony and review the draft report and testimony with SPS personnel.
- Finalize all deliverables as necessary.

The results of the benchmarking analysis were incorporated into Mr. Starkweather's Direct Testimony. The benchmarking analysis was completed during the period June through August 2012, with final testimony completed in November 2012.

Preparer: Richard D. Starkweather
Sponsors: Richard D. Starkweather, David T. Hudson

QUESTION NO. STAFF 11-3:

Reference Exhibit SPS-Staff 2-16, page 4 of 8. Please provide a more detailed description of the services performed by TLG Services, Inc. in the amount of \$73,426.59 than was provided on pages 48-55 of Exhibit SPS-Staff 2-16 that would support a reasonable and necessary service that should be included in the Company's requested rate case expense amortization.

RESPONSE:

The invoices reflected on pages 48-55 of Exhibit SPS-Staff 2-16(V) total \$15,244.13. Additional invoices for TLG Services, Inc. fees are reflected on pages 1625-1628 of Exhibit SPS-Staff 2-16(V).

The first invoice, dated January 3, 2013, is on pages 49-50 and is in the amount of \$2,528.21. The invoice is a bill for work performed by Francis W. Seymore and Ben Stochmal, of TLG Services in November of 2012 related to drafting, editing and preparing the Direct Testimony of Francis W. Seymore in support of SPS's dismantling cost study. This invoice also included shipping expenses to send supporting documentation that was too large to send via e-mail to SPS to be filed with the testimony and dismantling cost study.

The second invoice, dated March 6, 2013, is on pages 51-53 and is in the amount of \$7,667.31. The invoice is a bill for work performed by Mr. Seymore and Mr. Stochmal in December 2012 and January 2013 related to responding to discovery requests. The work included drafting discovery responses, gathering documents, reviewing the responses with counsel and editing the responses. This invoice also included TLG's shipping expenses to send documentation that was too large to send via e-mail to SPS in order to respond to written discovery.

The third invoice, dated April 4, 2013, is on pages 54-55, and is in the amount of \$5,048.31. The invoice is a bill for work performed by Mr. Seymore and Mr. Stochmal in February 2013 related to responding to discovery requests. The work included drafting responses to written discovery, gathering documents, reviewing the responses with counsel and editing the responses. This invoice also included TLG's shipping expenses to send documentation that was too large to send via e-mail to SPS in order to respond to written discovery.

Preparer: Linda Hudgins
Sponsors: Lisa H. Perkett, David T. Hudson

QUESTION NO. STAFF 11-4:

Reference Exhibit SPS-Staff 2-16, page 4 of 8. Please provide a more detailed description of the services performed by Towers Perrin (Towers Watson) in the amount of \$21,667.00 than was provided on pages 56-57 of Exhibit SPS-Staff 2-16 that would support a reasonable and necessary service that should be included in the Company's requested rate case expense amortization.

RESPONSE:

For Docket No. 40824, Towers Watson prepared an analysis (the Competitive Annual Incentive and Total Cash Compensation Analysis) showing how Xcel Energy's target total cash compensation compares with the compensation of other utility companies. The analysis supported SPS's request for its payroll expense. The analysis was provided in Docket No. 40824 as Attachment MRM-RR-5(HS) to the Direct Testimony SPS witness Mark R. McCloskey. Mr. McCloskey discussed the analysis on pages 30-32 of his direct testimony.

Preparer: Brooke Trammell
Sponsors: David T. Hudson, Ruth K. Lowenthal

QUESTION NO. STAFF 11-5:

Reference Exhibit SPS-Staff 2-16, page 197 of 1899. Please describe further the service listed as “work on fee agreement and billing issues and discuss same with S. Fogel” in the amount of \$539.

