

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF)
COLORADO FOR AN ORDER APPROVING)
EXPENSES INCURRED FOR THE PERIOD)
JANUARY 2020 THROUGH DECEMBER) PROCEEDING NO. 21A-0370E
2020 THAT ARE RECOVERED THROUGH)
THE ELECTRIC COMMODITY ADJUSTMENT)
AND APPROVING OF THE CALCULATION)
OF 2020 SHORT TERM SALES MARGINS)

UNANIMOUS COMPREHENSIVE SETTLEMENT AGREEMENT

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INTRODUCTION AND IDENTIFICATION OF PARTIES

This Unanimous Comprehensive Settlement Agreement (“Settlement Agreement” or “Agreement”) is filed on behalf of Public Service Company of Colorado (“Public Service” or the “Company”), Trial Staff of the Colorado Public Utilities Commission (“Commission”) (“Staff”), and the Colorado Office of the Utility Consumer Advocate (“UCA”) (collectively the “Settling Parties,” and representing all parties to this proceeding). This Agreement is intended to resolve, on a comprehensive basis, all issues that were raised or could have been raised by the Settling Parties in this 2020 Electric Commodity Adjustment (“ECA”) Annual Prudence Review proceeding.

BACKGROUND

On August 2, 2021, Public Service initiated this proceeding through the filing of its Verified Application requesting approval of the 2020 costs and calculations reflected in the Company’s ECA (“Application”), supported by the Direct Testimony and attachments of five Company witnesses. Staff and UCA intervened in the proceeding as of right. The parties developed a consensus procedural schedule, which the Administrative Law Judge (“ALJ”) approved by Decision No. R21-0609-I issued September 28, 2021 and subsequently modified through Decision No. R21-0763-I issued December 2, 2021.

The modified procedural schedule included the following relevant dates and deadlines: Answer Testimony due December 17, 2021; Rebuttal and Cross-Answer Testimony due January 18, 2022; Stipulations and Settlement Agreements due February 4, 2022; a remote evidentiary hearing on February 10-11, 2022; and filing of Statements of Position on March 2, 2022. In accordance with the established procedural schedule,

both Staff and UCA subsequently filed Answer Testimony, UCA filed Cross-Answer Testimony, and the Company filed Rebuttal Testimony.

The parties engaged in settlement negotiations in the period following the filing of Rebuttal Testimony and Cross-Answer Testimony, up and until February 4, 2022. The Settling Parties ultimately reached a global settlement in principle on February 4, 2022, and notified the ALJ of the settlement in principle that same day. The ALJ permitted parties to file the Motion to Approve Settlement and Settlement Agreement on February 8, 2022.

SETTLEMENT AGREEMENT

1. The following terms comprise the Agreement reached by the Settling Parties in this proceeding. The Settlement Agreement resolves all issues raised in this proceeding for costs incurred in 2020 and recovered through the ECA.¹

I. Rush Creek Wind Project Costs

2. The Settling Parties agree that the Company will make a one-time settlement adjustment credit to customers of \$2 million, solely in recognition of impacts to 2020 wind production associated with construction-related considerations at the Rush Creek Wind Project facility.

3. The Settling Parties agree that this one-time settlement adjustment credit shall be flowed back to customers through the deferred balance incorporated into the

¹ In Answer Testimony, Staff identified errors in the reported Twin Eagles power gen book margin and prop book margin in 2020. See Hearing Exhibit 400, Answer Testimony of Staff Witness McCabe at 46-48. In Rebuttal Testimony, Company Witness Trowbridge addressed the errors and indicated that a corrected version of Confidential Executable Attachment AGT-2 would be filed reflecting the updated margin subtotals. See Hearing Exhibit 107, Rebuttal Testimony of Company Witness Trowbridge at 19. Public Service filed Hearing Exhibit 103, Confidential Attachment AGT-2, Rev. 1 on February 4, 2022. The 2020 Twin Eagles margins were shared with ratepayers in the final three quarters of 2021.

Company's first ECA quarterly filing following the approval of this Settlement Agreement by a final Commission decision.

