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SOAH DOCKET NO. 473-17-5771  
DOCKET NO. 47527

2018 MAR 29 AM 11:05

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

SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO OFFICE OF PUBLIC UTILITY COUNSEL'S  
SIXTH REQUEST FOR INFORMATION  
QUESTION NOS. 6-1 THROUGH 6-8  
(Filename: SPSRespOPUC6th.doc; Total Pages: 15)

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RESPONSE TO OFFICE OF PUBLIC UTILITY COUNSEL'S  
SIXTH REQUEST FOR INFORMATION  
QUESTION NOS. 6-1 THROUGH 6-8**

Southwestern Public Service Company ("SPS") files this response to Office of Public Utility Counsel's ("OPUC") Sixth Request for Information, Question Nos. 6-1 through 6-8.

**I. WRITTEN RESPONSES**

SPS's written responses to OPUC's Sixth 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 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 under 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

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*Southwestern Public Service Company's Response to  
Office of Public Utility Counsel's Sixth Request for Information*

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§ 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 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 Ron Moss of Winstead PC, 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.

WINSTEAD PC

Stephen Fogel  
State Bar No. 07202010  
Matthew P. Loftus  
State Bar No. 24052189  
816 Congress Avenue, Suite 1650  
Austin, Texas 78701-2471  
Office: (512) 236-6922  
Facsimile: (512) 236-6935  
e-mail: stephen.e.fogel@xcelenergy.com  
e-mail: matthew.p.loftus@xcelenergy.com

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

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

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SOAH Docket No. 473-17-5771

PUC Docket No. 47527

Southwestern Public Service Company's Response to  
Office of Public Utility Counsel's Sixth Request for Information

## **RESPONSES**

### **QUESTION NO. OPUC 6-1:**

Please identify the amount of the prepaid pension asset at the end of each of the last fifteen years and at the end of the updated test year.

### **RESPONSE:**

Please refer to Attachment RRS-RR-7 (Vol. RR6, pages 294-296 of 443) to the Direct Testimony of Richard R. Schrubbe for the prepaid pension asset at the end of each of the last fifteen years. Refer to Attachment RRS-RR-6 (Vol. RR6, page 293 of 443) for the prepaid balance at the end of the Updated Test Year (12 months ended June 30, 2017).

Preparer:     Levi Glines  
Sponsor:     Richard R. Schrubbe

**QUESTION NO. OPUC 6-2:**

Please identify the amount of contributions made by SPS to its pension fund during each of the last fifteen years and in the test year. Identify contributions in total, required contributions, voluntary contributions, and the amount that was deemed to be prepaid.

**RESPONSE:**

Please refer to Attachment RRS-RR-7 (Vol. RR6, pages 294-296 of 443) to the Direct Testimony of Richard R. Schrubbe for the amount of total contributions during each of the last fifteen years. The total contributions during the Updated Test Year were \$23,111,527.

Please refer to Exhibit SPS-OPUC 6-2 for a summary of the contributions in total, the required contributions, the voluntary contributions, and the amount that was deemed to be prepaid.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

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

Please compare the amount of pension contributions and the pension cost booked as an expense by SPS under Generally Accepted Accounting Principles (GAAP) and for ratemaking purposes in each of the last five calendar years and for the updated test year.

**RESPONSE:**

Please refer to the following table. All amounts are in thousands.

<b>Year</b>	<b>Contributions</b>	<b>GAAP Expense (SPS Only – Total Cost)</b>
2013	\$22,015	\$21,571
2014	\$4,869	\$16,829
2015	\$11,651	\$17,706
2016	\$18,088	\$15,404
2017	\$23,503	\$14,566
Updated Test Year	\$23,112	\$14,985

SPS uses the expense amounts calculated under GAAP for ratemaking purposes.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe



**QUESTION NO. OPUC 6-4:**

Reference is made to page 50 of SPS's Form 10-K for the year 2017. The document shows that SPS's pension has a funding status of negative \$82,650,000 at the end of 2017, which is approximately 16% of SPS's total benefit obligation of \$515,879,000 at the end of 2017.

- a. Please explain what SPS proposes to do to move its pension closer to fully funded status.
- b. Please explain how SPS can have a prepaid pension asset while at the same time having a pension program that is underfunded by 16%.

