

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

PROCEEDING NO. 22A-0515E

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IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS COST RECOVERY PROPOSAL ASSOCIATED WITH THE EARLY RETIREMENTS OF COAL GENERATION ASSETS CRAIG 2, HAYDEN 1, AND HAYDEN 2, AND THE RETIRING COAL PORTION OF PAWNEE.

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**COMMISSION DECISION GRANTING  
UNOPPOSED JOINT MOTION TO APPROVE THE  
UNOPPOSED COMPREHENSIVE SETTLEMENT  
AGREEMENT, SUBJECT TO ADDITIONS AND  
CLARIFICATIONS**

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Mailed Date: May 30, 2023  
Adopted Date: May 10, 2023

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

1. This Decision approves the Unopposed Joint Motion to Approve the Unopposed Comprehensive Settlement Agreement that Public Service Company of Colorado (Public Service or the Company) filed on March 24, 2023, subject to certain additions and clarifications.

**B. Procedural History**

2. On November 16, 2022, Public Service filed an Application for Approval of its Cost Recovery Proposal Associated with the Early Retirements of Coal Generation Assets Craig 2, Hayden 1 and Hayden 2, and the retiring coal portion of Pawnee (Brush Coal Plant) (collectively, the Coal Assets). Contemporaneously with the Application, Public Service filed a Motion for Expedited Notice, Shortened Notice and Intervention Period, Commission Hearing *en banc*, and an Expedited Decision (Motion for Expedited Notice).

3. In Decision No. C22-0757-I,<sup>1</sup> the Commission addressed Public Service's Motion for Expedited Notice. Specifically, the Commission established a shortened notice and intervention period for the Application and set the Application for hearing before the Commission *en banc*. However, the Commission deferred deciding Public Service's requested approval of a March 16, 2023, decision deadline. Finally, the Commission directed Public Service to file supplemental direct testimony regarding the potential use of loans made available under the Inflation Reduction Act (IRA).

4. On December 8, 2022, Public Service filed an Unopposed Motion to Approve Procedural Schedule and for a Final Commission Decision on or Before April 28, 2023. The

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<sup>1</sup> Issued November 23, 2022.

Commission addressed this Unopposed Motion in Decision No. C22-0812-I.<sup>2</sup> In Decision No. C22-0812-I, the Commission established an expedited procedural schedule, referred certain items to an Administrative Law Judge, and extended the decision deadline under § 40-6-109.5(1), C.R.S. In addition, the Commission set a three-day evidentiary hearing from March 20, 2023, through March 22, 2023, and scheduled alternative hearing dates for April 6 and 7, 2023. The Commission scheduled alternative hearing dates under the rationale that it might be infeasible to start the evidentiary hearing on March 20, 2023, if the parties file a settlement agreement.<sup>3</sup> Although the Commission largely accepted the parties' expedited consensus procedural schedule, the Commission declined to approve Public Service's request for a Commission decision on or before April 28, 2023.

5. In Decision No. C22-0812-I, the Commission also established the parties in this Proceeding. Parties consist of the following: Public Service, Climax Molybdenum Company (Climax), Colorado Energy Consumers (CEC), Natural Resources Defense Council and Sierra Club (collectively the Conservation Coalition), Staff of the Colorado Public Utilities Commission (Staff), and the Colorado Office of Utility Consumer Advocate (UCA).

6. On March 13, 2023, Public Service filed an Unopposed Motion to Establish Alternate Hearing Dates and to Modify the Remaining Procedural Schedule (Motion to Establish Alternative Hearing Dates). To allow for more time for settlement negotiations, Public Service requested that the Commission extend the settlement deadline to March 24, 2023, and reschedule

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<sup>2</sup> Issued December 15, 2022.

<sup>3</sup> In the expedited consensus procedural schedule, the parties set March 14, 2023 as the deadline for stipulations and settlement agreements. The Commission expressed concern about only having three business days between the settlement deadline and the start of the evidentiary hearing to review and stipulation or settlement. (Decision No. C22-0812-I, pp. 8-9).

the evidentiary hearing to the alternative dates the Commission had reserved on April 6 and 7, 2023.

7. In Decision No. C23-0185-I,<sup>4</sup> the Commission granted the Company's Motion to Establish Alternative Hearing Dates, vacated the March 20, 2023, through March 22, 2023, evidentiary hearing and rescheduled the evidentiary hearing for April 6 and 7, 2023. In addition, we extended the settlement deadline to March 24, 2023, as requested.

