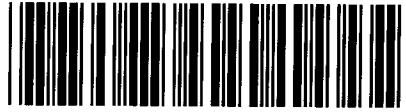


Control Number: 43695



Item Number: 561

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-1556
DOCKET NO. 43695

RECEIVED
2015 APR 23 PM 3:00

APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
RESPONSE TO STATE AGENCIES'
THIRD REQUEST FOR INFORMATION
QUESTION NOS. 3-1 THROUGH 3-12**
(Filename: SPSRespAG3rd.doc; Total Pages: 19)

I. WRITTEN RESPONSES 2

II. INSPECTIONS 3

QUESTION NO. AG 3-1: 6

QUESTION NO. AG 3-2: 7

QUESTION NO. AG 3-3: 8

QUESTION NO. AG 3-4: 9

QUESTION NO. AG 3-5: 10

QUESTION NO. AG 3-6: 11

QUESTION NO. AG 3-7: 12

QUESTION NO. AG 3-8: 13

QUESTION NO. AG 3-9: 14

QUESTION NO. AG 3-10: 15

QUESTION NO. AG 3-11: 16

QUESTION NO. AG 3-12: 17

CERTIFICATE OF SERVICE 18

EXHIBIT ATTACHED:

Exhibit SPS-AG 3-6 (*filename: SPS-AG 3-6.xlsx*)..... 19

**SOAH DOCKET NO. 473-15-1556
DOCKET NO. 43695**

**APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
PUBLIC SERVICE COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS**

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S
RESPONSE TO STATE AGENCIES'
THIRD REQUEST FOR INFORMATION
QUESTION NOS. 3-1 THROUGH 3-12**

Southwestern Public Service Company ("SPS") files this response to State Agencies' ("AG")

Third Request for Information Question Nos. 3-1 through 3-12

I. WRITTEN RESPONSES

SPS's written responses to AG's Third 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. 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.

Stephen Fogel
State Bar No. 07202010
Matthew P. Loftus
State Bar No. 24052189
816 Congress Avenue, Suite 1650
Austin, Texas 78701-2471
Office: (512) 478-7267
Facsimile: (512) 478-9232
e-mail: stephen.e.fogel@xcelenergy.com
e-mail: matthew.p.loftus@xcelenergy.com

WINSTEAD P.C.


Ron H. Moss
State Bar No. 14591025
401 Congress Avenue, Suite 2100
Austin, Texas 78701
Office: (512) 370-2867
Facsimile: (512) 370-2850
e-mail: rhmoss@winstead.com

GRAVES, DOUGHERTY, HEARON & MOODY P.C.

Thomas B. Hudson, Jr.
State Bar No. 10168500
401 Congress Avenue, Suite 2200
Austin, Texas 78701
Office: (512) 480-5740
Facsimile: (512) 480-5840
e-mail: thudson@gdhm.com

COURTNEY, COUNTISS, BRIAN & BAILEY, LLP

Amy M. Shelhamer
State Bar No. 24010392
600 S. Tyler, Suite 1700
Amarillo, Texas 79101
Office: (806) 372-5569
Facsimile: (806) 372-9761
e-mail: ashelhamer@courtneylawfirm.com

BY: 
ATTORNEYS FOR
SOUTHWESTERN PUBLIC SERVICE COMPANY

RESPONSES

QUESTION NO. AG 3-1:

Ref. Evan Evans' Direct Testimony – Revenue Requirement at 40, “the SPS service area has experienced significant growth in oil and natural gas industries and SPS has been expanding its infrastructure to serve these customers.”

- a. How has SPS's oil and gas industry customers' electricity demand been affected by the decrease in oil prices in the past six to nine months?
- b. Does this affect SPS's analysis of the prudence and reasonableness of significant investments in infrastructure to serve the oil and gas industry?

