

## Southwestern Public Service Company

## Depreciation &amp; Amortization Expense

For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense				
			Depreciable Plant 6/30/2014	December Adjustments	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014
414	1999		441,444	-	441,444	4.600	20,306
415	1998		104,033	-	104,033	4.600	4,785
416	1997		565,516	-	565,516	4.600	26,014
417	1996		1,261,799	-	1,261,799	4.600	58,043
418	1995		408,661	-	408,661	4.600	18,798
419	1994		608,629	-	608,629	4.600	27,997
420	1993		617,776	-	617,776	4.600	28,418
421	1992		224,411	-	224,411	4.600	10,323
422	1991		336,645	-	336,645	4.600	15,486
423	1990		307,058	-	307,058	4.600	14,125
424	1989		419,011	-	419,011	4.600	19,274
425	Vintages > ASL		2,555,393	(7,138)	2,548,254	0.000	-
426		Total Laboratory Equipment	\$ 10,919,061	\$ (70,703)	\$ 10,848,359	3.497	\$ 384,729
427							\$ 381,805
428		Power Operated Equipment					
429	2014		\$ 693,917	\$ 168,663	\$ 862,580	6.190	\$ 42,953
430	2013		446,409	(12,995)	433,414	6.190	26,828
431	2012		580,762	-	580,762	6.190	35,949
432	2011		2,208,554	-	2,208,554	6.190	136,709
433	2010		3,775,791	-	3,775,791	6.190	233,721
434	2009		746,498	-	746,498	6.190	46,208
435	2008		-	-	-	6.190	-
436	2007		-	-	-	6.190	-
437	2006		331,037	-	331,037	6.190	20,491
438	2005		67,722	-	67,722	6.190	4,192
439	2004		38,255	-	38,255	6.190	2,368
440	2003		197,484	-	197,484	6.190	12,224
441	2002		-	-	-	6.190	-
442	2001		-	-	-	6.190	-
443	2000		248,125	-	248,125	6.190	15,359
444	1999		32,296	-	32,296	6.190	1,999
445	1998		-	-	-	6.190	-
446	1997		72,522	-	72,522	6.190	4,489
447	1996		188,135	-	188,135	6.190	11,646
448	Vintages > ASL		1,203,612	-	1,203,612	0.000	-
449		Total Power Operated Equipment	\$ 10,831,119	\$ 155,668	\$ 10,986,786	5.591	\$ 595,943
450							\$ 605,579
451		Communication Equipment					
452	2014		\$ 98,133	\$ 46,465	\$ 144,598	5.100	\$ 5,005
453	2013		18,307	132,478	150,785	5.100	934
454	2012		84,479	-	84,479	5.100	4,308
455	2011		276,704	-	276,704	5.100	14,112
456	2010		754,771	-	754,771	5.100	38,493
457	2009		912,685	-	912,685	5.100	46,547
458	2008		340,472	-	340,472	5.100	17,364

## Southwestern Public Service Company

## Depreciation &amp; Amortization Expense

For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense Requested Test Year				Adjustment: Current Rates at 6/30/2014 to Proposed Rates at 6/30/2014	Adjustment: December Adjustments at Proposed Rates at 12/31/2014
			Depreciable Plant 6/30/2014	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014		
414		1999	441,444	441,444	4.000	17,658	(2,649)	-
415		1998	104,033	104,033	4.000	4,161	(624)	-
416		1997	565,516	565,516	4.000	22,621	(3,393)	-
417		1996	1,261,799	1,261,799	4.000	50,472	(7,571)	-
418		1995	408,661	408,661	4.000	16,346	(2,452)	-
419		1994	608,629	608,629	4.000	24,345	(3,652)	-
420		1993	617,776	617,776	4.000	24,711	(3,707)	-
421		1992	224,411	224,411	4.000	8,976	(1,346)	-
422		1991	336,645	336,645	4.000	13,466	(2,020)	-
423		1990	307,058	307,058	4.000	12,282	(1,842)	-
424		1989	-	419,011	4.000	16,760	(19,274)	16,760
425		Vintages > ASI	2,974,403	2,548,254	0.000	-	-	-
426		Total Laboratory Equipment	10,919,061	10,848,359	3.060	317,786	(66,942)	14,218
427		Power Operated Equipment						
428		2014	693,917	862,580	4.737	32,870	(10,084)	7,989
429		2013	446,409	433,414	4.737	21,146	(6,487)	(616)
430		2012	580,762	580,762	4.737	27,510	(8,439)	-
431		2011	2,208,554	2,208,554	4.737	104,616	(32,094)	-
432		2010	3,775,791	3,775,791	4.737	178,853	(54,868)	-
433		2009	746,498	746,498	4.737	35,360	(10,848)	-
434	396	2008	-	-	4.737	-	-	-
435	Vintage	2007	-	-	4.737	-	-	-
436		2006	331,037	331,037	4.737	15,681	(4,810)	-
437		2005	67,722	67,722	4.737	3,208	(984)	-
438		2004	38,255	38,255	4.737	1,812	(556)	-
439		2003	197,484	197,484	4.737	9,355	(2,870)	-
440		2002	-	-	4.737	-	-	-
441		2001	-	-	4.737	-	-	-
442		2000	248,125	248,125	4.737	11,753	(3,606)	-
443		1999	32,296	32,296	4.737	1,530	(469)	-
444		1998	-	-	4.737	-	-	-
445		1997	72,522	72,522	4.737	3,435	(1,054)	-
446		1996	188,135	188,135	4.737	8,912	(2,734)	-
447		Vintages > ASI	1,203,612	1,203,612	0.000	-	-	-
448		Total Power Operated Equipment	10,831,119	10,986,786	4.218	456,040	(139,903)	7,374
449		Communication Equipment						
450		2014	98,133	144,598	6.933	6,804	1,799	3,222
451		2013	18,307	150,785	6.933	1,269	336	9,185
452		2012	84,479	84,479	6.933	5,857	1,549	-
453		2011	276,704	276,704	6.933	19,185	19,185	5,073
454		2010	754,771	754,771	6.933	52,331	13,837	-
455		2009	912,685	912,685	6.933	63,279	16,733	-
456	397	2008	340,472	340,472	6.933	23,606	6,242	-
457	Vintage							
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## Southwestern Public Service Company

