

Southwestern Public Service Company

Capitalization, the Cost of Capital, and the Overall Rate of Return in Conformance with an Original Cost Rate Base

(a) Base Period

| Line No. | Capital Component                                | Base Period Regulated Capitalization | Base Period Percentage of Total Capitalization | Base Period Cost of Capital | Base Period Weighted Average Cost of Capital |
|----------|--------------------------------------------------|--------------------------------------|------------------------------------------------|-----------------------------|----------------------------------------------|
| 1        | GAAP Common Equity                               | \$ 2,533,185,448 <sup>(4)</sup>      |                                                |                             |                                              |
| 2        | Less Accumulated Other Comprehensive Income Loss | (1,362,188)                          |                                                |                             |                                              |
| 3        | Regulatory Common Equity                         | 2,534,547,636                        | 54.77%                                         | 9.56% <sup>(1)</sup>        | 5.24%                                        |
| 4        | Preferred Trust Securities                       | -                                    | 0.00%                                          | 0.00%                       | 0.00%                                        |
| 5        | Long Term Debt                                   | 2,092,872,812 <sup>(3)</sup>         | 45.23%                                         | 4.51%                       | 2.04%                                        |
| 6        | <b>Totals</b>                                    | <b>\$ 4,627,420,448</b>              | <b>100.00%</b>                                 |                             | <b>7.28%</b> <sup>(2)</sup>                  |

**Notes:** Schedule aligns with Schedule A-5.

<sup>(1)</sup> Does not reflect actual earnings during the base period. Reflects authorized Return on Equity ("ROE") in SPS's most recently litigated base rate case, Case No. 17-00255-UT.

<sup>(2)</sup> Does not reflect actual earnings during the base period. Reflects authorized ROE in SPS's most recently litigated base rate case, Case No. 17-00255-UT, and actual weighted average cost of debt as of 3/31/2019.

<sup>(3)</sup> Long Term Debt ties to Schedule G-3 net proceeds amount.

<sup>(4)</sup> Regulatory Common Equity line does not include Accumulated Other Comprehensive Income loss. Common Equity Ties to Schedule G-9.

Southwestern Public Service Company

Capitalization, the Cost of Capital, and the Overall Rate of Return in Conformance with an Original Cost Rate Base

(b) Test Year Period

| Line No. | Capital Component                                | Base Period Regulated Capitalization | Adjustments                   | Test Year Period Ended Regulated Capitalization | Test Year Period Percentage of Total Capitalization | Test Year Period Component Capital Cost | Test Year Period (As Adjusted) Weighted Average Cost |
|----------|--------------------------------------------------|--------------------------------------|-------------------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------|------------------------------------------------------|
| 1        | Common Equity                                    | \$ 2,533,185,448                     | \$ 355,000,000 <sup>(3)</sup> | \$ 2,888,185,448                                |                                                     |                                         |                                                      |
| 2        | Less Accumulated Other Comprehensive Income Loss | (1,362,188)                          | -                             | (1,362,188)                                     |                                                     |                                         |                                                      |
| 3        | Regulatory Common Equity                         | 2,534,547,636                        | \$ 355,000,000                | 2,889,547,636                                   | 54.77%                                              | 10.35% <sup>(2)</sup>                   | 5.67%                                                |
| 4        | Preferred Trust Securities                       | -                                    | -                             | -                                               | 0.00%                                               | 0.00%                                   | 0.00%                                                |
| 5        | Long Term Debt                                   | 2,092,872,812                        | 293,217,000                   | 2,386,089,812 <sup>(1)</sup>                    | 45.23%                                              | 4.44%                                   | 2.01%                                                |
| 6        | <b>Totals</b>                                    | <b>\$ 4,627,420,448</b>              | <b>\$ 648,217,000</b>         | <b>\$ 5,275,637,448</b>                         | <b>100.00%</b>                                      |                                         | <b>7.68%</b>                                         |

**Notes:** Schedule aligns with Schedule A-5.

<sup>(1)</sup> Long Term Debt ties to Schedule G-3 net proceeds amount.

<sup>(2)</sup> Please refer to the Direct Testimony of Ann E. Bulkley for a discussion on the development of the Return on Equity.

(c) Explanation of Adjustments

<sup>(3)</sup> Expected additional equity will be modified as necessary to achieve the proposed regulated equity ratio.

**Southwestern Public Service Company**

**Capitalization, the Cost of Capital, and the Overall Rate of Return  
in Conformance with a Cost of Reproduction as a Going Concern  
and Other Elements of Value Rate Base**

Southwestern Public Service Company (“SPS”) has not filed any schedules based on reproduction costs or value-option methodologies. Therefore, SPS has not provided the information requested for this optional schedule.

