

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

\* \* \* \* \*

IN THE MATTER OF ADVICE NO. 993- )  
GAS OF PUBLIC SERVICE )  
COMPANY OF COLORADO TO )  
REVISE ITS COLORADO PUC NO. 6- )  
GAS TARIFF TO INCREASE ) PROCEEDING NO. 22AL-\_\_\_\_G  
JURISDICTIONAL BASE RATE )  
REVENUES, IMPLEMENT NEW BASE )  
RATES FOR ALL GAS RATE )  
SCHEDULES, AND MAKE OTHER )  
PROPOSED TARIFF CHANGES )  
EFFECTIVE FEBRUARY 24, 2022 )

**DIRECT TESTIMONY AND ATTACHMENTS OF LAURIE J. WOLD**

**ON**

**BEHALF OF**

**PUBLIC SERVICE COMPANY OF COLORADO**

**January 24, 2022**

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**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>PAGE</u></b>
I. INTRODUCTION, QUALIFICATIONS, and PURPOSE OF TESTIMONY .....	4
II. NET PLANT AND PLANT-RELATED BALANCES .....	9
A. Development of Net Plant Balance .....	10
B. Net Plant Balances.....	15
C. Affiliate Charges in Capital Additions .....	21
III. DEPRECIATION AND AMORTIZATION EXPENSE .....	23

**LIST OF ATTACHMENTS**

Attachment LJW-1	Plant-Related Monthly Roll-Forwards for the period from October 1, 2019 through December 31, 2022 by Functional Class
Attachment LJW-2	Plant-Related Annual Roll-Forwards for the period from January 1, 2023 through December 31, 2023 by Functional Class
Attachment LJW-3	Plant-Related Annual Roll-Forwards for the period from January 1, 2024 through December 31, 2024 by Functional Class
Attachment LJW-4	Schedule Linking Data from Attachment LJW-1 to Attachment APF-2 to the Direct Testimony of Arthur P. Freitas
Attachment LJW-5	Gas and Common Plant Additions, by Project and Witness, October 1, 2019 through December 31, 2022
Attachment LJW-6	Gas and Common Plant Additions, by Functional Class January 1, 2023 through December 31, 2023
Attachment LJW-7	Gas and Common Plant Additions, by Functional Class January 1, 2024 through December 31, 2024
Attachment LJW-8	Depreciation Study performed by Alliance Consulting

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**DIRECT TESTIMONY AND ATTACHMENTS OF LAURIE J. WOLD**

**I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Laurie J. Wold. My business address is 401 Nicollet Mall, Minneapolis,  
Minnesota 55401.

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

A. I am employed by Xcel Energy Services Inc. ("XES") as a Senior Manager of  
Capital Asset Accounting. XES, which is a wholly-owned subsidiary of Xcel Energy  
Inc. ("Xcel Energy"), provides an array of support services to Public Service

1 Company of Colorado (“Public Service” or the “Company”) and the other utility  
2 operating company subsidiaries of Xcel Energy on a coordinated basis.<sup>1</sup>

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

4 A. I am testifying on behalf of Public Service.

5 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.**

6 A. As a Senior Manager of Capital Asset Accounting, I am responsible for various  
7 aspects of asset accounting, primarily dealing with book depreciation, tax  
8 depreciation, and deferred taxes for capital assets, as well as the related reporting  
9 and regulatory requirements for Xcel Energy and its subsidiaries. A description of  
10 my qualifications, duties, and responsibilities is set forth after the conclusion of my  
11 Direct Testimony in my Statement of Qualifications.

12 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

13 A. My Direct Testimony addresses the following topics:

- 14 • I quantify and support the Company’s net plant balances as of December  
15 31, 2022, including the capital additions that were placed into service or are  
16 projected to be placed into service during the period from October 1, 2019  
17 through December 31, 2022 (based on actuals through June 30, 2021 and  
18 forecasts after that date);
- 19 • I quantify and support the Company’s net plant balances as of December  
20 31, 2024, including the capital additions that are projected to be placed into

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<sup>1</sup> In addition to Public Service, the Xcel Energy Operating Companies are Northern States Power Company - Minnesota, Northern States Power Company - Wisconsin, and Southwestern Public Service Company (collectively, the “Operating Companies”).

