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**SOAH DOCKET NO. 473-22-1073
DOCKET NO. 52485**

APPLICATION OF SOUTHWESTERN	§	
PUBLIC SERVICE COMPANY TO	§	
AMEND ITS CERTIFICATE OF	§	BEFORE THE STATE OFFICE
CONVENIENCE AND NECESSITY TO	§	OF
CONVERT HARRINGTON	§	ADMINISTRATIVE HEARINGS
GENERATING STATION FROM	§	
COAL TO NATURAL GAS	§	

**REBUTTAL TESTIMONY
of
WILLIAM A. GRANT**

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
AXM	Alliance of Xcel Municipalities
CCN	Certificate of Convenience and Necessity
Commission	Public Utility Commission of Texas
Harrington	Harrington Generating Station
LMP	Locational Marginal Price
MW	megawatt
NMPRC	New Mexico Public Regulation Commission
OPUC	Office of Public Utility Counsel
RFI	Request for Information
RFP	Request for Proposal
SPS	Southwestern Public Service Company, a New Mexico corporation
Staff	Commission Staff
SWEPCO	Southwestern Electric Power Company
TCEQ	Texas Commission on Environmental Quality
Tolk	Tolk Generating Station
Xcel Energy	Xcel Energy Inc.

**REBUTTAL TESTIMONY
OF
WILLIAM A. GRANT**

I. WITNESS IDENTIFICATION

1

2 **Q. Please state your name and business address.**

3 A. My name is William A. Grant. My business address is 790 Buchanan Street,
4 Amarillo, Texas 79101.

5 **Q. By whom are you employed and in what position?**

6 A. I am employed by Southwestern Public Service Company, a New Mexico
7 corporation (“SPS”), as Regional Vice President, Rates and Regulatory Affairs.

8 **Q. On whose behalf are you testifying in this docket?**

9 A. I am testifying on behalf of SPS.

10 **Q. Are you the same William A. Grant who filed direct testimony on behalf of**
11 **SPS in this docket?**

12 A. Yes.

1 assertions and contentions in the testimonies of OPUC, the Sierra Club, and AXM
2 that either attempt to raise issues that are not relevant to the Commission's decision
3 in this case or that are misplaced due to apparent misunderstandings on the part of
4 those witnesses. Conversion remains the most cost-effective solution among
5 feasible alternatives, SPS's request to convert all three units at Harrington to natural
6 gas-fired generation remains reasonable, and full conversion should be approved.

III. GENERAL RESPONSES TO SIERRA CLUB, AXM, OPUC, AND STAFF TESTIMONY

Q. Do you have any general comments on the testimony filed by OPUC, Sierra Club, AXM, and Staff?

A. Yes. As a general matter, it appears that the Intervenor – to varying degrees – agree that the loss of Harrington’s 1,050 megawatts (“MW”) of capacity due to the required cessation of coal operations at the facility presents a real and impending risk to SPS’s ability to provide reliable service. In fact, there is no dispute that, without the facility, on January 1, 2025, SPS will be below the Southwest Power Pool’s minimum 12% reserve requirement. Each of the Intervenor witnesses acknowledge this fact but have different opinions on how to address that potential risk moving forward.

OPUC witness Karl Nalepa agrees that SPS's request is reasonable and in the public interest. However, he recommends that the Commission address a depreciation issue related to the pipeline required for the conversion that is not before the Commission in this case. It is important to remember that (1) this is a CCN proceeding, not a rate case; and (2) the time period of the pipeline's depreciation does not change whether the CCN is needed. Depreciation rates for the pipeline will be set in a future rate proceeding, after a depreciation study has been conducted.

1 Ms. Devi Glick's testimony, on behalf of the Sierra Club, also raises
2 nonrelevant rate case issues such as rate of return and depreciation but it also
3 contains additional errors. As Mr. Elsey testifies, Ms. Glick's position, which
4 underwent substantial changes since first filed before the New Mexico Public
5 Regulation Commission, continues to be plagued with major modeling errors and
6 unsupportable assumptions. Regardless, rate of return and depreciation rates are
7 not relevant to the Commission's decision in this case.

