**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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IN THE MATTER OF ADVICE NO. 1029-GAS OF PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO PUC NO. 6-GAS TARIFF TO INCREASE JURISDICTIONAL BASE RATE REVENUES, IMPLEMENT NEW BASE RATES FOR ALL GAS RATE SCHEDULES, AND MAKE OTHER PROPOSED TARIFF CHANGES EFFECTIVE FEBRUARY 29, 2024	**) PROCEEDING NO. 24AL-______G**

DIRECT TESTIMONY AND ATTACHMENTS OF LAUREN GILLILAND

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

January 29, 2024

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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Attachment LG-4	First Set Credit Known and Measurable Adjustment
Attachment LG-5	Current Quality of Service Plan ("QSP") Tariff

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DIRECT TESTIMONY AND ATTACHMENTS OF LAUREN GILLILAND

I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Lauren Gilliland. My business address is 1123 West Third Avenue, Denver, CO 80223.

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

A. I am employed by Xcel Energy Services Inc. ("XES") as Vice President – Gas Engineering and Operations. XES is a wholly-owned subsidiary of Xcel Energy Inc. ("Xcel Energy") and provides an array of support services to Public Service Company of Colorado ("Public Service" or the "Company") and the other utility operating company subsidiaries of Xcel Energy on a coordinated basis.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?

A. I am testifying on behalf of Public Service.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.

A. As Vice-President of the Gas Business Unit, I am responsible for all aspects of the business unit including engineering, operations, and maintenance of the local gas distribution and transmission systems, system reliability, emergency response, damage prevention, geospatial, public safety, gas plants, gas storage fields, compliance, and customer satisfaction over geographically dispersed territories in five states, encompassing more than 2.1 million natural gas customers. A description of my qualifications, duties, and responsibilities is set forth in my Statement of Qualifications at the conclusion of my Direct Testimony.

Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT TESTIMONY?

A. Yes. I am sponsoring the following attachments:

- Attachment LG-1: Gas Operations October 1, 2022 to September 30, 2023 Operations and Maintenance Expenses by Cost Element;
- Attachment LG-2: Gas Operations October 1, 2022 to September 30, 2023 Operations and Maintenance Expenses by FERC Account;
- Attachment LG-3: Damage Prevention Known and Measurable Adjustment;
- Attachment LG-4: First Set Credit Known and Measurable Adjustment; and
- Attachment LG-5: Current Gas Quality of Service Plan (“QSP”) Tariff.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. In addition to directly supporting a number of Company requests in this case, which I discuss below, my testimony presents the Company’s gas operational perspective regarding the demands on its natural gas business and system, and what, generally, drove the historical investments brought forward herein for recovery.

With approximately 1.5 million natural gas customers,[1] there is continued demand on our system, and much of Colorado depends on Public Service to provide safe, reliable, clean, and affordable heat. We continue to receive requests for new gas service, as well as requests to relocate our infrastructure by governing authorities. Additional federal and state regulations and mandates, as well as industry best practices, impact the level of required safety investments. Further, as infrastructure ages, and damages by third-parties, or is subject to potential detrimental effects of severe weather events, investments are needed to ensure safety and service continuity. Fundamental investments in our assets and our people to mitigate risk to public safety and the environment, undertake programmatic efforts to keep gas in the pipes, and ensure our system is resilient all enable us to successfully provide service that is clean, safe, reliable, and affordable. Each of these needs is at the core of the Gas Operations capital investments and operations and maintenance ("O&M") expenses included in this rate case.

Q. PLEASE PROVIDE AN OVERVIEW OF THE TOPICS ADDRESSED IN YOUR TESTIMONY.

A. The remainder of my testimony provides an overview of Public Service's gas operations, our key Gas Operations investments and expenses in this case, and

[1] Approximately 1.1 million of these customers also take electric service from Public Service.

other Company requests associated with damage prevention, meters, and the Company's Gas QSP.

While Company witness Mr. A. Ray Gardner supports the Gas Operations capital investments, I provide primary support for the Company's $135.9 million in O&M expenses that are included in the 2023 Test Year ("2023 Test Year" or "Test Year") cost of service presented by Company witness Mr. Arthur P. Freitas. Gas Operations' 2023 Test Year O&M in this rate case is based on actual O&M costs in the twelve-month period ended September 30, 2023 along with adjustments associated with Damage Prevention and First Set Credits. In addition to the foregoing, I support the Company's request to continue the deferral of costs of our Damage Prevention Program above or below the baseline amount included in base rates in this proceeding and recover previously deferred amounts, provide information on costs related to meter replacements as required by the Settlement Agreement approved by the Commission in Proceeding No. 23A-0204G, and support the Company's proposal to extend our Gas QSP and existing metrics until December 31, 2027.

Q. WHAT IS THE INTERPLAY BETWEEN YOUR TESTIMONY AND THAT OF OTHER WITNESSES IN THIS CASE?

A. Together, Mr. Gardner and I, as the Gas Operations witnesses, seek to provide a clear picture of our natural gas business, including support for the historical investments that have been made and the ongoing required level of O&M. Our testimonies support the work undertaken to provide our customers with safe and reliable natural gas service through 2023. By contrast, Company witness Mr.

Steven P. Berman is the lead policy witness in the case and he, along with Company witness Mr. Stephen G. Martz, a leader in our recently established Integrated Systems Planning organization, discuss the framework for the future, and other regulatory proceedings that impact the natural gas business.

II. OVERVIEW OF THE GAS SYSTEM AND REQUIREMENTS

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this section of my Direct Testimony, I provide a high-level overview of Public Service's Gas Operations, as well as requirements for the system that impact investments, we make in order to provide safe and reliable natural gas service to our customers.

A. Public Service's Gas Operations

Q. PLEASE DESCRIBE PUBLIC SERVICE'S GAS OPERATIONS.

A. Having proudly served Colorado communities and their natural gas needs for over 150 years,[2] Public Service is the largest local distribution company ("LDC") in Colorado serving approximately 1.5 million customers, as noted earlier. We operate an extensive gas delivery system that includes approximately 23,500 miles of distribution mains and over 2,000 miles of transmission pipeline, over 1.2 million services, 18 compressor station locations with over 40 compressors totaling approximately 38,000 horsepower, roughly 2,000 regulator stations, and other supporting infrastructure, all of which help us move gas safely and reliably throughout Colorado to our customers. The Company has direct access to major gas supply areas in Colorado, which includes underground storage and gas transportation capacity on upstream interstate pipelines. We are also able to access other major gas suppliers from Wyoming, Utah, Texas, Kansas, and Oklahoma.

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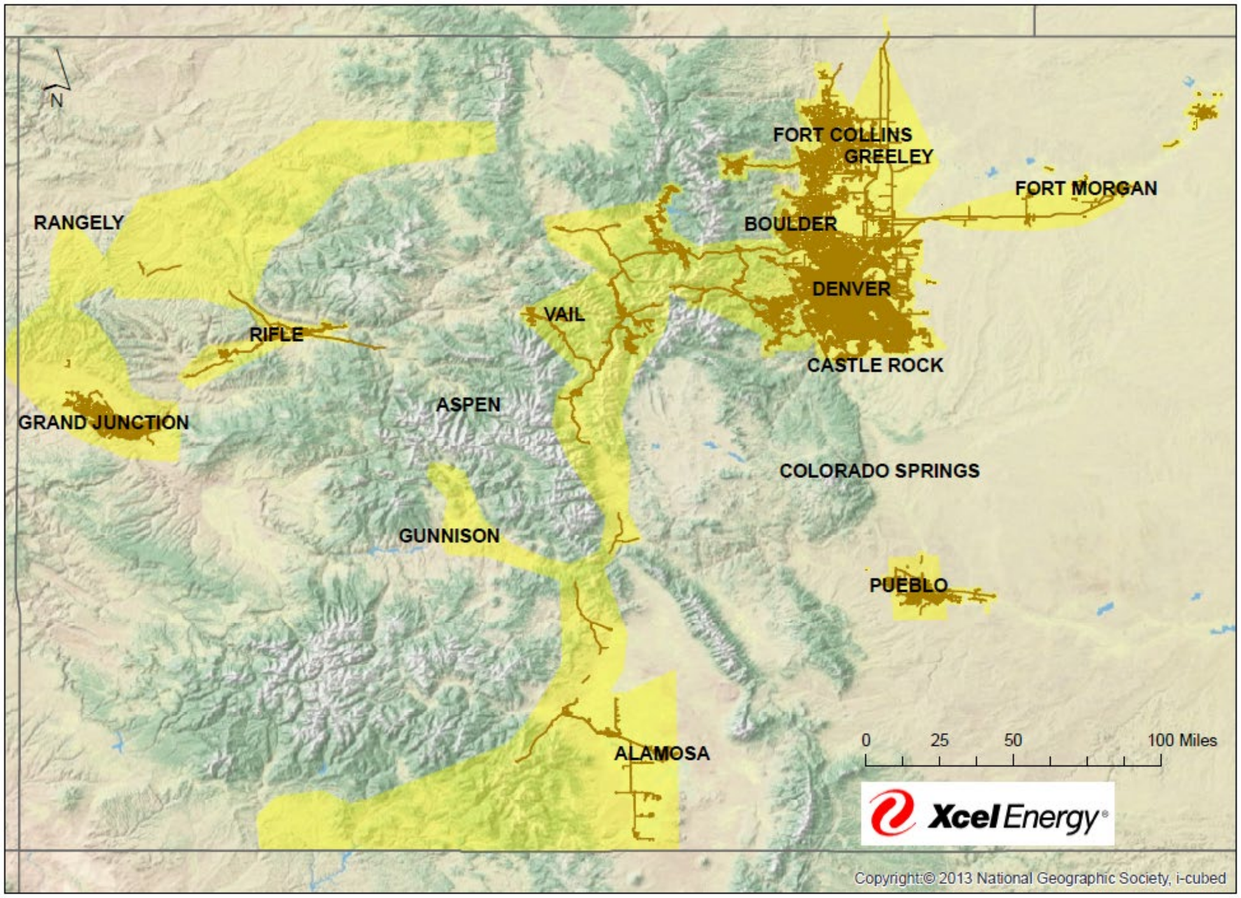
[2] The original predecessor of Public Service, the Denver Gas Company, was founded on November 13, 1869. Public Service began operating its natural gas distribution and transmission systems in the 1920s.

Q. PLEASE PROVIDE AN OVERVIEW OF PUBLIC SERVICE'S GAS SERVICE TERRITORY.

A. A map of our gas service territory is below:

Figure LG-D-1: Gas Service Territory Map



As reflected on the above map, our system is diverse, spanning rural, suburban, urban, and mountainous environments, and we operate facilities in 33 of the 64 counties within the State. In addition to providing essential gas service to its own residential and commercial customers, the Company also provides transportation services to the other Colorado LDCs.[3] The Company maintains an essential backbone relied upon by Coloradoans for the safe and reliable delivery of natural gas.

Q. WHAT IS THE BASIC FUNCTION OF PUBLIC SERVICE'S GAS BUSINESS?

A. The Public Service Gas business provides safe, reliable, affordable, and environmentally responsible service to our Colorado customers. As a public utility, we are obligated to design and operate our system to ensure the safety of our customers, our employees and contractors, and the public, in compliance with all federal and state codes and regulations and to be ready to provide reliable service to our firm customers on demand. In addition, as leaders in clean energy and carbon emissions reductions, Public Service is working to reduce natural gas emissions to meet Company and State of Colorado energy policy objectives.

Q. WHAT ARE THE MAIN FUNCTIONS PERFORMED BY THE GAS OPERATIONS BUSINESS UNIT?

A. With the introduction of the new Integrated System Planning ("ISP") organization discussed in Mr. Martz's Direct Testimony, the functions of the Gas operations business unit have been refocused on near team responsibilities including constructing projects and operating the system, while ISP focuses on longer term planning-related activities including developing the longer-term strategy and vision of the gas system. Gas Operations and ISP together provide all the major

[3] Additionally, the Company transports gas in interstate commerce by delivering gas supplies to interconnected pipeline systems that subsequently transport the gas to out-of-state markets. This interstate service is regulated by the Federal Energy Regulatory Commission ("FERC") and is provided pursuant to a limited-jurisdiction certificate of public convenience and necessity issued by the FERC in 1992.

functions to deliver natural gas from upstream interstate pipelines, such as Colorado Interstate Gas Company, via the Company's transmission and distribution systems to the customer's meter and ensures public safety through compliance with state and federal pipeline safety regulations. These functions include: planning, engineering, design, metering, compliance, responding to gas emergencies, locating underground gas facilities, construction and maintenance on the system, coordinating with communities to relocate our facilities when necessary for municipal projects like water and sewer projects, providing new gas service when requested by our customers in satisfaction of our obligation to serve, complying with all state and federal regulations, and operating and maintaining gas peaking facilities, just to name a few.

B. <u>Requirements for the Gas System</u>

Q. WHAT ARE THE OVERARCHING PRINCIPLES THAT GUIDE PUBLIC SERVICE'S INVESTMENTS IN ITS GAS SYSTEM ON BEHALF OF CUSTOMERS AND FOR THE BENEFIT OF THE PUBLIC?

A. At a high level, our basic principles are to ensure that the natural gas we deliver to customers remains in our transmission and distribution pipelines until the point of use, that our employees operate and work on the system in a competent and safe manner, and that our system itself and the services we provide are safe and reliable. We take seriously our obligation to serve, to facilitate system safety and reliability, and to minimize greenhouse gas emissions ("GHGs") in alignment with Colorado policy.

Q. WHAT AUTHORITIES GOVERN THESE PRINCIPLES?

A. While simple in theory, operational safety and reliability principles are put into practice through a complex set of laws, rules, and regulations that govern our work at the federal, state, and local level. New legislation and regulations related to pipeline safety continue to come at a rapid pace and drive additional infrastructure, safety, and integrity investments for the natural gas industry. The most recent federal legislation is the Protecting our Infrastructure of Pipelines and Enhancing Safety ("PIPES") Act of 2020 ("PIPES Act").[4]

At the federal level, Pipeline and Hazardous Materials Safety Administration ("PHMSA") is the primary federal agency responsible for ensuring pipelines are designed, constructed, and operated in a safe, reliable, and environmentally sound manner. PHMSA oversees the development and promulgation of pipeline safety rulemakings, which prescribe regulations concerning pipeline activities, such as construction, emergency response, and maintenance and operations.[5] There are currently several overarching federal regulations that pertain to Public Service's Gas Operations, including:

- Part 191 - requirements of natural gas pipeline operators to report incidents, safety-related conditions, annual summary data, and provide other reporting.

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[4] Public Law No. 116-260 (December 27, 2020). At the time of this filing, a new PIPES Act, which reauthorizes the Pipeline and Hazardous Materials Safety Administration's ("PHMSA's") pipeline safety programs for the next four years and is intended to provide an efficient and effective framework to advance the safety of energy infrastructure across the United States, is under consideration.

[5] A United States Code ("USC") section 60105(a) certification grants authority to the State of Colorado to carry out a pipeline safety program ("PSP") to oversee intrastate pipeline facilities and to enforce pipeline safety regulations. The Commission's PSP may adopt additional or more stringent safety standards for intrastate pipeline facilities and transportation only if those standards are compatible with the minimum federal standards.

- Part 192 – minimum safety requirements for the transportation of gas through pipelines. The Distribution and Transmission Integrity Management Programs ("DIMP" and "TIMP") rules are contained in this part, while Underground Storage Interim Final Rule ("IFR") (adopting American Petroleum Institute ("API") Recommended Practice ("RP") 1171) also applies.

- Part 196 – regulations for protection of underground pipelines from excavation activity.

- Part 199 – programs for preventing alcohol misuse and to test gas employees for the presence of alcohol and prohibited drugs.

In addition to the above, there are new final regulations and pending rulemakings at PHMSA, such as those pertaining to the PHMSA Mega-Rule for transmission lines, which are driving integrity investments.[6] PHMSA not only continues to mandate TIMP[7] and DIMP plans for safety and reliability work, but also encourages operators to minimize methane emissions in their natural gas systems.

At the State level, we are governed by the PSP, as well as new legislation, Commission rules, and regulatory requirements, all of which impact our cost of service, and there is an increased focus on gas pipeline safety by both the Commission and the PSP. State, and local (*e.g.*, city and county) governments are also responsible for overseeing the construction of new distribution infrastructure, including permitting.[8] In addition, some local governments provide

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[6] On April 8, 2016, PMHSA issued a Notice of Proposed Rulemaking ("NPRM") for "Pipeline Safety: Safety of Gas Transmission and Gathering Pipelines," under Docket No. PHMSA-2011-0023 (the "Mega-Rule"). This NPRM represented the most significant regulatory impact on gas transmission pipelines since the original TIMP regulation was issued in 2003.

[7] For example, PHMSA published a final rule that addresses the installation of remote-controlled valves and rupture detection on transmission lines on April 8, 2022. This rule requires installation of these valves on new and replaced transmission lines and implementation of new valve spacing requirements for existing pipelines in high consequence areas.

[8] The State of Colorado further regulates one-call (811) excavation requirements.

the Company with franchise agreements that enable us to install our natural gas infrastructure within road rights-of-way through the communities that we serve. In turn, those local governments may reserve the right to mandate that Public Service move its infrastructure should the local government entity's needs change on behalf of the public.

