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**SOAH DOCKET NO. 473-22-1073  
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**APPLICATION OF SOUTHWESTERN §  
PUBLIC SERVICE COMPANY TO § BEFORE THE STATE OFFICE  
AMEND ITS CERTIFICATE OF §  
CONVENIENCE AND NECESSITY TO § OF  
CONVERT HARRINGTON §  
GENERATING STATION FROM COAL § ADMINISTRATIVE HEARINGS  
TO NATURAL GAS §**

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO COMMISSION STAFF'S  
NINTH REQUEST FOR INFORMATION  
QUESTIONS NO. 9-1 THROUGH 9-8**

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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO COMMISSION STAFF'S  
NINTH REQUEST FOR INFORMATION  
QUESTIONS NO. 9-1 THROUGH 9-8**

Southwestern Public Service Company ("SPS") files this response to the Public Utility Commission of Texas Staff's ("Staff") Ninth Request for Information, Question No. 9-1 through 9-8. SPS has provided notice, by email, to all parties that SPS's Responses to Staff's Ninth Request for Information and accompanying exhibits (excluding voluminous and exhibits provided pursuant to the protective order) have been filed with the Commission and are available for download from the Commission's Interchange website.

**I. WRITTEN RESPONSES**

SPS's written responses to Staff's Ninth Request for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. SPS's responses are made in the spirit of cooperation without waiving SPS's right to contest the admissibility of any of these matters at hearing. In accordance with 16 Tex. Admin. Code § 22.144(c)(2)(A) ("TAC"), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When SPS provides certain information sought by the request while objecting to the provision of other information, it

does so without prejudice to its objection in the interests of narrowing discovery disputes under 16 TAC § 22.144(d)(5). Pursuant to 16 TAC § 22.144(c)(2)(F), SPS stipulates that its responses may be treated by all parties as if they were made under oath.

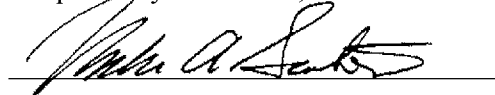
## **II. INSPECTIONS.**

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is voluminous (“(V)”) and, pursuant to 16 TAC § 22.144(h)(2), the exhibit will be made available for inspection at SPS’s voluminous room at 919 Congress Avenue, Suite 900, Austin, Texas 78701; telephone number (512) 721-2700. Voluminous exhibits will also be provided on Coffin Renner’s file sharing link.

If a response or the responsive documents are provided pursuant to the protective order in this docket, the response will indicate that it or the attachment is either Confidential (“CONF”) or Highly Sensitive (“HS”) as appropriate under the protective order. Access to Confidential and Highly Sensitive materials will be available on Coffin Renner’s file sharing link to all parties that have signed and filed the certification under the protective order entered in this docket. Confidential and Highly Sensitive responsive documents will also be made available for inspection at SPS’s voluminous room, unless they form a part of a response that exceeds eight linear feet in length; then they will be available at their usual repository in accordance with the following paragraph. Please call in advance for an appointment to ensure that there is sufficient space to accommodate your inspection.

If responsive documents exceed eight linear feet in length, the response will indicate that the attachment is subject to the FREIGHT CAR DOCTRINE, and, pursuant to 16 TAC § 22.144(h)(3), the attachment will be available for inspection at its usual repository, SPS's offices in Austin, Texas, unless otherwise indicated. SPS requests that parties wishing to inspect this material provide at least 48-hour notice of their intent by contacting Stephanie Tanner at Coffin Renner L.L.P., 1011 West 31st Street, Austin, Texas 78705; telephone number (512) 879-0900; facsimile transmission number (512) 879-0912; email address [stephanie.tanner@crtxlaw.com](mailto:stephanie.tanner@crtxlaw.com). Inspections will be scheduled to accommodate all requests with as little inconvenience to the requesting party and to SPS's operations as possible.

Respectfully submitted,



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ATTORNEYS FOR  
SOUTHWESTERN PUBLIC SERVICE COMPANY

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*SOAH Docket No. 473-22-1073  
PUC Docket No. 52485  
Southwestern Public Service Company's Response to  
Commission Staff's Ninth Request for Information*

## RESPONSES

### QUESTION NO. Staff 9-1:

Concerning Preliminary Order question [8], what were the principal concerns expressed in the questionnaire responses received at or after any public meetings held by SPS regarding the proposed generating facilities? Please provide copies of the questionnaire responses.

