BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO
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IN THE MATTER OF THE APPLICATION OF	**)**	
PUBLIC SERVICE COMPANY OF COLORADO	**)**	
FOR APPROVAL OF ITS 2011 ELECTRIC	**)**	**DOCKET NO. 11A-869E**
RESOURCE PLAN	**)**	

SUPPLEMENTAL DIRECT TESTIMONY AND EXHIBITS OF GREGORY L. FORD

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

February 13, 2012

LIST OF EXHIBITS

Exhibit No. GLF-1	XES 2.400 Strategic Capital Investment Policy
Exhibit No. GLF-2	EEC 7.505 Competitive Bidding Requirements
Exhibit No. GLF-3	EEC 7.515 Procurement of Professional Services
Exhibit No. GLF-4	EEC 7.520 Procurement of Construction Services
Exhibit No. GLF-5	EEC 7.525 Procurement of Materials and Equipment
Exhibit No. GLF-6	Engineering and Construction Capital Project Experience – Gas Fueled Projects

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SUPPLEMENTAL DIRECT TESTIMONY AND EXHIBITS OF GREGORY L. FORD

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Gregory L. Ford. My business address is Xcel Energy, Inc., 414 Nicollet Mall, MP7, Minneapolis, Minnesota 55401.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Xcel Energy Services Inc., ("XES") a wholly-owned service Company subsidiary of Xcel Energy Inc., the parent Company of Public Service Company of Colorado ("Public Service" or "Company"). Xcel Energy, Inc. is a registered holding company and owns several electric and natural gas utility operating companies and a regulated gas pipeline company.[1] My job title is Director - Engineering, Design, and Document Services. I supervise the engineering and large project development technical activities for the fossil and renewable generating aspects of Xcel Energy's wholly owned utility operating companies, including Public Service.

[1] Xcel Energy is the parent company of the following four wholly owned utility operating companies: Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado, a Colorado corporation ("PSCo"); and SPS (collectively, "Operating Companies", or individually, "Operating Company").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

A. I am testifying on behalf of Public Service.

Q. DID YOU FILE DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support using the Company's cost estimates for its self-build proposals for evaluation of resources in Phase II.

Q. PLEASE SUMMARIZE YOUR RESPONSE TO THE ASSERTION BY THE JOINT RESPONDENTS THAT PUBLIC SERVICE HAS A LONG HISTORY OF UNDER-ESTIMATING PROJECTS?

A. I respond with respect to projects that have been completed in the eight years I have been with the Company in my role as the person responsible for the engineering and development activities for the fossil and renewable generation facilities of Xcel Energy's wholly owned utility operating companies, including Public Service. I feel that drawing a comparison between the gas-fired generation that is likely to be proposed within this planning period and the Comanche 3 project is not reasonable. Comanche 3 was a single large coal facility contracted and built over a five year period that experienced significant labor and materials escalation. Even with those issues the project was completed slightly over budget but well under the range allowed by the Commission before a prudency review would be required.

With regard to the CACJ projects, those projects are in early stages of implementation and have not progressed to a point where any comparison of proposed to actual costs can be determined.

The rest of my testimony will focus on the process the Company utilizes for estimating and implementing capital projects as well as the results for projects that are similar to those likely to be proposed for the planning period.

Q. WHY IS IT APPROPRIATE TO USE THE COMPANY'S SELF-BUILD COST ESTIMATES WHEN EVALUATING RESOURCE PROPOSALS IN PHASE 2?

A. Public Service employs a process for developing project cost estimates that consistently produces construction cost estimates that can be relied on for purposes of fair comparison to other resource proposals made in resource solicitations. The reason that these cost estimates can be relied on is because Public Service has a very successful track record of constructing gas fired generation, such as is likely to be proposed in Phase II of this docket, under budget and on-time.

Q. PLEASE DESCRIBE THE COMPANY'S COST ESTIMATION PROCESS.

A. The Company's construction cost development process has evolved and been vetted by the construction of multiple facilities over the last decade. For purposes of this discussion I will focus on brownfield site construction cost estimates as Public Service will likely make proposals for brownfield site expansion in Phase 2. To estimate the cost of a brownfield site construction project Public Service begins with an assessment of the site. This

assessment determines the suitability of the site for expansion, the specific facilities that the site can support, the emissions permitting requirements for the site, the water requirements and availability, the facilities that can be shared by multiple generating units, and the site preparation costs.

The next step is the selection of equipment for the facility. While Public Service has, and continues to, evaluate a range of combustion turbine sizes and configurations, the economic analyses have generally favored the use of “F” class combustion turbine technology. “F” class combustion turbines, and combined cycle plants designed around these turbines, have generally become the industry standard for peaking and intermediate generation service. These machines have developed into a very reliable and widely installed generation source since their introduction in the mid-1980’s. While larger and more efficient combustion turbines are now commercially available, their installed customer base is still small and the size makes it more difficult to fit the system needs of Public Service. In addition, smaller size machines tend to be more expensive to install on a $/kW basis and have not been shown to have equal or better economics in our evaluation process.

The brownfield construction cost estimate is supplemented by estimating operating and maintenance expenses, ongoing capital costs, fuel management costs (gas pipeline construction and gas demand charges), ancillary service costs such as water supply and cooling infrastructure, waste issue, switchyard costs, and interconnection costs. Finally, construction costs estimates are made specific to the particular construction approach selected,

i.e. Engineering, Procurement and Construction ("EPC") contract or Company bid and Company managed approach.

Q. DOES PUBLIC SERVICE HAVE SYSTEMS AND PROJECT PROCEDURES IN PLACE TO ALLOW IT TO MANAGE THE CONSTRUCTION RISK FACTORS FOR CONSTRUCTION PROJECTS?

A. Yes. Various contracting strategies can help hedge against much of the routine construction risks for construction projects. Some of these contracting strategies include: 1) entering into a full lump-sum "EPC" contract where the Company hires one firm or group to manage the entire project under a fixed price for a fixed scope and schedule; 2) hiring an engineering/design firm to work with the Company and divide the project up into various major equipment purchases and construction contracts; 3) utilizing the internal resources of Xcel Energy Inc. ("Xcel Energy") to manage the project by dividing the project into various engineering design, equipment purchase, and construction contracts; and/or 4) variations on the preceding approaches. Each of these approaches has its costs, risks, and benefits. The EPC approach helps reduce project cost risk to Public Service but it comes with an increased cost in that the contractor takes on the cost risk.

Public Service and Xcel Energy Services, Inc. ("XES") have a number of policies and procedures in place for capital projects with regard to requiring budget approvals and management, as well as competitive bidding for all projects having costs above a minimum threshold value. See Exhibit Nos.

GLF-1, GLF-2, GLF-3, GLF-4, and GLF-5 for the applicable policies and procedures regarding budget management and competitive bidding.

Q. HAS THE COMPANY'S COST ESTIMATION PROCESS PRODUCED COST ESTIMATES THAT CAN BE RELIED ON FOR PURPOSES OF RESOURCE EVALUATION AND SELECTION?

A. Yes. An appropriate criterion for whether the generation construction cost estimates are appropriate for comparison to power purchase agreement ("PPA") alternatives is whether the construction cost estimate is consistently either met or beaten by the construction cost. Public Service has performed well against this metric in the most recent brownfield gas-fired generation facility construction project, Fort Saint Vrain ("FSV") 5 and 6, and XES have performed well on this metric over every recent brownfield gas-fired generation facility construction project. Exhibit No. GLF-6, Capital Project Experience, Gas Fueled Projects, shows eight projects completed by Public Service or XES that met or beat cost estimates as well as industry values.

Q. WHAT CAN BE CONCLUDED FROM THE INFORMATION CONTAINED IN EXHIBIT NO. GLF-6?

A. As the following summary table illustrates, Public Service and XES have a consistent record of beating cost estimates. If a Public Service's proposal is selected in a resource solicitation, the Commission can be confident that the customer will benefit from the least cost resource after construction is complete. Specifically, the most recent Public Service construction project, FSV 5 & 6, was completed on schedule and under budget. The FSV 5 & 6

project was done under a compressed schedule after a counterparty to a negotiated PPA failed to perform.

Project	In-Service Year	Capacity (MW)	Unit Type	Estimated Cost ($ Million)	Actual Cost ($ Million)
Black Dog	2002	283	CC	156	122
Angus Anson 4	2005	158	CT	63	34
Blue Lake 7&8	2005	310	CT	90	63
High Bridge	2008	495	CC	395	334
Riverside	2009	484	CC	212	228
FSV 5 & 6	2009	289	CT	192	164
Jones 3	2011	168	CT	107	83

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

1.0 PURPOSE

This policy establishes requirements and processes for managing capital expenditures within Energy Supply (ES) and the development, review and approval of the Energy Supply Strategic Capital Investment Plan.

2.0 APPLICABILITY

This policy applies to all Energy Supply facilities and support organizations. All capital expenditures within Energy Supply are governed by this policy. The policy uses "Plant" terminology, however, the policy applies to both generating plant and non-generating facility capital expenditures and management structures within Energy Supply.

3.0 RESPONSIBILITIES

3.1 Plant Management

Actively supports and participates in the Strategic Capital Investment Plan processes including:

- Identifies and develops projects/equipment requiring capital investment
- Compiles and maintains a 10-year prioritized list of capital projects that considers: equipment condition assessments, market requirements, plant life-cycle elements, safety, environmental, operational, profitability and industry leadership concerns
- Contributes to feasibility studies, as required
- Prioritizes plant projects (see Appendix A)
- Supports project development & financial analysis, as required
- Ensures, as appropriate, Capital Asset Accounting (CAA) review and approval of proposed capital expenditure accounting
- Completes and submits Capital Project Summary Documents (or advances the request via PMP) to the Regional Planning Committee (RPC) for those projects that are requested to support plant-operating objectives
- Achieves capital project performance targets at their plants
- Supports RPC process
- Completes financial analysis for all projects over $100K and less than $1 million in the GAAR approved financial model (refer to section 4.3 for details and exceptions)
- Ensures, as appropriate, GAAR has reviewed and approved the proposed capital project assumptions and financial metric determination.
- Assists ES support organizations in the prioritization of projects.
- Fully documents project assumptions.

3.2 Support Organizations

Actively supports and participates in the Strategic Capital Investment Plan processes including:

- Identifies and develops a list of equipment needs or projects, under their respective area of control, that require capital investment
- Contributes to feasibility studies, as required
- Supports project development, assumption validation and financial analysis as required
- Works with RPC to prioritize projects (see Appendix A)
- Supports project development & financial analysis, as required
- Ensures, as appropriate, Capital Asset Accounting (CAA) review and approval of proposed capital expenditure accounting for projects that they develop
- Completes and submits Capital Project Summary Documents to the Regional Planning Committee (RPC) for those projects or equipment that are requested to support Energy Supply objectives
- Achieves capital project performance targets for their area of responsibility
- Provides technical support to capital project teams, as requested
- Supports RPC process

3.3 Regional Planning Committee (RPC)

- Completes peer review of proposed projects considering: technical feasibility, alternatives and reasonableness of project costs, scope, schedule, budget, and benefit assumptions
- Ensures that prioritization of each project is consistent with similar projects (see Appendix A) in their jurisdiction
- Facilitates fleet-wide uniform technology and equipment standards
- Facilitates long-range planning (10 years or >) and, to the extent possible, maintains a consistent level of capital expenditures from year to year
- Facilitates incorporation of improvements, best practices and lessons learned from previous projects
- Allocates and/or reallocates capital to meet financial and operational targets and stay within internally generated jurisdictional funding requirements
- Quantifies associated risks and proposes actions for mitigation
- Monitors actual versus budgeted expenditures, reviews any significant project scope changes, reviews emergent projects, and recommends actions to meet the jurisdictional capital target

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- Ensures jurisdictional capital targets are achieved

3.4 Capital Policy Team

- Provides direction to the plants on general capital budget issues and targets
- Reviews and approves the proposed integrated Energy Supply Capital Investment Plan and takes action to manage associated risks
- Forwards recommended plan to Energy Supply leadership with supporting project documentation
- Supports Xcel Energy capital objectives and ensures Energy Supply capital targets are achieved
- Ensures that the projects are financially prudent and make the best use of capital resources for Energy Supply and Xcel Energy

3.5 Engineering & Construction (E & C)

- Ensures projects are properly developed (scope, schedule, estimate, budget, etc.)
- Completes and submits Capital Project Summary Documents as directed by the Vice President Engineering & Construction for Engineering and Construction developed projects.
- Ensures financial analysis has been completed as required and, as appropriate has been reviewed and approved by GAAR
- Contributes to, or completes feasibility studies, as required/requested
- Sponsors review, prioritization and approval of jurisdictional investment plans within Energy Supply
- Combines jurisdictional investment plans into an integrated fleet-wide capital investment plan
- Sponsors review and approval of an integrated, fleet-wide, Energy Supply Capital Investment Plan by the Capital Policy and Energy Supply leadership teams and ensures documentation of final approval is maintained for Sarbanes-Oxley compliance
- Prepares documentation and presentation for Financial Council review and approval of capital budget projects > $5 million and ensures documentation of final approval is maintained for Sarbanes-Oxley compliance. Requests for authorization, prior to reallocation of funding greater than $3 million associated with an approved project that was cancelled or which had a significant under-run shall be submitted for approval
- Sponsors documentation for Xcel Board of Directors review and approval of projects greater than $10 million and ensures documentation of final approval is maintained for Sarbanes-Oxley compliance

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3.6 Generation Asset Analysis and Reporting (GAAR)

- Update, maintain and review plant valuation and tools utilized within GAAR to value capital projects
- Works with plant to ensure projects are modeled appropriately and project cost and benefit assumptions are reasonable
- Complete financial analysis for projects over $1 million
- Collaborates in the review of capital projects

4.0 REQUIREMENTS (Refer to flow charts in Appendices B and C)

4.1 Initiate & Develop Projects

4.1.1 A need or problem at a plant begins a process to identify a solution and a determination as to whether a capital project is feasible. The need to develop a project may come from inside or outside the plant and it can be driven by many factors including: safety, environmental, operational, profitability, and industry leadership or customer requirements.

4.1.2 If appropriate, an estimated cost for project development activities must be prepared and submitted for Plant Director, responsible General Manager and jurisdictional Director, Plant Projects approval. If a potential capital project is approved for development, there is a significant amount of complexity to the project and it is greater than $500,000, a project team (e.g. plant, ES support organizations, E & C, GAAR representative, etc.) and a Project Lead will be assigned to the project. Every project will have a plant contact (e.g. system engineer) and a Project Lead. The plant contact assists with plant interfaces, provides technical support and monitors the project development process to ensure plant needs are met in a cost effective manner.

4.1.3 The project feasibility and work scope needs to be developed as a solution begins to be identified. The work scope will define the boundaries of the project estimate. The work scope will include: the benefits to be achieved, a project work plan, milestone timetable/schedule, operational performance criteria, justification, viable options to consider and resources required to achieve the end result.

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4.1.4 The project estimate will be developed from the defined work scope by the assigned project team. The Project Lead and Plant Contact are responsible for reviewing the project cost estimate and being knowledgeable (and in agreement) with the project documentation and assumptions.

