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 CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR THE ROCKY MOUNTAIN 325 MW SOLAR PLUS 200 MW STORAGE GENERATION FACILITY AND THE 335 MW ARROYO 2 SOLAR GENERATION FACILITY	)	**PROCEEDING NO. 24A-0140E**

UNOPPOSED COMPREHENSIVE SETTLEMENT AGREEMENT

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INTRODUCTION AND IDENTIFICATION OF PARTIES

This Unopposed 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 Commission ("Staff"), and Office of the Utility Consumer Advocate ("UCA") (each a "Settling Party" and collectively the "Settling Parties"), pursuant to Rule 1408 of the Commission's Rules of Practice and Procedure, 4 CCR 723-1. The remaining parties to this proceeding, the Colorado Energy Consumers ("CEC") and Climax Molybdenum Co. ("Climax") do not oppose, but do not join, the Settlement Agreement.

This Settlement Agreement is intended to resolve all issues raised by the Settling Parties in this proceeding with respect to the Company's Verified Application for approval of Certificates of Public Convenience and Necessity ("CPCNs") for the Rocky Mountain solar plus storage generation facility and Arroyo solar generation facility ("Application").

SETTLEMENT AGREEMENT

The Settling Parties agree that the Commission should approve the Company's Application consistent with the changes required by the Settlement provisions set forth below:

I. Approval of the Application and Associated CPCNs

1. The Settling Parties agree that the Commission should approve the Company's Application consistent with the changes required by the Settlement provisions set forth below.

II. Performance Incentive Mechanism Application Timing and Contents

2. The Settling Parties agree that the Company will file, through a separate application or as part of its next CPCN application for projects approved through

Proceeding No. 21A-0141E, a Cost to Construct ("CtC") and Operational Performance Incentive Mechanism ("PIM") for all Company-owned projects approved in Proceeding No. 21A-0141E, including Rocky Mountain and Arroyo. The Company will file this application no later than September 30, 2024. The Settling Parties may continue discussion as to the scope of such a proceeding prior to the Company's filing, provided that Settling Parties reserve their rights for the purposes of such proceeding. The PIMs will incorporate directives from Proceeding No. 21A-0141E and be consistent with PIM-related resolution items in this Proceeding.

III. CtC PIM and Investment Tax Credit ("ITC")

3. For the purpose of calculating the CtC PIM, the Settling Parties agree that the actual costs to construct shall be the in-serviced capital cost of the Rocky Mountain project, less the net realized value of related ITCs for the battery energy storage portion of the project. The Company will include the full, actual capital cost in its rate base for the purposes of calculating its return. The Company's ITC estimate provided in its Phase II ERP bid was $110,194,846, net of expected transfer costs. Adjusting the baseline to incorporate expected ITCs, net of transfer costs, will reduce the CtC PIM baseline for the Rocky Mountain project.

4. The Settling Parties agree that the baseline for projects will be the cost estimate provided in the Phase II bid, inclusive of Allowance for Funds Used During Construction ("AFUDC") costs, less the expected net realized value of related ITCs.

5. The as-bid or point cost estimates, adjusted for ITCs, are presented in the table below:[1]

		Rocky Mountain	***Arroyo 2***
As-Bid	Capital Cost	$ 734,720,351	$ 470,583,918
	ITC	$ 110,194,846	$ --
	AFUDC	$ 29,741,483	$ 23,423,499
	Total	$ 654,266,988	$ 494,007,417
Projected Commercial Operation		December 2025	October 2026

IV. Crediting of ITC Benefits to Customers

6. The Company agrees to flow ITC benefits to customers as a credit through the Electric Commodity Adjustment ("ECA") over a five-year period beginning with the rate effective date of the first quarterly ECA filing submitted at least one month after the battery energy storage system is placed into service.

7. The initial ITC credit amount flowed to customers through the ECA will be based on the Company's best estimate of net realizable value at the time the credit is created, and ITC credit amounts flowed to customers in subsequent ECA filings will be adjusted such that, at the end of the five-year period, the cumulative sum of the credits flowed through the ECA, exclusive of interest, will equal the actual net realized value. Any remaining difference after the end of the five-year period shall be recorded as an adjustment to the ECA's Deferred Account Balance.

