

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

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**IN THE MATTER OF THE VERIFIED)
APPLICATION OF PUBLIC SERVICE)
COMPANY OF COLORADO FOR APPROVAL)
OF ITS CERTIFICATE OF PUBLIC) PROCEEDING NO. 22A-0408E
CONVENIENCE AND NECESSITY FOR THE)
DECOMMISSIONING OF THE COMANCHE)
UNIT 1)**

**JOINT STIPULATION OF PUBLIC SERVICE COMPANY OF COLORADO, TRIAL
STAFF OF THE COLORADO PUBLIC UTILITIES COMMISSION, THE COLORADO
OFFICE OF UTILITY CONSUMER ADVOCATE AND SIERRA CLUB**

This Stipulation is entered into by Public Service Company of Colorado (“Public Service”), Trial Staff of the Commission (“Staff”), the Colorado Office of Utility Consumer Advocate (“UCA”), and Sierra Club, collectively the “Stipulating Parties,” pursuant to Rule 1407 of the Colorado Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure. Rule 1407 provides as follows:

The Commission encourages parties to offer into evidence a written stipulation resolving any fact or matter of substance or procedure that is at issue. An oral stipulation may be made on the record, but the Commission may require that the stipulation be reduced to writing, signed by the parties or their attorneys, and filed with the Commission. The Commission may approve, recommend modification as a condition of approval of, or disapprove any stipulation offered into evidence or on the record.

This Stipulation represents the Stipulating Parties’ resolution of this matter. By this Stipulation, the Stipulating Parties stipulate to the admission of two discovery responses provided by the Company in response to discovery propounded by Staff (“Stipulated Evidence”). With these additions to the administrative record in this proceeding, the Stipulating Parties believe the Verified Application as filed, along with the Stipulated

Evidence, supports a finding that the Company's Verified Application is in the public interest and should be approved by the Commission.

The Stipulating Parties stipulate and agree as follows:

BACKGROUND

1. On September 20, 2022, the Company filed its Verified Application, supported by the Direct Testimony of Mr. Michael V. Pascucci, Mr. Gerald J. Kelly, and Ms. Laurie J. Wold.

2. The Verified Application sought Commission approvals necessary to move forward with the Company's proposed initial Decommissioning Plan and to incur the associated initial decommissioning costs of approximately \$1.9 million.

3. On November 9, 2022, Staff propounded discovery on the Company, including Discovery Request CPUC 1-6 and Discovery Request CPUC 1-7.

4. Discovery Request CPUC 1-6 sought information regarding cost recovery mechanics and associated details.

5. Discovery Request CPUC 1-7 asked whether the demolition of the Comanche Unit 1 Circulating Water and Service Water cooling towers included the demolition or removal of underground piping or other facilities serving these facilities.

6. On November 20, 2022, the Company provided responses to these discovery requests, which are included as Exhibit 1 to this Stipulation.

7. The Stipulating Parties subsequently conferred and agreed that the Stipulated Evidence should be made a part of the administrative record in this proceeding.

STIPULATION

8. The Stipulating Parties agree that the Stipulated Evidence should be made a part of the administrative record in this proceeding, and the Stipulated Evidence is reflected in Exhibit 1 to this Stipulation.

9. The Stipulating Parties request that the Commission grant this Stipulation. Any requests for a hearing by any party to this Stipulation are hereby withdrawn.

10. By separate Motion, the Stipulating Parties are requesting that the Commission accept the Stipulation and enter a decision finding that the Company's Verified Application, as supported by its Direct Case and the Stipulated Evidence, is approved.

DATED this 4th day of January 2023.

Respectfully submitted,

By: /s/ Elizabeth C. Stevens

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**ATTORNEY FOR THE COLORADO
UTILITY CONSUMER ADVOCATE**

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO)
FOR APPROVAL OF ITS CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
FOR THE DECOMMISSIONING OF THE)
COMANCHE UNIT 1)

PROCEEDING NO. 22A-0408E)

Public Service Company of
Colorado's Responses to Staff's
First Set of Discovery Requests

November 9, 2022

DISCOVERY REQUEST CPUC1-6:

Public Service has indicated in the Direct Testimony of Witness Pascucci, at 22:19-23:2, that it plans to use internal Public Service union employees or union contractors, and when no qualified union affiliated contractors provide a bid, the Company will use non-union contractors.