## Depreciation &amp; Amortization Expense

For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense Current Test Year					Depreciation Expense 12/31/2014
			Depreciable Plant 6/30/2014	December Adjustments	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	
459		2007	6,238,440	-	6,238,440	5 100	318,160	318,160
460		2006	1,047,125	-	1,047,125	5 100	53,403	53,403
461		2005	5,667,383	-	5,667,383	5 100	289,037	289,037
462		2004	1,990,446	-	1,990,446	5 100	101,513	101,513
463		2003	351,905	-	351,905	5 100	17,947	17,947
464		2002	43,794	-	43,794	5 100	2,233	2,233
465		2001	2,892,748	-	2,892,748	5 100	147,530	147,530
466		2000	543,236	-	543,236	5 100	27,705	27,705
467		1999	1,387,442	-	1,387,442	5 100	70,760	70,760
468		1998	2,056,005	-	2,056,005	5 100	104,856	104,856
469		1997	7,529,800	-	7,529,800	5 100	384,020	384,020
470		1996	983,130	-	983,130	5 100	50,140	50,140
471		1995	914,277	-	914,277	5 100	46,628	46,628
472		1994	719,756	-	719,756	5 100	36,708	36,708
473		1993	6,546,036	-	6,546,036	5 100	333,848	333,848
474		1992	663,931	-	663,931	5 100	33,860	33,860
475		1991	825,912	-	825,912	5 100	42,121	42,121
476		Vintages > ASL	10,887,675	(0)	10,887,675	0 000	-	-
477		Total Communication Equipment	\$ 53,774,590	\$ 178,943	\$ 53,953,533	4 084	\$ 2,187,233	\$ 2,196,359
478		Communication Equipment - EMS						
479		2014	\$ 1,656,059.98	\$ 1,197,858.46	\$ 2,853,918	5 100	\$ 84,459	\$ 145,550
480		2013	2,889,764	(85,297)	2,804,467	5 100	147,378	143,028
481		2012	793,969	-	793,969	5 100	40,492	40,492
482		2011	484,946	-	484,946	5 100	24,732	24,732
483	397	2010	10,916	-	10,916	5 100	557	557
484		2009	1,290,008	-	1,290,008	5 100	65,790	65,790
485	397	Total Communication Equipment - EMS	\$ 7,125,663	\$ 1,112,561	\$ 8,238,224	5 896	\$ 363,409	\$ 420,149
486	Vintage	Miscellaneous Equipment						
487		2014	-	\$ 5,858	\$ 5,858	4 140	\$ -	\$ 243
488		2013	155,154	-	155,154	4 140	6,423	6,423
489		2012	156,805	-	156,805	4 140	6,492	6,492
490		2011	48,511	-	48,511	4 140	2,008	2,008
491		2010	22,296	-	22,296	4 140	923	923
492		2009	11,220	-	11,220	4 140	465	465
493	398	2008	108,737	-	108,737	4 140	4,502	4,502
494	Vintage	2007	38,586	-	38,586	4 140	1,597	1,597
495		2006	14,056	-	14,056	4 140	582	582
496		2005	64,121	-	64,121	4 140	2,655	2,655
497		2004	920,048	-	920,048	4 140	38,090	38,090
498		2003	273,384	-	273,384	4 140	11,318	11,318
499		2002	78,956	-	78,956	4 140	3,269	3,269
500		2001	1,340	-	1,340	4 140	55	55

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## Southwestern Public Service Company

## Depreciation &amp; Amortization Expense

For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense Requested Test Year				Adjustment: Current Rates at 6/30/2014 to Proposed Rates at 6/30/2014	Adjustment: December Adjustments at Proposed Rates at 12/31/2014
			Depreciable Plant 6/30/2014	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014		
459		2007	6,238,440	6,238,440	6.933	432,532	114,371	-
460		2006	1,047,125	1,047,125	6.933	72,601	19,197	-
461		2005	5,667,383	5,667,383	6.933	392,939	103,902	-
462		2004	1,990,446	1,990,446	6.933	138,004	36,492	-
463		2003	351,905	351,905	6.933	24,399	6,452	-
464		2002	43,794	43,794	6.933	3,036	803	-
465		2001	2,892,748	2,892,748	6.933	200,564	53,034	-
466		2000	543,236	543,236	6.933	37,664	9,959	-
467		1999	-	-	6.933	-	(70,760)	-
468		1998	-	-	6.933	-	(104,856)	-
469		1997	-	-	6.933	-	(384,020)	-
470		1996	-	-	6.933	-	(50,140)	-
471		1995	-	-	6.933	-	(46,628)	-
472		1994	-	-	6.933	-	(36,708)	-
473		1993	-	-	6.933	-	(333,848)	-
474		1992	-	-	6.933	-	(33,860)	-
475		1991	-	-	6.933	-	(42,121)	-
476		Vintages > ASL	-	32,513,963	0.000	-	-	-
477		Total Communication Equipment	\$ 21,260,627	\$ 53,953,533	2.755	\$ 1,474,070	\$ (713,163)	\$ 12,407
478		Communication Equipment - EMS						
479		2014	\$ 1,656,060	\$ 2,853,918	6.933	\$ 114,820	\$ 30,361	\$ 83,052
480		2013	2,889,764	2,804,467	6.933	200,357	52,979	(5,914)
481		2012	793,969	793,969	6.933	55,049	14,556	-
482		2011	484,946	484,946	6.933	33,623	8,891	-
483	397	2010	10,916	10,916	6.933	757	200	-
484		2009	1,290,008	1,290,008	6.933	89,441	23,650	-
485	397	Total Communication Equipment - EMS	\$ 7,125,663	\$ 8,238,224	6.933	\$ 494,046	\$ 130,637	\$ 77,138
486	Vintage							
487		Miscellaneous Equipment						
488		2014	\$ -	\$ 5,858	4.167	\$ -	\$ -	\$ 244
489		2013	155,154	155,154	4.167	6,465	41	-
490		2012	156,805	156,805	4.167	6,534	42	-
491		2011	48,511	48,511	4.167	2,021	13	-
492		2010	22,296	22,296	4.167	929	6	-
493		2009	11,220	11,220	4.167	468	3	-
494	398	2008	108,737	108,737	4.167	4,531	29	-
495	Vintage	2007	38,586	38,586	4.167	1,608	10	-
496		2006	14,056	14,056	4.167	586	4	-
497		2005	64,121	64,121	4.167	2,672	17	-
498		2004	920,048	920,048	4.167	38,335	245	-
499		2003	273,384	273,384	4.167	11,391	73	-
500		2002	78,956	78,956	4.167	3,290	21	-
501		2001	1,340	1,340	4.167	56	0	-
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Southwestern Public Service Company  
Depreciation & Amortization Expense  
For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense Current Test Year					
			Depreciable Plant 6/30/2014	December Adjustments	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014
503		2000	12,408	-	12,408	4.140	514	514
504		1999	50,023	-	50,023	4.140	2,071	2,071
505		1998	11,216	-	11,216	4.140	464	464
506		1997	15,579	-	15,579	4.140	645	645
507		1996	123,669	-	123,669	4.140	5,120	5,120
508		1995	178,908	-	178,908	4.140	7,407	7,407
509		1994	119,508	-	119,508	4.140	4,948	4,948
510		1993	51,416	-	51,416	4.140	2,129	2,129
511		1992	52,102	-	52,102	4.140	2,157	2,157
512		1991	58,847	-	58,847	4.140	2,436	2,436
513		1990	40,646	-	40,646	4.140	1,683	1,683
514		Vintages > ASL	259,718	-	259,718	0.000	-	-
515		Total Miscellaneous Equipment	\$ 2,867,253	\$ 5,858	\$ 2,873,112	3.773	\$ 107,952	\$ 108,194
516		TOTAL GENERAL	\$ 285,229,720	\$ 16,988,475	\$ 302,218,195	5.246	\$ 12,629,221	\$ 14,962,571
517		Reserve Deficiency over 10 years for AR 15 Assets						
518		TOTAL DEPRECIATION EXPENSE	\$ 4,800,900,348	\$ 343,849,041	\$ 5,144,749,388	2.401	\$ 103,730,356	\$ 115,262,202