8 AXM witness Scott Norwood recognizes the need for the generation
9 capacity but makes unreasonable proposals as alternatives to the proposed project.
10 For various reasons, Mr. Norwood's suggestions are impractical. Some involve
11 other risks or are potentially costly. For example, Mr. Norwood suggests that SPS
12 might solve the capacity issues associated with the loss of Harrington through the
13 construction of new combustion turbines at the Harrington site. While this
14 suggestion might be possible at some point in the future, he fails to recognize that
15 the cost associated with such an undertaking could exceed \$500 million and that
16 SPS would still need to build a new gas pipeline to Harrington in order do it.
17 Finally, as described in the rebuttal testimonies of Ms. Anastacia Santos, Mr.
18 Jeffrey West, and Mr. Mark Lytal, SPS is generally not opposed to Mr. Poole's

1 recommendations, with some added clarification to avoid any potential additional
2 and unnecessary costs during construction.

3 **Q. Several of the Intervenor witnesses are critical of the process followed by SPS**
4 **in its proposal to convert Harrington. Do you have any general comments on**
5 **those criticisms?**

6 A. Sierra Club, OPUC, and AXM have been participants in various proceedings and
7 discussions related to the retirement of SPS's coal-fired generation fleet for years.
8 As Mr. West discusses in his rebuttal testimony, SPS began a focused and diligent
9 effort in 2019 to evaluate options surrounding Harrington in light of air monitoring
10 results that would have forced the Texas Commission on Environmental Quality
11 ("TCEQ") to designate Potter County as a nonattainment area if Harrington
12 continued operating as a coal facility. SPS has also promoted flexibility and
13 responsibility in resource replacement by being a vocal stakeholder in the
14 Southwest Power Pool committee context when it comes to speeding up the process
15 for approving new generation. And, as Mr. Elsey and Mr. Koujak demonstrate in
16 their rebuttal testimonies, SPS's Request for Information ("RFI") generated a
17 thorough and robust response from the market of potential generation developers
18 in SPS's service territory – a market where project developers actively put their
19 best foot forward in an RFI because they hope to achieve selection. Throughout

1 this entire process, SPS has been overly communicative, transparent, and dutiful in
2 its efforts because, as noted above, without Harrington, SPS's customers may not
3 have reliable service because of the type of asset and location of the Harrington
4 units and the support those facilities give to the system.

5 **Q. What is SPS's position as it relates to Mr. Nalepa's proposal to set a**
6 **depreciation rate of 70 years in this proceeding for the pipeline?**

7 A. SPS appreciates Mr. Nalepa's observation on the typical life of an asset such as a
8 pipeline. However, in my experience depreciation rates are typically set in the
9 context of base rate proceedings and are normally based on a depreciation study
10 prepared by an expert in that context. That type of study and evidence is not
11 contemplated in a CCN proceeding, as evidenced by the fact that it is not mentioned
12 in the Preliminary Order issued by the Commission. It is SPS's expectation that
13 the Commission will set depreciation rates for the pipeline after it is built in the first
14 base rate case in which SPS seeks to include those assets in base rates. With due
15 respect to Mr. Nalepa, the order resulting from that rate case is the appropriate order
16 in which to set depreciation rates on the pipeline, not the order resulting from this
17 CCN case.

1 **Q. Ms. Glick suggests that SPS has not been clear on the challenges related to**
2 **procuring replacement resources for Harrington in its CCN application. How**
3 **do you respond to this assertion?**

4 A. SPS has always been clear that the TCEQ's actions in 2019 required immediate
5 analysis and action on the part of SPS and that the potential solutions at Harrington
6 are limited. Additionally, what Ms. Glick cites to argue that SPS could have more
7 influence over the Southwest Power Pool interconnection queue does not support
8 her argument. She selectively quotes from that response. First, she omits relevant
9 information that notes the large number of total members on the Southwest Power
10 Pool Members Committee and Transmission Working Group, which is 30 and 27,
11 respectively. Second, Xcel Energy has only one representative on each of those
12 bodies. Third, these working groups only make recommendations to the Southwest
13 Power Pool Board of Directors – they have no power to make decisions. These
14 facts were all stated in SPS's response to Sierra Club Request for Information 5-3
15 and Ms. Glick's selective quoting of that discovery response in her testimony
16 borders on dishonesty.