1 service during the period from January 1, 2023 through December 31, 2024,  
2 the reasonableness of which is supported in the Direct Testimony of  
3 Company witness Ms. Deborah A. Blair and the Company's capital addition  
4 witnesses in this case;

- 5 • I support the Company's request to continue applying the currently  
6 approved depreciation and amortization rates for gas utility accounts related  
7 to the production, storage, transmission, and distribution functions;
- 8 • I support the Company's request for approval of new depreciation rates for  
9 common general accounts; and
- 10 • I respond briefly to the Colorado Public Utilities Commission's  
11 ("Commission") statement in Decision No. C21-0715 that the Company  
12 should evaluate SB 21-264 and other recently enacted state environmental  
13 laws to determine what impact they may have on the Company's ability to  
14 recover its investment in gas distribution and transmission infrastructure  
15 over time.<sup>2</sup>

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

18 **A.** Yes, I am sponsoring the following attachments:

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<sup>2</sup> *In the Matter of the Verified Application of Public Service Company of Colorado for Approval to Extend the Company's Pipeline System Integrity Adjustment (PSIA) Rider for Certain Projects Through 2024, with Subsequent Wind-Down of the Rider*, Proceeding No. 21A-0071G, Decision No. 21-0715 at ¶ 34 (Mailed Nov. 12, 2021) ("PSIA Decision").

- 1 • Attachment LJW-1, which contains plant-related roll-forwards for the period  
2 from October 1, 2019 through December 31, 2022, by month and functional  
3 class;<sup>3</sup>
- 4 • Attachment LJW-2, which contains the forecasted, plant-related roll-  
5 forwards for the period from January 1, 2023 through December 31, 2023  
6 by functional class;
- 7 • Attachment LJW-3, which contains the forecasted, plant-related roll-  
8 forwards for the period from January 1, 2024 through December 31, 2024  
9 by functional class;
- 10 • Attachment LJW-4, a schedule linking data from my Attachment LJW-1 to  
11 the cost of service study provided as Attachment APF-2 to the Direct  
12 Testimony of Company witness Mr. Arthur P. Freitas;
- 13 • Attachment LJW-5, a summary of all capital additions placed in service, by  
14 project and witness, during the period from October 1, 2019 through  
15 December 31, 2022;
- 16 • Attachment LJW-6, a summary of forecasted capital additions to be placed  
17 in service, by Functional Class, during the period from January 1, 2023  
18 through December 31, 2023;
- 19 • Attachment LJW-7, a summary of forecasted capital additions to be placed  
20 in service, by Functional Class, during the period from January 1, 2024  
21 through December 31, 2024; and

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<sup>3</sup> The test year in this proceeding consists of the twelve-month period ending December 31, 2022 ("2022 Current Test Year" or "2022 CTY").

- 1           • Attachment LJW-8, which is the Depreciation Study performed by Alliance
- 2           Consulting (“Alliance”) for common general plant.



1                   **II. NET PLANT AND PLANT-RELATED BALANCES**

2   **Q.    WHAT TOPICS DO YOU DISCUSS IN THIS SECTION OF YOUR DIRECT**  
3   **TESTIMONY?**

4   A.    In this section of my Direct Testimony, I address three broad topics. First, I  
5       describe the components of the net plant and plant-related balances, and I explain  
6       how those components interact. As part of that discussion, I explain at a  
7       conceptual level how the net plant balance is affected by the accumulated  
8       depreciation reserve, construction work in progress (“CWIP”), and the Allowance  
9       for Funds Used During Construction (“AFUDC”), among other things.

10           Second, I describe the process the Company used to develop the net plant  
11       balances in this rate case, and I present roll-forwards showing the changes to the  
12       net plant balances between September 30, 2019, which was the end of the test  
13       year in the Company’s 2020 combined Phase I and Phase II Gas Rate Case<sup>4</sup>  
14       (“2020 Combined Gas Rate Case”), and June 30, 2021. I also discuss the capital  
15       additions that the Company has forecasted that it will place in service during the  
16       period from July 1, 2021 through December 31, 2022. As part of that discussion,  
17       I introduce the Company witnesses who support the capital additions reflected in  
18       the net plant balances. In addition, I touch briefly on the capital additions for the  
19       period January 1, 2023 through December 31, 2024, which are summarized in

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<sup>4</sup> *In the Matter of Advice Letter No. 961 Filed by Public Service Company of Colorado to Increase Rates for All Natural Gas Sales and Transportation Services to Become Effective March 7, 2020*, Proceeding No. 20AL-0049G, Decision No. R20-0673 (Mailed Sept. 22, 2020).