(1) Distribution depreciable plant balances include both Texas and New Mexico distribution assets

(1) Distribution depreciable plant balances include both Texas and New Mexico distribution assets

Southwestern Public Service Company  
Depreciation & Amortization Expense  
For Year Ended June 30, 2014

Line No.	Unit or Account Number	Account Number and/or Description	Depreciation Expense Requested Test Year				Adjustment: Current Rates at 6/30/2014 to Proposed Rates at 6/30/2014	Adjustment: December Adjustments at Proposed Rates at 12/31/2014
			Depreciable Plant 6/30/2014	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014	
503		2000	12,408	12,408	4.167	517	517	-
504		1999	50,023	50,023	4.167	2,084	2,084	-
505		1998	11,216	11,216	4.167	467	467	-
506		1997	15,579	15,579	4.167	649	649	-
507		1996	123,669	123,669	4.167	5,153	5,153	-
508		1995	178,908	178,908	4.167	7,455	7,455	-
509		1994	119,508	119,508	4.167	4,980	4,980	-
510		1993	51,416	51,416	4.167	2,142	2,142	-
511		1992	52,102	52,102	4.167	2,171	2,171	-
512		1991	58,847	58,847	4.167	2,452	2,452	-
513		1990	-	-	4.167	-	-	-
514		Vinages > ASL	300,364	300,364	0.000	-	-	(1,683)
515		Total Miscellaneous Equipment	2,867,253	2,873,112	3.731	106,954	107,198	-
516		TOTAL GENERAL	\$ 252,715,757	\$ 302,218,195	5.320	\$ 13,648,901	\$ 16,076,500	\$ 2,427,599
517		Reserve Deficiency over 10 years for AR 15 Assets				1,877,606	1,877,606	-
518		TOTAL DEPRECIATION EXPENSE	\$ 4,768,386,384	\$ 5,144,749,389	2.746	\$ 129,703,515	\$ 141,272,212	\$ 11,568,697

(1) Distribution depreciable plant balances include both Texas and New Mexico dis

Southwestern Public Service Company  
Depreciation & Amortization Expense  
For Year Ended June 30, 2014

		Amortization Expense - Electric						
		Current Test Year						
Line No.	Account Number	Description of Account	Depreciable Plant 6/30/2014	December Adjustments	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014
1	<u>Intangibles</u>							
2	301	Franchise and Licenses	-	-	-	-	\$ -	\$ -
3	303	Computer Software - 3 Year	-	525,684	525,684	33.33	-	175,211
4	303	Computer Software - 5 Year	62,252,269	(12,008,409)	50,243,860	20.00	12,450,454	10,048,772
5	303	Computer Software - 10 Year	(2,415,886)	8,665,096	6,249,211	10.00	(241,589)	624,921
6		Total Miscellaneous Intangibles	\$ 59,836,383	\$ (2,817,628)	\$ 57,018,755	19.03	\$ 12,208,865	\$ 10,848,904
7	<u>Steam Production</u>							
8	310.2	Land Rights- NM	53,100	-	53,100	1.79	\$ 950	\$ 950
	310.2	Land Rights- TX	13,705	-	13,705	3.43	470	470
9	310.2	Land Rights- NM	108,562	-	108,562	3.43	3,724	3,724
	310.2	Land Rights- TX	463	-	463	3.43	16	16
10	310.2	Land Rights- TX	676,746	-	676,746	3.43	23,212	23,212
11	310.2	Land Rights- TX	1,245	-	1,245	3.43	43	43
12	310.2	Land Rights- TX	19,917	-	19,917	3.43	683	683
13	310.2	Land Rights- TX	277,377	-	277,377	3.43	9,514	9,514
14	310.4	Water Rights	17,164	-	17,164	2.41	414	414
15	310.4	Water Rights	1,314,134	-	1,314,134	2.41	31,671	31,671
16	310.4	Water Rights	4,335,379	5,511,651	9,847,030	2.41	104,483	237,313
17		Total Steam Production	\$ 6,837,762	\$ 5,511,651	\$ 12,349,414	2.50	\$ 175,537	\$ 308,368
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## Southwestern Public Service Company

## Depreciation &amp; Amortization Expense

For Year Ended June 30, 2014

		Amortization Expense - Electric										
		Requested Test Year										
Line No.	Account Number	Description of Account	Depreciable Plant 6/30/2014	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014	Adjustment: Current Rates at 6/30/2014 to Proposed Rates at 6/30/2014	Adjustment: December Adjustments at Proposed Rates at 12/31/2014			
1	Intangibles											
2	301	Franchise and Licenses	\$ -	-	-	\$ -	-	\$ -	-	\$ -	-	
3	303	Computer Software - 3 Year	-	525,684	33.33	-	175,211	-	-	175,211	-	
4	303	Computer Software - 5 Year	62,252,269	50,243,860	20.00	12,450,454	10,048,772	-	-	(2,401,682)	-	
5	303	Computer Software - 10 Year	(2,415,886)	6,249,211	10.00	(241,589)	624,921	-	-	866,510	-	
6		Total Miscellaneous Intangibles	\$ 59,836,383	\$ 57,018,755	19.03	\$ 12,208,865	\$ 10,848,904	-	-	\$ (1,359,962)	-	
7	Steam Production											
8	310.2	Land Rights- NM	\$ 53,100	\$ 53,100	1.42	\$ 755	\$ 755	\$ (196)	\$ -	-	-	
	310.2	Land Rights- TX	13,705	13,705	1.97	270	270	(200)	-	-	-	
9	310.2	Land Rights- TX	108,562	108,562	2.79	3,030	3,030	(693)	-	-	-	
	310.2	Land Rights- NM	17,271	17,271	1.21	301	301	-	-	-	-	
	310.2	Land Rights- TX	463	463	-	-	-	(16)	-	-	-	
10	310.2	Land Rights- TX	676,746	676,746	3.96	26,790	26,790	3,578	-	-	-	
11	310.2	Land Rights- TX	1,245	1,245	-	-	-	(43)	-	-	-	
12	310.2	Land Rights- TX	19,917	19,917	1.54	306	306	(377)	-	-	-	
13	310.2	Land Rights- TX	277,377	277,377	1.48	4,092	4,092	(5,422)	-	-	-	
14	310.4	Water Rights	17,164	17,164	-	-	-	(414)	-	-	-	
15	310.4	Water Rights	1,314,134	1,314,134	1.18	15,505	15,505	(16,165)	-	-	-	
16	310.4	Water Rights	4,335,379	9,847,030	2.49	108,025	245,358	3,542	-	137,334	-	
17		Total Steam Production	\$ 6,837,762	\$ 12,349,414	2.40	\$ 159,154	\$ 296,488	\$ (16,382)	\$ -	\$ 137,334	-	
18												
19												
20												