17 **Q. Was SPS responsible and diligent in its work to ensure customer reliability**
18 **and to replace the Harrington coal capacity?**

19 A. Yes. As Mr. West, Mr. Elsey and Mr. Koujak all explain, SPS's process has been
20 diligent and timely. SPS began modeling potential options for Harrington as soon

1 as practicable following the notice from the TCEQ that Harrington would have to
2 cease coal-fired operations – which occurred in the fall of 2019. That modeling
3 informed SPS’s RFI, which was conducted later in 2020 as part of SPS’s
4 overarching effort to retire all of its coal-fired assets in Texas. In fact, the Sierra
5 Club was a signatory to a New Mexico rate case settlement agreement that required
6 SPS to conduct either a RFI or a Request for Proposals (“RFP”) related to replacing
7 those resources. Further, in 2019 it was clear that certain replacement or mitigation
8 options related to Harrington could be costly, but SPS evaluated them nonetheless.
9 Those same options, the installation of sprayers or filters at Harrington or the
10 construction of a new combined cycle plant, remain costly today. It was also clear
11 in 2019 that conversion would be cost effective. This fact remains true today. The
12 fact that options at Harrington remain limited and that no developers have projects
13 ready to start in the Southwest Power Pool that are as cost effective as a conversion
14 at Harrington has nothing to do with SPS’s actions or diligence in attempting to
15 find a replacement for the facility or in presenting this case before the Commission.

16 **Q. Is it feasible, as Ms. Glick and Mr. Norwood suggest, to issue a new RFP for**
17 **Harrington?**

18 A. No. As discussed in Mr. Elsey’s direct testimony, SPS’s RFI process sought to
19 identify all potential options to replace Harrington (not just Tolk Generating Station
20 (“Tolk”) as Mr. Norwood suggests) and it is not reasonable to assume that going

1 through a similar process again will produce different results. Ms. Glick's and Mr.
2 Norwood's testimony include no new information to suggest that any new options
3 would result from a new RFP. Additionally, a delay associated with the issuance
4 of a new RFP risks letting SPS fall below its reserve margin requirement and not
5 having the needed capacity and voltage support that SPS requires after December
6 31, 2024. SPS's proposal remains reasonable and is the most cost-effective option
7 to maintaining that needed capacity and voltage support.

8 **Q. Could SPS delay the retirement of other gas plants, in order to “buy more**
9 **time” while SPS seeks other replacements for Harrington?**

10 A. Not without significant reliability risk. As Mr. Lytal discusses in his rebuttal
11 testimony, Mr. Norwood fails to recognize that the other gas plants referenced in
12 his testimony are already 60 years old. Their age alone means that they would carry
13 a larger risk in terms of the potential for unplanned outages and would require
14 millions of dollars in additional investment for additional life extensions.
15 Additionally, as I discuss below, if SPS loses its interconnection rights at
16 Harrington, there is no guarantee that it will be able to reacquire those rights at a
17 later date following the cessation of operations at Harrington.

1 **Q. Ms. Glick expresses some concern around the undepreciated plant balance at**
2 **Harrington. Do you have any general comments as to the existing plant**
3 **balance at Harrington?**

4 A. I do. Ms. Glick’s testimony insinuates that the size of the existing plant balance at
5 Harrington is a result of SPS’s continued capital investment in the facility and
6 asserts that SPS’s continued investment in Harrington has resulted in “largely self-
7 inflicted barriers to retirement.” Ms. Glick’s assertions are incorrect. The
8 undepreciated plant balance at Harrington is largely a result of SPS’s agreement in
9 various rate cases before the Commission to extend depreciation rates (which
10 collect the original cost of the plant assets) over longer terms or “lives.” In fact, all
11 of the Harrington units are already past their original useful lives – a testament to
12 SPS’s diligent maintenance and stewardship of the assets – and have not been the
13 subject of any significant life-extension capital investments. SPS has performed
14 exceptionally on maintaining the units and setting them up to far surpass their
15 original useful lives, without subjecting customers to added costs in the process.