### RESPONSE:

The virtual public meeting was held via Zoom with a formal presentation in a speaker-audience format and a question and answer session with a panel on April 29, 2021. A total of 15 invitation letters for the virtual public meeting were mailed to individuals and entities who own property within 500 feet of the proposed pipeline centerline. A total of four individuals attended the virtual public meeting. At this time, SPS has received zero questionnaires.

Preparer: Anastacia Santos

Sponsor: Anastacia Santos

**QUESTION NO. Staff 9-2:**

Concerning Preliminary Order question [13e], were the environmental compliance costs associated with alternatives adequately considered compared to the environmental compliance costs associated with the proposed conversion of the Harrington station? Please provide a comprehensive explanation, including supporting documentation.

**RESPONSE:**

Yes. SPS considered installation of environmental controls and an early retirement of the Harrington units as an alternative to the proposed conversion. SPS relied upon cost estimates from independent 3<sup>rd</sup> party, Burns & McDonnell, for the environmental control scenarios. The cost estimates were then reviewed and determined to be reasonable by the Independent Evaluator. Please refer to the file “Environmental Controls CapX” provided in Exhibit SPS-SC 1-4(e)(ii)(CONF) for Burns & McDonnell report. There are no known incremental environmental compliance costs associated with the early retirement of the Harrington units.

Preparer: Ben R. Elsey

Sponsor: Ben R. Elsey

**QUESTION NO. Staff 9-3:**

Concerning Preliminary Order question [15], did SPS adequately consider alternative sources of natural gas and alternative locations for interconnections with existing pipelines? Please provide a comprehensive explanation, including supporting documentation.

**RESPONSE:**

Please refer to SPS's response to Question No. Staff 5-4.

Preparers: Craig Rozman, Richard Derryberry, Jeffrey Hild

Sponsor: William A. Grant



**QUESTION NO. Staff 9-4:**

Concerning Preliminary Order question [16], did SPS adequately consider entering into firm fuel supply or firm transportation contracts as an alternative to constructing a new natural gas pipeline? Please provide supporting documentation and any correspondence with suppliers.

**RESPONSE:**

Please refer to SPS's response to Question No. SC 3-21 and Question No. Staff 5-4.

Preparer: Jeffrey Hild  
Sponsor: William A. Grant

**QUESTION NO. Staff 9-5:**

Concerning Preliminary Order question [18a], what are the potential economic or reliability benefits associated with dual-fuel and fuel-storage capabilities? Please provide a comprehensive explanation.

**RESPONSE:**

The addition of fuel-storage in the future could provide some benefits to customers in added flexibility, reliability and potential economic benefits. SPS's current proposal would give Harrington access to natural gas supply diversity through a connection to two additional natural gas pipelines. This supply diversity is expected to provide SPS with reliable natural gas service at Harrington. Following conversion, dual-fuel operation of the units is not anticipated to be possible because coal can no longer be burned at the facility after December 31, 2024, and other fuel sources (such as fuel oil) are not viable fuel sources for the three units. The remainder of this answer evaluates the potential benefits of adding fuel-storage capabilities at Harrington, which would require additional investment at the facility and is not part of SPS's request.

**Flexibility:** With the conversion of Harrington Station to burn natural gas, gas-fired generation on the SPS system will be employed more often to respond to increased variability on the electric system from renewable generation. The integration of additional renewable generation on the system will change the utilization patterns for total SPS system gas burns. It is anticipated that the system will see faster and sharper ramps in hourly gas burns, across a few hours, to respond to the increased variability.

Natural gas is produced and transported on a uniform hourly basis throughout the course of the day. To serve the low to no gas burn hours together with the proximate high gas burn hours, gas storage could be beneficial. Consider the following example: The day starts out with high renewable production and very low to no natural gas demand for electricity generation. Natural gas is being delivered at a constant rate, but instead of being delivered to power plants, it is injected into a nearby natural gas storage facility for use later in the day. As renewable energy production declines, natural gas power plants are brought online, directly consuming the flowing natural gas. If renewable energy declines even more and natural gas power plants are ramped up, there could be circumstances in which the need for gas throughout the SPS system surpasses SPS' flowing natural gas for that day. Withdrawal of natural gas from the nearby natural gas storage facility under those circumstances could be beneficial and ensure reliable electric service for SPS' customers. As you combine the variability of renewables with the change in hourly electric loads, especially during periods where renewable energy production declines as electric loads increase, the ability of having natural gas storage injection and withdrawal capability could be helpful. On a normal day, the amount of natural gas delivered over 24 hours will equal the amount consumed and natural gas storage fills the hourly gaps as described above. However, no day is perfect, and abnormal

circumstances periodically disrupt the daily gas supply plan, so natural gas storage is used to address the daily imbalances created by imperfect forecasts for daily natural gas requirements.