RESPONSE:

The fee agreement between SPS and Graves Dougherty Hearon & Moody is a single-spaced, four-page letter (the “Fee Agreement”). The Fee Agreement divided the rate case legal work into seven phases and specified the methods to be used to charge and bill for each phase. In addition, the Fee Agreement established a separate budget amount for each phase. The work in question was done on September 19, 2012, the day before the Fee Agreement was finalized and sent to SPS. The work involved drafting the Fee Agreement and discussing the proposal for each phase with Mr. Fogel to make sure the Fee Agreement properly stated the parties’ agreement.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-6:

Reference Exhibit SPS-Staff 2-16, page 196 of 1899. Please describe how the charge in the amount of \$770 for the review of the stipulations and orders from NMPRC should be included in the Texas jurisdiction rate case expense amortization request.

RESPONSE:

The work in question was done by Tom Hudson, of Graves, Dougherty, Hearon & Moody P.C., who worked principally on the fuel reconciliation phase of Docket No. 40824 and the testimony of certain fuel witnesses in the revenue requirements phase of that docket. Mr. Hudson worked on testimony regarding SPS's decision to enter into various purchased power agreements ("PPAs") and the costs incurred under those agreements. In New Mexico, SPS is required to obtain approval of certain PPAs, including several that were at issue in Docket No. 40824. As a result of this requirement, SPS had filed testimony in New Mexico and received orders addressing some of the same PPAs that were to be addressed in Docket No. 40824. Thus, Mr. Hudson read the testimony filed by SPS in New Mexico cases and the resulting stipulations and orders issued by the New Mexico Public Regulation Commission that involved certain PPAs that were going to be addressed in Docket No. 40824 testimony. Mr. Hudson's review of the filings in New Mexico reduced the time he otherwise would have had to spend assisting SPS with the fuel reconciliation phase of Docket No. 40824.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-7:

Reference Exhibit SPS-Staff 2-16, pages 199 and 200 of 1899. Please provide third party documentation supporting the listed delivery charges.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-7. Please note that the date on the supporting documentation may not match the "start date" or "end date" on the IQNavigator pages referenced in the question because the IQNavigator dates are when the expense was processed by the accounting staff at Graves, Dougherty, Hearon, and Moody P.C. or the date of an invoice from an outside vendor, rather than the date of the service was performed.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-8:

Reference Exhibit SPS-Staff 2-16, pages 229 through 312 of 1899. Please explain how the tasks "intraoffice conference regarding matter" in .1 hour increments are different from "on the job training." (See Application of CenterPoint Energy Houston Electric, LLC for Determination of Hurricane Restoration Costs, Docket No. 36918, Memorandum from Commissioner Kenneth W. Anderson, Jr. at 3 (June 18, 2009))

RESPONSE:

The referenced pages contain two time entries referencing "intraoffice conferences ... regarding matter" logged in .1 increments. They both occurred on November 13, 2012. While specific records regarding the content of those conversations do not exist, testimony and the rate filing package were being finalized prior to filing at that time. The intraoffice conferences were discussions related to ensuring that attorneys were relating the same information to witnesses regarding the timing of filing and next steps in the case. Attorneys frequently confer on matters in the course of the preparation of a rate filing package and during a rate case, including edits to testimony and the rate filing package, regardless of their level of experience. This is necessary not for the purpose of training but for reasons such as ensuring consistency across testimony, ensuring that all necessary topics have been addressed, etc. Having attorneys with different levels of experience and billing rates work on the rate filing package and the rate case helps to ensure that the work can be completed efficiently and cost effectively.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-9:

Reference Exhibit SPS-Staff 2-16, page 240 of 1899. Please explain why an attorney should “organize files” at a rate of \$385 per hour for 2.4 hours. Could this task not be performed by other office staff at a lower hourly rate? If not, please explain.