Southwestern Public Service Company

Embedded Cost of Borrowed Capital With a Term of Maturity in Excess  
of One Year from Date of Issue

(a) Base Period, (b) Test Year Period

| Line<br>No. | (i)<br>Description                        | (ii)<br>Issuance<br>Date | (iii)<br>Maturity<br>Date | (iv)<br>Interest<br>Rate | (v)<br>Principal Amount<br>of Issue<br>at Offering | (vi)<br>Offer<br>Price  | (vii)<br>Gross<br>Proceeds | (viii)<br>Underwriter<br>Commission | (ix)<br>Issuance<br>Expense |
|-------------|-------------------------------------------|--------------------------|---------------------------|--------------------------|----------------------------------------------------|-------------------------|----------------------------|-------------------------------------|-----------------------------|
| 1           | Unsecured Senior Notes C & D, 6% due 2033 | 10/06/03                 | 10/01/33                  | 6.00%                    | \$ 100,000,000                                     | \$ 97,293,432           | \$ 97,293,432              | \$ 875,000                          | \$ 362,091                  |
| 2           | Unsecured Senior Notes F, 6.00% due 2036  | 10/06/06                 | 10/01/36                  | 6.00%                    | 250,000,000                                        | 248,077,500             | 248,077,500                | 2,187,500                           | 409,382                     |
| 3           | FMB Series 1, 4.5%, due 2041              | 08/10/11                 | 08/15/41                  | 4.50%                    | 200,000,000                                        | 196,986,000             | 196,986,000                | 1,750,000                           | 2,098,628                   |
| 4           | FMB Series 1, 4.5%, due 2041              | 06/05/12                 | 08/15/41                  | 4.50%                    | 100,000,000                                        | 110,058,000             | 110,058,000                | 875,000                             | 505,528                     |
| 5           | FMB Series 1, 4.5%, due 2041              | 08/20/13                 | 08/15/41                  | 4.50%                    | 100,000,000                                        | 95,912,000              | 95,912,000                 | 875,000                             | 432,249                     |
| 6           | FMB Series 3, 3.3%, due 2024              | 06/09/14                 | 06/15/24                  | 3.30%                    | 150,000,000                                        | 149,505,000             | 149,505,000                | 975,000                             | 470,554                     |
| 7           | FMB Series 3, 3.3%, due 2024              | 09/16/15                 | 06/15/24                  | 3.30%                    | 200,000,000                                        | 200,596,000             | 200,596,000                | 1,300,000                           | 728,826                     |
| 8           | FMB Series 4, 3.4%, due 2046              | 08/12/16                 | 08/15/46                  | 3.40%                    | 300,000,000                                        | 299,493,000             | 299,493,000                | 2,625,000                           | 886,006                     |
| 9           | FMB Series 5, 3.7%, due 2047              | 08/09/17                 | 08/15/47                  | 3.70%                    | 450,000,000                                        | 447,412,500             | 447,412,500                | 3,937,500                           | 1,119,007                   |
| 10          | FMB Series 6, 4.4%, due 2048              | 11/05/18                 | 11/15/48                  | 4.40%                    | 300,000,000                                        | 298,065,000             | 298,065,000                | 2,625,000                           | 548,579                     |
| 11          | <b>Base Period</b>                        |                          |                           |                          | <b>\$ 2,150,000,000</b>                            | <b>\$ 2,143,398,432</b> | <b>\$ 2,143,398,432</b>    | <b>\$ 18,025,000</b>                | <b>\$ 7,560,851</b>         |
| 12          | <b>Adjustments:</b>                       |                          |                           |                          |                                                    |                         |                            |                                     |                             |
| 13          | FMB Series 7, 3.75%, due 2049             | 06/18/19                 | 06/15/49                  | 3.75%                    | 300,000,000                                        | 296,217,000             | 296,217,000                | 2,625,000                           | 375,000                     |
| 14          | <b>Test Year Period (As Adjusted)</b>     |                          |                           |                          | <b>\$ 2,450,000,000</b>                            | <b>\$ 2,439,615,432</b> | <b>\$ 2,439,615,432</b>    | <b>\$ 20,650,000</b>                | <b>\$ 7,935,851</b>         |

(xv) - No issuances are owned by an affiliate.  
(xvi) - No issuances are convertible.

(c) **Explanation of Adjustments**  
Adjustment reflects net proceeds of the debt issuance of \$300M.