8. In addition to party filings, the Commission received numerous written public comments in this Proceeding. On March 21, 2023, we also held a remote public comment hearing.<sup>5</sup> Many public comments argued that ratepayers should not be required to pay for the costs associated with the early retirement of coal plants, especially given the recent rise in energy bills. Some public comments state that Public Service shareholders should be responsible for costs associated with the Coal Assets, arguing that the Company never should have invested in the coal plants. Other public comments argued that if the Commission does not require the Company's shareholders to bear the risks of the Coal Assets being retired early, then the Commission should lower Public Service's return on equity to reflect a lower risk profile. Still other public comments argued against the early retirement of coal plants.

9. Following the public comment hearing, on March 24, 2023, Public Service filed an Unopposed Motion to Approve Unopposed Comprehensive Settlement Agreement, to Amend the Remaining Procedural Schedule, and to Vacate the Evidentiary Hearing (Unopposed Motion to Approve Settlement Agreement) along with the Unopposed Comprehensive Settlement Agreement (Settlement Agreement). The Unopposed Motion to Approve Settlement Agreement

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<sup>4</sup> Issued March 16, 2023.

<sup>5</sup> See Decision No. C23-0156-I, issued March 2, 2023.

states that the Settlement Agreement resolves all issues in this Proceeding between the Settling Parties and asks that the Commission approve the Settlement Agreement without modification. The Settling Parties consist of Public Service, Staff, UCA, the Conservation Coalition, and CEC. While not a signatory, Climax does not oppose the Settlement Agreement. A copy of the Settlement Agreement is attached to this Decision as Attachment A.

10. In addition, in the Unopposed Motion to Approve Settlement Agreement the Settling Parties requested that the Commission vacate the remainder of the procedural schedule, including the evidentiary hearing scheduled for April 6 and 7, 2023. The Settling Parties further asked that the Commission set a deadline of April 4, 2023, for Public Service to file Settlement Testimony.

11. In Decision No. C23-0224-I,<sup>6</sup> the Commission addressed the procedural aspects of the Unopposed Motion to Approve the Settlement Agreement. Specifically, we set a deadline of 12:00 p.m. on April 4, 2023, for Public Service to file Settlement Testimony, but we denied the request to vacate the remainder of the procedural schedule, including the evidentiary hearing. The Commission established March 31, 2023, as the deadline for the cross-examination matrix and corrections to pre-filed testimony and exhibits and stated that the evidentiary hearing on April 6 and 7, 2023, will proceed as scheduled. The Commission deferred ruling on the merits of the Settlement Agreement.

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<sup>6</sup> Issued March 29, 2023.

12. On April 6, 2023, the Commission convened a one-day evidentiary hearing, during which the Commissioners questioned certain witnesses. In addition, the Commission admitted Hearing Exhibit (HE) 800 and all of the documents listed on HE 800 into evidence. These documents include all of the prefiled testimony and attachments in this Proceeding as well as the Settlement Agreement. No additional hearing exhibits were admitted into the record during the course of the hearing.

13. Following the hearing, we set an April 20, 2023, deadline for statements of position (SOPs). As directed, on April 20, 2023, the Settling Parties filed a Joint SOP. Climax was the only party to file a separate SOP. Climax's SOP simply reiterates that, although Climax did not join the Settlement Agreement, Climax does not oppose approval of the Settlement Agreement.<sup>7</sup>

**C. Background and Settlement Agreement**

14. Public Service's Application in this Proceeding stems from Decision No. C22-0459 in Proceeding No. 21A-0141E addressing Public Service's 2021 Electric Resource Plan (ERP) and Clean Energy Plan (CEP) (the Phase I Decision). In the Phase I Decision, the Commission rejected the proposed process for determining the cost recovery approaches for the Coal Assets. Instead, the Commission directed Public Service to file an application initiating a new proceeding no later than 60 days after a final Phase I Decision that comprehensively looks at the cost recovery issues surrounding the Coal Assets and addresses certain questions regarding securitization (*e.g.*, whether it is possible to bundle different retiring coal plants with staggered retirement dates into a single securitization). Noting the Company's desire to have certainty on

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<sup>7</sup> Climax SOP, p. 1.

the cost recovery approaches in a timely manner, the Commission stated that the separate proceeding could be conducted in parallel with Phase II of the 2021 ERP and CEP.<sup>8</sup>