4.1.5 Energy Supply and Corporate support staffs will be used to identify and coordinate requirements for environmental issues (e.g. New Source Review), reliability or security (i.e. North American Electric Reliability Council (NERC) requirements for Critical Infrastructure Protection (CIP) and other city/county/state/federal interfaces. Legal counsel may also be needed to make sure the risks of project options are understood. The plant contact is responsible to make sure these types of issues are addressed early in the project development.

4.1.6 A project with an identified project scope and cost estimate is passed on to Capital Asset Accounting (CAA) by the plant contact to determine if the project expense is to be capitalized. The interface with CAA is the plant responsibility, but a Director, Plant Projects may be involved.

4.2 Plant Review and Approval of Project Development

4.2.1 When the initial development of the project is completed, it will be the responsibility of the project lead, engineer or manager to coordinate the internal review of the project at the plant.

4.2.2 The Project Originator (i.e. System Engineer or Engineering Manager) at the plant will coordinate site activities including:

- Project reviews in various budget planning and reviews
- Assemble the appropriate project documentation to support recommendations, alternative solutions and general technical information to support the project approach.
- Ensuring all capital projects have a project description, justification statement, alternatives and financial analysis

4.2.3 The review will consist of evaluating the proposed solution, the costs, outage or scheduling impacts and initial cost/benefit to the proposed project.

- The Project Originator will provide supplemental operating/maintenance information which supports the problem and quantifies the negative impact to plant operation

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- The project priorities will be included and be applied in accordance with the Energy Supply O&M and Capital Priorities identified in Appendix A
- Project submittals will be consistent with Energy Supply's strategic business objectives and support the business plan.

4.2.4 The specific technical characteristics of the project may warrant evaluation by various support groups to confirm assumptions regarding operational impact, technical feasibility and compatibility with existing processes.

- Department reviews will evaluate compliance with company operating and maintenance procedures
- Determine if the proposed solution will generate a negative impact on another plant process
- Assure that the proposed project will not adversely impact current environmental permits or operating commitments
- Assure that any NERC Critical and Critical Cyber Asset control requirements are met, if applicable to the project.
- Determine if the proposed project will trigger New Source Review, pollution prevention or emergency preparedness plans, or will require any other environmental permits or changes to existing permits (i.e. air quality, water quality, discharge, waste disposal, construction, etc.).
- Recommendations or concerns will be routed back to the Project Originator for consideration

4.2.5 The results of these reviews will support the recommendations or approach and assure optimization of the project results. Plant Management will be responsible for the final recommendations and submittal for approval.

4.3 Financial Model Analysis

4.3.1 Projects must include a basis for evaluation that is related to cost/benefit. Any project that equals or exceeds $100,000 requires financial analysis. Projects that are environmentally mandated (Business Plan Category 2A) or safety mandated (Business Plan Categories 1A through D) do not require a financial analysis. However, it is recommended that all projects be modeled through the GAAR financial modeling tool.

4.3.2 The project originator should complete the financial analysis or, if necessary because of the complexity of the project, contact GAAR

and request analysis of their project. All assumptions used in the ES financial modeling tool should be reasonable and documented.

4.3.3 The project originator should be prepared to provide project information, operational cost data and historical cost and operating information as necessary to support the evaluation

4.3.4 Projects that are less than $100,000 should include a minimum basic analysis that defines the costs that will be offset if the project is implemented

4.3.5 Details, alternatives, and assumptions are documented in a table prepared by the financial modeling tool and shall be included in the capital project files and be included in the Capital Project approval process. Financial evaluation and a summary of alternatives reviewed in other models require supporting documentation as well.

4.3.6 Financial evaluations will include both a "do" and "don't do" scenario. Projects that are environmentally or safety driven may be exceptions.

4.4 Final Plant Approval & Submission of Capital Requests

4.4.1 Plant management will evaluate the project description, support services recommendations or comments related to the implementation of the project and associated project cost. The approval process will incorporate the following items:

- The proposed project meets the identified need
- The project is the best alternative supporting the plant and business unit business objectives
- The project has the correct scope and can be completed in the time frame scheduled
- The approach is technically feasible and/or has been proven effective
- The project importance fits within the plant cost constraints
- The financial analysis supports the project as the best overall value
- The project can be completed within the proposed budget and schedule and in accordance with the forecasted cash flow
- The project does not trigger New Source Review

4.4.2 After Plant Director approval, plant management submits Capital Project Summary Document forms (or advances the request via

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PMP) to the appropriate Director, Plant Projects and Regional Planning Committee (RPC).

4.5 Regional Planning Committee (RPC) Project Review & Prioritization (Sarbanes-Oxley Key Control 1 related)

4.5.1 The RPC will meet periodically to assess the status of the budget process; review/evaluate proposed projects and monitor the capital project process.

- Each project will be screened to validate the capital priority and ranking
- Confirm that the project has been reviewed and approved by plant management, Capital Asset Accounting, Environmental and a GAAR representative, where applicable
- Approved projects will be included in the jurisdictional capital projects list
- Projects that do not have the appropriate project supporting documentation, approvals, lack basic priority and ranking, do not appear to be economically or technically sound, or have not been pre-screened by Capital Asset Accounting will be returned to the originator for modification

4.6 Review & Approval of Jurisdiction Capital Investment Plans (Sarbanes-Oxley Key Control 1 related)

4.6.1 Each General Manager (GM) may choose to set a dollar limit or quantity of projects they want to review based upon internally generated funds or targets for that jurisdiction. Generally, the total amount of the projects reviewed and forwarded by the RPCs should approximate these limited amounts.

4.6.2 The list of projects will be reviewed by the applicable GMs and, as appropriate, questions or requests for further information will be addressed by the Plant, RPC, or Director, Plant Projects.

4.6.3 Applicable General Managers and Directors, Plant Projects, and GAAR representative will complete final review and approval of the jurisdictional capital investment plans.

4.6.4 The final list of projects is sent on to the Vice President Engineering & Construction and the Vice President of Operations for their review.

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4.6.5 If requested, a meeting should be held between the applicable General Managers, Directors, Plant Projects, GAAR representative, and the Vice Presidents of Operations and Engineering & Construction to review the list of projects submitted. Questions, comments, etc. will be re-routed to appropriate people and answers to any questions will be addressed by the applicable Director, Plant Projects or applicable General Manager.

4.7 Review & Approval of Energy Supply Capital Investment Plan (Sarbanes-Oxley Key Control 1 related)

4.7.1 The three jurisdictional Directors, Plant Projects will review jurisdictional capital investment plans and develop an integrated Capital Investment Plan for Energy Supply overall.

4.7.2 The first meeting addressing the integrated capital budget should be completed according to the approved milestone schedule for the budget cycle. Presentation materials should include a breakdown of: projects by priority, category, and risk; cash flows; total expenditures requested relative to authorized targets; project ranking; individual project documentation, etc.

4.7.3 The Capital Policy team reviews the integrated capital investment plan and forwards a recommended plan for the Energy Supply leadership team's review and approval.

4.7.4 The integrated Energy Supply Capital Investment Plan will then be presented to the President of Energy Supply and the leadership team. Any questions, comments, and/or direction are resolved by the Capital Policy Team prior to finalizing budget targets and project approvals.

4.7.5 ES Asset Management department verifies that final version is correctly loaded into the CBS and J D Edwards systems. All three regional Directors, Plant Projects, verify the final version of projects and the final budget is presented to the President of Energy Supply.

4.7.6 The overall Energy Supply Capital Investment Plan and additional project documentation for projects greater than $5 million are submitted to the Financial Council for review and approval.

- Projects that meet corporate guidelines for Financial Council (FC) approval must be identified and the CFO organization should be notified of which projects will require review.

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- A Capital Project Summary Document, with supporting analysis, of each project should be developed for the President, Energy Supply to use when discussing budgets with corporate management.
- If presentations (e.g. FC, CEO/CFO, etc.) are requested for specific projects, the applicable Director, Plant Projects will develop the presentation and provide the necessary supporting documentation and data. The Director, Plant Projects and the GAAR representative will also review the output of various models and the assumptions that were used during modeling.

4.7.7 Projects greater than $10 million are submitted to the Financial Council and the Xcel Board of Directors for review and approval.

- If presentations are requested for specific projects, the applicable Director, Plant Projects will develop the presentation and provide the necessary supporting documentation and data. They will also review the output of various models and the assumptions that were used during modeling.

4.7.8 If necessary, the President of Energy Supply can authorize expenditures for projects that might need "pre-approval" to meet outage schedules for long lead-time items. Although the commitment is pre-authorized, limited approval for actual cash expenditures will be granted and the cash flow must subsequently fall within the proposed scope and schedule of the project that is pending final budget approval. All such requests shall be processed by the applicable Director, Plant Projects for the respective jurisdiction. If the project is subsequently cancelled, the resulting O&M expenses will be the responsibility of the applicable plant.

4.7.9 The Corporate Finance Organization will publish the final corporate board approved budgets providing jurisdictional and Energy Supply totals and approved projects and cash flow by plant. This format will be used in future reviews (by jurisdiction, plant, project, and monthly cash flow) by business analysts, Plant Management, the Directors Plant Projects, the RPC, and Energy Supply Leadership for variance reporting, cash flow forecasting and performance measurement.

4.8 Capital Reallocation & Financial Reforecast (Refer to flow chart in Appendix C)

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Periodically, it may be necessary to reallocate and reforecast capital expenditures. Initiating causes that may require reallocation and reforecast are

- Emergent
- Cancelled
- Variance
- Early Approval
- Budget year XFMR

4.8.1 The capital reallocation process can begin at either the plant or Regional Planning Committee level. If the initiating cause is at the plant, the capital reallocation process will begin there. If the initiating cause is from the corporate or Energy Supply level the capital reallocation process will begin with the Regional Planning Committees.

4.8.2 If necessary, the process will continue until capital targets are achieved.

4.9 Management of Undesignated Capital Fund

4.9.1 Undesignated capital or capital returned due to project under-run, cancellation, or other reasons will be managed in accordance with Appendix D Undesignated Capital Fund.

4.9.2 The Engineering & Construction organization (Directors, Plant Projects) will be responsible for managing this fund.

4.10 Approval of Emergent Projects, Early Approval, and Capital Reallocation

4.10.1 Periodically, changes to the Energy Supply Capital spending plan are made to reflect funding needed for i) emergent work, ii) early approval of projects to support engineering and procurement of long-lead time materials and equipment, and iii) for reallocation of funds greater than $100,000 between approved projects.

4.10.2 An example of the format for documenting these changes and for obtaining necessary approvals is included in Appendix E - Energy Supply Capital Budget Approval of Emergent Projects Capital Reallocation.

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4.10.3 The Engineering & Construction organization (Directors, Plant Projects) is responsible for coordinating this reallocation, documentation, and approval.

4.10.4 Variances associated with approved projects that require reallocation of funds less than $100,000 are reconciled within the monthly budget review and forecast process.

4.10.5 Prior to reallocation of a variance greater than $3 million, associated with an approved project that was cancelled or which had a significant under-run, a request for authorization must be submitted to the Financial Council for approval

5.0 REQUIRED RECORDS

Project documentation and required records shall be maintained in accordance with the Xcel Corporate Records Retention Policy as well as Energy Supply Records Management policy XES 1.300.

6.0 REFERENCES & DEFINITIONS

6.1 Energy Supply Capital Investment Plan

The Energy Supply Capital Investment Plan is a plan that outlines plant and ES support organization capital investment over a ten (10) year period. The objectives of this plan include: 1) extended (5–year and 10–year) forecasts of plant investment opportunities and priorities; 2) near-term (annual/biennial budget) view of required plant capital investment; and 3) Financial Council review and approval of Energy Supply financial planning and capital investment strategy that provides certainty of implementation, but flexibility in execution.

6.2 Regional Planning Committee (RPC)

The Regional Planning Committee (RPC) in each jurisdiction consists of the Plant Directors or Engineering Managers (or designees) from each plant, representatives from Environmental Services, Generation Asset Analysis and Reporting (GAAR), Capital Asset Accounting, Production Resources, and the Capital Financial Analyst. The committee is chaired by the Director, Plant Projects in each jurisdiction (PSCo, NSP MN, NSP WI, SPS). The role of RPC is to review, evaluate, and prioritize projects in their respective jurisdictions and ensure that expenditures remain within the approved financial targets of each jurisdiction.

6.3 Capital Policy Team

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The Capital Policy Team consists of the General Managers from each operating group, the Director Project Services, the three Directors, Plant Projects, the Vice President of Operations, and the Director of Asset Management. The team is chaired by the Vice President Engineering & Construction. The Capital Policy team reviews and recommends a jurisdictional budget and an integrated fleet-wide capital investment plan for Energy Supply Leadership Team review and approval, ensures that Energy Supply capital performance targets are achieved and provides guidance and feedback for process improvements relative to capital project review and approval.

6.4 Project Originator

The term used to describe an individual person who has identified the need for a project at a plant and performs several tasks to identify and initiate a project and tasks to support project approval. This person is often the System Engineer or Engineering Manager at the plant, however, projects can be originated from other areas also.

6.5 Plant Contact

The term used to describe the plant person that assists with plant interfaces, provides technical support, and monitors the project development process to ensure plant needs are met in a cost effective manner. The Plant Contact is often the System Engineer or Engineering Manager at the plant.

6.6 Project Lead

The term used to describe an individual person responsible for the day-to-day leadership of a project. Job titles may vary but are independent of the functional project lead role.

6.7 Incremental Financial Metric

The incremental financial metric is the difference between the "do" case less the "don't do" case. This has been established by GAAR as a means of reviewing both the benefits of doing the project and the detriment to the plant if the project is not completed.

7.0 REVISION HISTORY

Date	Revision Number	Change
9/27/06	1.0	Revision of Energy Supply Policy ES 2.1 Rev. 0 Changes include: individual title changes, department name changes, addition of Undesignated Capital Fund description,

		addition of Capital Project Approval for Emergent, Early Approval and Reallocation, GAAR responsibilities, reference to PMP, and other minor changes.
12-31-06	2.0	Updated project priorities, Sarbanes-Oxley references, definitions
4-9-09	2.1	NERC updates added to Sections 4.1.5 and 4.2.4, added XES 1.300 reference to Section 5.0, removed references to NPV model and broadened to a financial metric tool.
9-18-09	2.2	Additions regarding reallocation and variances in section 3.5, 4.8, 4.10 and replacement of Appendix E

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APPENDIX A

Energy Supply Capital Priorities

PRIORITY

1. Urgent – Extreme Risk or Immediate Benefit

   O&M: Immediate for current budget cycle – those activities which are **urgent** with **short term implications** or limited options which:
   - **Threaten** the health and safety of the public or plant personnel.
   - Present a significant risk to **violate** a regulatory initiated requirement or contractual commitment
   - Results in a significant **reduction in capacity,** inability to operate or results in service interruption
   - **Delays** start-up or return to service

   Capital: Regulatory driven.
   - This includes projects with State and Federal mandatory deadlines to satisfy **environmental** or **safety** issues.
   - **Failure** to comply may result in **fines** or **penalties.**

2. Very Important – High Risk or High Benefit

   O&M: Immediate for current budget cycle – those activities which are **very important** with limited options which:
   - Improve health and safety of the public or plant personnel.
   - Adversely impact a regulatory initiated activity or commitment
   - Improve operability or return to service of unit or department

   Capital: These projects will:
   - Improve UOR
   - Will reduce unit startup times
   - Will reduce the length of scheduled overhauls
   - Provide additional generating capacity
   - Improve public and employee safety and are econornically justified
   -

3. Important (Capital) – Medium Risk or Medium Benefit (O&M)

   O&M: Future – next budget cycle and beyond – those activities which are important to **"prevent, improve, maintain or reduce"** in order to favorably affect the operation and which are not urgent to resolve (asset preservation).

