

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

IN THE MATTER OF ADVICE LETTER NO. 1835 – ELECTRIC FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO P.U.C. NO. 8 – ELECTRIC TARIFF TO ELIMINATE THE CURRENTLY EFFECTIVE GENERAL RATE SCHEDULE ADJUSTMENTS (“GRSA”) AND GENERAL RATE SCHEDULE ADJUSTMENT – ENERGY (“GRSA-E”), AND PLACE INTO EFFECT REVISED BASE RATES AND OTHER AFFECTED CHARGES FOR ALL ELECTRIC RATE SCHEDULES IN THE COMPANY’S ELECTRIC TARIFF, INCLUDING UPDATED ELECTRIC AFFORDABILITY PROGRAM (“EAP”), LOAD METER, AND PRODUCTION METER CHARGES TO BECOME EFFECTIVE NOVEMBER 19, 2020.

Proceeding No. 20AL-0432E

**STIPULATION AND SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement (“Stipulation”) is entered into by and between the City of Boulder (“Boulder”), the City and County of Denver (“Denver”), the Colorado Energy Consumers (“CEC”), Climax Molybdenum Company (“Climax”), the Colorado Office of Consumer Counsel (“OCC”), Energy Outreach Colorado (“EOC”), the Federal Executive Agencies (“FEA”), The Kroger Co., on behalf of its King Soopers and City Market Divisions (“Kroger”), Molson Coors Beverage Company (“Molson Coors”), and Walmart Inc. (“Walmart”) (each a “Settling Party” and collectively the “Settling Parties”) to resolve all issues which were or could have been raised by the Settling Parties regarding class cost of service, revenue allocation, and rate moderation in this proceeding.

The Settling Parties have been authorized to state the following regarding the positions of the other parties on this Stipulation.

- The Cities of Arvada, Aurora, Centennial, and Thornton, the Towns of Erie and Windsor, and the Colorado Communications and Utility Alliance (collectively, the “Local Governments”) do not oppose the Stipulation.
- Public Service Company of Colorado (“Public Service” or the “Company”) does not oppose the Stipulation, which utilizes its Rebuttal Testimony Class Cost of Service Study (“CCOSS”), including the Company’s proposed classification and allocation of Rush Creek Wind Project (“Rush Creek”) on an energy basis, as the basis for distribution of revenue responsibility among major customer classes. In this proceeding, the Company sought a definitive resolution on the classification and allocation of Rush Creek and future Company-owned wind resources. The Stipulation does not provide this determination and therefore the Company is not joining; however, the Company does not oppose the stipulated cost allocation. With regard to consideration of mitigation of class revenue responsibilities, it is the Company’s position in this proceeding that mitigation is a policy decision for the Commission. The Stipulation provides a mitigated revenue distribution that has been agreed-upon by parties that represents various customer groups and therefore the Company does not oppose.
- Vote Solar, the Southwest Energy Efficiency Project (“SWEEP”), the Colorado Solar and Storage Association (“COSSA”), and the Solar Energy Industries Association (“SEIA”) take no position on the Stipulation.

- The parties conferred with Trial Staff of the Commission (“Staff”) and Staff indicated it opposes the Stipulation on the grounds that mitigation will perpetuate increased costs for peaking capacity, which ultimately raises costs for residential ratepayers.

This Stipulation does not address any issues regarding rate design, tariffs,<sup>1</sup> pilots, or other issues in this proceeding not expressly noted below.

### **Procedural Background**

1. On October 19, 2020, Public Service initiated this Phase II rate case by filing Advice Letter No. 1835 – Electric, which was subsequently amended on January 8, 2021.

2. Through Decisions Nos. R20-0887-I, R20-0922-I, and R21-0014-I Administrative Law Judge Steven H. Denman acknowledged certain interventions of right and granted permissive interventions in this proceeding, which established the parties to this proceeding, including the Settling Parties.