RESPONSE:

The work in question was done by Tom Hudson, of Graves, Dougherty, Hearon, & Moody P.C., on November 5, 2012, which was near the end of the testimony preparation phase of the case (the case was filed on November 15, 2012 and testimony was completed several days in advance of filing). Mr. Hudson maintains personal “working files” that contain documents he believes will be helpful in litigating the case. During the testimony preparation phase of Docket No. 40824, Mr. Hudson’s office was swamped with paper related to the case, some of which Mr. Hudson desired to keep in his working files and much of which could be discarded or returned to the file from which it came. Mr. Hudson had to sort through the paper because no one else could determine: (1) which documents could be discarded; (2) which documents could be returned to formal case files without copying; (3) which documents needed to be copied for Mr. Hudson and then returned to the case file; (4) which documents Mr. Hudson wanted to retain in his working files; and (5) which working file a given document should be located in. Having Mr. Hudson spend time organizing his files reduced the need to recreate documents and conduct research later in the case.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-10:

Exhibit SPS-Staff 2-16, page 312 of 1899. Please provide third party documentation supporting the listed delivery charge.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-10. Please note that the date on the supporting documentation may not match the "start date" or "end date" on the IQNavigator page referenced in the question because the IQNavigator dates are when the expense was processed by the accounting staff at Graves, Dougherty, Hearon, and Moody P.C. or the date of an invoice from an outside vendor, rather than the date of the service was performed.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-11:

Reference Exhibit SPS-Staff 2-16, pages 599 through 602 of 1899. Please provide third party documentation supporting the listed delivery charges.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-11. Please note that the date on the supporting documentation may not match the "start date" or "end date" on the IQNavigator pages referenced in the question because the IQNavigator dates are when the expense was processed by the accounting staff at Graves, Dougherty, Hearon, and Moody P.C. or the date of an invoice from an outside vendor, rather than the date of the service was performed.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-12:

Reference Exhibit SPS-Staff 2-16, pages 749 through 761 of 1899. Please provide third party documentation supporting the listed delivery charges.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-12. Please note that the date on the supporting documentation may not match the "start date" or "end date" on the IQNavigator pages referenced in the question because the IQNavigator dates are when the expense was processed by the accounting staff at Graves, Dougherty, Hearon, and Moody P.C. or the date of an invoice from an outside vendor, rather than the date of the service was performed.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-13:

Reference Exhibit SPS-Staff 2-16, page 804 of 1899. Please provide third party documentation supporting the listed delivery charge.

RESPONSE:

The delivery charge of \$17.26 is for the law firm of Moss & Barnett, which was assisting SPS witness Christopher Arend on the issue of income tax expense in Docket No. 40824, to send documents responding to discovery in that docket to Douglas Fields, a case specialist employed by SPS, in Amarillo, Texas. During the week of January 14, 2013, SPS was still responding to discovery in the rate case. SPS has not yet been able to obtain a copy of the original delivery charge invoice from Moss & Barnett.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-14:

Reference Exhibit SPS-Staff 2-16, page 817 of 1899. Please provide thir[d] party documentation supporting the listed delivery charge.

RESPONSE:

Please refer to pages 1-2 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-15:

Reference Exhibit SPS-Staff 2-16, page 870 of 1899. Please provide third party documentation supporting the listed advance for meals.

RESPONSE:

Please refer to pages 3-4 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-16:

Reference Exhibit SPS-Staff 2-16, page 915 of 1899. Please provide third party documentation supporting the listed delivery service.

RESPONSE:

Please refer to pages 5-6 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-17:

Reference Exhibit SPS-Staff 2-16, pages 1018 through 1020 of 1899. Please provide third party documentation supporting the listed delivery services, advances for meals, and transcripts.

RESPONSE:

Please refer to pages 7-48 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-18:

Reference Exhibit SPS-Staff 2-16, pages 1067 through 1068 of 1899. Please provide third party documentation supporting the listed delivery services and advances for meals.

RESPONSE:

Please refer to pages 49-65 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell

Sponsor: David T. Hudson

QUESTION NO. STAFF 11-19:

Reference Exhibit SPS-Staff 2-16, pages 1092 through 1106 of 1899. Please provide third party documentation supporting the listed delivery services and advances.

RESPONSE:

Please refer to pages 66-69 of Exhibit SPS-Staff 11-14.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-20:

Reference Exhibit SPS-Staff 2-16, page 1122 of 1899. Please provide timesheets for the listed consultants detailing the services provided.

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. Please refer to Exhibit SPS-Staff 11-20.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-21:

Reference Exhibit SPS-Staff 2-16, page 1151 of 1899. Please provide timesheets for the listed consultants detailing the services provided.