00257

00252

050



Southwestern Public Service Company  
Depreciation & Amortization Expense  
For Year Ended June 30, 2014

		Amortization Expense - Electric						
		Current Test Year						
Line No.	Account Number	Description of Account	Depreciable Plant 6/30/2014	December Adjustments	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014
21		Internal Combustion Production						
22	340.2	Land Rights-Riverview	\$ 676	\$ -	676	12.41	\$ 84	\$ 84
		Total Internal Combustion Production	\$ 676	\$ -	676	12.41	\$ 84	\$ 84
<u>Transmission</u>								
26	350.2	Land Rights	\$ 74,461,243	\$ 10,672,243	\$ 85,133,486	1.19	\$ 886,089	\$ 1,013,088
27		Total Transmission	\$ 74,461,243	\$ 10,672,243	\$ 85,133,486	1.19	\$ 886,089	\$ 1,013,088
<u>Distribution</u>								
28	360.2	Land Rights	\$ 4,965,944	\$ 566,191	\$ 5,532,135	1.43	\$ 71,013	\$ 79,110
29		Total Distribution	\$ 4,965,944	\$ 566,191	\$ 5,532,135	1.43	\$ 71,013	\$ 79,110
<u>General Plant</u>								
30	389.2	Land Rights	\$ 45,967	\$ -	45,967	1.29	\$ 593	\$ 593
31		Total Electric General	\$ 45,967	\$ -	45,967	1.29	\$ 593	\$ 593
32		Total Amortization	\$ 146,147,975	\$ 13,932,457	\$ 160,080,432		\$ 13,342,181	\$ 12,250,146

Southwestern Public Service Company  
Depreciation & Amortization Expense  
For Year Ended June 30, 2014

		Amortization Expense- Electric					
		Requested Test Year					
Line No.	Account Number	Description of Account	Depreciable Plant 6/30/2014	Depreciable Plant 12/31/2014	Depreciation Rate	Depreciation Expense 6/30/2014	Depreciation Expense 12/31/2014
<u>Internal Combustion Production</u>							
21							
22	340 2	Land Rights-Riverview	\$ 676	\$ 676	-	\$ -	\$ -
		Total Internal Combustion Production	\$ 676	\$ 676	-	\$ -	\$ -
<u>Transmission</u>							
26	350 2	Land Rights	\$ 74,461,243	\$ 85,133,486	1.26	\$ 935,212	\$ 1,069,252
27		Total Transmission	\$ 74,461,243	\$ 85,133,486	1.26	\$ 935,212	\$ 1,069,252
<u>Distribution</u>							
28	360.2	Land Rights	\$ 4,965,944	\$ 5,532,135	1.41	\$ 69,888	\$ 77,857
29		Total Distribution	\$ 4,965,944	\$ 5,532,135	1.41	\$ 69,888	\$ 77,857
<u>General Plant</u>							
30	389.2	Land Rights	\$ 45,967	\$ 45,967	2.46	\$ 1,133	\$ 1,133
31		Total Electric General	\$ 45,967	\$ 45,967	2.46	\$ 1,133	\$ 1,133
32		Total Amortization	\$ 146,147,975	\$ 160,080,432		\$ 13,374,253	\$ 12,293,634
						Adjustment: Current Rates at 6/30/2014 to Proposed Rates at 6/30/2014	Adjustment: December Adjustments at Proposed Rates at 12/31/2014
						\$ (84)	\$ -
						\$ (84)	\$ -
						\$ 49,123	\$ 134,040
						\$ 49,123	\$ 134,040
						\$ (1,125)	\$ 7,968
						\$ (1,125)	\$ 7,968
						\$ 540	\$ -
						\$ 540	\$ -
						\$ 32,072	\$ (1,080,619)

**QUESTION NO. OPL 2-10:**

Please provide all examples of which SPS is aware where the PUC has granted a good cause exception to any of the provisions of PUC SUBST. R. 25.231(c)(2)(F).

**RESPONSE:**

SPS has not researched this issue.

Preparer: Brooke Trammell  
Sponsor: Evan D. Evans

**QUESTION NO. OPL 2-12:**

Please refer to Mr. Evans' Revenue Requirement testimony at pg. 53, lines 17-20. Please provide all analyses which demonstrate that any or all of the post test year adjustment projects needs to be included in SPS's base rate to "avoid impairing its financial integrity."

**RESPONSE:**

SPS has not performed any such analysis. However, it is self-evident that, all else being equal, enduring a delay of a year or more in obtaining a return of and on investment that is currently being used to serve customers will drive a utility's return below the level it would be if the utility was able to obtain more timely recovery. Note also that the phrase "impairing its financial integrity," as used in Mr. Evans's testimony, is not synonymous with bankruptcy or financial ruin. A utility can have its financial integrity impaired without being brought to the verge of bankruptcy, and in Mr. Evan's view, the Commission should strive to reach an outcome that is more constructive than one that brings the utility close to financial ruin.

Preparer: Evan D. Evans

Sponsor: Evan D. Evans

**QUESTION NO. OPUC 6-21:**

Ms. Reed states on page 36 of her testimony that the Company's AIP expense request is partially determined by 2013 AIP target level expenses. Did SPS assume that the July 2013 to December 2013 AIP expenses were simply ½ of the 2013 target amount? If not, please explain the methodology used to determine the July-December 2013 requested amounts.