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Capital: These projects will:

- Promote operational excellence
- Improve public and employee safety
- Include heat rate and CO2 reduction initiatives
- Needed to maintain plant and equipment
- Include Tool Blankets
- Prevent potential loss in generating capacity

4. Desirable: (capital only) – Low Risk or Low Benefit

- Projects with a borderline economic justification
- There is a need but project can be deferred

Energy Supply Business Plan Category

SUB-CATEGORY Values

1. **Safety – Personnel and Environment**
   A. Reduce Occurrence of Industrial Safety Accident
   B. Reduce Hazardous Exposure (asbestos, etc)
   C. OSHA Requirements:Safety and Health Regulators
   D. OSHA Requirements: Mandated by Regulatory Agency
   E. Personnel Issue Requiring Proactive Approach
   F. Improved Equipment Protection

2. **Environmental Excellence**
   A. Mandated by a Regulatory Agency
   B. Commitment to a regulatory agency
   C. Reduce Potential for Environmental Incidents
   D. Reduced Volume of Hazardous Waste

3. **Operational Excellence**
   A. Required to Run or Operate
   B. Reduce Planned, Unplanned or Forced Outages
   C. Reduced Outage Length
   D. Reliability Centered Maintenance Initiative
   E. Improved Thermal Performance
   F. Increase Plant Capacity
   G. Preservation of Infrastructure

4. **Profitable Operations**

A. Support Core Operations
B. Reduces Operating Cost
C. Reduces Maintenance Costs
D. Reduce Outage Costs
E. Increase Interval between Scheduled Overhauls
F. Gap Closure

5. Industry Leadership

A. Top Quartile Performance
B. Improved Personnel Productivity & Development
C. Community Enhancement
D. Supports Energy Supply Strategic Objectives
E. Development and Application of Technology
F. Management Discretion

RISK

1. Safety

A. May cause a significant incident or is a high potential for causing a serious injury
B. Loss of operability of safety related equipment
C. Risk to personnel
D. Moderate risk to equipment

2. Environmental

A. Fails to correct an event or condition, which increases the likelihood of occurrence of hazard or incident (proactive).
B. Fails to correct a deficiency that would affect the ability to respond to an accident or incident or change in the operational mode of the unit (reactive).
C. Increased likelihood of regulatory penalty.

3. Operational Excellence

A. Increases the likelihood of a unit shutdown or significant reduction in capacity
B. Decreasing performance or reliability of equipment
C. Increases the likelihood of delaying startup or return to service

4. Profitable Operations

A. Increases O & M Costs
B. Increases Outage/Overhaul Costs
C. Increases Capital Costs
D. Increases recurring operating costs for contractors, material, or supplies
E. Increases the likelihood of incurring unusual equipment repair or replacement cost
F. Expenditure may still be necessary in current year

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G. Activity unlikely to have a favorable cost payback or realize a gain in efficiency

5. **Industry Leadership** (adverse impact on site business plans by **NOT**...)
   A. Correcting or preventing an injury or environmental incident.
   B. Enhancing compliance with existing regulatory requirements with a resulting decrease in frequency of noncompliance
   C. Increasing the chances of achieving top-quartile performance in current budget cycle in safety, reliability and cost
   D. Increasing development of employees
   E. Addressing Community Concerns
   F. Supporting Strategic Objectives
   G. Supporting Development and Application of Technology

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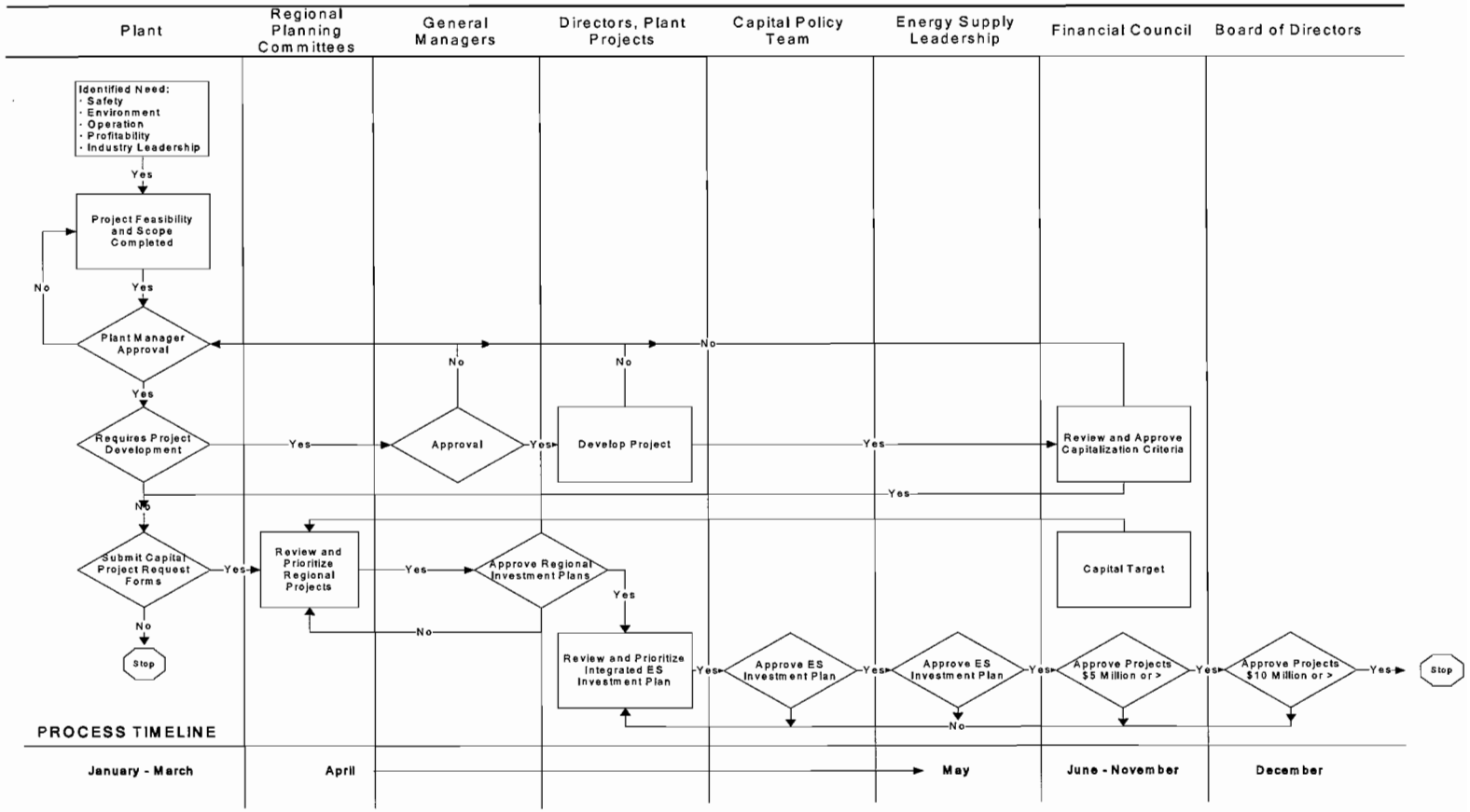
APPENDIX B

Xcel Energy

Review and Approval Process - Strategic Capital Investment Plan - Energy Supply



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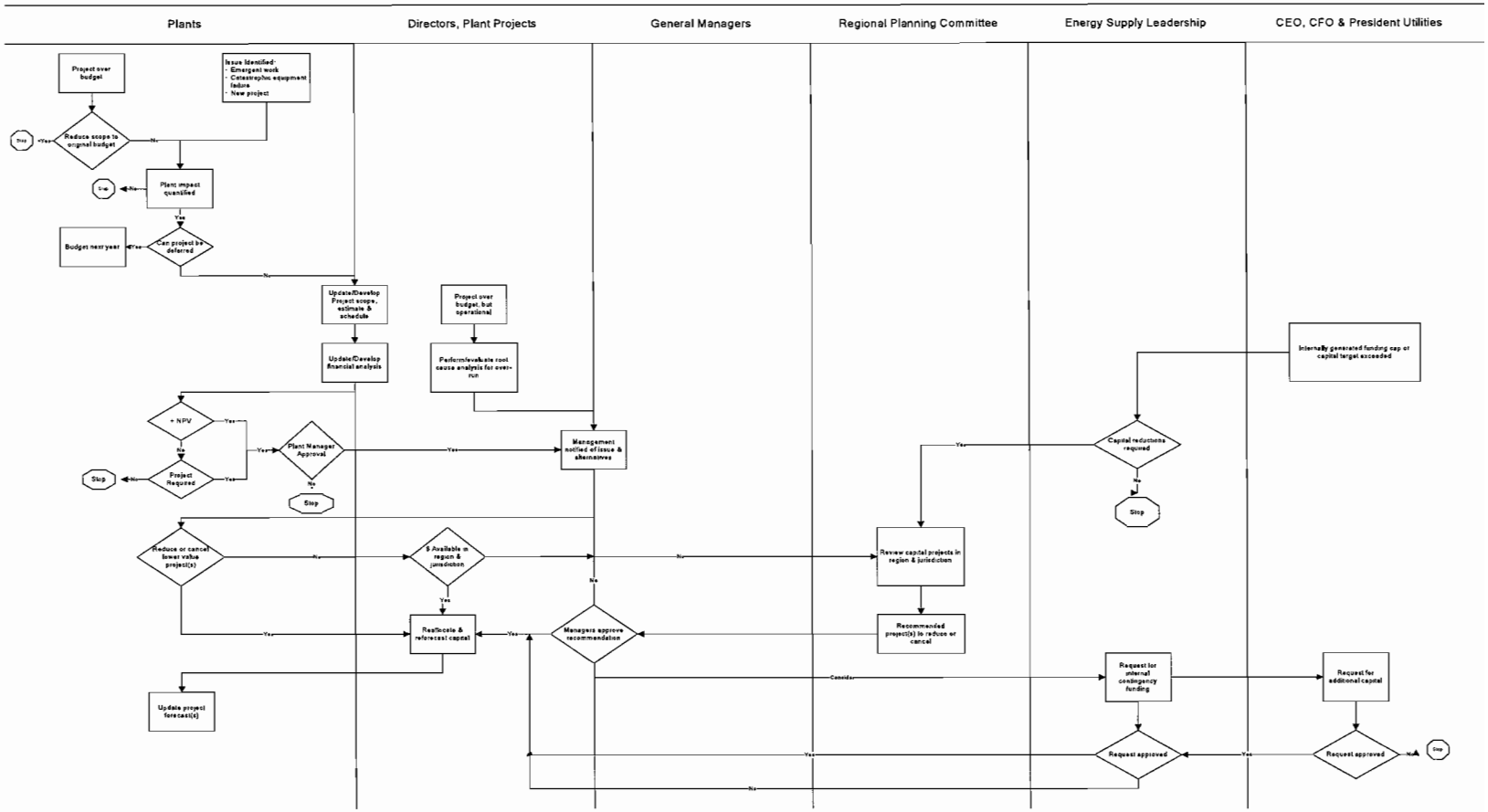
APPENDIX C

Review and Approval Process - Capital Reallocation & Financial Reforecast - Energy Supply



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APPENDIX D

UNDESIGNATED CAPITAL FUND

The undesignated capital fund contains a small reserve amount of money that has been budgeted and set aside for unanticipated capital projects (catastrophic equipment failures, emergent work, unexpected regulatory action, etc.). This money is a placeholder in the budget system, and a sub-ledger number is never actually charged against it. The fund is maintained at the regional level in CBS. If a project fits the criteria and is approved, the money is actually moved to that specific plant or support unit account and deducted from the un-designated fund during updates to the financial systems as needed. The same can be true in reverse. If a project is cancelled for some reason (not needed, over budgeted, out of time, outage cancelled, etc.) then the money that was budgeted is reduced from the specific plant or support unit and added back to the un-designated fund.

Questions to ask before requesting un-designated funds:

1. Is this request for a project or item that could not have been anticipated in the prior years budgeting process?
2. Is this request for a project or item that is damaged or non-functional?
3. Does the project need to be done this fiscal year?
4. Are there other capital projects that can be delayed or cancelled to fund this new one?

If the answers to the above questions are yes, then the project needs to be submitted as a non-budget capital request. The Director Plant Projects has options on how to proceed with these projects depending on the timing needs of the project. Examples are:

1. The applicable regional Director, Plant Projects should verify there are funds available in the un-designated fund and how to balance or offset costs if needed.
2. If time permits, the project needs to be documented and follow the normal capital investment process.
3. If the item is damaged beyond economical repair and the plant needs this project or equipment immediately, then the Director, Plant Projects takes request documentation directly to the appropriate regional General Manager and the Vice President Engineering & Construction to obtain approval and send to accounting for processing.

To manage the undesignated capital fund, it will be necessary to maintain a running ledger of project expenses as they are being incurred. The following steps outline the process for an emergent project.

1. Once a plant has made a request for an emergent project, the Director, Plant Projects verifies/concurs that the project is needed. This verification can be accomplished by reviewing and discussing project documentation/justification with the plant, RPC,

applicable General Manager, and appropriate levels of business unit and executive level officers.

2. The Director, Plant Projects should verify and concur that there are no other capital funds available to pay for the new project.
3. The Director, Plant Projects would then verify that there is money in the un-designated fund to pay for the new project.
4. If there is not enough money in the fund, then the applicable Director, Plant Projects contacts their counterparts to determine if funding from other regions are available.
5. If money is available, the Director, Plant Projects proceeds through the normal budgeting process and Capital Asset Accounting to fund the project. The project is listed on the Energy Supply Capital Project Approval of Emergent Projects, Early Approval, and Capital Reallocation Spreadsheet (see Appendix E for sample).
6. The Capital Financial Analyst will send out updates, as requested by the Directors, Plant Projects, verifying how much money should be added to the specific regions budget and what is left in the account.
7. If a region has cancelled projects or it is determined these projects will be over funded at year-end, then the excess capital will be moved to the undesignated account. It will be up to the Vice President of Engineering and Construction to determine at what level and time these funds should be returned to the corporation. It will be up to the account managers to update the business unit management on a timely basis if there are significant changes in the account balance or at the discretion of the Director, Plant Projects.

APPENDIX E

Xcel Energy

ENERGY SUPPLY CAPITAL BUDGET
APPROVAL OF 2009 EMERGENT PROJECTS & CAPITAL REALLOCATION

June 30, 2009

Attached for your concurrence are documented changes to the Energy Supply Capital spending plan. Concurrence is essential for the purpose of documenting Sarbanes-Oxley compliance.

Changes to the 2009 capital budget reflect funding for: 1) reallocation of funds > $100,000 between approved projects, 2) emergent work and 3) early approval of funding for 2010 projects.

Miscellaneous approval and adjustments are performed by the regional Director Plant Projects in accordance with the Energy Supply Strategic Capital Investment Policy. Variances associated with approved projects that require reallocation of funds < $100,000 are reconciled within the monthly budget review and forecast process.

If current under-runs are reallocated within Energy Supply, no additional capital funding will be necessary.

