

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0341E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE CUSTOMER FUNDED COYOTE TRANSMISSION FACILITIES.

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

Issued Date: November 8, 2024

Adopted Date: October 23, 2024

I. BY THE COMMISSION

A. Statement

1. By this Decision, the Public Utilities Commission (“Commission” or “PUC”) grants Public Service Company of Colorado (“Public Service” or the “Company”) a Certificate of Public Convenience and Necessity (“CPCN”) to construct, own, and operate the Coyote Transmission Facilities (the “Project”) as described in the Company’s Application for the Project filed on August 9, 2024 (“Application”). Make specific findings with respect to the reasonableness of magnetic fields and audible noise associated with the Project.

B. Background

1. Procedural Background

2. On August 9, 2024, Public Service filed its Application with supporting attachments and pre-filed testimony for a CPCN for the Coyote Transmission Facilities (the “Project”) requesting that the Public Utilities Commission: (1) issue a CPCN for the customer funded Coyote Transmission Facilities a set forth the Company’s supporting testimony;

(2) find that the associated noise and magnetic field levels that the Company estimates will result from the Coyote Transmission Facilities are reasonable and require no further mitigation or prudent avoidance measures and (3) issue an order granting the additional relief sought *vis-à-vis* the Company's concurrently filed Omnibus Motion.

3. The Company filed supporting testimony from two witnesses¹: Jared M. Lunar and S. Parker Wrozek. Mr. Lunar testimony provide a background on the Company's application for Certificate of Public Convenience and Necessity ("CPCN"). Mr. Lunar discusses the need and purpose to construct, own, and operate certain transmission facilities necessary to provide electrical service to two end-use customers, an agency of the United States Department of Defense ("Federal Defense Agency") and a company providing contractual services to the Department of Defense ("Federal Contractor") (collectively, the "Customers"), located in Arapahoe County, Colorado. The "Coyote Transmission Facilities" (or collectively, the "Project"), is needed to provide service to existing and new energy-intensive facilities being constructed by the Customers, whose operations will support the national security of the United States. Mr. Lunar further discusses that the Coyote Transmission Facilities are being funded in full by the Customers consistent with the Company's Transmission Line Extension Policy. As they will be fully paid for by the two Customers, the Company is not requesting approval for cost recovery or specific ratemaking treatment for the costs associated with construction of the facilities. Mr. Wrozek testimony discusses the technical aspects of the Coyote Transmission Facilities, including a detailed description of the facilities, the estimated cost of the Coyote Transmission Facilities, the Company's transmission planning analysis and consideration of alternatives, anticipated

¹ See HE 101, Direct Testimony of Jared M. Lunar, HE 102, Direct Testimony of S. Parker Wrozek.

construction schedule, siting and land rights considerations, and the projected noise and magnetic field levels of the facilities.

4. The Commission provided notice of this Application on August 12, 2024, to all interested persons, firms, and corporations.

5. On August 29, 2024, the Office of Utility Consumer Advocate (“UCA”), filed a Notice of Intervention as a Matter of Right and request for hearing. The UCA pleading focused on issues surrounding the inclusion of the customer-financed assets in rate base, other ratemaking issues; and future responsibilities of current customers to operate, maintain, and replace the customer-financed assets.

6. On September 20, 2024, Public Service filed Supplemental Direct Testimony of Mr. Luner. Mr. Luner Supplemental Testimony was to provide clarification to information provided in Application and Direct Testimony based on conversations between the Company and Commission Staff (“Staff”) and the UCA. Mr. Luner Supplemental Direct Testimony provided additional discussion on cost responsibilities of the parties(s) requesting new transmission service and cost recovery mechanisms.

7. On September 20, 2024, the UCA filed a Withdrawal of Intervention as a Matter of Right and request for hearing. UCA’s stated in its Withdrawal that issues contained in its intervention have been sufficiently addressed in the Company’s Supplemental Direct Testimony demonstrating that ratepayers would not be adversely affected by the granting this Application and is satisfied with the Company’s response as well as statements contained in its Direct Testimony. Accordingly, UCA withdraws its intervention by right and request for hearing and does not object to the Application being approved. Further, UCA has no objection to granting the Company’s omnibus motion for extraordinary protection.

C. Coyote Transmission Facilities**1. Description**

8. The Coyote Transmission Facilities will consist of both transmission lines and substation components. The Company will construct a double circuit 230 kV transmission lines. Both lines will connect at existing Substation(s) and continue to the new Coyote Substation.

9. The Coyote Substation will terminate the new 230 kV lines. Transformers serving the Federal Defense Agency's facilities and the Federal Contractor's facilities will be installed, owned, and operated by Public Service. The Coyote Substation will be located on-site at the Buckley Space Force Base ("SFB") in Aurora, Colorado. The substation equipment will be enclosed within a security fence.

10. The project will require certain additions to the Company's existing substations. Existing 230 kV yard arrangements will be expanded to increase the number of positions with the new positions to be used to connect to the Coyote Substation. The substation equipment is enclosed within a security fence and no physical/footprint expansion of the existing Substations is required.

2. Cost Estimates and Project Schedule

11. In accordance with Commission Rule 3102(b)(IV), Public Service included estimated costs of the proposed Coyote Transmission Facilities itemized as land costs, substation costs, and transmission line costs. The Company application provided estimated construction schedule and in-service dates.

3. Project Alternatives

12. Public Service explains that it prior to filing this application, Public Service considered multiple alternatives when evaluating practical solutions to the customer needs and the following summarizes the results.