**RESPONSE:**

No. AIP expense is calculated as a percentage of base salary expense, and AIP is a percentage loader on top of base salary. For this case, the AIP loader is applied to the budgeted base salary expense for non-bargaining unit employees in March 2015. The AIP expense requested in this case was reduced to meet the 100 percent AIP target for 2015. SPS witness Deborah A. Blair made further adjustments to arrive at the Test Year amount of AIP expense. Please refer to page 46 of Ms. Blair's direct testimony (Vol. RR16, page 102 of 426).

Preparers: Arthur P. Freitas, Kirsten Wick  
Sponsors: Deborah A. Blair, Jill H. Reed

**QUESTION NO. OPUC 7-5:**

Ms. Jill Reed states on page 36 that SPS's AIP expense request represents test year "target" level AIP awards. Please explain how the "target" level has been calculated with reference to the following components:

- a. What assumptions were made regarding the individual performance ranges? Were they assumed to be at "budget" or at some other level?
- b. What assumptions were made regarding the individual performance ratings? Were they assumed to be exceptional, exceeding, etc.?
- c. What assumptions were made regarding the funding mechanism? Was the 100% funding level used? What earnings per share does the funding level assume for the Company for 2014?

**RESPONSE:**

- a.-b. As discussed beginning on page 28 of the Direct Testimony of Jill Reed (Vol. RR15, page 28 of 579), the AIP target assumes an employee achieves 100 percent of his or her applicable performance objectives. The 100 percent assumption reflects an expectation that the employee will meet, but not exceed, his or her performance objectives. In addition, the Business Area and Corporate results are assumed to be at 100 percent. Thus, 100 percent achievement is the AIP target. The AIP target used for Test Year revenue requirement purposes was the 2015 AIP target.

As noted on page 29 of Ms. Reed's direct testimony (Vol. RR15, page 29 of 579), actual AIP payments to employees may exceed or fall below the target amounts, depending upon the actual performance of the three AIP components. The maximum payout is 150 percent of the target amount based on exceptional performance, and the minimum payout is 50 percent of the target. Performance below the 50% level results in no incentive compensation.

For Test Year revenue requirement purposes, SPS assumed 100 percent achievement of performance objectives. As noted in Ms. Reed's direct testimony, although actual AIP payments may exceed the 100 percent AIP target, SPS is seeking recovery of only the 100 percent target through base rates (Vol. RR15, page 36 of 579).

- c. SPS assumed the earnings per share ("EPS") affordability trigger was met. The EPS affordability trigger for the 2014 AIP Plan Year is \$1.90. The EPS level for the 2015 AIP has not yet been established. SPS will supplement the response when the information is available.

Preparer: Kirsten Wick  
Sponsor: Jill H. Reed

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

Please provide more details regarding the funding mechanism described on page C-8 of Attachment JHR-RR-3 (Conf). For 2013 and 2014, what assumptions were made regarding the funding mechanisms used to calculate "target" AIP rewards? Was the 100% funding level assumed? Did the 2014 AIP funding level assume that the 2014 earnings were above or below the EPS ranges specified on p. C-8 (2014 plan)? Did the 2013 AIP funding level assume that EPS were above or below the EPS ranges specified in the 2013 AIP plan? Explain your response.

**RESPONSE:**

The following assumptions were made with regard to AIP funding:

- Funding for the AIP is at the 100% target, which is a 100% funding level (*i.e.*, not 50% or 150%);
- Each employee achieves 100% of his or her applicable individual performance objectives;
- The Business Area and Corporate results are 100%; and
- The EPS affordability trigger is met for each AIP plan year, which for 2013 was \$1.85 and for 2014 was \$1.90.

Preparer: Kirsten Wick  
Sponsor: Jill H. Reed

**QUESTION NO. Staff 1-9:**

Reference page 20 of Company witness Reed's direct testimony. Please provide a copy of the board minutes during which XCEL and/or SPS directors approved the 2015 3% base salary increase for non-bargaining employees.

**RESPONSE:**

The final approval for authorizing 2015 base salary increases for non-bargaining employees will occur in February or March 2015. Thus, no documentation is available at this time. SPS will supplement this response following approval.

Preparer: Kirsten Wick  
Sponsor: Jill H. Reed



## **SUPPLEMENTAL RESPONSE**

### **QUESTION NO. Staff 1-9:**

Reference page 20 of Company witness Reed's direct testimony. Please provide a copy of the board minutes during which XCEL and/or SPS directors approved the 2015 3% base salary increase for non-bargaining employees.

### **APRIL 29, 2015 SUPPLEMENTAL RESPONSE:**

Approval of the 3% 2015 merit base salary increases occurred on February 26, 2015 and base salary increases were effective March 16, 2015. As a customary practice of salary administration for non-bargaining employees, the base salary increase budget and resulting base salary increases for eligible non-bargaining employees are approved by Xcel Energy Inc.'s Chief Executive Officer with coordination of the Vice President of Human Resources, not by the Board of Directors. Thus, there are no board minutes regarding approval of a 2015 3% base salary increase for non-bargaining employees.

Preparer: Michael Knoll  
Sponsor: Jill H. Reed

**QUESTION NO. Staff 1-10:**

Please provide a copy of the renegotiated contract for bargaining unit employees which supports the 2015 base salary increase of 3%.

**RESPONSE:**

SPS and the union are currently in ongoing collective bargaining negotiations for a successor collective bargaining agreement ("CBA"). Based upon the outcome of past negotiations, it is almost certain that the successor CBA will, in fact, contain such wage increases. A review of wage increases agreed to by SPS and the union in prior agreements is a rational basis for estimating the outcome of the current negotiations. Table JHR-RR-4 of the Direct Testimony of Jill H. Reed provides the historical base wage increases for bargaining employees under collective bargaining agreements going back to November 1, 2008 (*see* Vol. RR15, page 22 of 579). The average of these base wage increases is 3.05 percent. Thus, the historical base wage increases provided to bargaining employees under past collective bargaining agreements supports the use of a 3 percent base wage increases for rate-making purposes.

Preparer: Kirsten Wick  
Sponsors: Evan D. Evans, Jill H. Reed

**QUESTION NO. TIEC 1-10:**

Referring to page 14 of Mr. Evans' testimony, please explain why SPS is not asking the Commission to include CWIP in rate base or to engage in deferred accounting. Would SPS be eligible for inclusion of CWIP in rate base or deferred accounting treatment?

**RESPONSE:**

SPS is not asking the Commission to include CWIP in rate base because PURA § 36.054 states, "The inclusion of construction work in progress is an exceptional form of rate relief that the regulatory authority may grant only if the utility demonstrates that inclusion is necessary to the utility's financial integrity." In SPS's view its request for good cause exceptions to include six additional months of capital additions in rate base is less exceptional than an exception for CWIP in rate base.

SPS is not seeking to engage in deferred accounting because SPS believes its approach better matches the timing of costs and the recovery of those costs, and is a better remedy to addressing regulatory lag. Moreover, deferred accounting does not provide assurance that the deferred amounts will be recovered in rates.