**RESPONSE:**

- a. SPS plans to make the pension contributions necessary to comply with federal funding requirements imposed by the Employee Retirement Income Security Act and the Pension Protection Act ("PPA"). SPS does not plan to make significant contributions in excess of those funding requirements because such contributions would increase the amount of the prepaid pension asset. In addition, it is possible for the pension plan's funded status to be improved without the necessity for additional contributions. For example, an increase in the discount rate would result in liability gains, and market returns in excess of the expected return on assets would result in asset gains. Both of those events would improve the funded status without increasing the prepaid pension asset. Finally, a pension plan with a funded status of 84% is considered adequately funded by the PPA.
- b. As explained on page 56 of the Direct Testimony of Richard R. Schrubbe (Vol. RR6, page 249 of 443), a pension plan can be underfunded at the same time it has a prepaid pension asset because they measure different things. The prepaid pension asset represents the amount by which cumulative cash contributions to the pension trust exceed cumulative pension expense recognized under Generally Accepted Accounting Principles. A pension plan is underfunded when its pension benefit obligations exceed the value of the assets in the pension trust.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

**QUESTION NO. OPUC 6-5:**

Does SPS have a prepaid asset or liability for post-retirement health care (PRHC), given that its PRHC account appears to be approximately fully funded (SPS 2017 10-K, page 54). If so, provide documentation of the amount.

**RESPONSE:**

As explained on page 53 of the Direct Testimony of Richard R. Schrubbe (Vol. RR6, page 246 of 443), SPS has an unfunded liability related to post-retirement health care. SPS's unfunded liability at the end of the Updated Test Year was \$(14,251,917). Please refer to SPS's response to Question No. OPUC 6-4(b) for an explanation of why the trust can have an unfunded liability even though it is fully funded.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

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

Please identify the amount of contributions made by SPS to its PRHC fund during each of the last fifteen years and in the test year. Identify contributions in total and the amount that was deemed to be prepaid.

**RESPONSE:**

Please refer to the table below for a summary of the Other Post-Employment Benefit ("OPEB") contributions that SPS has made to its Voluntary Employee Beneficiary Association trusts over the last ten years. Information for years before that is not readily available. Additionally, SPS has provided a list of the contributions deemed to be prepaid. Only the contributions in excess of recognized expense are considered prepaid. Please note that negative expense also increases the prepaid amount.

<b>Year</b>	<b>OPEB Contributions (Amounts in thousands)</b>	<b>Prepaid OPEB Contributions (Amounts in thousands)</b>
2017	\$183	\$183
2016	\$559	\$559
2015	\$178	\$178
2014	\$193	\$193
2013	\$134	\$87
2012	\$4,353	\$4,015
2011	\$3,632	\$3,332
2010	\$4,119	\$518
2009	\$4,211	-
2008	\$3,484	

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

**QUESTION NO. OPUC 6-7:**

Please identify the amount of PRHC contributions and the PRHC cost booked as an expense by SPS under GAAP and for ratemaking purposes in each of the last five calendar years and the updated test year.

**RESPONSE:**

Please refer to the table below. All amounts are in thousands.

<b>Year</b>	<b>Contributions</b>	<b>GAAP Expense (SPS Only – Total Cost)</b>
2013	\$134	\$47
2014	\$193	\$(151)
2015	\$178	\$(881)
2016	\$559	\$(765)
2017	\$183	\$(840)
Updated Test Year	\$200	\$(803)

SPS uses the expense amounts calculated under GAAP for ratemaking purposes.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

**QUESTION NO. OPUC 6-8:**

SPS has pension programs that are not funded, in particular, the Supplemental Executive Retirement Plan and the non-qualified plan for compensation in excess of limits applicable to the qualified plan. (SPS 2017 10-K, page 48) Please provide obligations of these plans, GAAP expenses for these plans ratemaking expenses for these plans, and payments made under these plans, in each of the last five calendar years and the updated test year.

**RESPONSE:**

Please refer to the table below. All amounts are in thousands.