	Concur	Date
President, Energy Supply - D. Wilks		
Vice President, Engineering & Construction - G. Hudson		
Vice President, Operations & Safety - L. Matis		
Director, Budgeting & Accounting - J. Phibbs		

Energy Supply - 2009 Emergent Projects and Capital Reallocation

Jursdiction	Emergent	Cancelled	Variance	Early Approval	Budget Year XFR	Regional Totals
NSP - MN						$ -
NSP - WI						$ -
PSCo						$ -
SPS						$ -
ES Grand Total	$ -	$ -	$ -	$ -	$ -	$ -

Reasons/Definitions:

Emergent	Work caused by the need to repair broken equipment and/or discovery work.
Cancelled	Project will not be done in current year due to change in priority.
Variance	Project is showing a variance due to budget vs. actual cost (incorrect estimate or scope change), a change in the overhaul schedule or a delay due to a change in Plant priorities.
Early approval	A project in next years budget that needs early approval to order parts with long lead times or for overhauls that will occur early in the year.
Budget Year XFR	Project moved due to budget reductions or moved up from next year Capital budget to fill an unexpected gap in current year.

Notes:
Dollar threshold which required IRC/Financial Council review of a new project is $5M or >.
Dollar threshold which required Board approval of a new project is $10M.
Dollar threshold which requires Financial Council authorization prior to our reallocation of funding associated with an approved project that was cancelled or an underrun of > $3M.

Reason code legend for attached detailed spreadsheets	
E	Emergent
C	Cancelled
V	Variance
A	Early approval
X	Budget Year XFR

Energy Supply - 2009 Emergent Projects and Capital Reallocation: MN/WI Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
Minnesota								
Angus Anson	Unit 3 Vanes and Blades Replacement			03/01/09	Yes		V	Overhaul was moved from 2008 to 2009.
Black Dog	43 PA Fan Blade Replacement			01/09/09	No		E	High fan vibrations. The O&M repair is almost as much cost.
	41 Cooling Water Pump Replacement			01/02/09	No		E	Repair costs were $70,000 in 2008.
	42 Cooling Water Pump Replacement			01/02/09	No		E	Repair costs were $70,000 in 2008.
	Unit 5/2 OCS Replacement			09/25/10	Yes		E	Unit 5/2 overhaul moved to 2010.
	Railroad Crossing Security			03/01/09	No		E	City of Burnsville requires a new RR crossing.
	U4 ID Fan Rotor Replacement			02/01/09	No		E	Fan rotor was cleaned 19 times in 2009 and has developed fatigue cracking particularly on the 42 ID fan.
	Low Voltage Breakers Replacement			NA	Yes		V	Unit 5/2 overhaul moved to 2010.
	EPA 316b Improvements			NA	No		V	Costs deferred to later in project.
	Global Historian Replacement			07/01/09	No		E	This is used to store data for environmental permits and is obsolete.
	Unit 3 Condenser CW Pump Disch Valves			09/06/09	Yes		A	Early approval for ordering valves. They have 6 month leadtime
King	Reclamation Site			NA	No	4/14/2009	V	The purchase of the new landfill is deferred 2 yrs per State of MN.
	Crusher Replacement			NA	Yes		V	Overrun due to higher Penn Crusher costs.
	Ammonia Automation			04/01/09	No		E	Automate the operation of 26 valves.
	Lime Slurry Dewatering Bldg			03/01/09	No		E	Required by MPCA for solid waste storage.
	Lime Slaker Ball Mill Heating			04/01/09	No		E	Reduces O&M costs by $380,000/yr.
	Aux Boiler Mud Drum Heating Coil			04/01/09	No		E	Prevents winter freeze-up.
	Moelter Pit9 Cell 4 Closure			NA	No		V	Cell cannot be closed without a new landfill.
	Stack Elevator			04/01/09	No		E	Used daily. Doors no longer operate properly. 28 years old.
	Aux Boiler BFP Replacement			02/01/09	No		E	Existing BFP damaged beyond repair.
High Bridge	Unit 7 Hot Gas Path			05/01/09	Yes	7/21/2009	X	Moved up U7 HGP overhaul from 2011. Inspection shows need and this will stagger years for U7 and U8 overhauls.
	Unit 8 Hot Gas Path			NA	Yes		V	Delayed U8 Hot Gas Path.
	Unit 7 Hot Gas Path CES			NA	Yes		C	Cancelled purchase of U7 capital emergency spares.
Hennepin Island	Deicing System			05/04/09	No		E	The last 2 years the 300 ft intake channel has frozen over due to reduced river heating from Riverside.
	Unit 2 Runners Replace			NA	Yes		V	Costs delayed 6 months. Installation moved from Spring to Fall..
Inver Hills	Unit 2 Turbine Rotor Disc Replacement			NA	Yes		V	Overhaul delayed..
Riverside	Clarke Station Closure			04/01/09	No		X	No. 8 unit has been retired in 2009 and the Clarke station must be closed.
	Storm Water Pond			04/01/09	No		X	Required by MPCA and will reduce fees paid to City of Minneapolis.
	Marshall Street Wall Replace			07/01/09	No		X	Required by City of Minneapolis as part of the Land Use Permit.
	New Overhead Crane Controls			04/01/09	No		E	Controls are too old to repair and the hook slipped twice in 2008.
Red Wing	C-9 Platform Replacement			02/16/09	Yes		E	The structure is severely corroded. Supports have broken.
	Dust Master Platform Replacement			03/16/09	Yes		E	The structure is severely corroded. Supports have broken
	Old Dust Collector Removal			04/01/09	No		E	No longer used and in the way of the roof replacement.
	Unit 1 Bin Replacement			NA	yes		V	Materials delivered in 2008.
	Turbine Roof Replacement			NA	No		V	Materials delivered in 2008.
	CEMs Data Acquisition Logger			NA	No		V	Project delayed from 2009 until software questions resolved.
	EPA 316b Pump Impeller			04/01/09	No		V	Project has been delayed for 2 years. Installed a reduced flow CW pump impeller
	Unit 2 superheater Replacement			05/22/09	Yes		A	Early approval to order superheater tubes for Feb 2010 overhaul.
Sherco	Unit 2 Scrubber Module 205 Reheater			02/23/09	No		E	The reheater is out of service and will result in higher corrosion rates.

Energy Supply - 2009 Emergent Projects and Capital Reallocation: MN/WI Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
	16 Coal Mill Major Overhaul			02/23/09	No		E	Gear box is 23 years old and needed replacement.
	Unit 2 Boiler Arch Replacement			NA	Yes		V	Some costs delayed 2-3 months.
	Unit 3 DCS/DAI Controls Replacement			NA	Yes		V	Final contract payments still under negotiations.
	Stacker Major Components			NA	No		V	Project delayed.
	Unit 3 Mercury Control			NA	No		V	Costs delayed 3-4 months.
	Unit 3 Landfill Cell 3			NA	No		V	Some costs delayed to 2011.
	Unit 3 Cooling Tower 31-13 Replace Louvers			03/09/09	No		E	Severe ice damage required replacement.
	Unit 3 Cooling Tower Replace Louvers Remaining Cells			04/01/09	No		E	Severe ice damage required replacement.
West Fairbault	Plant Retirement			NA	No		V	Costs delayed 3 months. Site cleanup takes longer than expected.
Wilmarth	I&C Trailer Lease Payoff			01/21/09	No		E	Lease was terminated and the remaining cost is $25,000.
	MN Total Emergent/CA Reallocation	$0						
Wisconsin								
Bayfront	EPA316b			NA	Yes		V	Costs delayed due to uncertainty of regulation.
	Boiler No.2 Camera			NA	Yes		C	Project was moved to 2008.
	Wood System Camera			09/01/09	No		E	Provide cameras to monitor wood system.
Big Falls	Unit 2 Generator Rewind			01/02/09	Yes		V	Project delayed.
	New Tainter Gate Hoists			01/02/09	No		V	Project underrun. Due to lower costs in 2009.
Dells	Dells Repowering			NA	Yes		V	Delay in expenses due to U4 Distributor repairs.
Jim Falls	Replace Station Aux Transformer			04/13/09	No		E	Transformer failed in Nov 2008 and repair is not possible.
Ladysmith	New Plant Controls			01/26/09	Yes		E	Controls are 19 yrs old. Parts are obsolete and must comply with NERC.
Menomonie	Storm Sewer Replace			07/26/09	No		E	Storm sewer collapsed and needed to be relaced.
Wheaton	Unit 1 Turbine Rotor Disc Replace			NA	Yes		V	Unit 1 overhaul delayed.
Wissota	Replace Boat Restraining Barrier			05/01/09	No		E	Mandated by FERC. The old buoys were 15 yrs old.
	WI Total Emergent/CA Reallocation	$0						
	Total MN/WI Region-2009 Emergent/CA Reallocation	$0	$0					

Energy Supply - 2009 Emergent Projects and Capital Reallocation: PSCo Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
Arapahoe	Unit 4 Turbine Nozzle Block			3/5/09	N/A		C	Outage cancelled.
	Unit 4 Ammonia Feed System			3/10/09	N/A		V	Installation of equipment purchased as a 2008 emergent project.
	Unit 3 Ammonia Feed System			3/10/09	N/A		V	Installation of equipment purchased as a 2008 emergent project.
	Discharge Pond Liner			4/3/09	N/A		E	Dredge and reline discharge pond due to contamination.
	Unit 4 Cooling Tower Switchgear Replacement			4/7/09	2009		V	Equipment purchased early and booked in 2008.
Cameo	Unit 2 Air Heater Basket Replacement			3/23/09	N/A		C	Project cancelled due to planned retirement of unit.
Cherokee	Administration Building			1/20/09	N/A		V	Funds required to finish construction due to schedule delays in 2008.
	Unit 1 FFDC Bag Replacement			1/20/09	N/A		V	Material paid for in 2008 to fund 2009 administration building costs.
	Unit 2 Coal Mill Overhaul			1/20/09	N/A		V	Material paid for in 2008 to fund 2009 administration building costs.
	New South Platte Diversion			1/20/09	N/A		V	Material paid for in 2008 to fund 2009 administration building costs.
	Unit 3 Hydrogen Purity Meter			3/24/09	2009		V	Installation of equipment purchased as a 2008 emergent project.
	Baghouse Controls			4/21/09	2009		V	Material costs lower than estimated.
	Transformer Row Wind Mitigation			4/21/09	N/A		V	Installation of materials ordered in 2008.
	Unit 1 FFDC Bag Replacement			5/19/09	N/A		V	Project costs lower than estimated.
	Administration Building			5/19/09	N/A		V	Scope change to include IT costs.
	Unit 4 Acid Feed System			5/19/09	N/A		V	Re-do protective coating.
	Sootblower Air Compressor			5/19/09	N/A		V	Higher Mechanical and Electrical construction costs.
	Rewind #10 - 2500hp Compressor Motor			5/25/09	N/A		V	Rewind failed motor.
	United Ditch Shares			6/23/09	N/A		E	Purchase additional ditch shares.
Comanche	Unit 1 FFDC Cladding			1/21/09	N/A		V	Carryover of 2008 project.
	Unit 1 ID Fan VSD Controls			1/21/09	N/A		V	Extra funding needed to pay off final invoices.
	Spare Scrubber Atomizer			1/21/09	N/A		V	Only one spare atomizer was approved, budget was based on two spares.
	Chemical Facility Anti-Terrorism Regulation			1/28/09	N/A		C	Project not required.
	Unit 1 Water Wall Replacement			1/28/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 1 4160 Volt Breaker Replacement			1/28/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Replace 2-7 Feedwater Heater Replacement			1/28/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 1 Replace Pulverizer Fan & Housing Liners			1/28/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 3 Maintenance Building			1/28/09	N/A		V	Start of construction has been delayed to pay for FFDC cladding project.
	Unit 2 Turbine Fire Protection System			2/19/09	N/A		V	Most of this project was completed in 2008.
	Atomizer Transport Vehicle			3/10/09	N/A		E	Transport vehicle purchased to move atomizers to shop for maintenance.
	Unit 1 CEM Replacement			3/10/09	N/A		E	CEM availability has been decreasing due to equipment failures.
	Unit 2 CEM Replacement			3/10/09	N/A		E	CEM availability has been decreasing due to equipment failures.
	Unit 3 Startup BFP Spare Motor			3/19/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 3 Spare Startup BFP			3/19/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 3 Spare Startup Boiler Circ Pump			3/19/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 1 Condenser Retube			3/19/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Unit 3 BFP Spare Impeller			3/19/09	N/A		V	Project deferred to fund Unit 1 FFDC cladding project.
	Coal Belt Fire Protection			3/24/09	N/A		E	Parts are obsolete and replacement is required to maintain safe operation.
	Treated Water Line Replace			3/24/09	N/A		E	Existing line cannot be repaired, required for continued operation.
	Unit 1 LP L-1 Blade Replacement			4/15/09	2008		V	Accrual of 2008 costs not properly booked last year.
	Unit 1 Cladding Project			4/15/09	N/A		V	Higher installation costs.
Ft. StVrain	Unit 3 Mark V Control System Replacement			3/10/09	2010		X	This project replaced the Unit 2 Mark V replacement.
	Unit 2 Duct Burner Flame Scanner Replacement			3/10/09	2009		V	Parts ordered late last year were delayed. Installation will occur this year.
	Unit 1 Cooling Tower Fan Power Syst Replacement			3/10/09	2009		X	Project moved forward one year to coincide with outage.
	Unit 1 Hydrogen Panel Installation			3/10/09	2009		V	Installation of equipment purchased as a 2008 emergent project.
	Unit 1 Steam Seal Installation			3/10/09	2009		V	Installation of seals purchased last year as an emergent project.
	Unit 2 Mark V Control System Replacement			3/11/09	N/A		X	A change in the outage schedule did not allow adequate time to do this project.
	PSV Chemical Security			3/17/09	N/A		C	Project not required.
	PSV Breaker Replacement			3/17/09	N/A		V	Equipment costs were higher than estimated.