Q. PLEASE FURTHER DISCUSS THE REQUIREMENTS OF THE PIPES ACT.

A. The PIPES Act illustrates Congress's and PHMSA's dual focus on public safety and GHG emissions reductions. The PIPES Act focuses on DIMP planning, and it expands natural gas system operator obligations with respect to the distribution portions of the system. Specifically, the PIPES Act requires DIMP plans to consider the risks presented by leak prone materials and the threat of over pressurization, adds emergency response plan requirements, and adds record-keeping requirements related to proper pressure controls – all of which are intended to enhance public safety.[9] Other legislative topics from the PIPES Act include leak detection, safety of gas distribution pipelines, updates to liquid natural gas regulations, and changes to class location requirements. Throughout work on these matters, system operators are expected to show how their work will minimize releases, protect the environment, and reduce or eliminate hazards. The PIPES Act directs PHMSA to issue rulemakings related to these topics within a specified time – primarily no later than one or two years after the date of enactment. As these rulemakings are being issued, they are both increasing safety obligations for

[9] Sections 202-206, PIPES Act.

system operators and specifically addressing how these requirements will amplify efforts to reduce methane emissions.

Q. HOW ARE PIPES ACT REGULATIONS DEMONSTRATING ALIGNMENT BETWEEN SAFETY AND INTEGRITY INVESTMENT AND ENVIRONMENTAL EMISSIONS REDUCTION GOALS?

A. In June 2021, PHMSA issued an Advisory Bulletin related to the PIPES Act that "underscor[ed] to pipeline and pipeline facility operators requirements to minimize methane emissions."[10] In doing so, PHMSA noted that "this action is only one piece of PHMSA's ongoing efforts to minimize methane emissions."[11] To that end, Section 113 of the PIPES Act requires programs to identify, locate, and categorize all leaks that are either "hazardous to human safety or the environment" or "have the potential to become explosive or otherwise hazardous to human safety."[12] PIPES Act Section 113 amended USC §60102 requiring PHMSA to promulgate final regulations to require operators to conduct leak detection and repair programs to meet pipeline safety and to protect the environment. Section 113 also required the promulgation of minimum performance standards for leak detection and repair, and to identify, locate, and categorize all leaks that are hazardous to public safety or environment. Finally, Section 113 mandates a rulemaking to require the use of advance leak detection technologies and practices, and to schedule the repair or replacement of each leaking pipe. Separately, Section 114 of the PIPES Act

[10] https://www.phmsa.dot.gov/news/phmsa-advisory-bulletin-pipeline-industry-must-take-actions-address-methane-leaks-pipelines.
[11] *Id.*
[12] Sec. 113, PIPES Act.

revised USC §60108 to include a self-executing mandate, which required operators to update O&M Plans to demonstrate how the operator will eliminate hazardous leaks, minimize releases of natural gas, and replace or remediate pipelines known to leak.

In furtherance of the foregoing, in May of 2023 PHMSA published a Notice of Proposed Rulemaking titled "Pipeline Safety: Gas Pipeline Leak Detection and Repair," in which PHSMA sought to implement rules under the PIPES Act "to reduce methane emissions from new and existing gas transmission pipelines, distribution pipelines, regulated ... gas gathering pipelines, underground natural gas storage facilities, and liquefied natural gas facilities."[13] In connection with this NPRM, PHMSA noted:[14]

> Among the proposed amendments for part 192- regulated gas pipelines are strengthened leakage survey and patrolling requirements; performance standards for advanced leak detection programs; leak grading and repair criteria with mandatory repair timelines; requirements for mitigation of emissions from blowdowns; pressure relief device design, configuration, and maintenance requirements; and clarified requirements for investigating failures. Finally, PHMSA proposes expanded reporting requirements for operators of all gas pipeline facilities within DOT's jurisdiction, including underground natural gas storage facilities and liquefied natural gas facilities.

Simply put, PHMSA both requires various kinds of work to keep the public safe from natural gas events and recognizes the need to minimize methane emissions, explicitly acknowledging that both types of work are essential and interdependent.

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[13] https://www.federalregister.gov/documents/2023/05/18/2023-09918/pipeline-safety-gas-pipeline-leak-detection-and-repair. The final rule has not yet been issued.
[14] Pipeline Safety: Gas Pipeline Leak Detection and Repair | PHMSA (dot.gov).

Q. EARLIER YOU MENTIONED PHMSA'S MEGA-RULE. PLEASE SUMMARIZE THE CURRENT REQUIREMENTS ARISING FROM PHMSA'S MEGA-RULE.

A. The Transmission Mega-Rule was divided into three separate rulemakings and denoted by Regulatory Identification Number (RIN) 1, 2 and 3. RIN 1 (Congressionally-mandated provisions) of the PHMSA Transmission Mega-Rule was published on October 1, 2019 and significantly impacted programs related to Maximum Allowable Operating Pressure ("MAOP") reconfirmation, material records verification requirements, and establishment of Moderate Consequence Areas ("MCAs") for integrity assessments beyond High Consequence Areas. Under RIN 1, Public Service is required to reconfirm the MAOP on 50 percent of pipeline mileage by July 2028 and to reconfirm 100 percent by July 2035. Regarding MCAs, the Company estimated it has about 130 miles of additional pipeline subject to integrity assessments. The newly defined MCAs must be initially assessed as soon as practicable within 14 years of the rule's publication date, no later than July 2034, or 10 years after the pipeline first meets required conditions. Periodic reassessment is required at least every 10 years unless determined otherwise by the operator or as necessary to ensure public safety.

While operators expected PHMSA to next promulgate a final rule for RIN 2 of the new gas transmission rules, PHMSA instead issued RIN 3 to address gas gathering. RIN 3 was published on November 15, 2021 (at the tail end of the adopted test year in our 2022 Combined Gas Rate Case)[15] and expanded safety

[15] "2022 Combined Rate Gas Case" refers to Proceeding No. 22AL-0046G, where the Commission approved a 2021 test year ("2021 HTY").

regulations to certain rural gathering lines typically operated by oil and gas producers and processors.

Finally, RIN 2 of the new gas transmission rule was published on August 24, 2022 with an effective date of May 2023. PHMSA issued two stays of enforcement in December 2022 and again in April 2023, for many, but not all, provisions until February 2024. RIN 2 addressed the non-Congressionally mandated portions of the Mega-Rule, which included requirements for anomaly repair criteria, inspection after extreme events, and expanded corrosion control programs. Under RIN 2, operators are required to perform above ground coating assessments to ensure the integrity of the coating after placing a new, repaired, or replaced pipeline (over 1,000-ft in length) in service and backfilling. Severe coating damage identified must be repaired within 6 months after receiving necessary permits. RIN 2 requires prompt remedial actions to investigate and address corrosion control deficiencies and systemic causes. The new rulemaking adds repair criteria for transmission pipelines and the analysis of critical strain level. RIN 2 also incorporates additional integrity management requirements such as the integration of all pertinent data elements for pipeline attributes and requires the analysis of the data for pipeline integrity threats.

Q. HOW DO THESE RULES AND REGULATIONS AFFECT PUBLIC SERVICE GAS OPERATIONS?

A. The types of rules and regulations that necessitate investments in the gas system for safety and reliability have increased substantially as the clean energy transition has evolved, adding to the extensive operator obligations that already exist.

Operators are required to take steps to reduce methane emissions via advanced leak detection, accelerated leak repair, and problematic material replacement. Operators have also been instructed to update O&M plans to address public safety and the protection of the environment. Overall, the increased focus on safety and pipeline integrity in the last decade has now widened and expanded to require more from operators to reduce methane emissions and environmental impacts. This demonstrates, specifically at a federal level, that decarbonization of the Gas system is additive and does not change the requirement of operators to provide safe and reliable service for as long as they operate a Gas LDC to serve any number of customers.

Further, the level of safety-related capital investment made in the Test Year, as compared to investment in mandatory relocation, new business, and capacity expansion, is reflective of Public Service's obligations to maintain a safe and reliable system. As shown in the Table below, and as discussed in more detail by Mr. Gardner's Direct Testimony, system safety and integrity-related investment represents over 50 percent of gas operations capital additions in this case.

Table LG-D-1
Gas Operations Capital Additions
January 1, 2022 – December 31, 2023* ($ millions)

Budget Category	**2022** (Actual)	**2023**			**Total Additions Since 2021 Test Year**
		1/1 – 9/30 (Actual)	10/1 – 12/31 (Forecast)	Total	
Mandatory Relocation	$40.9	$21.3	$7.3	$28.7	$69.5
New Business	$112.3	$89.2	$36.6	$125.8	$238.1
Capacity Expansion	$34.3	$52.9	$40.3	$93.2	$127.6
System Safety and Integrity	$277.9	$170.3	$118.9	$289.2	$567.1
Total	**$465.5**	**$333.7**	**$203.2**	**$536.8**	**$1,002.2**

** Any differences in sums due to rounding.*

Public Service's Gas Operations team is rising to and meeting the challenges associated with increasing pressures on the Gas Operations business to serve customers with clean, reliable, and safe natural gas service. Currently, however, we are only asking through our rate request that the Commission approve historical investments and approve a level of ongoing O&M that affords Public Service the resources and opportunity to continue to maintain a safe, reliable, resilient, clean, and affordable system for the benefit of our customers.

III. GAS OPERATIONS O&M EXPENSES

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this section of my Direct Testimony, I provide an overview of the O&M expenses incurred by Public Service as part of its Gas Operations, by cost element, and discuss the O&M trends since the Company's 2022 Combined Gas Rate Case. I then provide an overview of Gas Operations' O&M cost management process. Finally, I present Gas Operations O&M for the 2023 Test Year, inclusive of the proposed adjustments related to Damage Prevention and First Set Credits.

A. Gas Operations Overall O&M Expenses

Q. PLEASE PROVIDE AN OVERVIEW OF THE O&M COSTS THAT ARE INCURRED BY PUBLIC SERVICE'S GAS OPERATIONS.

A. The Company incurs O&M expenses across various areas within Gas Operations, including the transmission and distribution business functions, that are related to numerous activities that support the gas system. As discussed above, federal and state codes require significant inspection and maintenance programs for gas utilities, many of which result in O&M expenditures. And integrity management programs require O&M costs to mitigate system risks. We must also perform emergency response and respond to requests to locate our underground gas infrastructure to protect public safety. Other types of O&M expense include internal labor, contract labor, materials, transportation (fleet) costs, and other expenses.

Q. WHAT ARE THE BASIC COST CATEGORIES OF THE GAS OPERATIONS O&M BUDGET?

A. The Gas Operations O&M budget can be broken down into the following six categories:

1. Damage Prevention: a program of O&M work that includes contract and internal labor and materials to perform locates of Company-owned underground gas infrastructure as required by state and federal agencies;
2. Labor: Internal labor (excluding damage prevention) to operate and maintain the Company's natural gas system;
3. Outside Services: Consulting and staff augmentation services (excluding damage prevention) to supplement internal labor to operate and maintain the Company's natural gas system;
4. Materials: Costs related to consumables, hardware, and refurbished materials used in maintenance and repair operations, as well as tools and small equipment;
5. Transportation: Costs associated with trucks, cars, and other fleet vehicles, including operations and maintenance, to transport our people and equipment as needed to provide gas service;
6. First Set Credits ("FSC"): Credits associated with labor and minor materials related to the installation of a new meter set or meter exchange for residential, commercial, and industrial customers; and
7. Other: Employee expenses, facility fees, and licenses.

Q. CAN YOU SUMMARIZE THE COMPANY'S BASE RATE O&M EXPENSE IN RECENT YEARS?

A. Yes. Table LG-D-2 below summarizes the Company's Gas Operations O&M expenses from the 2021 HTY through the 2023 Test Year.

Table LG-D-2
Gas Operations O&M Expenses from 2021 HTY to the 2023 Test Year ($ millions)

O&M Categories	2021 Actual	12 Months Ended 9/30/23	Adjustments	2023 Test Year
Damage Prevention	$23.4	$27.1	$4.9	$32.0
Labor	61.2	64.2	--	64.2
Outside Services	34.5	38.6	--	38.6
Materials	14.4	12.6	--	12.6
Transportation	9.0	12.1	--	12.1
First Set Credits	(33.9)	(22.7)	($6.5)	(29.2)
Other	8.6	5.6	--	5.6
Total	**$117.2**	**$137.5**	**$(1.6)**	**$135.9**

Q. PLEASE DESCRIBE THE OVERALL TRENDS FOR GAS OPERATIONS O&M EXPENSES SINCE THE 2021 HTY.

A. Since the 2021 HTY, total Gas Operations O&M costs increased primarily related to rising labor costs and outside service, including costs related to Damage Prevention (mandated locates for gas facilities through the Colorado 811 program). As shown in Table LG-D-2 above, the Company is proposing a Damage Prevention known and measurable adjustment to reflect higher costs that will be experienced immediately following the Test Year, as well as a normalizing adjustment to the First Set credits to appropriately offset the actual meter installation O&M costs in the Test Year. Later in my Direct Testimony, I support the costs in each of the O&M categories, including the proposed adjustments.

Labor cost increases for the 2023 Test Year are further supported by the Direct Testimony of Company witnesses Mr. Michael P. Deselich and Mr. Freitas.

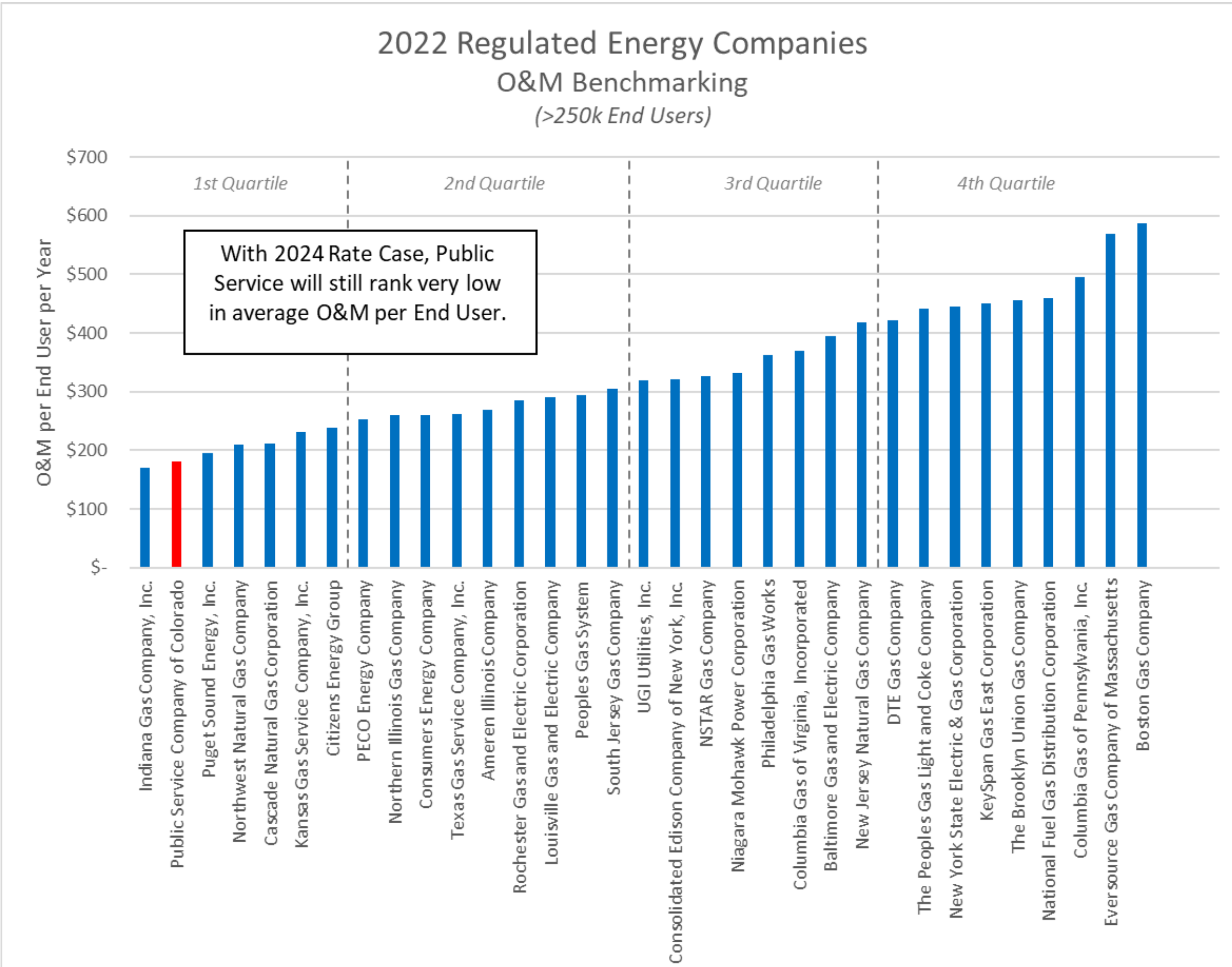
Q. HOW DOES PUBLIC SERVICE COMPARE TO ITS PEERS IN TERMS OF OVERALL GAS OPERATIONS O&M COSTS?

A. As a leading natural gas utility provider in the country, Xcel Energy's natural gas rates for Coloradoans are also among the lowest in the nation. We strive to manage expenses efficiently and effectively, just like any other business. The Company also regularly benchmarks its O&M expenses as compared to other utilities. Our latest comparison study used data from 193 diversified/gas regulated utility companies, 89 of which had sufficient data regarding number of gas customers and quantity of gas infrastructure to make useful comparisons. The study showed that in 2022 (the latest year for which data is available), Public Service O&M costs per end-use customer are safely in the top quartile for both the entire sample and the subset of gas utilities with similar customer counts. Table LG-D-3 below and Figure LG-D-2 illustrate these results.

