## **DOCKET NO. 51802**

APPLICATION OF SOUTHWESTERN	§	PUBLIC UTILITY COMMISSION
PUBLIC SERVICE COMPANY FOR	§	
AUTHORITY TO CHANGE RATES	§	OF TEXAS

# UPDATE TESTIMONY of H. CRAIG ROMER

on behalf of

## SOUTHWESTERN PUBLIC SERVICE COMPANY

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#### GLOSSARY OF ACRONYMS AND DEFINED TERMS

## Acronym/Defined Term Meaning

Commission Public Utility Commission of Texas

RFP Rate Filing Package

SPS Southwestern Public Service Company, a New

Mexico corporation

Test Year October 1, 2019 through September 30, 2020

Total Company or total

company

Total SPS (before jurisdictional allocations)

Update Period October 1, 2020 through December 31, 2020

Updated Test Year January 1, 2020 through December 31, 2020

# UPDATE TESTIMONY OF H. CRAIG ROMER

1		I. <u>WITNESS IDENTIFICATION</u>
2	Q.	Please state your name and business address.
3	A.	My name is H. Craig Romer. My business address is 1800 Larimer Street, Suite
4		1000, Denver, Colorado 80202.
5	Q.	By whom are you employed and in what position?
6	A.	I am employed by Xcel Energy Services Inc. as Director, Fuel Supply Operations.
7	Q.	On whose behalf are you testifying in this proceeding?
8	A.	I am filing testimony on behalf of Southwestern Public Service Company, a New
9		Mexico corporation ("SPS").
10	Q.	Are you the same H. Craig Romer who filed direct testimony on behalf of SPS in
11		this docket?
12	A.	Yes.

2		RECOMMENDATIONS
3	Q.	What is the purpose of your update testimony?
4	A.	As I explained in my direct testimony, SPS is using an Updated Test Year in this
5		case, with the Updated Test Year being the period from January 1, 2020 through
6		December 31, 2020. Because of the timing of the filing of this case, my direct
7		testimony contained estimates of certain coal-related costs for the period from
8		October 1, 2020 through December 31, 2020 ("Update Period"). My assignment in
9		this update testimony is to replace those estimated costs with actual costs. The result
10		of this update is that the Updated Test Year now consists of only actual information
11		for the coal-related costs, and no estimates.
12	Q.	Please summarize your update testimony and recommendations.
13	A.	For the reasons discussed in my direct and update testimonies:
14 15 16 17		• SPS's coal-related costs that were not included in eligible fuel costs in the Updated Test Year totaled \$32,828,421 (total SPS before jurisdictional allocations, or "total company"). Those coal-related costs are included in the updated cost-of-service study presented by SPS witness Stephanie N. Niemi.
18 19 20 21 22		<ul> <li>SPS's Updated Test Year coal-related costs were prudently incurred and were reasonable and necessary for SPS to have usable coal to burn at its Tolk and Harrington Generating Stations. I therefore recommend that the Public Utility Commission of Texas ("Commission") allow SPS to recover those costs through base rates.</li> </ul>
23	Q.	Are any of the Rate Filing Package ("RFP") schedules that you sponsor or
24		co-sponsor updated in this filing?
25	A.	Yes. RFP Schedule I-U17.1, Coal Costs, is updated in this filing.
26	Q.	Was Schedule I-U17.1 prepared by you or under your direct supervision and
27		control?
28	A.	Yes.

1	Q.	Do you incorporate Schedule I-U17.1 into this update testimony?
2	A.	Yes.

## 1 III. <u>COAL-RELATED COSTS INCLUDED IN SPS'S COST OF SERVICE</u>

- 2 Q. What is the purpose of this section of your update testimony?
- 3 A. In my direct testimony, I explained that SPS incurs certain coal-related costs that do
- 4 not qualify as eligible fuel expense, and therefore those costs must be recovered
- 5 through base rates. I also quantified the amounts of those coal-related costs incurred
- during the Test Year and Updated Test Year, and I described the amount of such
- 7 costs that SPS seeks to recover in base rates. The amount of coal-related costs
- 8 incurred in the Test Year has not changed, but the amount of coal-related costs
- 9 incurred in the Updated Test Year changed when SPS replaced estimates for the
- 10 Update Period with actual costs. This update testimony provides the actual Updated
- 11 Test Year coal-related costs that do not qualify as eligible fuel expense.
- 12 Q. Please quantify the actual Updated Test year coal-related costs that do not
- qualify as eligible fuel expense.
- 14 A. The actual total company amount of coal-related costs that do not qualify as eligible
- fuel expense was \$32,828,421 for the Updated Test Year.
- 16 Q. Are those Updated Test Year coal-related costs representative of the costs to be
- incurred in the future for coal-handling activities?
- 18 A. Yes.
- 19 Q. How have these recurring costs been included in this rate request?
- 20 A. These recurring costs are included in the cost of service study presented by Ms.
- Niemi.
- 22 Q. Have you made any pro adjustments to the Updated Test Year coal-related
- costs?
- 24 A. No.

- 1 Q. Were SPS's coal-related costs incurred during the Updated Test Year prudently
- 2 incurred, reasonable, and necessary?
- 3 A. Yes. For the reasons discussed above and in my direct testimony, SPS's Updated
- 4 Test Year coal-related costs were prudently incurred and were reasonable and
- 5 necessary for SPS to have usable coal to burn at its Tolk and Harrington Generating
- 6 Stations. Therefore, I recommend that the Commission allow SPS to recover those
- 7 costs in base rates.
- 8 Q. Does this conclude your pre-filed update testimony?
- 9 A. Yes.

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STATE OF COLORADO	)
COUNTY OF JEFFERSON	)

H. CRAIG ROMER, first being sworn on his oath, states:

I am the witness identified in the preceding testimony. I have read the testimony 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.

H. CRAIG ROMER

Subscribed and sworn to before me this day of March 2021 by H. CRAIG ROMER.

Notary Public, State of Colorado

LAURA ANGELICA CUEVAS VIELMAS NOTARY PUBLIC STATE OF COLORADO NOTARY ID 20204033470 MY COMMISSION EXPIRES 09/25/2024

My Commission Expires: OQ

# **CERTIFICATE OF SERVICE**

I certify that on the 25<sup>th</sup> day of March 2021, notice of the filing of the foregoing update testimony with the PUCT was served on all parties of record by electronic service and and was posted to SPS's file sharing platform.

/s/ Jeremiah W. Cunninghar	n
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