3. Decision No. R20-0922-I adopted the consensus procedural schedule proposed by the parties, which included deadlines for filing answer testimony and rebuttal and cross-answer testimony regarding Public Service’s class cost allocation, revenue allocation, and rate design proposals.

4. As relevant to this Stipulation, on March 8, 2021, CEC, Climax, EOC, FEA, the OCC, and Walmart filed answer testimony addressing, among other things, Public Service’s class cost allocation and revenue allocation proposals. Staff filed answer testimony explaining that it was largely focused on the rate design aspects of this case and saw “its role in the class cost allocation side of this case primarily as one of providing balance within the

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<sup>1</sup> Other than to the extent the Stipulation impacts the ultimate rates in the tariff.

overall process and ensuring adherence to Commission-established ratemaking principles.”<sup>2</sup>

Several Settling Parties as well as other parties filed answer testimony regarding rate design, tariffs, pilots, and other issues not addressed in this Stipulation.

5. On April 7, 2021, again as relevant to this Stipulation, CEC, Climax, EOC, FEA, Kroger, Staff, and Walmart filed cross-answer testimony addressing, among other things, class cost allocation and revenue allocation.<sup>3</sup> Public Service also filed rebuttal testimony addressing, among other things, the class cost allocation and revenue allocation proposals raised in answer testimony. Several Settling Parties as well as other parties filed cross-answer testimony regarding rate design, tariffs, pilots, and other issues not addressed in this Stipulation.

6. After cross-answer and rebuttal testimony was filed, and all of the parties’ positions regarding class cost allocation and revenue allocation were known, certain parties subsequently engaged in settlement discussions to see if they could resolve any disputed issues regarding the appropriate class cost allocation and revenue allocation in this Phase II rate case. Those discussions ultimately proved to be productive and the Settling Parties have reached an agreement to resolve the class cost allocation and revenue allocation issues in this proceeding.

7. Notably, the Settling Parties along with those parties that do not oppose the Stipulation represent all of Public Service’s customers and consumer advocates that are parties to this proceeding and address class cost allocation and revenue allocation.

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<sup>2</sup> Hearing Exhibit 400, p. 4.

<sup>3</sup> EOC also filed cross-answer testimony on April 9, 2021.

### **Stipulation Terms and Conditions**

8. The Settling Parties agree that the Commission should approve the following class cost allocation, revenue allocation, and rate moderation to resolve all issues regarding class cost allocation, revenue allocation, and rate moderation which were or could have been raised by the Settling Parties in this proceeding (the “Settled Issues”):

- a. The Settling Parties agree that the results of the CCOSS as proposed by Public Service in Rebuttal Testimony should be approved to allocate costs and base rate revenue among the various classes, except as modified through this Stipulation. The Settling Parties note that the methodology used by Public Service in the CCOSS presented in Rebuttal Testimony includes, among other things, the use of the 4CP-AED methodology to allocate fixed generation and transmission costs other than the costs of Rush Creek and an energy allocator to allocate the fixed generation costs of Rush Creek.
- b. While the Settling Parties utilize the Public Service CCOSS results as part of this Stipulation, the Settling Parties individually do not necessarily agree with the adoption of any particular cost or revenue allocation methodology including, for example, the use of the 4CP-AED methodology to allocate fixed generation and transmission costs or an energy allocator to allocate the fixed generation costs of Rush Creek. Therefore, the Stipulation does not request that the Commission specifically approve or reject any particular cost allocation or revenue allocation methodology.

- c. While the Stipulation does not reflect cost allocation results consistent with the stratification or other methods for allocating production costs, or the full rate moderation proposals offered by various Settling Parties, in recognition of the rate increases that would result for the Residential and Small Commercial customer classes under the CCOSS presented by Public Service in Rebuttal Testimony and the arguments raised by various Settling Parties and in recognition of the facts and circumstances in this proceeding, the Commission should approve rate moderation for those classes and reduce the revenue responsibility (i) for the Residential class by \$15,000,000, and (ii) for the Small Commercial class by \$800,000.
- d. To make up the \$15,800,000 revenue reduction from the Residential and Small Commercial Classes, the revenue responsibility for the three Commercial and Industrial classes (Secondary General, Primary General, and Transmission General) and Street Lighting should be increased in proportion to their class-allocated revenue requirement as set forth below:

Settlement Table  
13 Months Ended August 31, 2019

Rate Class	Adjusted TY Phase I Base Rate Revenue at Present	PSCO Proposed Rebuttal Base Rate Revenues [Base + DSM] (Wishart - Attach SWW-3)	PSCO Proposed Rebuttal Base Revenues [Base + DSM]	Moderation Change	Proposed Base Rate Revenues [Base + DSM] (Settlement)	Proposed Base Rate Revenues [Base + DSM]	Electric Affordability Program	Total Revenue
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Residential	\$731,876,356	\$802,965,579	9.71%	(\$15,000,000)	\$787,965,579	7.66%	\$2,844,171	\$790,809,750
Small Commerical	\$98,619,596	\$98,706,946	0.09%	(\$800,000)	\$97,906,946	-0.72%	\$353,396	\$98,260,343
C&I Secondary	\$719,488,007	\$673,635,900	-6.37%	\$11,497,736	\$685,133,636	-4.77%	\$2,472,998	\$687,606,634
C&I Primary	\$156,817,568	\$150,037,283	-4.32%	\$2,560,863	\$152,598,146	-2.69%	\$550,805	\$153,148,951
C&I Transmission	\$75,705,662	\$65,584,409	-13.37%	\$1,119,406	\$66,703,815	-11.89%	\$240,768	\$66,944,583
Street and Area Lighting	\$44,800,089	\$36,441,789	-18.66%	\$621,995	\$37,063,784	-17.27%	\$133,782	\$37,197,566
Traffic Signal Lighting	\$1,194,658	\$1,130,030	-5.41%	\$0	\$1,130,030	-5.41%	\$4,079	\$1,134,109
Sub-Total	\$1,828,501,935	\$1,828,501,936	0.00%	\$0	\$1,828,501,936	0.00%	\$6,600,000	\$1,835,101,936
Interconnection Charges	\$483,480	\$483,480	0.00%		\$483,480	0.00%		\$483,480
Total	\$1,828,985,415	\$1,828,985,416	0.00%	\$0	\$1,828,985,416	0.00%	6,600,000	\$1,835,585,416

Note 1: The electric affordability program revenue requirement is allocated to each class based on the proposed settlement revenues shown in Column (f).

- e. Under this Stipulation, there is no change to the cost and revenue allocation to the Traffic Signal subclass as compared to the results for that subclass as presented in Public Service's Rebuttal Testimony.

### General Terms and Conditions

9. The Settling Parties agree that this Stipulation is in the public interest and will be supported by the Settling Parties' testimony in this proceeding. The Settling Parties agree to support the Stipulation as being in the public interest in proceedings before the Commission and to advocate in good faith that the Commission approve the Stipulation in its entirety.

10. The Settling Parties agree that this Stipulation represents a compromise of their positions and has been negotiated as a comprehensive settlement of the Settled Issues only. As such, the Settling Parties acknowledge that their support and advocacy for the Stipulation is based upon the Stipulation as a whole and not based upon its individual components viewed in isolation.

11. The Settling Parties agree that all negotiations relating to this Stipulation are subject to CRE 408, and that no party will be bound by any position asserted in the negotiations, except to the extent expressly stated in this Stipulation.

12. The Settling Parties agree that except as otherwise expressly noted in this Stipulation: (a) the execution of this Stipulation will not be deemed to constitute an acknowledgment of any Settling Party of the validity or invalidity of any particular method, theory or principle of ratemaking or regulation, and no Settling Party will be deemed to have agreed that any principle, method or theory of regulation employed in arriving at this Stipulation is appropriate for resolving any issue in any other proceeding; (b) the execution of the Stipulation will not constitute the basis of estoppel or waiver in future proceedings by any Settling Party; and (c) no Settling Party will be deemed to be bound by any position asserted by any other Settling Party. Any specific reservation of future litigation rights contained in the Stipulation should not be deemed to waive the applicability of this general reservation of litigation rights in future proceedings as to all matters contained in the Stipulation.