II. Cheyenne Ridge Wind Project Costs

4. The Settling Parties agree that all Cheyenne Ridge Wind Project issues raised in this proceeding can and should be addressed in the Company's Cheyenne Ridge Annual Report filing, which will occur on or before June 1, 2022 pursuant to the Settlement Agreement approved in Proceeding No. 18A-0905E by Decision No. C19-0367.

III. Comanche 3 Replacement Power Costs

5. The Settling Parties agree that, recognizing the procedural interaction between Proceeding No. 21A-0192EG and this proceeding, it is appropriate for the Company to absorb the full \$14.4 million in Comanche 3 replacement power costs for 2020 now upon the approval of this Settlement Agreement by a final Commission decision. The \$ 14.4 million Comanche 3 replacement power costs shall be flowed back to customers through the deferred balance incorporated into the Company's first ECA quarterly filing following the approval of either this Settlement Agreement or the Settlement Agreement in Proceeding No. 21A-0192EG ("Winter Storm Uri Settlement Agreement") by a final Commission decision. The Settling Parties further agree, however, that if the Winter Storm Uri Settlement Agreement is not approved or is approved with modification, there will be a merits evaluation of these costs in the Company's next ECA annual prudence review commencing on or before August 1, 2022. The Company may recover, at that time, any costs deemed to be prudently incurred as a result of the merits evaluation in the 2021 ECA Annual Prudence Review.

6. If the Winter Storm Uri Settlement Agreement in Proceeding No. 21A-0192EG is approved without modification, then no further action in this proceeding or the 2021 ECA Annual Prudence Review is required, as the approach here is consistent with the Company's voluntary absorption of the \$14.4 million in Comanche 3 replacement power costs provided for in the Winter Storm Uri Settlement Agreement.

IV. Wind Reporting

7. The Settling Parties agree that going forward, the Company will provide two additional pieces of wind-related reporting as follows:

A. Rush Creek Wind Project

8. Given 2021 represents the third full year of commercial operation for the Rush Creek Wind Project, the Settling Parties agree that the Company will provide enhanced reporting on 2021 in its upcoming June 1, 2022 annual report on the Rush Creek Wind Project filed in Proceeding No. 16A-0117E, based on the following categories (which are consistent with the categories used by Xcel Energy operating companies across all wind farms):

- High Wind and/or Low Temp Cutout;
- Icing (lost production or cannot access turbines);
- Produced Power (in net annual generation);
- Substation/Collection (including future splice or switch failures);
- Turbine Faults/Repairs;
- Turbine Planned Maintenance; and,
- Weather (lost production or cannot access to repair).

The Company agrees to work with Staff to modify and refine these categories if it is determined that they do not provide sufficient granularity.

B. Enhanced Power Purchase Agreement (“PPA”) Reporting

9. In ECA annual prudence reviews beginning in 2022, the Company will provide curtailment data (as currently provided for Company-owned wind projects pursuant to the Settlement Agreement in the Company’s 2019 ECA Annual Prudence Review in Proceeding No. 20A-0327E) and appropriate production data for all large-scale Independent Power Producer-owned wind projects under a PPA with the Company.

V. Social Cost of Carbon (“SCC”) Operational Reporting

10. The Settling Parties agree that during any time period in which the SCC is utilized in unit commitment and dispatch or commitment the Company will provide reporting in ECA quarterly filings consistent with this section of the Settlement Agreement.² The Settling Parties agree to general reporting parameters in relevant ECA quarterly filings as follows:

- An explanatory operational narrative that includes, at a minimum, a description of how the SCC will be applied and why the methodology was chosen;
- Forecast and actual SCC implementation on an appropriate time interval;
- If the SCC is utilized, then cost adder by unit and month;

² The Company’s approach to the use of the SCC in unit dispatch or commitment is subject to the Settlement Agreement in Proceeding No. 21A-0141E (“2021 ERP & CEP Settlement Agreement”). However, given that the 2021 ERP & CEP Settlement Agreement is pending in Proceeding No. 21A-0141E, the Company’s approach to the use of the SCC in unit dispatch or commitment is not yet known.

