



Control Number: 49495



Item Number: 36

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**SOAH DOCKET NO. 473-19-4422
PUC DOCKET NO. 49495**

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

**COMMISSION STAFF'S AFFIDAVITS IN SUPPORT OF THE UNOPPOSED
STIPULATION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files the attached affidavits of Nancy Palma and Frederick Quijano of the Commission's Rate Regulation Division, and Reginald Tuvilla of the Commission's Infrastructure and Reliability Division, in support of the Unopposed Stipulation filed on July 31, 2019.


DATED: July 31, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

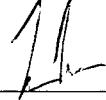


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SOAH DOCKET NO. 473-19-4422
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 31, 2019, in accordance with 16 TAC § 22.74.



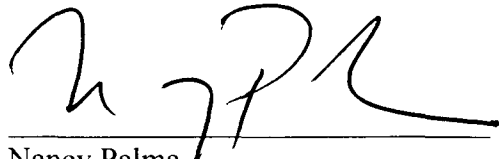
Richard A. Nemer

Texas Industrial Energy Customers (TIEC), the other remaining party, is unopposed to the Stipulation. The terms of the Stipulation propose to implement an EECRF rider sufficient to recover \$4,875,863. This amount is comprised of the following:

- a. Energy efficiency costs of \$4,444,530 forecasted for the 2020 program year;
 - b. Plus EM&V costs of \$34,848;
 - c. Less SPS's net over-recovery of \$257,549 including interest, of PY 2018 energy efficiency costs;
 - d. Plus SPS's rate case expenses incurred in Docket No. 48324 in the amount of \$47,001; and
 - e. Plus the \$607,033 energy efficiency performance bonus for demand and energy savings exceeding SPS's 2018 goal.
6. My review of SPS's 2020 EECRF application and the terms of the Stipulation included an examination of the assignment and allocation of the various EECRF components to the rate classes, as well as the mathematical calculation of the EECRF rates.
7. SPS's proposed rate class factors, consistent with the terms of the Stipulation, are as follows:

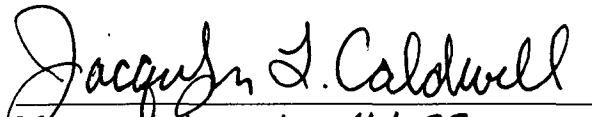
EECRF Class	2020 EECRF
Residential	\$ 0.001040
Small General Service	\$ 0.001018
Secondary General Service	\$ 0.000568
Primary General Service	\$ 0.000357
Small Municipal and School Service	\$ 0.001316
Large Municipal Service	\$ 0.000056
Large School Service	\$ 0.000800

8. Based upon my review of the SPS's 2020 EECRF Application, as well as all files supporting the settlement, I have determined that the assignments and allocations of the various EECRF components to the EECRF rate classes reflected therein are reasonable and consistent with 16 TAC § 25.182, and that the rates have been calculated correctly.
9. SPS's proposed Energy Efficiency Cost Recovery Factor tariff schedule, included as Attachment B to the Stipulation, is reasonable and complies with 16 TAC § 25.182.

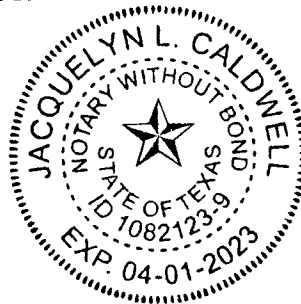


Nancy Palma
Financial Analyst, Tariff and Rate Analysis
Rate Regulation Division
Public Utility Commission of Texas

Subscribed and sworn to me this 29 day of July 2019



My commission expires: 4-1-23
Name: Jacquelyn L. Caldwell
Notary Public in and for the State of Texas



SOAH DOCKET NO. 473-19-4422
PUC DOCKET NO. 49495

*Application of Southwestern Public Service Company to Adjust
Its Energy Efficiency Cost Recovery Factor*

AFFIDAVIT OF FREDERICK QUIJANO

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

ON THIS DAY, before me, the undersigned authority, personally appeared Frederick Quijano who on his oath stated as follows:

1. My name is Frederick Quijano. I am employed as a Regulatory Accountant in the Rate Regulation Division of the Public Utility Commission of Texas (Commission).
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On May 1, 2019, Southwestern Public Service Company (SPS or the Company) filed the Application of Southwestern Public Service Company to Adjust Its Energy Efficiency Cost Recovery Factor (Application) pursuant to Public Utility Regulatory Act (PURA) § 39.905 and 16 Texas Administrative Code (TAC) § 25.182(d).
4. In the Application, SPS requested approval for authority to update its Energy Efficiency Cost Recovery Factor (EECRF) to adjust the EECRF rider to recover \$4,933,146 in 2020. The recovery amount consists of:
 - a. \$4,444,530 in forecasted energy efficiency program costs in 2020;
 - b. \$34,848 in projected evaluation, measurement, and verification expenses for the review of PY 2019;
 - c. \$200,266 in net over-recovery of PY 2018 energy efficiency costs;
 - d. \$47,001 in rate case expenses incurred in Docket No. 48324, which was SPS's 2018 EECRF proceeding; and
 - e. \$607,033 in performance bonus that SPS earned in accordance with 16 TAC § 25.182(e).
5. SPS and Commission Staff have resolved and settled the outstanding issues related to the total amount to be collected through SPS's 2020 EECRF. The agreement is documented in the Unopposed Stipulation (Stipulation). Texas Industrial Energy Customers (TIEC), the other remaining party, is unopposed to the Stipulation.