1 Attachments LJW-6 and LJW-7 to my Direct Testimony. Company witness Deborah

2 A. Blair supports the reasonableness of those 2023 and 2024 capital additions.

3 Third, I discuss the affiliate charges that are associated with the plant  
4 additions.

5 **A. Development of Net Plant Balance**

6 **Q. WHAT STANDARDS DOES PUBLIC SERVICE USE TO ESTABLISH ITS NET**  
7 **PLANT BALANCE?**

8 A. To establish the net plant balance, the Company follows the applicable accounting  
9 rules established by Generally Accepted Accounting Principles (“GAAP”), the  
10 Uniform System of Accounts (“USofA”) established by the Federal Energy  
11 Regulatory Commission (“FERC”) for public utilities, and the policies and  
12 guidelines established by the Company’s Capital Asset Accounting department,  
13 such as the Capitalization Policy. The Commission requires that the Company  
14 maintain its books and records in compliance with the USofA.

15 **Q. WHAT ARE THE MAIN COMPONENTS OF THE NET PLANT BALANCE?**

16 A. Generally speaking, the net plant balance represents the original cost of plant-in-  
17 service, offset by the accumulated reserve for depreciation. The net plant balance  
18 may also be affected by CWIP and AFUDC.

19 **Q. PLEASE DEFINE WHAT YOU MEAN WHEN YOU REFER TO “PLANT-IN-**  
20 **SERVICE.”**

21 A. “Plant-in-service” refers to facilities that are used and useful in providing utility  
22 service, including facilities currently in service, capital projects completed but not  
23 classified for transfer to detailed gas plant accounts, and property held for future

1 use. Plant additions represent plant that will become used and useful during the  
2 month.

3 **Q. DOES THE NET PLANT BALANCE INCLUDE PLANT THAT SERVES MORE**  
4 **THAN ONE UTILITY?**

5 A. Yes, common utility plant represents the property that is used in the general  
6 operations of the business that affects more than one utility, such as electric and  
7 gas operations. There are some common utility assets that are owned by Public  
8 Service but are shared by all operating companies. The total cost is shown as plant  
9 assets on Public Service's books, but Public Service receives a credit to offset the  
10 annual cost of these assets, based on an approved allocation, which reduces the  
11 overall revenue requirement. An example of a common utility asset is network  
12 equipment.

13 **Q. WHAT IS THE ACCUMULATED DEPRECIATION RESERVE?**

14 A. The accumulated reserve for depreciation, which is also known as the depreciation  
15 reserve, is the accumulation of depreciation expense taken on assets that are  
16 placed into service. The monthly depreciable plant basis multiplied by the  
17 applicable depreciation accrual rate results in the depreciation expense, which is  
18 added to, and consequently results in an increase to, the depreciation reserve.  
19 Factored into the depreciation rate for particular plant assets is a net salvage rate  
20 component that accounts for the estimated cost of future removal of the plant less  
21 any gross salvage value. When an asset is retired, the depreciation reserve is  
22 reduced by the original cost of that asset based on the assumption that the asset  
23 is fully expensed (i.e., fully depreciated) at the time of retirement. Upon removal

1 of an asset, the depreciation reserve is further decreased by actual removal  
2 expenditures when incurred, and increased by any salvage proceeds received.

3 **Q. YOU TESTIFIED EARLIER THAT CWIP CAN ALSO AFFECT THE NET PLANT**  
4 **BALANCE. WHAT IS CWIP?**

5 A. CWIP is an account that is used to gather all the construction-related costs  
6 together as they are being incurred during the construction of a project or facility.  
7 The costs incurred in the construction process to construct or install a fixed asset  
8 are themselves capital expenditures. The accumulation of the construction  
9 expenditures in CWIP continues until the asset becomes used and useful, which  
10 is typically when the asset is placed into service. The amount transferred from the  
11 accumulated CWIP balance to plant-in-service is known as the capital addition or  
12 plant addition.

13 **Q. YOU ALSO STATED THAT AFUDC CAN AFFECT THE NET PLANT BALANCE.**  
14 **PLEASE DESCRIBE WHAT AFUDC IS.**

15 A. AFUDC is used to assign to the asset the assumed cost of construction financing,  
16 which would otherwise be expensed on the income statement during construction.  
17 The accrued AFUDC is therefore recorded as part of the asset cost. After the  
18 construction is completed and the asset is placed into service, the total cost of the  
19 asset, including the AFUDC, is systematically allocated from the balance sheet to  
20 the income statement in the form of depreciation expense over the life of the asset.  
21 Public Service follows the FERC USofA in calculating the AFUDC rate and its  
22 application to construction projects. The AFUDC rate is a weighted-average cost

of capital that first gives weight to short-term debt as a function of the CWIP balance and then factors in the costs of long-term debt and common equity.