15. Public Service states that the Application it filed in this Proceeding fulfills the requirement in the Phase I Decision to initiate a new proceeding. The Company asserts that the Application provides the information that the Commission requested in Decision No. C22-0459 and seeks Commission approval of the method by which Public Service will be able to recover the outstanding net book value (NBV) and decommissioning costs associated with the Coal Assets. Public Service makes clear, however, that it is not seeking to implement new rates through this Proceeding.<sup>9</sup>

16. In Direct Testimony, the Company argued for cost recovery via regulatory assets, each of which would be established when the corresponding plant is retired (or, in the case of the Brush Coal Plant, converted).<sup>10</sup> Public Service argued that each regulatory asset should earn a return at the Commission-authorized weighted average cost of capital (WACC) on the unamortized balance for a seven-year amortization period.<sup>11</sup>

17. In Answer Testimony, UCA, Conservation Coalition, and CEC all expressed support for a regulatory asset cost recovery approach but argued for either eliminating the return on the regulatory assets or reducing the return to the cost of debt. Arguments supporting this position included that, once retired, the Coal Assets will no longer be used and useful and that a return at WACC is thus inappropriate. The intervenors also argued that a reduced return on the

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<sup>8</sup> Phase I Decision, ¶¶ 65-66.

<sup>9</sup> HE 101 (Ihle Direct), pp. 18-19.

<sup>10</sup> Craig 2 retires in 2028, Hayden 1 retires in 2028, Hayden 2 retires in 2027, and the Brush Coal Plant is converted to natural gas no later than January 1, 2026. (Application, pp. 4-5).

<sup>11</sup> HE 101 (Ihle Direct), pp. 23-24.

Coal Assets is just and reasonable given that the Company will earn WACC through its ownership of new replacement generation and transmission investments.<sup>12</sup>

18. In addition, UCA and CEC argued that the Company's requested seven-year amortization period was too short for the Brush Coal Plant. Both of these intervenors argued that the Brush Coal Plant's amortization period should be 16 years, reasoning that the larger costs associated with the Brush Coal Plant<sup>13</sup> justify a longer amortization period.<sup>14</sup>

19. For its part, in Answer Testimony, Staff argued that the Commission should adopt a regulatory asset approach but defer deciding the return on the regulatory asset to a future proceeding when there is further guidance regarding the opportunity to use IRA funds.<sup>15</sup>

20. In its Rebuttal Testimony, the Company changed course and asked the Commission to defer deciding the appropriate amortization period and carrying cost for the regulatory assets.<sup>16</sup> Public Service indicated that it shifted its position partly because it agreed with Staff's recommendations to structure cost recovery so that financing opportunities available under the IRA can be thoroughly investigated.<sup>17</sup>

21. Despite its changed position, the Company continued to argue in Rebuttal Testimony that it fundamentally disagrees with arguments that the Commission should approve a reduced rate of return.<sup>18</sup> At a high level, Public Service asserted that it is a well-settled principle

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<sup>12</sup> See, e.g., HE 300 (Neil Answer), pp. 9-11; HE 500 (Walters Answer), pp. 15-16; HE 601 (Long Answer), pp. 11-12, 17-18.

<sup>13</sup> The NBV and decommissioning costs associated with the Brush Coal Plant are estimated to be \$209.7 million, compared to \$45.0 million for Hayden 2, \$35.4 million for Hayden 1, and \$32.2 million for Craig 2. (Settlement Agreement, p. 2).

<sup>14</sup> HE 300 (Neil Answer), pp. 12-13; HE 500 (Walters Answer), pp. 21-22.

<sup>15</sup> HE 400 (Abiodun Answer), pp. 13-15.

<sup>16</sup> HE 105 (Ihle Rebuttal), p. 8.

<sup>17</sup> *Id.* at 12-13.