Preparer: Evan D. Evans  
Sponsor: Evan D. Evans

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

Referring to page 45 of Ms. Blair's testimony:

- a. Please state whether (and explain how) the November 2014 and March 15, 2015 wage increases are known and measurable.
- b. Please state whether the referenced wage increases that have actually occurred.
- c. Please quantify the impact of the as incurred wage increases on Texas Retail revenue requirement.

**RESPONSE:**

- a. Historically, Xcel Energy has provided an annual merit increase to its non-bargaining unit employees in March of each year, and it plans to do so again in March 2015. The wage increase will be confirmed before Intervenor testimony is due to be filed in this case. As discussed by SPS witness Jill H. Reed, SPS is in negotiations with its bargaining unit employees regarding wages (Vol. RR15, pages 22-23 of 579). Please refer to SPS's responses to Question Nos. Staff 1-9 and 1-10.
- b. The wage increases have not yet occurred. Please refer to SPS's responses to Question Nos. Staff 1-9 and 1-10.
- c. The impact of the wage increases on the proposed Texas retail revenue requirement is \$1,965,957.

Preparers: Deborah A. Blair, Arthur P. Freitas

Sponsors: Deborah A. Blair, Jill H. Reed

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

Referring to page 69 of Ms. Blair's testimony, please quantify the Texas retail impact of the Post Test Year plant adjustments.

**RESPONSE:**

The impact to the Texas retail revenue requirement from removing the post-Test Year plant additions and related adjustments is a reduction of \$29,666,626. Please refer to Exhibit SPS-TIEC 2-11(V)(CD), provided on the enclosed CD.

Preparers: Deborah A. Blair, Arthur P. Freitas  
Sponsor: Deborah A. Blair

**QUESTION NO. TIEC 6-3:**

Please identify all P.U.C. proceedings of which SPS is aware in which the Commission granted an exception or waiver to any of the requirements for post- test-year adjustments set forth in P.U.C. Subst. R. 25.231(c)(2)(F).

**RESPONSE:**

SPS has not researched this issue.

Preparer: Brooke Trammell  
Sponsor: Evan D. Evans

**QUESTION NO. AXM 8-7:**

[Pension Asset] **Ref: Moeller Direct, pp. 33-38.** At pages 37-38, Mr. Moeller refers to two dockets (Docket Nos. 33309 and 38396) in which the Commission has allowed the subject utility to include the prepaid pension asset in rate base. Please provide the following: [Note: For reference purposes, see AXM RFI 13-44 in Docket No. 35763.]

- a. Has this Commission previously allowed the pension asset (or pension liability) in rate base in prior SPS rate cases? If so, please identify each such case by docket number.
- b. Please provide the amount of the pension asset (or pension liability) included in rate base in each rate case identified in response to part (a) above, showing both Total Company and Texas Retail amounts.
- c. Please provide the amount of the accumulated deferred income tax reserve balance associated with the pension asset (or pension liability) included in rate base in each rate case identified in response to part (a) above, showing both Total Company and Texas Retail amounts.
- d. Referring to part (a) above, please explain whether any party to the rate case opposed (or concurred with) the Company's request to include the pension asset/liability in rate base.
- e. Referring to the rate case dockets identified in response to part (a) above, please state whether such rate base inclusion was the result of a litigated issue or a negotiated settlement.

**RESPONSE:**

- a. Not expressly. All of SPS's Texas base rate cases since the adoption of SFAS 87 in 1987 have resulted in settlements. Neither the Commission orders in those dockets nor the settlements themselves have specified the dollar amounts of various components underlying the agreed-upon changes in base rates. The existence of a negative pension expense can eliminate or defer the need for a utility to file for a base rate increase. Moreover, when the utility does file for a rate increase, the negative pension expense reduces the amount of the requested increase and establishes a lower starting point for the revenue requirement that the parties discuss during settlement negotiations.
- b. Please refer to SPS's response to subpart (a).
- c. To the extent this subpart is asking what amount of accumulated deferred federal income taxes ("ADFIT") was associated with the prepaid pension asset included in rate base in prior rate cases, please refer to SPS's response to subpart (a) of this request. To the extent this subpart is asking what amount of ADFIT was associated

with the prepaid pension asset that SPS proposed to include in rate base in prior cases, please refer to the following table:

Docket No.	ADFIT Associated with Prepaid Pension Asset (Total Company)	ADFIT Associated with Prepaid Pension Asset (Texas Retail)
38147	\$64,579,914	\$37,263,749
35763	\$54,674,238	\$33,111,836
32766	\$48,016,877	\$28,883,843
11520	\$586,646	\$355,963

- d. AXM was a party in Docket Nos. 32766, 35763, and 38147; it was served with all testimony by the parties in that docket; and it has access to the Commission's Interchange Filer, which can be used to research and read the parties' testimony and positions in those three dockets. Thus, AXM and its consultants have equal access to the information requested and are equally capable of researching it.

SPS's files no longer contain copies of the parties' testimony in Docket No. 11520. But in their lists of contested issues, neither the Staff nor any Intervenor listed the treatment of the prepaid pension asset in rate base as an issue. Thus, there was no explicit opposition or concurrence with SPS's proposed treatment of the prepaid pension asset.

- e. Please refer to SPS's response to subpart (a).

Preparer: Todd Degrugillier  
Sponsor: Mark P. Moeller



**QUESTION NO. AXM 8-8:**

[Pension Asset] **Ref: Moeller Direct, pp. 33-38.** Please provide the following information for each docket referenced in the immediately preceding request for information, including but not necessarily limited to the dockets listed below: [Note: For reference purposes, see AXM RFI 23-20 in Docket No. 35763.]

- a. Please identify the test year in each of the following Texas proceedings:
  - i. Docket No. 32766.
  - ii. Docket No. 11520.
  - iii. Docket No. 6465.
  - iv. Docket No. 4387.
- b. Please identify the amount of any pension asset or liability the Company proposed to include in rate base in each of the following Texas proceedings:
  - i. Docket No. 32766.
  - ii. Docket No. 11520.
  - iii. Docket No. 6465.
  - iv. Docket No. 4387.
- c. Please provide the amount of FAS87 based NPPC included in O&M expense in each of the following Texas proceedings:
  - i. Docket No. 32766.
  - ii. Docket No. 11520.
  - iii. Docket No. 6465.
  - iv. Docket No. 4387.