Southwestern Public Service Company

Embedded Cost of Borrowed Capital With a Term of Maturity in Excess  
of One Year from Date of Issue

(a) Base Period, (b) Test Year Period

| Line No. | (i)<br>Description                        | (ii)<br>Issuance Date | (iii)<br>Maturity Date | (iv)<br>Interest Rate | (v)<br>Gain or (Loss) on Reacquired Debt | (x)<br>Net Proceeds Amount | (xi)<br>Effective Yield to Maturity | (xii)<br>Principal Outstanding | (xiii)<br>Interest Requirements | (xiv)<br>Weighted Cost Rate |
|----------|-------------------------------------------|-----------------------|------------------------|-----------------------|------------------------------------------|----------------------------|-------------------------------------|--------------------------------|---------------------------------|-----------------------------|
| 1        | Unsecured Senior Notes C & D, 6% due 2033 | 10/06/03              | 10/01/33               | 6.00%                 | \$ (2,834,297)                           | \$ 93,222,044              | 6.52%                               | \$ 100,000,000                 | \$ 6,517,249                    | 0.30%                       |
| 2        | Unsecured Senior Notes F, 6.00% due 2036  | 10/06/06              | 10/01/36               | 6.00%                 | -                                        | 245,480,618                | 6.13%                               | 250,000,000                    | 15,331,076                      | 0.71%                       |
| 3        | FMB Series 1, 4.5%, due 2041              | 08/10/11              | 08/15/41               | 4.50%                 | -                                        | 193,137,372                | 4.71%                               | 200,000,000                    | 9,429,560                       | 0.44%                       |
| 4        | FMB Series 1, 4.5%, due 2041              | 06/05/12              | 08/15/41               | 4.50%                 | -                                        | 108,677,472                | 3.99%                               | 100,000,000                    | 3,993,611                       | 0.19%                       |
| 5        | FMB Series 1, 4.5%, due 2041              | 08/20/13              | 08/15/41               | 4.50%                 | -                                        | 94,604,751                 | 4.85%                               | 100,000,000                    | 4,854,476                       | 0.23%                       |
| 6        | FMB Series 3, 3.3%, due 2024              | 06/09/14              | 06/15/24               | 3.30%                 | -                                        | 148,059,446                | 3.45%                               | 150,000,000                    | 5,180,743                       | 0.24%                       |
| 7        | FMB Series 3, 3.3%, due 2024              | 09/16/15              | 06/15/24               | 3.30%                 | -                                        | 198,567,174                | 3.39%                               | 200,000,000                    | 6,789,779                       | 0.32%                       |
| 8        | FMB Series 4, 3.4%, due 2046              | 08/12/16              | 08/15/46               | 3.40%                 | -                                        | 295,981,994                | 3.47%                               | 300,000,000                    | 10,416,574                      | 0.48%                       |
| 9        | FMB Series 5, 3.7%, due 2047              | 08/09/17              | 08/15/47               | 3.70%                 | (22,105,472)                             | 420,250,521                | 4.08%                               | 450,000,000                    | 18,378,486                      | 0.85%                       |
| 10       | FMB Series 6, 4.4%, due 2048              | 11/05/18              | 11/15/48               | 4.40%                 | -                                        | 294,891,421                | 4.50%                               | 300,000,000                    | 13,511,754                      | 0.63%                       |
| 11       | <b>Base Period</b>                        |                       |                        |                       | <b>\$ (24,939,769)</b>                   | <b>\$ 2,092,872,812</b>    |                                     | <b>\$ 2,150,000,000</b>        | <b>\$ 94,403,308</b>            | <b>4.39%</b>                |
| 12       | <b>Adjustments:</b>                       |                       |                        |                       |                                          |                            |                                     |                                |                                 |                             |
| 13       | FMB Series 7, 3.75%, due 2049             | 06/18/19              | 06/15/49               | 3.75%                 | -                                        | 293,217,000                | 3.88%                               | 300,000,000                    | 11,634,539                      | 0.54%                       |
| 14       | <b>Test Year Period (As Adjusted)</b>     |                       |                        |                       |                                          | <b>\$ 2,386,089,812</b>    |                                     | <b>\$ 2,450,000,000</b>        | <b>\$ 106,037,847</b>           | <b>4.33%</b>                |

|                                                                  | Base Period<br>Calculation            | Test Year Period<br>(As Adjusted) |
|------------------------------------------------------------------|---------------------------------------|-----------------------------------|
| (xv) - No issuances are owned by an affiliate.                   | Annual Debt Requirement               | \$ 106,037,847                    |
| (xvi) - No issuances are convertible.                            | Annual Amortization of Losses/(Gains) | (24,427)                          |
|                                                                  | Adjusted Annual Debt Requirement      | <u>\$ 106,013,420</u>             |
| <b>(c) Explanation of Adjustments</b>                            |                                       |                                   |
| Adjustment reflects net proceeds of the debt issuance of \$300M. | Weighted Cost of Long Term Debt       | <u>4.44%</u>                      |