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. Please refer to Exhibit SPS-Staff 11-21.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-22:

Reference Exhibit SPS-Staff 2-16, page 1154 of 1899. Please provide an expanded description for the services currently listed as "preparation of data."

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. The services listed as "preparation of data" includes:

- Development of spreadsheets
- Analysis of responses to data requests
- Collection of publicly-available information from sources such as:
 - Value Line
 - First Call Thompson Financial
 - AUS Utility Reports
 - Form 10-Ks
 - Company Presentations
 - Rating Agency Reports
- Use of data and spreadsheets to prepare exhibits
- Use of exhibits to develop capital structure and cost of capital conclusions

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-23:

Reference Exhibit SPS-Staff 2-16, page 1175 of 1899. Please provide an expanded description for the services currently listed as "preparation of data" and "preparation of testimony."

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. The services listed as "preparation of data" includes:

- Development of spreadsheets
- Analysis of responses to data requests
- Collection of publicly-available information from sources such as:
 - Value Line
 - First Call Thompson Financial
 - AUS Utility Reports
 - Form 10-Ks
 - Company Presentations
 - Rating Agency Reports
- Use of data and spreadsheets to prepare exhibits
- Use of exhibits to develop capital structure and cost of capital conclusions

"Preparation of testimony" is the development and writing of pre-filed testimony addressing cost of capital and related issues. Docket No. 40824 settled before Intervener testimony was filed. For an example of the type of testimony David Parcell would have filed, please see Docket No. 40443, Interchange Items Nos. 612 and 613, Direct Testimony and Workpapers of Mr. Parcell.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-24:

Reference Exhibit SPS-Staff 2-16, page 1171 of 1899. Please provide third party documentation supporting the listed FedEx expense.

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. Please refer to Exhibit SPS-Staff 11-24.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-25:

Reference Exhibit SPS-Staff 2-16, page 1196 of 1899. Please provide an expanded description for the services currently listed as "review filing," "analysis," "review information," and "WP issues/RFIs." Furthermore, please explain how the services listed on page 1196 of 1899 do not duplicate the services of "Review Filings, Responses, and RFIs by parties" listed on page 1197 of 1899.

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. The phrase "review filing" represents the time and effort undertaken by Mr. Pous to read and understand what SPS presented associated with its extensive request for depreciation expense. The word "analysis" represents the efforts Mr. Pous performed to determine whether SPS' proposals for dozens of life and net salvage parameters were reasonable, and if not, then to determine the most appropriate alternative. These activities also encompassed the quantification of remaining life values, and depreciation accruals and rates for dozens of plant accounts. The phrase "review information" pertains to the effort Mr. Pous undertook to review responses to RFIs, review SPS's depreciation witness's testimonies in other cases, and review other publicly available information germane to the issue of depreciation. The phrase "WP issues/RFIs" represents efforts undertaken to identify and obtain SPS depreciation workpapers that were not initially provided with the filing. All the above-noted efforts were necessary to quantify recommended alternative depreciation rates and to be prepared to explain and support each adjustment. The services provided on page 1197 differ from, but complement, the services performed on page 1196. Ms. Coleman assists Mr. Pous in the significant effort necessary to analyze the hundreds of pages and workpapers associated with the issue of depreciation. Ms. Coleman's efforts were in response to instructions by Mr. Pous to find information required to complete analyses. While some of efforts resulted in the same documents being reviewed by both Mr. Pous and Ms. Coleman, such situation was the most cost-effective manner in which to find, review, and analyze some of the information associated with the timely prosecution of the depreciation review.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-26:

Reference Exhibit SPS-Staff 2-16, page 1222 of 1899. Please provide an expanded description for the services currently listed as "preparation of data" and "preparation of testimony."