- a) No Action Alternative: Not viable since the existing distribution service to the facility is not capable of serving expected new load.
- b) Non-Wire Alternative (NWA): Not viable, customer's new load is of a significant magnitude and requires new dedicated transmission service and infrastructure.
- c) Storage Alternative: Public Service did not identify any specific feasible alternatives that would incorporate energy storage given the magnitude of the load and the Customer's need for security, reliability, and redundancy.
- d) Advance Transmission Technologies (ATT): Given the scope and requirements of the Project, the Company did not identify any ATT that would make sense to incorporate into the Coyote Transmission Facilities.
- e) Transmission Facilities Upgrade: The proposed Coyote Transmission Facilities Project is the preferred alternative that best addresses the Customers' specific needs for serving a significant new load, security, reliability, and redundancy.

4. Transmission Alternatives

13. Public Service explains that prior identifying a solution for the customer, the Company performed a Load Interconnection System Impact Study ("Transmission Study"). This Transmission Study identified a number of options and alternatives, which were shared with the Customers for their evaluation and feedback. Because the Project will be funded entirely by the Customers, and given the level of sophistication of the Customers, Public Service collaborated closely with the Customers in selecting the preferred alternative to pursue. The Customers identified their preferred alternative; the Coyote Transmission Facilities, due to specific security and reliability needs associated with their operations.

5. Cost Recovery

14. Under the Company's Commission Approved Electric Tariff – Transmission Line Extension Policy², the requesting Customers are obligated to pay both: (1) the "entire construction cost for necessary overhead or underground electric transmission extension facilities," and (2) "in

² Public Service Company of Colorado - Electric Tariff PUC 8 - Sheets No. 197 and No. 199.

addition to the of insurance, replacement (or cost of removal), license and fees, taxes, operation and maintenance, and appropriate allocable administrative and general expenses, of such facilities.”

15. The costs of the Coyote Transmission Facilities will be recovered from the two Customers through a combination of up-front Construction Payments and monthly Service and Facilities (“S&F”) charges. The transmission line and Coyote Substation, including the Company-owned transformers providing service to the Federal Defense Agency, are being paid for by the Customers through Construction Payments. As permitted by the Transmission Line Extension Policy, the Company-owned transformers that will provide service to the Federal Contractor’s facilities will primarily be paid for through a special rate (specifically, the Federal Contractor’s individual S&F charge). The costs for insurance, replacement (or cost of removal), license and fees, taxes, operation and maintenance (“O&M”), and appropriate allocable administrative and general expenses required by the Transmission Line Extension Policy will also be recovered in each Customer’s specific monthly S&F charge. While the purpose of the S&F charge is primarily to recover the ongoing monthly costs associated with providing service to the customer, in cases where a transmission-level customer pays for the cost of their dedicated transmission facilities over time, the S&F charge also includes the recovery of the costs of the dedicated transmission facilities (including both the capital cost to construct the facilities as well as the Company’s permitted rate of return) that were not paid for via a Construction Payment. The recovery of the costs of the facilities in the customer’s specific S&F charge is calculated and applied in such a way that it offsets the inclusion of those facilities in the Company’s rate base and results in the costs of these facilities not being recovered from Public Service’s other customers.

D. Findings and Conclusion

16. The Commission provided notice of this Application on August 12, 2024.

17. On August 29, 2024, the Office of Utility Consumer Advocate (“UCA”), filed a Notice of Intervention as a Matter of Right and request for hearing. On September 20, 2024, the UCA filed a Withdrawal of Intervention as a Matter of Right and request for hearing. UCA’s stated in its Withdrawal it does not object to the Application being approved. With UCA withdrawal, the Application is uncontested and will be determined without a hearing and without further notice pursuant to 4 *Code of Colorado Regulations* 723-1-1403 of the Commission’s Rules of Practice and Procedure

18. Staff of the Colorado Public Utilities Commission (“Staff”) reviewed the CPCN Application and associated Attachments and concluded that required information required per Commission Rule 3206 has been provided to evaluate the Coyote Transmission Facility scope, purpose, required equipment, schedule and cost responsibilities.

19. Staff found that the maximum magnetic field levels calculated by the Company are less than the value established in Commission Rule 3206(e), and therefore are deemed reasonable by rule and need not be mitigated to a lower level.

20. In considering this CPCN, has provided the Commission the opportunity to voice concern to the Company regarding acquiring new loads within the transmission constrained Denver Metro Region and the impact these new customer loads may have on generation resource adequacy given the ongoing delays in resource acquisitions noted in Company’s ongoing Clean Energy Plans proceedings. The Commission expects the Company to remain attentive to resource adequacy acquisitions and planning in the appropriate generation resource proceedings.

21. We find that the Application is in the public interest and should be granted.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Public Service Company of Colorado for a Certificate of Public Convenience and Necessity for the Coyote Transmission Facilities (the “Project”) and to make specific findings with respect to the reasonableness of magnetic fields and audible noise associated with the Project is deemed complete, for purposes of § 40-6-109.5, C.R.S., and is granted consistent with the discussion above.

2. The 20-day period provided by § 40-6-114, C.R.S., within which to file an Application for Rehearing, Reargument, or Reconsideration shall begin on the first day after the effective date of this Decision.

3. This Decision is effective upon its Issued Date.

B. **ADOPTED IN COMMISSIONERS’ WEEKLY MEETING October 23, 2024.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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TOM PLANT

Commissioners

