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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 (1) 450 MW CHEYENNE RIDGE II WIND PROJECT, (2) 603 MW SINGING GRASS WIND PROJECT, AND (3) 500 MW TOWNER WIND PROJECT FROM THE ALTERNATIVE PORTFOLIO APPROVED IN PHASE II OF THE 2021 ELECTRIC RESOURCE PLAN & CLEAN ENERGY PLAN IN PROCEEDING NO. 21A-0141E	)	**PROCEEDING NO. 25A-0112E**

PUBLIC COMPREHENSIVE AND UNOPPOSED SETTLEMENT AGREEMENT

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INTRODUCTION AND IDENTIFICATION OF PARTIES

This Comprehensive and Unopposed 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), the Colorado Office of the Utility Consumer Advocate ("UCA"), and Climax Molybdenum Company ("Climax") (each a "Settling Party" and collectively the "Settling Parties"), pursuant to Rule 1408 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1. The only other party to this proceeding, Colorado Energy Consumers ("CEC"), does not oppose the Agreement, which is comprehensive and unopposed.[1]

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 for the (1) 450 MW Cheyenne Ridge II Wind Project, (2) 603 MW Singing Grass Wind Project, and (3) 500 MW Towner Wind Project from the Alternative Portfolio Approved in Phase II of the 2021 Electric Resource Plan & Clean Energy Plan in Proceeding No. 21A-0141E ("Application").

SETTLEMENT AGREEMENT

The Settling Parties agree that the Commission should approve the Company's Application, including all requested relief, subject to the following modifications and conditions:

[1] CEC may join the Settlement Agreement but was unable to obtain final client approval by the deadline to file the Settlement Agreement. CEC will file a notice in this proceeding at a later date to update the Commission on CEC's position.

I. Approval of the Application and Associated Certificates of Public Convenience and Necessity ("CPCNs")

1. The Settling Parties agree that the Commission should approve the Company's Application as modified by the Settlement Agreement provisions set forth below, including approval of CPCNs for the following wind facilities:

- 450 megawatt ("MW") Cheyenne Ridge II Project ("Cheyenne Ridge II" or "CRII");
- 603 MW Singing Grass Project ("Singing Grass"); and
- 500 MW Towner Project ("Towner").

2. The Settling Parties further agree the Company has demonstrated through its coordination with the Northern Cheyenne Tribe ("Tribe") that concerns regarding potential impacts to the Sand Creek Massacre National Historic Site ("SCMNHS") have been adequately resolved, as demonstrated by the agreement between the Company and the Tribe ("Tribe Agreement") and the Tribe's letter of support for the Towner project (provided as Highly Confidential Attachment IMJ-1HC and Attachment IMJ-2, respectively, to the Direct Testimony of Company witness Ms. Iffie M. Jennings). Accordingly, the Settling Parties agree the Company should move forward with the Towner project rather than the Heartstrong backup wind project.

II. Cost to Construct Performance Incentive Mechanism ("CtC PIM") Baselines and Presumptions of Prudence

3. Based on the supporting information provided in the Company's Direct Case and further detailed in its Rebuttal Case, for the purpose of calculating the Cost-to-Construct ("CtC") Performance Incentive Mechanism ("PIM") and presumption of

prudence under Rule 3617(d), the Settling Parties agree that the Commission should set the adjusted CtC PIM baselines and presumptions of prudence for the projects as reflected in Table 1 below.[2]

Table 1: Adjusted CtC PIM Baselines and Presumption of Prudence ($ Millions)

Project	Cheyenne Ridge II	Singing Grass	Towner
CtC PIM Baseline and Presumption of Prudence			

4. The Settling Parties agree that the cost increases up to these baselines reflect the effect of extraordinary circumstances within the meaning of the Commission's relevant prior decisions in Proceeding No. 21A-0141E and Proceeding No. 24A-0417E, respectively, for each project.[3] The Settling Parties further agree that:

a. For the Singing Grass and Cheyenne Ridge II projects, while the Company has demonstrated extraordinary circumstances caused cost increases to each project, not all costs can be directly attributable to these circumstances; as such, the Settling Parties have agreed to a reduced baseline relative to the Company's Direct Case. The Settling Parties further agree that the interconnected nature of different cost pressures does not

[2] Consistent with the approved Settlement Agreement in Proceeding No. 24A-0417E, the Company retains the opportunity to file for extraordinary circumstances for any of the proposed PIMs at the time it files to reconcile the PIM; and Settling Parties retain their rights to support, oppose, or take no position on the Company's request.

[3] *See* Decision No. C25-0435 in Proceeding No. 24A-0417E, at ¶ 32; Decision No. C25-0024 in Proceeding No. 21A-0141E, at ¶ 52-54. The Settling Parties also agree that Cheyenne Ridge II, Singing Grass, and Towner remain eligible for Component 1, Stage 2 relief, subject to review and approval of any request for such relief by the Commission consistent with the Direct Testimony of Michael V. Pascucci at page 44, lines 1-5.

allow for specific allocation of costs by identified line item in order to explicitly categorize extraordinary and non-extraordinary circumstances.

b. For the Towner project, the Settling Parties agree that the CtC PIM baseline in Table 1 above reflects the impact of the Tribe Agreement to address viewshed impacts on the SCMNHS, and that the costs of the Towner Project were further impacted by extraordinary circumstances in the form of cost pressures that occurred during the reconfiguration of the project to address viewshed impacts and the attendant 14-month delay in the project.[4] The Settling Parties further agree that the Company has demonstrated in its Direct Case that, consistent with the Commission's direction in the Phase II decision in Proceeding No. 21A-0141E, the Towner project remains more cost-effective than the Heartstrong project and is in the public interest.

