

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

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RE: IN THE MATTER OF THE ADVICE)
LETTER NO. 1692-ELECTRIC FILED BY)
PUBLIC SERVICE COMPANY OF)
COLORADO TO CHANGE ITS STREET)
LIGHTING TARIFF TO INCLUDE LIGHT) PROCEEDING NO. 15AL-0233E
EMITTING DIODE (LED) LIGHTING OPTIONS,)
EFFECTIVE MAY 14, 2015)

STIPULATION AND SETTLEMENT AGREEMENT

I. INTRODUCTION

Public Service Company of Colorado ("Public Service" or "the Company"), the Municipal Intervenor¹, the City and County of Denver ("Denver"), and the Southwest Energy Efficiency Project ("SWEET"), collectively referred to as the "Settling Parties", hereby enter into this Stipulation and Settlement Agreement ("Stipulation") resolving all issues that have been raised or could have been raised in Docket No. 15A-0233E. This Stipulation sets forth all the terms and conditions of such settlement.

The Parties to this Stipulation state that the results of the compromises reflected herein are a just and reasonable resolution of the issues addressed in this Stipulation, and that reaching agreement as set forth herein by means of a negotiated settlement is in the public interest. Each Party hereto pledges its support of this Stipulation. The

¹ The Municipal Intervenor include the Cities of Arvada, Aurora, Black Hawk, Centennial, Commerce City, Englewood, Glendale, Golden, Lafayette, Lakewood, Littleton, Northglenn, Thornton, Westminster, and the Town of Superior.

Settling Parties respectfully request that the Public Utilities Commission of the State of Colorado (“Commission” or “CPUC”) approve this Stipulation.

II. BACKGROUND

On April 13, 2015, Public Service filed Advice Letter No. 1692 for the purpose of introducing four new Light Emitting Diode (“LED”) lighting options as part of the street lighting service provided under Street Lighting Service (“Schedule SL”) in the Company’ P.U.C. No. 7 – Electric tariff (“Electric Tariff”). On June 19, 2015, Administrative Law Judge Robert I. Garvey (“ALJ”) issued Decision No. R15-0583-I establishing pre-filing deadlines and setting this case for hearing. The Company amended Advice Letter No. 1692 on July 1, 2015 extending the effective date of the proposed tariff changes to July 2, 2015. On October 2, 2015, Public Service filed a joint, unopposed motion to modify the procedural schedule to allow time for the parties to engage in settlement discussions. ALJ Garvey granted the motion by Decision No. R15-1094-I and rescheduled hearings for December 7 and 9, 2015. As directed by the ALJ the Company filed a third amended advice letter by October 19, 2015 further extending the effective date of the proposed tariffs to August 31, 2015. This filing has had the effect of extending the 210-day time period for the Commission to issue its final decision in this proceeding to March 29, 2016.

On June 23, 2015, Public Service filed its Direct Testimony and Exhibits. The Company sought approval of an optional program to convert over a period of five years 100% of the existing high pressure sodium (HPS) and metal halide (MH) cobra-head street lights with one of four new LED street light choices and to implement new rate schedules applicable to the LED fixtures. In order to incent its municipal customers to

participate in the program, the Company proposed to incur 100% of the incremental cost of the conversion itself and to recover this cost, plus the cost of retiring the existing lamps through a LED conversion charge. The proposed LED conversion program incorporated the LED energy savings and provided for reduced rates for each of the four new street light choices.

On August 18, 2015, SWEEP and the Municipal Intervenors filed their Answer Testimony. Denver was granted an extension of time and filed its Answer Testimony on August 20, 2015. These parties raised various issues regarding the reasonableness of the new rates proposed by the Company and the terms and conditions under which the Company proposed to allow municipalities to participate in the LED conversion program. Among the objections these parties raised to the Company's proposal were: the lack of any opportunity for municipalities to pay the incremental cost of conversion to LED street lights themselves and thereby pay a lower monthly rate for the new LED options than if 100 percent of the incremental cost were incurred by the Company; the lack of a 70 watt equivalent LED option; the imposition of a conversion cost charge on newly installed LED street lights; and, objection to the requirement that participating municipalities agree to convert 100 percent of existing HPS and MH cobrahead street lights.

On September 17, 2015, Public Service filed its Rebuttal Testimony. Responding to some of the issues raised by SWEEP, the Municipal Intervenors and Denver, the Company introduced a second-rate option under which its street light customers could pay 50 percent of the incremental cost themselves. The Company also proposed a 70

watt equivalent LED street lighting choice. In all other respects, the Company continued to support the program as proposed in its Direct Testimony.

All the Settling Parties have met on numerous occasions to discuss the potential to resolve this proceeding by means of settlement. This Stipulation is the result of the Settling Parties negotiations.

