

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0296E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2025-2027 WILDFIRE MITIGATION PLAN, WILDFIRE MITIGATION ADJUSTMENT, PUBLIC SAFETY POWER SHUTOFF PLAN, AND THE RECOVERY OF ITS 2023 WILDFIRE MITIGATION PLAN DEFERRAL.

**COMMISSION DECISION APPROVING UNANIMOUS
SETTLEMENT AGREEMENT**

Issued Date: August 6, 2025

Adopted Date: June 5, 2025

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I. BY THE COMMISSION**A. Statement**

1. On June 27, 2024, pursuant to Rule 4 *Code of Colorado Regulations* (“CCR”) 723-1-1303 of the Commission Rules of Practice and Procedure, and Rule 4 CCR 723-3-3002 of the Commission’s Rules Regulating Electric Utilities, Public Service Company of Colorado (“Public Service” or “Company”) filed its Application requesting Commission approval of its proposed 2025-2027 Wildfire Mitigation Plan (“WMP” or “Updated WMP”), a Public Safety Power Shutoff (“PSPS”) Plan, a cost recovery mechanism (“Wildfire Mitigation Adjustment”), and recovery of the 2023 WMP deferral, authority to track and defer case expenses associated with this filing in a non-interest bearing account for future recovery, and associated tariff revisions necessary to implement the Company’s proposals (“Application”).

2. Public Service requested the Commission approve the following: the Application and the relief requested therein; the Company’s Updated WMP, including its mitigation activities, scopes of work, and related budget proposals; the proposed PSPS Plan, proposed cost recovery mechanism and recovery of the remaining deferred balance from the existing WMP deferral; authorize the Company to track and defer case expenses associated with this filing in a non-interest bearing account for future recovery; and, approve the associated tariff revisions necessary to implement the Company’s proposals.

3. On April 18, 2025, Public Service filed its Unopposed Motion to Approve Unanimous Comprehensive Settlement Agreement, Motion to Reschedule Hearing Dates, and Request for Waiver of Response Time (“Motion”), as well as a Unanimous Comprehensive Settlement Agreement (“Settlement Agreement”).¹ The Motion states the Company and the

¹ Hearing Exhibit No. 137.

intervenors in the proceeding reached a settlement resolving all issues raised by the parties in this proceeding relating to Public Service's Application. All parties to the Settlement Agreement agree it is just, reasonable, and in the public interest and as such, request the Commission approve the Updated WMP as filed, including the Wildfire Mitigation Adjustment and the PSPS Plan, subject to modifications as set forth in Public Service's rebuttal testimony and in the Settlement Agreement.

4. By this Decision, we approve the terms of the Settlement Agreement in full and without modification as presented by the Settling Parties.

B. Background

1. Public Service's Application

5. In its June 27, 2025, Application for approval of its WMP and associated PSPS Plan, Public Service acknowledges wildfire risk has increased since it filed its first Wildfire Mitigation Plan in Proceeding No. 20A-0300E, with three of the five largest fires in Colorado history occurring in the last five years, and two of the most destructive Colorado fires occurred in that same time period. Public Service points out that through its updated risk mapping, it has determined that the geographic areas of moderate to high fire risk in its service and facilities footprint have nearly doubled since its 2020 WMP.

6. According to the Application, Public Service's Updated WMP includes a number of new, expanded, and more targeted programs. These include its PSPS and Enhanced Powerline Safety Settings ("EPSS") programs, as well as the deployment and expansion of new and emerging technologies and artificial intelligence ("AI") platforms.

7. Concurrent with its Application, Public Service filed the direct testimony of 19 witnesses,² in addition to filing its Updated WMP as Hearing Exhibit (“HE”) 101, Attachment AZS-1 to the Direct Testimony of Company witness Ms. Sherwood; and filing its PSPS Plan as HE 118, Attachment VAR-1, with the Direct Testimony of Company witness Ms. Rose.

8. The Company’s direct testimony addresses the aspects of the Updated WMP, including a variety of new, expanded, and more targeted programs, including PSPS and the aforementioned EPSS programs, and the deployment and expansion of new and emerging technologies and AI platforms.

2. Updated Wildfire Mitigation Plan

9. Public Service states that while its Updated WMP consists of various wildfire mitigation criteria, the scope of its proposal falls mostly into four categories:

(1) Situational Awareness – which includes tools to enhance the Company’s ability to identify, assess, and respond to a physical, cyber, or environmental hazard, including wildfires. Those tools include Technosylva software that includes functionalities to permit fire spread risk modeling; AI cameras; strategically placed weather stations; and data visualization user-interfaces of observation data.

² Public Service’s witnesses included: Anne Z. Sherwood, Area Vice President of Wildfire Mitigation: Regulatory and Policy, Xcel Energy Services Inc. (“XES”); - Michael G. Lamb, Senior Vice President, Customer Delivery – Gas and Electric, XES; Steven D. Rohlwing, Senior Director of Enterprise and Market Risk Management, XES; Mason Withers, Director, Filsinger Energy Partners; - Paul A. Johnson, Vice President, Investor Relations and Treasurer, XES; Steven P. Berman, Regional Vice President, Regulatory and Pricing, Public Service; Arthur P. Freitas, Director of Revenue Analysis, XES; Jeffrey R. Knighten, Director of Regulatory Pricing and Analysis, Public Service; - Randall P. Benson, Senior Meteorologist-Wildfire Mitigation, XES; Crystal L. Rice, Senior Manager, Cyber Operations and Monitoring, XES; Zachariah S. Lakel, Director of Wildfire Project Engineering, XES; - Coral M. Breidenbach, Director of Construction and Operations, Public Service; William S. Pim, Project Director, XES; Mary J. Woolf, Senior Director of Distribution Business Operations, XES; - Shawn M. McFarland, Information Technology Director for Application Delivery, XES; Zachary D. Pollock, Director of Grid Strategy and Emerging Technology, XES; Valerie A. Rose, Director of Wildfire Strategy and Performance, XES; Robert E. Clark, Senior Vice President, Chief Communications Officer, XES; Hollie J. Velasquez Horvath, Regional Vice President, State Affairs and Community Relations, Public Service.

(2) System Resiliency - making physical investments in the Company's infrastructure to directly reduce the risk of a utility caused wildfire. This includes continuing with risk mitigation programs, including vegetation management work and inspection and repair and replace programs for distribution poles and transmission lines in high-risk areas. System resiliency also includes implementing various mitigation measures, including those derived from an updated Wildfire Risk Assessment approach, including targeted distribution undergrounding, covered conductor, line rebuilds, and non-expulsion upgrades in Tier 2 and Tier 3 risk areas (described in more detail in Paragraph No. 13 below).

(3) Operational Mitigations - which involve the Company adjusting areas to reduce the risk of a utility-caused wildfire. This includes the deployment and use of EPSS and the Company's comprehensive PSPS Plan.

(4) Customer Support - wherein the Company directly informs customers of wildfire risk and mitigation activities and provides direct customer assistance for customer resiliency. This includes ongoing, proactive educational outreach, engagement, and communications as well as coordinated PSPS communications, designed to help inform stakeholders and the public of how they can help reduce wildfire risk, and prepare themselves and respond to a PSPS or wildfire event. The Company's proposal also includes resiliency rebates to support back-up power for income-qualified, medical exemption rate, and medical certification program customers to reduce the impacts of wildfire-related power outages.

10. Public Service commits to continue providing annual wildfire reporting, but with several refinements and enhancements. The Company will continue filing its annual reports in May, consistent with existing practice. Additionally, the Company proposes filing a forecast on November 1 of each year to update its proposals for expected work and associated cost for the following year, as well as establishing a new annual prudence review process beginning on July 1 for the previous year's costs.

11. Utilizing its experience implementing the 2020 WMP, its adoption of mitigation strategies employed by other western utilities, and use of risk-informed approaches to focus the type, extent, and location of proposed mitigation activities, Public Service expects the 2025-2027

Updated WMP as a whole to assist it in achieving an overall risk reduction in alignment with that projected by other utilities who have similarly comprehensive plans.

12. According to the Company, its updated Wildfire Risk Map visualizes the level of risk within the Company's service territory, both in terms of probability and consequence of a wildfire event and indicates where risk reduction may be the most effective. and the Map is also used to influence the prioritization of activities. A notable feature of the Wildfire Risk Map according to the Company is that it evaluates risk across the Company's entire service territory, assigning one of three risk tiers to all areas within the Company's service territory based on nationally and industry-recognized data sources.

