



Filing Receipt

Received - 2021-07-14 12:34:32 PM

Control Number - 51802

ItemNumber - 311

SOAH DOCKET NO. 473-21-1892; DOCKET NO. 51802

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

**AFFIDAVIT OF THOMAS K. ANSON
REGARDING RATE CASE EXPENSES (REVENUE REQUIREMENT)
ON BEHALF OF SOUTHWESTERN PUBLIC SERVICE COMPANY**

(Filename: AnsonRRAffidavit.doc; Total Pages: 8)

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, the undersigned authority, on this day personally appeared the undersigned affiant, Thomas K. Anson, who swore an oath that the following facts are true:

1. My name is Thomas K. Anson. I am over 18 years of age and am competent to make this affidavit. The statements contained in this affidavit are true and correct, and the opinions stated herein are, to the best of my knowledge and belief, accurate, true, and correct.

2. I am the same Thomas K. Anson who provided in this docket, on behalf of Southwestern Public Service Company (“SPS”), direct testimony filed on February 8, 2021, and updated testimony on March 25, 2021.

3. The purpose of my testimony in this case is with regard to the external rate case expenses for the law firms and outside consultants that are working on this comprehensive rate case, on the Docket No. 51625 fuel factor formula case (plus eventually the severed portion of the fuel factor case which is pending in Docket No. 51665), and on the Docket No. 51644 net base rate surcharge case. These cases are described in more detail in my direct testimony.

4. After the filing of my direct testimony and my updated testimony, SPS has incurred additional rate case expenses in the referenced dockets.

5. The purpose of this affidavit is to further address the matters in my direct testimony and in my update testimony regarding such external rate case expenses.

6. This affidavit incorporates by reference, and will not repeat, my direct testimony and my update testimony regarding such external rate case expenses. Instead, this affidavit relies on and builds upon those prior testimonies.

7. In addition, SPS has filed a response to Commission Staff's Fifth Request for Information ("RFI"). The questions in that RFI all address rate case expense matters. This affidavit incorporates by reference and relies on the SPS responses to the Commission Staff's Fifth RFI, including the invoices provided by SPS in response to Question No. Staff 5-1.

8. I anticipate that additional affidavits will be necessary at later stages as additional rate case expense information becomes available and subject to review. Such affidavits may include support for additional consultants in connection with Docket Nos. 51802, 51625, 51655, and 51644.

9. The external rate case expenses incurred are supported by my direct testimony, my updated testimony, this affidavit, the workpapers, and SPS's responses to the Commission Staff's Fifth RFI, subject to any adjustments that I may make in the course of my continued review thereof and of additional rate case expense information.

10. This affidavit does not have any exhibits because of the still relatively early stage of the process relative to the incurrence of rate case expenses. I anticipate later sponsoring exhibits in connection with additional affidavits which will provide summaries of the rate case expenses incurred, any specific amounts which I recommend should not be recovered, and the resulting amounts which I do recommend for recovery. I anticipate that the

exhibits will correspond with the respective dockets for which rate case expense recovery is sought.

11. My direct testimony did not address invoices for external rate case expenses because there were none available to me for review at that time. Instead, after review of information I had available in the workpapers relating to the law firms and outside consultants working on these rate cases, and based upon the complexity of electric rate cases and the issues to be addressed therein, the scope and quality of the services being provided, and the importance of the rate cases for SPS, my direct testimony concluded that the services of the law firms and outside consultants are necessary and that their rates are reasonable.

12. My direct testimony also indicated that the law firms for SPS on the referenced dockets are aware of the need to avoid duplication of services and to coordinate with SPS and each other on the marshalling of the SPS legal resources so as to be efficient and effective, and that duplication of services would be one of the matters I will be considering when I review invoices.

13. In my update testimony, because there was an outside consultant firm in addition to those discussed in my direct testimony, its services were reviewed and addressed therein. My update testimony concluded that it was necessary and reasonable for SPS to employ the additional outside consultant.

14. The update testimony also included the result of my examination and evaluation of certain rate case expense information available and provided to me by SPS for review at that time regarding the referenced dockets. As indicated there, and subject to future evaluation and potential adjustments by me as additional rate case expense documentation and information was later provided to me on the external services, my updated testimony also provided a preliminary opinion that the rate case expenses reviewed to date were in fact incurred and, subject to further

investigation as to their particular aspects, the rate case expenses were in general necessary, reasonable, warranted, and not extreme, excessive, or disproportionate.

15. In this Docket No. 51802, a procedural schedule has been adopted with a hearing on the merits scheduled for October 18-28, 2021, appeals of municipal decisions have been consolidated for review in this docket, the Commission has issued a Preliminary Order regarding the issues to be addressed in this docket, and the Commission has requested and received threshold briefing (for which it issued a supplemental preliminary order regarding same). In addition, the Commission Staff and various intervenor parties have submitted numerous discovery requests to SPS, and SPS has been filing responses and supplemental responses thereto.

16. In the Docket No. 51625 fuel factor case, that proceeding was modified so as to be limited to the change to the fuel factor formula and related relief, and the change to its fuel factor and related relief was severed into new Docket No. 51665. A Preliminary Order was issued, discovery and pre-filed testimony ensued, the hearing on the merits was held, and post-hearing briefing has been submitted.

17. The severed Docket No. 51665 portion of the fuel factor case has been abated except to the extent to put in place interim rates that depend on the outcome of the decision in Docket No. 51625.

18. In the Docket No. 51644 net surcharge case, interim rates were put in place, the application was amended, and the application as amended was recently approved by the Commission. The proceeding is in the process of being concluded through compliance filings.

19. I have reviewed and evaluated the external rate case expenses incurred that were available to date and provided to me for review, including the expenses provided in SPS's responses to Staff's Fifth RFI. Building upon my prior direct testimony and my update testimony

in this docket, based upon my review of supporting documentation for external services related to those rate case expenses and SPS's responses to the Commission Staff's Fifth RFI, and subject to any adjustments that I may later make as part of my continuing review of not only the information reviewed to date but additional information to be reviewed as more becomes available, in my preliminary opinion such external legal and consultant rate case expenses were in fact incurred, and they are necessary, reasonable, warranted, and not extreme, excessive, or disproportionate. This preliminary opinion is based primarily upon the complexity of the rate case and the issues addressed therein, the scope and quality of services provided, the importance of rate cases for SPS, and the invoicing and other supporting information that I have reviewed.

20. In addition, as to the legal invoice information that I have reviewed at this stage in the proceeding, and subject to any adjustments that I may later make as part of my continuing review:

- The law firm invoice information was sufficient to allow me on a preliminary basis to reasonably identify the nature, extent, and difficulty of the legal work being performed, and to form a preliminary judgment about the reasonableness of the time and labor required and spent to date with regard to the information I have so far reviewed.
- The legal invoice information I have been able to review included the date, service descriptions, and timekeeper hourly rates. The invoice information for legal services reviewed to date appears to have been calculated correctly, with no double billings or inconsistencies found. It appears that none of the charges should have been assigned to other matters.
- The legal invoices billed and reviewed to date accurately documented hours worked and services provided.

- The number of hours billed and reviewed by me to date by the legal firms appear to be necessary and reasonable.
- There were no hourly time entries by any lawyer that exceeded 12.0 hours per day for work that was performed.
- There was no duplication of services among the law firms or lawyers.
- Regarding out-of-pocket or other expenses in addition to fees incurred by the law firms, those are a matter of my ongoing investigation, and will be a matter to be addressed at a later date in the exhibits which I previously described.

21. As to the consultant invoice information that I have reviewed at this stage in the proceeding, and subject to any adjustments that I may later make as part of my continuing review:

- The consultant invoice information was sufficient to allow me on a preliminary basis to reasonably identify the nature, extent, and difficulty of the consultant work being performed, and to form a preliminary judgment about the reasonableness of the time and labor required and spent to date with regard to the information I have so far reviewed.
- The invoice information for professional services reviewed to date appears to have been calculated correctly, with no double billings or inconsistencies found.
- It appears that none of the charges should have been assigned to other matters.
- The work which was invoiced was necessary and reasonable.
- There were no hourly time entries by any consultants that exceeded 12.0 hours per day for work that was performed on this case.
- There was no duplication of services among the outside consulting firms, but instead each addressed specific ratemaking issues or aspects.

- Regarding out-of-pocket or other expenses in addition to the professional services fees incurred by the consulting firms, those are a matter of my ongoing investigation, and will be a matter to be addressed at a later date in the exhibits which I previously described.

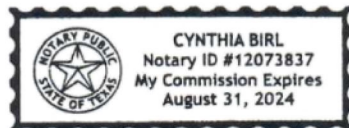
22. The foregoing affidavit testimony remains subject to my ongoing review of the external rate case expense information, including as additional rate case expenses are incurred and reviewed. As indicated, I will be preparing exhibits at a later stage in which I identify any amounts I recommend not be recovered and the amounts which I accordingly do recommend be recovered.

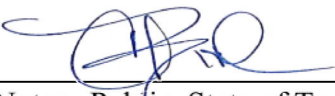
23. This concludes my affidavit.

Thomas K Anson

Thomas K. Anson

SUBSCRIBED AND SWORN TO BEFORE ME, notary public, on this the 13
day of July, 2021.





Notary Public, State of Texas

CERTIFICATE OF SERVICE

I certify that on the 14th day of July, 2021, notice of the filing of the foregoing affidavit with the PUCT was served on all parties of record by electronic service and was posted to SPS's file sharing platform.

/s/ Sarah Merrick
