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

<b>APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONVERT HARRINGTON GENERATING STATION FROM COAL TO NATURAL GAS</b>	<b>§ § § § § § §</b>	<b>BEFORE THE STATE OFFICE    OF   ADMINISTRATIVE HEARINGS</b>
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**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO SIERRA CLUB'S  
SECOND REQUEST FOR INFORMATION  
QUESTION NOS. 2-1 THROUGH 2-7**

*(Filename: SPSRespSC2nd.doc; Total Pages: 15)*

<b>I. WRITTEN RESPONSES .....</b>	<b>2</b>
<b>II. INSPECTIONS. ....</b>	<b>3</b>
<b>RESPONSES .....</b>	<b>5</b>
<b>QUESTION NO. SIERRA CLUB 2-1:.....</b>	<b>5</b>
<b>QUESTION NO. SIERRA CLUB 2-2:.....</b>	<b>6</b>
<b>QUESTION NO. SIERRA CLUB 2-3:.....</b>	<b>7</b>
<b>QUESTION NO. SIERRA CLUB 2-4 .....</b>	<b>9</b>
<b>QUESTION NO. SIERRA CLUB 2-5:.....</b>	<b>11</b>
<b>QUESTION NO. SIERRA CLUB 2-6:.....</b>	<b>12</b>
<b>QUESTION NO. SIERRA CLUB 2-7:.....</b>	<b>14</b>
<b>CERTIFICATE OF SERVICE .....</b>	<b>15</b>

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

**SOUTHWESTERN PUBLIC SERVICE COMPANY'S  
RESPONSE TO SIERRA CLUB'S  
SECOND REQUEST FOR INFORMATION  
QUESTION NOS. 2-1 THROUGH 2-7**

Southwestern Public Service Company ("SPS") files this response to the Sierra Club's Second Request for Information, Question Nos. 2-1 through 2-7. SPS has provided notice, by email, to all parties that SPS's Responses to Sierra Club's Second 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 Sierra Club's Second 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 ("TAC") § 22.144(c)(2)(A), 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.

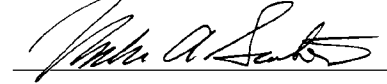
## **II. INSPECTIONS**

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 600 Congress Avenue, Suite 2000, 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

## **RESPONSES**

### **QUESTION NO. Sierra Club 2-1:**

Refer to SPS response to Sierra Club 1-22 regarding the cost estimate for the cost estimate for converting each Harrington unit to burn gas.

- a. Reconcile the costs shown in Exhibit SPS-SC 1-22 relating to the pipeline and repower costs are Question No. SC 1-4(e) EnCompass Cost Inputs – Gas Conversion.
- b. Explain how the costs in the 1-4(e) are calculated based on the once contained in Exhibit 1-22.

### **RESPONSE:**

- a. As described on page 34 of the Direct Testimony of Mr. Elsey, the estimated capital expenditure for converting all Harrington Units to operate on natural gas is between approximately \$65M and \$75M. All economic analyses presented in Mr. Elsey's testimony include approximately \$65M in capital expenditure for converting all Harrington Units to operate on natural gas. The results of the analysis do not fundamentally change if the actual costs are at the other end of the estimated price range.
- b. The estimated costs in the 1-4(e) spreadsheet were estimated prior to the amounts shown in Exhibit 1-22. SPS has continued to update its gas conversion estimate as the cost of commodities, such as steel, have increased. As described in subpart (a), the results of the analysis do not fundamentally change with the higher estimated gas conversion costs.

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

**QUESTION NO. Sierra Club 2-2:**

Refer to SPS response to Sierra Club 1-23(b) regarding the sizing of the gas pipeline.

- a. State how often the Harrington plant is projected to operate a full capacity and require the full capacity of the pipeline over its remaining life. Provide all data and analysis supporting this calculation.
- b. State how often the Harrington plan operated at full capacity over the past five years.

**RESPONSE:**

- a. SPS's EnCompass Output files do not contain the hourly generation data that would be needed to conduct the evaluation necessary to respond to the request. However, please refer to the EnCompass Input files provided in Exhibit SPS-SC 1-3(i)(CONF), which could be used to create such an analysis.

Note: Full fuel capacity is necessary to accredit generation capacity.

- b. Over the five year period ended December 31, 2020, the Harrington Station generated at full capacity for one-hour increments 106 times. However, during that same time, the facility generated at a rate higher than two of its unit's capacity 22% of the time.