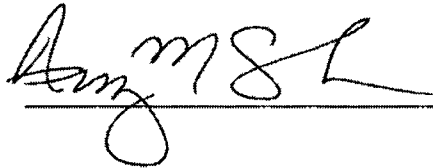
<b>Period</b>	<b>Benefit Obligation at Year-End</b>	<b>GAAP Expense (SPS Only - Total Cost)</b>	<b>Payments</b>
2013	\$2,767	\$289	\$347
2014	\$3,126	\$234	\$327
2015	\$2,578	\$294	\$676
2016	\$2,524	\$248	\$706
2017	\$1,768	\$283	\$529
Updated Test Year	\$2,306	\$266	\$628

SPS uses the expense amounts calculated under GAAP for ratemaking purposes, but SPS is not seeking recovery of the Supplemental Executive Retirement Plan expense or the non-qualified pension plan expense in this case.

Preparer: Levi Glines  
Sponsor: Richard R. Schrubbe

### **CERTIFICATE OF SERVICE**

I certify that on the 29th day of March, 2018, a true and correct copy of the foregoing instrument was served on all parties of record by electronic service and by either hand-delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.



A handwritten signature, appearing to read "Amy MSL", is written over a horizontal line.

Southwestern Public Service Company

Minimum Contributions 2003-2017

	SPS Bargaining Pension Plan								
Fiscal Year End	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Min Required Funding Contribution (1)	-	-	-	-	-	-	-	-	5,224,170
Total Contributions (2)	-	-	-	-	-	-	-	-	-
Voluntary Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Current Year FAS 87 Expense	(16,844,000)	(11,915,000)	(10,770,000)	(10,792,000)	(10,839,000)	(12,268,000)	(10,070,000)	(748,000)	4,439,000
Current Year Contributions	-	-	-	-	-	-	-	-	-
Contributions deemed to be prepaid (3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	Former NCE Non-Bargaining Pension Plan								
Fiscal Year End	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Min Required Funding Contribution (1)	-	-	-	-	-	-	6,128,444	15,734,443	19,200,002
Total Contributions (2)	-	-	1,450,000	584,000	-	-	8,354,000	-	5,178,000
Voluntary Contributions	N/A	N/A	1,450,000	584,000	N/A	N/A	2,225,556	N/A	-
Current Year FAS 87 Expense	308,000	738,000	1,668,000	3,858,000	2,888,000	1,529,000	3,426,000	6,541,000	7,522,000
Current Year Contributions	-	-	1,450,000	584,000	-	-	8,354,000	-	5,178,000
Contributions deemed to be prepaid (3)	N/A	N/A	-	-	N/A	N/A	4,928,000	N/A	-

Footnotes

(1) Prior to the application of credit balances

(2) In the years cash contributions were below the minimum requirements contributions credits were used to satisfy the difference

(3) The prepaid pension asset represents the cumulative difference between recognized expense and employer contributions. Therefore, only contributions that exceed recognized expense will increase the prepaid asset in a given year

**Southwestern Public Service Company**

**Minimum Contributions 2003-2017**

<b>Fiscal Year End</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>	<b>12/31/2017</b>
Min Required Funding Contribution (1)	-	-	-	-	4,617,590	9,524,162
Total Contributions (2)	5,792,000	15,836,000	434,000	7,024,000	15,127,000	20,002,493
Voluntary Contributions	5,792,000	15,836,000	434,000	7,024,000	10,509,410	10,478,331
Current Year FAS 87 Expense	9,680,000	13,224,000	9,857,000	11,650,000	10,267,000	9,818,000
Current Year Contributions	5,792,000	15,836,000	434,000	7,024,000	15,127,000	20,002,493
Contributions deemed to be prepaid (3)	-	2,612,000	-	-	4,860,000	10,184,493

<b>Fiscal Year End</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>	<b>12/31/2017</b>
Min Required Funding Contribution (1)	15,522,383	18,716,290	17,339,639	7,920,942	12,790,794	13,153,420
Total Contributions (2)	7,268,000	6,179,000	4,435,000	4,627,000	2,961,000	3,500,287
Voluntary Contributions	-	-	-	-	-	-
Current Year FAS 87 Expense	7,944,000	8,347,000	6,972,000	6,056,000	5,137,000	5,179,000
Current Year Contributions	7,268,000	6,179,000	4,435,000	4,627,000	2,961,000	3,500,287
Contributions deemed to be prepaid (3)	-	-	-	-	-	-

**Footnotes**

- (1) Prior to the application of credit balances  
(2) In the years cash contributions were below the minimum requirements contributions credits were used to satisfy the difference  
(3) The prepaid pension asset represents the cumulative difference between recognized expense and employer contributions. Therefore, only contributions that exceed recognized expense will increase the prepaid asset in a given year