8. The Company will record interest monthly, at the weighted average cost of capital approved in the Company's most recent electric rate case, on the positive or

[1] These as-bid capital cost estimates plus as-modeled AFUDC are consistent with the numbers provided in Highly Confidential Exhibit 1 to the Company's Response to Decision No. C23-0672-I in Proceeding No. 21A-0141E.

negative difference between (1) the actual net realized value of ITCs (i.e., the amount of tax liability offset by use of the credits, or the amount of consideration received from a buyer, net of transaction costs, if the credits are sold), and (2) the cumulative amount of project-related ITCs credited through the ECA. Accrued interest, positive or negative, shall be credited or collected through the ECA on a quarterly basis.

9. The Settling Parties agree such methodology is in the public interest because it balances the issue of rate volatility and intergenerational equity.

V. Operational PIM and Curtailments

10. The Settling Parties agree that the Company will bring forward a proposal to clarify the treatment of curtailments in the PIM application required no later than September 30, 2024, as discussed in Paragraph 2 above. The treatment of curtailments will include and be consistent with directives from Proceeding No. 21A-0141E.

VI. Amortization Period for Cost to Construct Incentive or Disincentive.

11. Recognizing the amortization period for any CtC PIM incentive or disincentive has been raised in this proceeding, the Settling Parties agree that any such amortization period and associated mechanics of such period will be set in the PIM application proceeding discussed in Paragraph 2 above.

VII. Cost Allocation of Shared Assets

12. The Settling Parties agree that, for the purposes of calculating any CtC PIM incentive or disincentive, the Company will assign the cost of the shared portion of the generation interconnection tie line (“gen-tie”) to the project(s) that are in service at the time the shared gen-tie assets are first placed into service. Such treatment is consistent

with the treatment of prior projects, such as the Rush Creek Gen-Tie, and the Company's standard accounting practices and procedures.

VIII. Timing Incentive or Disincentive

13. The Settling Parties agree that no timing incentive or disincentive mechanism is necessary for the Rocky Mountain and Arroyo 2 projects. The financial incentives from AFUDC impacts in the event of a project delay align customer and utility interests. The Settling Parties agree that the Company's estimated daily AFUDC costs at completion of approximately $135,000 per day for the Rocky Mountain project and $80,000 per day for the Arroyo 2 project provide a meaningful incentive for timely project completion. The Settling Parties further agree that actual AFUDC will be calculated consistent with requirements of the FERC Uniform System of Accounts.

IX. Addressing Clean Energy Plan Rider ("CEPR") Base Rate Roll-In

14. The Settling Parties agree that the Company will address the transition of projects recovered through the CEPR at commercial operation to base rates as part of its CEPR filing. In this filing, the Company will present its methodology for cost allocation and assignment between applicable adjustment clauses, specifically the Renewable Energy Standard Adjustment, Electric Commodity Adjustment, and CEPR.

X. Quarterly Construction Reporting and Post-Commercial Operation Annual Reporting

15. The Settling Parties agree that the Company will provide quarterly construction reporting on the Rocky Mountain and Arroyo 2 projects until commercial operation. The quarterly construction reporting will include project accomplishments, any potential issues or complications encountered, construction cost information, and project timeline updates. Following commercial operation, the Settling Parties agree that the

Company will provide annual reporting on these projects through the end of the project lifetime through ERP Annual Reports. This annual reporting will include available production information based on project operation.

XI. Just Transition Solicitation ("JTS") – Employment and Property Tax Data

16. The Settling Parties agree that, at an appropriate time in the JTS proceeding, the Company will provide, for each project proposed in Pueblo County or Routt County, an estimate of the employment and tax benefits associated with such projects. The Company further agrees to address the policy question of if and how employment and tax benefits from CEP projects offset Just Transition Plan and Community Assistance Plan costs.

XII. Reliability and Integration of Renewables in the JTS

17. In the JTS, the Company agrees to assess its requirements for, and amount of, flex and regulating reserves in consideration of the increasing potential for solar ramping in certain geographic areas of the state with substantial amounts of solar in close proximity.

GENERAL PROVISIONS

18. Except as expressly set forth herein, nothing in this Settlement Agreement is intended to have precedential effect or bind the Settling Parties with respect to positions they may take in any other proceeding regarding any of the issues addressed in this Settlement Agreement. No Settling Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Settlement Agreement. Furthermore, this Settlement Agreement does not constitute agreement, by any Settling Party, that any principle or methodology contained within or used to reach

this Settlement Agreement may be applied to any situation other than the above-captioned proceeding, except as expressly set forth herein.