16 In order to mitigate overall customer rates, the Commission and parties to
17 SPS rate cases have pushed the associated depreciable life further and further into
18 the future. Those depreciable lives now run until 2036 to 2040, years after the
19 original projected end of life. These extensions are the primary driver of the size
20 of the existing plant balance – not SPS’s continued investment in the facility. These

1 prior agreements to extend depreciation rates and asset lives also resulted in lower
2 electric rates for SPS customers because they result in the return of those original
3 costs to SPS over a longer time period. The effect is similar to a homeowner
4 refinancing a home loan after 5 years with a new 30-year mortgage. The payment
5 may be lower, but the principal balance and original cost of the home did not
6 change. As such, it is disappointing for Ms. Glick to suggest the Commission
7 disallow all or a portion of the undepreciated plant balance associated with
8 Harrington Unit 1. Her position is essentially an attack on (1) prior decisions by
9 the Commission that found investment at Harrington to be prudent and reasonable;
10 and (2) prior decisions by the Commission reducing SPS's annual recovery on
11 Harrington.

12 **Q. How do you respond to Ms. Glick's and Mr. Norwood's suggestions that SPS**
13 **should have more thoroughly considered replacing Harrington with an**
14 **entirely new, more efficient gas-fired facility?**

15 A. As Mr. Elsey's modeling demonstrates, a complete rebuild was, in fact, modeled.
16 However, the cost of building entirely new gas facilities – one that could replace
17 Harrington's current capacity of over 1,000 MW – could cost between \$500 million
18 and \$1 billion. In fact, Entergy Texas currently has a proposal to build such a

1 combined cycle facility in Texas for approximately \$1 billion.¹ SPS's proposal for
2 conversion is far more cost effective than any other alternative.

3 **Q. Ms. Glick also claims that Harrington, and SPS's Tolk units, have been**
4 **uneconomical resources. Is this contention correct?**

5 A. Not at all. Over the life of the plants, Tolk and Harrington have been a consistent
6 low-cost option to the SPS customers. Ms. Glick's analysis was first demonstrated
7 to be flawed through the rebuttal testimony of SPS witness Bennie Weeks in the
8 very case referenced in Ms. Glick's testimony. As Ms. Weeks demonstrated in that
9 case, Ms. Glick's analysis is flawed because she compared the cost of production
10 at Harrington to the Locational Marginal Cost ("LMP") at the Harrington node.
11 This is not how the value of a resource is considered. The LMP at the Harrington
12 node is reduced by the generation at that location. If the generation of the
13 Harrington facilities were removed, the LMP would be increased. Therefore, Ms.
14 Glick's analysis sets forth a false comparison and cannot be used to calculate what
15 the price would have been without the generation. When the market produces a
16 LMP, it is understood that is the price of the next MW and there is no knowledge
17 or understanding what the price would be if you removed the amount of generation
18 that Harrington produces. In other words, it is unknown what the LMP would be if
19 the generation was removed. Ms. Glick also makes a false assumption that SPS

¹ *Application of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity to Construct Orange County Advanced Power Station*, Docket No. 52487, Application at 4 (Sep. 16, 2021).

1 could replace the power from the market without impacting the operation of the
2 transmission system and causing congestion that would also impact the LMP, or
3 that would cause the unit to be dispatched to serve voltage support. I discussed
4 those issues in my direct testimony and Ms. Glick made no response to them.