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. The services listed as "preparation of data" includes:

- Development of spreadsheets
- Analysis of responses to data requests
- Collection of publicly-available information from sources such as:
 - Value Line
 - First Call Thompson Financial
 - AUS Utility Reports
 - Form 10-Ks
 - Company Presentations
 - Rating Agency Reports
- Use of data and spreadsheets to prepare exhibits
- Use of exhibits to develop capital structure and cost of capital conclusions

"Preparation of testimony" is the development and writing of pre-filed testimony addressing cost of capital and related issues. Docket No. 40824 settled before Intervener testimony was filed. For an example of the type of testimony David Parcell would have filed please see Docket No. 40443, Interchange Items Nos. 612 and 613, Direct Testimony and Workpapers of Mr. Parcell.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-27:

Reference Exhibit SPS-Staff 2-16, page 1250 of 1899. Please provide an expanded description for the services currently listed as "review filing/RFIs," "testimony/analysis," "review filing/analysis," and "analysis/settlement." Furthermore, please explain how the services listed on page 1250 of 1899 are different from the services of "Review Filings" and "Review RFIs" listed on page 1251 of 1899.

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. The phrase "review filing/RFIs" represents the time and effort undertaken by Mr. Pous to read, clarify, and understand what SPS presented associated with its extensive request for depreciation expense. The phrase "testimony/analysis" represents the time and effort undertaken by Mr. Pous to develop adjustments to SPS's proposed request for depreciation expense. The phrase "review filing/analysis" represents the time and effort undertaken by Mr. Pous to read and understand what SPS is presenting associated with its extensive request for depreciation expense and then process some of the information in a manner that resulted in either pursuing or not pursuing a given life or net salvage related concern. The services provided on page 1251 differ from, but complement, the services performed on page 1250. Ms. Coleman assists Mr. Pous in the significant effort necessary to analyze the hundreds of pages and workpapers associated with the issue of depreciation. Ms. Coleman's efforts were in response to instructions by Mr. Pous to find information required to complete analyses. While some of efforts resulted in the same documents being reviewed by both Mr. Pous and Ms. Coleman, such situation was the most cost-effective manner in which to find, review, and analyze some of the information associated with the timely prosecution of the depreciation review.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-28:

Reference Exhibit SPS-Staff 2-16, page 1252 of 1899. Please provide an expanded description for the services currently listed as "worked with tables."

RESPONSE:

This request asks about an invoice from one of AXM's consultants, and this response is based on information provided by AXM. This work is related to analyzing SPS's depreciation study. The services that correspond to the phrase "worked with tables" were transferring Observed Life Table data and establishing vintage balances by account. The information was required to test SPS's proposed remaining lives by account and recalculate adjusted remaining lives based on new recommended life and dispersion patterns.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-29:

Reference Exhibit SPS-Staff 2-16, page 1392 of 1899. Please provide a legible copy of the referenced page.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-29.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-30:

Reference Exhibit SPS-Staff 2-16, page 1423 of 1899. Please provide the reasonableness and necessity of the "Big Cookies" in the amount of \$12.93.

RESPONSE:

The \$12.93 charge is for food for SPS personnel supporting the rate case settlement talks occurring in Docket No. 40824 on January 13, 2013. These personnel were in Austin from out of town.

Preparer: Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-31:

Reference Exhibit SPS-Staff 2-16, page 1534 of 1899. Please provide third party documentation supporting the listed travel expenses.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-31.

Preparer: Dane A. Watson
Sponsors: Dane A. Watson, David T. Hudson

QUESTION NO. STAFF 11-32:

Reference Exhibit SPS-Staff 2-16, pages 1541 through 1543 of 1899. Please provide an expanded description for the professional services listed.

RESPONSE:

Exhibit SPS-Staff 2-16(V), page 1541 of 1899 shows the timesheet for Alliance Consulting Group Senior Consultant Karen Ponder. The activities Ms. Ponder participated in during September 2012 were: loading unaged and aged data for life analysis into Alliance Consulting's proprietary software; reviewing Simulated Plant Record ("SPR") results for plots made in Excel for proposed survivor curves; reviewing life analysis from actuarial and unaged results to make preliminary picks; and finally meeting with Dane Watson and another Alliance Consultant, Rhonda Watts, to discuss results and make final selections.