III. TERMS OF SETTLEMENT

Public Service, the Municipal Intervenors, Denver, and SWEEP hereby stipulate and agree as follows:

1. **LED Conversion Program.**

The Settling Parties agree that the Company shall file tariffs on or before 2 days after final Commission approval of this Settlement Agreement, to be effective January 1, 2016, to implement an LED Conversion Program under which the Company will offer five new LED street light choices under Schedule SL to replace existing HPS and MH cobrahead street lights. The five new LED street light options shall include 70, 100, 150, 250 and 400 watt HPS equivalent LED fixtures to replace HPS and MH lamps and associated fixtures in cobrahead lights and shall be provided under two conversion options, Option A and Option B. A copy of the new tariff is attached as Attachment A.

Public Service will contact all municipal street lighting customers to determine the municipalities' election to participate in the Company's LED conversion program under Option A or Option B. Interested municipalities will be asked to respond in writing within one year following issuance of a final Commission decision approving the LED tariffs that are the subject of this proceeding indicating their desired option so that Public Service can plan the most efficient implementation schedule. The Company will design

the LED conversion deployment plan based on expressed demand. If a municipality later decides to participate in the LED conversion program, the municipality may later elect to participate under Option B or Option A. If a municipality chooses Option B, and at a later time decides to participate in Option A, the Company will accommodate the City's request and make all reasonable efforts to offer the same installation pricing that was originally available under Option A for the remaining lights. However, if the current vendor pricing is no longer available for Option A, the cost of the conversions may increase and will reflect the Company's actual cost. Municipalities that elect to participate in Option A after one-year of the Commission's LED rate approval will be scheduled for conversion after municipalities that initially expressed interest in participation.

2. **Terms and Conditions Applicable to Option A.**

Under Option A, the Company shall pay 100 percent of the cost to convert existing HPS and MH cobra-head fixtures to the new LED fixtures and shall recover the cost of the conversion plus the cost to retire the existing fixtures that have been replaced through an Option A LED Service Option Charge. Once the new LED street lights are operational, the customer shall pay on a monthly basis the base rate for the applicable LED Service size to reflect the energy savings associated with the LED street light service plus the Option A LED Service Option Charge.

The Settling Parties agree that municipal customers participating in Option A shall be required to convert at least 90% of the HPS and MH cobrahead street lights existing within the municipality. The Company agrees to work with each municipal customer participating in Option A to develop an efficient conversion schedule that

includes reasonable accommodations for the particular needs of participating customers.

3. **Terms and Conditions Applicable to Option B.**

Under Option B, the customer shall be required to pay 100 percent of the cost to convert the new LED fixtures plus the cost of retiring existing HPS and MH lamps as a non-refundable contribution in aid of construction, to be billed to the customer after commencement of the conversion project at 90-day intervals. The conversion cost shall be calculated using the labor, materials, and vehicle charges specified in the Company's electric tariff governing Maintenance Charges for Street Lighting Service including the reasonable and customary additional costs the Company incurs to accomplish the conversion, including, but not limited to, the cost of the new fixture, traffic control, lodging and meals, or shall be based on more favorable unit pricing that may be negotiated by the Company once the scope of work under Option B has been determined. When the conversion cost billed to the customer is based on the Company's tariffed maintenance charges, the Company shall provide a detailed breakdown of the cost components by labor, material and equipment and, if requested by the customer, shall provide support for any costs incurred beyond those costs that are specifically stated in the tariff. To the extent that any of the supporting information requested is confidential, such information shall only be made available to a representative of the municipality who is eligible to execute and has executed a non-disclosure agreement under the Colorado Public Utility Commission's confidentiality rules. The Parties understand and acknowledge that if the Company is successful in negotiating a favorable unit price for the conversion work performed under Option B, the

invoice breakdown will be limited to the conversion cost per light by lighting type. Once the new LED street lights are operational, the customer shall pay on a monthly basis the base rate for the applicable LED Service size that reflects the energy savings associated with the LED street lights plus the Option B LED Service Option Charge. The Option B LED Service Option Charge shall be designed to recover only the incremental income tax, the property insurance and tax expense, and Administrative & General expense that will be incurred by the Company as a result of the conversion under Option B.

The Settling Parties agree that those municipal customers electing to participate in Option B shall have the flexibility to identify the specific area or areas within the municipality where the Company will convert existing HPS and MH street lights to LEDs, for a five-year period beginning after final Commission approval of this Settlement Agreement, provided that each conversion project shall consist of at least ten street lights. The Company may allow conversions of less than ten street lights in specific instances where the Company is able to determine that a clear delineation of the street lighting is reasonably achievable within a defined area such as a subdivision.

4. Terms Governing Installations of New LED Street Lights Served under Schedule SL.

The Company agrees to withdraw its proposal for a new higher construction allowance applicable to Schedule SL with new LED Street Lighting. The Company agrees that installation of new, as opposed to converted (HPS) and metal halide (MH) cobra-head street lights, LED street lights shall be governed by the terms of the Company's Service Lateral Extension and Distribution Line Extension Policy applying

the construction allowance in effect at the time of the installation applicable to lighting equipment in effect at the time of the conversion [currently set forth at Sheet R134 of the Company's current electric tariff],

Once the new LED street lights are operational, the customer shall pay on a monthly basis new the base rate for the applicable LED Service size that reflects the energy savings associated with the LED street lights.