RESPONSE:

- a. SPS continues to receive requests for new electric service to oil and gas industry customers, and there has been no indication that the existing loads of those customers are declining. Based upon the new requests that SPS is receiving and the new service points being connected, it appears that load growth continues in this sector.
- b. The electric infrastructure currently under construction or soon to be constructed is warranted based upon the requests for service already received. Many of the infrastructure improvements to be constructed will serve loads that are in place. If the downturn in oil prices continues for any significant amount of time, it is possible that the pace of growth would slow and that the revised growth trends would affect long term infrastructure planning.

Preparer: Seth Thomason
Sponsor: Evan D. Evans

QUESTION NO. AG 3-2:

In Exhibit MPS-RR-5, page 2 of 6, a Moody's report indicates that a more aggressive capital program could change SPS's rating in a downward direction. What considerations or actions is SPS taking to mitigate the risk that accompanies its plans for aggressive capital additions over the next 5 years?

RESPONSE:

Moody's concern regarding a more aggressive capital spending program refers to the potential impact on credit metrics. From Moody's perspective, it is critical that the increased capital expenditures be recovered through customer revenues in a timely manner because that will allow SPS to maintain strong cash flow metrics. SPS plans to continuously file for cost recovery as it continues to invest in its utility infrastructure.

Preparer: Mary P. Schell
Sponsor: Mary P. Schell

QUESTION NO. AG 3-3:

Ref. Starkweather Direct Testimony, page 13.

- a. Were distribution-only companies and T&D companies excluded from any analyses other than the retail pricing benchmarking analysis?
- b. What is the effect of excluding those companies from other aspects of the benchmarking analysis?

RESPONSE:

- a. Distribution-only companies were excluded from the following metrics, in addition to the retail pricing benchmarking analysis:
 - Production and Transmission metrics (as production and transmission-related costs are generally not incurred by these companies)
 - Total O&M \$ per MWh Sold (as production and transmission-related costs are not included in total O&M costs for these companies)T&D companies were excluded from the following metrics, in addition to the retail pricing benchmarking analysis:
 - Production metrics (as production-related costs are generally not incurred by these companies)
 - Total O&M \$ per MWh Sold (as production-related costs are not included in total O&M costs for these companies)
- b. As described on page 12 of the Direct Testimony of Richard D. Starkweather, “the quality, or relevance, of any particular benchmarking study is dependent on the characteristics, or similarities, of the companies populating the peer groups. When conducting a benchmarking analysis, one wants the peer groups populated with companies with similar characteristics to ensure reliable results.” (Vol. RR2, page 176 of 588).

Excluding these companies from these other aspects of the benchmarking analysis (e.g., Production and Transmission metrics, and Total O&M \$ per MWh Sold) results in companies with similar characteristics to Southwestern Public Service Company being included in the analysis.

Preparer: Richard D. Starkweather
Sponsor: Richard D. Starkweather

QUESTION NO. AG 3-4:

The commercial aviation study presented by Starkweather (Direct Testimony at 52) reviewed the number of passenger trips taken by Xcel Energy personnel – were the costs of these flights allocated among jurisdictions or subsidiary companies? If so, provide documentation of the allocation calculation and reasoning. If not, please explain why not.

RESPONSE:

The costs for flights, as determined by Mr. Starkweather, were allocated to all Xcel Energy Inc. legal entities, as explained on pages 16-18 and 30-33 of the Direct Testimony of Lawrence A. Bick (Vol. RR12, pages 319-321 and 333-335 of 442). Please also refer to Attachment LAB-RR-A to Mr. Bick's testimony (Vol. RR12, page 438 of 442). SPS is requesting the Texas retail jurisdictional share of the aviation cost allocated to SPS. This amount was included in FERC Account 921, Office Supplies and Equipment. Please refer to page 19 of Attachment DAB-RR-2 (Vol. RR16, page 162 of 426).

Preparers: Lawrence A. Bick, Arthur P. Freitas
Sponsors: Lawrence A. Bick, Deborah A. Blair

QUESTION NO. AG 3-5:

Please define the scope of Work Order “629452 – SPS Rates & Reg – NM” (Attachment JLA-RR-B, pages 10, 11, and 41-44). Explain how expenses under this work order benefit Texas ratepayers.