6. The Stipulation presents the agreed upon amount of \$4,875,863 to be collected through SPS's 2020 EECRF. The agreed upon amount includes:
 - a. \$4,444,530 in forecasted energy efficiency program costs in 2020;
 - b. \$34,848 in projected evaluation, measurement, and verification expenses for the review of PY 2019;
 - c. \$257,549 in net over-recovery of PY 2018 energy efficiency costs;
 - d. \$47,001 in rate case expenses incurred in Docket No. 48324, which was SPS's 2018 EECRF proceeding; and
 - e. \$607,033 in performance bonus that SPS earned in accordance with 16 TAC § 25.182(e).

7. In the Application, SPS requested recovery of rate-case expenses related to external legal fees, consultant fees, and other expenses for Docket No. 48324, its 2018 EECRF proceeding, pursuant to 16 TAC § 25.182(d)(3). SPS incurred \$42,720.50 in legal rate case expenses from Winstead P.C., \$4,080 in consultant fees for the professional services of Stephen J. Davis, and \$200.51 in expenses for postage costs and internal processing service fees associated with filing and case management of Docket No. 48324.

8. SPS's total rate-case expenses of \$47,001 are supported by:
 - a. an affidavit of Stephen J. Davis, the sole practitioner of the Law Offices of Stephen J. Davis, PC, attesting to the reasonableness and necessity of the rate case expenses incurred by SPS; and
 - b. detailed documentation, provided by the Company, supporting the rate case expenses, including copies of invoices.

9. I applied the standards of 16 TAC § 25.245(b) while conducting my review of the rate-case expenses. 16 TAC § 25.245(b) states:

Requirements for claiming recovery of or reimbursement for rate-case expenses. A utility or municipality requesting recovery of or reimbursement for its rate-case expenses shall have the burden to prove the reasonableness of such rate-case expenses by a preponderance of the evidence. A utility or municipality seeking recovery of or reimbursement for rate-case expenses shall file sufficient information that details and itemizes all rate-case expenses, including, but not limited to, evidence verified by testimony or affidavit, showing:

- (1) the nature, extent, and difficulty of the work done by the attorney or other professional in the rate case;
- (2) the time and labor required and expended by the attorney or other professional;
- (3) the fees or other consideration paid to the attorney or other professional for the services rendered;
- (4) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials;
- (5) the nature and scope of the rate case, including:
 - (A) the size of the utility and number and type of consumers served;

- (B) the amount of money or value of property or interest at stake;
- (C) the novelty or complexity of the issues addressed;
- (D) the amount and complexity of discovery;
- (E) the occurrence and length of a hearing; and
- (6) the specific issue or issues in the rate case and the amount of rate-case expenses reasonably associated with each issue.

10. I have also applied the standards of 16 TAC § 25.245(c), which states:

Criteria for review and determination of reasonableness. In determining the reasonableness of the rate-case expenses, the presiding officer shall consider the relevant factors listed in subsection (b) of this section and any other factor shown to be relevant to the specific case. The presiding officer shall decide whether and the extent to which the evidence shows that:

- (1) the fees paid to, tasks performed by, or time spent on a task by an attorney or other professional were extreme or excessive;
- (2) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials were extreme or excessive;
- (3) there was duplication of services or testimony;
- (4) the utility's or municipality's proposal on an issue in the rate case had no reasonable basis in law, policy, or fact and was not warranted by any reasonable argument for the extension, modification, or reversal of commission precedent;
- (5) rate-case expenses as a whole were disproportionate, excessive, or unwarranted in relation to the nature and scope of the rate case addressed by the evidence pursuant to subsection (b)(5) of this section; or
- (6) the utility or municipality failed to comply with the requirements for providing sufficient information pursuant to subsection (b) of this section.

11. I performed a review of the supporting documentation that accompanied the affidavit of Stephen J. Davis to make certain that all rate-case expenses met the requirements of 16 TAC § 25.245(b) and (c) and determined the following:

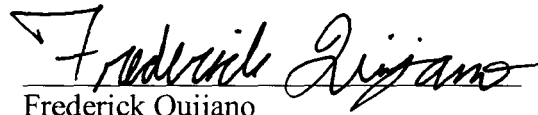
- a. all rate-case expenses were supported with appropriate third party documentation;
- b. the hourly rates for each attorney or professional were reasonable; and
- c. the daily billable hours for each attorney or professional were reasonable.