5 **Q. Has Ms. Glick attempted to make the same arguments related to the economics**
6 **behind using Harrington and Tolk before?**

7 A. Yes, and history has proven her arguments to be incorrect. Specifically, in SPS's
8 most recent New Mexico Integrated Resource Plan and 2019 New Mexico rate
9 proceeding, Ms. Glick made the same "uneconomic" arguments related to
10 Harrington and Tolk and she was proven incorrect in both of those contexts. In
11 fact, Ms. Glick's 2019 study, upon which she continues to rely without any update:

12 (1) assumed that SPS could replace coal generation with less expensive
13 market energy, without studying the impact of market prices and impacts on the
14 transmission system in the absence of Tolk and/or Harrington;

15 (2) incorporated total system benefits and costs, that included an imputed
16 value of capacity, for which SPS could not receive market revenues;

17 (3) underestimated significantly the value of Tolk and Harrington's
18 capacity;

19 (4) used an incorrect methodology to incorporate capital costs into her
20 analysis; and

(5) failed to capture additional benefits that should be considered when evaluating the true value that the generating assets provide in both analyses.

While Ms. Glick continues to cite her 2019 study for support of her recommendations, she has failed to correct its deficiencies.

Q. Have the predictions and values used in Ms. Glick’s 2019 study proven to be accurate?

A. They have not. They have proven to be inaccurate. For instance, Ms. Glick has previously predicted that SPS rate payers would lose between \$49 million and \$510 million between 2020 and 2032 (with the likely value falling around \$202 million). What actually happened, however, was that the net market revenue from the Southwest Power Pool market as compared to the cost of production resulted in SPS customers benefiting \$388.7 million just for the one calendar year from the production from the Harrington facility. The table below is based on actual market data and demonstrates conclusively that Ms. Glick’s analysis is flawed and unreliable.

2021 Harrington Plant		
Total Net Market Revenue for Harrington	Total Cost including Start Up for Harrington	Total Harrington net revenue after subtracting cost
\$478,115,029	\$92,430,302	\$385,684,727

1 **Q. Do you have any additional thoughts on Ms. Glick’s suggestion that SPS**
2 **should not receive full recovery for its investment in Harrington?**

3 A. Yes. Harrington has been delivering reliable and reasonably priced electricity to
4 New Mexico customers for over 40 years. However, Ms. Glick’s recommendation
5 would penalize SPS in contradiction of the Commission actions to deny earlier
6 recovery based on Harrington’s planned useful life and extend SPS’s recovery
7 period. This would also be despite the prior finding of prudence of investment in
8 the facility.

9 **Q. Is it valid to compare the Southwestern Electric Power Company case cited by**
10 **Ms. Glick as an example, in which a regulator has denied recovery of return**
11 **on investment, to the situation at Harrington?**

12 A. No. In the Southwestern Electric Power Company (“SWEPCO”) case, the plant at
13 issue – Dolet Hills Power Station – had not yet reached the end of its originally
14 predicted useful life. Because Dolet Hills Power Station was being retired early,
15 SWEPCO was seeking to shorten the depreciation rates/lives on the asset to end
16 earlier than had been the basis for the investment and original prudence
17 determination. Importantly, the Dolet Hills Power Station depreciation rates/lives
18 had never been extended in the manner that Harrington’s have. For comparison
19 purposes, the Harrington units were originally anticipated to operate for 35 years.
20 The plant has now been in operation for over 40 years and may reach 60 years of

1 operation, if SPS's request for conversion is approved. Additionally, in SPS's most
2 recent Texas rate case, parties have agreed to shorten the depreciation lives
3 associated with Harrington's coal assets to correspond to the required retirement of
4 those assets.²

5 **Q. Ms. Glick suggests that SPS could pursue securitization legislation in Texas so**
6 **as to potentially securitize any undepreciated plant balances associated with**
7 **the retirement of Harrington assets and that SPS should have provided an**
8 **analysis evaluating recovery of only the cost of debt on Harrington. Do you**
9 **have any response this contention?**

10 A. Ms. Glick's suggestion here appears to be based on a New Mexico statute that is
11 not applicable in Texas. In my experience, the Texas Legislature has only approved
12 the use of securitization in limited circumstances – the sale of assets associated with
13 the transition to competition and costs associated with large storm events. In my
14 opinion, it is not reasonable to assume that SPS could find a sponsor for a bill that
15 would allow for the securitization of undepreciated plant balances and that such a
16 bill would be passed in the next biannual Legislative Session. Anyone familiar
17 with the legislative process understands that the “will to pursue” legislation does
18 not guarantee that the Legislature will approve that proposed legislation. It is not
19 SPS's role to presuppose new legislation.

