



## **Filing Receipt**

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**SOAH DOCKET NO. 473-25-18477  
PUC DOCKET NO. 58017**

**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  
THIRD REQUEST FOR INFORMATION  
QUESTION NOS. 3-1 THROUGH 3-9**

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THIRD REQUEST FOR INFORMATION  
QUESTION NOS. 3-1 THROUGH 3-9**

Southwestern Public Service Company ("SPS") files this response to Commission Staff's ("Staff") Third Request for Information, Question Nos. 3-1 through 3-9.

**I. WRITTEN RESPONSES**

SPS's written responses to Staff's Third 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 will be provided by secure document transfer link.

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 certification under the protective order entered in this docket. Confidential and Highly Sensitive responsive documents will be provided by secure document transfer link.

Respectfully submitted,

By: /s/ Patrick Pearsall

XCEL ENERGY SERVICES INC.

Stephanie G. Houle  
State Bar No. 24074443  
Leila Melhem  
State Bar No. 24083492  
919 Congress Ave., Suite 900  
Austin, Texas 78701-2471  
(512) 236-6923  
(512) 236-6935 (Fax)  
[leila.melhem@xcelenergy.com](mailto:leila.melhem@xcelenergy.com)

DUGGINS, WREN, MANN & ROMERO LLP

Patrick Pearsall  
State Bar No. 24047492  
Stephanie Green  
State Bar No. 24089784  
DUGGINS, WREN, MANN & ROMERO LLP  
600 Congress Ave., Ste. 2700  
(512) 495-8832 (Office)  
(512) 744-9332 (Fax)  
[ppearsall@dwmrlaw.com](mailto:ppearsall@dwmrlaw.com)  
[sgreen@dwmrlaw.com](mailto:sgreen@dwmrlaw.com)

### III. RESPONSES

#### QUESTION NO. STAFF 3-1:

Does SPS seek recovery of proceeding expenses incurred as a result of its participation in Project No. 57172, *Commission Staff's Petition to Establish a Secondary Cap on Performance Bonuses Under 16 TAC § 25.182(e) for the 2024 Program Year*? If yes, please provide the amount included in this request.

#### RESPONSE:

No. There are two entries that SPS is seeking recovery of that relate to Project No. 57172. These include lines 91 and 92 of Exhibit KGI-4 to the direct testimony of Kyle G. Ingham in the amount of \$168.88 and \$84.44, respectively. External legal counsel retained to represent SPS in its 2024 EECRF proceeding (Docket No. 56570) reviewed Project No. 57172 as the outcome in that proceeding would potentially affect the calculation of the EECRF. The charges referenced above reflect those research hours.

Preparer: Kyle G. Ingham  
Sponsors: P. Grant Gervais, Kyle G. Ingham

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

Does SPS seek recovery of any municipal proceeding expenses incurred as a result of participation in Project No. 57172? If yes, please provide the amount included in this request.

**RESPONSE:**

No.

Preparers: P. Grant Gervais, Kyle G. Ingham  
Sponsors: P. Grant Gervais, Kyle G. Ingham

**QUESTION NO. STAFF 3-3:**

Using the parameters of 16 TAC § 25.182(d), please explain in detail, SPS's basis for including Project No. 57172 proceeding expenses in its requested EECRF.

**RESPONSE:**

Please refer to SPS's response to Staff 3-1.

Preparers: P. Grant Gervais, Kyle G. Ingham

Sponsors: P. Grant Gervais, Kyle G. Ingham

#### **QUESTION NO. STAFF 3-4**

Please refer to Attachment TDA-1, page 6 and the direct testimony of Taylor Amason at pages 10 and 11, which states, “Because the 2022 RCEs and bonus amounts were determined in the 2023 EECRF proceeding to establish the EECRF applicable in 2024, the amounts were recovered through the 2024 EECRF Rider and are reconciled in this proceeding.” Please explain the use of 2023 and 2024 interest rates in calculating the over-recovery of \$533,808 at issue in this proceeding.

#### **RESPONSE:**

16 TAC § 25.182(d)(2) states, in relevant part, the following: “...For each rate class, the under- or over-recovery of the energy efficiency costs shall be the difference between actual EECRF revenues and actual costs for that class that comply with paragraph (12) of this subsection, including interest applied on such over- or under-recovery calculated by rate class and compounded on an annual basis for a two-year period using the annual interest rates authorized by the commission for over- and under-billing for the year in which the over- or under-recovery occurred and the immediately subsequent year....” The over- or under-recovery balance for 2022 could not be fully determined until the end of that year. Thus, because the rule requires interest be applied and compounded on an annual basis for a two-year period, SPS concluded that the first full year in which interest could be applied was 2023. Based on this interpretation, SPS used the 2023 and 2024 interest rates in calculating the over-recovery of \$533,808 at issue in this proceeding. SPS clarifies below additional details regarding the 2023 and 2024 interest calculations.

#### **2023 Interest and Average Over- or Under-Recovery Balance**

In attachment TDA-1, page 6, SPS calculates interest for the first full year of over- or under-recovery (2023) based on the average outstanding balance during 2023. Interest is calculated based on the 2023 interest rate. In attachment TDA-1, page 6 the average outstanding balance in 2023 represents the end of year 2022 Under/(Over) Recovery (prior to the impact of recognizing 2022 Bonus expense and 2022 RCE - Docket No. 53540).