5. **Updates to LED rates to Reflect Technological Improvements.**

The Company agrees to update the rates applicable to each of the five LED street light options, effective January 1, 2019, and every three years thereafter to reflect changes in energy consumption resulting from improvements in LED technology.

6. **Reasonableness of LED Street Lighting Rates.**

The Municipal Intervenors, Denver, and SWEEP agree that the rates reflected included in the tariff sheets applicable to the five new LED street light options, including the Option A LED Service Option Charge and the Option B/New LED Service Option Charge appropriately reflect an acceptable compromise between the parties in connection with the Company's provision of the new LED Street lighting service and are therefore just and reasonable. Attachments B and C show the development of the new rates, and a comparison of the existing HPS rate with the functionally equivalent LED rate for Conversion Option A and Conversion Option B/New Installation, respectively.

The Settling Parties acknowledge and agree that such rates shall remain in effect until the conclusion of the Company's next Phase I or Phase II electric rate case at which time the rates may change based on the Company's cost of service as demonstrated at that time.

7. **Impact on DSM.**

The Settling Parties acknowledge that the Commission in Decision No. C15-0735 in Proceeding No. 14A-1057EG determined that the Company's LED Street Lighting Program be considered part of the DSM Plan and agree to support the Company's proposal to count energy savings resulting the conversion of existing cobra heads lights to LED fixtures under both Options A and B and from the installation of new LED street lights towards the established electric energy savings goals under the Company's DSM program beginning 2016 through 2020.

8. **Relationship to Franchise and Street Lighting Agreements.**

The Company is a party to a franchise agreement with each of the cities and towns that comprise the Municipal Intervenors and with Denver. In addition, the Company has currently effective street lighting agreements with the cities of Denver, Aurora, Westminster and Arvada. The Parties do not intend, by this Stipulation, to abrogate or impair any rights under the Parties' existing franchise agreements or street lighting agreements.

IV. GENERAL PROVISIONS

The Settling Parties agree to submit this Stipulation to the Commission for approval by October 23rd, 2015. Public Service, the Municipal Intervenors, Denver, and SWEEP agree to join in a motion that requests the Commission to approve this Stipulation and if required by the ALJ to testify in support of this Stipulation.

This Stipulation is a negotiated compromise of issues that were raised or could have been raised in this proceeding by the Municipal Intervenors, Denver and SWEEP relating to the Company's proposed LED conversion program and the new tariffs

proposed to implement the programs. By signing this Stipulation and by joining the motion for approval of the Stipulation, the Settling Parties pledge support for Commission approval and subsequent implementation of these provisions.

This Stipulation shall not become effective until the issuance of a final Commission Order approving the Stipulation, which Order does not contain any modification of its terms and conditions that is unacceptable to any of the Settling Parties. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party, that Party shall have the right to withdraw from this Stipulation. The withdrawing Party shall notify the Commission and the Parties to this Stipulation by e-mail within three business days of the Commission modification that the Party is withdrawing from the Stipulation and that the Party requests that the Commission schedule hearings on any issues that are disputed (the "Notice").

The withdrawal of a Party shall not automatically terminate this Stipulation as to any other Party. Within three business days of the date of the Notice from the first withdrawing Party, all Parties shall confer to arrive at a comprehensive list of issues that remain in dispute. Within five business days of the date of the Notice, the Parties shall file with the Commission a formal notice containing the list of disputed issues. The Parties shall have and be entitled to exercise all rights with respect to the disputed issues that they would have had in the absence of this Stipulation.

In the event that this Stipulation is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into

evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce this Stipulation.

Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in the above-captioned proceeding. The Settling Parties state that reaching Stipulation in this docket by means of a negotiated settlement is in the public interest and that the results of the compromises and settlements reflected by this Stipulation are just, reasonable and in the public interest.

All Parties to this Stipulation have had the opportunity to participate in the drafting of this Stipulation. There shall be no legal presumption that any specific Party was the drafter of this Stipulation.

If the Commission approves this Stipulation, and at some later date interprets this Stipulation in a manner harmful to the interests of one of the Parties, but not advocated by any of the other Parties, all Parties agree to support the original intent of this Stipulation with appropriate pleadings before the Commission.

This Stipulation may be executed in counterparts, all of which when taken together shall constitute the entire agreement with respect to the issues addressed by this Stipulation.

Dated as of this 22nd day of October, 2015.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF COLORADO

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**THE CITIES OF ARVADA, AURORA, BLACK HAWK, CENTENNIAL,
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WESTMINSTER, AND THE TOWN OF SUPERIOR**

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