Southwestern Public Service Company

Cost of Short Term Borrowed Capital Including Revolving Credit Agreements and Other Notes Payable

(a) Base Period, (b) Test Year Period

| Line No. | (i)<br>Description                                | (ii)                         | (iii)                        | (vi)                                        |               | (vii)                                                |                                                 | (viii)                        | Base Period           |             | Test Year Period      |
|----------|---------------------------------------------------|------------------------------|------------------------------|---------------------------------------------|---------------|------------------------------------------------------|-------------------------------------------------|-------------------------------|-----------------------|-------------|-----------------------|
|          |                                                   | Base Period Date of Issuance | Base Period Date of Maturity | Annual Interest Requirements <sup>(b)</sup> | Average       | Base Period Average Principal Balance <sup>(c)</sup> | Base Period Average Weighted Interest Cost Rate | Ending Balance <sup>(d)</sup> | Adjustments           |             |                       |
| 1        | Credit Agreement Direct Borrowings <sup>(a)</sup> | N/A                          | N/A                          | \$ -                                        | \$ -          | -                                                    | N/A                                             |                               | \$ -                  | \$ -        | -                     |
| 2        | Commercial Paper                                  | Various <sup>(e)</sup>       | Various <sup>(e)</sup>       | \$ 1,251,709                                | \$ 50,474,232 |                                                      | 2.48%                                           |                               | \$ 137,000,000        | \$ -        | \$ 137,000,000        |
| 3        | Utility Money Pool                                | Various <sup>(e)</sup>       | Various <sup>(e)</sup>       | \$ 728,041                                  | \$ 33,273,297 |                                                      | 2.19%                                           |                               | \$ 38,000,000         | \$ -        | \$ 38,000,000         |
| 4        | <b>Total</b>                                      |                              |                              |                                             |               |                                                      |                                                 |                               | <b>\$ 175,000,000</b> | <b>\$ -</b> | <b>\$ 175,000,000</b> |

(iv) Coupon or nominal interest rate - see workpapers to Schedule G-4, provided in Attachment WAG-1(CD) to the Direct Testimony of William A. Grant.

(v) Principal amount of issue at offering- see workpapers to Schedule G-4, provided in Attachment WAG-1(CD) to the Direct Testimony of William A. Grant.

(ix) Xcel Energy has established a utility money pool arrangement that allows for short-term loans between the utility subsidiaries and from the holding company to the utility subsidiaries at market-based interest rates. The utility money pool arrangement does not allow loans from the utility subsidiaries to the holding company. The Commission approved the money pool in Case No. 04-00060-UT.

**Notes:** No short term debt is included in the requested cost of capital for the Test Year Period.

<sup>(a)</sup> There were no borrowing maturities from the multi-year credit facility from April 2018 - March 2019.

<sup>(b)</sup> Excludes allocations of interest expense from the Service Company.

<sup>(c)</sup> Twelve month average of monthly average balances.

<sup>(d)</sup> Balance outstanding at March 31, 2019.

<sup>(e)</sup> Commercial paper and utility money pool maturities range from overnight to just less than one year terms.

Cost of Short Term Borrowed Capital Including Revolving Credit Agreements and Other Notes Payable

(a) Base Period, (b) Test Year Period

| Line No. | Description                        | April 2018 | May 2018 | June 2018 | July 2018 | August 2018 | September 2018 | October 2018 | November 2018 | December 2018 | January 2019 | February 2019 | March 2019 | Average |
|----------|------------------------------------|------------|----------|-----------|-----------|-------------|----------------|--------------|---------------|---------------|--------------|---------------|------------|---------|
| 1        | Credit Agreement Direct Borrowings |            |          |           |           |             |                |              |               |               |              |               |            |         |
| 2        | Average Balance                    | \$ -       | \$ -     | \$ -      | \$ -      | \$ -        | \$ -           | \$ -         | \$ -          | \$ -          | \$ -         | \$ -          | \$ -       | -       |
| 3        | Average Cost                       | 0.00%      | 0.00%    | 0.00%     | 0.00%     | 0.00%       | 0.00%          | 0.00%        | 0.00%         | 0.00%         | 0.00%        | 0.00%         | 0.00%      | 0.00%   |
| 4        | Month End Balance                  | \$ -       | \$ -     | \$ -      | \$ -      | \$ -        | \$ -           | \$ -         | \$ -          | \$ -          | \$ -         | \$ -          | \$ -       | -       |

Southwestern Public Service Company

Cost of Short Term Borrowed Capital Including Revolving Credit Agreements and Other Notes Payable