<sup>18</sup> *Id.* at 13.

of public utility regulation that rates must be set at levels necessary to provide a regulated utility a reasonable opportunity to recover the full cost of its prudent investment (including a return on equity) and that rates that fall short of this standard are confiscatory. The Company also noted that the Commission has previously rejected similar arguments that early-retired coal assets are no longer used and useful.<sup>19</sup>

22. The Settlement Agreement proposes a compromise approach between the Company's initial request and the positions of several of the intervenors. Under the Settlement Agreement, the Company would begin recovering cost associated with the Coal Assets through separate regulatory assets as the respective plants retire. The regulatory assets for Craig and Hayden 1 and 2 would be amortized over eight years, while the regulatory asset for the Brush Coal Plant would be amortized over 12 years.<sup>20</sup> All of the regulatory assets would earn a return at the Company's WACC until the earlier of January 1, 2031 (the current retirement date for Pueblo Unit 3) or a bundled securitization bond issuance. If the Commission chooses to continue cost recovery through regulatory assets instead of a bundled securitization, then on January 1, 2031, the regulatory assets would only earn the long-term cost of debt as opposed to WACC.<sup>21</sup> No later than April 1, 2030, Public Service will file a financing order application that includes an analysis of a bundled securitization in which the remaining costs associated with the Coal Assets as well as costs associated with Pueblo Unit 3 are bundled together in one securitization package.<sup>22</sup> With certain exceptions, the Settling Parties (including Public Service)

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<sup>19</sup> *Id.* at 28-29, 31.

<sup>20</sup> Settlement Agreement, p. 3.

<sup>21</sup> *Id.* at 4-5.

<sup>22</sup> *Id.* at 3-4.

agree to support bundled securitization in 2030 if it produces the lowest present value of revenue requirement (PVRR) and lowest bill and rate impacts.<sup>23</sup>

**D. DISCUSSION**

23. We commend the Settling Parties for reaching a comprehensive Settlement Agreement that was unopposed by the parties in this Proceeding. Public Service's 2022 ERP/CEP sets the Company on the path to achieve Colorado's bold clean energy targets, and a core piece of the Company's ERP/CEP is its coal transition plan. The Settlement Agreement establishes a reasonable path forward with clear steps for the treatment and future evaluation of costs associated with certain portions of the Company's coal transition plan.

24. The Settlement Agreement's cost recovery approach represents a thoughtful and reasonable sharing of costs and risks as between Public Service and ratepayers. While the Settlement Agreement initially sets the rate of return at WACC, several other components of the

Settlement Agreement limit the overall return that the Company earns in order to lower rate impacts. For instance, the amortization periods of Hayden 1, Hayden 2, and Craig 2 are each extended by one year, and the amortization period for the Brush Coal Plant (the largest of the Coal Assets, by far) is extended five years. These extensions of the amortization periods, together with the fact that after 2030 the regulatory assets will either be rolled into a bundled securitization or begin earning a reduced rate of return, result in significant cost savings for ratepayers.<sup>24</sup> Regarding the choice between bundled securitization or regulatory assets at a reduced rate of return, the Settling Parties commit to pursue the approach that produces the

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<sup>23</sup> *Id.*

<sup>24</sup> *See* HE 108 (Ihle Settlement Testimony), p. 20.

lowest PVRR and rate impact.<sup>25</sup> These provisions result in a balanced approach that helps lower rate impacts and furthers the public interest.

25. In addition, the Settlement Agreement's cost recovery approach preserves flexibility to incorporate potential federal financing opportunities under the Energy Infrastructure Reinvestment (EIR) Program. By recovering costs associated with the Coal Assets via regulatory assets through at least through 2030, the Commission retains the ability to modify the cost recovery approach if better opportunities for cost savings are available. Indeed, the Settlement Agreement requires the Company to update the Commission and interested stakeholders about the availability of financing under the EIR Program and commits the Company to pursue federal funding so long as such funding provides savings to ratepayers.<sup>26</sup> These provisions could result in significant customer savings if the Coal Assets are eligible for financing through the EIR Program.

26. Ultimately, the parties to this Proceeding represent a diverse group of stakeholders, including environmental groups, state agencies, and business entities with an interest in keeping electric rates affordable. This diverse set of interests led to a well-litigated proceeding and a Settlement Agreement that presents a balanced, flexible pathway for cost recovery, which we find to be reasonable. Subject to the clarifications and additions set forth below, the Commission approves the Settlement Agreement.

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<sup>25</sup> Settlement Agreement, pp. 3-4 (“The Settling Parties agree to support the option that produces the lowest PVRR and lowest bill and rate impacts unless it can be demonstrated there are material customer benefits or avoidance of material harm to customers based on additional economic or other considerations.”).

<sup>26</sup> *Id.* at 7.