Energy Supply - 2009 Emergent Projects and Capital Reallocation: PSCo Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
Denver Steam	Steam Heat - 2008 Mains & Customers			3/25/09	N/A		V	Work deferred to 2009 due to Democratic National Convention.
	Steam Heat - 2009 Mains & Customers			3/25/09	N/A		V	2009 Scope of Work reduced to fund postponed 2008 project.
	Steam Heat - Trillium Mains			4/13/09	N/A		X	Project deferred until 2012.
	Steam Heat - 19th St. Main			4/13/09	N/A		V	Costs higher than originally estimated.
Chilled Water	Denver Judicial Center			1/28/09	N/A		V	Project completed in 2008.
	Four Seasons			1/28/09	N/A		V	2009 portion of project was not funded due to an error in CBS entry.
	Four Seasons			3/25/09	N/A		V	Reallocate funds to the ISOC project.
	Denver Judicial Center			3/25/09	N/A		V	Project completed in 2008.
	ISOC Project			4/3/09	N/A		E	Modifications required to participate in interruptible service program.
	ISOC Project			5/27/09	N/A		V	Increased Scope of Work.
	Four Seasons			5/27/09	N/A		V	Reallocate funds to the ISOC project.
YAMPA								
Hydro West	Ames Auxiliary Transformer			2/19/09	N/A		X	Project deferred to fund Tacoma Transformer due to environmental concerns.
	Salida Remote Control PLC			2/19/09	N/A		X	Project deferred to fund Tacoma Transformer due to environmental concerns.
	Tacoma HP Transformer			3/10/09	N/A		E	Transformer has potential to leak PCBs and is a priority to be replaced.
	Ames FERC Relicensing			3/16/09	N/A		V	Funds needed for negotiation of a settlement agreement.
	Cabin Creek Guanella Pass Electrical			3/16/09	N/A		V	Scope moved from Electric Distribution to Energy Supply.
	Cabin Creek Penstock Reline			3/16/09	2010		X	Project deferred to 2010 due to legal restrictions which delayed start of work.
	Tacoma FERC Relicensing			3/16/09	N/A		V	Funds needed for Section 241 hearing to appeal matters of fact.
	Salida #2 Penstock Replacement			3/23/09	N/A		V	Scope increased due to failure of penstock and associated property damage.
	Shoshone Dam Dock Walkway			3/24/09	N/A		E	Severe corrosion has resulted in restrictions on loads, safety issue.
	Tacoma HP Transformer			4/20/09	N/A		V	Higher installation costs due to bridge load restrictions.
	Clear Lake Dam Piezometers			6/21/09	N/A		E	Instrumentation to comply with FERC requirement.
	Total PSCo Region-2009 Emergent/CA Reallocation	$0	$0					

Energy Supply - 2009 Emergent Projects and Capital Reallocation: SPS Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
Harrington	Unit 2 Elevator Controls Replacement			01/27/09	No		X	Need to replace in 2009 to facilitate contractor schedule for the region.
	Unit 3 Drag Chain Replacement			02/24/09	Yes		E	Chain needs replaced in outage. Wanted new style, but missed engineer deadline.
	Fume Extraction Arm			03/10/09	No		E	Remove welding fumes during welding in shop. Hygiene safety required change.
	Unit 3 RPL Coal Bunker Level Measurement			03/31/09	Yes		X	Moved from 2010 to meet outage planned in 2009, easier to do.
	Unit 1 Varnish Removal Skid			03/30/09	Yes		A	Required skid to clean up turbine oil from varnish. Needs installed by outage in early 2010.
	Unit 3 Varnish Removal Skid			03/30/09	Yes		X	Required skid to clean up turbine oil from varnish. Needs installed by outage in 2009.
	Unit 2 RPL Plant Batteries			03/30/09	No		E	During testing, batteries were found to be non-compliant.
	Unit 1 Repl Oil Filter Hyd Seal System			03/30/09	Yes		V	Must clean up varnish in hydrogen seal system. To prevent future outages, install a dual filter system during the next outage.
	Unit 3 Repl Oil Filter Hyd Seal System			03/30/09	Yes		X	Must clean up varnish in hydrogen seal system. To prevent future outages, install a dual filter system during the next outage.
	Unit 3 Neural Network System			03/15/09	No		E	Necessary for Nox control for 2009 credit reduction.
	Unit 1 Elevator Controls			01/27/09	No		X	Need to replace in 2009 to facilitate contractor schedule for the region.
	Unit 1 NOx Reduction Project			01/01/09	Yes		V	Will spend more in 2009 to complete delivery of equipment by 11/1/09
	Unit 1 Install Baghouse Opt			NA	Yes		V	Request to only develop engineering estimate for next year.
	Unit 1 Mercury Reduction Proj			02/01/11	No		C	Move money to 2011 to line up with expected EPA Hg Rules.
	Unit 2 Mercury Reduction Proj			03/01/11	No		C	Move money to 2011 to line up with expected EPA Hg Rules.
	Unit 3 Mercury Reduction Proj			03/01/11	No		C	Move money to 2011 to line up with expected EPA Hg Rules.
	Mercury Landfill			03/01/11	No		C	Move money to 2011 to line up with expected EPA Hg Rules.
	Unit 1 Repl Boiler RH Panels			07/01/09	Yes		V	Outage moves to 2010. Only order tubes this year with downpayment.
	Unit 3 Repl Boiler RH Panels			02/01/09	Yes		V	Request estimate of project after bids received.
	Unit 3 Repl AW/WPs & Software			04/01/09	Yes		V	Outage moves to 2008 after the budget set. Upgrade now saves money because it's tied to other orders for existing projects. Saved $50K
	Unit 1 Repl Foxboro CPs & Sof			07/01/09	Yes		V	Outage moves to 2010. Order parts early to be ready, but overall project costs are lower due to savings from connection to other projects ordered. Saved $185K.
	H1-Install HI efficiency coal mill exhauster			07/21/09	Yes		C	Project cancelled due to lack of performance from other replacements
	H3-Install HI efficiency coal mill exhauster			07/21/09	Yes		C	Project cancelled due to lack of performance from other replacements
	H1 - BFPT - LO clade			09/15/09	Yes		X	Moved money from 2010 to 2009 and to complete parts order for early outage
	H1- Drag Chain replacement			07/15/09	Yes		A	This is needed to order parts to be here for outage in January
	H2- Fpi Boiler Roof			07/21/09	No		X	Do roof this year to move money and line up with new regional roof plans
	H1- Install AFH expansion Joints			06/15/09	Yes		X	Need to move money up to make sure all parts here for January outage (moved)
	H2 - Replace Stack Elevator			09/15/09	No		A	Need to do engineering, order parts to complete with other projects in 2010
	H1 - Condensate Flow Nozzle			09/01/09	Yes		A	Need to place order for the nozzle to assure delivery for the January outage
	H1 Boiler Sumps pump			07/27/09	No		E	Pumps have failed and need to be replaced.
	H3 Coal Mill liner			08/01/09	Yes		E	Liners are worn out. This project replace the high efficiency exhauster project
	H3 Coal Mill liner			08/01/09	Yes		E	Liners are worn out. This project replace the high efficiency exhauster project
	H1 - coal mill isolation valves			08/01/09	Yes		E	This will improve safety while working on mills on line. This project replace the high efficiency exhauster project
	H3- Coal mill isolation valves			08/01/09	Yes		E	This will improve safety while working on mills on line. This project replace the high efficiency exhauster project
Tolk	Unit 1 Purchase Neural System			01/28/09	No		E	Necessary for NOx control for 2009 Credit reduction.
	Unit 1 Inst ZOLO measurement system			02/02/09	No		E	Moved hardware from Sherco to Tolk as part of Utility Innovations project. Will help reduce Nox if tied properly to the Nuveo System. 6/15/09 update: Will need to add 382K to project to purchase the equipment from NSP.
	Unit 1 Lube Oil Cooler Replacement			02/25/09	No		E	Cooler rotted with multiple leaks while cleaning during outage.
	Unit 2 Repl 2C Mill Assembly			02/25/09	No		E	Replace bowl mill, shaft, gear box.
	Unit 1 Baghouse Elevator			03/27/09	No		X	This was accelerated to meet last inspectors comments that it should be shutdown.
	Unit 1 Purchase Service Elevator			04/01/09	No		X	Moved up due to great offer from vendor on rented unit in place. No O&M to remove and reduced cost for purchase.

Energy Supply - 2009 Emergent Projects and Capital Reallocation: SPS Region

Plant	Project	2009 $ Re-allocated (as of 6/30/09)	Total Project Cost	Required Start Date	Scheduled Outage	Fin Council Rev/Req	Reason code	Comments
Carlsbad	Unit 5 Replace Voltage Regulator			12/08-09	Yes		B	The regulator has failed. System Ops wants the unit available so we must replace.
	Total SPS Region 2009 Emergent/CA Reallocation	$0	$0					

Xcel Energy®	EEC 7.505
Energy Supply Engineering & Construction Policy System	Revision: 1.1
TITLE: Competitive Bidding Requirements	Page 1 of 2

1.0 PURPOSE

This policy establishes requirements for communicating Xcel Energy corporate and Energy Supply policies to Capital Projects with regard to competitive bidding.

2.0 APPLICABILITY

This policy applies to all Capital Projects identified and approved by Engineering & Construction (E&C) Management to work with Commercial Services.

A Project Lead may place a request with E&C Management to work with Commercial Services. If E&C Management approves such request, this policy shall apply.

3.0 RESPONSIBILITIES

3.1 The Manager, Commercial Services is responsible to ensure that this policy is in compliance with Xcel Energy's Corporate Uniform Policy 4.10 Procurement of Normal Goods and Services.

3.2 When requested by E&C Commercial Services, Sourcing Services is responsible for providing terms and conditions, assisting in identifying potential bidders, conducting Xcel Energy Supplier Qualification screenings, support during bid evaluations and issuing contract documents.

3.3 The Project Lead is responsible to comply with the requirements of this policy.

3.4 Approvals are as outlined in EEC 7.500 Authorized Signatures.

4.0 REQUIREMENTS

4.1 Purchases < $50,000 – Formal competitive bids are not required and the procurement process shall be conducted in accordance with EEC 7.510 – Purchases < $50,000.

4.2 Competitive Purchases ≥ $50,000 – Competitive bidding is required for purchases greater than $50,000 and shall be conducted in accordance with:

- EEC 7.515 Professional Services
- EEC 7.520 Construction Services
- EEC 7.525 Materials & Equipment

4.3 Purchases ≥ $50,000 deemed Sole Source Purchases shall be conducted in accordance with:

- EEC 7. 530 Sole Source Purchases

4.3.1 In accordance with Xcel Energy Corporate Uniform policy 4.10, sole sourcing should only be considered when one or more of the following conditions are present:

- Insufficient time to issue and award bid
- No other bidders are qualified
- No other bidders are available to perform the work

5.0 REQUIRED RECORDS

Required records shall be maintained in accordance with the Xcel Energy Corporate Records Retention Policy as well as Energy Supply Records Management policy XES 1.300.

6.0 DEFINITIONS

Reference EEC 7.140 Definitions for a list of all Engineering and Construction policy definitions.

7.0 REFERENCES

Xcel Energy – Sourcing Services Procedures and Guidelines 2007
EEC 7.510 Purchases < $100,000
EEC 7.515 Procurement of Professional Services ≥ $50,000
EEC 7.520 Procurement of Construction Services ≥ $50,000
EEC 7.525 Procurement of Materials & Equipment ≥ $50,000
EEC 7.530 Sole Source Purchases

8.0 REVISION HISTORY

Date	Revision Number	Change
12-31-06	1.0	New
6-1-09	1.1	Update references, definitions and links where applicable. Also updated competitive bid value to $50,000 in Sections 4.2, 4.3 and 4.4

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Xcel Energy®		EEC 7.515
Energy Supply Engineering & Construction Policy System		**Revision: 1.1**
TITLE:	Procurement – Professional Services ≥ $50,000	Page 1 of 10

1.0 PURPOSE

This policy establishes requirements for the procurement of professional services. The policy also denotes Hold Points.

2.0 APPLICABILITY

This policy applies to Capital Projects identified and approved by Engineering & Construction (E&C) Management to work with Commercial Services for purchases for engineering, environmental and technical services that are greater than $50,000.

A Project Lead may place a request with E&C Management to work with Commercial Services. If E&C Management approves such request, this policy shall apply.

3.0 RESPONSIBILITIES

3.1 The Project Lead / Commercial Analyst is responsible for development of bid list, coordinating bid package development, ensuring bid package review (including Sourcing Services), ensuring SharePoint Request for Proposal (RFP) and Vendor Site development, leading bid evaluation process and securing approvals to award contract.

3.2 The Manager, Commercial Services is responsible to support the Project Lead as requested during the full procurement cycle including conducting bidder pre-qualifications and developing bid list.

3.3 When requested by Commercial Services, the Sourcing Department is responsible for assisting in bid list development, conducting Xcel Energy Supplier Qualification screenings, preparing portions of the bid package, working with the project team to assemble and issue the bid package, bid package receipt, support during bid evaluations and issuing contract documents.

3.4 Approvals are as outlined in EEC 7.500 Authorized Signatures.

3.5 The Manager, Commercial Services is responsible for:

Ensuring that this procedure is in compliance with Xcel Energy's Corporate policies:

- Corporate Uniform policy 4.10 Procurement of Normal Goods and Services
- Sourcing Services Procedures & Guidelines 2007
- Corporate Uniform Policy 3.3 Signing Agreements and Delegation of Authority

Preparing and submitting the administrative paperwork required for compliance between this policy and the above-mentioned policies.

4.0 REQUIREMENTS

4.1 Bidder Pre-Qualification – The scope of services should be reviewed to determine the experience and qualifications necessary for consultant consideration.

4.1.1 A list of consultants capable of providing the services should be developed. Identification of potential consultants can come from existing or previous service providers or input from Xcel Energy personnel. If the Project Lead needs assistance in determining potential service providers, the Sourcing Department, other Project Leads or the Manager, Commercial Services should be contacted as resources.

4.1.2 Consultant qualifications should consider:

4.1.2.1 The expressed desire of the consultant to provide the services
4.1.2.2 The extent of specialized experience of the consultant in the type of work being contemplated
4.1.2.3 The professional qualifications and experience of consultant's staff members
4.1.2.4 The capacity of the consultant to accomplish the work in the desired time frame
4.1.2.5 The familiarity of the consultant with Xcel Energy work and their understanding of particular project requirements
4.1.2.6 Use of sub-consultants by prime consultant
4.1.2.7 Past performance on other Xcel Energy projects

4.1.3 If the Project Lead determines that potential bidders should be pre-qualified on a "project basis", the Manager, Commercial Services should be contacted and the procedure outlined in EEC 7.545 Bidder Pre-Qualification should be followed.

4.2 Bid List – A bid list of from three to six bidders should be developed depending on the availability of potential bidders and market conditions. See EEC 7.515.01 in the Engineering & Construction Toolbox for a Bid List template. The bid list must be approved by designated person(s) as listed in EEC 7.500 Authorized Signatures. If the Project Lead recommends a sole source purchase, then the procedure outlined in EEC 7.530 Sole Source Purchases must be followed for approval of the bid list. Approval of the bid list is a Hold Point.

4.2.1 Bidders must be pre-qualified to do business with Xcel Energy. The Project Lead should check with Commercial Services or Sourcing Services to see if the bidder is qualified. If the bidder is not qualified, the Project Lead should notify the bidder to contact Sourcing Services. The Xcel Energy Supplier Qualification program is an Xcel Energy corporate requirement and is separate from the project specific process outline in EEC 7.545 Bidder Pre-Qualification.

4.2.1.1 The Project Lead shall clearly inform the bidder that successfully completing the Xcel Energy pre-qualification process does not guarantee any bidding opportunities or bid awards.

4.3 Bid Package Preparation – The Project Lead should work with Commercial Services to prepare and assemble the bid package documents. The Project Lead should ensure that responsibilities for the preparation and assemblage of the bid package are well defined. The bid package shall contain the following documents:

Invitation to Bid Letter
Instructions to Bidders
Notice of Intent to Bid Form
Bid Form
Scope of Work Document
Drawings and/or Specifications (if appropriate)
Xcel Energy Terms & Conditions (w/Special Conditions as appropriate)
Xcel Energy Safety Policy (if appropriate)
Other (as determined by Sourcing Department or by project requirements)

4.3.1 Invitation to Bid Letter – A cover letter requesting bids should be prepared by Commercial Services. The letter should briefly describe the project, reference the bid package documents and include the bid due date. See Commercial Services for an example Invitation to Bid Letter.

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4.3.2 Table of Contents – A table of contents of bid package documents should be prepared. See Commercial Services for an example Table of Contents.