13. The updated Wildfire Risk Map introduces three geographic tiers of wildfire risk: Tier 1 (lower risk), Tier 2 (moderate risk), and Tier 3 (high risk). Public Service represents that the tiered system assists the prioritization of risk mitigation resources and program rollout for the whole service territory. The Company represents its mitigation efforts under the Updated WMP will largely focus on Tier 2 and Tier 3 areas.

14. Although the overall Wildfire Risk Assessment provides useful data to inform the Company's mitigation approach, it points out determining how the findings should be applied to decision-making is based on human judgment and many assumptions. The Company asserts other factors, such as feasibility, strategic alignment, and resource availability, in addition to Wildfire Risk Assessment, will be required to be considered in determining the appropriate scope of wildfire mitigation work.

15. Addressing its four main tools for its Updated WMP, Public Service first defines situational awareness as the ability to monitor environmental conditions to make critical operational decisions in an effective and timely manner. Situational awareness covers a broad

range of systems and tools supporting operational and response actions for both the transmission and distribution systems. This includes public information sources such as the National Weather Service, Rocky Mountain Geographic Area Coordination Center, and third-party services to provide relevant data. Relevant data incorporates red flag warnings, fire weather watches and high wind warnings. Situational awareness resources also include Company personnel as well as first responders to assist in gathering environmental condition data and providing condition reports on active wildfire situations. Besides gathering information on current environmental conditions, the Company further defines situational awareness as understanding which parts of the service territory may be exposed to higher consequential wildfires.

16. As for upgrades proposed in the Updated WMP, the Company proposes enhanced meteorological capabilities such as hiring meteorological staff to focus solely on wildfire mitigation. The meteorology team will produce real-time forecasts and help develop long-term analysis and trends that are informative about the spread of wildfire. The meteorology team will provide advance notice to Company personnel regarding red flag warnings, fire weather watches, high wind warnings, and will be responsible for determining when conditions may exist for PSPS.

17. Situational awareness also includes deploying automated weather stations throughout its service territory, proposed to be deployed in remote regions and installed directly onto utility poles to gather weather data on a more granular and site-specific basis than could be obtained through other government or third-party weather monitoring networks. The weather station data will be used to monitor weather conditions for EPSS and PSPS events and validate hourly forecast weather models.

18. Public Service has also begun to build out its own network of high-definition camera systems which use AI for signs of smoke or fire and give the Company accurate 360-degree

fire detection triangulation capability across remote and higher risk parts of its service territory. The Company indicated it will install a total of 135 cameras, covering the entirety of its Tier 3 and 2 areas.

19. For the Updated WMP, the Company will utilize the Technosylva software which it demonstrated at a Commission Technical Conference as part of this Proceeding. As part of software design, the Company also requested incorporation of daily updated high-resolution weather forecast data and to archive weather forecast data into a 20-year dataset which the Company proposes will act as a backbone to the fire potential index, correlated to actual fire occurrence in Colorado. Technosylva will additionally be used for developing numeric weather predictions for Colorado by running software that will monitor critical wind speed, dryness, and temperature for initiating EPSS and PSPS events.

20. Another component of Public Service's Situational Awareness tool is the development of a Wildfire Command Center to serve as the Company's 24/7 center to monitor wildfire risks and process weather, remote sensing, and other data from the Company's situational awareness programs. The Wildfire Command Center is proposed to be equipped with infrastructure for monitoring and processing data from existing and planned situational awareness programs and is also proposed to serve as a centralized location for wildfire coordination, response, and recovery efforts.

21. A Wildfire Risk Map will provide guidance in work procedures, mitigation programs, and situational awareness. According to Public Service, the updated Wildfire Risk Map will serve as a statewide snapshot of the Company's updated risk categorization across its service territory and asset locations. The Company anticipates the Wildfire Risk Map will provide

guidance for directing programs within the wildfire risk tiers. In addition to providing the data that drives the Company's EPSS and PSPS programming and scope of work.

22. The second tool of Public Services Updated WMP is System Resilience. The Company characterizes this tool as making physical investments in its infrastructure to directly reduce the risk of a utility-caused wildfire. This will involve work on both the distribution and transmission systems and include vegetation management.

23. The proposed Updated WMP system resiliency work builds upon the 2020 WMP, where the Company commenced its repair and replace programs. Public Service notes those programs will continue to be a significant part of the Updated WMP. This approach includes detailed analyses and prioritization of the needed work on distribution feeders and transmission lines.

24. System resiliency improvements using wildfire-resistant construction standards, implementing ignition-reducing equipment enhancements, and upgrading electric equipment to be stronger in severe weather are all proposed to help reduce the risk of Company equipment igniting a fire and will be focused on Tier 3 and Tier 2 Wildfire Risk Areas. The Company's system resiliency investments and activities will be focused on distribution and transmission needs, as well as vegetation management. The distribution-focused activities the Company will undertake include targeted undergrounding, small conductor replacement, non-expulsion upgrades, pole replacement, and overhead assessments and remediations.

25. Undergrounding will involve reconfiguring all or a portion of an electrical distribution feeder that was built above ground (or overhead) to an underground construction. Public Service clarifies that while undergrounding significantly mitigates wildfire risk, it is also engineering, design, and construction intensive. Because undergrounding is expensive,

Public Service indicates it used an internal cost-benefit analysis, which identified six feeders that are good candidates for the targeted undergrounding program, with actual undergrounding being dependent on detailed engineering and study.

26. The small conductor replacement program will involve replacing small diameter conductor with stronger, more durable conductor. It also includes replacing existing bare, open wire secondary conductor spans with insulated aerial cable lashed to a bare neutral conductor. The Company plans to replace 165 miles of small conductor and 33 miles of open wire as part of the Updated WMP. The Company represents this is incremental to the 300 miles of small conductor it committed to replace by the end of 2025 in the 2020 WMP, of which the Company is still re-evaluating the completion of the remaining 120 miles.

27. System Resiliency also involves the replacement of decayed and weakened poles. Public Service assumes it will need to replace 25 poles for every mile of small conductor replacement. Consequently, the Updated WMP includes 4,125 pole replacements associated with small conductor replacements. The Company also plans to replace 6,240 Tier 3 and Tier 2 poles as part of accelerated ground-based assessments. The Company also continues to explore whether there are alternatives to wood poles that make sense in certain areas of the system.

28. Public Service further plans to conduct overhead assessments and remediations as part of its System Resiliency Plan tool. In this assessment, assets are evaluated to identify defects that have the potential to lead to equipment failure. According to Public Service, this proactive approach to asset management aids in reducing ignition risk and sustains and improves system reliability by identifying where work is needed to preserve the integrity and functionality of the system components. This will be mostly accomplished through the use of drones and light detection and ranging technology (“LiDAR”) equipped helicopters.

29. As for its transmission system, Public Service intends to conduct transmission asset inspections, and transmission infrastructure improvement. The Company refers to two routine inspection programs to accomplish this: high-speed helicopter aerial inspections, and Intrusive Pole Assessment and Treatment inspections. The Company also proposes conducting a wildfire-based program known as the Annual Visual Inspection program. The Annual Visual Inspection program involves detailed ground-visual inspections of all transmission assets in high-risk Tier 2 and Tier 3 areas on an annual basis. Similar to the distribution inspections, the Company plans to perform the majority of its transmission asset inspections on a risk-informed basis, where assets in the higher wildfire risk tiers are inspected on an accelerated basis.

30. Public Service notes that as part of the 2020 WMP, it initiated a Major Transmission Line Rebuild Program, where a total of 37 miles of transmission lines were rebuilt from 2020 to 2023. Approximately 30 more miles are planned to be completed in 2024. Under the Updated WMP, the Company proposes to rebuild or refurbish approximately 125 miles of the remaining 69 kV transmission lines that were part of the original WMP. In addition, newly identified rebuild projects could begin construction in 2027.

31. Another important component of the System Resiliency tool is comprehensive vegetation management. Public Service defines this as incorporating tree pruning, brush control and removal, and tree removal to reduce the frequency of damage to electrical equipment, as well as vegetation-caused outages and ignitions.