**Q. DOES THE CWIP BALANCE CHANGE FROM MONTH TO MONTH?**

A. Yes. During the course of each month, the CWIP balance is increased by CWIP expenditures incurred during the month and the AFUDC recorded for that month, and it is reduced by the CWIP balances associated with projects that are placed in service during the month. Table LJW-D-1 summarizes the monthly transactions for CWIP:

**Table LJW-D-1:  
Construction Work in Progress**

<b>CWIP Beginning Balance</b>	
+	CWIP Expenditures
+	AFUDC
-	CWIP Closings (equal to Additions to Plant In-service)
<hr/>	
=	<b>CWIP Ending Balance</b>

**Q. DOES THE NET PLANT BALANCE CHANGE FROM MONTH TO MONTH?**

A. Yes. During the course of each month, the plant balance is increased to reflect plant additions and reduced to reflect plant retired from service. Table LJW-D-2 summarizes the monthly transactions for plant:

1

**Table LJW-D-2:  
Plant In-Service**

**Plant Beginning Balance**

+      Plant Additions (equal to  
         CWIP Closings from Table  
         LJW-D-1)

-      Plant Retirements

---

**=      Plant Ending Balance**

2    **Q.    PLEASE PROVIDE A SUMMARY OF DEPRECIATION RESERVE ACTIVITY IN**  
3       **A MONTH.**

4    A.    During the course of each month, the depreciation reserve is increased by  
5       depreciation expense and any salvage proceeds realized, and is reduced by the  
6       depreciation reserve attributable to retirements (equal to the gross plant cost of the  
7       retired assets) and removal costs.<sup>5</sup> Table LJW-D-3 summarizes the monthly  
8       transactions for depreciation reserve:

9

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<sup>5</sup> The depreciation reserve may also be adjusted one way or another for "Reserve Reallocations." These adjustments occur infrequently and generally under the recommendation of particular third-party studies.

**Table LJW-D-3:  
Accumulated Reserve for Depreciation**

<b>Depreciation Reserve Beginning Balance</b>	
+	Depreciation Expense
-	Plant Retirements
+/-	Adjustments (i.e. Reserve Reallocations)
+	Salvage Value Realized
-	Plant Removal Expenditures
<hr/>	
=	<b>Depreciation Reserve Ending Balance</b>

**B. Net Plant Balances**

**Q. WHAT TOPICS DO YOU DISCUSS IN THIS SUBSECTION OF YOUR TESTIMONY?**

A. I describe how I developed the net plant balances that I provided to Company witness Mr. Freitas for his cost of service study.

**Q. WHAT WAS THE STARTING POINT FOR YOUR DETERMINATION OF THE NET PLANT BALANCES IN THIS RATE CASE?**

A. I started with the net plant balances as of September 30, 2019, which was the end of the test year in the 2020 Combined Gas Rate Case. From that starting point, I developed the net plant balances as of June 30, 2021 by reflecting the following components for the period from October 1, 2019 through June 30, 2021:

- Capital additions, including the associated CWIP and AFUDC, as applicable;
- Plant retirements; and
- Changes in accumulated depreciation reserve balances.

1 **Q. PLEASE DESCRIBE THE CTY ROLL-FORWARD INFORMATION PROVIDED**  
2 **IN ATTACHMENT LJW-1.**

3 A. Plant balances for any given time period are influenced by the activity in the  
4 preceding time periods. To account for these periods, the plant information is  
5 rolled forward month-by-month (known as a “monthly roll-forward”) from the prior  
6 month’s actuals. Attachment LJW-1 provides this roll-forward calculation for gas  
7 and common utility plant by functional class. It also includes the roll-forward of the  
8 CWIP, accumulated reserve for depreciation, and RWIP and CWIP expenditures  
9 for the same time period. Specifically, the information in Attachment LJW-1, which  
10 is extracted from the Company’s accounting records as of June 30, 2021, contains  
11 roll-forwards showing the amounts recorded for capital additions, plant  
12 retirements, and changes in accumulated depreciation reserve balances during  
13 the period from October 1, 2019 through June 30, 2021.

14 **Q. IS THE COMPANY SEEKING TO INCLUDE IN RATE BASE ANY PLANT THAT**  
15 **WAS NOT IN SERVICE AS OF JUNE 30, 2021?**

16 A. Yes. As explained in the Direct Testimony of Company witness Mr. Steven P.  
17 Berman, the Company is asking for approval to include in rate base the capital  
18 costs that either have been placed in service or are forecasted to be placed in  
19 service between July 1, 2021 and December 31, 2022, which is the end of the  
20 2022 CTY in this case.

21 **Q. DID YOU CALCULATE THE PLANT ADDITIONS THAT ARE FORECASTED TO**  
22 **BE PLACED IN SERVICE BY DECEMBER 31, 2022?**



1 A. Yes. The total amount of plant additions expected to be in service at December  
2 31, 2022, is provided in Attachment LJW-1.