Preparers: Ben R. Elsey, Mark Lytal

Sponsors: Ben R. Elsey, Mark Lytal

**QUESTION NO. Sierra Club 2-3:**

Refer to SPS response to Sierra Club 1-4(e) and (h) regarding FOM and capital cost forecasts.

- a. Explain the basis of the Company's assumptions and adjustments for FOM and capital costs across all scenarios. Provide all documentation and analysis that shows the basis of each cost forecast, and how each was developed.
- b. Explain how both the FOM and capital expenditure costs were adjusted down in the scenarios where one or two units were retired. Provide all analysis that shows how SPS calculated the adjustments to the values it used in EnCompass.
- c. State whether the Company assumed that capital costs and FOM costs ramped down in advance of a unit's retirement.
  - i. If yes, explain the assumptions and provide all workbooks that show the Company's assumptions.
  - ii. If no, explain what the values were not ramped down in advance of retirement.

**RESPONSE:**

- a. Assumptions and Adjustments

**On-going Capital Expenditure Forecasts**

For scenarios in which coal operations are maintained beyond 2024 (i.e. the SDA and DSI environmental control scenarios), SPS relied upon its final five-year capital expenditure budget (2020 – 2024) to assume continued coal operations. The five year average capital expenditure was then used all for future years and escalated at 2% per year. SPS then incorporated additional capital expenditure for the SDA and DSI environmental controls systems based on the Burns and McDonnell study.

For scenarios in which coal operation are ceased at the end of 2024 (i.e. the gas conversion and early retirement scenarios), SPS relied upon its 2021 – 2025 capital budget for the years 2021 – 2024. Based on discussions with the Xcel Energy Projects team, SPS then assumed an annual capital expenditure forecast of \$3.75M per year (escalated at 2% per year) after the units were converted to operate on natural gas.

In all scenarios, SPS assumed no capital expenditure in the final year of each Harrington unit's operation, a 50% reduction in the year prior to the unit's retirement

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*SOAH Docket No. 473-22-1073*

*PUC Docket No. 52485*

*Southwestern Public Service Company's Response to  
Sierra Club's Second Request for Information*

*- 7-*



and 25% reduction two years prior to the unit's retirement.

Supporting documentation is contained on the worksheets entitled "GasCapX" or "CoalCapX" in each of the spreadsheets provided in response to Exhibit SPS-SC 1-4(e)(i).

### **Fixed O&M**

For each scenario, SPS relied upon fixed O&M budgets created by Xcel Energy's Strategic Asset Management group which are contained on the tabs titled "FOM" in each of the spreadsheets provided in response to Exhibit SPS-SC 1-4(e)(i). The total plant level fixed O&M is then divided equally among each unit.

- b. In the event one or two units are retired at the end of 2024, SPS removed the capital expenditure and fixed O&M costs for each of the retiring units after the unit was retired (i.e., 2025 and beyond). In addition, as described in subpart (a), SPS assumed no capital expenditure in the final year of each Harrington unit's operation, a 50% reduction in the year prior to the unit's retirement and 25% reduction two years prior to the unit's retirement. No further adjustments were made to FOM in the years preceding a unit's retirement.
- c. Yes. Please refer SPS's response to subpart (b).

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

#### **QUESTION NO. Sierra Club 2-4**

State whether SPS is requesting emergency recovery of gas costs associated with the winter storm Uri event that occurred in the winter of 2021 in separate utility dockets.

- a. If yes, state how much SPS is seeking recovery of, the time period over which it is seeking to recover, and how the amount of fuel costs and the period of recovery compares to standard fuel cost recovery.
- b. If yes, indicate whether SPS incorporated into its analysis consideration of future extreme weather events that would have a similar disruptive impact on gas supply and prices.
- c. If yes, indicate whether SPS has conducted any analysis on the cost for gas that the Company would have incurred if Harrington had been operating on gas during winter storm Uri. Provide any analysis conducted.

#### **RESPONSE:**

No, SPS is not seeking emergency recovery of winter storm Uri gas costs in Texas or in New Mexico. In Texas, SPS is seeking recovery of the fuel and purchased power costs, including fuel costs associated with winter storm Uri, which were not off-set by off-system sales margin sharing through a standard fuel recovery mechanism. In June of 2021, SPS filed an application for a net surcharge for under-collected fuel costs which was assigned Docket No. 52210. In August 2021, SPS supplemented its application in Docket No. 52210 to include all under-collected fuel balances from January 2021 through June of 2021. Settlement negotiations in Docket No. 52210 are pending.