32. For the Updated WMP, Public Service's wildfire vegetation management program consists of five major activities to help protect electrical distribution, transmission, and substation assets: (1) wildfire corridor maintenance; (2) wildfire hazard tree; (3) wildfire defensible space

around facilities; (4) wildfire right-of-way clearance; and (5) wildfire quality assurance and quality control.

33. The third tool of Public Service's Updated WMP is Operational Mitigations which involves adjustments to the Company's electric system in order to reduce the risk of a utility-caused wildfire. The Updated WMP includes two operational mitigations –EPSS, the most sophisticated form of Wildfire Safety Operations (“WSO”) and PSPS.

34. According to the Company, while all forms of WSO provide for disabling automatic reclosing on relays and reclosers that are normally set to automatically reclose, EPSS is faster and is intended to address operations in heightened wildfire risk conditions. EPSS allows powerlines to remain in-service during periods of elevated wildfire risks, but with protection settings that mitigate the wildfire risk. According to Public Service, the situational awareness tools will be used to forecast the potential need to enable EPSS. EPSS and WSO implement protection settings that could de-energize more of the Company's system following an electrical fault, therefore EPSS and WSO are only activated, according to the Company, during conditions of elevated wildfire risk. That activation can occur either by automation or manually.

35. The fourth and final tool of the Updated WMP is customer support. The Company plans to enhance and expand its communication and engagement with its customers, stakeholders, and external partners to help manage wildfire risk across its service territory. This engagement is projected to include public outreach education efforts, and enhanced collaboration with other utilities and community partners. The Company maintains it has begun and will continue to conduct informational sessions and present its Updated WMP to legislators, regulatory stakeholders, public safety partners, local Offices of Emergency Management (“OEM”), and members of the communities it serves. The Company further represents soliciting input and

support from managers of public lands, especially those overseeing high-risk areas, is also a priority.

36. Communications with customers, regulators, public safety partners, government officials, academia, research institutions, peers, and industry groups, in the Company's view, has assisted it to formulate the Updated WMP and will be key in execution and implementation going forward.

37. Public Service identifies customer outreach and engagement as a top priority. For the Updated WMP, the Company refers to the key themes of its outreach and engagement efforts as preparedness and education around the Company's wildfire mitigation efforts, improving outreach and engagement processes, and incorporating special considerations for Qualifying Medical Customers, OEMs, Income Qualified and Disproportionately Impacted Community customers, and Critical Customers.

38. Although the Company claims it has already identified many customers with unique energy requirements and has established relationships with these customers, the Company nonetheless recognizes more work needs to be done to identify and address customers with unique energy requirements that may be impacted by a PSPS or wildfire event and commits to continue to identify and determine the functional needs or dependencies for those customers. The Company asserts it is also establishing internal processes for assigning and managing the relationship with these customers and stakeholders before, during, and after an outage or emergency event.

39. Another group of stakeholders the Company identifies as key to its successful execution of the WMP are its public safety partners and OEMs. Public Safety Partners are defined as fire protection districts, offices of emergency response, county sheriffs, and local police departments. Public Service asserts it is currently meeting with and identifying these stakeholders.

40. The Updated WMP also establishes a new rebate program where the Company proposes to assist certain residential customers in the purchase of Battery Energy Storage Systems and Vehicle-to-Home electric vehicle equipment. The residential customers include those that are income-qualified, part of the medical exemption rate, and medical certificate program customers. The Company believes the rebates will assist those customers in installing and using back-up power systems to help mitigate the impacts of a proactive de-energization. The rebates are intended to cover 100 percent of the cost of purchasing and installing eligible equipment.

41. The Company's 2025-2027 Updated WMP total projected budget is approximately \$1.6 billion. To recover its costs, the Company proposes to continue the approach authorized in Proceeding No. 20A-0300E, including recovering transmission capital costs through the Transmission Cost Adjustment ("TCA"); and deferring other Updated WMP capital and incremental operations and maintenance ("O&M") costs for future recovery. Public Service states this framework was in place for costs incurred during 2021 through 2023 under the 2020 WMP. Additionally, the Company proposes two changes to what was previously approved. These changes include a calculation of interest on the portion of the deferred asset attributable to capital at the Company's weighted average cost of capital ("WACC"). In addition, Public Service proposes use of a Wildfire Mitigation Adjustment for more timely recovery of deferred balances and Updated WMP costs.

3. Public Safety Power Shutoff Plan

42. A PSPS is reserved for use when high risk conditions for wildfire exist. The utility may proactively and temporarily shut off power to a particular area to reduce the risk of its electric system becoming the source of an ignition. While it can be an effective tool, a PSPS will result in considerable customer impact and requires careful planning leading up to, during, and after a PSPS

event. The PSPS is a mitigation tool for use in cases where risk is not adequately addressed by other methods and is therefore employed only when there are imminent and significant risks of severe fire conditions that require its use.

43. The Updated WMP Application proposes a refined PSPS strategy that reflects lessons learned and input received from the April Weather Event and from discussions with state and local OEMs through Commission public comment and informational meetings. The Company states its intention to continue to address feedback received to this point on an effective PSPS and looks forward to continued consideration of the Company's PSPS throughout this case and beyond with both the Commission and parties. It is the Company's intent that its PSPS strategy be iterative, with refinements to continue to take place over time.

44. In the Application, the PSPS is supported by six key tenets: (1) preserving public safety by acknowledging that use of a proactive de-energization will result in impacts for the Company's customers and communities that are without electric service; (2) promoting employee and contractor safety; (3) the potential and more specific reduction of wildfire risk associated with use of the PSPS; (4) the use of reliable, accurate, and timely data to inform the PSPS process, as well as to assist communications with employees, customers, emergency responders, and the general public before, during, and after a PSPS event; (5) safe and rapid power restoration following a PSPS event when forecasted and observed fire and meteorological conditions are expected to remain at or below safe thresholds; and, (6) continuous improvement to promote the maturation and evolution of the Company's PSPS. Public Service asserts incorporation of these tenets will provide it with the necessary structures, technologies, and support to continue working on strengthening the PSPS process to promote safety and the public interest, which ostensibly

could include coordination with distributed energy resources and other technologies to further improve the customer experience during PSPS events.

45. Public Service indicates it understands the delicate balance in calling a PSPS between ensuring safe and reliable electric service and protecting the public from utility asset-caused wildfires. The Company also understands that utilizing PSPS is a major paradigm shift that will require extensive education as to the need for PSPS as part of its WMP.

46. The Application describes the sequence of events it proposes to determine whether to call a PSPS. Severe fire weather conditions will be forecast through the use of Company situational awareness tools described above. In addition, the Company proposes utilizing its software tools to monitor weather patterns and the locations of active fires in relationship to Company assets, weather stations to provide real-time and constant weather condition data, as well as the health of the Company's electric facilities to detect the occurrence and frequency of faults in the system. Public Service also intends to use risk planning software including a fire danger Energy Event Index that provides daily updates based on factors such as wind speed, humidity, and fire danger. The Company will use Technosylva software to assist with multiple tools and simulate wildfire spread scenarios, and other weather monitoring and modeling resources.

47. Public Service's decision on whether to initiate a PSPS event is based on the forecasting of severe fire weather conditions that indicate a significant risk of its electrical facilities igniting a wildfire. To aid that decision the Company's PSPS Plan explains that the Company will use a four-stage process to make power shutoff decisions.

48. The first stage is a watch period, where the readiness process for a potential power shutoff begins. Company staff are moved into an elevated state of alert as conditions may progress in a manner requiring a shutoff. This stage may begin as early as 10 days before an actual power

shutoff. Considerations for entering a Watch Period include indications of low fuel moisture, extreme wind gusts, and low relative humidity levels, which indicate potential of wildfire risk conditions.

49. Outage event confirmation is the second stage of the Company's four-stage process to determine whether to call a PSPS. To make the decision to employ the power shutoff, minimum criteria must be met that involve the presence of wind speeds forecasted to exceed the 99th percentile of historically observed speeds; humidity levels lower than 20 percent; and low fuel moisture content levels.

50. The third stage involves outage area scoping, where Public Service may further refine the geographic area where it is planning to proactively de-energize facilities. This stage permits the Company to adjust the power shutoff area based on more current weather conditions before the actual shutoff takes place. In assessing the geographic area, the Company would continue to apply the PSPS event criteria described in the second stage of the process.