Table LG-D-3
Non-Production O&M Comparison by Customer Count

	Entire Sample	Large Only (>250k)
1st Quartile	$ 256	$ 245
2nd Quartile	$ 322	$ 306
3rd Quartile	$ 436	$ 420
4th Quartile	$ 972	$ 588
Public Service:	**$181**	

Figure LG-D-2
Non-Production O&M Comparison by Customer Count



Q. WHAT IS THE COMPANY'S GAS OPERATIONS O&M BUDGET FOR THE 2023 TEST YEAR?

A. The Gas Operations base rate O&M budget for the 2023 Test Year is $135.9 million, as set forth in Table LG-D-2 above. As mentioned earlier, Gas Operations' 2023 Test Year O&M in this rate case is based on actual O&M costs for the 12 months ended September 30, 2023, along with adjustments associated with Damage Prevention and First Set Credits. Additional information regarding O&M

expense for the 12-month period ending September 30, 2023 is provided in Attachment LG-1 (identifying O&M by cost element) and Attachment LG-2 (identifying O&M by FERC account) to my Direct Testimony. I further support the Company's 2023 Test Year O&M costs, including the specific Damage Prevention and First Set Credit known and measurable adjustments, later in this section of my Direct Testimony.

B. Gas Operations O&M Cost Management Processes

Q. CAN YOU PROVIDE AN OVERVIEW OF HOW THE COMPANY MANAGES ITS GAS OPERATIONS EXPENDITURES?

A. Yes. The Company has rigorous budgeting and cost management processes in place for both capital and O&M expenditures, as discussed in the Direct Testimony of Company witness Mr. Adam R. Dietenberger.[16] Under these processes, Gas Operations' budgets are developed consistent with spending guidelines established for each of the next five years. Budget plans are developed from the bottom up, meaning that Gas Operations assesses its operating needs and identifies potential capital projects and projected O&M levels. Once budgets are reviewed and approved, there is ongoing financial governance that consists of monthly monitoring of financial performance in comparison to the budget. Mr. Gardner's Direct Testimony discusses the cost management processes for gas capital investments in more detail; below I walk through cost management for gas O&M expenses.

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[16] The Company's budget processes are not directly relevant to the O&M costs used in the development of the cost of service in this rate case, because this case relies on 2023 Test Year actual O&M costs.

Q. IN GENERAL, HOW DOES THE COMPANY MANAGE O&M EXPENDITURES FOR GAS OPERATIONS?

A. First, the Company's budget processes are designed to ensure that the costs of providing service to customers are accurately planned and recorded. These processes are based on a partnership between the corporate management of overall finances and identified business needs. Public Service's Gas Operations O&M budgeting process reviews its most recent historical spend across the various areas of gas operations, considers the anticipated work volumes for the various O&M programs and activities the Company needs to perform, and applies known and measurable changes expected to take effect in the upcoming budget year. Under these processes, the Company establishes a reasonable annual O&M level that enables Gas Operations to comply with state and federal requirements and ensures we can provide safe and reliable service to our customers. The budget provides the baseline that is used to monitor costs, use of resources, and any changes to projects or activities throughout the year.

Q. PLEASE EXPLAIN HOW GAS OPERATIONS MONITORS O&M EXPENDITURES AND THE STEPS TAKEN TO CONTAIN THESE COSTS.

A. Public Service monitors O&M expenditures monthly. In partnership with the Finance Area, Gas Operations reports on monthly and year-to-date actual expenditures versus budgets/forecasts, including deviation explanations for various categories of expenditures. Monthly review meetings are conducted at various levels to determine any pressure points and remediation plans needed to manage overall O&M expenditures and ensure proper prioritization of those expenditures. Further, Public Service takes numerous steps to help minimize the growth in annual O&M expenditures related to Gas Operations. The Company is continuously looking for ways to leverage productivity gains and new technology to improve efficiency. For example, we undertake competitive bidding and multiple rounds of negotiation where appropriate, as with important vendor contracts such as for Damage Prevention, and continually enhance labor and overtime management practices to control costs.

C. Test Year O&M Expense Detail

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. In this section of my Direct Testimony, I walk through each of the categories of O&M costs included in the Company's 2023 Test Year, and explain the costs that are incurred and the drivers of cost changes from prior years, to demonstrate that the Gas Operations 2023 Test Year O&M level is reasonable. With respect to Damage Prevention, I also provide support for our request to continue the deferral of the O&M expenses necessary to implement our Damage Prevention Program.

1. Damage Prevention Program O&M Baseline and Deferral

Q. WHAT IS THE DAMAGE PREVENTION PROGRAM?

A. To provide services under the Colorado 811 laws, at the request of excavators or customers, Public Service's Damage Prevention program locates underground infrastructure to avoid accidental damage resulting in potential safety incidents. The primary purpose of this program is to reduce damage to Company-owned buried facilities caused by excavation. Excavation-related damage is the industry's number one threat to public safety and service reliability, and is governed by both C.R.S. Title 9, Article 1.5 (Colorado 811 program) and 49 CFR § 192.614. This program has been designed to ensure compliance with these state and federal statutes/regulations, and Public Service relies heavily on contractors to perform this work.

Q. ARE UNDERGROUND DAMAGES A SIGNIFICANT RISK TO PUBLIC SERVICE'S GAS DISTRIBUTION SYSTEM?

A. Yes. Damage to Public Service's underground facilities continues to be a significant risk to the gas distribution system and to public safety as a whole. In fact, the largest cause of leaks on Public Service's gas mains has been third-party damage.[17] As a result, Public Service continues to institute a variety of outreach efforts to excavators regarding the importance of utilizing Colorado 811, as well as the Common Ground Alliance and Damage Prevention Institute, for best excavation practices.

Specifically, it is critical that the Company's mains and services are located accurately before excavating to ensure safety for the workers, as well as the public, around the work site. To that end, Public Service continually re-evaluates its damage prevention programs to increase their effectiveness. The Company also includes performance requirements and work to negotiate our vendor contracts, in an effort to continually improve and enhance our performance.

Q. HOW ARE LOCATES PERFORMED BY PUBLIC SERVICE?

The Company is required by law to perform locate services for its facilities when requested. To meet this requirement, the Company participates in Colorado 811, utilizes five contracted outside vendors to perform locate requests, and utilizes one vendor who performs support and audit services.

[17] U.S. D.O.T. – PHMSA. Annual Report for Calendar Year 2022 Gas Distribution System – Public Service Company.

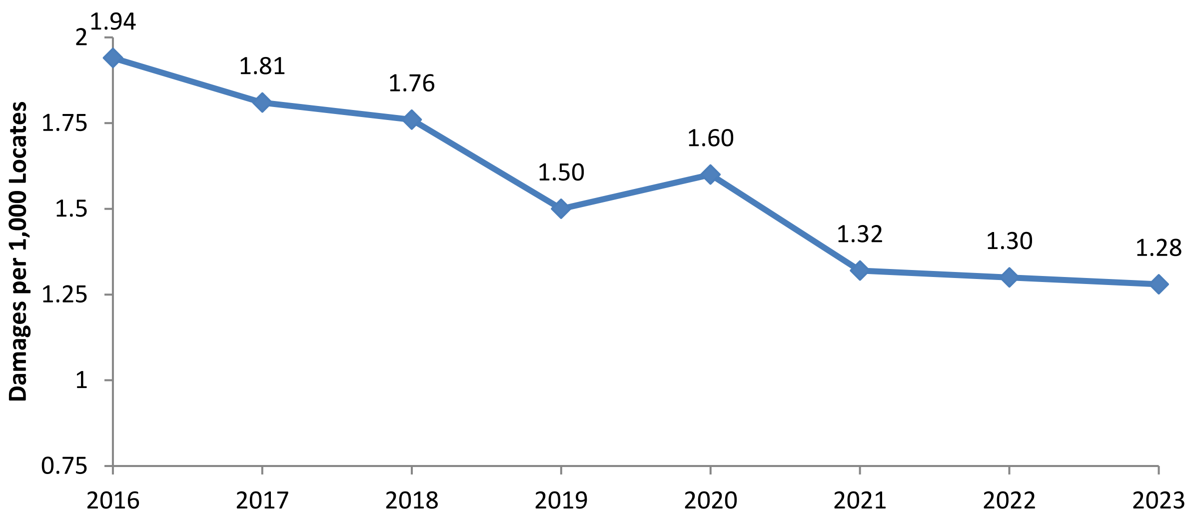
Colorado 811 provides a centralized phone center for customers to call to request locates. The Company is required to participate in Colorado 811 per § 9-1.5-105, C.R.S., which fulfills federal mandate 49 CFR Part 198.37 that requires states with underground pipeline facilities to adopt a one-call damage prevention program. The cost for this service is free to requesting customers; however, the Company pays Colorado 811 a cost per locate request. Second, the Company contracts with vendors to perform actual production locates and specialty locates, and to provide field support and audit services. I address our contracted services later in my Direct Testimony.

Q. HOW IS PUBLIC SERVICE PERFORMING WITH RESPECT TO DAMAGE PREVENTION?

A. As a result of the efforts outlined above and described in more detail later in my Direct Testimony, Public Service continues to maintain an industry leading damage prevention program, with first quartile performance with respect to damages per 1,000 locates. Figure LG-D-3 below illustrates the number of gas damages per 1,000 locates from 2016 through 2023. As shown in Figure LG-D-3, there has been an approximate 34 percent reduction in damages per 1,000 locates on our system since 2016.[18]

[18] The slight increase from 2019 to 2020 is attributed to an increase in both the number of locate requests and in the number of damages during the first COVID-19 pandemic year.

Figure LG-D-3
Public Service Damages per 1,000 Locates



Q. WHAT O&M COSTS ARE INCURRED TO CARRY OUT THE DAMAGE PREVENTION PROGRAM?

A. Public Service relies on a combination of internal labor and contractors for its Damage Prevention program. Given its size, Public Service's Damage Prevention is its own category of costs; to the extent it includes outside services, labor, or costs from other categories, those costs are then excluded from the other O&M cost categories discussed in my Direct Testimony.

Q. ARE THERE ANY CAPITAL INVESTMENTS ASSOCIATED WITH PERFORMING LOCATE REQUESTS?

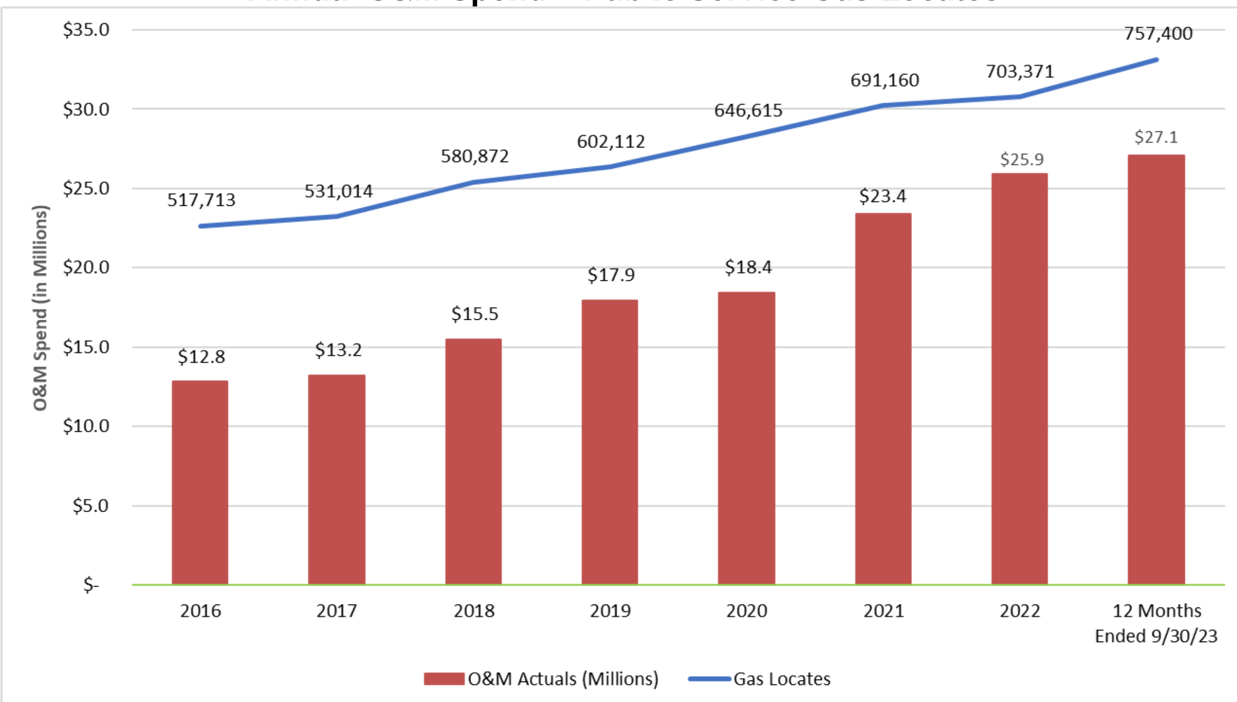
A. Yes, a small portion of locate requests are related to capital projects such as new business, main renewals, and capacity projects. The costs for these locate requests for Public Service capital projects are capitalized.[19]

Q. WHAT WERE THE ACTUAL O&M COSTS ASSOCIATED WITH LOCATE REQUESTS SINCE 2016?

A. Figure LG-D-4 below provides the annual actual and forecasted O&M costs associated with gas locate requests from 2016 through the twelve months ended September 30, 2023. From the 2021 HTY in our last gas rate case through the twelve months ended September 30, 2023, the volume of gas locate requests have increased by approximately 10 percent, and costs per locate during this period have increased by more than 15 percent.

[19] Company witness Mr. Gardner addresses gas operations capital, generally, in his Direct Testimony.

Figure LG-D-4
Annual O&M Spend – Public Service Gas Locates



Q. WHY ARE DAMAGE PREVENTION COSTS INCREASING?

A. As noted, the volume of locates have increased and as discussed later in my Direct Testimony, are forecasted to continue to increase. The volume increases are partly due to increased residential locate requests, increased industry construction activities, as well as additional safety needs related to increased horizontal directional drilling requests to install 5G facilities near the Company's critical gas infrastructure.

O&M costs have also increased, primarily driven by adjusted contract pricing for the Company's six vendors. All third-party contracts have been renegotiated since the 2021 HTY. As a consequence of those renegotiations, one vendor, which provides the largest number of contract locates in Colorado, slightly reduced pricing, and the remainder all increased their pricing. In fact, one incumbent vendor's pricing increased to the point that Xcel Energy chose not to renew their contract and selected a lower priced (and higher performing) vendor. The drivers of the cost increases included inflation, as well as increased cost of living, labor, and materials. Our Damage Prevention O&M costs, including annual increases, are tied to actual increases in locates and these negotiated vendor costs. All of the new contracts with increased pricing go into effect on February 1, 2024.

Q. IS THE REFERENCED $4.9 MILLION DAMAGE PREVENTION ADJUSTMENT FOR THE 2023 TEST YEAR TIED TO THESE FACTORS?.

A. Yes. The $4.9 million adjustment shown in Table LG-D-2 reflects the difference between the $27.1 million in actuals for the 12 months ended September 30, 2023, and the approximate $32 million 2023 Test Year Damage Prevention O&M amount, which the Company proposes to use as the basis for setting the 2023 baseline for the continuing Damage Prevention tracker, as detailed by Mr. Freitas's Direct Testimony. This adjustment is driven by increased vendor costs, discussed above, as well as the forecasted increase in the number of locates.

The volume of locates is forecasted to increase in 2024 as compared to 2023, consistent with recent trends. An increase in communication companies' fiber optic projects in 2023 is expected to continue in 2024; thus, the number of locates is expected to increase as companies continue to ramp up these installations. Further, federal broadband infrastructure funding is continuing in 2024, which will likely further increase construction and therefore locate volumes over 2023 levels. To reflect this increase in locate requests, the Damage Prevention adjustment reflects the higher forecasted volume of locates the Company will need to perform in 2024, immediately following the close of the 2023 Test Year. I include additional support for the Damage Prevention adjustment in Attachment LG-3 to my Direct Testimony.

Q. DOES THE COMPANY HAVE A DEFERRED ACCOUNTING MECHANISM FOR DAMAGE PREVENTION COSTS?

A. Yes. The Commission first approved deferred accounting for Public Service's damage prevention costs in the Company's 2015 Phase I gas rate case in Proceeding No. 15AL-0135G ("2015 Gas Phase I"), because these are significant O&M costs, are unanticipated, and are largely outside of Public Service's control.[20] In the 2017 Gas Phase I, the Commission approved approximately $12.8 million to be included in the 2016 HTY and further approved the Company's deferred accounting mechanism.[21] In the Company's 2020 Combined Gas Rate Case,[22] the Commission approved approximately $7.3 million to be amortized over 36 months through continued deferred accounting.[23] Most recently, in the 2022 Combined Gas Rate Case, the Commission authorized continuation of the Damage Prevention deferral, with approximately $8.4 million to be amortized over

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[20] *See* Decision No. R15-1204 and Final Order Exhibit 3 in the 2015 Gas Phase I.
[21] *See* Decision No. R18-0318-I at ¶¶103 and 277, and Decision No. C18-0736-I at ¶41, in Proceeding No. 17AL-0363G.
[22] Proceeding No. 20AL-0049G.
[23] *See* Decision No. R20-0673 at ¶65.

18 months.[24] In this case, the Company proposes to continue the Damage Prevention deferral.

Q. WHAT IS THE COMPANY'S TEST YEAR REQUEST FOR DAMAGE PREVENTION O&M?

A. Consistent with the Company's request to continue the Damage Prevention deferral, the Company is seeking to establish a reasonable amount of Damage Prevention O&M costs in the Test Year cost of service, and to track costs above or below that baseline between rate cases. In light of the tracker, Public Service proposes to use the 2023 Test Year O&M level of approximately $32 million reflected on Table LG-D-2 above to set the Test Year baseline for Damage Prevention costs. This amount reflects actuals for the 12-month period ended September 30, 2023, plus the $4.9 million adjustment discussed herein.