3 **Q. HOW DID YOU DECIDE HOW MUCH OF THE CAPITAL FORECAST WILL BE**  
4 **IN SERVICE BY DECEMBER 31, 2022?**

5 A. I relied upon the Company's forecast to identify the CWIP closings that will be  
6 placed in service by December 31, 2022. I also deducted the forecasted  
7 retirements from July 1, 2021 through December 31, 2022 to arrive at the monthly  
8 ending plant balances. The reserve balance was increased by the estimated  
9 depreciation expense accrued from July 1, 2021 through December 31, 2022,  
10 while retirements and removal costs decreased the balance to roll forward the  
11 reserve balance monthly by functional class.

12 **Q. DOES ATTACHMENT LJW-1 CONTAIN ROLL-FORWARD INFORMATION**  
13 **FOR THE PERIOD AFTER JUNE 30, 2021?**

14 A. Yes. As discussed in more detail by the Company's business area witnesses that  
15 I identify later in my testimony, Public Service is asking the Commission to approve  
16 a rate base that includes capital additions the Company expects to place in service  
17 by December 31, 2022. Thus, Attachment LJW-1 contains a roll-forward of the  
18 Company's forecast of plant additions as of December 31, 2022. Similar to the  
19 period before June 30, 2021, the forecasted capital additions in Attachment LJW-1  
20 represent monthly roll-forwards through December 31, 2022 for gas and common  
21 utility plant by functional class. Attachment LJW-1 also includes the roll-forward of  
22 the forecasted CWIP and accumulated reserve for depreciation for the same time  
23 period.

1    **Q.    HOW IS THE ROLL-FORWARD INFORMATION PRESENTED?**

2    A.    All roll-forwards are shown at the applicable functional class (production,  
3        transmission, distribution, general plant, and intangibles) for both gas and common  
4        plant. The direct testimonies of the business area witnesses are further subdivided  
5        from the CWIP roll-forward into Capital Groupings, which are the major categories  
6        of work performed within a particular business area.

7    **Q.    HAS THE COMPANY PREPARED ANY DOCUMENTATION SHOWING HOW**  
8        **THE NET PLANT BALANCES TIE TO THE RATE BASE AMOUNTS IN MR.**  
9        **FREITAS'S COST OF SERVICE STUDY?**

10   A.    Yes. Attachment LJW-4 links the net plant data from Attachment LJW-1 to Mr.  
11        Freitas's attachments APF-2 for the Historical Test Year. In particular, the  
12        December 31, 2022 ending balances from the roll-forwards serve as the basis for  
13        the balances used by Mr. Freitas to determine the rate base in Attachment APF-1.  
14        In addition, Table LJW-D-4 shows the comparison between the plant assets shown  
15        in Attachment APF-1 and the plant assets as of June 30, 2021 included in the  
16        FERC Form 3:

1

**Table LJW-D-4  
Plant Comparison to FERC Form 3**

	<b>Plant Balance</b>
	6/30/2021
Gas and Common Plant for APF-1 Base	5,487,483,519
Adjustment	(12,677,450)
Gas and Common Plant for APF-1 Total	5,474,806,069
Total Utility Plant FERC Form 3, Pages 200 & 201	7,012,128,610
Gas Stored Underground Non Current (117), FERC Form 3, Page 110	9,174,894
Total FERC Form 3, Pages 110, 200 & 201	7,021,303,504
Variance from FERC Form 3	1,546,497,435
<u>Plant Not in Rate Case</u>	
Gas Asset Retirement Cost	160,456,630
Common Asset Retirement Cost	369,412
Property Under Capital Lease	582,090,333
Common Asset Assigned to Electric/Thermal Utility	759,203,523
Other Adjustments	44,377,537
Total Variance Explained	1,546,497,435

2

3 **Q. ARE YOU SUPPORTING THE CAPITAL ADDITIONS THAT THE COMPANY**  
4 **HAS PLACED IN SERVICE SINCE SEPTEMBER 30, 2019?**

5 A. Yes, I support the plant balances reflected in Attachments LJW-1. Other Company  
6 witnesses present more detailed testimony to support the reasonableness of the  
7 capital additions associated with their organizations within the Company. Table  
8 LJW-D-5 identifies those witnesses and the types of capital additions they support:

9

**Table LJW-D-5**  
**Capital Additions – Supporting Witnesses**

Joni H. Zich – Gas Operations

Michael O. Remington – Business Systems & Customer Initiatives

Adam R. Dietenberger – Shared Corporate Services (Buildings and General)

Each of the business areas represented by these witnesses is responsible for the actual planning and decision-making regarding the capital expenditures and the in-service dates related to their construction, which together result in the capital additions. Mr. Freitas includes the net plant balances in his cost of service study.

