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SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN  
ELECTRIC POWER COMPANY FOR  
AUTHORITY TO CHANGE RATES

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BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO SIERRA  
CLUB'S FIFTH SET OF REQUEST FOR INFORMATION

MARCH 30, 2021

TABLE OF CONTENTS

<u>SECTION</u>	<u>FILE NAME</u>	<u>PAGE</u>
Response No. Sierra Club 5-1	51415 SIERRACLUB05 Pkg.pdf.....	2
Response No. Sierra Club 5-2	51415 SIERRACLUB05 Pkg.pdf.....	3
Response No. Sierra Club 5-3	51415 SIERRACLUB05 Pkg.pdf.....	4
Response No. Sierra Club 5-4	51415 SIERRACLUB05 Pkg.pdf.....	5

2021

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO SIERRA  
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**Question No. SC 5-1:**

Provide all analysis conducted by the Company for Welsh in the past two years that evaluates the conversion of the unit to operate on gas relative to the cost of upgrading the plant to comply with ELG and CCR rules or retirement and replacement with alternative resources.

**Response No. SC 5-1:**

Please see the supplemental response to CARD 2-10 for the analyses conducted in the past two years that evaluates the Welsh gas conversion.

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Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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**Question No. SC 5-2:**

Regarding the option to convert Welsh to operate on natural gas.

- a. Indicate the outage length necessary to complete the conversion.
- b. State the date on which the Company expects to begin construction on the conversion.
- c. Provide the date by which a conversion to natural gas will be completed. If the Company is considering multiple time frames, provide all potential completion dates.
- d. Provide summer and winter capacity of the unit after its conversion to run on natural gas.
- e. Provide the total cost of the conversion.
- f. Provide an annual breakdown of costs that will be incurred by ratepayers.

Indicate how SWEPCO plans to recover the cost of the conversion (i.e., through which docket or rate mechanism).

**Response No. SC 5-2:**

SWEPCO has conducted only a conceptual review of the conversion of the Welsh units to operate on natural gas. SWEPCO has not fully scoped the project nor consulted an Engineering, Procurement, and Construction contractor. Therefore the responses below are preliminary.

- a. It could take approximately 12 weeks or more to convert the Welsh unit to a gas fired facility.
- b. The Company is continuing to evaluate the Welsh gas conversion. At this time, there is no expected construction start date for the Welsh gas conversion.
- c. Please see the response to b.
- d. The winter and summer capacity of the Welsh gas conversion would be 525 MW.
- e. The total capital cost of the Welsh gas conversion would be approximately \$32 million.
- f. The analysis of the annual breakdown of gas conversion costs to the customer has not been performed.
- g. Because SWEPCO has not decided to undertake the conversion, SWEPCO has not developed a cost recovery plan. However, if a conversion is undertaken, the capital investment would be eligible for recovery in base rates.

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**Question No. SC 5-3:**

Regarding the option to upgrade Welsh to comply with ELG and CCR regulations.

- a. Provide the total cost of compliance.
- b. Provide a breakdown of the project components required for compliance. For each item, indicate whether it pertains to ELG compliance, CCR compliance, or both.
- c. Provide an annual breakdown costs that will be incurred by ratepayers.

Indicate how SWEPCO plans to recover the cost of the upgrades (i.e., through which docket or rate mechanism).

**Response No. SC 5-3:**

- a. See Sierra Club 2-17 Attachments 1 and 2.
- b. See Sierra Club 2-17 Attachment 2. Studies and conceptual design for both CCR and ELG compliance were evaluated holistically in Stages 0-2; therefore, the Company did not track costs separately. Beyond Stage 2, all "CCR/ELG" line item costs are associated with ELG compliance. The remaining line items in Sierra Club 2-17 Attachment 2, represent pond closure costs associated with CCR compliance.
- c. See the response to Sierra Club 2-2 c. for the annual breakdown of the Welsh CCR and ELG compliance costs.
- d. The Welsh CCR and ELG upgrades will not be made, therefore, SWEPCO has no plans to recover those costs from customers.

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**Question No. SC 5-4:**

For Welsh or Flint Creek, has SWEPCO conducted any analyses of compliance with the Regional Haze Rule's "reasonable progress" requirements, including, but not limited to, any four-factor analysis under 40 C.F.R. § 51.308(f) for the control of sulfur dioxide, nitrogen oxides, or particulate matter, which are due in July 2021?

- a. If yes, please provide all such analyses, including all supporting calculations, data, documents, technical or economic reports or presentations, modeling input and output files, and workpapers associated with each such analysis.
- b. If SWEPCO has not conducted any such analyses, explain why.
- c. Please confirm that Welsh Unit 1 was eligible or subject to best available retrofit technology under the first planning period for the regional haze rule. If not confirmed, please explain.
- d. Please confirm that EPA's proposed 2016 federal implementation plan, 82 Fed. Reg. 912, would have required Welsh to meet a sulfur dioxide emission limit of 0.04 lb/mmbtu, requiring the installation of flue gas desulfurization.
- e. Please provide all analyses of compliance with the "best available retrofit technology" provisions of the regional haze rule at Welsh, including all supporting calculations, cost data, documents, technical or economic reports or presentations, modeling input and output files, and workpapers associated with each such analysis.

**Response No. SC 5-4:**

- a. See the Company's response to Sierra Club 2-16.
- b. n/a
- c. Confirmed.
- d. Confirmed.
- e. See the Company's response to Sierra Club 2-16.

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