**Reliability:** As the country saw during Winter Storm Uri in February 2021, extreme cold weather can potentially disrupt natural gas production, limiting the availability of daily gas production supplies. Natural gas storage could provide a reliable source of natural gas supply during such times.

**Economic Value:** Although SPS does not purchase gas to hedge price volatility, physical natural gas supplies held in storage facilities could provide protection against spikes in the natural gas market, such as that seen during Winter Storm Uri.

Preparer: Jeffrey Hild  
Sponsor: William A. Grant

**QUESTION NO. Staff 9-6:**

Concerning Preliminary Order question [18c], does SPS's analysis of the lowering of cost of service, if any, sufficiently account for the effects of any recent escalation in commodity costs? Please provide a comprehensive explanation, including any studies and supporting documentation.

**RESPONSE:**

SPS's analysis is not reflective of any escalation in commodity pricing that has occurred since the analysis was originally conducted. However, SPS continues to review changes in commodity pricing and do not believe such changes have impacted SPS's request to convert the Harrington units to operate on natural gas, for example:

- As described in SPS's response to Sierra Club Question No. 2-1(b), SPS has continued to update its gas conversion estimate as the cost of commodities, such as steel, have increased. However, the results of SPS's economic analysis do not fundamentally change with the higher estimated gas conversion costs.
- In addition, the increased cost of commodity pricing has almost certainly increased the cost of replacement resources. Therefore, the cost of replacing the Harrington units with new replacement resources is likely more than included in SPS's analysis. This further supports SPS's recommendation to convert the units to operate on natural gas.
- SPS has also continued to monitor changes in natural gas price forecasts. As described in SPS's response to Sierra Club Question No. 1-29(b), SPS's more recent natural gas price forecasts show a relatively sharp, short-term increase in natural gas prices in 2022 and, to a lesser extent in 2023. This is in keeping with the recent historical increase in natural gas prices.

However, SPS's long-term fundamental gas prices shows natural gas prices returning to similar prices used for the Harrington Analysis in the 2024 – 2025 timeframe and beyond. As the Harrington units will not be converted to operate on natural gas until the end of 2024, SPS do not expect the recent, short-term increase in natural gas prices to fundamentally change the analysis.

Preparer: Ben R. Elsey  
Sponsor: Ben R. Elsey

**QUESTION NO. Staff 9-7:**

Concerning Preliminary Order question [20], will the proposed conversion of the Harrington station change SPS's plans for retiring or modifying any other generation facilities in a manner that affects environmental integrity? Please provide a comprehensive explanation.

**RESPONSE:**

No. The proposed conversion of the Harrington Station will support SPS's plans for retiring and/or modifying any generation facilities in a manner that maintains environmental integrity by providing firm and dispatchable energy and capacity that includes significantly reduced emissions through 2040.

Preparers: Ben R. Elsey, Jeffrey L. West  
Sponsors: Ben R. Elsey, Jeffrey L. West

**QUESTION NO. Staff 9-8:**

Concerning Preliminary Order question [31], what is the effect on reliability in the Southwest Power Pool transmission system or the costs of that entity to operate its system if the proposed CCN amendment is approved? Please provide a comprehensive explanation, including supporting documentation.

**RESPONSE:**

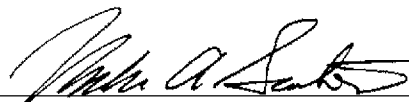
As SPS's request is simply to convert the Harrington units to operate on natural gas, SPS anticipates minimal or no impact to the Southwest Power Pool transmission system, thus maintaining current reliability, if the proposed CCN amendment is approved.

However, If the proposed CCN amendment is not approved and the Harrington units are retired, SPS anticipates transmission system impacts. As described in SPS's response to Question No. SC 1-5(b), Transmission grid updates or changes will be studied and identified by the Southwest Power Pool, pursuant to Attachment AB "Generator Retirement Process" of the Open Access Tariff. During this process, the Southwest Power Pool will perform a study to identify any updates or changes, if required, within a year of filing the retirement request. Retirement requests are required to be filed with Southwest Power Pool no less than one year from the expected retirement date. SPS does not conduct this process.

Preparers: Christopher Whiteside, Ben R. Elsey  
Sponsors: Ben R. Elsey, William Grant

**CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 14, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.



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Mark A. Santos