**Q. HAVE YOU PREPARED AN ATTACHMENT SUMMARIZING ALL OF THE CAPITAL ADDITIONS THAT THE COMPANY HAS PLACED IN SERVICE OR PLANS TO PLACE IN SERVICE DURING THE PERIOD FROM OCTOBER 1, 2019 THROUGH DECEMBER 31, 2022?**

A. Yes. My Attachment LJW-5 summarizes the capital additions that Public Service either has placed in service or is expected to place in service during the period from October 1, 2019 through December 31, 2022.

**Q. HAVE YOU PREPARED ATTACHMENTS SUMMARIZING ALL OF THE CAPITAL ADDITIONS THAT THE COMPANY PLANS TO PLACE IN SERVICE IN 2023 AND 2024?**

A. Yes. My Attachments LJW-6 and LJW-7 list the forecasted types of capital additions for those years.

1        **C.     Affiliate Charges in Capital Additions**

2        **Q.     PLEASE DESCRIBE THE AFFILIATE COSTS INCLUDED IN CAPITAL**  
3        **ADDITIONS**

4        A.     Affiliate costs included in capital additions are those costs charged either by XES  
5        or another Xcel Energy Operating Company to a Public-Service-specific capital  
6        work order for construction of an asset owned and used solely by Public Service.

7        **Q.     HOW ARE THESE AFFILIATE COST COMPONENTS BILLED TO PUBLIC**  
8        **SERVICE?**

9        A.     The construction affiliate charges were assigned in two ways: (1) costs are  
10       charged directly to a Public Service work order; or (2) costs are charged directly to  
11       a work order that is further allocated to Public Service. Such costs that are  
12       allocated to Public Service from a work order relate only to certain software  
13       projects ("Software").

14       **Q.     HOW ARE COSTS ALLOCATED TO PUBLIC SERVICE FOR SOFTWARE**  
15       **PROJECTS?**

16       A.     Software is an intangible asset and does not have a physical location that allows  
17       it to be directly assignable to the entities that utilize it. Software is the only asset  
18       that is broken down into each operating company owner's fractional share in the  
19       construction process. This is accomplished through a systematic process. Xcel  
20       Energy has historically assessed FERC-approved allocation factors to determine  
21       the best fit for allocating software costs between all entities that benefit from the  
22       use of the software. These factors are then used as the basis for allocating  
23       software costs to legal entities during the construction period. For the vast majority

1 of software projects, affiliate costs are allocated each month from a special  
2 allocating work order to each of the four Xcel Energy Operating Companies,  
3 including Public Service. Charges recognized each month are allocated to the  
4 Operating Company's construction work order based on predetermined  
5 percentages reflecting the purpose and function of the Software as well as the  
6 number of users in each Operating Company. A similar process is followed to  
7 develop the forecasted plant additions. Allocation percentages are applied to the  
8 total forecasted software project costs to calculate the total software additions to  
9 include in the forecast for Public Service.

10 **Q. HAVE THERE BEEN ANY CHANGES TO THE SOFTWARE ALLOCATION**  
11 **METHODOLOGY?**

12 **A.** No, there have been no changes since the 2020 Combined Gas Rate Case.

13

1                   **III. DEPRECIATION AND AMORTIZATION EXPENSE**

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

3    A.    I support the proposed depreciation and amortization rates for gas utility  
4           production, storage, transmission, distribution, intangible, general and common  
5           utility intangible assets. The Company proposes to continue using the depreciation  
6           rates approved in the 2020 Combined Gas Rate Case for the production, storage,  
7           transmission and distribution functions. Additionally, I propose the adoption of new  
8           rates for common utility general plant based on the 2021 Alliance depreciation  
9           study, which is Attachment LJW-8 to my Direct Testimony. Finally, I address the  
10          request of the Commission reflected in its decision approving a settlement in the  
11          Company's Pipeline System Integrity Adjustment ("PSIA") extension proceeding  
12          related to depreciation.<sup>6</sup>

13   **Q.    IS PUBLIC SERVICE SUPPORTING A NEW DEPRECIATION STUDY IN THIS**  
14    **CASE?**

15   A.    Not for production, storage, transmission or distribution assets. The Company is  
16           proposing to continue applying the depreciation rates approved in the Combined  
17           2020 Gas Rate Case for those types of assets.