(a) Base Period, (b) Test Year Period

| Line No. | Description       | April 2018    | May 2018      | June 2018      | July 2018      | August 2018   | September 2018 | October 2018  | November 2018 | December 2018 | January 2019  | February 2019  | March 2019     | Average       |
|----------|-------------------|---------------|---------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| 1        | Commercial Paper  |               |               |                |                |               |                |               |               |               |               |                |                |               |
| 2        | Average Balance   | \$ 13,333,333 | \$ 15,774,194 | \$ 68,133,333  | \$ 116,935,484 | \$ 55,354,839 | \$ 15,700,000  | \$ 42,870,968 | \$ 13,033,333 | \$ 4,709,677  | \$ 50,709,677 | \$ 107,071,429 | \$ 102,064,516 | \$ 50,474,232 |
| 3        | Average Cost      | 2.23%         | 2.14%         | 2.28%          | 2.28%          | 2.22%         | 2.21%          | 2.41%         | 2.44%         | 2.79%         | 2.71%         | 2.69%          | 2.68%          |               |
| 4        | Month End Balance | \$ -          | \$ 34,000,000 | \$ 132,000,000 | \$ 39,000,000  | \$ 45,000,000 | \$ 35,000,000  | \$ 82,000,000 | \$ -          | \$ 42,000,000 | \$ 63,000,000 | \$ 138,000,000 | \$ 137,000,000 |               |

(iv) Coupon or nominal interest rate - see workpapers to Schedule G-4, provided in Attachment WAG-1(CD) to the Direct Testimony of William A. Grant.

(v) Principal amount of issue at offering - see workpapers to Schedule G-4, provided in Attachment WAG-1(CD) to the Direct Testimony of William A. Grant.

Cost of Short Term Borrowed Capital Including Revolving Credit Agreements and Other Notes Payable

(a) Base Period, (b) Test Year Period

| Line No. | Description        | April 2018    | May 2018      | June 2018      | July 2018      | August 2018   | September 2018 | October 2018  | November 2018 | December 2018 | January 2019 | February 2019 | March 2019    | Average       |
|----------|--------------------|---------------|---------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
| 1        | Utility Money Pool |               |               |                |                |               |                |               |               |               |              |               |               |               |
| 2        | Average Balance    | \$ 19,766,667 | \$ 10,129,032 | \$ 43,866,667  | \$ 94,838,710  | \$ 65,516,129 | \$ 67,100,000  | \$ 39,032,258 | \$ 933,333    | \$ 2,806,452  | \$ -         | \$ -          | \$ 55,290,323 | \$ 33,273,297 |
| 3        | Average Cost       | 1.83%         | 1.85%         | 1.85%          | 1.97%          | 1.96%         | 1.99%          | 2.11%         | 2.25%         | 2.30%         | 0.00%        | 0.00%         | 2.44%         |               |
| 4        | Month End Balance  | \$ 33,000,000 | \$ -          | \$ 100,000,000 | \$ 100,000,000 | \$ 54,000,000 | \$ 23,000,000  | \$ 17,000,000 | \$ -          | \$ -          | \$ -         | \$ -          | \$ 38,000,000 |               |

(iv) Coupon or nominal interest rate - see workpapers to Schedule G-4, provided in Attachment WAG-1(CD) to the Direct Testimony of William A. Grant.

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(ix) Xcel Energy has established a utility money pool arrangement that allows for short-term loans between the utility subsidiaries and from the holding company to the utility subsidiaries at market-based interest rates. The utility money pool arrangement does not allow loans from the utility subsidiaries to the holding company. The Commission approved the money pool in Case No. 04-00060-UT.

**Southwestern Public Service Company**

**Embedded Cost of Preferred Stock Capital**

Southwestern Public Service Company does not have preferred stock capital.

Southwestern Public Service Company

Ratio of Earnings to Fixed Charges

(a) Base Period and Four Years Preceding Base Period, (b) Test Year Period  
(in thousands)