4.3.3 Instructions to Bidders – An Instructions to Bidders document should be prepared that outlines the requirements of the bid. See Commercial Services for an example Instructions to Bidders. At a minimum the Instructions to Bidders shall include:

4.3.3.1 Bid due date and time (include time zone)
4.3.3.2 Name and address for bid submittal
4.3.3.3 Number of copies required for submittal
4.3.3.4 Information on pre-bid meetings, site visits, etc.
4.3.3.5 Contact information and process for questions and clarification during the bid period
4.3.3.6 Reference to contract terms and conditions
4.3.3.7 Reference to safety requirements
4.3.3.8 Instructions on submittal of Notice of Intent to Bid

4.3.4 Notice of Intent to Bid – The bid package should include EEC 7.515.02 Notice of Intent to Bid. See EEC 7.515.02 in the Engineering and Construction Toolbox for a Notice of Intent to Bid form. Submittal of the Intent to Bid form by the consultant should be considered mandatory to receipt and evaluation of consultant bid and should be stated as such in the Instructions to Bidders. The form should include instructions regarding submittal of the Notice of Intent to Bid:

4.3.4.1 Due date and time (include time zone)
4.3.4.2 Name and address for submittal

4.3.5 Bid Form – A Bid Form should be prepared for use by bidders in submitting their proposals. The form of bid content should be developed so as to provide a clear understanding of the bids as well as facilitate comparisons between bidders. See Commercial Services for an example Bid Form.

4.3.5.1 Examples of Bid Form information requested include:

- Bid Price
- Hourly Rates
- Pricing by work scope breakout

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- List of sub-consultants and bids
- Milestone Schedule
- Bidder Experience
- List of Key Personnel with Resumes
- Financial Data
- Exceptions to bid package documents including terms and conditions
- List of bid package addendums

4.3.6 Bid Pricing – If possible, bid pricing should be solicited on a firm lump sum basis, otherwise bid pricing may solicited on a time and materials basis, or time and materials not to exceed basis. If assistance is required in determining bid pricing mechanism, contact the Manager, Commercial Services.

4.3.7 Scope of Work Document – A Scope of Work document should be prepared. See Commercial Services for a sample Scope of Work Document. The document should include as a minimum the following information:

4.3.7.1 Plant Name
4.3.7.2 Project Name
4.3.7.3 Project Description
4.3.7.4 Scope of Services Description
4.3.7.5 List of Deliverables
4.3.7.6 Schedule Requirements
4.3.7.7 Project Specific Requirements (Meetings, Progress Reports, Schedule of Activities/Deliverables, Design Considerations, As-Built Drawings, etc)

4.3.8 Drawings & Specifications – Reference drawings or technical reports should be included in the bid package if they aid the bidder in understanding the scope of work.

4.3.9 Xcel Energy Terms & Conditions – The Project Lead should work with Commercial Services to determine the appropriate terms and conditions. If Special Conditions are required to supplement the General Conditions, contact the Manager, Commercial Services.

4.3.10 Xcel Energy Safety System for Capital Projects – If appropriate, include a copy of the Xcel Energy Safety System for Capital Projects.

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4.3.11 Other Bid Package Documents – Other documents may be included in the bid package as determined by the Project Lead, Sourcing Services or Manager, Commercial Services.

4.4 Bid Package Review and Approval – The Project Lead is responsible to ensure that the bid package contents are adequate and complete in order to result in quality competitive bids. The bid package must be approved by designated person(s) as listed in EEC 7.500 Authorized Signatures. Approval of the bid package is a Hold Point.

4.5 Bid Issuance – The Project Lead and Commercial Services shall determine who will issue bid documents to bidders. The Project Lead should allow adequate time in the project schedule for RFP and Vendor SharePoint development, potential Bidder SharePoint training, assemblage and transmittal of bid documents.

4.6 Bid Period Conduct – Communication with the bidders during the bid period shall be conducted on a formal basis. Bidders should be directed to the Instructions to Bidders or other bid package documents in how to seek clarifications or interpretations. All communication with the bidders should be in writing and should be issued to all bidders. Verbal clarifications and responses are strongly discouraged.

4.6.1 The Project Lead should keep a log of all formal and informal communication with bidders. Any communication by other team members with bidders should be reported to the Project Lead.

4.7 Pre-Bid Meeting – The Project Lead should decide if a pre-bid meeting should be held. Factors to consider when deciding to conduct a pre-bid meeting are:

- Will the bids be enhanced by the ability of the bidders to see the job site?
- Will the bids be enhanced by the ability of the bidders to meet with the project team and ask questions?

4.7.1 If a pre-bid meeting is held it should be considered mandatory and so stated in the Instructions to Bidders or other bid package documents.

4.7.2 Scheduling – The pre-bid conference may be conducted with all bidders present or on an individual bidder basis. Factors to consider when deciding to conduct a common or individual pre-bid meeting are:

4.7.2.1 Time or access constraints to the site (It takes more time to conduct individual pre-bid meetings)

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4.7.2.2 Impact on competition by disclosing other bidders if conducting common pre-bid meeting

4.7.2.3 Ability to interact and meet the project teams (Less interaction and discussion with common pre-bid meeting)

4.7.2.4 Consistency of interaction (It is easier to be consistent with informal communication at a common pre-bid meeting)

4.7.3 Meeting Documentation – Bidders should be required to sign in as attendees of the meeting. A project team member should record notes of the meeting and any questions or clarifications asked by the bidders along with the responses.

4.7.4 Meeting Minutes – Any questions or clarifications deemed material by the Project Lead should be communicated in writing to all bidders in the form of an addendum as per Section 4.8 below.

4.8 Addendums – Any questions, clarifications or bid package document changes deemed material by the Project Lead should be consolidated, provided to Commercial Services and issued as an addendum to all bidders. See EEC 7.515.03 in the Engineering & Construction Toolbox for an Addendum template.

4.8.1 The Project Lead should review the bid period schedule to ensure that there is adequate time for the bidders to incorporate the addendum into their bid response. If necessary, the Project Lead may extend the bid period and include as part of the addendum.

4.9 Receipt of Bids –Commercial Services receives all bids, logs them in, confirms compliance with bid due date and time, and forwards copies to the Project Lead.

4.10 Bid Evaluation Team – The Project Lead, in conjunction with Commercial Services, must establish a bid evaluation team for contracts greater than $2,000,000. The team should be comprised of persons required by EEC 7.500 Authorized Signatures plus additional subject matter experts as determined by the Project Lead. Project Lead should follow EEC 7.500 Authorized Signatures to obtain appropriate approval.

4.11 Documented Bid Evaluation – A documented bid evaluation must be completed by the Project Lead. The methodology and evaluation criteria are determined on an individual project basis based on the needs of the project. General bid evaluation criteria include:

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- Bid Price and the ability of the consultant to control costs
- Capacity of consultant to accomplish the work in the desired timeframe
- Demonstrated understanding by consultant of the project requirements
- Proposed sub-consultants
- Experience and qualifications of consultant's project team
- Exceptions to Technical or Commercial requirements.

4.11.1 Tabular Bid Evaluation – A tabular bid evaluation is the standard bid analysis methodology. Bidders' cost information is entered with as much breakdown detail as possible to allow for identification of apparent low bidder. Exceptions, clarifications and alternatives should be noted and included in the bid quantification process if possible.

4.11.2 Alternative Bid Evaluation Methodologies – The Project Lead may select an alternative bid evaluation methodology that better fits the needs of the project. An example of an alternative methodology is a weighted evaluation. See EEC 7.515.05 in the Engineering & Construction Toolbox for a sample Weighted Bid Evaluation.

4.11.3 Commercial Review of Bids – Commercial Services must review any exceptions taken to the terms and conditions included in the bid documents. If appropriate, price adjustments to the bid evaluation should be made. Commercial Services should also determine whether any sort of performance security will be required so that the costs can be included in the bid evaluation.

4.12 Bid Evaluation Meetings – If there are open issues or questions regarding the bidders' proposals that will affect selection of the successful bid, then bid evaluation meetings may be scheduled.

4.12.1 The Project Lead or Commercial Services should schedule the meetings. The agenda should be developed by the Project Lead with input from project team members, Sourcing Department and law department (if appropriate). A formal "short list" letter should be developed by Commercial Services for transmittal to the bidder(s).

4.12.2 Any resulting changes to the bid evaluation should be documented.

4.13 Project Control – The Project Lead should review the apparent successful bid against project schedule and budget requirements. If the apparent successful bid results in negative impacts to the project, the Project Lead should notify the General Manager, Major Capital Projects. The Vice President Engineering &

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Construction should also be notified for projects over $5,000,000. The Project Lead should prepare a recommended plan of recovery as appropriate.

4.14 Letter of Recommendation – A Letter of Recommendation is required when the low bidder is not selected using a tabular bid evaluation or in all cases where an alternative methodology is used. See Commercial Services for an example Letter of Recommendation. The letter should be prepared and signed by the Project Lead. Approval of the Letter of Recommendation along with the Bid Evaluation is a Hold Point. If the purchase is sole source, then the documentation outlined in EEC 7.530 Sole Source Purchases replaces the Letter of Recommendation.

4.15 Approval to Award – The Project Lead should prepare a pre-award package consisting of the bid proposal, bid evaluation documentation and Letter of Recommendation (if required). Approval to award the contract must be obtained by signature of the designated person(s) as listed in EEC 7.500 Authorized Signatures. Approval of the recommendation to award is a Hold Point.

4.15.1 Legal Review of Bid – Commercial Services shall coordinate and facilitate legal review of any bid that takes exceptions to legal based articles of the agreement or any agreement using Special Conditions.

4.16 Purchase Requisition – The Project Lead prepares a purchase requisition based on selected bid. The purchase requisition should include the scope of work, schedule, cost and any other pertinent conditions. See EEC 7.535 Purchase Requisitions. A designated person must approve the purchase requisition as listed in EEC 7.500. Authorized Signatures. Approval of the Purchase Requisition is a Hold Point.

4.17 Purchase Order and Contract Award Communication –The Purchase Order is included in the contract package. No communication of intent to award the contract to the bidder should occur until the appropriate contract documents have been finalized and approved and signed by a designated person as listed in EEC 7.500 Authorized Signatures. If a full or limited notice to proceed is required, the Project Lead should contact the Manager, Commercial Services for development of appropriate release language.

4.18 Unsuccessful Bidder Notification – Once all the approvals have been obtained on the Purchase Requisition, Commercial Services sends letters of notification to the unsuccessful bidders. The Project Lead should work with Commercial Services on the content of the letters and to they are issued in a timely manner.

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See EEC 7.515.06 in the Engineering & Construction Toolbox for a sample Regrets Letter.

4.18.1 Information regarding the bidders, the evaluation process and the bid price is considered confidential and shall not be shared with any of the bidders on a formal or informal basis.

4.19 Contract Documents –Commercial Services or Sourcing Services obtains bidder signatures on the contract documents and issues copies to the Project Lead.

4.20 Contract Management – The Project Lead shall ensure contract management.

5.0 REQUIRED RECORDS

The complete bid package, addendums, evaluations, approvals, and letters of regret or award, all contract documents and associated documentation shall be filed in the Project Filing System. Project documentation and required records shall be maintained in accordance with Energy Supply Records Management Policy XES 1.300.

6.0 DEFINITIONS

Reference EEC 7.140 Definitions for a list of all Engineering and Construction policy definitions.

7.0 REFERENCES

EEC 7.500 Authorized Signatures
EEC 7.505 Competitive Bidding Requirements
EEC 7.530 Sole Source Purchases
EEC 7.535 Purchase Requisitions
EEC 7.545 Bidder Pre-Qualification

8.0 REVISION HISTORY

Date	Revision Number	Change
12-31-06	1.0	New
6-1-09	1.1	Update references, definitions and links where applicable. Also updated competitive bid value to $50,000 in Section 2.0 and policy title

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Xcel Energy®	EEC 7.520
Energy Supply Engineering & Construction Policy System	**Revision: 1.1**
TITLE: Procurement – Construction Services ≥ $50,000	Page 1 of 11

1.0 PURPOSE

This policy establishes requirements for the procurement of construction services. The policy also denotes Hold Points.

2.0 APPLICABILITY

This policy applies to Capital Projects identified and approved by Engineering & Construction (E&C) Management to work with Commercial Services for purchases for construction services that are greater than $50,000.

A Project Lead may place a request with E&C Management to work with Commercial Services. If E&C Management approves such request, this policy shall apply.

3.0 RESPONSIBILITIES

3.1 The Project Lead / Commercial Analyst is responsible for development of bid list, coordinating bid package development, ensuring bid package review (including Sourcing Services), ensuring SharePoint RFP and Vendor site development, leading bid evaluation process and securing approvals to award contract.

3.2 The Manager, Commercial Services is responsible to support the Project Lead as requested during the full procurement cycle including conducting bidder pre-qualifications and developing bid list.

3.3 When requested by Commercial Services, Sourcing Services is responsible for assisting in bid list development, conducting Xcel Energy Supplier Qualification screenings, preparing portions of the bid package, working with the project team to assemble and issue the bid package, bid package receipt, support during bid evaluations and issuing contract documents.

3.4 Approvals are as outlined in EEC 7.500 Authorized Signatures.

3.5 The Manager, Commercial Services is responsible for:

- Ensuring that this procedure is in compliance with Xcel Energy's Corporate policies:

- Corporate Uniform policy 4.10 Procurement of Normal Goods and Services
- Sourcing Services Procedures & Guidelines 2007
- Corporate Uniform policy 3.3 Signing Agreements and Delegation of Authority

- Preparing and submitting the administrative paperwork required for compliance between this policy and the above-mentioned policies.

4.0 REQUIREMENTS

4.1 Bidder Pre-Qualification – The scope of services should be reviewed to determine the experience and qualifications necessary for contractor consideration.

4.1.1 A list of contractors capable of providing the services should be developed. Identification of potential contractors can come from existing or previous construction service providers or input from Xcel Energy personnel. If the Project Lead needs assistance in determining potential construction service providers, Sourcing Services, other Project Leads or the Manager, Commercial Services should be contacted as resources.

4.1.2 Contractor qualifications should consider:

- The expressed desire of the contractor to provide the services
- The extent of specialized experience of the contractor in the type of work being contemplated
- The professional qualifications and experience of contractor's staff members
- The capacity of the contractor to accomplish the work in the desired time frame
- The familiarity of the contractor with Xcel Energy work and their understanding of particular project requirements
- Use of sub-contractors by prime contractor
- Past performance on other Xcel Energy projects

4.1.3 If the Project Lead determines that potential bidders should be pre-qualified on a "project basis", the Manager, Commercial Services should be contacted and the procedure outlined in EEC 7.545 Bidder Pre-Qualification should be followed.

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4.2 Bid List – A bid list of from three to six bidders should be developed depending on the availability of potential bidders and market conditions. See EEC7.515.01 in the Engineering & Construction Toolbox for a Bid List template. The bid list must be approved by designated person(s) as listed in EEC 7.500 Authorized Signatures. If the Project Lead recommends a sole source purchase, then the procedure outlined in EEC 7.530 Sole Source Purchases must be followed for approval of the bid list. Approval of the bid list is a Hold Point.

4.2.1 Bidders must be pre-qualified to do business with Xcel Energy. The Project Lead should check with Commercial Services or Sourcing Services to see if the bidder is qualified. If the bidder is not qualified, the Project Lead should notify the bidder to contact Sourcing Services. The Xcel Energy Supplier Qualification program is an Xcel Energy corporate requirement and is separate from the project specific process outline in EEC 7.545 Bidder Pre-Qualification.