18           The Company is supporting a new depreciation study for common general  
19           plant. In 2021, the Company retained Alliance to perform a depreciation study for  
20           electric assets and common assets. That Alliance depreciation study was filed in  
21           the 2021 Public Service electric rate case, Proceeding No. 21AL-0317E, and the

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<sup>6</sup> Decision No. C21-0715 ("PSIA Decision") in Proceeding No. 21A-0071G ("PSIA Extension Proceeding") approved the Comprehensive Settlement Agreement submitted in that case.

1 parties to that case agreed to the depreciation rates recommended by Alliance for  
2 common plant.<sup>7</sup>

3 **Q. WHAT IS THE OVERALL IMPACT TO DEPRECIATION EXPENSE OF THE**  
4 **NEW COMMON DEPRECIATION RATES BEING PROPOSED IN THE**  
5 **DEPRECIATION STUDY?**

6 A. The overall impact to common depreciation expense as a result of the proposed  
7 depreciation rate changes is an increase in annual depreciation expense of \$1.5  
8 million. Table LJW-D-6, which is on the next page, summarizes the common  
9 depreciation expense impacts for the 2022 Current Test Year.

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<sup>7</sup> *In the Matter of Advice Letter No. 1857 – Electric Filed by Public Service Company of Colorado to Revise Its Colorado PUC No. 8 – Electric Tariff to Revise Jurisdictional Base Rate Revenues, Implement New Base Rates for All Electric Rate Schedules, and Make Other Proposed Tariff Changes Effective August 2, 2021*, Proceeding No. 21AL-0317E, Unopposed and Comprehensive Settlement Agreement (Except as to One Issue) at ¶ 47 (Jan. 5, 2022) (“[W]ithout necessarily accepting the Company’s methodology, the Settling Parties accept the results of the Company’s depreciation study and the associated depreciation rates as presented by Company witness Mr. Dane A. Watson in Direct Testimony, Hearing Exhibit 105.”).



1

**Table LJW-D-6**  
**Change in Depreciation Expense**  
**Due to Proposed Depreciation Rate Changes**

<b>Functional Class</b>		<b>Current Annual Accrual (Note 1)</b>	<b>Proposed Annual Accrual (Note 2)</b>	<b>Proposed Less Current Annual Accrual</b>
		(a)	(b)	(c) = (b) - (a)
<b>Depreciation</b>				
<b>Common</b>				
Common General Plant	(3)	46,651,250	48,677,980	2,026,730
AGIS	(4)	(2,292,441)	(2,807,771)	(515,330)
<b>Total Common</b>		<b>44,358,809</b>	<b>45,870,209</b>	<b>1,511,400</b>

Notes:

- (1) Common utility depreciation rates are from Proceeding No. 17AL-0363G. The depreciation expense was computed based on forecasted balances through 12/31/2022
- (2) Common utility proposed depreciation rates are from Proceeding No. 21AL-0317E.
- (3) 392-Transportation and 396-Power Operated Equipment depreciation expense is not recorded to FERC Account 403-Depreciation Expense, but is recorded to FERC Account 184-Clearing account.
- (4) Advanced Grid Intelligence and Security (AGIS) removed due to being all electric utility.

2 **Q. IS THE COMPANY PROPOSING ANY CHANGES IN HOW SOFTWARE IS**  
 3 **BEING AMORTIZED IN THIS PROCEEDING?**

4 **A.** No. Public Service is not proposing to change the methodology that was approved  
 5 in the 2017 Phase I Gas Rate Case for amortizing software.<sup>8</sup>

<sup>8</sup> Proceeding No. 17AL-0363G, Decision No. R18-0318-I at 65-66 (Mailed May 11, 2018).

1 **Q. EARLIER YOU MENTIONED THAT YOU ARE RESPONDING TO A REQUEST**  
2 **OF THE COMMISSION IN THE PSIA DECISION AS RELATED TO**  
3 **DEPRECIATION EXPENSE. PLEASE DESCRIBE THE REQUEST AND THE**  
4 **COMPANY’S RESPONSE?**

5 A. As discussed in more detail by Mr. Berman in his Direct Testimony, the  
6 Commission’s order approving the PSIA settlement requested that the Company  
7 address the following issue in this case:

8 An evaluation of “useful life,” and associated depreciation schedules,  
9 for various plant investment, which may differ significantly from  
10 material engineering life. The evaluation should include  
11 consideration of SB 21-264 and other recently-enacted state  
12 environmental laws, and the impact they may have on the  
13 Company’s ability to recover its investment in gas distribution and  
14 transmission infrastructure over time.<sup>9</sup>

15  
16 It is my understanding that both Mr. Berman and Mr. Litteken address this request  
17 as well; however, the purpose of my testimony on this topic is to provide my  
18 perspective as the Company’s Senior Manager of Capital Asset Accounting.

