

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0552SEG

IN THE MATTER OF PUBLIC SERVICE COMPANY OF COLORADO, 1800 LARIMER STREET, DENVER, COLORADO, FOR AN ORDER AUTHORIZING (1) THE ISSUANCE OF SECURITIES WITH MATURITIES GREATER THAN ONE YEAR IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5.5 BILLION, (2) AN EXTENSION IN THE COMPANY'S CURRENT AUTHORITY TO ISSUE \$1.2 BILLION IN UNSECURED LONG-TERM NOTES UNDER ITS MULTI-YEAR CREDIT AGREEMENTS, (3) ENTERING INTO TREASURY RATE LOCKS AND FORWARD STARTING SWAPS, AND (4) THE RECOVERY OF CERTAIN REFUNDING COSTS.

**COMMISSION DECISION DEEMING APPLICATION
COMPLETE AND GRANTING APPLICATION**

Issued Date: January 10, 2025

Adopted Date: January 8, 2025

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I. BY THE COMMISSION

A. Statement

1. On December 18, 2024, Public Service Company of Colorado (Public Service) filed an Application pursuant to § 40-1-104, C.R.S. for authorization (1) to issue securities with maturities greater than one year in an aggregate principal amount not to exceed \$5.5 billion; (2) to extend its current short-term debt authority of \$1.2 billion outstanding under a 364-day with extension provisions or multi-year unsecured revolving credit agreements from December 31, 2024 to December 31, 2027; (3) to enter into treasury rate locks and forward starting swaps; and (4) to recover certain refunding costs.

2. Public Service filed the Application in accordance with Rule 1303 of the Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (“CCR”) 723-1, Rules 3002 and 3105 of the Rules Regulating Electric Utilities, 4 CCR 723-3, Rules 4002 and 4105 of the Rules Regulating Gas Utilities, 4 CCR 723-4, and Rule 8002 of the Rules Regulating Steam Utilities, 4 CCR 723-8.

B. Procedural Background

3. The Commission noticed this Application on December 19, 2024, setting a deadline of December 30, 2024, for pleadings to intervene or to participate as a party in this Proceeding. The notice further set this matter for a hearing to be held on January 13, 2025, at 9:00 a.m.

4. On December 30, 2024, Public Service filed an amendment to the Application. The Company explains that correct typographical errors in the ending date of the request for the extension of the short-term debt authority to December 31, 2029, to be consistent with the authority granted by Decision No. C24-0472 in unopposed Proceeding 24A-0239SEG, which approved an extension of the authorization period of multi-year credit agreements from December 31, 2026, to December 31, 2029. Those amendments appear in paragraphs 9, 11, 16, 26, and 30 on pages 5, 8, 10, and 11, as well as in the Introduction and Wherefore paragraphs on pages 1 and 17. The amendments also revise a sentence in paragraph 7 on page 5 and add a clarifying sentence to paragraph 36 on page 14. These amendments result from discussions with Commission Staff. Public Service states that because the amendments are restrictive in nature, it is unnecessary to re-notice the filing of the application as amended.

5. There were no interventions.

C. Securities Authorization

6. Public Service seeks authority to issue and sell debt securities not to exceed \$5.5 billion. The debt would be issued and sold from time to time, prior to December 31, 2029, at the Company's option and in any combination. Such debt will take the form of either secured debt in one or more series, such as First Mortgage Bonds, or unsecured debt in one or more series pursuant to the Company's existing Senior Debt Securities Indenture.

7. Upon the Commission approval of the Application, Public Service proposes to cancel the remaining long-term authority to issue and sell debt securities granted by Decision No. C24-0020 and to replace that canceled authority with a new authority approved in this Proceeding.

8. Public Service states in the Application that the type, amount, and length of maturity of the debt securities will be decided at the respective times of issuance. In addition, the

interest rates (either fixed or variable) and other terms, if any, will be determined with purchasers, underwriters, or managers at the time of the pricing of the securities. For instance, the Company may issue and sell the debt securities through a public offering that would be registered with the Securities and Exchange Commission pursuant to the shelf registration provisions of Rule 415 of the Securities Act of 1933, as amended, or such other rule as may be appropriate, or through a private placement pursuant to an exemption from the registration requirements of the Securities Act and may, but need not, subsequently register such privately placed securities under the Securities Act or exchange such securities for registered securities.

