

**Southwestern Public Service Company**

**Attachment O - Transmission Formula Rate 2017 Projection**

**Golden Spread Information Request No. 1**

November 3, 2016

**The following questions pertain to the spreadsheet file “10-2016---Attachment O-SPS 2017 Rate Projected”:**

GSEC 1-1. In reference to line 3 on the tab labeled “Rate”, please provide the supporting calculation of the Interest on Prior Year True-up Adjustment.

**Response:**

Please refer to the “WsA True-up” tab of the “09-2016---Attachment O-SPS 2015 True-Up Formula Rate Rv1” spreadsheet file for the calculation of the Interest on Prior Year True-up Adjustment amount.

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GSEC 1-2. In reference to line 23 on the tab labeled “WsD.1-13MoAvgRateBase”, Intangible Plant in Service, please explain and provide supporting documentation for the approximately \$67.5 million projected increase in the balance for Intangible Plant during 2017.

**Response:**

The \$67.5 million projected increase is primarily due to the Work and Asset Management project which is a plant addition of approximately \$59.8 million for 2017. Please see the table below for a listing of all forecasted additions in 2017. Please note that the with the exception of the last two projects shown in the table below, this information was included in the variance analyses provided on October 3, 2016 and October 17, 2016.

<b>Work Order ID</b>	<b>Project Description</b>	<b>Year</b>	<b>Addition Total</b>
D.0001726.058	Work and Asset Phase 1 SW SPS	2017	\$ 59,736,775
D.0001804.088	BS-Fcst-BD-SW-EL-S	2017	1,531,435
D.0001826.205	Diagnostic Center Ph4 SW SPS	2017	1,508,326
D.0001807.004	Security Tech Refresh SW SPS	2017	1,082,804
D.0001804.151	Interval Complex Billing SW SP	2017	668,593
D.0001744.019	IrthNet Damage Prevent SW SPS	2017	416,688
D.0001839.391	Sharepoint 2013 Ph2 SW SPS	2017	415,627
D.0001839.238	NOC Integration SW SPS	2017	392,470
D.0001826.191	Demand Response Manage SW SPS	2017	356,879
D.0001804.026	Cust Care Agent Screen SW SPS	2017	210,586
D.0001826.161	Verint Workforce SW SPS	2017	168,877
D.0001815.016	Federated Record SW SPS	2017	160,418
D.0001826.039	Mapframe Fieldsmart Upgrade SW	2017	134,033
D.0001826.072	Customer Care Start Stop SW SP	2017	128,821
D.0001804.175	Customer Data Request SW SPS	2017	122,804
D.0001839.309	Circuit Management SW SPS	2017	87,580
D.0001826.157	XEMA Micro SW SPS	2017	68,448
D.0001839.285	Asset Data Warehouse SW SPS	2017	68,042
D.0001826.137	Marketing Campaign SW SPS	2017	54,558
D.0001826.141	Multi Site Customer SW SPS	2017	51,516
D.0001702.007	MRAS/ARCS Consolidation upgrad	2017	50,402
D.0001839.305	ESB Environment SW SPS	2017	44,216
D.0001792.065	ARCS Replacement SW SPS	2017	34,398
D.0001798.004	Strategic Technology - SPS	2017	28,997
A.0000245.003	GIST-II Computer SoftwareSPS	2017	739
D.0001826.219	Large C&I Portal SW SPS	2017	5
<b>Total</b>			<b>\$ 67,524,038</b>

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GSEC 1-3. In reference to the tab labeled “WsN Meters”, Column G, Total Replacement Costs, please explain and provide supporting documentation for the total replacement costs for SC Meters and TR Meters increasing by 11% and 23%, respectively, while the total replacement costs for TR-IDR Meters decreased by 5% as compared to the amounts reflected in the true-up file “09-2016---Attachment O-SPS 2015 True-Up Formula Rate Rv1”.

**Response:**

The formula rate template calculates Column G, Total Replacement Costs, by multiplying input Column C, Number of Meters and input Column E, Average Replacement Cost per Meter (2). Therefore, the changes in Total Replacement Costs are a result of changes to the Number of Meter and Average Replacement Cost per Meter (2) inputs. The Number of Meters and Average Replacement Cost per Meter (2) input fields are populated using the most recent available studies filed with SPS’s retail commissions as part of base rate case filings. For the 2017 projection, SPS used the studies filed in PUCT Docket No. 43695 and NMPRC Case No. 15-00296-UT while the studies used for prior year projections were filed in previous retail cases. The workpapers showing the inputs for the “WsN Meters” tab were provided with the original supporting documentation files. Please refer to pages 35 and 36 of 37 of the file provided in October of 2014 for the 2015 true-up and pages 17 and 18 of 18 of the file provided October of this year for the 2017 projection.