

**GridLiance High Plains LLC (GLHP)  
2019 Annual Projected Rate  
Response to Informal Challenge of  
Xcel Energy Services Inc/ Southwestern Public Service Company**

**RE:** GridLiance Transmission Formula Rates Annual Update

**Date:** January 31, 2019

**Informal Challenge of Xcel Energy Services Inc. o/b/o Southwestern Public Service Company:**

- 1) GLHP stated that due to the litigation in FERC Docket No. ER18-2358, responses to the Xcel Energy/SPS inquiries regarding SPP Attachment A1 compliance are inappropriate or out of scope of the GLHP Protocols. As a result, GLHP has not provided a meaningful explanation regarding compliance with Attachment A1 or the FERC seven-factor test for the facilities associated with the revised revenue requirement in the 2019 Annual Projected Rate.
- 2) GLHP has not provided information regarding the reliability need for the construction of the new or upgraded facilities included in the 2019 Annual Projected Rate, citing ongoing litigation in Docket No. ER18-2358. It is unreasonable for GLHP to include costs for new facilities in the 2019 Annual Projected Rate where the purpose and reliability benefit of the facilities have not been identified because there is no way to determine whether such construction was prudent. Xcel Energy requested this information in Question 5d, but GLHP did not provide a substantive response.
- 3) GLHP has not justified the significant increase in O&M expense included in the 2019 Annual Projected Rate (Line 3 Tab 1 Projected Rev Req). The O&M expense accounts for about 43% of the total revenue requirement in the 2019 Annual Projected Rate versus only about 23% in the as-filed costs included in the record in Docket No. ER18-2358. This increase in O&M is disproportionate to the increase in transmission plant in the 2019 Annual Projected Rate to which this Informal Challenge relates. GLHP did not substantively respond to Xcel Energy/SPS Question 4 regarding the O&M expense increase.
- 4) The GLHP response to Xcel Energy Question 3 did not provide adequate detail as to how the depreciation forecast was developed. In the absence of that information, it is unclear whether the depreciation expense amounts are adequately justified.

**Response:**

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

On November 14, 2018, Xcel Energy/Southwestern Public Service Company (SPS) propounded information and document requests to GLHP related to GLHP's 2019 Transmission Rate Projection. On November 30, 2018, GLHP provided responses to the November 14 information and document requests, pursuant to Section III of GLHP's Protocols. In its November 30 responses, GLHP stated that certain of

---

<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."

**GridLiance High Plains LLC (GLHP)**  
**2019 Annual Projected Rate**  
**Response to Informal Challenge of**  
**Xcel Energy Services Inc/ Southwestern Public Service Company**

SPS's requests addressed issues that are currently being litigated in FERC Docket No. ER18-2358, 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 GLHP owns in the Oklahoma Panhandle region. As a result, GLHP concluded that it would be inappropriate to address those requests in the context of GLHP's 2019 Transmission Rate Projection because the issues on which SPS's information requests are predicated are likely to be subject to hearing and settlement judge procedures in Docket No. ER18-2358-000.

On January 31, 2019, SPS submitted an Informal Challenge to GLHP's 2019 Transmission Rate Projection. In the Informal Challenge SPS asserts that GLHP has failed to demonstrate that certain facilities contained in its 2019 Transmission Rate Projection are eligible for cost recovery and requests, as a remedy, that GLHP remove those facilities from its projection. The Informal Challenge also states:

Xcel Energy's Informal Challenge relates only to those GLHP facilities used to calculate the GLHP 2019 Annual Projected Rate to the extent not already addressed in Docket No. ER18-2358. ***Therefore, Xcel Energy's requested remedies likewise only apply to those new facilities to the extent not already covered by the existing dispute in Docket No. ER18-2358.***<sup>2</sup>

Based on this, it is GLHP's understanding that SPS agrees to defer pursuing the Requested Remedies contained in its Informal Challenge while those matters are being litigated in Docket No. ER18-2358. Accordingly, GLHP hereby provides the following responses to the Informal Challenge, pursuant to Section IV of GLHP's Protocols.

- 1) The issues contained in this Informal Challenge are being litigated in Docket No. ER18-2358. Accordingly, to the extent those issues are not resolved in that proceeding, GLHP reserves its right to provide a response to this Informal Challenge on a future date that will be established and agreed to between SPS and GLHP.
- 2) The issues contained in this Informal Challenge are being litigated in Docket No. ER18-2358. Accordingly, to the extent those issues are not resolved in that proceeding, GLHP reserves its right to provide a response to this Informal Challenge on a future date that will be established and agreed to between SPS and GLHP.
- 3) GLHP states that the proportions of O&M compared to total ATRR stated in the Informal Challenge is not accurate. Specifically, the 43% quoted from the 2019 Annual Projected Rate represents the "Annual Expense Charge," which includes costs beyond O&M such as Taxes Other Than Income Taxes. The comparable amount in the 2018 estimated ATRR included as part of ER18-2358 is 31%, not 23%. Further, when comparing 2019 to 2018 Projected ATRR amounts, the estimated Plant-Related Property Taxes is contributing to the noted change in cost (from \$357K to \$903K). Additionally, the \$8.9MM total Zone 11 2019 Projected ATRR is consistent with the \$8.9MM estimated amount included in ER18-2358.

---

<sup>2</sup> Xcel Energy Services Inc. to Joe Loner et al., January 31, 2019, "Informal Challenge" at p. 7 (emphasis added).

**GridLiance High Plains LLC (GLHP)**  
**2019 Annual Projected Rate**  
**Response to Informal Challenge of**  
**Xcel Energy Services Inc/ Southwestern Public Service Company**

- 4) GLHP states, while the Depreciation Expense forecast included in the 2019 Annual Projection was not done at the level of detail requested by SPS in its previous data request, the estimated amounts are reasonable and justified. Specifically, the Depreciation Expense was forecasted to be 2% of average Gross Plant, which is consistent with the 2018 Projection and expected 2018 Actuals. Furthermore, Actual Depreciation Expense is calculated using the approved Deprecation Rates included in the GLHP approved Formula Rate Template, and any potential difference between Projected and Actual Depreciation Expense amounts will be included in the True-Up.

**Date of Response:** February 27, 2019