51. The fourth stage entails the decision to restore electrical service to customers. The decision will be based on the Company's assessment that weather conditions have waned sufficiently to allow the Company to begin power restoration. Power restoration will involve the inspection of lines and equipment to ensure their safety before the energization of facilities, as well as potential repairs to facilities if hazards or damages are identified.

52. Public Service recognizes communication as the key component to a PSPS event. It plans to begin communications with OEMs, local and state officials, the Commission, critical customers, and qualifying medical customers in the Stage 1 watch period, approximately 48 to 72 hours before a power shutoff. After the Company's communications have begun, the Company will provide continued notifications on a daily basis. Public Service intends to begin

communication with potentially impacted customers, OEMs, local and state officials, the Commission, critical customers and qualifying medical customers regarding the PSPS approximately 24-48 hours before a power shutoff. Once the actual decision to initiate de-energization has been made, the Company will provide additional notifications, approximately one to four hours before the power shutoff to those same OEMs, government officials, potentially impacted customers, the Commission, critical customers, qualifying medical customers and potentially impacted customers.

53. During a PSPS the Company will provide restoration of power updates to OEMs, local and state officials, the Commission, and impacted customers, including critical customers and qualifying medical customers. The Company states it will provide power restoration notifications to those same customers as soon as possible. It will specifically conduct targeted outreach to critical customers and qualifying medical customers and will continue to evaluate the most effective ways to engage with these important customers.

54. Public Service specifies it has immediate-term and longer-term plans to produce interactive outage maps during PSPS events to assist informing customers as to the geographical area of a PSPS. The Company confirms it heard from customers after the April Weather Event, as did the Commission, that there was a need for improved outage maps to keep customers informed of the impacts and locations of a power shutoff. Public Service affirms it is taking that input seriously with intentions to produce maps for its customers to learn about all outages including those related to a PSPS event in one easy to follow interactive map.

55. During the re-energization process, the Company states it will continuously monitor conditions. Once the local and forecasted conditions are favorable to re-energize, field personnel will begin assessing the de-energized circuits looking for power lines that may have

been damaged during strong wind events. It will be necessary to complete post-event assessments to determine whether any damage has occurred that needs to be corrected before re-energization.

56. Public Service notes it is possible that certain areas may be appropriate for restoration prior to others, based on differing weather conditions given Colorado's micro-climates. As a result, the Company may prioritize restoration on certain circuits as appropriate. For example, there may be a community need for service on a given circuit over others. However, Public Service asserts it will continue its notifications to impacted customers regarding the estimated time to restore service.

57. The Company represents it will advise its customers and partners of its PSPS plans and solicit feedback to help develop an effective and useful PSPS plan. Public Service's educational communications to its customers will address potential questions such as explaining what a PSPS is and why it is important, as well as how customers can prepare for the wildfire season and the potential of a PSPS. Public Service proposes to educate customers on how to stay engaged with the Company during a PSPS, and where customers can find additional resources regarding PSPS.

58. The Company commits to continuing to explore new technologies that will speed restoration efforts. For instance, the Company states it is planning to install non-traditional fault detection sensors on Tier 3 feeders. These sensors may allow the Company to reduce the line miles that must be patrolled following a fault. Public Service notes this technology is continually evolving and may reach a point where lines would not need to be patrolled. Additionally, new drone technologies could support more rapid inspections of de-energized facilities, as well as additional helicopter resources which could support faster visual inspections of de-energized facilities.

59. In order to mitigate the negative impacts associated with PSPS events, Public Service is proposing to establish a rebate program as part of the Updated WMP, where the Company will assist certain residential customers in the purchase of Battery Energy Storage Systems and Vehicle-to-Home electric vehicle equipment. The residential customers include income qualified, medical exemption rate, and medical certification program customers. The rebates will assist these customers in installing and using back-up energy systems to help mitigate the impacts of proactive de-energization.

60. To support community resource centers during a PSPS, Public Service plans to coordinate with local OEMs and organizations, such as the Red Cross, to support Community Resource Centers during PSPS events. The Company proposes to do this by collaborating on potential locations, how best to serve its customers and communities, and on pre-planning activities; and providing notification when a PSPS is under consideration, including the potential scope of outages.

61. In order to ensure it is prepared and well-coordinated for a PSPS event, Public Service proposes executing drills in the form of tabletop demonstrations, where team members will participate in their PSPS roles through a variety of scenarios to prepare for emergency situations. The demonstrations are supposed to work through all aspects of a PSPS event, including de-energization and re-energization. Over time, the Company anticipates conducting these drills with public safety partners, OEMs, and other critical stakeholders. The Company intends to coordinate and communicate with first responders, local OEM staff, and public safety partners. This coordination will occur both before de-energization and until after power restoration.

62. Public Service additionally intends to monitor the effectiveness of its PSPS events by logging the resulting decisions in an After-Action Review (“AAR”). This AAR will comprise the aspects of the event, including operational execution, communications, and external coordination. The Company states it will continue to adjust its PSPS and related outreach efforts as needed based on feedback from customers, OEMs, and public safety partners.

63. Regarding the cost estimates for implementing its PSPS plan for the years 2025 through 2027, the Company states it does not have a standalone budget request to support its PSPS plan. Rather, Public Service points to other elements of the Updated WMP which it confirms support its ability to have an effective PSPS. Specifically, the Company’s related requests for approval of capital and operating and maintenance expenses for situational awareness tools, EPSS upgrades, distribution asset pre- and post-event staging and post-event inspections, and communication and outreach costs enable the PSPS plan.

4. Procedural Background

64. On June 27, 2025, the Commission issued Notice of the Application to all parties to the proceeding, interested persons, firms, and corporations. The Notice provided that any person desiring to intervene in or participate as a party in this proceeding was required to file a petition for leave to intervene, or under the Commission’s Rules of Practice and Procedure, file other appropriate pleadings to become a party, within 30 days after the date of the Notice.

65. At the Commissioners’ Weekly Meeting of August 7, 2024, the Commissioners agreed to establish an additional notice and intervention period as a courtesy to encourage increased participation in the proceeding. The Commission indicated it would issue a separate decision establishing the additional notice and intervention period contemporaneous with Decision No. C24-0575-I.

66. By Interim Commission Decision C24-0575-I, issued August 12, 2024, the Commission granted the timely requests for permissive intervention filed by the City of Boulder (“Boulder”), Colorado Energy Consumers (“CEC”), Climax Molybdenum Company (“Climax”), Comcast Cable Communications Management, LLC (“Comcast”), the Colorado Solar and Storage Association (“COSSA”) and the Coalition for Community Solar Access (“CCSA”) (jointly, “COSSA/CCSA”), the City and County of Denver (“Denver”), and Western Resource Advocates (“WRA”). The Commission also acknowledged the notices of intervention of right filed by Staff of the Colorado Public Utilities Commission (“Staff”) and the Utility Consumer Advocate (“UCA”).

67. The Commission also deemed the application complete and set the Application for hearing before the Commission *en banc*. Given the scope and complexity of the Updated WMP, the Commission directed Public Service to file supplemental direct testimony to provide a 20-year rate forecast model, in executable format and as close to possible to the tool presented at the July 25, 2024, Commissioners’ Information Meeting in Proceeding No. 24M-0003ALL.

68. The Commission ordered Public Service to confer with the parties regarding an appropriate procedural schedule, and directed the Parties to include a recommendation as to whether at least two public comment hearings should be held, and to schedule a technical conference for purposes of demonstrating the Company’s Technosylva software and refined, public-facing outage map in advance of the evidentiary hearing. The Commission established September 11, 2024, as the date for a pre-hearing conference.

69. Contemporaneously, the Commission issued Decision No. C24-0574, by which it reopened and extended the intervention period for this Proceeding to provide an opportunity for

government agencies, including state and local emergency management entities, to intervene. However, no further interventions were received by the extended deadline of August 22, 2024.

70. By Interim Decision No. C24-0664-I, issued September 6, 2024, after reviewing the proposed procedural schedule filed by Public Service on August 29, 2024, the Commission vacated the prehearing conference scheduled for September 11, 2024. Considering the scope and complexity of this Proceeding, the Commission determined it appropriate to take into consideration how best to address the proposed procedural schedule considering the scope and complexity of the Proceeding.

