

**Request Name:** October 31, 2018 GridLiance Transmission Formula Rate Stakeholder Meeting Data Request

**Date of Discovery:** 11/14/2018

**Request:**

- 1) What is GridLiance High Plains LLC's ("GridLiance") actual capital structure as of November 30, 2018? What is GridLiance's projected capital structure in calendar year 2019?
- 2) At the October 31, 2018 customer meeting, GridLiance indicated that they were using the actual weighted cost of capital in their ATRR calculations, but based on the RY2019 populated template (tab 5 P3 Support) and Appendix B of the customer meeting materials, it appears that GridLiance is using the 60/40 hypothetical capital structure. Please confirm whether GridLiance is using the 60/40 hypothetical capital structure or actual debt/equity structure in its projected ATRR calculations? If the RY2019 populated template is incorrect, please provide a corrected template.
- 3) Please provide a breakdown by depreciation type (structures, station, etc.) of the \$1.15M included in the Depreciation Expenses on Slide 8 of the customer meeting materials for the Oklahoma Panhandle Assets.
- 4) Please provide a breakdown by expense type (load dispatching, overhead lines, station maintenance, etc.) of the \$3.9M included in the O&M Expenses on Slide 8 of the customer meeting materials for the Oklahoma Panhandle Assets.
- 5) Which facilities are included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant?
  - a. Please provide a list of facilities that went into service after April 1, 2016 or will go into service at a future date that are included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant.
    - i. For facilities on this list that are not currently in service, please provide the expected in-service date.
  - b. Please provide a list of facilities in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant that were in service on April 1, 2016.
  - c. Please provide the gross and net plant by facility that is included for recovery in the projected revised 2019 Oklahoma Panhandle Asset ATRR.
  - d. For each project that went into service after April 1, 2016 or will go into service at a future date, please describe in detail the reliability need and the criteria for evaluating that need.
    - i. Please provide studies to support the determination of reliability need.
    - ii. Please provide the date that each reliability need was identified and the date that the new facilities were identified as the solution to that reliability need.
- 6) Questions regarding whether/how the facilities included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant meet SPP Attachment AI – Transmission Definition.

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- a. Has GridLiance or SPP performed an Attachment AI analysis for the new facilities included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant on a facility-by-facility basis? If so, please provide a copy of that analysis.
- b. Has GridLiance or SPP performed any other Attachment AI analysis for the new facilities included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant? If so, please provide a copy of that analysis.
- c. Has GridLiance or SPP performed a FERC seven-factor test analysis for facilities included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant on a facility-by-facility basis? If so, please provide a copy of that analysis.
- d. Has GridLiance or SPP performed any other FERC seven-factor test analysis for facilities included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant? If so, please provide a copy of that analysis.

**Response:**

On October 1, 2018, GridLiance High Plains LLC (GridLiance HP) published on its website and provided to all Interested Parties<sup>1</sup> its projected net revenue requirement for the 2019 rate year, pursuant to Section II.C. of GridLiance HP's Transmission Formula Rate implementation protocols (Protocols). On October 31, 2018, GridLiance HP held its Annual Projected Rate Meeting for its 2019 projected net revenue requirement, pursuant to Section II.H. of GridLiance HP's Protocols. GridLiance HP hereby provides the following responses pursuant to Section III of its Protocols.

- 1) GridLiance HP's actual capital structure for its most recent reporting period at 9/30/2018 was 100% equity. GridLiance HP closed its first actual debt facility in early October 2018. The projected capital structure for 2019 is reflected in the posted FY2019 Annual Projection formula rate template.
- 2) GridLiance HP confirms it is not using a hypothetical capital structure in RY2019 Annual Projection, and no corrected template is required.
- 3) The Depreciation Expenses in the RY2019 Annual Projection were not determined at that level of detail. Note that the depreciation rate utilized in the Projection is consistent with historical actuals for GridLiance HP, and to the extent there are differences in actuals they will be incorporated in the RY2019 True-Up process as required.
- 4) The requested level of detail was not utilized for the RY2019 Annual Projection. Note that actuals will be reported in accordance with FERC requirements at the account level of detail, with all deviations from the Projection incorporated in the RY2019 True-Up process as required.

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<sup>1</sup> Section II.G. of GridLiance HP's Protocols states "the term Interested Party includes, but is not limited to, customers under the Tariff, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general."

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- 5) For a list of the facilities that are included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant, including both new and existing facilities, please refer to pages 6-7 of the Prepared Direct Testimony of J. Brett Hooton, attached to Southwest Power Pool, Inc.'s August 30, 2018 submission in Docket No. ER18-2358-000 as Exhibit No. SPP-1.
- 5a) For a list of the facilities that are included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant, including both new and existing facilities, please refer to pages 6-7 of the Prepared Direct Testimony of J. Brett Hooton, attached to Southwest Power Pool, Inc.'s August 30, 2018 submission in Docket No. ER18-2358-000 as Exhibit No. SPP-1.
- 5a.i) Please see the table below.

<b>Description</b>	<b>Projected In-Service Date</b>
Panhandle OK Reliability	July 2019
Hovey-Jefferson Static Replacement	November 2019
New Control Building – Cole Substation	November 2019
Y-Road Switching Station	December 2019
Cole Transformer Replacement	December 2019

- 5b) For a list of the facilities that are included in the revised 2019 Oklahoma Panhandle Asset ATRR/gross plant, including both new and existing facilities, please refer to pages 6-7 of the Prepared Direct Testimony of J. Brett Hooton, attached to Southwest Power Pool, Inc.'s August 30, 2018 submission in Docket No. ER18-2358-000 as Exhibit No. SPP-1.
- 5c) Please see the table below.

<i>(\$in USD millions for 13-month average projected in RY2019)</i>		
<b>Description</b>	<b>Gross Plant</b>	<b>Net Plant</b>
Networked OK Panhandle Assets	\$33.1	\$27.0
Panhandle OK Reliability Project	\$11.7	\$10.1
Hovey-Jefferson Static Replacement	\$0.2	\$0.2
New Control Building – Cole Substation	\$0.1	\$0.1
Y-Road Switching Station	\$0.4	\$0.4
Cole Transformer Replacement	<u>\$0.2</u>	<u>\$0.2</u>
<b>TOTAL</b>	<b>\$45.6</b>	<b>\$38.0</b>

- 5d) For all assets other than the Hovey-Jefferson Static Replacement, the New Control Building – Cole Substation, and Y-Road Switching Station, a response to this request is inappropriate for the formula rate projection process, as set forth in Section III of GridLiance HP's Protocols. This request addresses issues that are currently being litigated in FERC Docket No. ER18-2358-000, Southwest Power Pool, Inc.'s (SPP) filing under Section 205 of the Federal Power Act to add an Annual Transmission Revenue Requirement (ATRR) for transmission service using certain facilities

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that GridLiance HP owns in Oklahoma Panhandle region (Networked Oklahoma Panhandle Assets). On October 31, 2018, the Commission accepted, subject to refund and hearing and settlement judge procedures, SPP's proposed Tariff revisions to include GridLiance HP's ATRR for its Networked Oklahoma Panhandle Assets with an effective date of November 1, 2018. Subject to this qualification, GridLiance HP states that the Hovey-Jefferson Static Replacement, the New Control Building – Cole Substation, and Y-Road Switching Station are not the result of any transmission planning or reliability studies. They are driven by maintenance operations and reliability needs resulting from requests from the operations staff.

- 6a) For all assets other than the Hovey-Jefferson Static Replacement, the New Control Building – Cole Substation, and Y-Road Switching Station, a response to this request is inappropriate for the formula rate projection process, as set forth in Section III of GridLiance HP's Protocols. This request addresses issues that are currently being litigated in FERC Docket No. ER18-2358-000, Southwest Power Pool, Inc.'s (SPP) filing under Section 205 of the Federal Power Act to add an Annual Transmission Revenue Requirement (ATRR) for transmission service using certain facilities that GridLiance HP owns in Oklahoma Panhandle region (Networked Oklahoma Panhandle Assets). On October 31, 2018, the Commission accepted, subject to refund and hearing and settlement judge procedures, SPP's proposed Tariff revisions to include GridLiance HP's ATRR for its Networked Oklahoma Panhandle Assets with an effective date of November 1, 2018. Subject to this qualification, GridLiance HP states that the Hovey-Jefferson Static Replacement, the New Control Building – Cole Substation, and Y-Road Switching Station are subject to SPP's Attachment AI analysis, which is currently at issue in Docket No. ER18-2358-000, and thus not subject to any separate analysis.
- 6b) GridLiance HP has not performed any such analysis. GridLiance HP cannot speak for SPP and any such statement would be outside the scope of the Information Exchange Procedures set forth in Section III of GridLiance HP's Protocols.
- 6c) GridLiance HP has not performed any such analysis. GridLiance HP cannot speak for SPP and any such statement would be outside the scope of the Information Exchange Procedures set forth in Section III of GridLiance HP's Protocols.
- 6d) GridLiance HP has not performed any such analysis. GridLiance HP cannot speak for SPP and any such statement would be outside the scope of the Information Exchange Procedures set forth in Section III of GridLiance HP's Protocols.

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