² *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 51802, Unopposed Stipulation at 5 (Jan. 26, 2022).

- 1 **Q. How do you respond to Ms. Glick’s and Mr. Norwood’s suggestion that SPS**
2 **might be able to “mothball” one or more of the units at Harrington for some**
3 **period of time, while it continues to search for potential replacements?**
- 4 A. As Mr. Lytal points out, while “mothballing” the units at Harrington for a time
5 period may be technically feasible, it would come with considerable cost and could
6 result in the loss of interconnection rights at Harrington, which would be even more
7 costly to reacquire. As a network resource, SPS would also risk losing the
8 transmission service utilized to serve its load from the Harrington units. SPS would
9 be required to re-enter the transmission service study and potentially have to pay
10 for transmission upgrades to re-establish transmission rights on top of the
11 interconnection risk. As such, in SPS’s opinion, “mothballing” any of the units at
12 Harrington would not be prudent.
- 13 **Q. Ms. Glick also refers to a 2019 Transmission Planning study conducted by SPS**
14 **to support her contentions that a fully converted Harrington provides little**
15 **reliability value and that retiring Unit 1 does not pose system reliability risk.**
16 **Do you have any concerns related to Ms. Glick’s use of the 2019 Transmission**
17 **Planning Study and her conclusions based on that study?**
- 18 A. Yes. The study referenced by Ms. Glick recommended a 345-kilovolt project from
19 Potter County to Tolk, if Harrington were retired. The project was studied by the
20 Southwest Power Pool and the cost estimate for the transmission upgrade was

1 approximately \$190 million. Obviously, that expense would exceed the estimate
2 to convert Harrington. It would also do nothing to address the capacity shortfall.

3 **Q. Can you speak to the advantage of maintaining the full 1,050 MW of**
4 **interconnection rights at Harrington?**

5 A. By converting the Harrington units to gas, SPS is permitted to retain its Federal
6 Energy Regulatory Commission interconnection rights at that location. That means
7 that SPS could connect renewable or other generation at the facility in the future,
8 which could generate up to the 1,050 MW interconnection limit, as long the limit
9 is not exceeded. As Mr. Elsey explains, it is also important for SPS to retain the
10 interconnection rights so that SPS can replace the generation at the Harrington site
11 when the Harrington units do retire without going through the Southwest Power
12 Pool generation interconnection process. Notably, the cost to go through the
13 Southwest Power Pool generation interconnection process again could cost close to
14 \$1 billion.

15 **Q. Has SPS been upfront on the timeline required to procure transmission**
16 **interconnection rights?**

17 A. Yes, the Southwest Power Pool is currently still working on the 2017 generation
18 interconnection queue and this is 2022. The stakeholders, including SPS, have been
19 working through the stakeholder process to try to reduce the time it takes to get the

1 studies done in a timely manner but as of now, the Southwest Power Pool is running
2 up to four to five years behind.