Exhibit SPS-Staff 2-16(V), page 1542 of 1899, shows the timesheet for Alliance Consulting Group Senior Consultant Rhonda Watts. Ms. Watts's primary activity in September 2012 was performing actuarial life analysis for aged data for all SPS accounts except FERC Accounts 364-373. The actuarial analysis is performed through Alliance Consulting's proprietary software, which analyzes each experience band and placement band in detail. In addition, Ms. Watt met with Ms. Ponder and Mr. Watson to discuss results and make final selections.

Exhibit SPS-Staff 2-16(V), page 1543 of 1899, shows the timesheet for Alliance Consulting Group Analyst Tim Watson. Mr. Watson's primary activity in September 2012 was performing SPR life analysis for unaged data for SPS in FERC Accounts 364-373 using Alliance Consulting Group's proprietary software. Mr. Watson's first efforts were performing SPR analysis for each account in varying band widths, *e.g.* 5, 10, 15 year; etc. In addition, Mr. Watson used SPS's Excel model to prepare SPR plots for Mr. Watson's review. The possible curve plots were identified by Ms. Ponder as discussed in paragraph 1 of this response.

Preparer: Dane A. Watson
Sponsors: Dane A. Watson, David T. Hudson

QUESTION NO. STAFF 11-33:

Reference Exhibit SPS-Staff 2-16, pages 1544 of 1899. Please provide an expanded description for the professional services listed.

RESPONSE:

Exhibit SPS-Staff 2-16(V), page 1544 of 1899, itemizes the professional services for November 2012. Exhibit SPS-Staff 11-33 shows the timesheet for Alliance Consulting Group with each Alliance Consultant listed in that month. Dane Watson's activities involved completing life and net salvage selections for the each account. After draft results were compiled by Mr. Watson's staff, those results were compiled and discussed with SPS before finalizing testimony and the report. Mr. Watson reviewed testimony and the report his staff assisted in preparing and finally executed the affidavit necessary for filing testimony.

The second page of Exhibit SPS-Staff 11-33 shows the timesheet for Alliance Consulting Group Senior Consultant Karen Ponder. Ms. Ponder's primary activity in November 2012 was preparing accrual rates for review by Mr. Watson and SPS. After completing the accrual rate computations, those results were synthesized into the report. Ms. Ponder assisted in drafting portions of the final report and incorporating comments from Mr. Watson and SPS. Finally, Ms. Ponder assisted in testimony preparation and review.

The third page of Exhibit SPS-Staff 11-33 shows the timesheet for Alliance Consulting Group Senior Consultant Rhonda Watts. Ms. Watts's primary activities in November 2012 were reviewing the reports and testimony, preparing more graphs for the workpapers for each placement and experience band, formatting, and preparing the report, including completion of the Adobe document.

Preparer: Dane A. Watson
Sponsors: Dane A. Watson, David T. Hudson

QUESTION NO. STAFF 11-34:

Reference Exhibit SPS-Staff 2-16, page 1553 of 1899. Please provide a detailed description of the services performed by Deloitte & Touche LLP in the amount of \$200,000. Please provide detailed timesheets of individuals rendering the services.

RESPONSE:

SPS has requested the detailed information from Deloitte & Touche LLP. SPS will supplement this response when it receives the information.

Preparer: Merry Davis

Sponsors: Michael J. Rodriguez, David T. Hudson

QUESTION NO. STAFF 11-35:

Reference Exhibit SPS-Staff 2-16, page 1554 of 1899. Please provide justification for the inclusion of professional services related to rules of the New Mexico Public Regulation Commission in the Company's requested Texas amortization expense.

RESPONSE:

The referenced invoice was inadvertently included in 40824 and therefore Exhibit SPS-Staff 2-16(V). This expense was moved from the Texas rate case expense work order to the New Mexico rate case expense work order in January 2013 and is not reflected in expenses SPS is seeking to recover in this proceeding.