RESPONSE:

Please refer to SPS’s responses to Question Nos. OPUC 4-23 and OPUC 12-1. As with work order 629454, which is discussed in the response to Question No. OPUC 12-1, the Claims organization used the existing work order 629452 to charge time and related costs to SPS rather than create a new, separate work order for its use.

Preparer: Deb Meuwissen
Sponsor: James L. Altman

QUESTION NO. AG 3-6:

When salvageable equipment and assets from dismantled plants are redeployed within the Company, how are such redeployed assets accounted for in net salvage calculations and total cost of dismantlement assessment? Please itemize and sum the value of all assets redeployed during the test year and during the period from July 1, 2014 – December 31, 2014.

RESPONSE:

In the Production Dismantling Cost Study proposed in this case, it was assumed that if SPS identifies equipment that it will remove from the site and use elsewhere in the SPS system, that equipment would be removed from the site inventory for that station. This would eliminate the cost of removal and the scrap value of that equipment. In such a scenario, the costs would not be included in the Production Dismantling Cost Study estimate for the removal, shipping, refurbishment and re-installation of this equipment.

Please refer to Exhibit SPS-AG 3-6 for the requested information regarding the value of assets redeployed during the Test Year and during the period from July 1, 2014 to December 31, 2014. Most of the equipment transferred from the Moore County Plant had been recently installed at the Moore County Plant to safely continue the operation of the plant on a short-term operational basis but was also designed and purchased to be moved after the plant was retired. Additionally, none of this equipment is of the character or size to be included in the inventory level provided to TLG for cost study purposes.

Within SPS, a redeployed asset is transferred from one asset location to another asset location at current net book value. Costs to install the asset at the new location are considered part of the new construction occurring at the new site.

Preparers: Ben Elsey, Lisa H. Perkett, Ben Stochmal
Sponsors: Alan J. Davidson, Lisa H. Perkett, Francis W. Seymore

QUESTION NO. AG 3-7:

Please identify any voluntary capital investment projects that were initiated to improve environmental impacts of SPS operations but were not required under federal, state, or local regulations undertaken during the test year and during the period from July 1, 2014 – December 31, 2014.

RESPONSE:

All projects undertaken to improve environmental impacts during the requested time period were required to maintain compliance with environmental laws and regulations.

Preparers: Alan J. Davidson, Dean Metcalf
Sponsor: Alan J. Davidson

QUESTION NO. AG 3-8:

In the Company's first supplemental response to OPUC 5-1, invoices are included for projects that occurred partially or entirely outside of the test year (see pages 152, 219, 226, 227, 269-70, 440, 493, 506). Please explain whether the costs for these projects were included in the test year revenue requirement calculations in this case. If so, how? Provide documentation showing any related adjustments.

RESPONSE:

Yes. The items on Schedule G-8, which include the invoices identified in this question, were included in the Test Year revenue requirement. They were included in the per book data for FERC Account 923. There were no adjustments to these amounts.

Preparer: Arthur P. Freitas
Sponsor: Deborah A. Blair

QUESTION NO. AG 3-9:

Please explain the benefits received by Texas rate payers for advertising to Minnesota Wild Hockey Club LP – FERC Acct: 930.11 Line 32-33 Schedule G-4.1c Page 1 of 3.

RESPONSE:

This is general corporate advertising that benefits all Xcel Energy legal entities through support of name recognition and good will for Xcel Energy as a whole. As such, a portion of these general advertising costs is allocated to SPS.

Preparers: Michael Pascucci, Shawn M. White
Sponsors: Shawn M. White, Evan D. Evans

QUESTION NO. AG 3-10:

Other than the Minnesota Wild Hockey Club LP, are there out of state entities listed within FERC Acct 930.11? What benefit do Texas rate payers receive from advertising with these entities?

RESPONSE:

SPS has been granted an extension to April 28, 2015 to respond to this question.