12. I reviewed the computation of the total fees billed for accuracy and determined the following:

- a. the calculation in computing the fees was accurate;
- b. the total request in rate-case expenses were reasonable when compared to the individual invoices;
- c. expenses incurred for lodging, meals and beverages, transportation, or other services or materials were reasonable;

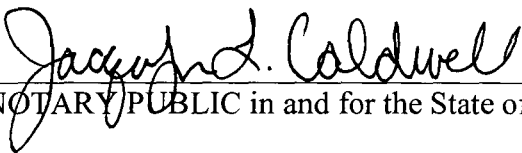
- d. the description of the services and work performed demonstrated reasonableness and necessity within the nature and scope of the EECRF proceeding;
- e. the time and labor required and expended by the attorney or other professional was reasonable; and
- f. no duplication of service occurred.

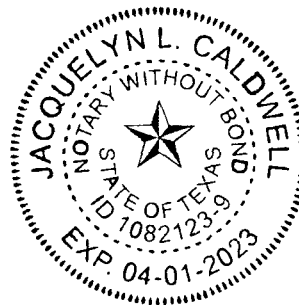
13. Based on my review, I have determined that SPS's total rate-case expenses related to its 2018 EECRF proceeding under Docket No. 48324, as requested for recovery in the Application and agreed to by SPS and Commission Staff in the Stipulation, is reasonable.



Frederick Quijano
Regulatory Accountant
Rate Regulation Division
Public Utility Commission of Texas

SUBSCRIBED AND SWORN TO before me, on this the 30 day of July, 2019.


NOTARY PUBLIC in and for the State of Texas.



SOAH DOCKET NO. 473-19-4422
PUC DOCKET NO. 49495

Application of Southwestern Public Service Company to Adjust Its Energy Efficiency Cost Recovery Factor

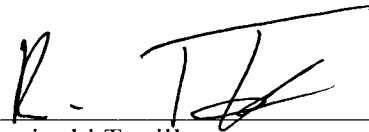
AFFIDAVIT OF REGINALD TUVILLA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

ON THIS DAY, before me, the undersigned authority, personally appeared Reginald Tuvilla who on his oath stated as follows:


1. My name is Reginald Tuvilla. I am employed as a Utility Analyst in the Infrastructure & Reliability Division of the Public Utility Commission of Texas ("PUC").
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On May 1, 2019, Southwestern Public Service Company ("SPS" or "Company") filed an Application to Adjust Its Energy Efficiency Cost Recovery Factor ("EECRF") pursuant to PURA § 39.905 and 16 Texas Administrative Code (TAC) § 25.182(d).
4. In its initial application, SPS requested an EECRF in 2020 of \$4,933,146. This request was revised by an agreement between SPS and Commission Staff (collectively, the Signatories) that resolved and settled the outstanding issues related to the total amount to be collected through SPS's 2020 EECRF. The Signatories agreement is stated in the Unopposed Stipulation and accompanying attachments (Stipulation). Texas Industrial Energy Customers (TIEC), the other remaining party, is unopposed to the Stipulation.
5. This amount agreed to by the Signatories as a result of the Stipulation is comprised of the following: \$4,479,378 in energy efficiency program expenses forecasted for the 2020 program year that included \$4,047,400 for incentive costs, \$357,130 for administrative costs, \$40,000 for research and development costs, and \$34,848 in projected evaluation, measurement, and verification costs; a performance bonus of \$607,033 for exceeding the 2018 demand and energy goals at a cost that did not exceed the cost caps; and a net over-recovery balance of \$257,549 that included \$47,001 of rate case expenses for the EECRF proceeding in 2018.

6. My review included an examination of the reasonableness of SPS's forecasted 2020 energy efficiency expenses; verification that SPS's requested demand and energy goals for the 2020 program year complied with 16 TAC § 25.181(e) and that SPS's proposed line loss is reasonable; review of SPS's requested performance bonus for the 2018 program year to verify compliance with 16 TAC § 25.182(e); and a review of SPS's energy efficiency expenses recovered in the 2018 program year to verify that they were reasonable and necessary to reduce demand and energy growth.
7. Based upon my review of SPS's Application, accompanying work papers, and the Stipulation, I have determined that SPS's total requested energy efficiency expenses for the 2020 program year, which are below the cost caps pursuant to 16 TAC § 25.182(d)(7), are reasonable. The company's demand and energy goals for the 2019 program year comply with 16 TAC § 25.181(e) and the proposed line loss is reasonable; the Company's requested performance bonus for program year 2018 was calculated in accordance with 16 TAC § 25.182(e); the proposed administrative costs are reasonable and fall below the caps set in 16 TAC § 25.181(g); and SPS's 2018 program costs were reasonable and necessary to achieve demand and energy savings.
8. Based upon my review of the Stipulation and Settlement Agreement, as described above, I conclude that the Stipulation is reasonable and meets the requirements of 16 TAC § 25.182.



Reginald Tuvilla
Senior Infrastructure Analyst
Infrastructure & Reliability Division
Public Utility Commission of Texas

SUBSCRIBED AND SWORN TO before me, on this the 30 day of July, 2019.


NOTARY PUBLIC in and for the State of Texas.