Q. HOW VARIABLE ARE DAMAGE PREVENTION COSTS?

A. While the fact that we will always have some base level of locate requests is predictable, the specific number of requests in a given year and costs to serve them can and do vary for several reasons. The number and complexity of locate requests the Company receives are driven by the actions of customers and contractors rather than the Company (and they can vary widely depending on the economy, the housing and commercial building or renovation markets, and amount of work performed by municipalities). The Company's response to these requests for damage prevention locates is mandated by law as discussed above.

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[24] *See* Decision No. C22-0642 at ¶¶227 and 229.

Further, the costs associated with damage prevention are volatile and largely outside the Company's control. For example, the periodic renegotiation of our vendor contracts at times results in significant increases in cost based on labor market conditions. The COVID-19 pandemic and subsequent tight labor markets and inflation put enormous pressure on these labor costs, and vendors are struggling to remain fully staffed. We do not have many opportunities to moderate these costs given our statutory obligations and the limited means of providing these services.

Q. LOOKING AHEAD, DOES THE VOLUME OF LOCATE REQUESTS CONTINUE TO REPRESENT A CHALLENGE FROM A SAFETY AND BUDGET PERSPECTIVE?

A. Yes. Responding to locate requests is a critical safety activity, as noted above. The number of locate requests is driven by economic conditions in new construction and by local city, county, and state project activity. In fact, in 2023, approximately 86 percent of locate requests were not Public Service projects at all, but involved other entities excavating around our infrastructure. As such, it is difficult to predict locate volume on an annual basis. O&M expenses related to locating requests vary considerably, depending on the requested work and its relation to the Company's key facilities.

Q. WHY IS IT NECESSARY TO RECOVER PREVIOUSLY INCURRED DAMAGE PREVENTION COSTS?

A. The Company has incurred substantial costs previously authorized for deferral and not already included in rates, in order to serve customers via Damage Prevention work that is required by state and federal law, variable, and largely outside the Company's control. Costs are managed to the extent possible in the manner described above. As a result, the Company's damage prevention program is prudent, and these O&M expenses were reasonable and necessary and should be recovered through base rates. Public Service therefore requests that the deferred balance of approximately $7.2 million be approved for cost recovery. Company witness Mr. Jason J. Peuquet discusses the Company's proposed amortization of this and the other deferral balances that have been included in the revenue requirement attached to the Direct Testimony of Company witness Mr. Freitas.

Q. PLEASE SUMMARIZE PUBLIC SERVICE'S PROPOSAL IN THIS PROCEEDING FOR RECOVERY OF THE COST OF FUTURE DAMAGE PREVENTION PROGRAM LOCATE REQUESTS.

A. Public Service is proposing to recover the current Damage Prevention deferral balance, reset the amount of damage prevention costs included in the Test Year, and continue the deferred accounting mechanism to account for additional and future O&M costs. In particular, the Company proposes to: (1) set the annual base O&M level at $32,009,946, the proposed 2023 Test Year amount that includes the Damage Prevention adjustment; (2) defer the costs incurred above or below the base amount going forward and establish a regulatory asset or liability for such costs through the Company's next Phase I or combined rate case; and (3) allow recovery of previously deferred amounts in the manner addressed in the Direct Testimony of Mr. Freitas.

2. Labor

Q. WHAT IS INCLUDED IN THE LABOR CATEGORY OF O&M COSTS?

A. Labor costs for O&M include a portion of salaries, straight time labor, overtime, and premium time for internal employees who provide natural gas services to our customers (excluding any internal labor for Damage Prevention).

Q. WHAT AREAS OF THE COMPANY'S GAS BUSINESS INCUR LABOR COSTS?

A. Labor costs incurred by the Gas business are spread across several functional areas:

- Gas Engineering: Provides engineering technical support to ensure safe and compliant operations and maintenance of distribution, transmission, and storage assets.
    - Gas integrity management engineering supports implementation of the Company's gas transmission and distribution integrity management programs including but not limited to risk assessment, integrity assessments, preventative and mitigative measures, and anomaly repairs to reduce public and system risk and comply with strict federal regulations.
    - Distribution design engineering is responsible for supporting system capacity and complex customer-driven reinforcements that includes gas pipeline system upgrades or extensions.
    - The Process and Controls team oversees the technical equipment in the gas system and work on longer term planning and reliability projects for compressors, regulator stations and storage assets.

    All these roles develop operating procedures to conduct integrity assessments, repairs, capital project execution, and day to day operation and maintenance activities on the gas system as well as review operating procedures for system tie-ins developed by contractors to support pipe replacement projects. Additionally, these roles have on-call responsibility to support gas system operations outside of normal working hours.

- Gas Operations: Gas Operations: Comprised of the gas emergency response organization, statewide operation and maintenance of the high-pressure and distribution gas systems, gas control, corrosion services, technical services, and the management of contractors working on certain gas assets. The role of gas operations is instrumental in maintaining the reliability, safety, and efficiency of our system. Gas operations functions include conducting regular inspections, maintenance, repairs, and training to ensure compliance with safety standards and regulatory compliance. Gas emergency response is trained to respond swiftly to any emergency such as damages, leaks or incidents and collaborate with local authorities on calls to support events.

- Gas Business Operations/Continuous Improvement: Responsible for strategic direction of the overall gas organization, planning, and budgeting of short-term and long-term projects; streamlines functions from various areas of the Gas organization to ensure continued success and improvement in key business processes, systems, and support.

- Geospatial Asset Data: Accountable for advancing the integrity, quality, and function of business unit-related processes, asset data, and applications to meet/surpass industry standards.

These functional areas are focused on reliability, safety, customer service, operational efficiency, and fiscal oversight necessary to construct, operate, and maintain the gas transmission and gas distribution systems in Colorado. In addition, the Integrated Systems Planning organization provides support to the gas business through a company-wide planning process, as described in Mr. Martz's Direct Testimony.

Q. WHAT TYPES OF JOBS DOES THE GAS OPERATIONS BUSINESS AREA PROVIDE FOR COMPANY EMPLOYEES?

A. Our budget covers quality jobs for a variety of employees across the functional areas described above. A large portion of our work force are bargaining unit employees whose compensation and benefits are collectively bargained with International Brotherhood of Electrical Workers locals. The largest portion of the overall business area jobs resides in the Gas Operations functional area. This work force offers our customers safe and reliable service by performing duties such as locating, gas emergency response, construction, operations, and maintenance. Often, they are required to perform their duties under challenging weather conditions and in challenging terrain, and they require appropriate fleet, tools, and equipment to maintain a safe and reliable system for our customers.

Q. HOW MANY EMPLOYEES ARE PART OF THE GAS OPERATIONS BUSINESS AREA?

A. As of September 30, 2023, there were approximately 641 Public Service gas operations employees, of which approximately 83 percent are bargaining employees.[25] The primary function of these highly skilled employees is to operate and maintain the gas system, at the front lines, ensuring that the Company provides the safe and reliable natural gas service upon which our customers rely.

Q. WHAT ARE THE DRIVERS OF THE INCREASE IN LABOR COSTS SINCE THE LAST RATE CASE?

A. As shown in Table LG-D-2, Gas Operations overall labor costs increased from $61.2 million in the 2021 HTY in the last gas rate case to $64.2 million in the 2023 Test Year, for an increase of 4.9 percent over approximately two calendar years. The primary driver of this increase relates to our bargaining unit employees which, as noted above, constitute the vast majority of our gas operations employees. The Company entered into a new collective bargaining agreement with these employees, providing a base wage increase of 6.1 percent effective as of June 1,

[25] Additional employees across the enterprise also provide support to Public Service gas operations.

2023 and an additional base wage increase of 4.0 percent effective June 1, 2024. In addition, in June 2022, Xcel Energy provided a one-time, permanent base pay increase to the Engineering job family to bring these in-demand job categories more in line with market. A second driver relates to merit increases for our non-bargaining employees, which increased on average by 4.0 percent of base pay, effective March of 2023, and are anticipated to increase an additional 4.0 percent in 2024. Mr. Deselich's Direct Testimony discusses the compensation and labor costs in detail. Additionally, Mr. Freitas' Direct Testimony discusses the Company's proposed overall labor adjustment to the 2023 Test Year.

3. Outside Services

Q. WHAT IS INCLUDED IN THE OUTSIDE SERVICES CATEGORY OF O&M COSTS?

A. Outside Services O&M costs relate to the use of contract labor and consultants that allow Public Service to increase and decrease staffing levels as workloads require, rather than bringing on more full-time staff, and to retain the services of experts as needed for specific tasks or project efforts. The Company always needs to balance using contractors versus internal employees depending on the levels of work required and workforce availability. Although Gas Operations' internal labor costs also increased during the Test Year compared to the 2021 HTY due to merit increases and new bargaining agreements, the internal labor costs would have been higher but for the fact that the Company leveraged outside services where necessary to complete work activities.

The Company negotiates Master Service Agreements ("MSA") with its contractors. These MSAs have per-unit pricing. For example, within the negotiated MSA, the cost per service and the cost to install gas mains is set based on pipe diameter and the required installation technique (e.g., trench, bore, etc.).

Q. WHAT COST CHANGES HAVE OCCURRED FOR OUTSIDE SERVICES FOR THE 2023 TEST YEAR?

A. As shown in Table LG-D-2, Outside Services costs increased from $34.5 million in the 2021 HTY in the last gas rate case to $38.6 million in the Test Year (a change over two calendar years). This overall increase is driven primarily by inflation over the past two years, and by additional external labor related to LNG activities.

Q. WHY HAS THE COMPANY INCURRED COSTS RELATED TO CNG AND LNG IN THE TEST YEAR?

A. Yes. The Company has relied on CNG and, more recently, on LNG, as supplemental supply sources at facilities across its service territory, including an LNG facility in Breckenridge for both the 2022-2023 and 2023-2024 heating seasons. When downstream pressure cannot be adequately maintained by bypassing a regulator station, the Company evaluates other mitigation measures, such as injecting LNG and CNG, to increase pressures during high peak hour gas demand to maintain service reliability as Public Service assesses other longer-term solutions. Supplemental service may be necessary for the bulk delivery system or for the distribution system depending on the area of constraint.

The Company incurred costs of about $6.8 million related to these supplemental supply resources in the Test Year, with the vast majority of those costs (about $6.2 million) stemming from the LNG facility in Breckenridge.[26] Most of the LNG costs included in the Test Year stemmed from labor for site preparation and delivery of the commodity along with equipment rentals (storage tanks, vaporizers), with other costs stemming from site security and the LNG commodity itself, among other costs. The Company has contracted with a third-party supplier, Sapphire Solutions, to provide LNG services, including equipment rentals, the LNG commodity and delivery via trucking, site preparation, storage, and operations personnel when injections are necessary. Sapphire also provided operational support as necessary throughout the heating season.

Deploying LNG in Breckenridge as an interim measure has not only served both existing and new customers in that community, but also permitted the Company to fully evaluate alternatives to a traditional pipeline investment, as discussed in Mr. Martz's Direct Testimony.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN CNG AND LNG AND WHY THE COMPANY RELIES ON ONE RESOURCE AT TIMES OVER THE OTHER.

A. CNG is simply natural gas stored in containers under high pressures. The high pressures compress natural gas, giving it its name. By applying pressure to natural gas, CNG may reduce the volume of gas to one percent of the volume the gas would occupy at normal atmospheric pressure. Though under high pressure, CNG remains in a gaseous form.

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[26] A portion of the referenced $6.8 million is reflected in the Shared Services O&M supported by Company witness Mr. Dietenberger. About $0.6 million of this total relates to the use of CNG at various facilities in Keystone, Aurora, Lyons, Mead, Longmont, Boulder, Grand Lake, and Pagosa Springs in the 2022-2023 and/or 2023-2024 heating seasons.

On the other hand, LNG is natural gas in its liquid form, converted through a process known as liquefaction in which natural gas is cooled below its boiling point. LNG is generally stored in above-ground and low-pressure tanks. LNG is converted to natural gas for consumptive fuel purposes through the use of vaporizers. Both CNG and LNG are frequently transported via trucks to end-use destinations, where it can be stored at the site of injection points.

The Company generally considers CNG as the primary supply solution for supplemental injections due to constraints or needs on the system, with LNG as a secondary option. Generally, CNG deployments can be lower cost as compared to LNG. However, given the higher energy content of LNG and the associated increases in flowrates and reductions in space required for property footprints, LNG can offer a desirable solution in certain circumstances. Given space constraints at the available site in Breckenridge, the Company opted for an LNG deployment in that instance.

Q. WHAT WOULD HAPPEN IF ADEQUATE LEVELS OF PRESSURE WERE NOT MAINTAINED IN AREAS FACING A SUPPLY CONSTRAINT?

A. Not maintaining adequate supply and system pressures would create health and safety risks for customers in the form of outages during cold weather events. More specifically, insufficient pressures on the system could result in customer outages, requiring the Company to shut off gas service to every affected customer in a given area, make necessary adjustments to the system, reintroduce gas, re-pressurize the system, and return to each customer to turn on the meter and relight customer appliances. This could present dangers to our customers, and would be a long and costly process. As a result, the Company works to deploy resources to avoid any such instances after the Company updates its hydraulic models each year based on system operating data to ensure reliable service can continue to be provided to customers.

Q. ARE THESE SUPPLEMENTAL SUPPLY RESOURCE COSTS REASONABLE?

A. Yes. As explained previously, the Company can face supply constraints on its system during winter heating seasons, which evolve over time. Rather than simply developing more traditional and long-lived infrastructure solutions to those constraints, the Company is being encouraged to assess new approaches to planning its gas system, and CNG and LNG offer benefits to the Company and to customers in that process.

Company witnesses Mr. Martz and Mr. Peuquet discuss the use of CNG and LNG and provide additional context concerning the use of these resources as an important element of new planning processes, and how the inclusion of such costs in this rate case proceeding interact with other ongoing proceedings before the Commission, respectively.

4. Materials

Q. PLEASE DESCRIBE THE MATERIALS CATEGORY OF O&M COSTS.

A. Gas Operations materials are costs related to consumables, hardware, and refurbished materials used in maintenance and repair operations, as well as tools and small equipment. As shown in Table LG-D-2 above, these costs decreased between the 2021 HTY in our last gas rate case and the 2023 Test Year.

Q. DO YOU EXPECT ANY SIGNIFICANT CHANGES TO THE LEVEL OF O&M EXPENSES IN THIS CATEGORY?

A. No. As reflected in Table LG-D-2 above, the 2023 Test Year amount is lower than the 2021 HTY amount. As a result, the materials O&M category reflects a reasonable amount that should be included in the Test Year.

5. Transportation

Q. WHAT IS INCLUDED IN THE TRANSPORTATION CATEGORY OF O&M COSTS?

A. Transportation costs are incurred in relation to internal fleet assets as directed to O&M accounts on an hourly basis, including cars, trucks, construction equipment and trailers that help us move our people and equipment where they need to be to provide gas service.

Q. PLEASE DISCUSS THE TRANSPORTATION O&M EXPENSES IN THE 2023 TEST YEAR.

A. The Transportation O&M expenses in the 2023 Test Year total approximately $12.1 million compared to $9.0 million in the 2021 HTY. The expenses associated with Company vehicles, as well as increased fuel costs since 2021, are the primary drivers of this increase. Mr. Dietenberger's Direct Testimony discusses Fleet capital additions.

6. First Set Credits

Q. WHAT IS A FIRST SET CREDIT?

A. The costs for new meters not yet placed in-service and not purchased for a specific project design are capitalized on purchase and placed in-reserve. The capitalized cost includes the typical labor, transportation, and miscellaneous material necessary for a complete capital unit. An equal and opposite O&M credit for the typical labor, transportation, and miscellaneous material is also applied upon purchases, which is then offset by expensing actual costs to O&M during installation.

Q. PLEASE DISCUSS THE TEST YEAR COSTS IN THIS CATEGORY, BEFORE THE KNOWN AND MEASURABLE ADJUSTMENT THE COMPANY PROPOSES.

A. As shown in Table LG-D-2 above, the First Set Credits decreased in the 12-month period ended September 30, 2023 compared to the 2021 HTY. This decrease reflects that a smaller number of meters was received by the Company in the 12-month period ended September 30, 2023 compared to 2021, which was primarily due to global supply chain issues delaying many of our meter deliveries. In addition, the Company discontinued its Failed Meter Lot program as it currently exists, which I discuss in Section IV of my Direct Testimony. Therefore, in 2021 the First Set Credit amount reflected delivery of approximately 75,000 meters, whereas the amount for the twelve-month period ending September 30, 2023 reflects delivery of approximately 39,000 meters. The forecasted number of meters for the last three months of 2023 is 8,300 meters.

Q. PLEASE DESCRIBE THE COMPANY'S ASSESSMENT OF THE FIRST SET CREDITS IN THE TEST YEAR.

A. Because the First Set Credits are applied upon purchase of the meters whereas installation typically occurs later, there can be a timing difference between the First

Set Credit amount and the initial meter installation costs. In other words, meters may be purchased in one year and installed in a different year. In a rate case test year period, it is appropriate to adjust the First Set Credit amount if needed to account for that timing difference. In this current case, the Company determined an adjustment was needed to ensure the First Set Credits more directly offset the actual meter installation O&M costs in the Test Year.