#### **2024 Interest and Average Over- or Under-Recovery Balance**

In attachment TDA-1, page 6 SPS calculates the second full year of over- or under-recovery (2024) based on the average outstanding balance during 2024. Interest is calculated based on the 2024 interest rate. In attachment TDA-1, page 6, the average



outstanding balance in 2024 represents 1) the average of the beginning 2024 balance (2023 ending balance plus interest) and 2) the 2024 ending balance before interest. The 2024 ending balance incorporates additional revenues and costs recognized in 2024 including, Actual 2024 EECRF Revenue, Docket No. 53540 EECRF Rate Case Expenses, 2022 Bonus, and 2024 Actual Costs.

Preparers: Alex Trowbridge and Taylor D. Amason

Sponsor: Taylor D. Amason

**QUESTION NO. STAFF 3-5:**

Please explain how SPS's calculation of interest at issue in Staff 3-4 meets the requirements of 16 TAC § 25.182(d)(2) such that "For each rate class, the under- or over-recovery of the energy efficiency costs shall be the difference between actual EECRF revenues and actual costs for that class that comply with paragraph (12) of this subsection, including interest applied on such over-or under-recovery calculated by rate class and compounded on an annual basis for a two-year period using the annual interest rates authorized by the commission for over-and under-billing *for the year in which the over-or under-recovery occurred* and the immediately subsequent year."

**RESPONSE:**

Refer to SPS's response to SPS-Staff 3-4 for a description of the interest calculations by class and the use of 2023 and 2024 interest rates. It is SPS's understanding that "...*the year in which the over-or under-recovery occurred...*" is 2023. Given that the first year in which over/under recovery occurred is 2023, the company has calculated interest credits for that year. Further, the immediately subsequent year is 2024, and for the interest calculation SPS is taking the average of the 2024 beginning balance which represents 2023 plus interest and the 2024 ending balance which includes revenues and expenses occurring in 2024.

Preparers: Alex Trowbridge and Taylor D. Amason  
Sponsor: Taylor D. Amason

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

Please refer to SPS's current application to adjust its Energy Efficiency Cost Recovery Factor (Application), specifically Grant Gervais' Direct Testimony on page 35. With regard to Mr. Gervais' testimony, please provide copies of the work orders for all affiliate expenses included in SPS's current energy efficiency cost recovery factor (EECRF) application.

In responding to this request, please ensure the inclusion of the following information:

- a) a list of all expenses by Federal Energy Regulatory Commission (FERC) account/sub-account; and
- b) for each work order:
  - i. a detail of the expenses by class of service;
  - ii. the scope of work with a statement of the purpose;
  - iii. the primary activities, products, or deliverables; and
  - iv. the justification for the billing method.

**RESPONSE:**

- a) Please see Exhibit SPS-Staff 3-6 for a list of the affiliate expenses included in SPS's current EECRF application, by FERC account. All affiliate expenses included in this proceeding are Regulatory Assets booked to FERC 182.3.
- b) Affiliate expenses included in SPS's application are all direct charged to SPS from XES, specifically the Marketing affiliate class. Please refer to the direct testimony of P. Grant Gervais for a discussion of the primary activities of employees whose labor and employee expenses are charged to SPS's Energy Efficiency programs.

Preparer: P. Grant Gervais  
Sponsor: P. Grant Gervais

**QUESTION NO. STAFF 3-7:**

Does SPS's requested EECRF affiliate expenses include amounts for carrying charges on shared assets? If so, please separate the amounts for carrying charges on shared assets as follows:

- a) depreciation amount;
- b) expenses amount;
- c) equity amount; and
- d) interest amount.

**RESPONSE:**

No.

Preparer: P. Grant Gervais  
Sponsor: P. Grant Gervais

**QUESTION NO. STAFF 3-8:**

Please provide the date when the most recent market compensation study was performed by SPS.

**RESPONSE:**

As discussed, page 39, line 22 of Mr. Grant Gervais's testimony, SPS's most recent compensation study was conducted by Willis Towers Watson. This study was conducted in the Spring of 2023 and was provided to SPS in July 2024.

Preparer: P. Grant Gervais  
Sponsor: P. Grant Gervais

**QUESTION NO. STAFF 3-9:**

Does SPS's EECRF request include any amount of financially based incentive compensation for an officer of SPS? If the answer is "yes," please provide the following information:

- a) the amount in the EECRF request related to financially based incentive compensation, by FERC account.
- b) Refer to the response at Staff 3-9(a). Please break out the identified amount as follows:
  - i. by the reconciled year;
  - ii. by current program year; and
  - iii. by estimated program year.

**RESPONSE:**

No. SPS's EECRF does not include any amount for financially based incentive compensation for an officer of SPS.

Preparer: P. Grant Gervais  
Sponsor: P. Grant Gervais

## CERTIFICATE OF SERVICE

I certify that, on the 11th day of June 2025, notice of the filing of the foregoing instrument with the PUCT was served on all parties of record by electronic service, in accordance with the Commission's *Second Order Suspending Rules* issued in Project No. 50664.

Lee Hosley

The following files are not convertible:

Exhibit SPS-Staff 3-6.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact [centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov) if you have any questions.