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Addendum StartPage: 0

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

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

OFFICE OF PUBLIC UTILITY COUNSEL'S
SECOND REQUEST FOR INFORMATION TO
SOUTHWESTERN PUBLIC SERVICE COMPANY

The Office of Public Utility Counsel (OPUC) files and submits this Second Request for Information to Southwestern Public Service Company (SPS) in the captioned proceeding.

Under Commission Procedural Rules 22.141-.145, 16 Tex. Admin. Code Ch. 22, OPUC requests that SPS, as defined herein, provide the following information and answer the following questions under oath. Please answer the questions and sub-questions in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the question.

Definitions

As used in this introduction and in these questions,

- (1) "SPS", the "Company", and "Applicant" refer to Southwestern Public Service Company and its affiliates;
- (2) "You", "yours" and "your" refer to SPS (as defined above), including its directors, officers, employees, consultants, agents, and attorneys.
- (3) "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports,

studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

Instructions

1. The Definitions, Instructions, and Claim of Privilege set out in this Request for Information apply to these questions.
2. In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may freely obtain it, and your attorneys and their investigators.
3. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.
4. If you have possession, custody, or control (as defined by Tex. R. Civ. P. 192.7(b)) of the originals of these documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, in your possession, custody, or control. If any document requested is not in your possession or subject to your control, please explain why not, and give the present location and custodian of any copy or summary of the document.

6. If any question appears confusing, please request clarification from the undersigned counsel.
7. In providing your responses, please start each response on a separate page and type, at the top of the page, the question that is being answered.
8. As part of the response to each question, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the question has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer. If the question has sub-parts, please identify the witness or witnesses by sub-part.
9. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
10. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearings, then you should submit, under oath, a supplemental response to your earlier answer.
11. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks confidential information, or on any other grounds, please call the undersigned counsel as soon as possible.

12. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
13. If the information requested is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.
14. To the extent that a question asks for the production of copyrighted material, it is sufficient to provide a listing of such material, indicating the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

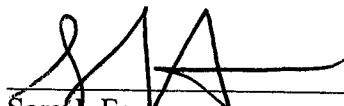
Claim of Privilege

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

January 12, 2015

Respectfully submitted,

Tonya Baer
Public Counsel
State Bar No. 24026771



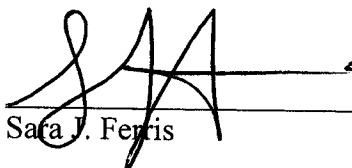
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CERTIFICATE OF SERVICE

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

I certify that today, January 12, 2015, a true copy of the Office of Public Utility Counsel's Second Request for Information to SPS was served on all parties of record via United States First-Class Mail, hand-delivery or facsimile.



Sara J. Ferris

SOAH Docket No. 473-15-1556
PUC Docket No. 43695
OPUC's Second Request For Information To
Southwestern Public Service Company

For Ms. Janet Schmidt-Petree

- 2-1.** Please explain the primary cost drivers behind the 9.7% increase in SPS's affiliate expense request from the Docket 42004 test year (July 2012 – June 2013) and the Docket 43695 test year (July 2013 – June 2014). Provide any documentation supporting your response.
- 2-2.** Please provide the test year amounts requested by SPS for the following expense categories. This is to include both SPS incurred costs as well as any costs direct charged or allocated from XES.
- a.) executive physical exams
 - b.) executive financial counseling and/or tax preparation
 - c.) executive dining rooms
 - d.) personal use of company aircraft
 - e.) country club dues
 - f.) personal or home security
 - g.) spouse travel
 - h.) sports/entertainment tickets
- 2-3.** Regarding No. 2-2 (a)-(h) above, please provide the requested amount of XEX allocated costs and SPS incurred costs on a Texas retail jurisdictional basis. Please separately state these amounts.

For Mr. Richard Schrubbe:

- 2-4.** In addition to the \$558,068 in nonqualified pension expense cited in Mr. Schrubbe's testimony on page 24, is SPS requesting any capitalized amounts for the nonqualified pension expense? If so, please provide the amount as well as all supporting workpapers and documents.

For Ms. Mary Schell:

- 2-5.** Please provide the test year debt issuance expense monthly amortization schedule for each of the bonds and notes shown in Schedule K-3, page 4 of 4. The same information should be provided for issuance premiums/discounts as well as losses/gains on reacquired debt.
- 2-6.** Does the 5.88% weighted average cost of debt shown in Schedule K-3, p. 3 include the costs associated with the annual amortization of issuance expenses, premiums/discounts

SOAH Docket No. 473-15-1556
PUC Docket No. 43695
OPUC's Second Request For Information To
Southwestern Public Service Company

and gains/losses on reacquired debt for the bonds and notes listed in the Schedule? If so, please explain and provide the formula used to adjust the cost of debt for these expenses.

- 2-7. Does the 5.88% weighted cost of debt shown in Schedule K-3, p. 3 include an implied return on the unamortized issuance expenses, premiums/discounts and gains/losses on reacquired debt for the bonds and notes listed in the Schedule? If so, please explain and provide the formula used to adjust the cost of debt for the implied return. If not, please explain in detail how the calculated cost of debt compensates the Company for the implied return.
- 2-8. Please provide all supporting documentation and calculations used to derive the \$1,130,155 annual debt amortization and the \$1,925,962 unamortized loss on reacquisition shown in Schedule K-3, p. 3.
- 2-9. Please reconcile the \$10,277,803 of unamortized debt expenses shown on page 111 of SPS's 2013 FERC Form 1 with the \$11,403,663 shown in Schedule K-3, p. 2.
- 2-10. Please reconcile the \$4,066,239,194 of losses on reacquired debt shown on page 111 of SPS's 2013 FERC Form 1 with the \$4,314,642 shown in Schedule K-3, pages 1 and 2.
- 2-11. Please reconcile the (\$1,699,272) unamortized premium/discount shown in Schedule K-3 with the (\$135,224) shown on page 112 of SPS's 2013 FERC Form 1.
- 2-12. Please explain how the unamortized gain of \$975,998 on reacquired debt shown on page 113 of SPS's 2013 FERC Form 1 has been recognized in the Company's cost of debt calculation.
- 2-13. Please reconcile the \$1,224,570 for the amortization of losses on reacquired debt shown on page 117 of SPS's 2013 FERC Form 1 with:
- a.) the annual amortization of \$1,130,155 shown in Schedule K-3, page 1, and
 - b.) the annual amortization of reacquired debt implied in the 5.88% weighted cost of debt shown in Schedule K-3, page 1.
- 2-14. Since SPS is requesting that a forecasted 12/31/14 common equity and long term debt balance be used to calculate the cost of capital, did the Company also adjust its calculation of unamortized debt premium/discounts, expenses, and gains/losses on reacquired debt to the 12/31/14 period? If not, provide a detailed explanation why this adjustment was not made.
- 2-15. Please provide the Texas retail jurisdictional earned return on equity in 2013 and 2014, as well as the weather adjusted earned return on equity for 2013 and 2014.

SOAH Docket No. 473-15-1556
PUC Docket No. 43695
OPUC's Second Request For Information To
Southwestern Public Service Company

- 2-16.** Please provide the information requested in No. 2-5 above for the July 1, 2014 to December 30, 2014 time frame period.