71. On September 23, 2024, the Commission issued Interim Decision No. C24-0687-I in which the Commission requested parties address several goals in their written testimony. Those goals included: a better understanding of the interrelationships of federal, state, and local agencies, and private or nonprofit sector partners, in wildfire mitigation, with a particular focus on issues like vegetation management; a better understanding of the interrelationships of federal, state, and local agencies in emergency management preparedness and response in order to understand how Public Service can best leverage existing resources, and how the Commission can efficiently support appropriate collaboration and coordination; an understanding of whether and how Public Service can leverage funding resources and opportunities available across the federal, state, and local levels; and, to understand whether and how Xcel Energy is leveraging existing situational awareness tools, including risk tools and cameras, and where permitted to make such additional investments, it is able to provide system-wide benefits through resource sharing.

72. The Commission rescheduled the pre-hearing conference to October 1, 2024, for the purpose of determining whether to make a finding of extraordinary circumstances pursuant to § 40-6-109.5(4), C.R.S.

73. After conducting the October 1, 2024, pre-hearing conference, the Commission issued Interim Decision No. C24-0716-I on October 3, 2024. After giving Public Service the opportunity to respond to the Commission's notice in Interim Decision No. C24-0687-I that it would consider whether extraordinary circumstances existed here to extend the statutory deadline pursuant to § 40-6-109.5(4), C.R.S. the Commission determined that extraordinary circumstances did exist which required it to extend the statutory deadline to issue a final decision in this Proceeding an additional 130 days.

74. The reasons for the finding of extraordinary circumstances included the complexity of the WMP and PSPS Plan, the size of the WMP investments and the complexity of the unique cost recovery mechanisms proposed by the Company, and the need for additional process which included an informational session within the adjudicatory process by which the Commission can place into the record, critical information and evidence from representatives of appropriate federal and state agencies, local offices of emergency management, first responders, local business leaders, and residential customers, especially those dependent on durable medical equipment.

75. The Commission also rejected the proposed procedural schedules in the Notice and instead required Public Service to confer with the parties to develop a new proposed procedural schedule, with a preference for hearing dates in May 2025.

76. By Interim Decision No. C24-0761-I, issued October 23, 2024, the Commission considered a proposed procedural schedule filed on October 4, 2024, by Public Service in accordance with Decision No. C24-0716-I. The Commission considered concerns with that schedule raised by several parties and amended the proposed procedural schedule as well as its own concerns. The adopted schedule was as follows: Public Service supplemental direct testimony due by October 14, 2025; a remote technical conference to be held on January 27, 2025;

Answer Testimony due on February 14, 2025; Rebuttal & Cross-Answer Testimony due March 21, 2025; any Stipulations or Settlement Agreements due by April 11, 2025; testimony addressing any stipulations or settlement agreement due by April 24, 2025; and a Remote Evidentiary Hearing held May 5 to 15, 2025.

77. By Interim Decision No. C24-0897-I, issued December 6, 2024, the Commission granted the late intervention filed by CTIA.

78. On December 17, 2024, the Commission issued Interim Decision No. C24-0919-I, scheduling three public comment hearings for February 6, 2025, March 13, 2025, and April 29, 2025. A Commissioners' Information Meeting ("CIM") was also scheduled for February 20 and 21, 2025 to hear from state agencies with expertise in wildfire and emergency events. The Commission wanted to better understand the interrelationships of these different entities and agencies around wildfire mitigation, emergency management preparedness and response, funding, among other issues. The purpose of the CIM was to hear from representatives of agencies and divisions within the State of Colorado on their perspectives regarding the Application. The Commission directed Staff to identify and invite agency representatives to attend the CIM and encouraged Staff to prioritize inviting representatives from agencies that have subject matter expertise related to emergency management preparedness and response, wildfire mitigation, forestry, insurance, and, if appropriate, public safety and health. A date for the technical conference for Public Service's presentation of the Technosylva software and the refined, public-facing outage map was also scheduled for January 27, 2025.

79. Answer testimony was filed by the Intervenors on February 14, 2025, while cross-answer testimony was submitted on March 21, 2025. Public Service filed its rebuttal case on March 21, 2025.

80. On April 11, 2025, Public Service, on behalf of all parties to this proceeding, provided notice to the Commission that a settlement in principle among all the parties had been reached. Public Service stated that the parties had reached a settlement in principle to all contested issues and were working to memorialize the settlement in a document to be subsequently filed with the Commission for approval. In light of that development, the Company requested the Commission amend the procedural schedule previously approved in Decision No. C24-0761-I. Public Service requested the deadline to file a settlement agreement be extended to April 18, 2025, and the deadline to file supporting testimony be extended to April 28, 2025. By Interim Decision No. C25-0298-I, issued April 16, 2025, the Commission granted the relief sought by the Company.

81. On April 18, 2025, Public Service filed the Settlement Agreement (described in more detail below), with an attendant motion to approve the Settlement Agreement. The pleading includes a request to reschedule the previously scheduled hearing dates. The Company indicated written testimony in support of the Settlement Agreement would be filed by certain parties and witnesses on April 28, 2025. The Company specifically asked the Commission to amend the procedural schedule to set a hearing on the Settlement Agreement on May 13 through 15, 2025. By Interim Decision No. C25-0324-I, issued April 25, 2025, the Commission granted Public Service's request to vacate the previously scheduled hearing and schedule a hearing on the terms of the Settlement Agreement as requested by the Company.

82. On April 28, 2025, testimony and attached exhibits in support of the Settlement Agreement were filed by several parties including Public Service (Mr. Steven P. Berman, Ms. Hollie Velasquez Horvath, and Mr. Paul J. McGregor), Boulder (Ms. Carolyn C. Elam), Staff (Mr. Dipesh Dipu), UCA (Mr. Joseph M. Pereira) and WRA (Ms. Clare Valentine).

83. The evidentiary hearing was held on May 13, 2025. Witnesses testifying in support of the Settlement Agreement from Public Service included Mr. Steven P. Berman, Mr. Paul McGregor and Ms. Hollie Velasquez Horvath. Other witnesses testifying in support of the Settlement Agreement included Mr. Joseph Pereira on behalf of UCA, Mr. Dipesh Dipu on behalf of Staff, and Ms. Clare Valentine on behalf of WRA. Hearing Exhibit No. 1300, a spreadsheet listing all hearing exhibits was admitted into the record. Hearing Exhibit No. 613, the affidavits of testimony provided after Hearing Exhibit No. 1300 was prepared, was also admitted into the record.

84. Closing Statements of Position were filed on May 28, 2025, by Boulder, CEC, Climax, COSSA/CCSA, and jointly by Public Service, Staff, UCA, Denver, WRA and CTIA.

85. The Commissioners deliberations meeting was held on June 5, 2025.

II. ANALYSIS

A. Terms of Settlement Agreement

86. The Settling Parties aver the Settlement Agreement is intended to resolve all issues raised or that could have been raised by the Settling Parties in this proceeding with respect to all aspects of the Company's Application. The Settling Parties believe the Settlement Agreement is reasonable and in the public interest and therefore request it be approved without modification.

87. The Settlement Agreement is partitioned into several components comprising modifications to Updated WMP including the PSPS Plan and Boulder priority projects, an Updated WMP Cost Recovery Framework including an overall cost recovery framework, provisions for securitizing retail capital costs, and adoption of an annual prudence review process for Updated WMP costs. The Settlement Agreement also addresses, among other cost recovery matters, allowing Public Service to track and defer actual costs associated with excess liability insurance

premiums above what is in base rates. It also includes a proposal for Public Service to underground approximately 50 miles of the distribution system during 2025 through 2027.

88. The Settlement contains certain modifications and commitments regarding small conductor replacement, major transmission line rebuilds, installation of wildfire detection cameras, and vegetation management. These commitments include enhanced reporting, providing access to wildfire detection cameras to appropriate public safety partners and offices of emergency management, and commitments on community outreach and engagement involving vegetation management. Public Service will also develop a centralized database of transmission and distribution poles to track age, location, height, and repair and replacement information.

89. Public Service commits to offering battery energy storage system rebates to support eligible customers dependent on durable medical equipment in certain wildfire risk zones with a budget of \$2 million for each plan year. Eligibility is to be limited to participants in the Medical Certification Program and Colorado Medical Exemption Program.