| Line No. | Description                                                                    | (a)               |                   |                   |                   |                   | (b)                                  |                   |
|----------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------|
|          |                                                                                | 2014              | 2015              | 2016              | 2017              | 2018              | Base Period Ending Balance 3/31/2019 | Test Year Period  |
| 1        | (i) Fixed Charges as defined by the Securities and Exchange Commission:        |                   |                   |                   |                   |                   |                                      |                   |
| 2        | a. Interest on Long Term Debt                                                  | \$ 75,121         | \$ 79,493         | \$ 84,705         | \$ 81,903         | \$ 79,516         | \$ 82,815                            | \$ 82,815         |
| 3        | b. Amortization of Debt Premium, Discount, and Expense                         | 2,315             | 2,328             | 2,202             | 2,701             | 3,010             | 3,889                                | 3,889             |
| 4        | c. Interest Expense (includes short-term debt interest and amortization costs) | 2,782             | 2,219             | 1,764             | 1,629             | 1,977             | 2,018                                | 2,018             |
| 5        | d. Other Interest                                                              | -                 | -                 | -                 | -                 | -                 | -                                    | -                 |
| 6        | e. Estimated Interest Factor of Lease Rental Charges                           | 25,728            | 25,033            | 31,205            | 23,351            | 22,739            | 22,739                               | 22,739            |
| 7        | <b>Total Fixed Charges</b>                                                     | <b>\$ 105,946</b> | <b>\$ 109,073</b> | <b>\$ 119,876</b> | <b>\$ 109,584</b> | <b>\$ 107,242</b> | <b>\$ 111,461</b>                    | <b>\$ 111,461</b> |
| 8        | (ii) Earnings, as defined by the Securities and Exchange Commission:           |                   |                   |                   |                   |                   |                                      |                   |
| 9        | a. Consolidated Net Earnings <sup>(1)</sup>                                    | \$ 129,852        | \$ 127,263        | \$ 152,157        | \$ 159,213        | \$ 213,320        | \$ 234,306                           | \$ 234,306        |
| 10       | b. Add Fixed Charges as Above                                                  | 105,946           | 109,073           | 119,876           | 109,584           | 107,242           | 111,461                              | 111,461           |
| 11       | (iii) Earnings Available for Fixed Charges, After Provision for Income Taxes   | 235,798           | 236,336           | 272,033           | 268,797           | 320,562           | 345,767                              | 345,767           |
| 12       | (iv) <b>Add Income Taxes</b> <sup>(2)</sup>                                    |                   |                   |                   |                   |                   |                                      |                   |
| 13       | (1) Current federal tax expense (benefit)                                      | (57,201)          | (1,327)           | (40,853)          | (20,858)          | 12,300            |                                      |                   |
| 14       | (1) Current FIN 48 tax expense (benefit)                                       | 6,715             | 11,281            | 3,126             | (24,333)          | 2,300             |                                      |                   |
| 15       | (2) Deferred federal tax expense (benefit)                                     | 121,882           | 67,640            | 116,404           | 89,934            | 20,500            |                                      |                   |
| 16       | (2) Deferred state tax expense (benefit)                                       | 8,025             | 5,399             | 7,757             | 14,437            | 3,600             |                                      |                   |
| 17       | (2) Deferred FIN 48 tax expense                                                | (6,390)           | (10,203)          | (1,178)           | 22,094            | (2,000)           |                                      |                   |
| 18       | (2) Deferred investment tax credits                                            | (341)             | (213)             | (213)             | (133)             | (100)             |                                      |                   |
| 19       | (5) Current state tax expense (benefit)                                        | 2,512             | 2,448             | (2,929)           | (12,725)          | 2,300             |                                      |                   |
| 20       | <b>Total Income Taxes</b> <sup>(3)</sup>                                       | <b>\$ 75,202</b>  | <b>\$ 75,025</b>  | <b>\$ 82,114</b>  | <b>\$ 68,416</b>  | <b>\$ 38,900</b>  | <b>\$ 41,810</b>                     | <b>\$ 41,810</b>  |
| 21       | (v) Earnings Available for Fixed Charges, Before Provision for Income Taxes    | \$ 311,000        | \$ 311,361        | \$ 354,147        | \$ 337,213        | \$ 359,462        | \$ 387,577                           | \$ 387,577        |
| 22       | (vi) Ratio of Earnings to Fixed Charges, After Provision for Income Taxes      | 2.2               | 2.2               | 2.3               | 2.5               | 3.0               | 3.1                                  | 3.1               |
| 23       | (vii) Ratio of Earnings to Fixed Charges, Before Provision for Income Taxes    | 2.9               | 2.9               | 3.0               | 3.1               | 3.4               | 3.5                                  | 3.5               |

(c) Explanation of Adjustments

Please refer to the Direct Testimony of Arthur P. Freitas, for explanation of tax amounts for the Test Year Period.

<sup>(1)</sup> Ties to Schedule G-9 Retained Earnings Additions for 2014 through 2018.

<sup>(2)</sup> Note: Section (iv) numbers (3) and (4) - SPS does not have current investment tax credits.

<sup>(3)</sup> Note: For the detail of "Total Income Taxes," SPS does not have partial year income taxes by individual component, therefore SPS is unable to provide the detail requested for the Base Period and Test Year Period.