- a. Considering that Public Service's current base rates recover the cost of service for the Company that include the internal Public Service union employees, please confirm that the costs of internal Public Service union employees will be excluded from the regulatory asset for the decommissioning costs of Comanche Unit 1.
- b. Please confirm that the estimated costs provided in Hearing Exhibit 102, Confidential Attachment GJK-1, that will be recovered included in the regulatory asset will be reduced by any tasks completed by internal Public Service union employees.
- c. Has the Company discussed the proposal to use internal Public Service union employees or union contractors, and when no qualified union affiliated contractors provide a bid, the Company will use non-union contractors with local union representatives? If so, do the local unions oppose the proposal?
- d. If there is additional information pertaining to this discovery request that was not elicited in subparts a., b., or c. and such additional information would be helpful or beneficial to explain the arrangement for Public Service using or not using union or non-union personnel, please provide or explain.

RESPONSE:

- a. The build-up of the regulatory asset includes the difference of depreciation expense between the current Commission-approved depreciation rates for Comanche Unit 1 and the higher depreciation rate that is required for GAAP reporting to reflect full depreciation of the asset cost, including removal. The removal cost assumptions included in the regulatory asset are based on the dismantling estimate. Actual incurred costs are not directly assigned to the regulatory asset.

The regulatory asset gets amortized based on the Colorado Energy Plan Adjustment ("CEPA") revenues received by the Company, and the amortization, or reduction, of the regulatory asset, which is in place of the depreciation expense, then goes to the accumulated depreciation reserve.

The goal of the depreciation reserve is to offset the cost of the asset, both the initial cost of the asset (“LIFE”), and the cost of removal (“COR”). These accumulated reserves are maintained and tracked separately. If the Company uses internal labor for any of the plant demolition, those resources would be charging their time to the capital removal project. That said, there are limited demolition activities that could be performed by internal resources, as this is not in the scope of plant personnel. If an internal employee does any work on the removal project, that employee will charge their time to a removal work order. That time will never show up in any test year because it is not O&M, and to the extent the removal work is not completed during a test year, removal work in progress (“RWIP”) is excluded from rate base. If the removal work is completed, the RWIP is charged against the COR reserve, so again it will never show up in a test year.

- b. As stated above, the regulatory asset will not have costs directly assigned to it from any work that is performed, but in the event removal costs are less than the dismantling estimate, the accumulated depreciation reserve would be reallocated in a future rate proceeding and would increase the accumulated depreciation reserve for other generating plants, thus reducing the depreciation rates for customers.
- c. Yes. Prior to filing, the Company met with representatives of the Rocky Mountain Environmental Labor Coalition and Colorado Building and Construction Trades Council (“RMELC/CBCTC”) to review the Company’s application specifically its plans regarding the use of internal and external labor. The Company committed, as part of those discussions, to inform RMELC/CBCTC when any request for proposals for the limited demolition work as proposed in the Company’s application are issued in order to encourage bids from unionized labor firms. The Company also indicated that if no union labor firms responded or if their bids were not reasonably competitive, the Company would utilize non-union labor for the project. RMELC/CBCTC was supportive of the Company’s approach.
- d. The Company will assess the needs for external labor as the initial decommissioning work proceeds and will evaluate both union labor and non-union labor to address those needs. The Company will proceed in a cost-effective manner when determining whether to award the work to union or non-union labor. However, the Company notes that it will consider union labor in the spirit of the Stipulation in Proceeding No. 16A-0396E.

Sponsors: Laurie J. Wold and Michael V. Pascucci

Response Date: November 18, 2022

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO)
FOR APPROVAL OF ITS CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
FOR THE DECOMMISSIONING OF THE)
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Public Service Company of
Colorado's Responses to Staff's
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November 9, 2022

DISCOVERY REQUEST CPUC1-7:

Public Service Witness Kelly, in Hearing Exhibit 102, at 10:5, indicates that it is planned to demolish of the Unit 1 Circulating Water and Service Water cooling towers as part of this early decommissioning and demolition plan.

- a. Does the plan to demolish these facilities include the demolition or removal of underground piping or other facilities serving these facilities?
- b. If the answer to question a. above is yes, please explain how the Company will ensure that the underground demolition or removal activities will not impact the reliability of Comanche Unit 2.

RESPONSE:

- a. No.
- b. Please see the Company's Response to subpart (a).

Sponsor: Gerald J. Kelly

Response Date: November 18, 2022