QUESTION NO. AG 3-11:

Please refer to Page 1 of 1 Exhibit SPS-TIEC 2-13(c) and explain how the factor of 5.975 used to determine the weighted read numbers for Secondary General and Primary General was calculated. Please provide workpapers to support the calculation.

RESPONSE:

SPS divided 2,817,804, which is the total actual meter read count for customer classes other than large Commercial and Industrial, by 70% to determine the total weighted meter read count. That brings large Commercial and Industrial customer classes to 30% of the total and all other customer classes to 70% of the total ($2,817,804 / 70\% = 4,025,434$). SPS then multiplied the result by 30% to determine the total weighted meter read count for large Commercial and Industrial customer classes ($4,025,434 * 30\% = 1,207,630$). SPS divided that result by the total actual meter read count for large Commercial and Industrial customer classes (202,108) to determine the weighting factor of 5.975 ($1,207,630 / 202,108 = 5.975$). Please refer to the worksheet "WP-Meter Reading" in the file "03 - RML-RD-2, 3, 5 through 13.xls" included on the native CD, "Weighted" column, line nos. 10, 12, 14, and 16.

Preparer: Ian Fetters
Sponsor: Richard M. Luth

QUESTION NO. AG 3-12:

Please explain in detail the types of meter serving Primary General customers and how these meters are read by SPS. In addition, please identify the types of meters serving State Agencies Accounts and confirm if any of the State Agencies Accounts use IDR meters.

RESPONSE:

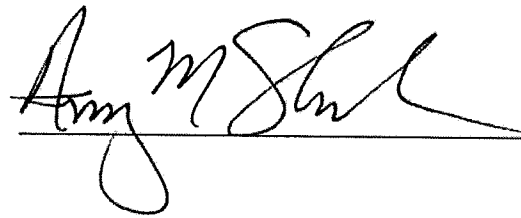
Primary General Service ("PG") customers own or lease all of the secondary voltage distribution facilities used to provide service to them. SPS has some PG customers that are metered at a primary voltage, and others that are metered at a secondary voltage near a transformer on the customer's distribution line. Most meters are read manually every month by meter readers, although SPS has some that are read either by telephone or by cellular modem. Meters made by a variety of manufacturers are installed for PG customers, depending on the reading requirements and service or voltage specifics applicable to each customer.

There are seven State Agency accounts on PG. All meters installed on those PG accounts have interval data recorders and are read remotely by landline or cellular phone.

Preparer: Rhett DeSpain
Sponsor: Richard M. Luth

CERTIFICATE OF SERVICE

I certify that on the 23rd day of April, 2015, a true and correct copy of the foregoing instrument was served on all parties of record by a combination of electronic service and hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission as allowed under SOAH Order No. 3, pages 3-4.



Amy M Shull

Southwestern Public Service Company

**Value of Assets Redeployed During the Test Year & the
Period From July 1, 2014 through December 31, 2014**

Equipment	Plant From	Plant to	Date of Transfer	Booked value
Pumps	Moore County	Training Department	June 2014	\$ 347,696.29
Reverse Osmosis Unit	Moore County	Plant X	June 2014	94,836.83
Instrument Air Compressor	Moore County	Plant X	June 2014	16,475.40
Instrument Air Dryer	Moore County	Plant X	June 2014	25,447.78
O2 Analyzer	Moore County	Plant X	June 2014	4,162.33
Cooling Tower Acid Tank	Moore County	Nichols Plant	June 2014	83,250.75
Inverter / battery charger	Moore County	Quay County	June 2014	50,746.87
Fork Lift (JCB Liftall model JL-520, Serial # 1049360)	Moore County	Quay County	June 2014	24,467.33
DCS Foxboro cabinets	Moore County	Harrington	June 2014	304,935.26
Mower, Zero turn	Moore County	Harrington	June 2014	1,149.90
Tractor, Ford 2000	Moore County	Harrington	June 2014	3,127.31
Boiler Ignitors and Burner Valves NFPA recommended	Moore County	Cunningham	June 2014	309,933.22
Total Transfer from Moore County				\$ 1,266,229.27