4.2.1.1 The Project Lead shall clearly inform the bidder that successfully completing the Xcel Energy pre-qualification process does not guarantee any bidding opportunities or bid awards.

4.3 Bid Package Preparation – The Project Lead should work with Commercial Services to prepare and assemble the bid package documents. The Project Lead should ensure that responsibilities for the preparation and assemblage of the bid package are well defined. The bid package shall contain the following documents:

- Invitation to Bid Letter
- Instructions to Bidders
- Notice of Intent to Bid Form
- Bid Form
- Scope of Work Document
- Drawings and/or Specifications
- Xcel Energy Terms & Conditions (w/Special Conditions as appropriate)
- Xcel Energy Safety Policy
- Other (as determined by Commercial Services, Sourcing Services or by project requirements)

4.3.1 Invitation to Bid Letter – A cover letter requesting bids should be prepared by Commercial Services. The letter should briefly describe the

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project, reference the bid package documents and include the bid due date. See Commercial Services for a sample Invitation to Bid Letter.

4.3.2 Table of Contents – A table of contents of bid package documents should be prepared. See Commercial Services for a sample Table of Contents.

4.3.3 Instructions to Bidders – An Instructions to Bidders document should be prepared that outlines the requirements of the bid. See Commercial Services for a sample Instructions to Bidders document. At a minimum the Instructions to Bidders shall include:

- Bid due date and time (include time zone)
- Name and address for bid submittal
- Number of copies required for submittal
- Information on pre-bid meetings, site visits, etc.
- Contact information and process for questions and clarification during the bid period
- Reference to contract terms and conditions
- Reference to safety requirements
- Instructions on submittal of Notice of Intent to Bid

4.3.4 Notice of Intent to Bid – The bid package should include EEC 7.515.02 Notice of Intent to Bid, located in the Engineering & Construction Toolbox. Submittal of the Intent to Bid form by the contractor should be considered mandatory to receipt and evaluation of contractor's bid and should be stated as such in the Instructions to Bidders. The form should include instructions regarding submittal of the Notice of Intent to Bid:

- Due date and time (include time zone)
- Name and address for submittal

4.3.5 Bid Form – A Bid Form should be prepared for use by bidders in submitting their proposals. The form of bid content should be developed so as to provide a clear understanding of the bids as well as facilitate comparisons between bidders. See Commercial Services for a sample Bid Form document.

4.3.5.1 Examples of Bid Form information requested include:

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- Bid Price
- Unit prices – labor, materials breakout
- Pricing by work scope breakout
- List of subcontractors and bids
- Milestone Schedule
- Bidder Experience
- Safety Statistics
- List of Key Personnel with Resumes
- Financial Data
- Performance Security
- Exceptions to bid package documents including drawings, specifications, and terms and conditions
- List of bid package addendums

4.3.6 Bid Pricing – Bid pricing typically shall be solicited on a firm lump sum price basis. If appropriate, due to undefined work or quantities, bids may be solicited on a unit price or time and materials basis, or a combination thereof. If assistance is required in determining bid pricing mechanism, contact the Manager, Commercial Services.

4.3.7 Scope of Work Document – A Scope of Work document should be prepared. See –Commercial Services for a sample Scope of Work Document. The document should include as a minimum the following information:

- Plant Name
- Project Name
- Project Description
- Scope of Services Description
- List of Deliverables
- Schedule Requirements
- Project Specific Requirements (Meetings, Progress Reports, Schedule of Activities/Deliverables, Design Considerations, As-Built Drawings, etc)

4.3.8 Drawings & Specifications – The drawings and specifications required to execute the project should be included in the bid package. The drawings and specifications should be as complete as possible to allow full and accurate bid development.

4.3.8.1 A list of applicable design and construction documents should be prepared if required to define work scope or boundaries of targeted bid package.

4.3.8.2 Reference drawings or technical reports should be included in the bid package if they aid the bidder in understanding existing site conditions.

4.3.9 Xcel Energy Terms & Conditions – The Project Lead should work with Commercial Services to determine the appropriate terms and conditions. If Special Conditions are required to supplement the General Conditions, contact the Manager, Commercial Services.

4.3.10 Xcel Energy Contractors' Safety System for Capital Projects– A copy of the Xcel Energy Contractors' Safety System for Capital Projects for contractors doing work on Xcel Energy sites shall be included in the bid package.

4.3.11 Other Bid Package Documents – Other documents may be included in the bid package as determined by the Project Lead, Sourcing Services or Manager, Commercial Services.

4.4 Bid Package Review and Approval – The Project Lead is responsible to ensure that the bid package contents are adequate and complete in order to result in quality competitive bids. The bid package must be approved by designated person(s) as listed in 07.500 Authorized Signatures. Approval of the bid package is a Hold Point.

4.5 Bid Issuance – The Project Lead and Commercial Services shall determine who will issue bid documents to bidders. The Project Lead should allow adequate time in the project schedule for RFP and Vendor SharePoint development, potential Bidder SharePoint training, assemblage, and transmittal of bid documents.

4.5.1 The Project Lead may arrange for drawings and specifications to be sent to the bidders directly from the project consultant. If so, the Project Lead should ensure that the Invitation to Bid Letter notes that a separate package will be arriving and from what source. Alternatively, the consultant may include an electronic copy of the drawings and specifications for ease of reproduction by the bidder.

4.6 Bid Period Conduct – Communication with the bidders during the bid period shall be conducted on a formal basis. Bidders should be directed to the Instructions to Bidders or other bid package documents in how to seek clarifications or interpretations. All communication with the bidders should be in writing and should be issued to all bidders. Verbal clarifications and responses are strongly discouraged.

4.6.1 The Project Lead should keep a log of all formal and informal communication with bidders. Any communication by other team members with bidders should be reported to the Project Lead.

4.7 Pre-Bid Meeting – The Project Lead should decide if a pre-bid meeting should be held. Factors to consider when deciding to conduct a pre-bid meeting are:

- Will the bids be enhanced by the ability of the bidders to see the job site?
- Will the bids be enhanced by the ability of the bidders to meet with the project team and ask questions?

4.7.1 If a pre-bid meeting is held it should be considered mandatory and so stated in the Instructions to Bidders or other bid package documents.

4.7.2 Scheduling – The pre-bid conference may be conducted with all bidders present or on an individual bidder basis. Factors to consider when deciding to conduct a common or individual pre-bid meeting are:

- Time or access constraints to the site (It takes more time to conduct individual pre-bid meetings)
- Impact on competition by disclosing other bidders if conducting common pre-bid meeting
- Ability to interact and meet the project teams (Less interaction and discussion with common pre-bid meeting)
- Consistency of interaction (It is easier to be consistent with informal communication at a common pre-bid meeting)

4.7.3 Meeting Documentation – Bidders should be required to sign in as attendees of the meeting. A project team member should record notes of the meeting and any questions or clarifications asked by the bidders along with the responses.

4.7.4 Meeting Minutes – Any questions or clarifications deemed material by the Project Lead should be communicated in writing to all bidders in the form of an addendum as per Section 4.8 below.

4.8 Addendums – Any questions, clarifications or bid package document changes deemed material by the Project Lead should be consolidated, provided to Commercial Services, and issued as an addendum to all bidders. See EEC 7.515.03 in the Engineering & Construction Toolbox for an Addendum template.

4.8.1 The Project Lead should review the bid period schedule to ensure that there is adequate time for the bidders to incorporate the addendum into their bid response. If necessary, the Project Lead may extend the bid period and include as part of the addendum.

4.9 Receipt of Bids – Commercial Services receives all bids, logs them in, confirms compliance with bid due date and time, and forwards copies to the Project Lead.

4.10 Bid Evaluation Team – The Project Lead, in conjunction with Commercial Services, must establish a bid evaluation team for contracts greater than $2,000,000. The team should be comprised of persons required by EEC 7.500 Authorized Signatures plus additional subject matter experts as determined by the Project Lead. Project Lead should follow EEC 7.500 Authorized Signatures to obtain appropriate approval.

4.11 Documented Bid Evaluation – A documented bid evaluation must be completed by the Project Lead. The methodology and evaluation criteria are determined on an individual project basis based on the needs of the project. General bid evaluation criteria include:

- Bid Price
- Capacity of contractor to accomplish the work in the desired timeframe
- Demonstrated understanding by contractor of the project requirements
- Proposed sub-contractors
- Experience and qualifications of contractor's project team
- Exceptions to Technical or Commercial requirements

4.11.1 Tabular Bid Evaluation – A tabular bid evaluation is the standard bid analysis methodology. Bidders' cost information is entered with as much breakdown detail as possible to allow for identification of apparent low

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bidder. Exceptions, clarifications and alternatives should be noted and included in the bid quantification process if possible.

4.11.2 Alternative Bid Evaluation Methodologies – The Project Lead may select an alternative bid evaluation methodology that better fits the needs of the project. An example of an alternative methodology is a weighted evaluation. See EEC 7.515.05 in the Engineering & Construction Toolbox for a sample Weighted Bid Evaluation.

4.11.3 Commercial Review of Bids – Commercial Services must review any exceptions taken to the terms and conditions included in the bid documents. If appropriate, price adjustments to the bid evaluation should be made. Commercial Services should also determine whether any sort of performance security will be required so that the costs can be included in the bid evaluation.

4.12 Bid Evaluation Meetings – If there are open issues or questions regarding the bidders' proposals that will affect the apparent low bidder selection, then bid evaluation meetings may be scheduled.

4.12.1 The Project Lead or Commercial Services should schedule the meetings. The agenda should be developed by the Project Lead with input from project team members and the law department (if appropriate). A formal "short list" letter should be developed by Commercial Services for transmittal to the bidder(s).

4.12.2 Any resulting changes to the bid evaluation should be documented.

4.13 Project Control – The Project Lead should review the apparent successful bid against project schedule and budget requirements. If the apparent successful bid results in negative impacts to the project schedule or budget, the Project Lead should notify the General Manager, Major Capital Projects. The Vice President Engineering & Construction should also be notified for projects over $5,000,000. The Project Lead should prepare a recommended plan of recovery as appropriate.

4.14 Letter of Recommendation – A Letter of Recommendation is required when the low bidder is not selected using a tabular bid evaluation or in all cases where an alternative methodology is used. See Commercial Services for a sample Letter of Recommendation. The letter should be prepared and signed by the Project Lead. Approval of the Letter of Recommendation along with the Bid Evaluation

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is a Hold Point. If the purchase is sole source, then the documentation outlined in EEC 7.530 Sole Source Purchases replaces the Letter of Recommendation.

4.15 Approval to Award – The Project Lead should prepare a pre-award package consisting of the bid proposal, bid evaluation documentation and Letter of Recommendation (if required). Approval to award the contract must be obtained by signature of the designated person(s) as listed in EEC 7.500 Authorized Signatures. Approval of the recommendation to award is a Hold Point.

4.15.1 Legal Review of Bid – Commercial Services shall coordinate and facilitate legal review of any bid that takes exceptions to legal based articles of the agreement or any agreement using Special Conditions.

4.16 Purchase Requisition – The Project Lead prepares a purchase requisition based on selected bid. The purchase requisition should include the scope of work, schedule, cost and any other pertinent conditions. See EEC 7.535 Purchase Requisitions. A designated person must approve the purchase requisition as listed in EEC 7.500 Authorized Signatures. Approval of the Purchase Requisition is a Hold Point.

4.17 Purchase Order & Contract Award Communication –The Purchase Order is included in the contract package. No communication of intent to award the contract to the bidder should occur until the appropriate contract documents have been finalized and approved by a designated person as listed in EEC 7.500 Authorized Signatures. If a full or limited notice to proceed is required, the Project Lead should contact the Manager, Commercial Services for development of appropriate release language.

4.18 Unsuccessful Bidder Notification – Once all the approvals have been obtained on the Purchase Requisition, Commercial Services sends letters of notification to the unsuccessful bidders. The Project Lead should work with Commercial Services on the content of the letters and to they are issued in a timely manner. See 7.515.06 in the Engineering & Construction Toolbox for a sample Regrets Letter.

4.18.1 Information regarding the bidders, the evaluation process and the bid price is considered confidential and shall not be shared with any of the bidders on a formal or informal basis.

4.19 Contract Documents – Commercial Services or Sourcing Services obtains bidder signatures on the contract documents and issues copies to the Project Lead.

4.20 Contract Management – The Project Lead is responsible for ensuring construction management.

5.0 REQUIRED RECORDS

The complete bid package, addendums, evaluations, approvals, and letters of regret or award, all contract documents and associated documentation shall be filed in the Project Filing System. Project documentation and required records shall be maintained in accordance with Energy Supply Records Management Policy XES 1.300.

6.0 DEFINITIONS

Reference EEC 7.140 Definitions for a list of all Engineering and Construction policy definitions.

7.0 REFERENCES

EEC 7.500 Authorized Signatures
EEC 7.505 Competitive Bidding Requirements
EEC 7.530 Sole Source Purchases
EEC 7.535 Purchase Requisitions
EEC 7.545 Bidder Pre-Qualification

8.0 REVISION HISTORY

Date	Revision Number	Change
12-31-06	1.0	New
6-1-09	1.1	Update references, definitions and links where applicable. Also updated competitive bid value to $50,000 in Section 2.0 and policy title

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Xcel Energy®		EEC 7.525
Energy Supply Engineering & Construction Policy System		**Revision: 1.1**
TITLE:	Procurement – Materials & Equipment ≥ $50,000	Page 1 of 11

1.0 PURPOSE

This policy establishes requirements for the procurement of materials and equipment. The policy also denotes Hold Points.

2.0 APPLICABILITY

This policy applies to Capital Projects identified and approved by Engineering & Construction (E&C) Management to work with Commercial Services for purchases for materials and equipment that are greater than $50,000.

A Project Lead may place a request with E&C Management to work with Commercial Services. If E&C Management approves such request, this policy shall apply.

3.0 RESPONSIBILITIES

3.1 The Project Lead / Commercial Analyst is responsible for development of bid list, coordinating bid package development, ensuring bid package review (including Sourcing), ensuring SharePoint RFP and Vendor site development, leading bid evaluation process and securing approvals to award contract.

3.2 The Manager, Commercial Services is responsible to support the Project Lead as requested during the full procurement cycle including conducting bidder pre-qualifications and developing bid list.

3.3 When requested by Commercial Services, Sourcing Services is responsible for assisting in bid list development, conducting Xcel Energy Supplier Qualification screenings, preparing portions of the bid package, working with project team to assemble and issue the bid package, bid package receipt, support during bid evaluations and issuing contract documents.

3.4 Approvals are as outlined in EEC 7.500 Authorized Signatures.

3.5 The Manager, Commercial Services is responsible for:

- Ensuring that this procedure is in compliance with Xcel Energy's Corporate policies:

- Corporate Uniform policy 4.10 Procurement of Normal Goods and Services
- Sourcing Services Procedures & Guidelines 2007
- Corporate Uniform policy 3.3 Signing Agreements and Delegation of Authority

- Preparing and submitting the administrative paperwork required for compliance between this policy and the above-mentioned policies.

4.0 REQUIREMENTS

4.1 Bidder Pre-Qualification – The scope of services should be reviewed to determine the experience and qualifications necessary for supplier consideration.