## 1. Additional Reporting

27. At the hearing, Commissioner Gilman asked several questions about requiring additional reporting on the Coal Assets, similar to what the Commission ordered for Unit 3 in the Phase I Decision in the 2022 ERP/CEP proceeding.<sup>27</sup> Specifically, Commissioner Gilman asked about a directive requiring the Company to report on an annual basis the anticipated capital expenditures and actual operations and maintenance (O&M) expenses associated with the Coal Assets as well as immediate reporting of any unplanned outages that require material repair costs relative to the plant's NBV.<sup>28</sup>

28. In the Joint SOP, the Settling Parties state that they have reached consensus on additional reporting requirements. For Hayden 1 and Hayden 2, the Settling Parties propose that, beginning on March 31, 2024, Public Service be required to file annual reports in the 2021 ERP/CEP (Proceeding No. 21A-0141E) containing the following information:

1. each unit's planned overhauls with the associated estimated capital expenditures,
2. the actual O&M expenditures for each unit, broken down by major cost categories,
3. annual year-end NBV, and
4. current estimate of decommissioning costs.<sup>29</sup>

29. In addition, the Settling Parties recommend that Public Service be required to immediately report any unplanned outage in which the associated capital repair costs exceed \$15 million for Hayden 1 or Hayden 2.<sup>30</sup>

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<sup>27</sup> In its Phase I Decision, the Commission required Public Service to include in the annual progress reports per Rule 3618 Unit 3's planned overhauls with the associated estimated capital expenditures and O&M expenditures. Also, if there is an unplanned outage in which the associated costs exceed \$30 million, the Company must immediately report such an event to the Commission. (Phase I Decision, pp. 38-39).

<sup>28</sup> Hrg. Trns. (April 6, 2023), pp. 18-21.

<sup>29</sup> Joint SOP, pp. 2-3.

<sup>30</sup> *Id.* at 3.

30. In contrast, in the Joint SOP the Settling Parties argue against any additional reporting requirements for the remaining Coal Assets (the Brush Coal Plant and Craig 2). For the Brush Coal Plant, the Settling Parties argue that there is no need for additional reporting because the plant will continue to operate until 2041. In addition, the Settling Parties argue that the Company is already providing detailed information to the Commission regarding costs associated with the Brush Coal Plant conversion through Proceeding No. 22A-0563E (the proceeding adjudicating the certificate of public convenience and necessity (CPCN) for the Brush Coal Plant's conversion).<sup>31</sup>

31. Regarding Craig 2, the Settling Parties note that—unlike the Brush Coal Plant and Hayden 1 and 2—Public Service is not the operator of Craig 2. Tri-State Generation and Transmission Association, Inc. (Tri-State) operates Craig 2, and Public Service owns only a limited portion of the plant. Thus, the Settling Parties suggest that the Commission consider requesting Tri-State to provide such information in an appropriate proceeding.<sup>32</sup>

32. We agree with the Settling Parties as to the reporting requirements for Hayden 1 and Hayden 2, and we direct Public Service to provide the additional reporting as outlined in the Joint SOP and referenced above.<sup>33</sup> We likewise agree with the Settling Parties that no additional reporting requirements are necessary for the Brush Coal Plant.

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<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 2-3.

33. In contrast, we disagree with the Settling Parties on the additional reporting for Craig 2. The Settling Parties are correct that Public Service is not the plant's operator and that the Company only owns a limited portion of the plant. The fact that Public Service does not operate Craig 2, however, does not make the costs that the Company's customers will pay any less important, nor does it decrease the need for transparency into such costs as the plant nears retirement. Moreover, Public Service has already provided as part of this Proceeding information such as Craig 2's estimated NBV, future capital expenditures, and decommissioning costs. Even if Public Service does not have the same ability to access information for Craig 2 as it does for the plants it operates, additional reporting of the information that is reasonably available provides important transparency.

34. Accordingly, Public Service shall provide additional reporting on Craig 2 consistent with what the Settling Parties agreed upon in the Joint SOP for Hayden 1 and Hayden 2. Specifically, to the extent such information is reasonably available to the Company, beginning on March 31, 2024, Public Service must file annual reports in the 2021 ERP/CEP (Proceeding No. 21A-0141E) containing the following information for Craig 2:

1. Craig 2's planned overhauls with the associated estimated capital expenditures,
2. the actual O&M expenditures for Craig 2, broken down by major cost categories,
3. annual year-end NBV, and
4. current estimate of decommissioning costs.<sup>34</sup>

35. In addition, Public Service must immediately report any unplanned outage in which the associated capital repair costs exceed \$15 million for Craig 2, to the extent this information is reasonably available to the Company.

