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February 15, 2022

Director Doug Dean
Colorado Public Utilities Commission
1560 Broadway #250
Denver, CO 80602

Director Dean,

I am writing on behalf of Public Service Company of Colorado ("Public Service" or "Company") to inform you that the Company will be seeking a waiver in future Electric Commodity Adjustment ("ECA") filing(s) to exclude any incremental cost of electricity to retail customers associated with a current outage at Unit 3 of the Comanche Generation Station ("Comanche Unit 3"). This is appropriate given the timing of this outage and the unique circumstances surrounding Comanche Unit 3. As we confidentially informed the Commissioners and its chief engineer of this event on February 6, 2022, speculation over the cost or return to service schedule could negatively affect energy prices that Public Service may experience in the market. Comanche Unit 3 being offline does not pose a reliability risk to the system.

As previously disclosed to the Commission, Comanche Unit 3 has experienced a two-part event that caused damages that need repair. Initially, there was an issue with a transmission breaker resulting in Comanche Unit 3 tripping offline. Later that afternoon, an event in the substation tripped our 230kV and 345kV busses, triggering an inrush of negative current that passed through to the Comanche Unit 3 generator. We are currently disassembling the generator and an expected return to service date is speculative at this point until discovery work is completed.

During this outage, the Company may purchase energy, the costs of which could be incremental to the energy costs that would otherwise result from Comanche Unit 3 generation (i.e., incremental replacement energy costs). Given the unique nature of this facility, Public Service is proposing that the incremental costs of replacement power be excluded from the Deferred Account Balance, which is the difference between the actual cost of energy incurred and the cost recovered through the ECA from our retail customers. This will ensure that incremental costs, which are not being passed through at this time, associated with the Comanche Unit 3 outage are not passed on to retail customers.

The impacts of the forthcoming waiver to the Deferred Account Balance for the outage will be reflected in future ECA rates, so the actual impacts of this change will not be implemented until that time. The Company will file for its second quarter update to the ECA at the end of February. In that filing, Public Service will base the ECA rates on the assumption that Comanche Unit 3 is operating normally during that period, to ensure that customers will not experience higher ECA costs associated with replacement power in the second quarter.

Please feel free to reach out to me for additional information or questions.

Sincerely,

Brooke A. Trammell
Regional Vice President Rates & Regulatory Affairs, Public Service Co. of Colorado

cc: Ronald Davis, Rebecca Quintana, Gene Camp