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DOCKET NO. 45916

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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE  
PUBLIC SERVICE COMPANY TO § OF  
ADJUST ITS ENERGY EFFICIENCY § ADMINISTRATIVE HEARINGS  
COST RECOVERY FACTOR

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO COMMISSION STAFF'S  
SECOND REQUEST FOR INFORMATION  
QUESTION NOS. 2-1 THROUGH 2-3**  
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SECOND REQUEST FOR INFORMATION  
QUESTION NOS. 2-1 THROUGH 2-3**

Southwestern Public Service Company ("SPS") files this response to Commission Staff's ("Staff") second Request for Information, Question Nos. 2-1 through 2-3.

**I. WRITTEN RESPONSES**

SPS's written responses to Staff's second Request for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. SPS's responses are made in the spirit of cooperation without waiving SPS's right to contest the admissibility of any of these matters at hearing. Pursuant to 16 Tex. Admin Code § 22.144(c)(2)(A) (TAC), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When SPS provides certain information sought by the request while objecting to the provision of other information, it does so without prejudice to its objection in the interests of narrowing discovery disputes pursuant to 16 TAC § 22.144(d)(5). Pursuant to 16 TAC § 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 16 TAC § 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) 370-2820. 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/sp/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 16 TAC § 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 Patrick Pearsall of Winstead P.C., 401 Congress Avenue, Suite 2100, Austin, Texas 78701; telephone number (512) 370-2820; facsimile transmission number (512) 370-2850; email address ppearsall@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,



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XCEL ENERGY SERVICES INC.

WINSTEAD PC

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ATTORNEYS FOR  
SOUTHWESTERN PUBLIC SERVICE COMPANY

## RESPONSES

### QUESTION NO. Staff 2-1:

For each rate class, please provide actual historical incentive payments received by customers in that rate class during program year 2015. For the purpose of this request, please exclude amounts that cannot be directly assigned to a rate class.

### RESPONSE:

Please refer to the table below for actual historical incentive payments received by customers in each rate class during program year 2015. Please refer to Attachment RMS-4(CD), filename "Incentive Spend by Class", tab "Measure Report" for supporting data.

EECRF Rate Class	Actual Historical Incentive Payments
Residential	\$ 1,306,132
Small General Service	\$ 20,147
Secondary General Service	\$ 934,375
Primary General Service	\$ 282,884
Small Municipal and School Service	\$ 2,233
Large Municipal Service	\$ 35,113
Large School Service	\$ 185,878

Preparer: Jeremiah Cunningham  
Sponsor: Ruth M. Sakya

**QUESTION NO. Staff 2-2:**

For each rate class, please provide actual historical program year 2015 costs assigned and allocated to that rate class. Please (a) break out the costs into incentives, administrative, R&D, EM&V, rate case expenses, performance bonus, and all other relevant cost categories (b) identify directly assigned versus allocated amounts for each category of costs, (c) identify the allocation basis for allocated amounts, (d) provide the workpapers that support the development of all allocation factors, (e) provide a narrative justification for each requested allocation basis.

**RESPONSE:**

- a. Please refer to Question No. Staff 2-1 for the directly assigned program year 2015 incentive amounts by rate class. SPS does not track administrative, R&D, EM&V, rate case expense, or performance bonus costs by rate class. Costs are assigned to SPS's Energy Efficiency programs and those costs are then allocated to rate classes according to the ratio of the rate class's actual 2015 incentive spend to total 2015 incentive spend or according to the rate class's total program costs to total 2015 program costs. Please refer to Attachment RMS-2, at page 5 for a breakdown of the allocation of program costs to rate classes.
- b. Only incentive spend is directly assigned to rate classes. All other costs are assigned to SPS's Energy Efficiency programs and the programs' costs are then allocated to rate classes based on each rate class's incentive spend by program to total incentive spend for each program.
- c. Program administration, general administration, and R&D costs are allocated to rate classes based on each class's 2015 incentive spend by program to total 2015 incentive spend for each program. Rate case expenses and performance bonus are allocated based on each classes' share of total program costs (actual incentive spend plus allocated program specific administrative costs, general administrative costs, and R&D costs) to total 2015 program costs.
- d. The workpaper calculating the allocation factors is provided in Attachment RMS-2, at page 6.
- e. SPS uses two allocation methodologies to allocate costs from energy efficiency programs to rate classes.

SPS's Allocation Methods

The allocation of program specific administrative costs, general administrative costs, and R&D costs to rate classes is based on the ratio of actual historical incentive spend for each rate class by program to the total incentive spend for each program. Rate case expenses and the performance bonus are allocated to each rate class based on the ratio of each rate class's program costs (actual incentive spend plus allocated program specific administrative costs, general administrative costs, and R&D costs) to total program costs.

Reasonableness of Applied Allocation Methodology

SPS's allocation of program specific administrative costs and general administrative costs on the basis of each rate class's actual program year incentive spend is reasonable because the costs to administer SPS's energy efficiency programs is directly related to rate classes' participation in the programs. This is the same methodology SPS has used in previously Commission-approved EECRF applications.

2015 R&D costs were incurred for researching programs to increase participation among both residential and commercial customers based on its energy efficiency programs. SPS does not track customer participation by rate class, only by program, and therefore the most accurate way to allocate R&D costs based on participation is on the basis of actual 2015 incentive spend. This is the same methodology SPS has used in previously Commission-approved EECRF applications.

SPS's allocation of rate case expenses based on total 2015 program costs is reasonable because the dollars incurred to prosecute the EECRF cannot be directly assigned to a particular rate class. Therefore, the allocation of rate case expenses follows the overall costs to administer the program. This is the same methodology SPS has used in previously Commission-approved EECRF applications.

Finally, it is reasonable to allocate performance bonus costs according to total program costs because the performance bonus is calculated according to total benefits minus total costs. This is the methodology SPS has used in previously Commission-approved EECRF applications.

Preparer: Jeremiah Cunningham  
Sponsor: Ruth M. Sakya



**QUESTION NO. Staff 2-3:**

For each rate class, provide actual historical EECRF collections from that class during program year 2015.

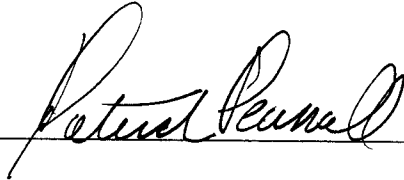
**RESPONSE:**

Please refer to Attachment RMS-2 at page 6, Column A for the actual historical collections by rate class in program year 2015.

Preparer: Jeremiah Cunningham  
Sponsor: Ruth M. Sakya

### CERTIFICATE OF SERVICE

I certify that on the 3<sup>rd</sup> day of June, 2016, a true and correct copy of the foregoing document was served on all parties of record by electronic service and by hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.



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