In New Mexico, SPS filed a request to suspend its FPPCAC; establish a regulatory asset; and approve a surcharge and a true-up mechanism. SPS received authority to defer cost recovery for winter storm Uri costs to help avoid large bill impacts to customers.

- a. Not applicable because there are no emergency recovery requests, however, the requested information can be found in Docket No. 52210 on the PUC Interchange. For New Mexico, the requested information is available at Case No. 21-00046-UT.
- b. SPS's Harrington analysis does not incorporate potential future extreme weather events into its analyses, as such events are unpredictable and uncertain to occur. SPS considers overall system reliability and resiliency in determining its most cost-effective portfolio of resources.

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*SOAH Docket No. 473-22-1073*

*PUC Docket No. 52485*

*Southwestern Public Service Company's Response to  
Sierra Club's Second Request for Information*

c. SPS has not conducted this analysis.

Preparers: Ben R. Elsey, Jeremiah Cunningham

Sponsors: Ben R. Elsey, William A. Grant

**QUESTION NO. Sierra Club 2-5:**

State whether SPS's supply of natural gas was disrupted at all during the winter of 2021 during the polar vortex event.

- a. If yes, provide all reports and documentation created by the Company on this issue.
- b. If yes, state whether SPS would have been able to operate Harrington on gas at full capacity during winter storm Uri given this supply disruption.

**RESPONSE:**

Yes.

- a. SPS has two dockets related to Winter Storm Uri:
  1. For New Mexico, please refer to the PRC edocket for SPS's Response in Case No. 21-00045-UT, *In the Matter of a Commission Inquiry into Impacts of February 2021 Extreme Weather Event on Utilities and Ratepayers*. Case No. 21-00046-UT, *In the Matter of Southwestern Public Service Company's Request for Suspension of its Fuel and Purchase Power Cost Adjustment Clause; Establishment of a Regulatory Asset; and Approval of a Surcharge and a True-Up Mechanism*, is also posted to the PRC edocket. Finally, please refer to Exhibit SPS-SC 3-5 for copies of SPS's Rule 550 Reports filed to date in 2021. Rule 550 Reports are being provided as an exhibit as they can be difficult to locate on the PRC edocket.
  2. For Texas, please refer to the PUCT interchange for Docket No. 52210, *Application of Southwestern Public Service Company to Implement an Interim Net Surcharge for Under-Collected Fuel Costs*.
- b. SPS does not know the answer to this question.

Preparer: William A. Grant  
Sponsor: William A. Grant

**QUESTION NO. Sierra Club 2-6:**

Refer to SPS response to SC 1-26 regarding the flexibility and operational changes at Harrington after its conversion to operate on gas. Provide the following for each unit before and after the conversion:

- a. Minimum operating level
- b. Minimum up time
- c. Minimum down time
- d. Ramp rate
- e. Startup cost
- f. Cold start time
- g. Warm start time

**RESPONSE:**

- a. Minimum operating level

Before- 120 MW net

After- 120 MW net. (It is anticipated that this will be lowered once converted to gas to levels seen in other SPS gas fired conventional boilers, after testing and tuning post construction)

- b. Minimum up time

Before- 18 hours

After- 18 hours

- c. Minimum down time

Before- 4 hours

After- 4 hours

d. Ramp rate

Coal- 4 MW per minute

After- 4 MW per minute

e. Startup cost

Before \$16,000 per start plus fuel

After- \$16,000 per start plus fuel- (Potential to change, but future costs are not known. SPS anticipates these costs being similar to those of another comparably sized gas plant)

f. Cold start time

Before- 24 hours

After- 24 hours

g. Warm start time

Before- 14 hours

After- 14 hours

Preparer: Jeff Haskins

Sponsor: Mark Lytal

**QUESTION NO. Sierra Club 2-7:**

State what percentage of the Company's generation capacity will rely on gas as its primary fuel both before and after the proposed conversion of Harrington to operate on gas.

**RESPONSE:**

Please refer to the EnCompass Output files provided in Exhibit SPS-SC 1-3(i)(CONF) for the data needed to calculate a percentage.

Preparer: Ashley Gibbons  
Sponsor: Ben R. Elsey

### **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 December 20, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

  
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Mark Santos