9. With respect to the need for such debt issuances, Public Service identifies its first mortgage bonds that are due in May 2025 totaling \$250 million at a rate of 2.9 percent. The Company further identifies planned capital expenditures of \$ \$5.8 billion in 2025, \$5.2 billion in 2026, and \$3.9 billion in 2027. All proceeds will be used to support the Company's utility operations in Colorado.

10. Public Service explains in the Application that, pursuant to the Company's Indenture of Mortgage, dated October 1, 1993, between the Company and U.S. Bank Trust National Association, as supplemented, the Company has issued and had outstanding as of September 30, 2024, \$8,750,000,000 of first mortgage bonds.

11. Public Service further states that the granting of the Application is not expected to have any adverse effect on Public Service's credit quality. The Company explains that, in keeping with its goal to strengthen or maintain its credit quality, it expects to continue to fund its capital expenditures with a combination of internally generated funds, issuance of new debt and equity infusions from its parent, Xcel Energy, Inc.

12. Public Service states that, consistent with the Company's agreement with Staff and UCA in Proceeding No. 16A-0848SEG, as modified language concession in Proceeding No. 24A-0239SEG, the Company may hedge up to 25 percent of the securities to be issued. After the closing of each debt securities issuance, Public Service will notify the Commission through a report identifying the issuance(s).

D. Request to Extend Authority Under Multi-Year Credit Agreements

13. Public Service explains in the Amended Application that the Company is currently authorized to enter into multi-year unsecured revolving credit agreements with terms no longer than six years and 364-day or multi-year unsecured revolving credit agreements with terms no longer than six years that have extension or term-out provisions and to issue up to \$1.2 billion at any time outstanding of long-term unsecured notes to evidence the loans made under such revolving credit facilities.

14. Public Service requests authority to extend its existing authorization, initially granted in Decision No. C24-0472, until December 31, 2029, to enter into multi-year credit agreements so that it may extend its liquidity with continued favorable pricing should those conditions present themselves.

15. The interest rates on the long-term notes issued under multi-year credit agreements will be the prevailing rates at the time of issue for companies of comparable credit standing for the type of maturity issued. The Company's costs of issuance of the notes under the multi-year credit agreements are not expected to exceed 1 percent of the amount of the credit agreement.

16. The Company intends to use the proceeds from any direct borrowings under the multi-year credit agreements for working capital, capital expenditures, and other general corporate purposes, including temporary investments, refunding outstanding long-term debt, and as a back

stop for the Company's commercial paper program. All proceeds will be used to support the Company's Colorado operations.

17. As of September 30, 2024, the Company did not have any short-term indebtedness or long-term indebtedness outstanding under its multi-year credit agreement.

E. Treasury Rate Locks and Forward Starting Swaps Authorization

18. In connection with the long-term debt authority requested by the Application, Public Service requests authority to enter into treasury rate locks and forward starting swaps. Treasury rate locks and forward starting swaps are used to reduce market risk exposure as a result of changes in interest rates. Public Service will only enter into treasury rate locks and forward starting swaps related to long-term debt that has been approved by Public Service's Board of Directors.

19. Public Service explains in the Application that the Company can mitigate interest rate volatility associated with the U.S. Treasury market by entering into a treasury rate lock. The Company states that the benchmark U.S. Treasury security generally is the largest component in pricing a bond. Public Service further states that a forward starting swap will likewise allow the Company to lock in the associated risk premium for its corporate bonds.

20. Public Service further states that the Commission has previously authorized the Company to enter into treasury rate locks and forward starting swaps but has not granted the Company preapproval for cost recovery of those instruments.

21. Public Service clarifies that it is not requesting pre-approval in this Application for the recovery of costs associated with rate locks and forward starting swaps. However, the Company will include any gain or loss associated with a hedge as a financing cost in the Company's calculated cost of long-term debt, of which the Company could then seek recovery in

a future rate case proceeding(s) through evidence demonstrating the prudence of those transactions.

22. The Company will include in its report to the Commission, discussed in paragraph 13, a description of any treasury rate lock or forward starting swap entered into based on the authority granted in this Application, including the costs incurred in executing the hedging transaction.