90. The Settlement Agreement contains commitments from Public Service regarding risk assessment and risk mapping. Specifically, there will be a stakeholder process for the parties to address the next iteration of the Company's Risk Assessment and a cost benefit analysis of the Company's wildfire mitigation efforts.

91. The Settlement Agreement also includes several provisions related to the PSPS Plan. For example, Public Service agrees to complete updates as identified in its bi-monthly status reports filed in this proceeding. The Company makes numerous commitments regarding outreach and engagement, specifically with all incident leaders from Offices of Emergency Management, including but not limited to counties, municipalities, and state Division of Homeland Security and Emergency Management field managers.

92. Regarding the implementation of a PSPS event, the Company agrees to integrate an Incident Command Structure to promote standardization of key internal roles and responsibilities. The Company also agrees to file what is called a “PSPS Playbook” within 30 days of a final written Commission decision to address internal business unit processes during a PSPS event.

93. Public Service agrees to complete its identification of Critical Customers, including Critical Facilities such as hospitals assisted living facilities, telecommunications companies and others, by sharing a preliminary list with emergency management partners in the local jurisdiction where the customers are located, which will then be developed with local emergency management partners into a final, mutually agreeable list of Critical Customers.

94. As for communications, the Company agrees to comply with the advanced notification processes and timelines included in its PSPS Plan. The Company commits to make commercially reasonable efforts to: (1) provide notice at 24- and 48-hour increments in advance of a potential PSPS event; and (2) engage in ongoing communication regarding anticipated restoration timelines after a proactive de-energization has been initiated. The Company agrees to collaborate with local OEMs in its prioritization of restoration efforts. To wit, within 90 days following a final Commission decision in this proceeding, unless further time is required to promote collaboration with local emergency management partners, the Company agrees to develop a framework to categorize Critical Customers to enable the prioritization of customers and facilities in the local jurisdiction to facilitate enhanced communication and engagement strategies and restoration work, where possible, with higher priority Critical Customers.

95. Notably, the Company retains its rights to continue the evolution of its minimum and threshold environmental criteria necessary to call a PSPS event.

96. As for the Updated WMP budget, the Settlement Agreement relies on the budget set forth in Company's Rebuttal Testimony for a cumulative capital cost of about \$1.6 billion and a cumulative O&M cost of \$244 million. Prior to approval of the Company's securitization application, the Settlement Agreement permits costs to be recovered as proposed by the Company in its Direct Testimony subject to modifications made in the agreement.

97. The Settling Parties agree to support the expanded reporting proposal contained in Public Service's Rebuttal Testimony. In addition to that reporting framework, the Company agrees to track and report customer outage impacts from events in its Quality of Service Plan on an annual basis, reporting at Census Block ID level. Public Service also agrees to develop a baseline probability model for circuits at risk for PSPS and Wildfire Safety Operations and to develop a forecast for anticipated risk reductions associated with wildfire mitigation investments consistent with models used by other utilities.

98. Beyond those terms specific to the WMP and the PSPS Plan, the Settling Parties agree that the Commission should approve a new Company accounting deferral in this proceeding to allow the Company to track and defer actual costs associated with excess liability insurance premiums above what is in base rates. The new deferral would commence in October 2025 at the conclusion of the currently approved deferral and be subject to the limitations provided in the agreement. The new accounting deferral is to be capped at \$50 million, and the Company agrees it will not apply any interest to the new accounting deferral.

99. The Settling Parties further agree to support the Commission opening a rulemaking on wildfire mitigation planning and shut off plans, starting with the opening of a miscellaneous proceeding after the conclusion of this proceeding to consider and facilitate stakeholder discussions. If wildfire mitigation planning rules aren't promulgated prior to the Company filing

its next WMP, the Settlement Agreement includes provisions that would apply to the next WMP filing.

B. Closing Statements of Position

100. As mentioned above, the Settling Parties filed Closing Statements of Position after the conclusion of the evidentiary hearing. The parties filing SOPs were Boulder, CEC, Climax, COSSA/CCSA, and a Joint SOP which included Staff, UCA, WRA Denver and CTIA.

101. The Closing Statements of Position emphasize the Settlement Agreement was entered into among a broad group of parties with diverse interests. The Joint Parties note the parties in this case included representation of the Company, the public interest, individual communities, small and large customer interests, environmental interests, industry groups, and the communication industry. They note that each party contributed to the resolution of the settlement and describe the settlement as reflecting the “collective wisdom” of the diverse group of parties coming together to achieve a just and reasonable result.

102. The Joint Parties characterize the settlement as an integrated whole and portray the various provisions of the settlement as interrelated and interdependent. Boulder finds it significant that a comprehensive settlement could be reached between a diverse group of parties on such a wide breadth of issues. Climax describes the settlement as “the product of extensive negotiations that led to compromises of varying and conflicting positions on myriad issues among all parties representing multiple, diverse interests.”

103. The Joint Parties characterize the settlement as materially reducing wildfire risk, but also having additional benefits, such as avoidance of higher financing costs, improved resiliency and reliability, plus enhanced customer and community engagement. The Joint SOP

focuses on two issues that received attention at the evidentiary hearing: securitization, and recovery of transmission costs through the TCA.

104. Regarding securitization, the Joint SOP affirms the Company's commitment to file a financing order application as set forth in the terms of the Settlement Agreement. The Joint SOP reaffirms the Company will file an application for a financing order, as required. Although Public Service initially expressed trepidation to seeking a financing order, it now represents that the issues initially causing it concern have now been resolved. This includes uncertainty as to whether the Colorado Energy Impact Bond Act permitted securitization for this use was alleviated when the definition was expanded to include costs associated with wildfire mitigation plans pursuant to passage of Senate Bill 25-007. The Joint SOP further states Public Service's concern about existing and future financial challenges were alleviated by the terms of the Settlement Agreement which provides for the recovery of actual WMP costs prior to securitization and the extension of the deferral of excess liability premiums.

105. The Joint SOP claims that prescribing a specific cost recovery in the event securitization fails additionally poses issues. The Joint Parties believe to do so would bind future Commissions with a predetermined decision. The Joint SOP takes the position prescribing a specific cost recovery would be a substantive modification to the Settlement Agreement entitling parties to withdraw from its terms.

106. Regarding the TCA, the Joint SOP emphasizes that the recovery of transmission capital through the TCA would be a continuation of existing practice, and consistent with what was approved in the previous WMP. The Joint Parties note recovery of transmission capital costs was not opposed by any party, and the transmission rebuild projects are designed to increase capacity. The Joint Parties state prudence of those capital costs would still be up for review, and

the detailed reporting regarding transmission line rebuilds required in the Settlement Agreement means parties would have more information for prudence review than they otherwise would. The Joint Parties believe securitizing transmission-related costs could require FERC approval, adding uncertainty and delay to the securitization process.

107. Boulder's SOP describes the settlement as an appropriate compromise which would harden transmission and distribution systems and support communities during outages, while also mitigating the financial burden on ratepayers.

108. Boulder emphasizes the importance of replacing aging infrastructure in a timely manner and asserts that the consequences of a catastrophic fire would be far greater than any savings from spreading out investments. It also notes that slowing the construction timeline could result in higher rates for customers in the long term through higher construction costs and credit risk possibilities.

C. Findings and Conclusions

1. Burden of Proof and Legal Standards

109. Except as otherwise provided by statute, the Administrative Procedure Act imposes the burden of proof in administrative adjudicatory proceedings upon "the proponent of an order." § 24-4-205(7), C.R.S. As provided in Commission Rule 4 CCR 723-1-1500, "the proponent of the order is that party commencing a proceeding." While Public Service held the initial burden of proof as the applicant, that burden was subsequently borne by the Settling Parties in jointly seeking approval of the Settlement Agreement. As such, the Settling Parties bear the burden of proof by a preponderance of the evidence. *See*, § 13-25-127(1), C.R.S.; 4 CCR 723-1-1500. The preponderance standard requires the finder of fact to determine whether the existence of a contested fact is more probable than its non-existence. *Swain v. Colorado Dept. of Revenue*,

717 P. 2d 507 (Colo. App. 1985). While the quantum of evidence that constitutes a preponderance cannot be reduced to a simple formula, a party has met this burden of proof when the evidence, on the whole and however slightly, tips in favor of that party.

110. The overarching issue here is whether the Settling Parties have met their collective burden to show that the terms of the Settlement Agreement are just reasonable and in the public interest. While it has been pointed out that the Commission explicitly encourages settlement agreements by virtue of Commission Rule 4 CCR 723-1-1408(a) of the Commission's Rules of Practice and Procedure, the Commission must nonetheless be satisfied that it is not compelled to approve an agreement that is unfair, unreasonable, inadequate, or in contravention of the public interest. Therefore, it is imperative that the Commission receive sufficient information of the underlying facts surrounding the terms of the Settlement Agreement in order to determine whether the parties' burden of proof has been met, and to issue an informed decision as to whether the proposed terms are just, reasonable and in the public interest. As the Commission pointedly noted in Decision No. C06-1379, Proceeding No. 06S-234EG issued December 1, 2006, the "transparency of our decision-making process remains paramount to ensure public confidence in the role of this Commission. While the terms of the Settlement Agreement certainly provide a just and reasonable outcome [for the utility], it is critical that ratepayers understand how the parties arrived at the settlement to ensure they are comfortable that the outcome is just and reasonable for them as well." *Id.* at p. 9, ¶22.

111. Regarding the evidence to consider in this matter, the Parties agree that all pre-filed testimony and exhibits of the Parties are to be admitted into evidence without objection or cross-examination. Additionally, as indicated *supra*, testimony in support of the Settlement Agreement was filed by Public Service, Staff, UCA, Boulder, and WRA.

112. Certainly, no settlement agreement achieves perfection. Through the normal course of discussions, parties arrive at a settlement that reflects the give and take of negotiations given the negotiating parties individual priorities. Therefore, we review this agreement not for perfection, but as indicated above, to ensure it results in a just and reasonable outcome that is in the public interest.

2. Analysis and Findings

113. As is often the case with utility regulation, we believe there is an inherent trade-off between the need to urgently address pressing public policy concerns such as increasing wildfire threats in Colorado and the need to maintain affordable electric rates over time. It is through this lens and trade-off with which we view the Settlement Agreement.

114. Regarding wildfire concerns, it is without question that the largest wildfires in Colorado history have occurred over the last 20 years. These fires included the Cameron Peak Fire, the East Troublesome Fire and the Pine Gulch Fire. The Cameron Peak fire burned approximately 208,913 acres in the Arapaho and Roosevelt National forests, as well as in Rocky Mountain National Park, impacting approximately 470 structures. The East Troublesome fire burned 193,812 acres, reaching the western boundaries of Estes Park. On December 30, 2021, the wind-driven Marshall Fire erupted into the costliest wildfire in Colorado history. Driving winds provoked what started as a grass fire into a firestorm that destroyed over 1,000 homes and multiple commercial properties in the towns of Louisville, Superior and in unincorporated Boulder County, displacing over 30,000 residents.

115. In terms of mitigating these wildfire concerns, the Updated WMP as set forth in Public Service's Application as modified in its Rebuttal Testimony and in the Settlement Agreement is far-reaching and detailed. The Updated WMP addresses the concerns we expressed

in Miscellaneous Proceeding No. 24M-0173E regarding the improvements we found were necessary to Public Service's PSPS plan to ensure timely notification and transparency when it calls a power outage during extreme weather events. The Company's PSPS plan provides timelines for communication with various stakeholders, including offices of emergency management, state and local officials, and potentially impacted customers. The PSPS plan calls for the Company to work closely with state and local OEMs through its County Emergency Operation Plan to ensure coordination with those agencies and to provide them with timely and accurate information on weather conditions the Company proposes to monitor through its updated monitoring equipment monitored by its staff.

116. The components of the Company's PSPS plan as set forth in the Settlement Agreement address the concerns raised by the Commission in this proceeding as well as Miscellaneous Proceeding No. 24M-0173E. We are gratified to see concrete plans move forward with a comprehensive PSPS plan that includes engagement activities and local coordination and look forward to hearing from Public Service in the coming months in its regular reports to the Commission describing the progress it is making in implementation of its PSPS plan.

117. We are likewise supportive of the Company's plan to underground approximately 50 miles of its distribution system and are also looking forward to updates as to the planned route of those underground facilities in the upcoming year.

The entirety of the Updated WMP is undoubtedly large in scope and cost. The proposed scale of the project, including in part, targeted undergrounding of Public Service's distribution system, along with priorities for undergrounding in the Boulder area, the commitment to replace small, exposed conductors and open wire, as well as transmission line major rebuilds, the installation of

wildfire detection cameras and extensive vegetation management will require an extensive commitment of time and resources to complete.

118. In terms of the long-term impact on customer rates, the Company estimates the overall cost of its Updated WMP as set forth in the terms of the Settlement Agreement to be approximately \$1.9 billion of which more than \$1.6 Billion is new capital investment. This \$1.6 billion capital investment represents an enormous commitment of customer funds given the Company's current 2024 Colorado rate base of just over \$12 billion. The Company's financial projections in this case assert that this \$1.6 billion in capital spending – as one significant component of a 19 percent average annual increase in rate base over the coming years -- would have only a modest impact on medium-term rates given that the Company forecasts sales and revenue growth of 8 percent per year through the early 2030s. However, if this projected revenue and sales growth doesn't materialize -- which seems possible since it is roughly 40 times greater than the Company's actual 0.2 percent historical sales growth since 2010 -- then customers could see significant rate increases in the coming years.³ It is through this trade-off between addressing the growing wildfire threat and managing long-term customer rate impacts that we consider the Settling Parties request to approve the terms and conditions of the Settlement Agreement.

119. To address these rate impact concerns, Section B of the Settlement Agreement describes how Public Service will seek to securitize its retail capital costs for the Updated WMP. According to the Company's explanation of the Settlement Agreement terms, the Company has committed to file an application for a financing order to issue a securitized bond by January 1, 2029.

³ See Hearing Exhibit No. 120, Attachment SPB-4 (modifying the projected sales growth from 8 percent to .2 percent suggests that rates could double or even triple in the coming years).

120. The Updated WMP cost recovery framework set forth in the Settlement Agreement is complex. In addition to other things, besides filing a financing order application under the terms of § 40-41-101, C.R.S., to securitize Updated WMP capital costs, the Company seeks to recover transmission-related capital costs through the TCA, with non-transmission capital costs deferred for future recovery, including monthly depreciation expense for non-transmission plant-in-service, as well as interest applied on the monthly plant-in-service balance, calculated at the Company's authorized weighted average cost of capital. Updated WMP incremental O&M expenses will be deferred and recovered as set forth in Company witness Mr. Berman's Direct Testimony.

121. The amount of capital costs approximated by the Company to carry out its Updated WMP are considerable, causing a potential heavy burden to Public Service ratepayers if allowed to be recovered in rate base. However, the Company commits to filing a financing order to securitize those costs through issuing bonds. Public Service represents that securitizing retail capital costs would save customers approximately \$400 million on a net present value basis over the life of securitization as compared to recovering those costs in rate base.⁴

122. While the Settlement Agreement does not set a date certain for the filing of a financing application, we interpret Sections 50 and 57 of the Settlement Agreement as creating an expectation that the financing application will be filed with the Commission no later than January 1, 2028. For example, Section 50 states that the Company will file a financing order application pursuant to § 40-41-101, C.R.S. "to securitize Updated WMP capital costs 100 percent allocated to the Colorado electric retail jurisdiction in the Company's jurisdictional cost of service and placed in-service between January 1, 2025 and December 31, 2027."⁵ Correspondingly, Section

⁴ Hearing Exhibit No. 138, Settlement Testimony and Attachment of Mr. Steven P Berman, p. 26, ll.16-18.

⁵ Hearing Exhibit No. 137, Unanimous Comprehensive Settlement Agreement at p. 19, Sec. 50.

57 states “[t]he Company will, in good faith, make commercially reasonable efforts to file a financing order application with enough time to result in a securitized bond issuance by January 1, 2029.”⁶ Considering those two provisions together, we interpret the Settlement Agreement to create a binding expectation that the Company will file a securitization application no later than January 1, 2028.

123. While there may not be a final prudency determination regarding the wildfire mitigation costs incurred by the end of 2027 prior to the securitization application filing, we note the Company routinely files rate cases where historical test years are updated with actual spending while the case is being litigated. Therefore, we see no reason that same procedure could not occur in a prudency determination concurrent with the securitization application.