**RESPONSE:**

- a.
  - i. Docket No. 38147—January 1, 2009 through December 31, 2009
  - ii. Docket No. 35763 – January 1, 2007 through December 31, 2007
  - iii. Docket No. 32766—October 1, 2004 through September 30, 2005
  - iv. Docket No. 11520—October 1, 1991 through September 30, 1992
  - v. Docket No. 6465—July 1, 1984 through June 30, 1985
  - vi. Docket No. 4387—September 1, 1980 through August 31, 1981
- b.
  - i. Docket No. 38147—Prepaid pension asset of \$178,476,873
  - ii. Docket No. 35763—Prepaid pension asset of \$154,909,005.
  - iii. Docket No. 32766—Prepaid pension asset of \$134,881,482
  - iv. Docket No. 11520—Prepaid pension asset of \$1,059,937

- v. Prior to the establishment of SFAS 87
- vi. Prior to the establishment of SFAS 87

c.

- i. Docket No. 38147—Qualified pension expense of \$5,085,082 (total company)
- ii. Docket No. 35763—Qualified pension expense of (\$8,217,749) (total company)
- iii. Docket No. 32766—Qualified pension expense of (\$3,591,099)(total company)
- iv. Docket No. 11520—Qualified pension expense of \$8,117,804 (total company)
- v. Prior to the establishment of SFAS 87
- vi. Prior to the establishment of SFAS 87

Preparers: Susan Brymer, Wesley Berger  
Sponsor: Mark P. Moeller

**QUESTION NO. AXM 11-7:**

[Incentive Compensation] Ref: Lowenthal Direct, page 29. (AIP). The referenced testimony states: "In addition, the EPS is still used as an affordability trigger (ability to pay), as payment of incentive compensation in the face of poor financial performance would not be reasonable." Please provide the following

- a. Is the same "affordability trigger" applied to all incentive compensation plans offered to eligible SPS or Xcel Energy employees? Please explain.
- b. For the 2012 and 2013 AIP plan years, please provide the actual and target EPS values, including EPS amounts at threshold or maximum levels if applicable.
- c. In calculating actual EPS for 2012 or 2013 incentive compensation purposes, did the Company make any adjustments to recorded financial results to determine actual EPS for incentive compensation purposes? Please explain.

**RESPONSE:**

- a. Yes, the same affordability trigger applies to all employees eligible for incentive compensation. The Earnings Per Share ("EPS") affordability trigger is only applicable to the Annual Incentive Program ("AIP") and only to the Corporate component of that program.
- b. For the 2012 AIP, the EPS threshold (affordability trigger) was \$1.75, and the actual EPS was \$1.85. For the 2013 AIP, the EPS threshold (affordability trigger) was \$1.85, and the actual EPS was \$1.95. Target and maximum do not apply to the use of EPS in the AIP.
- c. In 2012, no adjustments were made to financial results to determine EPS for the AIP. In 2013, one adjustment was made as a result of the Federal Energy Regulatory Commission's Order in *Golden Spread Elec. Coop., Inc. v. Southwestern Pub. Serv. Co.*, Opinion No. 501-A, 144 FERC ¶ 61,132 (2013).

Preparer: Kirsten Wick  
Sponsor: Ruth K. Lowenthal

**QUESTION NO. AXM 11-8:**

[Incentive Compensation] Ref: Lowenthal Direct, page 29. (AIP). The referenced testimony states: "In addition, the EPS is still used as an affordability trigger (ability to pay), as payment of incentive compensation in the face of poor financial performance would not be reasonable." Please provide the following:

- a. Please provide the target, minimum and maximum EPS triggers for 2012, 2013 and 2014.
- b. Please provide the achieved EPS for 2012 and 2013, as the information becomes available.
- c. Please confirm that the EPS component is based on consolidated EPS, not separate EPS by operating company. If this cannot be confirmed, please explain.
- d. Please provide the net income contribution of each operating company to the consolidated net income and show the resulting calculation of the consolidated EPS for 2012 and 2013, as the information becomes available.
- e. Referring to parts (b) and (d) above, please identify, describe and explain the need for any adjustments or modifications to actual net income in the quantification of EPS for incentive compensation purposes.
- f. Referring to parts (b) and (d) above, please provide the actual return on equity achieved by each operating company and consolidated operations in 2012 and 2013, as the information becomes available.
- g. Referring to parts (b) and (d) above, please provide available information demonstrating the contribution of SPS and SPS-Texas to consolidated net income in 2012 and 2013, as the information becomes available.

**RESPONSE:**

- a. The trigger sets a minimum amount, below which the program will not pay. For 2012 AIP it was \$1.75, for 2013 AIP it was \$1.85, and for 2014 it is \$1.90.
- b. Please refer to SPS's response to Question No. AXM 11-7(b).
- c. Yes, the EPS component is based on consolidated EPS.

d.

	2013 YE	2013 EPS	2012 YE	2012 EPS
<b>Net Income</b>				
PSCo	\$ 453,289	\$ 0.91	\$ 441,157	\$ 0.90
NSPM	393,346	0.79	340,218	0.70
SPS	115,368	0.23	106,410	0.22
NSPW	59,468	0.12	49,972	0.10
Wyco/West Gas	17,633	0.04	17,575	0.04
<b>Total Reg</b>	<b>\$ 1,039,104</b>	<b>\$ 2.09</b>	<b>\$ 955,332</b>	<b>\$ 1.96</b>
Eloigne	(810)	-	3,834	0.01
Xcel Holding	(70,549)	(0.14)	(71,196)	(0.15)
Other	587	-	478	-
<b>Total Nonreg</b>	<b>\$ (70,772)</b>	<b>\$ (0.14)</b>	<b>\$ (66,884)</b>	<b>\$ (0.14)</b>
<b>Total Xcel-Ongoing</b>	<b>\$ 968,332</b>	<b>\$ 1.95</b>	<b>\$ 888,448</b>	<b>\$ 1.82</b>
PSRI	94	-	(86)	-
Prescription drug tax benefit	-	-	16,867	0.03
FERC 205 Filing	(20,192)	(0.04)	0	-
<b>Total Xcel-Cont Ops</b>	<b>\$ 948,234</b>	<b>\$ 1.91</b>	<b>\$ 905,229</b>	<b>\$ 1.85</b>

e. Please refer to SPS's response to Question No. AXM 11-7(c).

f. The following returns on equity are based on a 13-month average calculation from an ongoing standpoint.

NSP-M	9.24%
NSP-W	10.44%
PSCo	9.62%
SPS	8.84%
Total Regulated	9.42%
Xcel Energy	10.40%

g.

(in Thousands)	<b>2013 Year End</b>	<b>2012 Year End</b>
SPS Net Income	\$115,368	\$106,410

Xcel Energy does not calculate contribution to consolidated net income by state.