5. The Settling Parties acknowledge that the Company's current cost estimate filed with the Company's Direct Case for each project remains the current overall cost projection, and the actual costs for the projects will be adjudicated in a future cost recovery proceeding.

6. The Settling Parties further acknowledge the Company may present any costs above these cost estimates in a future cost recovery proceeding. The Company retains the burden of proof to demonstrate prudence of any costs above the presumption of prudence presented in Table 1 and the Settling Parties reserve their rights to evaluate

[4] Decision No. C24-0161 in Proceeding No. 21A-0141E, at ¶ 54-55; Decision No. C24-0052 in Proceeding No. 21A-0141E, at ¶ 205.

and take a position on the prudency of all costs presented in a future cost recovery proceeding, *i.e.,* both costs that have a presumption of prudence and costs that do not.

III. Operational PIM

7. The Settling Parties agree that the Operational PIM baselines for Cheyenne Ridge II, Singing Grass, and Towner shall use the mechanics and calculator approved in Proceeding No. 24A-0417E, and consistent with Highly Confidential Attachment ETO-5HC to the Answer Testimony of Staff witness Ms. Erin O'Neill in the instant proceeding.[5]

IV. Cost Recovery of Production Tax Credit ("PTC") Transfer Costs

8. The Settling Parties agree that, as part of ongoing quarterly Electric Commodity Adjustment ("ECA") stakeholder meetings, the Company will provide Staff and UCA with updates as to the impacts of the One Big Beautiful Bill Act ("OBBBA") and future United States Department of the Treasury guidance on the market for tax credit transferability.

9. The Settling Parties further agree that, consistent with the Rebuttal Testimony of Michael V. Pascucci, the Company may create or build upon a Deferred Tax Asset ("DTA") associated with unmonetized PTCs if market conditions warrant holding tax credits (with a return at the Company's current weighted average cost of capital ("WACC") applied to the DTA balance) as opposed to transferring them. The Company's decision to hold credits and create or build on the DTA, as opposed to

[5] Consistent with the approved Settlement Agreement in Proceeding No. 24A-0417E, the Company retains the opportunity to file for extraordinary circumstances for any of the proposed PIMs at the time it files to reconcile the PIM; and Settling Parties retain their rights to support, oppose, or take no position on the Company's request.

transferring tax credits, would be subject to review in the ECA and Purchased Capacity Cost Adjustment ("PCCA") Annual Prudence Review along with any WACC return collected on the DTA balance. The Company bears the burden of explaining and establishing that tax credit transfer costs, if any, over an average annual 5% financing cost, or decision to create or add to a DTA, respectively, was prudent in any relevant ECA and PCCA Annual Prudence Review; further, the Company will provide supporting analysis and workpapers comparing scenarios of transferring tax credits versus DTA creating/building that support the decisions made by the Company.

10. The Settling Parties reserve their rights to evaluate and take a position on the prudency of tax credit transfer-related costs presented in such cost recovery proceedings including the carrying cost of any DTA associated with tax credits. Beginning in 2028, should the Company see transfer costs consistently exceeding the 5% PTC transfer cost estimate provided in the bids for Clean Energy Plan projects, Public Service will convene the Settling Parties to discuss long-term plans for the treatment of PTCs including the use of a potential risk-sharing mechanism, and/or the continued use of a DTA for unutilized tax credits.

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

11. The Settling Parties agree that the Company will provide quarterly construction reporting on the Cheyenne Ridge II, Singing Grass, and Towner projects until commercial operation, consistent with the reporting proposed in the Answer Testimony of Staff witness Ms. O'Neill. 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.

VI. PIM Reporting

12. The Settling Parties agree that, consistent with the approved Comprehensive and Unanimous Settlement Agreement reached in Proceeding No. 24A-0417E, the Company will provide annual reporting on PIMs for utility-owned projects subject to PIMs in its ERP Annual Progress Report, including Cheyenne Ridge II, Singing Grass, and Towner. The Company and Staff will confer on the content of such reports and reporting will begin with the March 2026 ERP Annual Progress Report. Project reporting will be included in the ERP Annual Progress Report following the reconciliation of the applicable CtC PIM and Operational PIM for each project.

VII. Noise and Electromagnetic Fields ("EMF")

13. The Settling Parties agree that the Cheyenne Ridge II, Singing Grass, and Towner facilities comply with the noise and EMF thresholds set forth in Commission Rules and that no further mitigation is required.

GENERAL PROVISIONS

14. 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

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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.

15. 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.

16. 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.

17. 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.

18. 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,

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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.

19. The Settling Parties do not believe any waiver or variance of Commission rules is required to effectuate this Settlement Agreement, but they 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.

20. 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.

21. 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’s 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.

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

23. 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 electronic or 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 have been used.

Dated this 28th day of July, 2025.

Agreed on behalf of:

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