124. Overall, we are persuaded that the comprehensive nature of the Updated WMP as set out in the Settlement Agreement will help ameliorate the danger of wildfires ignited by utility assets and infrastructure in the coming years in a way that is likely to reasonably limit adverse customer rate impacts. We would emphasize that the securitization commitment is an absolutely critical component of our willingness to approve this level of WMP capital spending – almost triple historical average annual WMP spending – and, without the securitization, this Commission would likely have sought to significantly reduce WMP capital spending. As such, in the absence of future securitization proposals, based on the record in this case, we would view this level of capital spending as a one-time surge and not a permanent feature of utility spending, although future revenue growth or other events could significantly alter this perspective over time. For now, we believe that the Company’s current revenue base is too small and future revenue growth too speculative to support this magnitude of capital spending without securitization.

⁶ *Id.* at p. 21, Sec. 57.

125. With the securitization commitment, the Updated WMP represents a significant and balanced step forward to ensure Colorado citizens remain safe from the dangers of wildfire at an acceptable cost. We are also pleased that Public Service was attentive to the concerns raised by its customers from its previous PSPS and put into place a plan to be more transparent, proactive and in touch with state and local OEMs and its customers when it is necessary to initiate a PSPS. The Company's plan closely addresses the concerns we raised during the Miscellaneous Proceeding as well as the concerns expressed by emergency management agencies, small businesses, critical care customers and those residents reliant on durable medical equipment.

126. While we hereby approve the Company's Updated WMP, we still harbor some reservations about the specifics of the transmission-related cost recovery approach and would like to provide some additional going forward guidance. More specifically, as part of the Settlement Agreement, transmission-related WMP capital costs are to be recovered through the TCA until they are recovered through base rates as part of an approved Phase I electric rate case. The TCA was established pursuant to § 40-5-101(4), C.R.S. which provides in relevant part:

(a) A public utility is entitled to recover, through a separate rate adjustment clause, the costs that it prudently incurs in planning, developing, and completing the construction or expansion of transmission facilities for which the utility has been granted a certificate of public convenience and necessity or for which the commission has determined that no certificate of public convenience and necessity is required. The transmission rate adjustment clause is subject to annual changes, which are effective on January 1 of each year.

(b) To provide additional encouragement to utilities to pursue the construction and expansion of transmission facilities, the commission shall approve current recovery by the utility through the annual rate adjustment clause of the utility's weighted average cost of capital, including its most recently authorized rate of return on equity, on the total balance of construction work in progress related to such transmission facilities as of

the end of the preceding year. The rate adjustment clause shall be reduced to the extent that the prudently incurred costs being recovered through the adjustment clause have been included in the public utility's base rates as a result of the commission's final order in a rate case.

126. In Decision No. C23-0592, where we re-examined the purpose of the TCA, we held that the language of § 40-5-101(4)(a), C.R.S., does not prescribe the total body of projects that the Commission could determine to be eligible for recovery through Public Service's Commission-approved TCA. Instead, we held the statute sets the “floor” for what must be recovered through this type of mechanism, but the utility may propose, and the Commission may allow, a broader scope of projects to be eligible for this cost recovery. We found that despite a previous Commission's limited findings in 2007, the language of § 40-5-101(4)(a), C.R.S., allowing a utility to recover “the costs that it prudently incurs in planning, developing, and completing the construction or expansion of transmission facilities ...” reasonably excludes repair and replacement type projects.⁷

127. As an example, the Colorado Power Pathway (“CPP”) which expanded transmission capacity, was part of a broader vision to retire coal plants to produce transparent fuel, O&M, and other related savings, which made it an attractive long-term “steel for fuel” investment with quantifiable and direct economic benefits for customers. While societal benefits certainly exist with the implementation of the Updated WMP, the benefits are fundamentally and qualitatively distinguishable from the CPP. The investments in the WMP are for “steel” with no long-term offsetting ratepayer cost savings produced. Consequently, we make it clear in this decision that our approval of the TCA cost recovery agreed to in the Settlement Agreement, namely, allowing transmission-related WMP capital costs of this magnitude to be recovered through the TCA, is limited to the facts and circumstances of this Proceeding and is made in the

⁷ Proceeding No. 22AL-0478E, Decision No. C23-0592, effective September 6, 2023, at p. 34, ¶¶139-142.

context of approving the Settlement Agreement and is overwhelmingly based on the Company's commitment to securitization. Going forward, this Commission finds that the TCA should be modified in the Company's next electric rate case such that the Company is no longer able to recover through the TCA WMP transmission capital costs beyond those included in this case. Although nothing in this order would prohibit the Company from filing a petition requesting a future Commission to once again allow WMP transmission capital costs to be recovered through the TCA, this Commission is explicitly deciding now, based on the evidence in this record, to move the baseline for future WMP cost recovery (beyond that approved in this case) away from the TCA.

128. In sum, the Settlement Agreement approach of securitization seems fundamentally right to us as we would struggle with WMP capital spending receiving a long-term WACC return given that there is no corresponding direct offsetting economic benefit for customers. Although this is a decision for a future Commission in a future proceeding, in the event securitization of the costs approved by this decision fails to timely occur for whatever reason, especially if the failure was a result of the Company's financial disincentives to pursue securitization, we believe, based on the evidence in this record, that utility equity WACC returns on these investments may not be appropriate.

129. Regarding other issues, the Updated WMP Settlement Agreement proposes to offer battery energy storage system ("BESS") rebates to support eligible customers in Tier 2 and Tier 3 wildfire risk zones up to a maximum budget of \$2 million annually for each plan year. We find it crucial to locate financial and operational efficiencies across programs and across purposes with these different deployments, so a battery installed at the home of an individual or in a commercial building for limited use, nonetheless has a use and value the remainder of the year to help reduce

greenhouse gases and to help lessen other expenditures on the distribution, transmission, and generation sides. In that way we can ensure that not only are we delivering a grid that is strategic and intended to serve the future purposes in the best and safest way possible but also determining every operational and financial efficiency possible for customers so that all customers are able to benefit from what those particular storage assets can bring to the system.

130. We are aware there will likely be potential pressure on rates, and it is therefore important to strategize all of these investments to ensure that anywhere we can find efficiencies, we should encourage and require lower overall system costs by finding cross-purpose uses for batteries that will potentially be used in limited circumstances. The emphasis must be on utilizing resources for cross purposes and to ensure these are not just emergency assets but instead serve as assets at all times to provide financial benefit to customers in the times when they are not relying on them for resilience and reliability. We therefore direct the Company to investigate where financial and operational efficiencies can be implemented as described above and how to explicitly recognize and maximize the value of certain programs across proceedings and report back to the Commission no later than 90 days after the effective date of this Decision with a plan to implement efficiencies as described above.

131. We also encourage the Company to continue to have conversations with the Colorado Insurance Commission and insurance companies in the state to ensure this heavy investment in risk mitigation is recognized within the insurance community. We recognize this is a large investment and large investments cost money for ratepayers, but such an investment should be recognized in lower insurance rates for Colorado and Public Service. This investment in wildfire mitigation should be considered in lower insurance premiums, especially for those mountain communities hit especially hard with high premiums. The objective in this Proceeding is to reduce

wildfire risk and there should be a commensurate benefit to that in the recognition of reduced financial risk.

132. Overall, we find the Settlement Agreement to be in the public interest. We further find the Updated WMP, including the PSPS Plan will help protect the health, safety and welfare of those at risk of utility-caused wildfires in a way that reasonably addresses long-term customer rate impact concerns. Therefore, we approve the Settlement Agreement in its entirety, subject to the modifications set forth in Public Service’s Rebuttal Testimony and in the Settlement Agreement itself, and consistent with the discussion above.

III. ORDER

A. The Commission Orders That:

1. The Unopposed Motion to Approve Unanimous Comprehensive Settlement Agreement (“Settlement Agreement”), filed on April 18, 2025, by Public Service Company of Colorado (“Public Service or “Company”) on behalf of itself and all of the Intervening Parties to this Proceeding is granted consistent with the discussion above.

2. The Settlement Agreement, filed on April 18, 2025, is approved in its entirety without modification consistent with the discussion above.

3. Public Service shall be held to the terms and conditions of the Settlement Agreement as set forth in that document consistent with the discussion above.

4. The 20-day time-period provided by section 40-6-114(1), C.R.S. 2018, to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this decision.

5. This Decision is effective immediately upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
July 23, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners