



Control Number: 51802



Item Number: 252

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**SOAH DOCKET NO. 473-21-1892
PUC DOCKET NO. 51802**

**APPLICATION OF SOUTHWESTERN § PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR §
AUTHORITY TO CHANGE RATES § OF TEXAS**

**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO SOUTHWESTERN PUBLIC SERVICE COMPANY
QUESTION NOS. STAFF 5-1 THROUGH 5-27**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Southwestern Public Service Company, by and through its attorneys of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

Dated: June 8, 2021

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Eleanor D'Ambrosio
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on June 8, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Eleanor D'Ambrosio
Eleanor D'Ambrosio

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO SOUTHWESTERN PUBLIC SERVICE COMPANY
QUESTION NOS. STAFF 5-1 THROUGH 5-27**

DEFINITIONS

- 1) "SPS," "the Company," or "you" refers to Southwestern Public Service Company and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO SOUTHWESTERN PUBLIC SERVICE COMPANY
QUESTION NOS. STAFF 5-1 THROUGH 5-27**

INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) 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 or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO SOUTHWESTERN PUBLIC SERVICE COMPANY
QUESTION NOS. STAFF 5-1 THROUGH 5-27**

RATE-CASE EXPENSES

Please provide the following information for all requested rate-case expenses, whether directly or indirectly incurred. If provided previously, please provide a cross-reference identifying the page number of the filing that contains this information.

Staff 5-1 Please provide for SPS:

- a.) A Summary of Rate-Case Expenses Schedule showing total rate-case expenses by vendor within each discipline (legal, engineering, accounting, etc.) with subtotals for each month for which rate-case expense reimbursement is sought, broken down as follows: estimated expenses, expenses incurred and paid to date, expenses incurred and not paid to date, remaining estimated expenses, and specific areas of work by vendor. Please attach supporting invoices and receipts for all requested rate-case expenses incurred to date.
- b.) An explanation of the basis for any estimated rate-case expenses requested and when the estimated expenses are expected to be incurred.
- c.) Assurance that the total amounts provided in response to item (a) equal your total requested rate-case expenses.

Staff 5-2 Please provide a detailed schedule of, and justification for, each individual whose hourly billing rate is \$400 an hour or greater. The schedule should include the vendor name, individual's name, individual's title, number of hours billed, and specific work hours.

Staff 5-3 Please provide an affidavit signed by each professional stating that the rate charged is the normal hourly billing rate charged by the professional, is comparable to the hourly rate charged by other professionals for similar services provided to other Texas utilities, and is the normal hourly billing rate charged by the professional for services to non-regulated entities.

Staff 5-4 Please provide a detailed schedule of, and justification for, any charges included in requested rate-case expenses that result from a single person billing in excess of 12 hours per day.

Staff 5-5 Please provide a detailed schedule of all hotel or lodging charges. This schedule should provide the nightly room rate for each stay, shown separately from other charges.

- Staff 5-6 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses that result from the use of non-commercial aircraft. Also, please provide a detailed narrative comparing the total cost per person flying on non-commercial aircraft to the cost per person for commercial airfare (based on the same travel date and itinerary).
- Staff 5-7 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses that result from first class air travel.
- Staff 5-8 Please provide a schedule of, and justification for, any charges included in requested rate-case expense that result from luxury items, such as limousine services, sporting events, alcoholic beverages, gourmet coffee, bottled water, hotel movies, satellite radio, or other entertainment.
- Staff 5-9 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses resulting from meals that cost in excess of \$25 per person per meal.
- Staff 5-10 Please describe in detail your selection procedure for consultants. For each category of consultant (legal, accounting, engineering, etc.), state whether your selection procedures include provisions for:
- a.) Review of the prior work products of each consultant
 - b.) Determination that the rate does not exceed the normal hourly billing rate charged by the vendor to other clients
 - c.) An analysis of the rates charged by comparable consultants for similar services provided to other Texas utilities
 - d.) Competitive bidding for each contract – If competitive bidding is used, please describe the factors considered in evaluation and acceptance of bids
- Staff 5-11 Prior to submission of rate-case expenses to the Commission, did SPS perform a detailed review of all rate-case expenses (including internal expenses, as well as outside consultants' expenses) to:
- a.) Determine that invoice terms and amounts are in agreement with contract specifications?
 - b.) Determine that contract limits have not been exceeded?
 - c.) Determine that adequate supporting documentation was provided for each charge for professional or secretarial services, travel expenses, and miscellaneous expenses (consistent with documentation requirements specified above)?
 - d.) Verify the mathematical accuracy of each invoice?
 - e.) Determine that the calculation of the charges is correct?
 - f.) Determine that the individual charges and rates are reasonable?

- g.) Determine that the amount of each service (e.g. number of hours billed) is reasonable?
- h.) Determine that there is no double-billing of charges?
- i.) Determine that each invoice was approved for payment by an appropriate person before payment was actually made?

For each item listed above, please describe in detail the procedures for making such a determination.

Staff 5-12 Prior to submission of rate-case expenses to the Commission, did SPS perform a detailed review of all rate-case expenses (including internal expenses, as well as outside consultants' expenses) to:

- a.) Determine that none of the charges included in requested rate-case expenses have been included in other cost of service amounts included in the rate filing package?
- b.) Determine that none of the charges included in requested rate-case expenses should have been directly assigned to other functions?
- c.) Determine that any allocation of charges between functions is reasonable?
- d.) Determine that none of the charges included in requested rate-case expenses have been recovered through reimbursement for other expenses?

For each item listed above, please describe in detail the procedures for making such determination.

Staff 5-13 For each category of rate-case expenses specified in the Summary of Rate-Case Expense Schedule requested in Staff 5-1, please provide a schedule of all exceptions noted upon any review of the rate-case expenses that was performed as described in Staff 5-11 and Staff 5-12 above. The schedule should be presented in the following format:

Vendor ID	Invoice No.	Explanation of Exception	How Cleared
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Staff 5-14 Are payments to outside consultants delayed or invoices rejected if adequate supporting documentation is not provided? Please explain.

Staff 5-15 Is any amount or retainer withheld from payments to outside consultants? If yes, please provide details.

Staff 5-16 Have any outside parties (e.g. independent auditors) or internal auditors performed a review of the requested rate-case expenses? If so, please describe the review performed and provide copies of the working papers prepared during this review.

Staff 5-17 Does SPS have the contractual right to perform audits of consultants' expenses? If you do have this right, have you audited any consultants currently included in

requested rate-case expenses? If so, please identify the consultants audited, the procedures performed, and the results of the audit. If you do have this right and have not performed any audits, why not?

- Staff 5-18 Does SPS have any procedures for evaluating total costs for rate-case expenses (actual vs. budgeted costs)? If so, please describe these procedures.
- Staff 5-19 For all requested rate-case expenses, please provide details of any instances in which more than one law firm or other consultant was engaged to provide similar services for the same aspect of the rate-case. Please provide evidence that such charges did not result in a duplication of services.
- Staff 5-20 Please list individually by entity, person, and amount, any salaries, wages, employee benefits, or other payroll-related items that are included in requested rate-case expenses.
- Staff 5-21 Has SPS excluded all expenses that are included in another component of the requested cost of service for this docket (such as payroll or lease expense included in the historic test year) from its requested rate-case expenses? If not, please provide a schedule listing these expenses and a detailed explanation of why they are not excluded.
- Staff 5-22 Are any charges included in requested rate-case expenses for legal or other services provided by your employees? If yes, please provide a schedule by employee showing the total amount included in rate-case expenses, and a detailed description of how the amount was determined (e.g. based on actual salary, based on comparable outside consultants' billing rates, etc.). Provide a justification for any charges in excess of your actual costs.
- Staff 5-23 Are any charges requested by SPS for legal or other services provided by your employees? If yes, please provide a schedule by employee showing the total amount included in rate-case expenses, and a detailed description of how the amount was determined (e.g. based on actual salary, based on comparable outside consultants' billing rates, etc.). Provide justification for any charges in excess of actual costs.
- Staff 5-24 Are any SPS or consultant internal overhead charges included in requested rate-case expenses? If yes, please provide a schedule by type of overhead expense showing the total amount(s) included in rate-case expenses and a detailed description of how the amount(s) was determined (e.g. based on actual costs, based on market prices, etc.).
- Staff 5-25 Please identify and list any charges included in the requested rate-case expenses that are contingent upon a certain outcome. For example, any payments, bonuses or incentives based on a specific event or result would be included in this

schedule. Conversely, any reimbursements SPS will receive due to a negative outcome would also be included.

- Staff 5-26 Please provide evidence and testimony or affidavits showing the reasonableness of the cost of all professional services included in rate-case expenses, including but not limited to:
- (a.) The nature, extent, and difficulty of the work done by the attorney or other professional in the rate case;
 - (b.) The time and labor required and expended by the attorney or other professional;
 - (c.) The fees or other consideration paid to the attorney or other professional for the services rendered;
 - (d.) The expenses incurred for lodging, meals and beverages, transportation, or other services or materials;
 - (e.) The nature and scope of the rate case, including:
 - (i) The size of the utility and number and type of consumers served;
 - (ii) The amount of money or value of property or interest at stake;
 - (iii) The novelty or complexity of the issues addressed;
 - (iv) The amount and complexity of discovery;
 - (v) The occurrence and length of a hearing; and
 - (vi) The specific issue or issues in the rate case and the amount of rate-case expenses reasonably associated with each issue.
- Staff 5-27 Please provide a copy of all engagement letters or contracts for services between SPS and any professionals and/or attorneys for which rate-case expense recovery is requested.

PLEASE UPDATE THE RESPONSES TO ALL APPLICABLE QUESTIONS AS ADDITIONAL RATE-CASE EXPENSES RELATED TO THIS DOCKET ARE INCURRED AND NO LESS FREQUENTLY THAN MONTHLY.