19 **Q. PLEASE SUMMARIZE THE LEGISLATION IDENTIFIED IN THE COMMISSION**  
20 **ORDER, WHICH IS SB 21-264.**

21 A. Although I do not hold myself out as an expert on SB 21-264, it is my understanding  
22 that the legislation establishes emission reduction targets for gas distribution  
23 utilities such as Public Service. The targets are a 4 percent reduction below 2015  
24 greenhouse gas (“GHG”) emission levels by 2025 and a 22 percent reduction

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<sup>9</sup> PSIA Decision at ¶ 34(a).

1 below 2022 GHG emission levels by 2030. I also understand that a rulemaking is  
2 currently underway to, among other things, implement the Legislation.

3 **Q. IN THIS CASE, HAS THE COMPANY PROPOSED TO CHANGE THE USEFUL**  
4 **LIVES AND THE RESULTING DEPRECIATION RATES FOR PLANT**  
5 **INVESTMENT AS A RESULT OF SB 21-264?**

6 A. No. As discussed in more detail by Mr. Berman, the Commission's rulemaking  
7 proceeding to implement SB 21-264 and other environmental legislation is still in  
8 the early stages, and it is unclear what form the final rules will take. In addition, the  
9 Company has yet to file its first Clean Heat Plan, which I understand is not required  
10 to be filed until August 1, 2023. Furthermore, as addressed in detail by other  
11 Company witnesses, we believe the gas system will continue to be needed into  
12 the future, and continued investment will be required.

13 I would also note that a depreciation study for gas utility production, storage,  
14 transmission, and distribution assets was conducted just a few years ago, in 2019,  
15 and rates from that study are currently in effect as a result of the 2020 Combined  
16 Gas Rate Case. In our view, it is premature to re-evaluate or change the rates  
17 from that study in this case because a new study would likely produce very similar  
18 results, absent the Company directing our consultant to make assumptions in light  
19 of SB 21-264 that we cannot presently support. Considering all of these factors,  
20 the approved "useful life" and depreciation schedules should not change at this  
21 time, except for the common general depreciation rates that I described earlier.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

23 A. Yes, it does.

**Statement of Qualifications**

**Laurie J. Wold**

I received a Bachelor of Arts in Business Administration, with a major in accounting, from Metropolitan University in 2011.

My current position with XES is Sr. Manager, Capital Asset Accounting. I am responsible for:

- Managing the capital investment cost recovery process, which includes the development of detailed actuarial analysis, regulatory filings with the various state and federal rate regulatory commissions, and expert testimony to support recovery levels in rate proceedings;
- Accounting for and reporting on the nuclear plant decommissioning funding process, which includes the development of detailed engineering cost studies combined with a complete financial and economic analysis to develop detailed regulatory filings to establish the ratepayer funding levels necessary to accumulate the total future decommissioning cost requirement;
- Assisting with the plant asset-related ratemaking process, which supports the rate filings for all of the Xcel Energy Operating Companies' retail and wholesale jurisdictions; and
- Overseeing capital asset reporting and information processing necessary to disseminate capital asset information as required by various regulatory authorities (the Federal Energy Regulatory Commission, the Securities and Exchange

Commission, and state commissions) as well as meeting all internal information requirements necessary to sustain efficient and effective business operations.

I first worked for XES as a contract Accountant starting in October 2011, until I took a permanent role in Transmission Finance in April 2012. I held various positions in Transmission Finance until 2017, when I assumed in my current position in Capital Asset Accounting.

Prior to joining XES, I was employed by USA Today as an Accounting Supervisor. Prior to USA Today, I was employed in various industries in a financial capacity.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

\* \* \* \*

IN THE MATTER OF ADVICE NO. 993-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 ) PROCEEDING NO. 22AL-\_\_\_\_G  
RATES FOR ALL GAS RATE SCHEDULES, )  
AND MAKE OTHER PROPOSED TARIFF )  
CHANGES EFFECTIVE FEBRUARY 24, )  
2022 )


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AFFIDAVIT OF LAURIE J. WOLD  
ON BEHALF OF  
PUBLIC SERVICE COMPANY OF COLORADO

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I, Laurie J. Wold, 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 Minneapolis, Minnesota, this 20<sup>th</sup> day of January, 2022.

  
Laurie J. Wold  
Senior Manager of Capital Asset Accounting

Subscribed and sworn to before me this 20<sup>th</sup> day of January, 2022.



  
Notary Public  
My Commission expires Jan 31<sup>st</sup> 2025