19. The Settling Parties agree the provisions of this Settlement Agreement, as well as the negotiation process undertaken to reach this Settlement Agreement, are just, reasonable, and consistent with and not contrary to the public interest, and should be approved and authorized by the Commission.

20. The discussions among the Settling Parties that produced this Settlement Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence.

21. Nothing in this Settlement Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Settlement Agreement.

22. The Settling Parties agree to use good faith efforts to support all aspects of the Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Settlement Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Settlement Agreement or the implementation or enforcement of its terms and conditions. Each Settling Party also agrees that, except as expressly provided in this Settlement Agreement, it will take no formal action in any administrative or judicial proceeding that would have the effect, directly or indirectly, of contravening the provisions or purposes of this Settlement Agreement. However, except as expressly provided herein, each Settling Party expressly reserves the right to advocate positions different from those stated in this Settlement

Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Settlement Agreement or its terms and conditions.

23. The Settling Parties do not believe any waiver or variance of Commission rules is required to effectuate this Settlement Agreement but agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's Rules and Regulations if necessary to permit all provisions of this Settlement Agreement to be approved, carried out, and effectuated.

24. This Settlement 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 Settlement Agreement.

25. This Settlement Agreement shall not become effective until the Commission issues a final decision addressing the Settlement Agreement. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Settling Party, that Settling Party may withdraw from the Settlement Agreement and shall so notify the Commission and the other Settling Parties in writing within ten (10) days of the date of the Commission order. In the event a Settling Party exercises its right to withdraw from the Settlement Agreement, this Settlement Agreement shall be null and void and of no effect in this or any other proceeding.

26. There shall be no legal presumption that any specific Settling Party was the drafter of this Settlement Agreement.

27. This Settlement 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 Settlement Agreement. This Settlement 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 Settlement Agreement by the Settling Parties to the same extent that an original signature could be used.

Dated this 7th day of June, 2024.

Agreed on behalf of:

PUBLIC SERVICE COMPANY OF COLORADO

By: */s/ Jack Ihle*
Jack Ihle
Regional Vice President, Planning and Policy
Public Service Company of Colorado
1800 Larimer Street, Suite 1100
Denver, Colorado 80202

Approved as to form:

ATTORNEY FOR PUBLIC SERVICE COMPANY OF COLORADO

By: */s/ Christopher M. Irby*
Christopher M. Irby, #35778
Assistant General Counsel
Xcel Energy Services, Inc.
1800 Larimer Street, Suite 1400
Denver, Colorado 80202
Telephone: (303) 294-2504
Fax: (303) 294-2988
E-mail: christopher.m.irby@xcelenergy.com

FOR STAFF OF THE COLORADO PUBLIC UTILITIES COMMISSION

By: *_/s/ Erin O'Neill_____*
Erin O'Neill,
Deputy Director of Fixed Utilities
Colorado Public Utilities Commission
Email: erin.oneill@state.co.us

Office: (303) 894-2903
1560 Broadway, Suite 250
Denver, Colorado 80202

APPROVED AS TO FORM

PHILIP J. WEISER
Attorney General

/s/ *D. Ross Smith, Jr.*
D. Ross Smith, Jr., #54217*
Katie McLaughlin, #52519*
Assistant Attorneys General
Revenue & Regulatory Law Section

Attorneys for Trial Staff of the Public Utilities Commission

Ralph L. Carr Colorado Judicial Center
1300 Broadway, 8th Floor
Denver, Colorado 80203
Telephone: (720) 508-6370 (Smith)
Telephone: (720)-508-6337 (McLaughlin)
Email: Ross.Smith@coag.gov
Email: Katie.McLaughlin@coag.gov
*Counsel of Record

Agreed on Behalf of:

Office of the Utility Consumer Advocate

BY: s/ *Cindy Schonhaut*
Cindy Schonhaut, Director
Office of the Utility Consumer Advocate
1560 Broadway, Suite 200
Denver Colorado 80202
303-894-2224
cindy.schonhaut@state.co.us

Approved as to form:

PHILIP J. WEISER
Attorney General

BY: *s/ Thomas F. Dixon*
Michel Singer Nelson, Reg. No. 19779
Assistant Attorney General
Thomas F. Dixon, Reg. No. 500
First Assistant Attorney General
Office of the Attorney General
1300 Broadway, 7th Floor
Denver, Colorado 80203
(720) 508-6220/
michel.singernelson@coag.gov
(720) 508-6214/ thomas.dixon@coag.gov

Attorneys for the Utility Consumer Advocate