Q. PLEASE FURTHER EXPLAIN THE $6.5 MILLION FIRST SET CREDIT ADJUSTMENT THE COMPANY PROPOSES IN THIS CASE.

A. The $6.5 million First Set Credit adjustment to arrive at the 2023 Test Year amount increases the credit amount to offset the actual meter installation costs in the 12-month period ending September 30, 2023. This adjustment reduces the revenue requirement in this case. This adjustment reflects two factors. First, in 2023 the Company paused meter purchases for the Failed Meter Lot program, and such meter purchases will not continue at the same level going forward. To normalize O&M costs, the First Set Credit adjustment was calculated by reflecting first set credits for actual installs of approximately 47,000 verses deliveries of 39,000 in the base test year. Second, for 2023, the Company was able to evaluate the actual labor cost it is incurring to install meters, as opposed to the cost information available at the time meters were purchased. To properly offset capital installation costs, the adjustment reflects higher labor costs for installation. Attachment LG-4 to my Direct Testimony illustrates the support for this adjustment. Both components of the adjustment reduce the overall revenue requirement as compared to amounts in the Test Year.

7. Other Gas Operations O&M Expenses

Q. WHAT IS INCLUDED IN THE OTHER CATEGORY OF O&M COSTS?

A. Other O&M costs incurred by the Gas Operations area are related to employee expenses, facility costs, damage claims, and licensing fees.

Q. PLEASE DISCUSS THE "OTHER" O&M COSTS IN THE 2023 TEST YEAR.

A. As shown in Table LG-D-2 above, the other category decreased from $8.6 million in the 2021 HTY to $5.6 million in the 2023 Test Year. The primary driver for this change is that whereas the Company used to account for reimbursements due to damage to Company property as revenue (rather than as part of the Gas Operations O&M budget), in 2023 the Company began accounting for these reimbursements as a credit to O&M, thereby reducing Gas Operations O&M. The remainder of the decrease is due to smaller reductions in other areas, including administrative and overhead costs.

Q. WHAT DO YOU CONCLUDE REGARDING GAS OPERATIONS O&M COSTS IN THE TEST YEAR, INCLUDING KNOWN AND MEASURABLE ADJUSTMENTS?

A. The Company's 2023 Test Year O&M represents the reasonable costs of providing natural gas service to customers, and accurately reflects the changes in these costs since our last rate case. While Public Service continues to experience inflationary pressures, we have contained O&M increases during the Test Year and will be continuing to carefully manage costs over time.

IV. COMPLIANCE – METER COSTS

Q. WHAT INFORMATION DO YOU PROVIDE IN THIS SECTION OF YOUR TESTIMONY?

A. In this section, I provide information in compliance with the Commission's Decision in Proceeding No. 23A-0204G approving a Settlement Agreement reached between Public Service, the Office of the Utility Consumer Advocate, and Trial Staff of the Commission related to the Company's gas meter sampling and periodic testing program ("Gas Meter Settlement"). The Commission's Decision No. R23-0610 (mailed September 12, 2023) approved a new gas meter testing program and protocol for failed meter lots to be implemented beginning in 2024, as set forth in the Gas Meter Settlement. While this new testing program is not relevant to the 2023 Test Year cost of service in this case, and Staff and UCA recognized in the Gas Meter Settlement that they would not contest recovery of meters replaced through 2023,[27] the Gas Meter Settlement requires Public Service to provide testimony regarding meter-related costs included in this rate case filing. Below I provide testimony regarding meter-related costs included in this rate case filing.

Q. WHAT ARE THE RELEVANT PARAGRAPHS OF THE COMMISSION'S DECISION THAT YOU ADDRESS IN THIS CASE?

A. Relevant to my Direct Testimony in this current rate case are paragraphs 51, 52, and 53 of Decision No. R23-0610, approving the Gas Meter Settlement:

> 51. The Settling Parties note that the Commission approved depreciation expense and a return on rate base in the test year for recovery of meter-related costs in Public Service's last gas rate case, Proceeding No. 22AL-

[27] Decision No. R23-0610 at ¶52.

0046G. The Commission approved replacement of meters in failed lots that were included in Public Service's 2021 Historical Test Year revenue requirement, required the filing of this case, and did not order Public Service to cease replacement of meters in failed lots in the interim.

52. The Settling Parties also note that the Company has continued to replace meters in failed lots since the conclusion of the 2021 Test Year in that case through 2023, with changes as agreed herein effective on January 1, 2023. Neither Staff nor the UCA will contest cost recovery of the meters replaced through 2023.

53. The Settling Parties agree that Public Service will provide testimony regarding the amount being recovered for meter-related costs in its next gas rate filing, including but not limited to costs associated with meter purchases, meter replacement, and meter depreciation expenses.

Q. WHAT TYPES OF METER-RELATED COSTS ARE INCLUDED IN THIS RATE CASE?

A. The capital meter-related costs in this case include the net meter plant in service rate base beginning balance as of January 1, 2022, and the capital additions for 2022 and 2023 related to purchases and installations for both new and replacement meters. The Company does not separately account for the costs of meter purchases on behalf of new customers versus for replacement of existing customers' meters; however, the Company has historically separately accounted for meters purchased as part of the Failed Meter Lot program. Meter-related expenses (i.e., non-capital costs) in this case include depreciation expense, First Set Credits, and other O&M related to meter installation, testing, and repair.

Q. PLEASE SUMMARIZE THE METER-RELATED COSTS INCLUDED IN THIS RATE CASE.

A. Tables LG-D-4 and LG-D-5 below provide the capital and O&M costs in this case for each of the categories mentioned above.

Table LG-D-4
Capital Meter-Related Costs Included in the Current Rate Case ($ millions)

Category	Beginning Balance 1/1/2022	Actual Additions 1/1/2022 – 12/31/2022	Actual Additions 1/1/2023 – 9/30/2023	Forecasted Additions 10/1/2023 – 12/31/2023	Total 2022-2023 Included in Current Case
Net Plant Beginning Balance	$312.8				$312.8
Public Service Gas Meter Purchases		$28.7	$25.8	$15.2	$69.7
Failed Meter Lot Program		$11.0	$2.8	$(2.4)	$11.4

Table LG-D-5
Meter-Related Expenses Included in the Current Rate Case ($ millions)

Category	Base Test Year Amount	Adjustments	2023 Test Year Total Included in Current Case
First Set Credit*	$(21.8)	$(6.5)	$(28.3)
Meter Shop and Field Work	$21.9		$21.9
Meter Depreciation	$14.5		$14.5

*This table reflects only the meter-related First Set Credit amount.

Q. PLEASE DESCRIBE HOW CAPITAL-RELATED METER COSTS ARE INCURRED.

A. Capital meter-related costs include meter purchases, as well as the capitalized costs related to the labor, transportation, and miscellaneous materials necessary to install the meters. Meter installations occur for a variety of reasons and under various programs. However, as I note above, meter costs are not tracked separately for new installations versus meter replacements unless tracked separately as required for individual programs (as in the case of the Failed Meter Lot replacement program described by Mr. Gardner's Direct Testimony). For example, the Public Service Gas Meter Purchases line in Table LG-D-4 above includes costs related to installing meters to serve new customers as well as replacing non-working meters or meters that have reached end-of-life.

The total capital meter-related costs in this case are reflected via the beginning plant balance set forth in Table LG-D-4 above, walking forward through new meter purchases and the First Set Credit program, to establish total capital amounts included in plant in the Company's cost of service.

Q. WHY DOES TABLE LG-D-4 SHOW DECLINING AMOUNTS AND THEN A CREDIT FOR CAPITAL ADDITIONS RELATED TO THE FAILED METER LOT PROGRAM?

A. As noted above with respect to the Gas Meter Settlement, the Company continued with its former Failed Meter Lot program through part of 2023, consistent with prior rate case outcomes. However, the Company paused and then phased out the former program to implement a new program consistent with the Gas Meter Settlement. In that process, meters originally targeted for the former Failed Meter Lot program have been returned to the routine meter pool to serve new customers or replace failed meters as needed.

Q. PLEASE DESCRIBE HOW THE METER-RELATED O&M EXPENSE IS INCURRED.

A. O&M meter-related costs include meter operations and repair work, as well as First Set Credits.

Specifically, meter O&M work includes maintenance of the entire meter set, such as investigating leaks and dead registers, repairing meters and encoder receiver transmitters (“ERTs”), meter removals, meter checks and tracing lines, testing meters, painting, meter survey, straight and leveling meter bars, and meter protection. These costs are largely captured by the labor and materials categories of O&M described earlier in my testimony.

Additionally, as also further described earlier in my Direct Testimony, First Set Credits are O&M credits that offset capital meter installation costs. Because fully installed meter costs are capitalized upon purchase, the labor, transportation, and miscellaneous materials used to install this equipment is expensed to O&M to avoid accounting for these expenses twice. An equal and opposite credit is then applied upon purchase to offset these actual installation costs expensed to O&M when they occur.

Q. PLEASE DISCUSS METER DEPRECIATION EXPENSE.

A. As shown on Table LG-D-5 above, meter depreciation expense in the 2023 Test Year is $14.5 million. Attachment C to the Gas Meter Settlement provides information on group depreciation, which is used by the Company for its meters. Group depreciation is a depreciation method used where units of property are not individually depreciated but are part of a larger group rate. The typical residential gas meter has an average life of 43 years. The Company recovers the cost of new meter investments (including installation costs and related burdens) and accounts for retirements through recovery of depreciation expense and a return on rate base, similar to all other approved rate base investments.

Q. PLEASE SUMMARIZE THE METER-RELATED COSTS IN THIS CASE.

A. Overall, the meter-related costs included in this case reflect the Company's current balance of meter assets, plus the capitalized costs of new meter purchases on behalf of customers. Meter-related expenses reflect the depreciation of meter assets, as well as first set credits and ongoing work to maintain, repair, test, and operate the Company's meters on behalf of customers. Each of these activities is a core part of the gas utility business.

V. PROPOSAL TO EXTEND THE GAS QSP

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. The purpose of this section of my Direct Testimony is to support Public Service's proposal to extend the current Gas QSP for two years, and to continue to apply existing metrics and penalty levels through December 31, 2026. A follow-on filing regarding further review and extension of the QSP would then be filed in 2026.

Q. PLEASE GENERALLY DESCRIBE THE ROLE AND HISTORY OF PUBLIC SERVICE'S GAS QSP.

A. The objective of the Company's Gas QSP is to quantitatively measure Public Service's success in delivering quality gas service to our customers through evaluating whether Public Service has met specific performance targets for Damage Prevention, Emergency Response, and Grade 2 Leak Repairs on an annual basis. Public Service's current QSP and corresponding metrics were approved by Decision No. C22-0642 in the Company's 2022 Combined Gas Rate Case.[28] In that case, the Commission approved continuation of the existing QSP measures with the same penalty levels through December 31, 2024, and approved the Company's proposed changes to performance thresholds effective beginning in 2023, which are more stringent than those previously approved.

Prior to Public Service's current QSP, the existing metrics were approved by Decision No. R19-0565 as modified by Decision No. C19-0728 in Proceeding No. 18A-0918G. Prior to that proceeding, Public Service's QSP focused on leak

[28] See Decision No. C22-0642 at ¶315.

permanent repair time and meter reading errors. Our previous QSP had been extended four times without significant revisions since it went into effect January 1, 2002.[29]

Q. PLEASE DESCRIBE PUBLIC SERVICE'S GAS QSP AS IT CURRENTLY OPERATES.

A. After each calendar year the QSP is in effect, Public Service evaluates whether it has met the minimum QSP performance baselines. Current performance baselines in effect for 2023 are:

- Damage Prevention: Damages must not exceed 1.47 damages per 1,000 locates.
- Emergency Response: Public Service must respond to at least 95 percent of emergency calls within 60 minutes.
- Grade 2 Leak Repair Time: Average repair time must not exceed 52 days.

These are tightened metrics implemented effective January 1, 2023 through December 31, 2024.

Public Service files an annual report on the previous year's performance by May 31 in Proceeding No. 18A-0918G. If Public Service does not meet each QSP performance baseline each year the QSP is in effect, it incurs a financial penalty that accrues in a regulatory liability to be credited to customers in the next Phase I gas rate case. Public Service's 2023 QSP Compliance Report will be filed by

[29] See Decision No. C01-1330 in Proceeding No. 99A-377EG; Decision No. C06-1303 in Proceeding No. 05A-288E; Decision No. C09-1159 in Proceeding No. 09A-497EG; Decision No. R13-0734 in Proceeding No. 12A-778EG; and Decision No. R15-1247 in Proceeding No. 15A-0662EG.

May 31, 2024. A copy of the Company's current QSP Tariff is included as Attachment LG-5 to my Direct Testimony.

Q. PLEASE DESCRIBE THE CHANGES TO THE QSP PERFORMANCE THRESHOLDS APPROVED IN THE 2022 COMBINED GAS RATE CASE.

A. In Rebuttal Testimony in the 2022 Combined Gas Rate Case, the Company proposed more stringent performance thresholds for each of the existing metrics in response to some of the concern raised by Staff regarding leaks and safety, and the Commission ultimately approved these new thresholds. A comparison of the prior thresholds (applicable through 2022) to those approved in the 2022 Combined Gas Rate case (for 2023-2024) are shown in Table LG-D-6 below.

Table LG-D-6
QSP Performance Baselines

Metric	Prior and Current QSP (through 2022)	Current QSP (2023-2024)
Damage Prevention	Damages must not exceed 2.02 damages per 1,000 locates.	Damages must not exceed 1.47 damages per 1,000 locates.
Emergency Response	Public Service must respond to at least 76.1 percent of emergency calls within 60 minutes.	Public Service must respond to at least 95 percent of emergency calls within 60 minutes.
Grade 2 Leak Repair Time	Average repair time must not exceed 63.3 days.	Average repair time must not exceed 52 days.

Q. PLEASE DESCRIBE THE FINANCIAL PENALTIES UNDER THE CURRENT QSP.

A. The current QSP includes penalty amounts of $250,000 per metric, with a maximum total penalty amount of $750,000 during a single performance year. For each metric, if the Company's annual performance fall short of the performance baseline, the Company will record a penalty amount as a regulatory liability. Any penalty amounts would be placed in a regulatory liability account and would be credited to customers in the next filed Phase I gas rate case. The Commission would determine an appropriate amortization period for this regulatory liability, if applicable.

Q. DOES THE COMPANY BELIEVE ANY CHANGES NEED TO BE MADE TO THE EXISTING QSP METRICS OR THRESHOLDS?

A. No, not at this time. As noted earlier in my Direct Testimony, and in that of Mr. Martz, the regulatory paradigm continues to shift, and PHMSA is in the midst of a rulemaking regarding gas pipeline leak detection, repair, maintenance, and reporting, all of which will in themselves impose additional requirements on the Company.[30] In addition, the Commission is in the process of adopting its own rules on leak detection reporting, among other things, and has indicated that it is pursuing stakeholder input on a rulemaking in the near future to address advanced leak detection-related issues.[31]

At the same time, the Company recognizes that the Commission, in its 2022 Combined Gas Rate Case decisions, contemplated a more comprehensive review of the QSP for the Company's gas operations, and stated that:[32]

> New and revised QSP metrics will likely be adopted in the furtherance of greenhouse gas emission reductions and new gas planning procedures even while performance measures related to safety and service quality will also remain important. A more complete redevelopment of the QSP in the near future is necessary to align gas utility expenditures with the priorities of these various efforts.

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[30] Pipeline Safety: Gas Pipeline Leak Detection and Repair | PHMSA (dot.gov).
[31] Proceeding No. 22R-0491GPS.
[32] Decision No. C22-0642 in Proceeding No. 22AL-0046G at ¶314.

The Company agrees with this sentiment, but the timing to make a shift is not yet here. As discussed in Mr. Martz's Direct Testimony, the Commission recently deliberated on the Company's initial Gas Infrastructure Plan, where it has made requested changes for the future, and the Company's inaugural Clean Heat Plan is still pending, among other things. Injecting changes into the QSP metrics at this time, while many competing requirements are being imposed on the gas utility, unduly complicates matters. Further, the new, more stringent performance thresholds were just put into place effective January 1, 2023, and we have not yet determined the results of the first performance year. Thus, modification of the Company's QSP continues to be premature.

Q. WHY IS PUBLIC SERVICE PROPOSING TO EXTEND THE QSP UNTIL DECEMBER 31, 2026?

A. Historically, the QSP has been extended for three years, but under the presented circumstances, we are proposing a limited two-year extension. If this proposal is accepted, then the current QSP metrics would be in place for four years, rather than two as currently set forth in our tariff.

As noted above, the current QSP metrics are appropriately focused on the objective of delivering quality gas service to customers while aligning with the Commission's mission to ensure safety, reliability and adequate gas service and should remain in place for the extension period. In addition, Public Service believes that continuing under the current QSP through the end of 2026 promotes regulatory efficiency, and a filing regarding the QSP in 20267 would be the more appropriate time to more holistically revisit the QSP metrics.

Q. DOES EXTENDING THE QSP THROUGH 2026 REQUIRE A TARIFF CHANGE?

A. Yes. The Company proposes to extend the QSP Approval Period through December 31, 2026 on Sheet No. 70E to reflect this change. The clean and redlined tariff proposals are attached to Mr. Peuquet's Direct Testimony. No other tariff changes to the QSP are proposed by the Company.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Statement of Qualifications

Lauren Gilliland

I received a Bachelor of Science in Business Management and a Master of Science in Organizational Leadership with an emphasis in disaster preparedness and fire executive from Grand Canyon University.