3 **Q. Mr. Norwood suggests that the “ramp rate” at Harrington is not sufficient**
4 **for Harrington to serve as a peaking resource. Do you have a response to this**
5 **contention?**

6 A. Yes. First, Mr. Norwood ignores the fact that the Southwest Power Pool is a day-
7 ahead market. As such, Harrington will primarily be called upon when the day-
8 ahead grid conditions reflect a need for its capacity. Absent an unexpected outage,
9 it will at least have 24 hours-notice of the need to generate. Moreover, Mr.
10 Norwood also appears to misunderstand the basic math behind Harrington’s
11 predicted “ramp rate.” Each unit currently has a ramp rate of approximately 2 MW
12 per minute. That equates to a 6 MW per minute “ramp rate” for the entire facility
13 (2 MW multiplied by 3 units). Thus, over the course of 1 hour, Harrington can
14 “ramp” up to 360 MW (6 MW multiplied by 60 minutes). Over the course of less
15 than 3 hours, the facility can be at full operation. It is also important to realize that
16 math above assumes SPS current ramp rate at 2 MW per minute per unit. SPS is
17 expecting the ramp rate to improve to between 4 to 5 MW per minute per unit after
18 the conversion because moving through mill points and opacity will no longer be a
19 limiting factor on ramp rates. Put differently, after conversion the units are
20 expected to be able to reach full capacity in less than 2 hours. While it is true that

1 a combined-cycle unit might have a faster “ramp rate” than Harrington, I do not
2 agree that Harrington’s ramp rate is insufficient for supporting the demands of
3 renewables on the system. Both Southwest Power Pool and SPS system operators
4 are able to monitor weather conditions with enough lead time and the unit can
5 achieve full operation fast enough such that Harrington can meet peaking demands
6 whenever renewable resources are not generating.

7 **Q. Do you have any comments on Mr. Norwood’s “soft cap” recommendation, if**
8 **the Commission approves SPS’s conversion request?**

9 A. Yes. SPS appreciates Mr. Norwood’s concern about the overall cost of the project.
10 However, a “soft cap” is unnecessary. As an initial matter, Mr. Norwood does not
11 define the term “soft cap” in his testimony. It is thus unclear what purpose that
12 condition would serve, if any. More broadly and importantly, any type of cap is
13 unnecessary because the full prudence of all costs associated with the conversion
14 will be reviewed by the Commission in a subsequent rate proceeding.

15 **Q. Mr. Norwood would also condition approval of the Texas CCN amendments**
16 **upon approval of the same amendments in New Mexico. What is the status of**
17 **the New Mexico proceeding?**

18 A. As of this date, the hearing examiner in New Mexico has issued a recommendation
19 to the New Mexico Public Regulation Commission (“NMPRC”) for full approval
20 and conversion of all Harrington units. The recommendation is publicly available

1 on the NMPRC website. The recommendation is expected to be presented to the
2 NMPRC Commissioners within the next 30 days.

3 **Q. Do you have any comments on Staff's recommendation?**

4 A. Yes. SPS appreciates Staff's review of and support for its proposed pipeline Route
5 2 and Staff's suggestions related to pipeline construction. SPS witnesses, Ms.
6 Santos, Mr. West, and Mr. Lytal each address certain of Mr. Poole's
7 recommendations in greater detail. However, generally, SPS is unopposed to his
8 recommendations related to construction of the pipeline, with some added
9 clarification to avoid confusion and the potential for additional and unnecessary
10 costs.

11 **Q. Does this conclude your pre-filed rebuttal testimony?**

12 A. Yes.

AFFIDAVIT

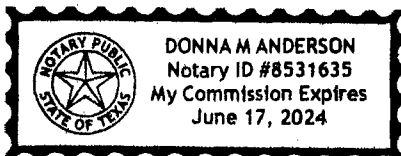
STATE OF TEXAS)
)
COUNTY OF POTTER)

WILLIAM A. GRANT first being sworn on his oath, states:

I am the witness identified in the preceding rebuttal testimony. I have read the testimony and the accompanying attachment(s) and am familiar with the contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.

William A. Grant
WILLIAM A. GRANT

Subscribed and sworn to before me this 12 day of April, 2022 by WILLIAM A. GRANT

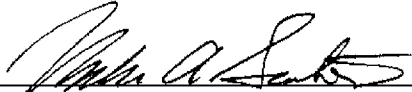


Donna M Anderson
Notary Public, State of Texas

My Commission Expires: 6/17/2024

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 April 13, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.



Mark A. Santos