## **Southwestern Public Service Company**

### **Issuance Restrictions on Borrowed and Preferred Stock Capital**

#### **Preferred Stock:**

Under the Articles of Incorporation (the “Articles”), effective September 30, 1997, Southwestern Public Service Company (“SPS”) is authorized to issue 10,000,000 preferred shares having a par value of \$1 per share. As of March 31, 2019, there were no shares of preferred stock outstanding.

There are no other restrictions in the Articles limiting the amount of preferred stock that SPS can issue other than the amount authorized to be issued.

#### **Long-Term Debt:**

SPS issues its First Mortgage Bonds under its First Mortgage Bond Indenture dated August 1, 2011 (the “Indenture”). The amount of securities that may be issued under the Indenture is described in Article Four of the Indenture. Securities may be issued on the basis of up to 70 percent of property as defined in the Granting Clause. In addition, securities may be issued on the basis of retired securities or deposit of cash.

#### **Short-Term Debt:**

As of March 31, 2019, SPS was authorized by its Board of Directors in resolutions dated February 3, 2005, as supplemented from time to time, most recently September 5, 2018, to borrow up to \$600 million under revolving credit facilities or other financing arrangements with maturities not to exceed eight years. As of March 31, 2019, SPS had \$137 million outstanding in its Commercial Paper account and \$38 million in its Utility Money Pool account.

SPS’s \$400 million five-year credit agreement among SPS and various lenders dated June 20, 2016 has a covenant stating that SPS’s debt to total capital will not exceed 0.65 to 1.00 as of the last day of any fiscal quarter of SPS. As of March 31, 2019, SPS had no borrowings under its five-year credit agreement and had a 47.59% debt to total capital ratio.

**Southwestern Public Service Company**

**Common Stock Equity Capital**

Southwestern Public Service Company (“SPS”) is a wholly owned subsidiary of Xcel Energy Inc. SPS does not have Common Stock Equity Shares that are publicly traded. Therefore, the information regarding common stock activity is not applicable.

See Schedule G-9 for equity investments from the parent as additions to Paid in Capital (Line 6) and dividends to parents as reduction in Retained Earnings (Line 11).

## Southwestern Public Service Company

## Historical Activity in Common Stock, Paid-in Capital, and Retained Earnings

(a) Base Period, (b) Test Year Period  
(in thousands)