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<sup>34</sup> *Id.*

## 2. Depreciation Lives

36. During the evidentiary hearing, witnesses for Public Service testified that certain pollution control equipment at the Brush Coal Plant was installed around 2014/2015 and that at least a portion of the equipment will be retired early when the Brush Coal Plant is converted to gas. Public Service also testified that the initial depreciation schedule for this pollution control equipment likely went through the Brush Coal Plant's retirement date of 2041, meaning that the pollution control equipment had an approximately 30-year depreciation life.

37. The portion of the pollution control equipment associated with addressing coal pollution will be retired no later than January 1, 2026, when the Brush Coal Plant is converted to gas. January 1, 2026, is a little more than ten-years after the pollution control equipment was installed. Thus, the Commission finds that the *actual* life of the retiring portion of the pollution control equipment will be significantly less than the approximate 30-year *engineering* life that was assumed for depreciation purposes when the pollution control equipment was placed into rates.

38. Going forward, the Commission intends to further evaluate how depreciation schedules for certain investments are established. Specifically, we intend to examine moving away from basing depreciation schedules entirely on an investment's expected engineering life and – particularly in recognition of the recent trends in the differential between engineering and actual lives of some investments – continuing to shift toward approaches that reflect current public policy guidance the Commission receives from the legislature. Such policy factors will likely become increasingly important to consider when estimating the actual life of an investment, particularly for investments made after the legislature enacts policy direction that impacts Commission considerations.

### 3. Clarifying the Impact of the Settlement Agreement

39. Although the Commission approves the Settlement Agreement, we find it appropriate to provide certain clarifications regarding our interpretation of the Settlement Agreement's provisions and how our approval impacts future proceedings.

40. First, in the Settlement Agreement, the Settling Parties agree that "the Commission should approve cost recovery of the NBVs and prudently incurred decommissioning costs associated with the early retirement of [the Coal Assets]."<sup>35</sup> While we approve this provision in the Settlement Agreement without modification, we clarify that this approval does not bind the Commission in future proceedings, including cost recovery proceedings. Similarly, approval of these provisions does not guarantee full recovery of the exact estimates put forth in this Proceeding. For instance, a future Commission could find that some of the costs the Company incurred in the last years of a plant's life, including decommissioning costs, were unreasonable. Similarly, approval of these Settlement Agreement provisions does not prevent a future Commission from applying a PIM to the decommissioning costs such that there would be a symmetric sharing of any cost overruns or savings as against expectations.

41. In addition, Public Service commits in the Settlement Agreement to pursuing federal funding if the Coal Assets, individually or collectively, are eligible and provided such federal funding provides value to customers.<sup>36</sup> The Settlement Agreement also creates a process through which the Company must update the Commission and interested stakeholders about the

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<sup>35</sup> Settlement Agreement, p. 2.

<sup>36</sup> *Id.* at 7.

availability of federal financing under the IRA.<sup>37</sup> The Commission affirms the importance of these provisions, which provide transparency to the Commission and other stakeholders as to how Public Service is pursuing federal financing opportunities. We clarify, however, that approval of these provisions does not preclude an appropriate future request to evaluate a benefit-sharing mechanism. For example, the Commission does not foreclose future consideration of an appropriate PIM that provides additional incentive for Public Service to pursue federal financing.

42. Finally, the Settlement Agreement establishes a process in which costs associated with the Coal Assets are initially recovered through regulatory assets but, no later than April 1, 2030, Public Service files a financing order application that analyzes cost recovery via bundled securitization versus regulatory assets at the cost of debt.<sup>38</sup> Again, the Commission does not modify these provisions, but we clarify that nothing in this Decision prohibits an appropriate future filing to evaluate early securitization. For example, if material changes in interest rates or other market conditions present an opportunity to save ratepayers money by securitizing a Coal Asset earlier than originally planned, this Decision does not preclude an appropriate filing asking the Commission to evaluate such an option.

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<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 3-4.

**II. ORDER**

**A. The Commission Orders That:**

1. The Unopposed Joint Motion to Approve the Unopposed Comprehensive Settlement Agreement filed by Public Service Company of Colorado (Public Service or the Company) on March 24, 2023, is granted, consistent with the discussion above.

2. Public Service shall comply with the additional reporting requirements for Hayden 1, Hayden 2, and Craig 2, consistent with the discussion above.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration, begins on the first day following the effective date of this Decision.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
May 10, 2023.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

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TOM PLANT

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Commissioners