Preparers: Kirsten Wick, Anthony Russeth  
Sponsors: Ruth K. Lowenthal, Michael J. Rodriguez

**QUESTION NO. AXM 29-6:**

**[Incentive Compensation] Ref: SPS response to AXM RFIs 11-7 & 11-8 (EPS).** In response to part (c) of AXM RFI 11-7, the Company stated that one adjustment was made to the 2013 recorded financials in determining EPS for incentive compensation purposes and referenced a FERC opinion. Please provide the following:

- a. Please explain the nature of the circumstances that resulted in the referenced FERC opinion.
- b. Please provide a schedule showing the amount of:
  - i The recorded financial results before the adjustment;
  - ii the amount of the FERC related adjustment; and
  - iii the adjusted results for incentive compensation purposes.
- c. Referring to part (b) above, please show the EPS attributable to:
  - i the recorded financial results before the adjustment;
  - ii the amount of the FERC related adjustment; and
  - iii the adjusted results for incentive compensation purposes.
- d. Referring to part (b) above, please provide a breakdown of the adjustment amount between the following entities:
  - i NSP-M
  - ii NSP-W
  - iii PSCo
  - iv SPS
- e. Why did SPS or Xcel Energy determine that the recorded financial results should be adjusted as a result of this FERC opinion? Please explain.

**RESPONSE:**

- a. In *Golden Spread Elec. Coop., Inc. v. Southwestern Pub. Serv. Co.*, Opinion No. 501-A, 144 FERC ¶ 61,132 (2013) (“Rehearing Order”), the FERC reversed a decision it had previously made on April 21, 2008, in which it found SPS to be a 12-coincident-peak (“CP”) utility for production demand allocation purposes. Demand allocation refers to the method of apportioning fixed capacity costs among jurisdictions. FERC typically uses a coincident peak method to allocate demand costs through which demand costs are allocated based on the jurisdiction’s load at the time of the system peak load. Through the Rehearing Order, FERC considered the results of three separate peak load tests to determine whether the SPS system demands are characteristic of a 3-CP system or a 12-CP system. FERC held that the tests’ results it had previously relied upon in Opinion No. 501 improperly included opportunity sales for purposes of considering the tests’ results. Upon considering the test results without opportunity sales, as well as other factors, FERC found that SPS is a 3-CP utility. Accordingly, FERC ordered SPS to render refunds. SPS and other parties have sought rehearing of Opinion No. 501-A.

- b. Please refer to the table below:

	<b>Amount (In Thousands)</b>	<b>EPS</b>
Year End 2013 Continuing Operations	\$968,425	\$1.91
Add back SPS FERC Order	\$31,546	
SPS statutory tax rate	35.99%	
Estimated after tax impact	\$20,191	\$0.04
EPS Adjusted to Remove Impact of SPS FERC Order	\$948,234	\$1.95

- c. Please refer to subpart (b).
- d. The adjustments were solely (*i.e.*, 100%) related to SPS.
- e. The Rehearing Order referenced in subpart (a) required SPS to provide refunds related to this issue. This requirement established a high probability that SPS would be responsible for issuing those refunds in the future, and as a result, SPS recorded a liability. This issue is still pending resolution at FERC.

Preparers: Kourtnei Yager, Brooke Trammell  
Sponsors: Michael J. Rodriguez, David T. Hudson



**QUESTION NO. AXM 29-8:**

**[Incentive Compensation] Ref: SPS response to AXM RFI 11-8 (EPS).** In response to parts (d) and (f) of AXM RFI 11-8, the Company provided the net income and EPS contribution of each Xcel regulated entity in 2012 and 2013 and provided the average returns on equity, respectively. Please identify the time period associated with the average returns on equity provided in response to AXM RFI 11-8(f).

**RESPONSE:**

The average returns on equity provided in SPS's response to Question No. AXM 11-8(f) are related to ongoing earnings and are calculated by taking the total 2013 net income by Operating Company (January 2013 through December 2013) divided by the thirteen-month average monthly equity balance, which includes net income (December 2012 through December 2013/13 months):

$$\frac{\text{January 2013-December 2013 net income}}{(\text{December 2012-December 2014 monthly equity balances} / 13)}$$

Preparer: Anthony Russeth  
Sponsors: Ruth K. Lowenthal, Michael J. Rodriguez

**QUESTION NO. AXM 31-7:**

**[Prepaid Pension Asset] Ref: Schrubbe Direct, page 47 and Attachment RRS-RR-8.** At page 43, the referenced testimony states:

"The negative pension expense associated with the prepaid pension asset creates a decrease in expenses and cost of service to the ratepayer. SPS is unable to make a withdrawal, or negative contribution, from the pension plan. In effect, SPS is making a distribution to customers through the reduced pension expense in the cost of service that is unmatched by a distribution from the pension fund. The cash flow to SPS in both scenarios is identical. SPS has a negative cash flow relative to the expense recognized on the financial statements."

In the original and supplemental response to AXM RFI 8-8 (Docket No. 40824), SPS provided specific information (i.e., test year, amount of pension asset/liability included in rate base, amount of FAS87 NPPC included in O&M expense) pertaining to Docket Nos. 38147, 35763, 32766, 11520, 6465 and 4387. Please provide the following:

- a. Please confirm the accuracy of the information supplied in response to AXM RFI 8-8 (Docket No. 40824). If the Company cannot provide the requested confirmation, please explain and provide corrected information in response hereto.
- b. Please provide the following comparable information for Docket No. 40824:
  - i. test year,
  - ii. amount of pension asset/liability included in rate base, and
  - iii. amount of FAS87 NPPC included in O&M expense.

**RESPONSE:**

- a. Confirmed. The amounts provided in Docket No. 40824 for the prior years are accurate.
- b. It is unclear whether this question is intended to ask what amounts were included in the rates approved in Docket No. 40824, or whether it is intended to ask what amounts were included in SPS's request. The rates approved in Docket No. 40824 were the result of a black-box settlement, and, therefore, SPS cannot provide specific amounts that the parties agreed to include as part of the rates. If the request is

intended to ask what SPS requested in that case, as reflected in its February 19, 2013 errata filing, please refer to the subparts below:

- i. The test year in Docket No. 40824 was the twelve-month period from July 1, 2011 through June 30, 2012.
- ii. SPS requested that a prepaid pension asset consisting of \$177,137,510 be included in rate base. This amount was offset by \$1,912,209 of pension liability associated with the nonqualified pension plan, for a net amount of \$175,225,301 on a total company basis.
- iii. SPS requested \$9,736,666 of FAS 87 NPPC O&M expense for the Texas retail jurisdiction.

Preparer: Todd Degrugillier  
Sponsor: Richard R. Schrubbe

SOAH Docket No. 473-15-1556  
PUC Docket No. 43695

Direct Testimony and Attachments of  
Steven C. Carver

Workpapers

May 15, 2015