4.1.1 A list of suppliers capable of providing the services should be developed. Identification of potential suppliers can come from existing or previous suppliers or input from Xcel Energy personnel. If the Project Lead needs assistance in determining potential suppliers, Sourcing Services, other Project Leads or the Manager, Commercial Services should be contacted as resources.

4.1.2 Supplier qualifications should consider:

- The expressed desire of the supplier to provide the materials or equipment
- The ability of the supplier to meet the technical requirements of the project
- The capacity of the supplier to deliver the materials or equipment in the desired time frame
- The familiarity of the supplier with Xcel Energy work and their understanding of particular project requirements
- Use of sub-suppliers by prime supplier
- Past performance on other Xcel Energy projects

4.1.3 If the Project Lead determines that potential bidders should be pre-qualified on a "project basis", the Manager, Commercial Services should be contacted and the procedure outlined in EEC 7.545 Bidder Pre-Qualification should be followed.

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4.2 Bid List – A bid list of from three to six bidders should be developed depending on the availability of potential bidders and market conditions. See EEC 7.515.01 in the Engineering & Construction Toolbox for a Bid List template. The bid list must be approved by designated person(s) as listed in EEC 7.500 Authorized Signatures. If the Project Lead recommends a sole source bid, then the procedure outlined in EEC 7.530 Sole Source Purchases must be followed for approval of the bid list. Approval of the bid list is a Hold Point.

4.2.1 Bidders must be pre-qualified to do business with Xcel Energy. The Project Lead should check with Commercial Services or Sourcing Services to see if the bidder is qualified. If the bidder is not qualified, the Project Lead should notify the bidder to contact Sourcing Services. The Xcel Energy Supplier Qualification program is an Xcel Energy corporate requirement and is separate from the project specific process outline in EEC 7.545 Bidder Pre-Qualification.

4.2.1.1 The Project Lead shall clearly inform the bidder that successfully completing the Xcel Energy pre-qualification process does not guarantee any bidding opportunities or bid awards.

4.3 Bid Package Preparation – The Project Lead should work with Commercial Services to prepare and assemble the bid package documents. The Project Lead should ensure that responsibilities for the preparation and assemblage of the bid package are well defined. The bid package shall contain the following documents:

- Invitation to Bid Letter
- Instructions to Bidders
- Notice of Intent to Bid Form
- Bid Form
- Scope of Work Document
- Drawings and/or Specifications
- Xcel Energy Terms & Conditions (w/Special Conditions as appropriate)
- Xcel Energy Safety Policy (if appropriate)
- Other (as determined by Sourcing Department or by project requirements)

4.3.1 Invitation to Bid Letter – A cover letter requesting bids should be prepared by Commercial Services. The letter should briefly describe the

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project, reference the bid package documents and include the bid due date. See –Commercial Services for a sample Invitation to Bid Letter.

4.3.2 Table of Contents – A table of contents of bid package documents should be prepared. See Commercial Services for a sample Table of Contents.

4.3.3 Instructions to Bidders – An Instructions to Bidders document should be prepared that outlines the requirements of the bid. See Commercial Services for a sample Instructions to Bidders document. At a minimum the Instructions to Bidders shall include:

- Bid due date and time (include time zone)
- Name and address for bid submittal
- Number of copies required for submittal
- Information on pre-bid meetings, site visits, etc.
- Contact information and process for questions and clarification during the bid period
- Reference to contract terms and conditions
- Reference to safety requirements (if appropriate)
- Instructions on submittal of Notice of Intent to Bid

4.3.4 Notice of Intent to Bid – The bid package should include EEC 7.515.02 Notice of Intent to Bid, located in the Engineering & Construction Toolbox. Submittal of the Intent to Bid form by the supplier should be considered mandatory to receipt and evaluation of supplier's bid and should be stated as such in the Instructions to Bidders. The form should include instructions regarding submittal of the Notice of Intent to Bid:

- Due date and time (include time zone)
- Name and address for submittal

4.3.5 Bid Form – A Bid Form should be prepared for use by bidders in submitting their proposals. The form of bid content should be developed so as to provide a clear understanding of the bids as well as facilitate comparisons between bidders. See Commercial Services for a sample Bid Form document.

4.3.5.1 Examples of Bid Form information requested include:

- Bid Price
- Component/Unit prices
- Pricing by work scope breakout
- List of sub-suppliers and bids
- Milestone Schedule
- Bidder Experience
- Financial Data
- Performance Security
- Exceptions to bid package documents including drawings, specifications, and terms and conditions
- List of bid package addendums

4.3.6 Bid Pricing – Bid pricing typically shall be solicited on a firm lump sum price basis. If appropriate, due to undefined work or quantities, bids may be solicited on a unit price basis. If assistance is required in determining bid pricing mechanism, contact the Manager, Commercial Services.

4.3.7 Scope of Work Document – A Scope of Work document should be prepared. See –Commercial Services for a sample Scope of Work document. The document should include as a minimum the following information:

- Plant Name
- Project Name
- Project Description
- Scope of Services Description
- List of Deliverables
- Schedule Requirements
- Project Specific Requirements (Meetings, Progress Reports, Schedule of Activities/Deliverables, Design Considerations, As-Built Drawings, etc)

4.3.8 Drawings & Specifications – The drawings and specifications required to describe the materials or equipment should be included in the bid package. The drawings and specifications should be as complete as possible to allow full and accurate bid development.

4.3.8.1 A list of applicable design and construction documents should be prepared if required to define work scope or boundaries of targeted bid package.

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4.3.8.2 Reference drawings or technical reports should be included in the bid package if they aid the bidder in understanding the scope of supply.

4.3.9 Xcel Energy Terms & Conditions – The Project Lead should work with Commercial Services to determine the appropriate terms and conditions. If Special Conditions are required to supplement the General Conditions, contact the Manager, Commercial Services.

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- Exceptions to Technical and Commercial requirements

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4.12 Bid Evaluation Meetings – If there are open issues or questions regarding the bidders' proposals that will affect the apparent low bidder selection, then bid evaluation meetings may be scheduled.

4.12.1 The Project Lead or Commercial Services should schedule the meetings. The agenda should be developed by the Project Lead with input from project team members, and the law department (if appropriate). A formal "short list" letter should be developed by Commercial Services for transmittal to the bidder(s).

4.12.2 Any resulting changes to the bid evaluation should be documented.

4.13 Project Control – The Project Lead should review the apparent successful bid against project schedule and budget requirements. If the apparent successful bid results in negative impacts to the project schedule or budget, the Project Lead should notify the General Manager, Major Capital Projects. The Vice President Engineering & Construction should also be notified for projects over $5,000,000. The Project Lead should prepare a recommended plan of recovery as appropriate.

4.14 Letter of Recommendation – A Letter of Recommendation is required when the low bidder is not selected using a tabular bid evaluation or in all cases where an alternative methodology is used. See Commercial Services for a sample Letter of Recommendation. The letter should be prepared and signed by the Project Lead. Approval of the Letter of Recommendation along with the Bid Evaluation is a Hold Point. If the purchase is sole source, then the documentation outlined in EEC 7.530 Sole Source Purchases replaces the Letter of Recommendation.

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4.15 Approval to Award – The Project Lead should prepare a pre-award package consisting of the bid proposal, bid evaluation documentation and Letter of Recommendation (if required). Approval to award the contract must be obtained by signature of the designated person(s) as listed in EEC 7.500 Authorized Signatures. Approval of the recommendation to award is a Hold Point.

4.15.1 Legal Review of Bid – Commercial Services shall coordinate and facilitate legal review of any bid that takes exceptions to legal based articles of the agreement or any agreement using Special Conditions.

4.16 Purchase Requisition – The Project Lead prepares a purchase requisition based on selected bid. The purchase requisition should include the scope of work, schedule, cost and any other pertinent conditions. See EEC 7.535 Purchase Requisitions. A designated person must approve the purchase requisition as listed in EEC 7.500 Authorized Signatures. Approval of the Purchase Requisition is a Hold Point.

4.17 Purchase Order & Contract Award Communication –The Purchase Order is included in the contract package. No communication of intent to award the contract to the bidder should occur until the appropriate contract documents have been finalized and approved by a designated person as listed in EEC 7.500 Authorized Signatures. If a full or limited notice to proceed is required, the Project Lead should contact the Manager, Commercial Services for development of appropriate release language.

4.18 Unsuccessful Bidder Notification – Once all the approvals have been obtained on the Purchase Requisition, Commercial Services sends letters of notification to the unsuccessful bidders. The Project Lead should work with Commercial Services on the content of the letters and to they are issued in a timely manner. See EEC 7.515.06 in the Engineering & Construction Toolbox for a sample Regrets Letter.

4.18.1 Information regarding the bidders, the evaluation process and the bid price is considered confidential and shall not be shared with any of the bidders on a formal or informal basis.

4.19 Contract Documents – Commercial Services or Sourcing Services obtains bidder signatures on the contract documents and issues copies to the Project Lead.

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4.20 Contract Management – The Project Lead shall ensure contract management.

5.0 REQUIRED RECORDS

The complete bid package, addendums, evaluations, approvals, and letters of regret or award, all contract documents and associated documentation shall be filed in the Project Filing System. Project documentation and required records shall be maintained in accordance with Energy Supply Records Management PolicyXES 1.300.

6.0 DEFINITIONS

Reference EEC 7.140 Definitions for a list of all Engineering and Construction policy definitions.

7.0 REFERENCES

EEC 7.500 Authorized Signatures
EEC 7.505 Competitive Bidding Requirements
EEC 7.530 Sole Source Purchases
EEC 7.535 Purchase Requisitions
EEC 7.545 Bidder Pre-Qualification

8.0 REVISION HISTORY

Date	Revision Number	Change
12-31-06	1.0	New
6-1-09	1.1	Update references, definitions and links where applicable. Also updated competitive bid value to $50,000 in Section 2.0 and policy title

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Xcel Energy Services, Inc.

Engineering and Construction

Capital Project Experience

Gas Fueled Projects

Introduction

- Capital Projects completed
- Costs are in values as of the year of completion as reported to jurisdictional commissions

Black Dog Repowering Project

- Plant Description: 283 MW Combined Cycle
- Location: Burnsville, MN
- Project Start Date: August 1999
- Commercial Operation Date: June 2002 (Oct. 2002)
- Original Project Estimate:$156 million
- Final Project Cost = $122 Million
- Market Comparison: $431/kW vs. $600/kW

Combustion Turbine: Siemens Westinghouse 501F

HRSG: Deltak

EPC: Stone & Webster

Plant Efficiency: 50 – 54%

NO_x: Under 4.5 ppm

Spring 2001 Flood – 35 Day Duration

Angus Anson Unit 4

- Project Description: 158 MW Peaking CT
- Location: Sioux Falls, SD
- Project Start Date: October 2003
- Permit Approval Date: May 2004
- Commercial Operation Date: May 2005
- Original Budget: $63 Million
- Final Project Cost: $34 Million
- Market Comparison: $215/kW vs.($350 - $400/kW)

Combustion Turbine: General Electric 7FA

Purchased secondary market combustion turbines at steep discount

Perfect safety record – no recordable injuries

12 month construction period

Blue Lake Units 7 & 8

- Project Description: 310 MW Peaking Combustion Turbines
- Location: Shakopee, MN
- Project Start Date: October 2003
- Permit Approval Date: June 23, 2004
- Commercial Operation: June 1, 2005
- Original Project Estimate: $90 Million
- Final Project Cost: $63 Million
- Market Comparison: $203/kW vs. ($350 - $400/kW)

Combustion Turbine: General Electric 7FA

Self Performed 50% of Construction

11 month construction period

High Bridge MERP

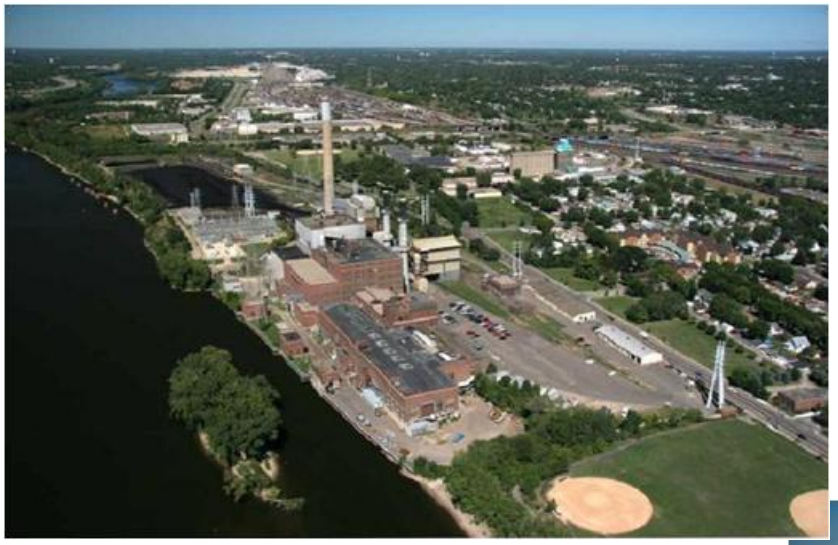
High-Bridge Combined Cycle Project, South-West Elevation – March 2008

- Plant Description: 495 MW Combined Cycle
- Location: St. Paul, MN
- Project Start Date: August 2004
- Commercial Operation Date: May 23, 2008
- Original Project Estimate: $395 million
- Final Cost: $334 million
- Market Comparison: $674/kW vs. ($650 - $750/kW)

- Combustion Turbine: Mitsubishi Power
- HRSG: Nooter Erickson
- EPC: Lockwood Greene
- Plant Efficiency: above 50%
- Outstanding Safety Record

High-Bridge Combined Cycle Project, East Elevation – March 2008

Riverside MERP



- Plant Description: 484 MW Combined Cycle
- Location: Minneapolis, MN
- Project Start Date: October 2004
- Commercial Operation Date: May 2009
- Project Estimate: $212 million
- Final Cost: $228 million wo/demolition
- Market Comparison: $471 kW vs. ($600 - $700/kW market)

- Combustion Turbine: General Electric 7FA
- HRSG: Nooter Erickson
- Engineer: Sargent & Lundy
- Abatement/Demolition efforts took 18 months
- Original plant was built in 1911

Fort St. Vrain Units 5 & 6

- Plant Description: 289 MW peaking combustion turbines
- Location: Platteville, CO
- Project Start Date: PUC Approval – April 2008
- Commercial Operation Date: June 2009
- Original Project Estimate: $192 million
- Final Project Cost: $164 million
- Market Comparison: $567/kw vs. ($650 - $750/kw)

- Combustion Turbine : General Electric
- Constructor: TIC
- Engineer: Zachary Engineering

Jones Unit 3

- Plant Description: 172 MW Gross Summer Capacity, Siemens SGT6-5000F (4) combustion turbine
- Location: Lubbock, TX
- Project Start Date: October 2010
- Commercial Operation Date: June 30, 2011
- Original Project Estimate: $106.7 million
- Final Project Cost: $83 million
- Market Comparison: $482/kw vs. ($726 - $839/kw, 2011$)

Conclusions

- Xcel Energy Services, Inc. and the Xcel Energy, Inc. operating companies have demonstrated a consistent ability to complete new gas fired projects on schedule and under original approved budget.
- Project budgets are at or below industry market indicted ranges based on the year placed in service.