Preparer: Merry Davis
Sponsors: Michael J. Rodriguez, David T. Hudson

QUESTION NO. STAFF 11-36:

Reference Exhibit SPS-Staff 2-16, page 1555 of 1899. Please provide a detailed description of the services performed by Deloitte & Touche LLP in the amount of \$125,000. Please provide detailed timesheets of individuals rendering the services.

RESPONSE:

SPS has requested the detailed information from Deloitte & Touche LLP. SPS will supplement this response when it receives the information.

Preparer: Merry Davis

Sponsors: Michael J. Rodriguez, David T. Hudson

QUESTION NO. STAFF 11-37:

Reference Exhibit SPS-Staff 2-16, page 1571 of 1899. Please expand the description of services performed by Gerald Tucker and include the hours billed per day.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-37 for the complete page 1571, including the hours billed per day.

An expanded description was not prepared contemporaneously with the invoice. Mr. Tucker, however, was retained in Docket No. 40824 as a non-testifying consulting expert to assist SPS's counsel with advising the SPS witnesses who were sponsoring affiliate charges, to assist SPS's counsel in reviewing the schedules in the rate filing package, and to assist SPS's counsel by providing general regulatory accounting expertise. For the time entries on page 1571, Mr. Tucker was preparing for a meeting with SPS's counsel to discuss case preparation and how the witnesses sponsoring affiliate charges could present information to help satisfy the affiliate transaction standard under the Public Utility Regulatory Act.

Preparers: Wesley Berger, Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-38:

Reference Exhibit SPS-Staff 2-16, page 1574 of 1899. Please provide a description of services performed by Gerald Tucker and include the hours billed per day.

RESPONSE:

SPS has not been able to locate Mr. Tucker's time sheet for the time period July 29 through August 31, 2012. During this time period, however, Mr. Tucker was retained as a non-testifying consulting expert to assist SPS's counsel with advising the SPS witnesses who were sponsoring affiliate charges, to assist SPS's counsel in reviewing the schedules to the rate filing package, and to assist SPS's counsel by providing general regulatory accounting expertise. Based upon Mr. Tucker's hourly rate of \$250 per hour, the invoice on page 1574 reflects 17.9 hours of Mr. Tucker's time. During the time period July 29 – August 31, 2012, Mr. Tucker would have been reviewing the SPS witnesses' early drafts of testimony and then advising SPS's counsel about his review.

Preparers: Wesley Berger, Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-39:

Reference Exhibit SPS-Staff 2-16, page 1579 of 1899. Please provide the number of hours billed at \$250/hour for travel to Amarillo, travel to Denver, and travel to Fairview.

RESPONSE:

An expanded description was not prepared contemporaneously with the invoice. In all likelihood, however, the following numbers of hours are associated solely with travel:

September 6, 2012	2.5 hours
September 7, 2012	2.5 hours
September 12, 2012	4.0 hours
September 13, 2012	4.0 hours

Preparers: Wesley Berger, Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-40:

Reference Exhibit SPS-Staff 2-16, page 1594 of 1899. Please expand the description of services performed by Gerald Tucker.

RESPONSE:

An expanded description was not prepared contemporaneously with the invoice. During the time period covered on page 1594, however, SPS's witnesses were drafting their direct pre-filed testimony and SPS was preparing the schedules for the rate filing package. Thus, these time entries reflect Mr. Tucker's review of drafts of testimony and review of drafts of schedules and then advising SPS's counsel about his review.

Preparers: Wesley Berger, Brooke Trammell
Sponsor: David T. Hudson

QUESTION NO. STAFF 11-41:

Reference Exhibit SPS-Staff 2-16, pages 1601 through 1616 of 1899. Please provide a detailed description of the services performed by ScottMadden, Inc. Please include the hours billed per day by professional along with the activities performed by the professional. Please reference page 1622 of 1899 for the type of information responsive to this request.

RESPONSE:

Please refer to Exhibit SPS-Staff 11-41. Note that some of this information was included in Exhibit SPS-Staff 2-16(V) on pages 44, 47, 1622, and 1623.

Preparer: Richard D. Starkweather
Sponsors: Richard D. Starkweather, David T. Hudson