| Line No.  | Description                                                | 2009       | 2010       | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | Base Period Ended 3/31/2019 | Adjustments | Test Year Period (As Adjusted) |
|-----------|------------------------------------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------------|-------------|--------------------------------|
| <b>1</b>  | <b>Common Stock</b>                                        |            |            |              |              |              |              |              |              |              |              |                             |             |                                |
| 2         | Beginning                                                  | \$ 0.10    | \$ 0.10    | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10                     | \$ -        | \$ 0.10                        |
| 3         | Additions                                                  | -          | -          | -            | -            | -            | -            | -            | -            | -            | -            | -                           | -           | -                              |
| 4         | Reductions                                                 | -          | -          | -            | -            | -            | -            | -            | -            | -            | -            | -                           | -           | -                              |
| 5         | Ending                                                     | \$ 0.10    | \$ 0.10    | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10      | \$ 0.10                     | \$ -        | \$ 0.10                        |
| <b>6</b>  | <b>Paid-In Capital</b>                                     |            |            |              |              |              |              |              |              |              |              |                             |             |                                |
| 7         | Beginning                                                  | \$ 676,705 | \$ 692,948 | \$ 693,531   | \$ 783,162   | \$ 843,186   | \$ 1,005,463 | \$ 1,165,463 | \$ 1,371,223 | \$ 1,446,223 | \$ 1,590,242 | \$ 1,932,291                | \$ -        | \$ 1,932,291                   |
| 8         | Additions (1)                                              | 16,243     | 583        | 89,631       | 60,024       | 162,277      | 160,000      | 205,760      | 75,000       | 144,019      | 342,049      | -                           | 355,000     | 355,000                        |
| 9         | Reductions                                                 | -          | -          | -            | -            | -            | -            | -            | -            | -            | -            | -                           | -           | -                              |
| 10        | Ending                                                     | \$ 692,948 | \$ 693,531 | \$ 783,162   | \$ 843,186   | \$ 1,005,463 | \$ 1,165,463 | \$ 1,371,223 | \$ 1,446,223 | \$ 1,590,242 | \$ 1,932,291 | \$ 1,932,291                | \$ 355,000  | \$ 2,287,291                   |
| <b>11</b> | <b>Retained Earnings</b>                                   |            |            |              |              |              |              |              |              |              |              |                             |             |                                |
| 12        | Beginning                                                  | \$ 259,159 | \$ 258,409 | \$ 270,257   | \$ 295,201   | \$ 335,101   | \$ 359,389   | \$ 395,998   | \$ 438,007   | \$ 486,763   | \$ 541,588   | \$ 605,725                  | \$ -        | \$ 605,725                     |
| 13        | Additions                                                  | 67,750     | 78,067     | 89,901       | 106,369      | 95,177       | 129,852      | 127,263      | 152,157      | 159,213      | 213,320      | 54,085                      | -           | 54,085                         |
| 14        | Reductions                                                 | (68,500)   | (66,219)   | (64,957)     | (66,469)     | (70,889)     | (93,243)     | (85,254)     | (103,401)    | (104,388)    | (149,183)    | (57,553)                    | -           | (57,553)                       |
| 15        | Ending                                                     | \$ 258,409 | \$ 270,257 | \$ 295,201   | \$ 335,101   | \$ 359,389   | \$ 395,998   | \$ 438,007   | \$ 486,763   | \$ 541,588   | \$ 605,725   | \$ 602,257                  | \$ -        | \$ 602,257                     |
| <b>16</b> | <b>Total Accumulated Other Comprehensive Income (Loss)</b> |            |            |              |              |              |              |              |              |              |              |                             |             |                                |
| 17        | Beginning                                                  | \$ (5,559) | \$ (1,847) | \$ (1,675)   | \$ (1,504)   | \$ (1,332)   | \$ (1,161)   | \$ (989)     | \$ (1,281)   | \$ (1,290)   | \$ (1,467)   | \$ (1,391)                  | \$ -        | \$ (1,391)                     |
| 18        | Additions                                                  | 3,712      | 172        | 171          | 172          | 171          | 172          | 172          | 139          | 83           | 76           | 28                          | -           | 28                             |
| 19        | Reductions                                                 | -          | -          | -            | -            | -            | -            | (464)        | (148)        | (260)        | -            | -                           | -           | -                              |
| 20        | Ending                                                     | \$ (1,847) | \$ (1,675) | \$ (1,504)   | \$ (1,332)   | \$ (1,161)   | \$ (989)     | \$ (1,281)   | \$ (1,290)   | \$ (1,467)   | \$ (1,391)   | \$ (1,363)                  | \$ -        | \$ (1,363)                     |
| <b>21</b> | <b>Total Common Equity - GAAP</b>                          |            |            |              |              |              |              |              |              |              |              |                             |             |                                |
| 22        | Beginning                                                  | \$ 930,305 | \$ 949,510 | \$ 962,113   | \$ 1,076,859 | \$ 1,176,955 | \$ 1,363,691 | \$ 1,560,472 | \$ 1,807,949 | \$ 1,931,696 | \$ 2,130,363 | \$ 2,536,625                | \$ -        | \$ 2,536,625                   |
| 23        | Additions (1)                                              | 87,705     | 78,822     | 179,703      | 166,565      | 257,625      | 290,024      | 333,195      | 227,296      | 303,315      | 555,445      | 54,113                      | 355,000     | 409,113                        |
| 24        | Reductions                                                 | (68,500)   | (66,219)   | (64,957)     | (66,469)     | (70,889)     | (93,243)     | (85,718)     | (103,549)    | (104,648)    | (149,183)    | (57,553)                    | -           | (57,553)                       |
| 25        | Ending                                                     | \$ 949,510 | \$ 962,113 | \$ 1,076,859 | \$ 1,176,955 | \$ 1,363,691 | \$ 1,560,472 | \$ 1,807,949 | \$ 1,931,696 | \$ 2,130,363 | \$ 2,536,625 | \$ 2,533,185                | \$ 355,000  | \$ 2,888,185                   |

## (c) Explanation of Adjustments

(1) Estimated additional equity will be modified as necessary to achieve the proposed regulated equity ratio.

## **Southwestern Public Service Company**

### **Summary of Applicant's Support for the Claimed Rate of Return on Common Stock Equity Capital**

Ms. Ann E. Bulkley of Concentric Energy Advisors, Inc. has developed the required return on common equity ("ROE") for Southwestern Public Service Company ("SPS"). Ms. Bulkley's recommendation is derived from the analyses performed using traditional ROE estimation models including the Discounted Cash Flow approach, the Capital Asset Pricing Model, the Bond Yield Risk Premium methodology, and an Expected Earnings analysis. In addition, Ms. Bulkley's recommendation considers current market conditions and the relative risks of SPS as compared to the proxy companies. Finally, Ms. Bulkley's analysis considers SPS's capital structure as compared with the capital structures of the proxy companies. Based upon those analyses, it is Ms. Bulkley's view that an ROE of 10.35% is reasonable and appropriate. Please see the Direct Testimony of Ann E. Bulkley for further explanations.