- For the first two quarterly ECAs after the SCC is implemented, the Company shall provide three PLEXOS modeling cases: (1) business as usual; (2) implementation of the SCC in unit commitment; and (3) implementation of the SCC in the unit dispatch and commitment; and
- Starting with the third quarterly ECA filing after implementation of the SCC, PLEXOS modeling of two cases: (1) business as usual; and (2) the approach ultimately utilized by the Company to implement the 2021 ERP & CEP Settlement Agreement provision (i.e., the utilization of the SCC in unit commitment and dispatch or the utilization of the SCC in unit commitment only), as well as projected carbon emissions associated with each respective case.

11. If the SCC is utilized in unit commitment and dispatch, or in unit commitment, and any required Federal Energy Regulatory Commission approvals are obtained, then the Settling Parties will convene to further develop these reporting parameters specific to the approach utilized by the Company.

VI. General Provisions

12. This Agreement is made for settlement purposes only. No Settling Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Agreement. Furthermore, this Agreement does not constitute agreement, by any Settling Party, that any principle or methodology contained within or used to reach this Agreement may be applied to any situation other than the Proceeding(s) defined in this Agreement, except as expressly set forth herein. No binding precedential effect or other significance, except as may be necessary to enforce this

Agreement or a Commission order concerning the Agreement, shall attach to any principle or methodology contained in or used to reach this Agreement, except as expressly set forth herein.

13. Each Settling Party understands and agrees that this Agreement represents a negotiated resolution of all issues the Settling Party either raised or could have raised in the Proceeding. The Settling Parties agree this Settlement, as well as the negotiation process undertaken to reach this Settlement, are just, reasonable, and consistent with and not contrary to the public interest and should be approved and authorized by the Commission.

14. The discussions among the Settling Parties that produced this Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence (“CRE”).

15. Nothing in this Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Agreement. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, then this Agreement, as well as the negotiations or discussions undertaken in conjunction with this Agreement, shall remain inadmissible into evidence in these or any other proceedings in accordance with CRE 408.

16. The Settling Parties will support all aspects of this Agreement embodied in this document in any hearing conducted or written responses to ALJ or Commission questions to determine whether the Commission should approve this Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Agreement or the implementation or enforcement of its terms and conditions. Each Settling Party also

agrees that, except as expressly provided in this Agreement, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Agreement. However, each Settling Party expressly reserves the right to advocate positions different from those stated in this Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Agreement or its terms and conditions. Each Settling Party agrees to testify in support of this Agreement if the Commission or assigned ALJ approves a procedural schedule that allows for either live testimony or the filing of Testimony in support of this Agreement. This Settlement Agreement may be modified by the express written agreement of both Settling Parties.

17. No waiver or variance of Commission Rules is required to effectuate this Agreement, but the Settling Parties agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's current Rules and Regulations if necessary to permit all provisions of this Agreement to be approved, carried out and effectuated.

18. This Agreement is an integrated agreement that may not be altered by the unilateral determination of any Settling Party. There are no terms, representations or agreements among the parties which are not set forth in this Agreement (including attachments and appendices thereto).

19. This Agreement shall not become effective until the Commission issues a final decision addressing the Agreement. In the event the Commission modifies this Agreement in a manner unacceptable to any Settling Party, that Settling Party may withdraw from the Agreement and shall so notify the Commission and the other Settling

Parties in writing within ten days of the date of the Commission order. In the event a Settling Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect in the Proceeding or any other proceeding.

20. All Settling Parties have had the opportunity to participate in the drafting of this Agreement and the term sheet upon which it was based. There shall be no legal presumption that any specific Settling Party was the drafter of this Agreement.

21. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement. This Agreement may be executed and delivered electronically and the Settling Parties agree that such electronic execution and delivery, whether executed in counterparts or collectively, shall have the same force and effect as delivery of an original document with original signatures, and that each Settling Party may use such facsimile signatures as evidence of the execution and delivery of this Agreement by the Settling Parties to the same extent that an original signature could be used.

DATED this 8th day of February, 2022.

Agreed on behalf of:

PUBLIC SERVICE COMPANY OF COLORADO

By: /s/ Brooke A. Trammell
Brooke A. Trammell
Regional Vice President,
Rates and Regulatory Affairs

Approved as to form:

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Attachment A – Settlement Agreement
Proceeding No. 21A-0370E

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