I was hired by Southwest Gas Corporation as a Customer Service Specialist in Customer Care in 2005. I was thereafter promoted to Geographic Information Systems Specialist and Supervisor, a position I held from 2005 to 2012. In that position, I led large portfolio projects across Southwest Gas Corporation's Geographic Information Systems (GIS) footprint in Central Arizona and presented client training related to energy conservation and program offers, managed leak repair data in GIS, maintained Operations construction drawings, developed as-built scanning tool Quality Control processes and procedures for on- and off-site staff, and was responsible for resolution of gas emergency calls, orders, and repair service requests during on call rotation.

In 2013, I joined Xcel Energy Services Inc. (XES) as a contractor and became a full-time employee in 2015. I joined XES as a Quality Assurance and Quality Control Gas Compliance Specialist. I supported the evaluations and assessment for company and contractor compliance with all PHMSA, DOT, state utility commission and Xcel Energy standards across 20 service centers in Colorado and collaborated within gas operations to mitigate compliance risk.

In 2016, I was promoted to Operations Manager for Public Service Company of Colorado ("Public Service" or "Company"), and in 2017 I was promoted to Senior Operations Manager of High Pressure Transmission for Public Service. This group included the

Company's eastern high pressure/transmission operations, the gas operations technical specialist, and all cathodic protection for distribution and transmission. I had oversight of system operations and maintenance, and my responsibilities included system reliability, emergency response, damage prevention and compliance with federal and state rules and regulations. I also provided leadership to operations including bargaining and non-bargaining employees, contractors and other outside vendors.

In 2018, I was promoted to Director of Gas Governance for XES. In this role, I had oversight of the pipeline compliance and standards, pipeline safety management, and the contractor quality work inspection program. This role supported and led innovative business strategies and processes to address the changing regulatory and competitive landscape, developed an all-inclusive operator qualification plan for internal and external employees and integrated the current program to the external platform, and developed and started implementation of pipeline safety management API 1173 for the entire gas organization.

In 2021, I moved to Director of Distribution Operations, Colorado LDC for the Company, and was promoted to Senior Director, Colorado LDC in later 2021 and to Regional Vice President in 2023. In this role, I lead, plan, and direct regional gas distribution construction and utilization activities, leak management, regulatory compliance, daily operations, and maintenance. I have responsibilities of emergency response functions for bargaining and non-bargaining employees to deliver 24 x 7 x 365 coverage and assuring compliance with collective bargaining agreements, applicable state and federal laws and regulatory agencies.

In September 2023, I took the role of Vice President, Gas for Xcel Energy. I am responsible for all aspects of the business unit including engineering, operations and maintenance of the local gas distribution and transmission systems, system reliability, emergency response, damage prevention, geospatial, public safety, gas plants, gas storage fields, compliance, and customer satisfaction over geographically dispersed territories in five states, encompassing more than 2.1 million natural gas customers.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

IN THE MATTER OF ADVICE NO. 1029-GAS OF PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO PUC NO. 6-GAS TARIFF TO INCREASE JURISDICTIONAL BASE RATE REVENUES, IMPLEMENT NEW BASE RATES FOR ALL GAS RATE SCHEDULES, AND MAKE OTHER PROPOSED TARIFF CHANGES EFFECTIVE FEBRUARY 29, 2024	**) PROCEEDING NO. 24AL-______G**

AFFIDAVIT OF LAUREN GILLILAND
ON BEHALF OF
PUBLIC SERVICE COMPANY OF COLORADO

I, Lauren Gilliland, being duly sworn, state that the Direct Testimony and attachments were prepared by me or under my supervision, control, and direction; that the Direct Testimony and attachments are true and correct to the best of my information, knowledge and belief; and that I would give the same testimony orally and would present the same attachments if asked under oath.

Dated at Denver, Colorado, this 25 day of January, 2024.

Lauren Gilliland
Vice President, Gas Engineering and Operations

Subscribed and sworn to before me this 25th day of January, 2024.

Notary Public

Hannah Ahrendt
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20224026062
MY COMMISSION EXPIRES JULY 5, 2026

My Commission expires July 5, 2026.

Line No.	Business Area	Original Cost Element	Original Cost Element Description	12 Months Ended 9/30/23 PSCO Gas
1	**Distribution Operations**	**5540001**	Productive Labor	8,712,577
2	**Distribution Operations**	**5540180**	Premium Time Labor	7,277
3	**Distribution Operations**	**5540185**	Other Compensation Accruals	13,498
4	**Distribution Operations**	**5540220**	Labor Overtime	276,447
5	**Distribution Operations**	**5540260**	Other Compensation	6,748
6	**Distribution Operations**	**5540270**	Welfare Fund	514
7	**Distribution Operations**	**5600001**	Contract Labor	97,973
8	**Distribution Operations**	**5600006**	Consulting Professional Services Other	8,063,643
9	**Distribution Operations**	**5600041**	Outside Vendor Contract	625,470
10	**Distribution Operations**	**5600051**	Outside Services	8,547
11	**Distribution Operations**	**5600066**	Materials	28,346
12	**Distribution Operations**	**5600068**	Material Consumption	51,600
13	**Distribution Operations**	**5600069**	Service Consumption	382,282
14	**Distribution Operations**	**5600070**	Material - Direct Purchase	342,290
15	**Distribution Operations**	**5600075**	Transportation Fuel	1,015
16	**Distribution Operations**	**5600091**	Print and Copy Cost - Other	12,985
17	**Distribution Operations**	**5600146**	Network Voice	16,227
18	**Distribution Operations**	**5600151**	Network Data	9,523
19	**Distribution Operations**	**5600191**	Employee Expenses Airfare	2,191
20	**Distribution Operations**	**5600196**	Employee Expenses Car Rental	1,377
21	**Distribution Operations**	**5600201**	Employee Expenses Taxi and Bus	283
22	**Distribution Operations**	**5600206**	Employee Expenses Mileage	4,821
23	**Distribution Operations**	**5600211**	Employee Expenses Conf Seminar Trng	2,401
24	**Distribution Operations**	**5600216**	Employee Expenses Hotel	6,394
25	**Distribution Operations**	**5600221**	Employee Expenses Meals	10,831
26	**Distribution Operations**	**5600226**	Employee Expenses Meals Non-Employee	200
27	**Distribution Operations**	**5600231**	Employee Expenses Parking	658
28	**Distribution Operations**	**5600241**	Employee Expenses Safety Equipment	43,761
29	**Distribution Operations**	**5600246**	Employee Expenses Other	4,761
30	**Distribution Operations**	**5600251**	Employee Expense Personal Communication	11,790
31	**Distribution Operations**	**5600256**	Office Supplies	23,166
32	**Distribution Operations**	**5600261**	Workforce Administration Expense	17,577
33	**Distribution Operations**	**5600271**	Safety Recognition	107
34	**Distribution Operations**	**5600276**	Life Events	263
35	**Distribution Operations**	**5600296**	Janitorial - Routine	126
36	**Distribution Operations**	**5600316**	Use Costs	68
37	**Distribution Operations**	**5600336**	Trash Removal Costs	280
38	**Distribution Operations**	**5600366**	Non - Energy	(115,144)
39	**Distribution Operations**	**5600381**	Rent - Space	156
40	**Distribution Operations**	**5600436**	Postage	9,814
41	**Distribution Operations**	**5600591**	Dues - Professional Association	438
42	**Distribution Operations**	**5600631**	Contributions - Community Sponsorships	73
43	**Distribution Operations**	**5600701**	Deductions - Other	138
44	**Distribution Operations**	**5600721**	Environmental Permits and Fees	90
45	**Distribution Operations**	**5600726**	License Fees and Permits	329
46	**Distribution Operations**	**5600871**	Other	(36)
47	**Distribution Operations**	**5600896**	Online Information Services	25
48	**Distribution Operations**	**8000000**	Prod Labor Bargaining Benefit Group 1	68,725
49	**Distribution Operations**	**8000005**	Prod Labor Bargaining Benefit Group 6	100
50	**Distribution Operations**	**8000020**	Prod Labor Non-Bargaining Benefit Grp 1	25,766
51	**Distribution Operations**	**8000023**	Prod Labor Non-Bargaining Benefit Grp 4	94
52	**Distribution Operations**	**8000025**	Prod Labor Non-Bargaining Benefit Grp 6	631
53	**Distribution Operations**	**8000036**	Productive Labor Bargaining No Load	1
54	**Distribution Operations**	**8000100**	Premium	13
55	**Distribution Operations**	**8000105**	Overtime	1,871
56	**Distribution Operations**	**8000110**	Other Compensation	(414)
57	**Distribution Operations**	**8000115**	Other Compensation Craft Welfare Fund	5
58	**Distribution Operations**	**8100550**	Fleet-Base Rates	987
59	**Distribution Operations**	**8100551**	Fleet-Idle Time	3,996
60	**Distribution Operations**	**8100552**	Fleet Allocation	430
61	**Distribution Operations**	**8900640**	0012-200664-NonProd Labor BG G1	913,699
62	**Distribution Operations**	**8900645**	0012-200664-NonProd Lbr NonBG G1	689,081
63	**Distribution Operations**	**8901065**	0050-200666-NonProd Lbr NonBG G1	157,323
64	**Distribution Operations**	**8901085**	0050-200666-NonProd Lbr NonBG G4	2,356
65	**Distribution Operations**	**8901291**	0012-200028-Warehse - Overhead	10,019
66	**Distribution Operations**	**8901340**	0012-200033-Purch - Overhead	74,319
67	**Distribution Operations**	**8901360**	0050-200035-Purch - Overhead	795
68	**Distribution Operations**	**8903818**	0010-IO-Overtime	(1)
69	**Distribution Operations**	**8903820**	0010-IO-Prod Lbr BG Group 1	1
70	**Distribution Operations**	**8903861**	0012-IO-Overhead Settle Direct	(66,056)
71	**Distribution Operations**	**8903862**	0012-IO-Consulting Settle Direct	(7,208,858)
72	**Distribution Operations**	**8903864**	0012-IO-Materials Settle Direct	(55,018)
73	**Distribution Operations**	**8903876**	0050-IO-Prod Lbr NonBG Grp1	(836)

Line No.	Business Area	Original Cost Element	Original Cost Element Description	12 Months Ended 9/30/23 PSCO Gas
74	**Distribution Operations**	**8907607**	0011-IO-Prod Lbr BG Group 1	(1)
75	**Distribution Operations**	**8907741**	0012-IO-Labor Settle Direct	(8,355,589)
76	**Distribution Operations**	**8907745**	0012-IO-Employee Expense Settle Direct	(55,014)
77	**Distribution Operations**	**8907754**	0012-IO-Transportation Settle Direct	(41,069)
78	**Distribution Operations**	**8907755**	0012-IO-Miscellaneous Settle Direct	(26,728)
79	**Distribution Operations**	**8907818**	0012-IO-Contract Vendor Settle Direct	(667,147)
80	**Distribution Operations**	**8908313**	0012-IO-Prod Lbr BG Group 1	(35)
81	**Distribution Operations**	**8908353**	0012-IO-Other Compensation	(3)
82	**Distribution Operations**	**8908625**	0012-IO-Contract Labor Settle Direct	(73,035)
83	**Distribution Operations**	**8912014**	0012-IO-Fleet-Idle Time	(642,570)
84	**Distribution Operations**	**8912044**	0012-IO-Overtime	(10)
85	**Distribution Operations**	**8912054**	0012-200038-Fleet-Base Rates	2,480,035
86	**Distribution Operations**	**8912061**	0012-IO-Fleet-Base Rates	(13)
87	**Gas Systems**	**5540001**	Productive Labor	46,798,231
88	**Gas Systems**	**5540180**	Premium Time Labor	1,424,073
89	**Gas Systems**	**5540185**	Other Compensation Accruals	72,588
90	**Gas Systems**	**5540220**	Labor Overtime	15,625,724
91	**Gas Systems**	**5540260**	Other Compensation	84,668
92	**Gas Systems**	**5540270**	Welfare Fund	15
93	**Gas Systems**	**5600001**	Contract Labor	2,159,875
94	**Gas Systems**	**5600006**	Consulting Professional Services Other	2,365,585
95	**Gas Systems**	**5600016**	Consulting Professional Eng and Design	23,281
96	**Gas Systems**	**5600021**	Consulting Professional Services Legal	900
97	**Gas Systems**	**5600031**	Consulting Legal Regulatory	1,338
98	**Gas Systems**	**5600041**	Outside Vendor Contract	2,758,220
99	**Gas Systems**	**5600051**	Outside Services	335,960
100	**Gas Systems**	**5600066**	Materials	4,405,242
101	**Gas Systems**	**5600068**	Material Consumption	4,042,484
102	**Gas Systems**	**5600069**	Service Consumption	44,833,889
103	**Gas Systems**	**5600070**	Material - Direct Purchase	8,463,101
104	**Gas Systems**	**5600075**	Transportation Fuel	40,393
105	**Gas Systems**	**5600091**	Print and Copy Cost - Other	121,781
106	**Gas Systems**	**5600106**	Equipment Maintenance	5,654
107	**Gas Systems**	**5600146**	Network Voice	239,285
108	**Gas Systems**	**5600151**	Network Data	83,619
109	**Gas Systems**	**5600161**	Network Radio	2,245
110	**Gas Systems**	**5600191**	Employee Expenses Airfare	64,323
111	**Gas Systems**	**5600196**	Employee Expenses Car Rental	16,233
112	**Gas Systems**	**5600201**	Employee Expenses Taxi and Bus	8,430
113	**Gas Systems**	**5600206**	Employee Expenses Mileage	106,744
114	**Gas Systems**	**5600211**	Employee Expenses Conf Seminar Trng	115,748
115	**Gas Systems**	**5600216**	Employee Expenses Hotel	305,500
116	**Gas Systems**	**5600221**	Employee Expenses Meals	504,677
117	**Gas Systems**	**5600226**	Employee Expenses Meals Non-Employee	7,545
118	**Gas Systems**	**5600231**	Employee Expenses Parking	15,506
119	**Gas Systems**	**5600236**	Employee Expenses Per Diem	11,321
120	**Gas Systems**	**5600241**	Employee Expenses Safety Equipment	571,210
121	**Gas Systems**	**5600246**	Employee Expenses Other	91,114
122	**Gas Systems**	**5600251**	Employee Expense Personal Communication	74,330
123	**Gas Systems**	**5600256**	Office Supplies	238,224
124	**Gas Systems**	**5600261**	Workforce Administration Expense	24,890
125	**Gas Systems**	**5600271**	Safety Recognition	15,177
126	**Gas Systems**	**5600276**	Life Events	3,818
127	**Gas Systems**	**5600291**	Transportation Fleet Cost	188
128	**Gas Systems**	**5600296**	Janitorial - Routine	1,091
129	**Gas Systems**	**5600301**	Janitorial - Special	736
130	**Gas Systems**	**5600306**	Fire Life Safety Maintenance	8,474
131	**Gas Systems**	**5600311**	General Interior Exterior Maintenance	98,637
132	**Gas Systems**	**5600316**	Use Costs	4,108,211
133	**Gas Systems**	**5600321**	Lawn Care Maintenance Costs	150
134	**Gas Systems**	**5600331**	Snow Removal Costs	2,790
135	**Gas Systems**	**5600336**	Trash Removal Costs	120,309
136	**Gas Systems**	**5600341**	Water Use Costs	11,627
137	**Gas Systems**	**5600366**	Non - Energy	(3,018)
138	**Gas Systems**	**5600381**	Rent - Space	1,662
139	**Gas Systems**	**5600382**	Rent - Equipment	50,779
140	**Gas Systems**	**5600431**	Lease Costs	1,276,749
141	**Gas Systems**	**5600436**	Postage	19,589
142	**Gas Systems**	**5600511**	Advertising - Brand Image	4,286
143	**Gas Systems**	**5600516**	Advertising - General	586
144	**Gas Systems**	**5600531**	Advertising - Conservation Other	(4,030)
145	**Gas Systems**	**5600571**	Safety Advertising	1,793
146	**Gas Systems**	**5600576**	Safety Information	1,107

Line No.	Business Area	Original Cost Element	Original Cost Element Description	12 Months Ended 9/30/23 PSCO Gas
147	**Gas Systems**	**5600591**	Dues - Professional Association	4,724
148	**Gas Systems**	**5600596**	Dues - Utility Association Other	1,270
149	**Gas Systems**	**5600601**	Dues - Utility Association	92,187
150	**Gas Systems**	**5600606**	Dues - Lobbying	(1,070)
151	**Gas Systems**	**5600626**	Contributions - Charitable	138
152	**Gas Systems**	**5600631**	Contributions - Community Sponsorships	8,288
153	**Gas Systems**	**5600696**	Deductions - Corporate Tickets	3,185
154	**Gas Systems**	**5600701**	Deductions - Other	7,694
155	**Gas Systems**	**5600721**	Environmental Permits and Fees	34,501
156	**Gas Systems**	**5600726**	License Fees and Permits	2,194,692
157	**Gas Systems**	**5600776**	O and M Credits - Meter Transfer Install	(22,686,415)
158	**Gas Systems**	**5600781**	O and M Credits - Other	(1,190,332)
159	**Gas Systems**	**5600786**	O and M Credits - Company Elec and Gas U	(3,476,387)
160	**Gas Systems**	**5600871**	Other	14,829
161	**Gas Systems**	**5600896**	Online Information Services	4,314
162	**Gas Systems**	**5600963**	PowerPlan Overheads	4,553
163	**Gas Systems**	**5610000**	External Settlement Labor	566,103
164	**Gas Systems**	**5610003**	External Settlement Contract Labor	185,351
165	**Gas Systems**	**5610004**	External Settlement Consulting	339
166	**Gas Systems**	**5610005**	External Settlement Contract Outside Ven	20,537,953
167	**Gas Systems**	**5610006**	External Settlement Materials	28,932
168	**Gas Systems**	**5610007**	External Settlement Employee Expense	39,753
169	**Gas Systems**	**5610008**	External Settlement Transportation	(18,451)
170	**Gas Systems**	**5610009**	External Settlement Miscellaneous	9,182
171	**Gas Systems**	**5610011**	External Settlement Overhead	158,544
172	**Gas Systems**	**5610018**	External Settlement AG Overhead	7
173	**Gas Systems**	**8000000**	Prod Labor Bargaining Benefit Group 1	(221,712)
174	**Gas Systems**	**8000005**	Prod Labor Bargaining Benefit Group 6	6
175	**Gas Systems**	**8000020**	Prod Labor Non-Bargaining Benefit Grp 1	13,266
176	**Gas Systems**	**8000023**	Prod Labor Non-Bargaining Benefit Grp 4	434
177	**Gas Systems**	**8000025**	Prod Labor Non-Bargaining Benefit Grp 6	(30)
178	**Gas Systems**	**8000037**	Productive Labor Non-Barg No Load	(3,405)
179	**Gas Systems**	**8000100**	Premium	2,121
180	**Gas Systems**	**8000105**	Overtime	16,493
181	**Gas Systems**	**8000110**	Other Compensation	5,088
182	**Gas Systems**	**8100550**	Fleet-Base Rates	12,000
183	**Gas Systems**	**8100551**	Fleet-Idle Time	(2,775)
184	**Gas Systems**	**8100552**	Fleet Allocation	(55,727)
185	**Gas Systems**	**8900640**	0012-200664-NonProd Labor BG G1	7,343,554
186	**Gas Systems**	**8900645**	0012-200664-NonProd Lbr NonBG G1	2,177,530
187	**Gas Systems**	**8900665**	0012-200664-NonProd Lbr NonBG G4	35,705
188	**Gas Systems**	**8901060**	0050-200666-NonProd Labor BG G1	264
189	**Gas Systems**	**8901065**	0050-200666-NonProd Lbr NonBG G1	1,158,832
190	**Gas Systems**	**8901085**	0050-200666-NonProd Lbr NonBG G4	2,486
191	**Gas Systems**	**8901291**	0012-200028-Warehse - Overhead	408,863
192	**Gas Systems**	**8901295**	0012-200028-Warehouse_OH Alloc	(43)
193	**Gas Systems**	**8901340**	0012-200033-Purch - Overhead	369,500
194	**Gas Systems**	**8901345**	0012-200033-Purch_OH Alloc	2,183
195	**Gas Systems**	**8901360**	0050-200035-Purch - Overhead	77,277
196	**Gas Systems**	**8903861**	0012-IO-Overhead Settle Direct	(208,100)
197	**Gas Systems**	**8903862**	0012-IO-Consulting Settle Direct	(1,924,908)
198	**Gas Systems**	**8903864**	0012-IO-Materials Settle Direct	(4,973,305)
199	**Gas Systems**	**8903876**	0050-IO-Prod Lbr NonBG Grp1	7
200	**Gas Systems**	**8907741**	0012-IO-Labor Settle Direct	(13,236,950)
201	**Gas Systems**	**8907745**	0012-IO-Employee Expense Settle Direct	(598,620)
202	**Gas Systems**	**8907754**	0012-IO-Transportation Settle Direct	(362,884)
203	**Gas Systems**	**8907755**	0012-IO-Miscellaneous Settle Direct	(213,403)
204	**Gas Systems**	**8907818**	0012-IO-Contract Vendor Settle Direct	(5,487,187)
205	**Gas Systems**	**8908313**	0012-IO-Prod Lbr BG Group 1	654
206	**Gas Systems**	**8908353**	0012-IO-Other Compensation	(510)
207	**Gas Systems**	**8908625**	0012-IO-Contract Labor Settle Direct	(1,763,911)
208	**Gas Systems**	**8910014**	0010-IO-Fleet-Idle Time	(1,461)
209	**Gas Systems**	**8910070**	0010-200036-Fleet-Base Rates	3,418
210	**Gas Systems**	**8911014**	0011-IO-Fleet-Idle Time	(23)
211	**Gas Systems**	**8911050**	0011-200037-Fleet-Base Rates	66
212	**Gas Systems**	**8912014**	0012-IO-Fleet-Idle Time	(1,533,380)
213	**Gas Systems**	**8912054**	0012-200038-Fleet-Base Rates	12,293,350
			Total 12 Months Ended 9/30/23 PSCO Gas O&M	$ 137,545,053.30

Line No.	Business Area	FERC Account		12 Months Ended 9/30/23 PSCO Gas
1	Distribution Operations	426.1	$	73.24
2	Distribution Operations	426.5	$	138.40
3	Distribution Operations	753.0	$	35.49
4	Distribution Operations	754.0	$	54.82
5	Distribution Operations	759.0	$	0.53
6	Distribution Operations	764.0	$	172.55
7	Distribution Operations	765.0	$	1,217.27
8	Distribution Operations	813.0	$	1.16
9	Distribution Operations	816.0	$	9,465.35
10	Distribution Operations	818.0	$	6,246.70
11	Distribution Operations	824.0	$	0.99
12	Distribution Operations	832.0	$	23.18
13	Distribution Operations	834.0	$	242.61
14	Distribution Operations	850.0	$	10,732.53
15	Distribution Operations	853.0	$	5,532.29
16	Distribution Operations	856.0	$	41,611.99
17	Distribution Operations	857.0	$	5,825.93
18	Distribution Operations	859.0	$	21.69
19	Distribution Operations	863.0	$	2,752.44
20	Distribution Operations	864.0	$	796.44
21	Distribution Operations	865.0	$	653.21
22	Distribution Operations	870.0	$	3,183,984.69
23	Distribution Operations	871.0	$	10,454.79
24	Distribution Operations	872.0	$	20.50
25	Distribution Operations	874.0	$	16,808.90
26	Distribution Operations	875.0	$	10,478.21
27	Distribution Operations	877.0	$	302.79
28	Distribution Operations	878.0	$	14,346.29
29	Distribution Operations	879.0	$	33,273.13
30	Distribution Operations	880.0	$	2,043,498.57
31	Distribution Operations	881.0	$	156.00
32	Distribution Operations	885.0	$	202,283.15
33	Distribution Operations	887.0	$	10,011.31
34	Distribution Operations	889.0	$	20,646.79
35	Distribution Operations	892.0	$	70,771.91
36	Distribution Operations	893.0	$	89,076.33
37	Distribution Operations	902.0	$	12,542.72
38	Distribution Operations	903.0	$	6,104.14
39	Distribution Operations	904.0	$	(115,143.61)
40	Distribution Operations	905.0	$	7.69
41	Distribution Operations	910.0	$	1.06
42	Distribution Operations	916.0	$	1.14
43	Distribution Operations	920.0	$	132,320.93
44	Distribution Operations	921.0	$	36,908.47
45	Distribution Operations	923.0	$	49,715.97
46	Distribution Operations	935.0	$	7,584.20

Line No.	Business Area	FERC Account		12 Months Ended 9/30/23 PSCO Gas
47	Gas Systems	426.1	$	8,426.33
48	Gas Systems	426.4	$	(1,070.00)
49	Gas Systems	426.5	$	10,879.04
50	Gas Systems	586.0	$	995,127.76
51	Gas Systems	594.0	$	3,872.96
52	Gas Systems	735.0	$	0.04
53	Gas Systems	753.0	$	5,864.14
54	Gas Systems	754.0	$	277,950.46
55	Gas Systems	755.0	$	606,154.31
56	Gas Systems	759.0	$	6,991.55
57	Gas Systems	764.0	$	20,921.79
58	Gas Systems	765.0	$	199,396.26
59	Gas Systems	770.0	$	30,968.46
60	Gas Systems	783.0	$	285,950.15
61	Gas Systems	810.0	$	(3,426,106.28)
62	Gas Systems	812.0	$	(50,281.20)
63	Gas Systems	813.0	$	1,887,010.83
64	Gas Systems	816.0	$	693,533.75
65	Gas Systems	818.0	$	483,157.29
66	Gas Systems	819.0	$	310,481.37
67	Gas Systems	824.0	$	6,504.40
68	Gas Systems	826.0	$	834.82
69	Gas Systems	832.0	$	202,927.58
70	Gas Systems	834.0	$	274,793.99
71	Gas Systems	835.0	$	7,727.79
72	Gas Systems	850.0	$	5,168,634.70
73	Gas Systems	851.0	$	839,782.50
74	Gas Systems	852.0	$	31,625.58
75	Gas Systems	853.0	$	1,411,515.44
76	Gas Systems	854.0	$	2,511,086.93
77	Gas Systems	856.0	$	10,211,723.94
78	Gas Systems	857.0	$	962,446.53
79	Gas Systems	859.0	$	1,588,581.21
80	Gas Systems	860.0	$	993,824.75
81	Gas Systems	863.0	$	1,850,315.28
82	Gas Systems	864.0	$	1,475,434.49
83	Gas Systems	865.0	$	811,371.01
84	Gas Systems	866.0	$	21,238.34
85	Gas Systems	870.0	$	9,967,263.10
86	Gas Systems	871.0	$	4,271,485.08
87	Gas Systems	872.0	$	68,262.75
88	Gas Systems	874.0	$	38,180,378.08
89	Gas Systems	875.0	$	1,607,368.42
90	Gas Systems	877.0	$	152,205.79
91	Gas Systems	878.0	$	(18,143,195.81)
92	Gas Systems	879.0	$	8,312,770.55

Line No.	Business Area	FERC Account	12 Months Ended 9/30/23 PSCO Gas
93	Gas Systems	880.0	$ 11,183,388.41
94	Gas Systems	881.0	$ (2,199.61)
95	Gas Systems	885.0	$ 398,510.70
96	Gas Systems	887.0	$ 4,606,869.16
97	Gas Systems	888.0	$ 93,782.13
98	Gas Systems	889.0	$ 5,403,873.16
99	Gas Systems	892.0	$ 22,489,693.64
100	Gas Systems	893.0	$ 12,144,551.48
101	Gas Systems	902.0	$ 5,900.69
102	Gas Systems	903.0	$ 35,824.39
103	Gas Systems	904.0	$ (3,018.23)
104	Gas Systems	905.0	$ 7.79
105	Gas Systems	909.0	$ (1,130.06)
106	Gas Systems	910.0	$ 1.18
107	Gas Systems	912.0	$ 63.95
108	Gas Systems	916.0	$ 1.09
109	Gas Systems	920.0	$ 32,711.92
110	Gas Systems	930.1	$ 4,872.89
111	Gas Systems	930.2	$ 93,457.28
		12 Months Ended 9/30/23 PSCO Gas O&M	$ 137,545,053.10

Damage Prevention Known and Measurable Adjustment

		Test Year (Oct 2022-Sept 2023)		Adjustment		2024 Estimate
Support Services	$	2,700,000	$	-	$	2,700,000
Locate Total Spend	$	24,415,112	$	4,900,000	$	29,315,112
Total Spend	$	27,115,112	$	4,900,000	$	32,015,112
Locate Total Spend	$	24,415,112	$	4,900,000	$	29,315,112
Tickets		757,400		92,525		849,925
Rate per Ticket*	$	32.24			$	34.49
Volume increase (1)			$	2,982,583		
Rate increase (2)			$	1,917,417		

*12 Months Ended 9/30/23 total is $27M; $32M total with $4.9M adjustment reflects increase in tickets and rate per ticket for 2024

(1) Volume increase of 92K due mainly to incremental fiber projects
(2) Rate increase due to new contract rates

			PSCO Gas Total	Labor	Non-Labor
12 Months Ended 9/30/23	**FERC**		**27,115,112**	**213,832**	**26,901,280**
Damage Prevention- Donations		426.1	4,758		4,758
Damage Prevention- Mains Expenses		856.0	2,653	112	2,541
Damage Prevention- Mains & Services Expenses		874.0	27,098,357	213,720	26,884,637
Damage Prevention- Maintenance supervision & engineering		885.0	6,697		6,697
Damage Prevention- Informational & instruction advertising expense		909.0	365		365
Damage Prevention - General Advertising Expenses		930.1	408		408
Damage Prevention - Misc General Expenses		930.2	1,875		1,875
12 Months Ended 9/30/23 - Adjustment			**4,900,000**	**38,646**	**4,861,354**
Damage Prevention- Mains & Services Expenses		874.0	4,900,000	38,646	4,861,354
2023 Test Year			**32,015,112**	**252,478**	**31,762,634**

	2024	Test Year (Oct 2022-Sept 2023)
Total Spend	$ 32,015,112	$ 27,115,112
Support Services	$ 2,700,000	$ 2,700,000
Locate Total	$ 29,315,112	$ 24,415,112
Tickets	849,925	$ 757,400
Rate per Ticket	$ 34.49	32.24

First Set Credit (FSC) Known and Measurable Adjustment

TY - 12 Months Ended 9/30/23	**Meter Quantities**	Meters		Regulators	Total
FSC based on Meter Deliveries	39,086	$ (21.8)		$ (0.9)	$ (22.7)
Actual Meter Install Quantities	47,340				
Adjusted FSC:					
Adjustment for install counts	8,254	$ (2.9)	(a)	$ -	$ (2.9)
Adjustment for cost true-up		$ (3.6)	(b)	$ -	$ (3.6)
Total K&M Adjustment		$ (6.5)		$ -	$ (6.5)
Adjusted First Set Credit		$ (28.3)		$ (0.9)	$ (29.2)

(a) from Sch 2
(b) from Sch 3

This adjusts test year first set credit amount to reflect actual install quantities.

PSCo - FSC Actuals

Delivery Quantity

Meter Size	PSCO	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250	$ 391.80	1,500	-	-	1,500	-	9,000	-	-	-	-	-	3,000	15,000
275	$ 391.80	-	-	-	-	-	-	4,500	1,500	-	4,500	-	4,500	15,000
425	$ 665.00	-	-	-	1,504	504	456	-	-	-	-	8	2,016	4,488
630	$ 744.40	108	108	324	-	-	288	-	-	-	576	-	432	1,836
1000	$ 605.52	144	153	-	-	324	-	243	81	-	81	243	81	1,350
8C		-	-	-	-	-	-	-	-	-	-	-	-	-
15C	$ 1,771.32	18	18	78	24	24	48	-	24	72	24	24	24	378
3M	$ 1,771.32	45	45	45	36	36	72	-	36	108	36	36	36	531
5M	$ 2,147.59	16	-	32	20	20	40	-	20	20	20	20	20	228
7M	$ 2,147.59	12	12	12	8	8	8	8	8	8	8	8	8	108
11M	$ 2,543.24	10	-	20	8	16	-	8	8	8	8	8	8	102
16M	$ 4,335.47	5	5	5	5	5	-	5	5	-	15	5	5	60
23M	$ 3,876.53	-	-	-	-	-	-	-	-	-	-	-	-	-
38M	$ 3,876.53	-	-	-	-	-	-	-	-	-	5	-	-	5
52M	$ 3,876.53	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter		1,858	341	516	3,105	937	9,912	4,764	1,682	216	5,273	352	10,130	39,086
Retirement Credits														
Minor Material True-up														
Regulators														
Total														

Meter Size	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250	0.588	-	-	0.588	-	3.526	-	-	-	-	-	1.175	5.877
275	-	-	-	-	-	-	1.763	0.588	-	1.763	-	1.763	5.877
425	-	-	-	1.000	0.335	0.303	-	-	-	-	0.005	1.341	2.985
630	0.080	0.080	0.241	-	-	0.214	-	-	-	0.429	-	0.322	1.367
1000	0.087	0.093	-	-	0.196	-	0.147	0.049	-	0.049	0.147	0.049	0.817
8C	-	-	-	-	-	-	-	-	-	-	-	-	-
15C	0.032	0.032	0.138	0.043	0.043	0.085	-	0.043	0.128	0.043	0.043	0.043	0.670
3M	0.080	0.080	0.080	0.064	0.064	0.128	-	0.064	0.191	0.064	0.064	0.064	0.941
5M	0.034	-	0.069	0.043	0.043	0.086	-	0.043	0.043	0.043	0.043	0.043	0.490
7M	0.026	0.026	0.026	0.017	0.017	0.017	0.017	0.017	0.017	0.017	0.017	0.017	0.232
11M	0.025	-	0.051	0.020	0.041	-	0.020	0.020	0.020	0.020	0.020	0.020	0.259
16M	0.022	0.022	0.022	0.022	0.022	-	0.022	0.022	-	0.065	0.022	0.022	0.260
23M	-	-	-	-	-	-	-	-	-	-	-	-	-
38M	-	-	-	-	-	-	-	-	-	0.019	-	-	0.019
52M	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter	0.974	0.332	0.626	1.796	0.760	4.359	1.969	0.845	0.399	2.512	0.361	4.858	19.793
Retirement Credits			0.311			0.184			0.308			0.270	1.073
Minor Material True-up			0.655									0.302	0.957
Regulators	0.062	0.172	0.104	0.082	0.060	0.086	0.054	0.014	0.041	0.010	0.082	0.095	0.862
Total	1.036	0.504	1.696	1.879	0.820	4.629	2.023	0.859	0.749	2.522	0.443	5.525	22.685

Install Quantity

Meter Size	PSCO	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250	$ 391.80	3,488	3,087	2,703	1,603	1,455	2,331	2,329	2,553	2,550	1,712	2,106	1,503	27,420
275	$ 391.80	2,653	2,389	2,131	872	809	357	191	198	167	491	373	873	11,504
425	$ 665.00	569	420	196	247	287	501	317	447	409	365	317	163	4,238
630	$ 744.40	234	234	306	241	138	120	121	113	96	85	134	109	1,931
1000	$ 605.52	72	68	62	76	107	107	72	73	62	52	58	62	871
8C		2	2	2				1		2	1	3		13
15C	$ 1,771.32	33	23	28	26	21	29	32	19	22	23	19	23	298
3M	$ 1,771.32	55	46	41	38	23	49	35	41	39	41	42	43	493
5M	$ 2,147.59	25	29	30	20	21	22	8	15	17	17	18	27	249
7M	$ 2,147.59	12	14	13	10	6	14	11	10	7	8	11	11	127
11M	$ 2,543.24	17	12	5	5	9	10	11	9	5	7	11	5	106
16M	$ 4,335.47	7	8	13	4		6	4	2	2	3	11		60
23M	$ 3,876.53	1	3	3	3		1		1	2		1	5	20
38M	$ 3,876.53		2	3	2	1				1			1	10
52M	$ 3,876.53	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter		$\boxed{7,168}$	$\boxed{6,337}$	$\boxed{5,536}$	3,147	2,877	3,547	3,132	3,481	3,381	2,805	3,104	2,825	47,340
Retirement Credits														
Minor Material True-up														
Regulators			(c)		19,041 to Sch 3									
Total														

$ (millions)

Meter Size	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250	1.367	1.209	1.059	0.628	0.570	0.913	0.913	1.000	0.999	0.671	0.825	0.589	10.743
275	1.039	0.936	0.835	0.342	0.317	0.140	0.075	0.078	0.065	0.192	0.146	0.342	4.507
425	0.378	0.279	0.130	0.164	0.191	0.333	0.211	0.297	0.272	0.243	0.211	0.108	2.818
630	0.174	0.174	0.228	0.179	0.103	0.089	0.090	0.084	0.071	0.063	0.100	0.081	1.437
1000	0.044	0.041	0.038	0.046	0.065	0.065	0.044	0.044	0.038	0.031	0.035	0.038	0.527
8C	-	-	-	-	-	-	-	-	-	-	-	-	-
15C	0.058	0.041	0.050	0.046	0.037	0.051	0.057	0.034	0.039	0.041	0.034	0.041	0.528
3M	0.097	0.081	0.073	0.067	0.041	0.087	0.062	0.073	0.069	0.073	0.074	0.076	0.873
5M	0.054	0.062	0.064	0.043	0.045	0.047	0.017	0.032	0.037	0.037	0.039	0.058	0.535
7M	0.026	0.030	0.028	0.021	0.013	0.030	0.024	0.021	0.015	0.017	0.024	0.024	0.273
11M	0.043	0.031	0.013	0.013	0.023	0.025	0.028	0.023	0.013	0.018	0.028	0.013	0.270
16M	0.030	0.035	0.056	0.017	-	0.026	0.017	0.009	0.009	0.013	0.048	-	0.260
23M	0.004	0.012	0.012	0.012	-	0.004	-	0.004	0.008	-	0.004	0.019	0.078
38M	-	0.008	0.012	0.008	0.004	-	-	-	0.004	-	-	0.004	0.039
52M	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter	3.315	2.939	2.597	1.587	1.408	1.811	1.537	1.699	1.638	1.398	1.567	1.392	22.888
Retirement Credits			0.311			0.184			0.308			0.270	1.073
Minor Material True-up			0.037									0.683	0.720
Regulators	0.062	0.172	0.104	0.082	0.060	0.086	0.054	0.014	0.041	0.010	0.082	0.095	0.862
Total	3.377	3.112	3.048	1.669	1.468	2.081	1.590	1.713	1.988	1.409	1.649	2.441	25.544

Difference

Meter Size	PSCO	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250		1,988	3,087	2,703	103	1,455	(6,669)	2,329	2,553	2,550	1,712	2,106	(1,497)	12,420
275		2,653	2,389	2,131	872	809	357	(4,309)	(1,302)	167	(4,009)	373	(3,627)	(3,496)
425		569	420	196	(1,257)	(217)	45	317	447	409	365	309	(1,853)	(250)
630		126	126	(18)	241	138	(168)	121	113	96	(491)	134	(323)	95
1000		(72)	(85)	62	76	(217)	107	(171)	(8)	62	(29)	(185)	(19)	(479)
8C		2	2	2	-	-	-	1	-	2	1	3	-	13
15C		15	5	(50)	2	(3)	(19)	32	(5)	(50)	(1)	(5)	(1)	(80)
3M		10	1	(4)	2	(13)	(23)	35	5	(69)	5	6	7	(38)
5M		9	29	(2)	-	1	(18)	8	(5)	(3)	(3)	(2)	7	21
7M		-	2	1	2	(2)	6	3	2	(1)	-	3	3	19
11M		7	12	(15)	(3)	(7)	10	3	1	(3)	(1)	3	(3)	4
16M		2	3	8	(1)	(5)	6	(1)	(3)	2	(12)	6	(5)	-
23M		1	3	3	3	-	1	-	1	2	-	1	5	20
38M		-	2	3	2	1	-	-	-	1	(5)	-	1	5
52M		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter		5,310	5,996	5,020	42	1,940	(6,365)	(1,632)	1,799	3,165	(2,468)	2,752	(7,305)	8,254
Retirement Credits														
Minor Material True-up														
Regulators														
Total														

$ (millions) - True up

Meter Size	10/2022	11/2022	12/2022	1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	Total
250	0.779	1.209	1.059	0.040	0.570	(2.613)	0.913	1.000	0.999	0.671	0.825	(0.587)	4.866
275	1.039	0.936	0.835	0.342	0.317	0.140	(1.688)	(0.510)	0.065	(1.571)	0.146	(1.421)	(1.370)
425	0.378	0.279	0.130	(0.836)	(0.144)	0.030	0.211	0.297	0.272	0.243	0.205	(1.232)	(0.166)
630	0.094	0.094	(0.013)	0.179	0.103	(0.125)	0.090	0.084	0.071	(0.366)	0.100	(0.240)	0.071
1000	(0.044)	(0.051)	0.038	0.046	(0.131)	0.065	(0.104)	(0.005)	0.038	(0.018)	(0.112)	(0.012)	(0.290)
8C	-	-	-	-	-	-	-	-	-	-	-	-	-
15C	0.027	0.009	(0.089)	0.004	(0.005)	(0.034)	0.057	(0.009)	(0.089)	(0.002)	(0.009)	(0.002)	(0.142)
3M	0.018	0.002	(0.007)	0.004	(0.023)	(0.041)	0.062	0.009	(0.122)	0.009	0.011	0.012	(0.067)
5M	0.019	0.062	(0.004)	-	0.002	(0.039)	0.017	(0.011)	(0.006)	(0.006)	(0.004)	0.015	0.045
7M	-	0.004	0.002	0.004	(0.004)	0.013	0.006	0.004	(0.002)	-	0.006	0.006	0.041
11M	0.018	0.031	(0.038)	(0.008)	(0.018)	0.025	0.008	0.003	(0.008)	(0.003)	0.008	(0.008)	0.010
16M	0.009	0.013	0.035	(0.004)	(0.022)	0.026	(0.004)	(0.013)	0.009	(0.052)	0.026	(0.022)	(0.000)
23M	0.004	0.012	0.012	0.012	-	0.004	-	0.004	0.008	-	0.004	0.019	0.078
38M	-	0.008	0.012	0.008	0.004	-	-	-	0.004	(0.019)	-	0.004	0.019
52M	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meter	2.341	2.607	1.970	(0.210)	0.648	(2.548)	(0.433)	0.854	1.239	(1.114)	1.206	(3.466)	3.095
Retirement Credits	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor Material True-up	-	-	(0.618)	-	-	-	-	-	-	-	-	0.382	(0.236)
Regulators	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2.341	2.607	1.352	(0.210)	0.648	(2.548)	(0.433)	0.854	1.239	(1.114)	1.206	(3.084)	2.859
													$\boxed{(2.859)}$

Remove Q1-Q3 2022 minor materials true-up

Add Q3 2023 minor materials true-up $'s

PSCo FSC Cost True-Up	**Q1 & Q2 PSCo**	**Q3 PSCo**	**2023 Q1-3 PSCo**	
Installs	5,629,261	2,449,772	8,079,033	
Retirements	493,160	121,414	614,574	
Total Standard	6,122,421	2,571,186	8,693,607	
Actual WO Costs	4,805,161	2,353,302	7,158,463	
Prelim Labor	42,011	22,294	64,305	
Failed Meter Lots (FML)	58,344		58,344	
NSPW Contractor Costs			-	
Contractor Costs	1,276,639	504,675	1,781,314	
Indirect Meter Costs	1,196,386	598,193	1,794,579	
Total Costs	7,378,541	3,478,464	10,857,005	
True-Up (Q1-Q2 2023)	**1,256,120**	**907,278**	**2,163,398**	(1)
Actual install quantities per True-up	19,426	8,434	27,860	
Average Labor cost	379.83	412.43	389.70	
Incremental true-up cost per meter	$ 64.66	$ 107.57	$ 77.65	
Install quantities per this review	19,565	8,734	28,299	

Q4 2022 Install Quantities	19,041	(c) from Sch 2
Incremental labor true-up/meter per above	$ 77.65	
Estimated Q4 2022 Incremental Meter spend vs. standard FSC	$ 1,478,581	(2)

Total Adjustment for actual labor costs	$ 3,641,980	(1) + (2)
(in millions)	$ (3.64)	(b) to Sch 1

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

First Revised Sheet No. 70

P.O. Box 840
Denver, CO 80201-0840

Original Cancels Sheet No. 70

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

APPLICABILITY C

All rate schedules may be subject to a Quality of Service Plan (QSP) Adjustment reflective of penalties associated with performance outcomes related to the Company's most recent QSP. Under the plan, Performance Baselines are established for two key operating areas: 1) Safety and 2) Reliability, which align with the Colorado Public Utilities Commission's mission.

Periodically, the Company will present, with Stakeholder input, well-defined performance metrics for each of these operating areas. Each Performance Metric should be quantitative and based on historical data.

DEFINITIONS

D
N

Damage

Any impact, exposure, or excavation activity that results in the need to repair a Company facility or replace a pipeline due to a weakening, or the partial or complete destruction, of the facility or pipeline, including, but not limited to, the pipe, appurtenances to the pipe, protective coating, support, cathodic protection or housing for the line device or facility.

Gas Emergency N

A situation where natural gas may pose an immediate danger to life, property or the public well-being.

Gas Leak C

An unintentional escape of natural gas from any Company-operated equipment and pipeline, except for a non-hazardous release of gas eliminated by lubrication, adjustment or tightening.

Grade 2 Leak N

A gas leak that is recognized as being non-hazardous at the time of detection, but ultimately requires a scheduled permanent repair.

Locate N

Determining the location of and marking a service line, pipeline, or other natural gas facility through the use of stakes, paint, flagging, whiskers, or some other manner that determines the location of that line or facility.

Continued on Sheet No. 70A

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

DEFINITIONS – Cont'd D

Penalty N

An amount recorded and ultimately credited to customers as a result of an annual performance outcome in any metric that falls short of an established Performance Baseline. This penalty will be non-recoverable.

Performance Baseline N

An acceptable performance outcome, based on historical, quantitative data for a specific Performance Metric.

Performance Metric N

Activities in which incremental improvements should result in improved safety or reliability. Each Performance Metric should be quantitative and based on historical data.

Performance Year C

A calendar year, January 1 through December 31. Period over which metric performance data is collected.

QSP Approval Period N

Three consecutive Performance Years.

QSP Stakeholders N

Commission Staff, Company personnel, and any approved intervenors in the proceeding authorizing the QSP.

Repair or Permanent Repair N

A maintenance or construction activity recognized by the Company's Gas Standards Manual as a "permanent repair" that restores a facility to full operating ability without further work.

Repair Time N

Duration between when a leak is identified and when the leak is corrected by a permanent repair.

(Continued on Sheet No. 70B)

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

Sub. Fifth Revised Sheet No. 70B

P.O. Box 840
Denver, CO 80201-0840

Fourth Revised Cancels Sheet No. 70B

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

DEFINITIONS – Cont'd

D

Reporting Date N
May 31st of each Performance Year.

Response Time N
Duration from the time an emergency call is received in the call center to the time Company personnel arrives on scene.

ANNUAL REVIEW PROCESS AND SCOPE C
The QSP will be in effect through the QSP Approval Period set by the Commission. At the end of each Performance Year, QSP stakeholders will meet and review the Company's previous year performance outcomes to determine if penalties are appropriate. The amount of penalty recorded and credited to customers will be determined by the actual result for the Performance Year as compared to the Performance Baseline established in the QSP Performance Baseline section of this Tariff. Financial treatment of penalties is discussed in the Deferred Accounts and Disbursements Section below.

(Continued on Sheet No. 70C)

ADVICE LETTER NUMBER 953

ISSUE DATE September 13, 2019

DECISION NUMBER C19-0728

REGIONAL VICE PRESIDENT,
Rates & Regulatory Affairs

EFFECTIVE DATE September 20, 2019

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

First Revised Sheet No. 70C

P.O. Box 840
Denver, CO 80201-0840

Original Cancels Sheet No. 70C

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

D
N

PENALTY ADJUSTMENT

For each metric, if the Company's annual performance outcome falls short of the Performance Baseline, the Company will record a penalty amount as a regulatory liability. The maximum total penalty the Company may incur as a regulatory liability during a single Performance Year is $750,000.

During the QSP's Annual Review Process, the potential penalty amount for succeeding Performance Years will stay the same.

DEFERRED ACCOUNTS AND DISBURSEMENT N

Any penalty amounts will be placed in a regulatory liability account and will be credited to customers in the next filed phase I gas rate review. The Commission shall determine an appropriate amortization period for this regulatory liability, if applicable.

(Continued on Sheet No. 70D)

ADVICE LETTER NUMBER	953		ISSUE DATE	September 13, 2019
DECISION NUMBER	C19-0728	REGIONAL VICE PRESIDENT, Rates & Regulatory Affairs	EFFECTIVE DATE	September 20, 2019

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

First Revised Sheet No. 70D

P.O. Box 840
Denver, CO 80201-0840

Original Cancels Sheet No. 70D

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

D
C

EXCLUSION PROCESS

Performance Year metric data will be recorded with no exclusions absent the notification for exclusion as described in this section. The Company may claim exclusion of certain data associated with events that are outside the control of the Company when calculating certain Performance Metrics. Potentially excludable events may include periods of emergency, catastrophe, natural disaster, catastrophic storm, civil unrest, product/manufacturing defects (e.g., D.O.T. Alert Notice), vendor material recall, or other similar events. The Company reserves the option to claim exclusions for events required as reportable through Rules 4910-4914 of the Commission Rules of Practice and Procedure. The Company shall bear the burden of proving that the proposed excludable event was unforeseeable, extraordinary, and outside of the Company's control.

In its notification, the Company must separately document and report the timeframe and impact of each event for which it claims exclusion and the rationale for excluding it. Notifications for exclusion should be made throughout the Performance Year within 30 days of the triggering event. Notifications for exclusion will be directed to the Deputy Director of Fixed Utilities of the Colorado Public Utilities Commission, and filed in the proceeding authorizing the QSP, and if applicable, will reference the event which the Company initially reported through the mechanism provided in Rules 4910-4914 of the Commission Rules of Practice and Procedure. In the event of a dispute, misunderstanding, or controversy related to any exclusion claim, any party may file a motion asking the Commission or an assigned Administrative Law Judge to resolve the dispute.

(Continued on Sheet No. 70E)

ADVICE LETTER NUMBER 953

ISSUE DATE September 13, 2019

DECISION NUMBER C19-0728

REGIONAL VICE PRESIDENT,
Rates & Regulatory Affairs

EFFECTIVE DATE September 20, 2019

NATURAL GAS RATES
QUALITY OF SERVICE PLAN (QSP)

QSP PERFORMANCE BASELINE

QSP APPROVAL PERIOD: January 1, 2022 through December 31, 2024 C

SAFETY:

a) Damage Prevention

Objective: Lower damages/1000 locates
Penalty: $250,000
2022 Performance Baseline: Damages exceed 2.02 damages/1000 locates T
Performance Baseline (beginning January 1, 2023): Damages exceed 1.47 N
damages/1000 locates N

b) Emergency Response

Objective: Improve responsiveness in potential emergency situations
Penalty: $250,000
2022 Performance Baseline: Response falls below 76.1 percent within 60 T
minutes
Performance Baseline (beginning January 1, 2023): Response falls N
below 95 percent within 60 minutes N

RELIABILITY:

a) Grade 2 Leak Repair Time

Objective: Decrease the amount of methane released into environment
Penalty: $250,000
2022 Performance Baseline: Repair time exceeds 63.3 days T
Performance Baseline (beginning January 1, 2023): Repair time exceeds N
52 days N

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

First Revised Sheet No. 70F

P.O. Box 840
Denver, CO 80201-0840

Original Cancels Sheet No. 70F

D

RESERVED FOR FUTURE FILING N

ADVICE LETTER NUMBER 953

ISSUE DATE September 13, 2019

DECISION NUMBER C19-0728

REGIONAL VICE PRESIDENT, Rates & Regulatory Affairs

EFFECTIVE DATE September 20, 2019

COLO. PUC No. 6 Gas

PUBLIC SERVICE COMPANY OF COLORADO

First Revised Sheet No. 70G

P.O. Box 840
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Original Cancels Sheet No. 70G

D

RESERVED FOR FUTURE FILING N

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Rates & Regulatory Affairs

EFFECTIVE DATE September 20, 2019