13. The Settling Parties acknowledge that their support and advocacy of the Stipulation may be compromised by material alterations thereto. In the event the Commission rejects or materially alters the Stipulation, the Settling Parties agree that within seven days of such Commission Decision any Settling Party may provide notice to the other Settling Parties of its objection to the Stipulation as modified. Upon such objection, the Settling Parties will no longer be bound by its terms and will not be deemed to have waived any of their respective procedural or due process rights under Colorado law. If a Settling Party objects to the Stipulation as modified, it may withdraw from the Stipulation.



14. If the Commission adopts and approves the Stipulation, this Stipulation resolves all disputed matters relative to this proceeding between the Settling Parties with respect to the Settled Issues. Any disputed matters on the Settled Issues will be deemed resolved to the extent that the Stipulation is not compromised by material alterations.

15. Except as otherwise expressly provided in this Stipulation, the issuance of a decision approving this Stipulation will not be deemed to work as an estoppel upon the Settling Parties or the Commission, or otherwise establish, or create any limitation on or precedent of the Commission, in future proceedings.

16. This Stipulation will not become effective and will be given no force and effect until the issuance of a final written Commission decision that accepts and approves this Stipulation.

17. The Settling Parties waive cross-examination as to each other's witnesses regarding the Settled Issues but reserve the right to cross-examine Settling Parties on other issues and non-settling parties on the Settled Issues and other issues to the extent those parties oppose the Stipulation or otherwise take positions at the evidentiary hearing inconsistent with the Stipulation.

18. This Stipulation may be executed in one or more counterparts and each counterpart will have the same force and effect as an original document and as if all the Settling Parties had signed the same document. Any signature page of this Stipulation may be detached from any counterpart of this Stipulation without impairing the legal effect of any signatures thereon and may be attached to another counterpart of the Stipulation identical in form hereto but having attached to it one or more signature page(s). The Settling Parties

agree that “pdf” signature pages exchanged by e-mail will satisfy the requirements for execution.

[Signature Page Follows]

Dated this 30th day of April 2021.

Agreed on behalf of:  
**City of Boulder, Colorado**

*s/ Lucas Markley*  
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Dated this 30th day of April 2021.

Agreed on behalf of:

**City and County of Denver, Colorado**

*s/ Charles T. Solomon*

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Agreed on behalf of:  
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**ATTORNEYS FOR THE  
COLORADO ENERGY CONSUMERS**

Dated this 30th day of April 2021.

Agreed on behalf of:  
**Climax Molybdenum Company**

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By: /s/ Richard L. Fanyo

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**ATTORNEY FOR  
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Dated this 30th day of April 2021.

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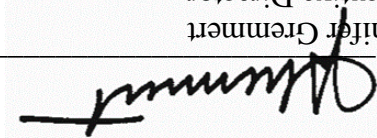
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Dated this 30th day of April 2021.

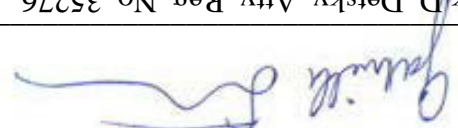
Appendix B  
Decision No. R21-0400  
Proceeding No. 21AL-0432E  
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Agreed on behalf of:  
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**ATTORNEYS FOR ENERGY OUTREACH  
COLORADO**



Dated this 30th day of April 2021.

Agreed on behalf of:  
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Dated this 30th day of April 2021.

Agreed on Behalf of:

**The Kroger Co., on behalf of its King Soopers and City Market Divisions**

s/ Kurt J. Boehm

Kurt J. Boehm, Esq.

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Dated this 30th day of April 2021.

Agreed to on behalf of:  
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**ATTORNEY FOR  
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Dated this 30th day of April 2021.

Agreed to on behalf of:

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**ATTORNEY FOR  
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