F. Recovery of Certain Refunding Costs

23. Finally, Public Service seeks pre-approval of the recovery of redemption premiums, unamortized underwriting costs, and expenses associated with any long-term debt that it refunds prior to maturity. The pre-approval sought by Public Service applies only to costs incurred to the extent the refund maintains or lowers the Company's embedded cost of debt. Public Service lists prior decisions of the Commission authorizing the Company to recover and amortize underwriting costs and the expenses of issuing the securities including certain "refunds."

24. Public Service states in the Application that obtaining pre-approval of the refunding costs, the Company would have to demonstrate the prudence of the pre-approved costs in a later rate case or other proceeding. The Company would only enter into liability management activities to call or refund an existing debt issuance if market conditions were such that it led to the same or lower overall cost of debt. This prudence would be proven by the Company through the schedules introduced into evidence in a rate case request for approval of the cost of debt and that provide the details of any refunding transactions.

25. In the amendment to the Application, Public Service further clarifies that the combination of all costs from the new debt being at the same or lower embedded cost of debt as the current debt.

26. Public Service is not asking for pre-approval for any costs related to interest rate hedging through rate locks or forward start swaps. Any request for recovery of such costs would occur in a future rate case through evidence demonstrating the prudence of those transactions.

G. Reports to the Commission

27. Pursuant to paragraphs F.21 and 22 at pages 6 and 7 of Decision No. C24-0472 in Proceeding No. 24A-0239SEG, the Company will file an informational report twice a year within 30 days of filing the annual Form 10-K (generally filed at the end of February each year) and 30 days of filing the third quarter 10-Q (generally filed at the end of October each year). The informational reports will include the information specified in paragraph F.22 of Decision No. C24-0472. The latest informational report was filed with the Commission on November 19, 2024. In Proceeding No. 16A-0848SEG, the Company also agreed to notify the Commission within seven days of initiating a hedge transaction, explaining the purpose of the transaction. Additionally, the Company will include a detailed report on hedging transactions to the Commission that includes, but is not limited to, why the hedge was made, the details of the hedge, and the financial results and relevant market information at or around the time of the transaction. This reporting commitment was reaffirmed in Decision No. C24-0020, issued on January 10, 2024, paragraph 25 at page 6, in Proceeding No. 23A-0600SEG.

28. The informational report will be filed in the instant proceeding twice a year (the “Reporting Period”) within 30 days of filing the annual Form 10-K (generally filed at the end of February each year) and 30 days of filing the third quarter Form 10-Q (generally filed at the end of October each year), commencing from the effective date of the Commission’s final decision in this proceeding, the following information:

- a. The amount of long-term debt the Company issued during the Reporting Period.
- b. How much long-term debt the Company plans to issue within the next one year.
- c. The level of short-term debt outstanding for the Company at the end of the quarter.
- d. Any changes to the Company's credit ratings during the Reporting Period.
- e. Confirm that granting this Amended Verified Application had no adverse effects on Public Service's credit quality during the Reporting Period

Public Service will file these reports under the applicable Confidentiality Rules¹ as necessary.

H. Findings and Conclusions

29. Public Service is a Colorado corporation qualified to do business within the State of Colorado. Its Amended and Restated Articles of Incorporation have been filed with this Commission, and it is in good standing with the Colorado Secretary of State. Public Service provides electric, gas, and steam utility service to various areas in the State of Colorado.

30. Public Service and the issuance of the Debt Securities are subject to the jurisdiction of this Commission in accordance with § 40-1-104, C.R.S.

31. Because no party has intervened in connection with the Application, we consider this matter without a hearing in accordance with § 40-6-109(5), C.R.S., and 4 CCR 723-1-1403.

32. We find the issuance of the Debt Securities, as stated in the Application, will be consistent with the provisions of the public utilities law, is for a lawful purpose, and is not inconsistent with the public interest.

33. We find the Amended Application should be granted and the issuance of the Debt Securities referenced herein should be authorized and approved.

¹ Rules 1100 through 1103 of the Rules of Practice and Procedure, 4 CCR 723-1.

II. ORDER

A. The Commission Orders That:

1. The Application of Public Service Company of Colorado (“Public Service” or the “Company”) filed on December 18, 2024, and amended on December 30, 2024, is deemed complete, for purposes of § 40-6-109.5, C.R.S., and is granted, consistent with the discussion above.

2. Nothing contained herein shall be construed to imply any recommendation or guaranty of any obligation with regard to Public Service’s Debt Securities approved under the Application on the part of the State of Colorado.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

4. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 8, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners