

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

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IN THE MATTER OF ADVICE NO. 961- )  
GAS OF PUBLIC SERVICE COMPANY )  
OF COLORADO TO REVISE ITS )  
COLORADO PUC NO. 6-GAS TARIFF ) PROCEEDING NO. 20AL-\_\_\_\_G  
TO INCREASE JURISDICTIONAL BASE )  
RATE REVENUES, IMPLEMENT NEW )  
BASE RATES FOR ALL GAS RATE )  
SCHEDULES, AND MAKE OTHER )  
PROPOSED TARIFF CHANGES )  
EFFECTIVE MARCH 7, 2020 )

**DIRECT TESTIMONY AND ATTACHMENTS OF STEVEN P. BERMAN**

**ON**

**BEHALF OF**

**PUBLIC SERVICE COMPANY OF COLORADO**

**February 5, 2020**

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**LIST OF ATTACHMENTS**

Attachment SPB-1	Rate Case Expense Estimate
Attachment SPB-2	Redlined PSIA Tariff
Attachment SPB-3	Clean PSIA Tariff



**GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
2002 Rate Case	Proceeding No. 02S-315EG
2016 HTY	2016 Historical Test Year
2017 Gas Phase I	Proceeding No. 17AL-0363G
2019 Electric Phase I	Proceeding No. 19AL-0268E
2019 Gas Phase II	Proceeding No. 19AL-0309G
Alliance	Alliance Consulting Group
ALJ	Administrative Law Judge
CCOSS	Class Cost of Service Study
CDPHE	Colorado Department of Public Health & the Environment
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
Concentric	Concentric Energy Advisors
Denver	City & County of Denver
GAAP	Generally Accepted Accounting Principles
HTY	Historical Test Year
I&S	Investigation & Suspension
LDC	Local Distribution Company
MGP	Manufactured Gas Plant

MYP	Multi-year Rate Plan
PSIA	Pipeline System Integrity Adjustment
Public Service of Company	Public Service Company of Colorado
RFP	Request for Proposals
Rice Yards/Crown Tar Works Oder	Decision No. R17-0705
ROE	Return on Equity
Staff	Trial Staff of the Commission
Taft	Taft Stettinus & Hollister LLP
TCJA	Tax Cuts & Jobs Act
Test Year	Test Year Ending September 30, 2020
VEBA	Voluntary Employee Beneficiary Association
WACC	Weighted Average Cost of Capital
Willis	Willis Towers Watson

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

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

A. My name is Steven P. Berman. My business address is 1800 Larimer Street, Denver, Colorado 80202.

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

A. I am employed by Public Service Company of Colorado ("Public Service" or the "Company") as Director, Regulatory Administration.

**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 Director, Regulatory Administration, I provide leadership, direction and technical expertise related to regulatory processes and functions for Public

1 Service. A description of my qualifications, duties, and responsibilities is set forth  
2 after the conclusion of my Direct Testimony in my Statement of Qualifications.

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

5 A. Yes, I am sponsoring Attachments SPB-1 through SPB-3, which were prepared  
6 by me or under my direct supervision. The attachments are as follows:

- 7 • Attachment SPB-1 – Rate Case Expense Estimate;
- 8 • Attachment SPB-2 - Redlined PSIA Tariff; and
- 9 • Attachment SPB-3 - Clean PSIA Tariff

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

11 A. The purpose of my Direct Testimony is to address key ratemaking aspects of the  
12 Company's rate case. I first summarize recent gas proceedings relevant to this  
13 case. I then discuss year-end rate base, and why it is appropriate that the cost of  
14 service in this proceeding be determined using that methodology. I thereafter  
15 address the prepaid pension asset and prepaid retiree medical asset, as well as  
16 other deferrals and amortizations in the Company's cost of service. I also  
17 support the Company's request for recovery of rate case expenses associated  
18 with this proceeding, as well as those incurred in the Company's recent Gas  
19 Phase II (Proceeding No. 19AL-0309G) ("2019 Gas Phase II"). Finally, I discuss  
20 and support the Company's requested changes to its Pipeline System Integrity  
21 Adjustment ("PSIA") tariff.

1                                   **II.   RECENT GAS PROCEEDING HISTORY**

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

4   **A.**   In this section of my Direct Testimony, I describe the recent Public Service Gas  
5   Department proceedings relevant to this combined Phase I and Phase II rate  
6   case. In particular, I discuss the Company's Phase I gas rate case filed in 2017,  
7   which was Proceeding No. 17AL-0363G ("2017 Gas Phase I"), and the  
8   Company's 2019 Gas Phase II. I also discuss aspects of the recent PSIA  
9   proceeding that extended the PSIA rider through the end of 2021, as relevant to  
10   this case.

11   **Q.   PLEASE DISCUSS THE 2017 GAS PHASE I.**

12   **A.**   Public Service filed the 2017 Gas Phase I on June 2, 2017, seeking a multi-year  
13   rate plan ("MYP") through the end of 2020. As part of that proposal, the  
14   Company sought to allow the PSIA to expire and instead roll future PSIA costs  
15   into the future test years in the Company's proposed MYP. The Company's  
16   proposals were rejected by the Commission, which instead approved an average  
17   rate base in conjunction with a 2016 historical test year ("2016 HTY"). The  
18   Commission also approved a 7.12 percent Weighted Average Cost of Capital  
19   ("WACC"),<sup>1</sup> which was based on a 9.35 percent return on equity and an equity  
20   ratio composed of 54.6 percent equity and 45.4 percent debt.<sup>2</sup> In contrast, the

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<sup>1</sup> Proceeding No. 17AL-0363G, Decision No. C18-0736-I at ¶ 72.

<sup>2</sup> *Id.* at ¶ 71.

1 Company had sought a 7.49 percent WACC, a 10.0 percent ROE, and a capital  
2 structure composed of 55.25 percent equity and 44.75 percent debt.<sup>3</sup> In addition,  
3 the Commission denied the Company's request for a return on its prepaid  
4 pension asset, contrary to the Commission's decisions in numerous prior rate  
5 case proceedings.<sup>4</sup> The Commission also denied the Company's request for a  
6 return on its prepaid retiree medical asset.<sup>5</sup> The Commission approved the  
7 continuation of deferral trackers for property tax, pension expense, and damage  
8 prevention expenses. In combination, these and other Commission decisions  
9 significantly reduced the revenue deficiency the Company had quantified.

10 **Q. DID THE TAX CUTS AND JOBS ACT ("TCJA") AFFECT THE 2017 GAS**  
11 **PHASE I?**

12 A. Yes. In early 2018, the Administrative Law Judge ("ALJ") approved a TCJA  
13 procedural settlement agreement that established a four-step process to provide  
14 both a \$20 million upfront reduction to provisional rates based on preliminary  
15 estimates of TCJA impacts, and procedures for determining and implementing  
16 the full impacts of the TCJA rates within the 2017 Gas Phase I.

17 A separate TCJA phase of the 2017 Gas Phase I was litigated after the  
18 Commission's initial establishment of a revenue requirement in the 2017 Gas  
19 Phase I. After the TCJA portion of the proceeding, the final post-TCJA base rate

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<sup>3</sup> After the enactment of the TCJA, the Company asked the Commission to approve a capital structure composed of 56.0 percent equity and 44.0 percent debt. The Commission denied that request. Proceeding No. 17AL-0363G, Decision No. C18-1158 at ¶ 48.

<sup>4</sup> Proceeding No. 17AL-0363G, Decision No. C18-0736-I at ¶ 104.

<sup>5</sup> *Id.* at ¶ 108.

1 revenue deficiency was determined to be \$21,982,981, and the calculated base  
2 rate benefits related to the TCJA were established at \$24,544,839 for the 2016  
3 HTY, with \$4,544,839 remaining after providing the \$20 million estimated savings  
4 to customers. In order to allow the Company to apply the remaining TCJA  
5 amount to pay down the Company's legacy prepaid pension asset,<sup>6</sup> a 24.19  
6 percent GRSA was allowed to remain in place until implementation of new rates  
7 in the Company's follow-on Phase II.

8 **Q. ARE THERE ANY OTHER OBLIGATIONS RELATING TO THE 2017 GAS**  
9 **PHASE I YOU WISH TO DISCUSS?**

10 A. Yes. On August 31, 2018, Trial Staff of the Commission ("Staff") and the  
11 Company filed a "Joint Response to Interim Decision No. C18-0736-I Regarding  
12 Weather Normalization Conferral" in the 2017 Gas Phase I. The Joint Response  
13 states, at page 2, that ". . . Staff and Public Service agree that, in the next gas  
14 base rate case, the Company will file a weather normalization adjustment based  
15 on historical 20-year normal weather." Staff and the Company also agreed to  
16 meet prior to the filing of that case to discuss the Company's methodology. As  
17 explained by Company witness Ms. Jannell E. Marks in her Direct Testimony, the  
18 Company has satisfied both of these obligations, but has also provided a weather  
19 normalization adjustment based on historical 10-year normal weather for  
20 informational purposes.

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<sup>6</sup> Proceeding No. 17AL-0363G, Decision No. C18-1158 at ¶ 64.

1 **Q. HAS THE COMPANY ASKED FOR JUDICIAL REVIEW OF ANY OF THE**  
2 **COMMISSION DECISIONS IN THE 2017 GAS PHASE I?**

3 A. Yes. After the Commission rejected the Company's Application for Rehearing,  
4 Reargument, or Reconsideration of Decision Nos. C18-0736-I and C18-1158,  
5 Public Service applied for judicial review in the Denver District Court.<sup>7</sup> In that  
6 appeal, Public Service requested that the District Court overturn the  
7 Commission's decision in several respects:

- 8 • Public Service challenged the Commission's decision to establish the  
9 capital structure as of a point in time just after a June 2017 debt issuance,  
10 rather than selecting a capital structure that was more representative of  
11 the Company's ongoing capital structure;
- 12 • Public Service challenged the Commission's decisions to exclude the  
13 prepaid pension asset and prepaid retiree medical asset from rate base  
14 and to disallow a return on those assets, despite the undisputed fact that  
15 customers earn a return on those assets that results in a dollar-for-dollar  
16 reduction in pension and retiree medical expense; and
- 17 • Public Service asked the District Court to reverse the Commission's  
18 decision to use an average rate base, particularly in light of the decision  
19 to set rates based on an historical test year.

20 The appeal remains pending before the Denver District Court, which has  
21 requested oral argument from the parties on the prepaid pension asset and  
22 prepaid retiree medical asset issues. That argument is scheduled for  
23 February 20, 2020.

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<sup>7</sup>*Public Service Co. of Colo. v. The Public Utilities Commission of the State of Colorado*, Case No. 2019CV031427 (Denver Co., Colo., filed Apr. 10, 2019).



1 **Q. EARLIER YOU MENTIONED THE PSIA EXTENSION. PLEASE DISCUSS AS**  
2 **RELEVANT TO THIS CASE.**

3 A. The Company filed an application to extend its PSIA through 2020 in Proceeding  
4 No. 18A-0422G. On November 6, 2018, the Commission approved an  
5 unopposed, global settlement to implement a three-year extension of the PSIA  
6 through 2021. That settlement contemplates that “. . . the Company will not seek  
7 to roll costs into base rates or request their recovery in another recovery  
8 mechanism until such time as they have been through the April Annual Report  
9 cost review and that proceeding has been closed.”<sup>8</sup> As a result, in this case the  
10 Company is proposing to roll into base rates PSIA projects that were completed  
11 by the end of 2018, as those projects went through the April true-up process in  
12 2019. This roll-in is further discussed by Company witness Ms. Deborah A. Blair  
13 in her Direct Testimony.

14 **Q. PLEASE PROVIDE AN OVERVIEW OF THE 2019 GAS PHASE II YOU**  
15 **MENTIONED EARLIER IN YOUR DIRECT TESTIMONY, AND INFORMATION**  
16 **ON THE CURRENT PROCEDURAL STATUS OF THAT CASE.**

17 A. On May 31, 2019, Public Service initiated a Phase II gas rate case and proposed  
18 changes to the Company's Colorado P.U.C. No. 6 – Gas Tariff. The Company  
19 sought, among other things, to replace its then-existing 24.19 percent GRSA  
20 resulting from the 2017 Gas Phase I with revised base rates, to update its Gas  
21 Transportation Terms and Conditions, and to make other updates and

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<sup>8</sup> Settlement Agreement on Extension of Pipeline System Integrity Adjustment at Section IV.D, which is entitled “Costs in the PSIA After Project Wind Down.”

1 amendments to its Gas Tariff. The filing of this Phase II was required by  
2 Commission order.<sup>9</sup>

3 Based on the filings and discovery conducted in the 2019 Gas Phase II,  
4 the Company and all other intervening parties undertook settlement discussions  
5 and submitted a global, unopposed settlement agreement for consideration and  
6 approval by the ALJ. On January 22, 2020, the ALJ issued Decision No. R20-  
7 0046, recommending approval of the Settlement without material modification  
8 and implementation of the settled rates and schedules on March 1, 2020.  
9 Assuming no further action by the Commission, the GRSA will return to zero  
10 percent and the rates and other tariff changes approved in that proceeding will go  
11 into effect on March 1, 2020, while this case is pending.

12 **Q. PLEASE DISCUSS THE APPROVED SETTLEMENT AGREEMENT AS**  
13 **RELEVANT TO THIS CASE.**

14 **A.** At a high level, the settlement agreement authorizes implementation of new  
15 natural gas base rates for each of the Company's customer classes that will  
16 allow the Company an opportunity to recover the revenue requirement resulting  
17 from the 2017 Gas Phase I ("Settled Rates"). The parties also agreed to the  
18 Company's proposed class cost of service study ("CCOSS") for purposes of  
19 settlement only; to accept certain additional rates, charges, and terms for  
20 transportation customers; and to defer the Company's actual 2019 Gas Phase II  
21 rate case expenses to a future Gas Phase I filing. The Settlement Agreement

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<sup>9</sup> Decision No. C18-0736-I at ¶139 in Proceeding No. 17AL-0363G

1 further provides for two stakeholder processes to more fully assess specific gas  
2 transportation issues; specifically, a Local Distribution Company (“LDC”)  
3 Stakeholder Evaluation designed to evaluate distribution and transmission costs  
4 with respect to LDC customers in the context of the CCOSS and rate design (to  
5 be completed by December 31, 2020); and a Shipper Stakeholder Evaluation  
6 designed to evaluate future changes to certain non-rate transportation topics (to  
7 be completed within one year after initiated, as required by the settlement  
8 agreement). Under the settlement, as more specifically set forth therein, data  
9 exchanged during these stakeholder processes may be used in a future Gas  
10 Phase II proceeding commenced after the conclusion of the stakeholder  
11 processes. The Company committed to file that later Phase II no later than  
12 August 1, 2021, but was also not prohibited from filing an interim Phase II, which  
13 it is doing here.

14 **Q. PLEASE DISCUSS THE IMPLEMENTATION OF THE APPROVED GAS**  
15 **PHASE II SETTLEMENT IN RELATION TO THE REQUESTS IN THIS CASE.**

16 A. The changes to the schedules currently in force are being submitted with the filed  
17 Advice Letter in this case, as required. In addition, except as otherwise noted,  
18 the Company is presenting bill impacts and rate changes based on the new,  
19 unopposed Settled Rates reasonably anticipated to be in effect on March 1,  
20 2020.

21 With respect to rate case expenses incurred in the 2019 Gas Phase II, the  
22 Settlement Agreement states as follows:

1           10. The Settling Parties agree that deferred accounting treatment is  
2 reasonable and appropriate for actual rate case expenses Pubic  
3 Service incurs related to this Gas Phase II Proceeding, for recovery in  
4 the Company's next Phase I gas rate case.

5           11. The Company will advise the Settling Parties of the Company's  
6 actual 2019 Gas Phase II rate case expenses no later than 60 days  
7 after the rate effective date in this Proceeding through a filing in this  
8 Proceeding in a format like Table BAT-D-9 in the Direct Testimony of  
9 Company witness Brooke A. Trammell.<sup>10</sup>

10       The Company is seeking to recover the rate case expenses for the 2019 Gas  
11 Phase II in this case, as I discuss in more detail in Section IV of my Direct  
12 Testimony.

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<sup>10</sup> Stipulation and Settlement Agreement filed in Proceeding No. 19AL-0309G on September 18, 2019, at p. 13.

1           **III.   KEY ASPECTS OF THE COMPANY'S RATE CASE FILING**

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

4   A.   The purpose of this section of my Direct Testimony is to further address and  
5       support specific aspects of the Company's filing. While other Company  
6       witnesses discuss some of these issues in more depth in their respective Direct  
7       Testimonies, I also support the Company's requests relating to the following:

- 8       •     Year-end rate base;
- 9       •     Recovery of a return on the Company's prepaid pension asset and  
10       prepaid retiree medical asset; and
- 11       •     Approval of the following deferrals and amortizations:
  - 12           •     Continuation of the property tax deferral and establishment of a  
13           new baseline for the property tax tracker;
  - 14           •     Continuation of the pension expense deferral and establishment of  
15           a new baseline for the pension expense tracker;
  - 16           •     Continuation of the damage prevention deferral and establishment  
17           of a new baseline for the damage prevention expense tracker;
  - 18           •     Amortization of the prepaid pension asset balance and a return on  
19           that balance; and
  - 20           •     Recovery and amortization of investigation, remediation, and  
21           defense/litigation costs related to possible environmental  
22           contamination at or originating from the Manufactured Gas Plant  
23           ("MGP") sites in Boulder and Denver. The Company already has  
24           approval for ongoing deferral via the following Commission  
25           decisions: Decision No. R11-1311 in Proceeding No. 11A-646G  
26           (Boulder) and Decision No. R17-0705 in Proceeding No. 17A-  
27           0435G (Denver).

1        **A.     Year-End Rate Base**

2        **Q.     PLEASE PROVIDE BACKGROUND ON THE USE OF YEAR-END RATE**  
3        **BASE BEFORE THE COMMISSION.**

4        A.     The Commission first adopted the use of year-end rate base in setting rates for  
5        Public Service's gas and electric services in 1974, Decision No. 85724,  
6        Investigation and Suspension ("I&S") Docket No. 868. In every Public Service  
7        rate case for nearly three decades following that decision, the Commission  
8        continuously reaffirmed its policy of using year-end rate base for setting base  
9        rates for Public Service.

10        In Proceeding No. 02S-315EG ("2002 Rate Case"), however, the  
11        Commission approved a Settlement Agreement in which the settling parties  
12        agreed to use a 13-month average rate base in developing the settled rates.  
13        The 2002 Rate Case was unique because it was a combination gas, electric, and  
14        steam case and the Company's first electric rate case for nearly 10 years since  
15        Proceeding No. 93S-001EG, which included several years of performance-based  
16        rate regulation resulting from the Company's merger with Southwestern Public  
17        Service Company. Prior to the 2002 Rate Case, however, the Commission had  
18        approved the use of year-end rate base for the Company's gas business, after a  
19        full hearing on the merits, in each of the Company's previous three gas-only rate  
20        cases (Proceeding Nos. 96S-290G, 98S-518G and 02S-422G).

21        Since the 2002 Rate Case Settlement, the majority of separate gas and  
22        electric rate cases filed by Public Service have settled. It was not until the 2012

1 Gas rate case (Proceeding No. 12AL-1268G) that the Commission, again after a  
2 full hearing on the merits, approved the use of year-end rate base for the historical  
3 test year (“HTY”) cost of service approved in that case. The Commission, in  
4 determining the rate base methodology in Decision No. C13-1568, noted that “[i]n  
5 the past, the Commission has based its selection on the circumstances of each  
6 specific case.”

7 Beginning with the fully litigated 2015 Gas Phase I, Proceeding No. 15AL-  
8 0135G (“2015 Gas Phase I”), and continuing with the 2017 Gas Phase I, the  
9 Commission changed course and ordered that rate base be calculated using a 13-  
10 month average, concluding that year-end rate base was not appropriate because  
11 the Company did not provide evidence of extraordinary circumstances or special  
12 conditions.<sup>11</sup> In the 2015 Gas Phase I, however, the Commission made an  
13 exception to the 13-month average for the net investment in the Cherokee pipeline,  
14 which was calculated using year-end rate base because the asset was placed in  
15 service in October 2014, and only one-quarter of the Company’s investment in that  
16 asset would have been included in rate base and earning a return if the 13-month  
17 average was used.<sup>12</sup>

18 **Q. SHOULD THE COMMISSION REQUIRE THAT EXTRAORDINARY**  
19 **CIRCUMSTANCES EXIST TO UTILIZE YEAR-END RATE BASE?**

20 **A.** The Company does not agree that year-end rate base is appropriate only where  
21 “extraordinary conditions” exist. Indeed, the long-standing use of year-end rate

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<sup>11</sup> 2015 Gas Phase I, Decision No. C16-0123, ¶¶56; 2017 Gas Phase I, Decision No. C19-0232, ¶¶51.

<sup>12</sup> The Commission upheld the Administrative Law Judge’s recommendation to adopt a 2014 Historical Test Year in the 2015 Gas Phase I, Decision No. C16-0123, adopted January 27, 2016.

base for HTYs by the Commission before that case supports the use of year-end rate base. Nevertheless, setting aside this disagreement, the Commission explicitly noted that earnings attrition would serve as evidence of “extraordinary conditions” that would support the use of year-end rate base. As reflected in the table below and discussed in more detail by Company witness Ms. Trammell, the gas department is experiencing earnings attrition – and has for several years – which supports the use of year-end rate base.

**Table SPB-D-1:  
Historic Authorized vs. Earned Returns**

<b>ROE</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Earned <sup>13</sup>	6.04%	7.34%	6.64%	8.49%
Authorized	9.50%	9.50%	9.50%	9.35%

In this case, the Company is requesting to set base rate revenue for Public Service’s gas department using a test year ending September 30, 2020 (“Test Year”). With the growth in capital expenditures in the Test Year discussed by several Company witnesses in this rate case, setting rates using a 13-month average rate base methodology will likely result in the Company continuing to be in an under-earning position. There is simply no opportunity to make up the difference as we continue to need to make investments for the reliability and safety of the Company’s overall gas system. Therefore, the year-end rate base methodology should be used for developing the Test Year revenue requirement.

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<sup>13</sup> Earned ROE numbers are as presented in Public Service’s Annual Appendix A Reports.



1 **Q. WHY IS IT APPROPRIATE TO USE YEAR-END RATE BASE IN**  
2 **DETERMINING THE REVENUE REQUIREMENTS FOR THE TEST YEAR**  
3 **FILED IN THIS CASE?**

4 A. Where anything other than a future test year is used to set rates, year-end rate  
5 base more closely reflects the rate base of the Company during the time rates  
6 established using that test year are actually in effect. In this rate case, the  
7 Company is proposing a test year ending September 30, 2020 to establish rates  
8 beginning on November 1, 2020. As discussed by several of the Company's  
9 witnesses, the Company is making significant investments in the gas department  
10 necessary for, among other things, safety and reliability, inside of the Test Year.  
11 By using year-end rate base, Public Service begins to capture some of these  
12 significant investments, but continues to set rates on a lag from investment in the  
13 period where rates will be effective.

14 **B. Prepaid Pension Asset and Prepaid Retiree Medical Asset**

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

17 A. In this subsection of my Direct Testimony, I explain that Public Service has a  
18 prepaid pension asset and a prepaid retiree medical asset on its balance sheet,  
19 and that Public Service is asking for Commission approval to include those  
20 assets in rate base and to earn a return on them at the Company's WACC,  
21 consistent with the treatment of other utility prepayments that benefit customers.  
22 I also discuss the Commission's prior treatment of the prepaid pension asset and  
23 prepaid retiree medical asset, and I explain why the Company is continuing to

1 ask for a return on those assets despite the Commission's denial of a return in  
2 the 2017 Gas Phase I.

3 **Q. ARE YOU THE ONLY COMPANY WITNESS WHO DISCUSSES THE**  
4 **COMPANY'S REQUEST TO INCLUDE ITS PREPAID PENSION ASSET AND**  
5 **PREPAID RETIREE MEDICAL ASSET IN RATE BASE?**

6 A. No. The Direct Testimony of Company witness Mr. Richard R. Schrubbe  
7 contains an extensive discussion of how the prepaid assets arise and how they  
8 reduce the annual pension expense and retiree medical expense charged to  
9 customers. My Direct Testimony focuses on the narrower issue of why the  
10 Company continues to seek a return on the prepaid pension asset and prepaid  
11 retiree medical asset. I also explain why the Company has appealed the  
12 Commission's decision in the 2017 Gas Phase I to exclude the prepaid pension  
13 asset and prepaid retiree medical asset from rate base and to deny a return on  
14 those assets.

15 **1. Prepaid Pension Asset**

16 **Q. PLEASE EXPLAIN WHAT YOU MEAN WHEN YOU REFER TO A PREPAID**  
17 **PENSION ASSET.**

18 A. As Mr. Schrubbe explains in his Direct Testimony, a prepaid pension asset  
19 comes into existence when the cumulative amount of cash that the Company has  
20 contributed to its pension trust since the inception of the trust is greater than the  
21 cumulative amount of pension expense recognized under Generally Accepted  
22 Accounting Principles ("GAAP") since the inception of the trust. If the cumulative  
23 amount of pension expense recognized under GAAP were greater than the

1 cumulative amount of cash contributions, Public Service would instead have an  
2 unfunded pension liability.

3 **Q. WHY DOES THE COMPANY CONTINUE TO ASK THE COMMISSION TO**  
4 **INCLUDE THE PREPAID PENSION ASSET IN RATE BASE AND TO EARN A**  
5 **RETURN ON IT AT THE COMPANY'S WACC?**

6 A. The Company asks for a return on the prepaid pension asset because that asset  
7 should be treated the same as other utility assets, such as gas pipelines and  
8 meters, which also represent prepaid assets that are included in rate base and  
9 earn a return at the Company's WACC.

10 **Q. WHY DO YOU REFER TO PHYSICAL ASSETS SUCH AS GAS PIPELINES**  
11 **AND METERS AS BEING "PREPAID ASSETS"?**

12 A. When the Company constructs an asset such as a gas pipeline, the Company's  
13 debt and equity investors advance the money to construct that asset. Customers  
14 then pay for the asset over time through annual depreciation expense, and  
15 customers also pay a return on the undepreciated balance of the asset until it is  
16 fully depreciated. In effect, the Company's debt and equity investors are  
17 advancing the funds to construct the asset immediately, and the customers repay  
18 the investors over the life of the asset, along with a return to compensate the  
19 investors for the use of their money. It is similar to a situation in which a bank  
20 advances money so that a borrower can purchase a home, with the expectation  
21 that the borrower will repay the amount over time, with interest.

22 The prepaid pension asset is no different. The Company takes cash  
23 advanced by debt and equity investors and contributes that cash to the pension

1 trust to meet the Company's federally mandated pension contribution  
2 requirements. All of the cash advanced by investors will eventually pass through  
3 the income statement as pension expense, just like the cash advanced to  
4 purchase physical assets pass through the income statement as depreciation  
5 expense. In the meantime, the debt and equity investors should be allowed to  
6 earn a return on the cash they have advanced to satisfy pension contribution  
7 requirements, just as they are allowed to earn a return on the cash they have  
8 advanced to build gas pipelines.

9 **Q. PHYSICAL ASSETS SUCH AS GAS PIPELINES BENEFIT CUSTOMERS BY**  
10 **ENABLING THE PROVISION OF GAS SERVICE. DOES A NON-PHYSICAL**  
11 **ASSET SUCH AS THE PREPAID PENSION ASSET CONFER ANY BENEFIT**  
12 **ON CUSTOMERS?**

13 A. Yes. As Mr. Schrubbe explains, the cash that the Company contributes to the  
14 pension trust is invested in assets that earn returns, such as stocks and bonds,  
15 and the returns on those assets reduce the pension expense charged to  
16 customers on a dollar-for-dollar basis. In fact, Mr. Schrubbe demonstrates in his  
17 Direct Testimony that Public Service's gas rates will be approximately \$3.5  
18 million lower each year that the rates set in this case are in effect because of the  
19 return on the prepaid pension asset. Because it is undisputable that investors  
20 have contributed the cash that constitutes the prepaid pension asset, and  
21 because customers realize tangible benefits from the prepaid pension asset,  
22 there is no reason to treat it differently from other utility assets that are included  
23 in rate base and earn a WACC return.

1 **Q. YOU NOTED EARLIER THAT IN THE 2017 GAS PHASE I, THE COMMISSION**  
2 **DENIED THE COMPANY'S REQUEST TO INCLUDE ITS PREPAID PENSION**  
3 **ASSET IN RATE BASE, AND THAT THE COMPANY HAS APPEALED THAT**  
4 **DECISION. DOES THE COMPANY ROUTINELY APPEAL COMMISSION**  
5 **RATE CASE ORDERS?**

6 A. No. It is uncommon for Public Service to appeal from Commission rate case  
7 orders, but in our view the Commission's decision on the prepaid pension asset  
8 in that proceeding necessitated an appeal.

9 **Q. WOULD ALLOWING THE PREPAID PENSION ASSET TO BE INCLUDED IN**  
10 **RATE BASE AND TO EARN A WACC RETURN REPRESENT A DRAMATIC**  
11 **DEPARTURE FROM COMMISSION PRECEDENT INSOFAR AS THE GAS**  
12 **DEPARTMENT IS CONCERNED?**

13 A. No. In fact, the departure from precedent was the Commission's decision in the  
14 2017 Gas Phase I to allow no return on the Company's prepaid pension asset. It  
15 is my understanding that the Commission had allowed the prepaid pension asset  
16 to be included in rate base since at least 1993, and that the Company was  
17 allowed to earn a WACC return on the prepaid pension asset for most of that  
18 time.

19 **Q. IS PUBLIC SERVICE PROPOSING ANY TREATMENT TO MANAGE THE**  
20 **PREPAID PENSION ASSET BALANCE IN THE FUTURE?**

21 A. Yes. In his Direct Testimony, Mr. Schrubbe describes the Company's proposal  
22 to create a regulatory asset labeled as the "Second Legacy Prepaid Pension  
23 Asset" and to amortize that balance over a ten-year period. This treatment will

1 result in the entire balance the Company is asking to include in rate base in this  
2 rate case to be extinguished over ten years. In addition, Mr. Schrubbe describes  
3 the Company's proposal to create a Second New Prepaid Pension Asset to  
4 record the difference between pension contributions and pension expense  
5 beginning on October 1, 2020. This proposal to amortize the Second Legacy  
6 Prepaid Pension Asset is consistent with that approved by the Commission in  
7 oral deliberations in the 2019 Electric Phase I case.<sup>14</sup>

8 **Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST WITH RESPECT TO THE**  
9 **PREPAID PENSION ASSET.**

10 **A.** Public Service requests that the Commission:

- 11 • Authorize the Company to recover the Second Legacy Prepaid Pension  
12 Asset through a ten-year amortization;
- 13 • Allow the Company to earn a return on the unamortized balance of the  
14 Second Legacy Prepaid Pension Asset at the Company's WACC; and
- 15 • Authorize the Company to establish a Second New Prepaid Pension Asset  
16 to record the difference between pension expense and pension  
17 contributions for the period after October 1, 2020.

18 **2. Prepaid Retiree Medical Asset**

19 **Q. IS THE COMPANY ASKING THAT THE PREPAID RETIREE MEDICAL ASSET**  
20 **ALSO BE INCLUDED IN RATE BASE AND EARN A WACC RETURN?**

21 **A.** Yes. As Mr. Schrubbe explains in his Direct Testimony, Public Service makes  
22 contributions to a Voluntary Employee Beneficiary Association ("VEBA") trust for  
23 the benefit of employees and former employees who are eligible for retiree

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<sup>14</sup> Proceeding No. 19AL-0268E ("2019 Electric Phase I").

1 medical benefits, and the Company pays retiree medical benefits from that VEBA  
2 trust. Over the life of the VEBA trust, the cash contributions have exceeded the  
3 retiree medical expense recognized under GAAP, creating a retiree medical  
4 asset. Like the prepaid pension asset, the prepaid retiree medical asset  
5 generates returns that reduce the amount of retiree medical expense. In fact, the  
6 returns on the assets in the VEBA trust are sufficient to offset all of the retiree  
7 medical expense and create a negative expense, meaning that customers pay no  
8 retiree medical expense in rates. Mr. Schrubbe further explains that consistent  
9 with the decision in the 2017 Gas Phase I, the retiree medical expense included  
10 in the cost of service is zero and the remaining negative expense is recorded as  
11 an off-set to the prepaid asset in rate base. Investors should be compensated for  
12 the use of their money to earn returns that benefit customers.

13 **Q. DID THE COMMISSION DENY THE COMPANY'S REQUEST TO INCLUDE ITS**  
14 **RETIREE MEDICAL ASSET IN RATE BASE IN THE GAS PHASE I**  
15 **PROCEEDING?**

16 A. Yes. The Commission decision on the retiree medical asset was aligned with  
17 that on the prepaid pension asset, and is also under appeal by the Company.  
18 Therefore, the Company asks the Commission to take a fresh look at the prepaid  
19 retiree medical asset issue in this proceeding.

1        **C. Deferrals and Amortizations**

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

4        A.    In this portion of my Direct Testimony, I describe the Company's current cost  
5        recovery deferral mechanisms for property taxes, pension expense, damage  
6        prevention costs, and manufactured gas plants. In doing so, I identify and  
7        support the Company's ratemaking proposals for amortization of existing costs  
8        for purposes of setting base rates in this proceeding, for setting the base amount  
9        of each type of expense in base rates, and to continue each of these deferrals  
10       until they are further reviewed in a subsequent Gas Phase I rate case. In  
11       addition, as explained below, I recommend a 36-month amortization period for all  
12       of the deferred amounts associated with these categories.

13       **Q.    HOW DID YOU ARRIVE AT THE 36-MONTH AMORTIZATION PERIOD FOR**  
14       **ALL OF THE DEFERRED ASSETS ABOVE?**

15       A.    Typically, the Company would strive to set an amortization period aligned with  
16       the time period expected between rate cases. This allows amortizations to run  
17       their course between rate cases. In the 2017 Gas Phase I, the Commission  
18       ordered a 27-month amortization period for most deferred costs based on an  
19       analysis of the time between the last several rate cases. The Company chose 36  
20       months as the amortization period in this proceeding in acknowledgement of the  
21       large balance of deferred costs we are bringing forward in this proceeding. Using  
22       a slightly longer period than we expect between rate cases will mitigate the rate



1 impact in this proceeding on customers without stretching the amortization out  
2 too far into the future.

3 As discussed by Ms. Blair in her Direct Testimony, the use of a longer  
4 amortization period as a rate mitigation approach increases the importance of  
5 including the unamortized balances for these regulatory assets in rate base to  
6 properly compensate the Company for their carrying cost, as the time between  
7 cash expenditures and receipts is lengthened.

8 **Q. WHAT WILL THE COMPANY DO IF RATES FROM THE NEXT RATE CASE**  
9 **ARE EFFECTIVE BEFORE THE 36 MONTH PERIOD EXPIRES?**

10 A. The Company will propose to include any projected remaining balance that will  
11 not be amortized prior to the effective date of rates in the next Phase I rate case  
12 in the cost of service for that rate case. Those balances will be subject to the  
13 amortization period proposed in that case.

14 **1. Property Taxes**

15 **Q. PLEASE PROVIDE A BRIEF BACKGROUND ON THE PROPERTY TAX**  
16 **DEFERRAL APPROVED BY THE COMMISSION.**

17 A. In the 2015 Gas Phase I, Staff proposed that the Commission implement a  
18 property tax tracker by which “the Company will defer and establish a regulatory  
19 asset for each year until the next gas rate case for costs that differ, above or  
20 below, the actual property tax costs incurred, and the amount of property tax  
21 costs in the cost of service for the 2014 HTY.”<sup>15</sup> Staff further recommended that

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<sup>15</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 235.

1 the Commission address the amortization period for the recovery of deferred  
2 property tax cost in the Company's next gas rate case.<sup>16</sup> The Commission  
3 approved Staff's proposal.<sup>17</sup>

4 In the 2017 Gas Phase I, the Commission allowed the Company to  
5 recover the deferred property tax balance over a 27-month period, and to earn a  
6 debt return on the unamortized balance.<sup>18</sup> The Commission also allowed the  
7 Company to continue the property tax tracker on a going-forward basis,<sup>19</sup> with the  
8 baseline set at \$34,743,977. Company witness Ms. Naomi Koch also discusses  
9 the property tax tracker in her Direct Testimony.

10 **Q. HAS THE COMPANY ACCRUED A REGULATORY ASSET AS A RESULT OF**  
11 **THE PROPERTY TAX TRACKER?**

12 A. Yes. As of September 30, 2020, Public Service forecasts a regulatory asset  
13 balance of \$38,313,334 attributable to the property tax tracker as discussed by  
14 Ms. Blair in her Direct Testimony.

15 **Q. HOW DOES PUBLIC SERVICE PROPOSE TO RECOVER THE PROPERTY**  
16 **TAX REGULATORY ASSET BALANCE?**

17 A. The Company proposes to amortize the property tax regulatory asset balance  
18 over a 36-month period and, as explained by Ms. Blair, to earn a return on the  
19 unamortized balance at the Company's WACC.

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<sup>16</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 235.

<sup>17</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 237.

<sup>18</sup> Proceeding No. 17AL-0363G, Decision No. C18-0736-I at ¶¶ 86, 91.

<sup>19</sup> Proceeding No. 17AL-0363G, Decision No. R18-0318-I at ¶ 270.

1 **Q. IS PUBLIC SERVICE PROPOSING TO CONTINUE THE PROPERTY TAX**  
2 **TRACKER ON A GOING-FORWARD BASIS?**

3 A. Yes. On a going-forward basis, Public Service proposes to establish the tracker  
4 balance baseline at \$57,634,683, which is the property tax expense forecasted to  
5 occur during 2021, as discussed by Ms. Blair, and to defer the actual property  
6 taxes that are higher or lower than the baseline for recovery in a future case.  
7 Continuation of the tracker is consistent with decisions in prior rate cases,  
8 including the deliberations in Proceeding No. 19AL-0268 ("2019 Electric Phase  
9 I").

10 **Q. WHY IS THE COMPANY PROPOSING TO CONTINUE THE PROPERTY TAX**  
11 **EXPENSE TRACKER?**

12 A. For a utility with an increasing rate base, such as Public Service, property taxes  
13 typically increase year-over-year, and therefore the amount accrued in a prior  
14 period may not be a reasonable proxy for property tax expense going forward.  
15 Moreover, the usual rationale for regulatory lag – that it encourages the utility to  
16 manage costs – has little or no application in the property tax context because  
17 the Company has no control over the amount of property taxes assessed by the  
18 various taxing jurisdictions, apart from its ability to protest the valuations. Thus,  
19 the property tax tracker and the deferral mechanism help ensure that Public  
20 Service recovers in rates no more and no less than the actual amount of property  
21 taxes.

1        **2. Pension Expense**

2        **Q.     PLEASE PROVIDE A BRIEF BACKGROUND ON THE PENSION EXPENSE**  
3        **TRACKER.**

4        A.     Similar to the property tax tracker, Staff proposed in the 2015 Gas Phase I that  
5        the Commission approve a pension tracker to ensure that customers were not  
6        required to pay more than the actual amount of qualified and non-qualified  
7        pension expense.<sup>20</sup> The Commission approved the pension tracker and  
8        established a baseline against which to track the pension expense.<sup>21</sup> In the 2017  
9        Gas Phase I, the Company proposed to continue the pension expense tracker,  
10       and no party objected. The pension tracker baseline established in the 2017 Gas  
11       Phase I was \$9,468,783 for both qualified and non-qualified pension expense.  
12       Mr. Schrubbe discusses the pension tracker issue in his Direct Testimony.

13       **Q.     DOES THE COMPANY CURRENTLY HAVE A REGULATORY ASSET**  
14       **RELATED TO THE PENSION EXPENSE DEFERRAL?**

15       A.     Yes. As Mr. Schrubbe explains in his Direct Testimony, the regulatory asset  
16       balance attributable to the pension tracker was \$751,118 as of September 30,  
17       2019.<sup>22</sup> That amount is the net of a \$1,261,330 regulatory asset for qualified  
18       pension expense and a \$(510,212) regulatory liability related to non-qualified  
19       pension expense.

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<sup>20</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 233.

<sup>21</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 233

<sup>22</sup> The pension tracker balances are difficult to forecast, so the Company is using the September 30, 2019 tracker balance rather than the forecasted September 30, 2020 tracker balance.

1 **Q. HOW DOES PUBLIC SERVICE PROPOSE TO RECOVER THE PENSION**  
2 **EXPENSE REGULATORY ASSET BALANCE?**

3 A. The Company proposes to amortize the pension expense regulatory asset  
4 balance over a 36-month period, as explained by Ms. Blair in her Direct  
5 Testimony, and to earn a return on the unamortized balance at the Company's  
6 WACC.

7 **Q. WHAT IS THE COMPANY'S PROPOSAL GOING FORWARD AS IT RELATES**  
8 **TO THE PENSION EXPENSE TRACKER?**

9 A. Public Service proposes to continue the pension expense tracker and to defer  
10 the difference between the baselines and the actual amounts of qualified and  
11 non-qualified pension expense. As explained in Ms. Blair's Direct Testimony, the  
12 going-forward baseline should be set at \$7,825,885 for qualified pension  
13 expense and \$124,762 for non-qualified pension expense. Those baselines are  
14 lower than the ones established in the 2017 Gas Phase I.

15 **Q. WHY DOES THE COMPANY BELIEVE IT IS APPROPRIATE TO CONTINUE**  
16 **THIS TRACKER?**

17 A. The tracker and deferral for pension expense have worked well since the last  
18 case, and therefore the Company proposes to continue them. The only change  
19 is to update the baseline to reflect the qualified and non-qualified pension  
20 expense amounts accrued during the 12-month period ending September 30,  
21 2019. Public Service is requesting the continuation of this deferral because the  
22 Commission has found in previous proceedings that pension expense has a high  
23 probability of varying from forecasted levels. Moreover, these deferrals or

trackers have been effective in prior electric and gas rate cases. In addition, because these costs could be lower than the forecast, these deferrals provide appropriate customer protections.

**3. Damage Prevention Program**

**Q. PLEASE PROVIDE A BRIEF BACKGROUND ON RATEMAKING TREATMENT WITH RESPECT TO THE COMPANY'S DAMAGE PREVENTION PROGRAM.**

A. As Mr. Litteken explains in his Direct Testimony, in the 2015 Gas Phase I, the Commission approved Staff's proposal that Public Service be authorized to establish a regulatory asset to defer the difference between the actual costs incurred for damage prevention and the amount of damage prevention expense included in base rates.<sup>23</sup> In the 2017 Gas Phase I, the Commission approved the Company's request to continue deferring the difference between the actual costs incurred for damage prevention and the amount of damage prevention costs included in base rates.<sup>24</sup>

**Q. DOES THE COMPANY CURRENTLY HAVE A REGULATORY ASSET RELATED TO THE DAMAGE PREVENTION PROGRAM?**

A. Yes. As Ms. Blair explains in her Direct Testimony, the regulatory asset balance attributable to the damage prevention program was \$7,339,486 as of September 30, 2019.

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<sup>23</sup> Proceeding No. 15AL-0135G, Decision No. R15-1204 at ¶ 210.

<sup>24</sup> Proceeding No. 17AL-0363G, Decision No. R18-0318-I at ¶ 277.

1 **Q. HOW DOES PUBLIC SERVICE PROPOSE TO RECOVER THE DAMAGE**  
2 **PREVENTION REGULATORY ASSET BALANCE?**

3 A. The Company proposes to amortize the damage prevention regulatory asset  
4 balance over a 36-month period and, as explained by Ms. Blair in her Direct  
5 Testimony, to earn a return on the unamortized balance at the Company's  
6 WACC.

7 **Q. WHAT IS THE COMPANY'S PROPOSAL GOING FORWARD AS IT RELATES**  
8 **TO THE DAMAGE PREVENTION TRACKER?**

9 A. Public Service proposes to continue the damage prevention expense tracker and  
10 to defer the difference between the baseline and the actual amounts of damage  
11 prevention expense. As Ms. Blair notes, the actual amount of 2019 expense was  
12 \$17,301,954, and Public Service requests that the Commission set the baseline  
13 at that amount.

14 **Q. WHY DOES THE COMPANY BELIEVE IT IS APPROPRIATE TO CONTINUE**  
15 **THIS TRACKER?**

16 A. The tracker and deferral for damage prevention expense is appropriate because  
17 the costs are out of the Company's control and because they are unpredictable.  
18 The costs are driven by the actions of customers and contractors, rather than  
19 Public Service, and the Company's response to requests for damage prevention  
20 locates is mandated by law, as discussed in more detail by Mr. Litteken.

1           **4. Manufactured Gas Plants**

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

4   **A.**   In this subsection of my Direct Testimony, I describe existing deferrals related to  
5       a Boulder MGP site and the Rice Yards and Crown Tar Works Sites. These  
6       deferrals have been approved in prior proceedings; therefore, we are providing  
7       updates for purposes of this case. I provide detailed information supporting the  
8       work undertaken at the Sites, the associated deferred costs, and the Company's  
9       proposals for treatment of the MGP costs for purposes of base rates in this  
10      proceeding.

11 **Q.   WHAT IS A MANUFACTURED GAS PLANT OR MGP?**

12 **A.**   During the 1800s, thousands of MPGs (often referred to as town gas plants)  
13       operated in the United States and provided fuel for cooking and lighting for the  
14       towns that they served, similar to natural gas companies today. Most large  
15       towns and cities had one or more MGPs to manufacture the gas, and they were  
16       typically owned or operated by municipalities or gas and electric utilities.  
17       Different gas production processes and fuels were used by MGPs, but generally  
18       coal and/or petroleum was heated to high temperatures. This produced raw gas  
19       that was conditioned and stored in tanks. The gas was then used as fuel  
20       throughout the community. By the 1960s, MGP production was replaced by  
21       natural gas service as a network of natural gas pipelines was built across the  
22       country. Modern day gas and electric utilities often historically owned and  
23       operated the MGPs directly, or they inherited responsibility for the MGP sites



1 through mergers with prior corporate entities that owned and/or operated the  
2 MGPs.

3 **a. Boulder MGP Site**

4 **Q. WHAT IS THE BOULDER MGP SITE?**

5 A. The Boulder MGP Site, which is located at 1770 13th Street, Boulder, Colorado,  
6 is currently owned by the City of Boulder and is used for a restaurant and parking  
7 lot. From approximately 1902-1952 it was the site where a former MGP once  
8 operated. Over the years, there have been several property owners and/or MGP  
9 operators at this site, including Public Service. The MGP generated a  
10 synthesized gas using soft lignite coal and oil which was used for heating,  
11 cooking, and illuminating gas lamps. The MGP was demolished around 1953-  
12 1954, and all above ground structures were removed from the property by 1962.

13 **Q. WAS THERE AN INVESTIGATION OF ENVIRONMENTAL CONDITIONS AT**  
14 **THE BOULDER MGP SITE?**

15 A. Yes. In 2009, the City of Boulder was contacted by a third-party about its  
16 discovery of naphthalene and benzene in groundwater samples taken in  
17 connection with the cleanup of a nearby dry-cleaners site. This discovery  
18 prompted inquiries into whether the former MGP might be a potential source of  
19 those constituents.

1 **Q. HOW DID PUBLIC SERVICE BECOME INVOLVED IN THE INVESTIGATION**  
2 **OF THE BOULDER MGP?**

3 A. In January of 2010, Boulder sent Public Service a demand letter, notifying it of  
4 potential responsibility as an owner/operator of the MGP for investigating and  
5 remediating site contamination. That demand letter initiated a two-year joint  
6 investigation of the site by Boulder and Public Service. Over a period of years  
7 beginning in 2010, Public Service and Boulder entered into three separate  
8 investigation agreements related to the allocation of costs between them for the  
9 investigation of the site.

10 **Q. DID THE COMPANY SEEK DEFERRED ACCOUNTING TREATMENT FOR**  
11 **THE COSTS OF INVESTIGATING, LITIGATING RESPONSIBILITY FOR, AND**  
12 **REMEDATING POSSIBLE ENVIRONMENTAL CONTAMINATION AT THE**  
13 **BOULDER MGP SITE?**

14 A. Yes. In 2011, through Proceeding No. 11A-646G, Public Service applied for  
15 deferred accounting treatment for the investigation, remediation, and  
16 defense/litigation costs related to the site. In 2011, through Decision No.  
17 R11-1311, the Commission approved a Settlement entered into by the Company,  
18 Staff and the Office of Consumer Counsel, thereby authorizing the requested  
19 deferred accounting for the Boulder MGP Site. As part of the approved  
20 settlement, Public Service agreed to provide semi-annual updates to Staff and  
21 the OCC regarding developments and costs being incurred under the deferred  
22 order.

1 **Q. WHAT WERE THE CONCLUSIONS OF THE INVESTIGATION OF THE SITE?**

2 A. After investigating the site, the City of Boulder and Public Service concluded that  
3 the former MGP was not the source of contaminants discovered at the dry-  
4 cleaners site, but conditions were identified on-site that required remediation  
5 under the oversight of the Colorado Department of Public Health and the  
6 Environment ("CDPHE"). In 2013, at the conclusion of the investigation, Public  
7 Service offered to perform the remediation of the site. Boulder decided to instead  
8 move forward with its own remediation of the site and informed Public Service  
9 that it intended to seek cost recovery from Public Service of its investigation and  
10 remediation costs.

11 **Q. WHAT WORK WAS DONE TO REMEDIATE THE SITE?**

12 A. Boulder's remediation of the site involved significant excavation of impacted soils  
13 along with an in-situ chemical injection program to address impacted  
14 groundwater. In 2014, Boulder reported to Public Service that it conducted an  
15 extensive excavation and removal project during which at least 12,406 cubic  
16 yards of soil were excavated and disposed of, and approximately 69,500 gallons  
17 of groundwater were pumped from the Site and disposed in the Boulder publicly  
18 owned treatment works. Sections of the site were excavated as much as 21 feet  
19 below ground surface. The Company believes that additional in situ work is  
20 ongoing at the site.

1 **Q. DID BOULDER SEEK TO RECOVER THE COSTS OF REMEDIATION FROM**  
2 **THE COMPANY?**

3 A. Yes. After attempting to settle the dispute over cost allocation for Boulder's  
4 remediation of the site through mediation, Boulder filed a lawsuit against Public  
5 Service seeking damages and declaratory relief.<sup>25</sup> In its lawsuit, Boulder alleged  
6 claims against the Company for cost recovery under the Comprehensive  
7 Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et  
8 seq. ("CERCLA"), and public nuisance theories. CERCLA is a strict, joint and  
9 several liability statute, which can impose liability on prior owners and operators  
10 of a site for potentially 100 percent of the investigation and remediation costs,  
11 even though the prior owner or operator was not negligent and did not cause any  
12 intentional releases of contaminants at the site.

13 **Q. WHAT DAMAGES DID BOULDER SEEK IN ITS LAWSUIT?**

14 A. In its lawsuit, Boulder demanded full cost recovery from the Company for its  
15 investigation and remediation costs, both past and future. In 2017, Boulder  
16 claimed that it was seeking to recover at least \$5 million in investigation and  
17 remediation costs from Public Service, in addition to any and all future costs  
18 Boulder might incur at the site. Boulder also sought recovery of its costs and  
19 expenses incurred in litigating its claims, including expert witness fees, costs of  
20 investigation, reasonable attorneys' fees, and pre-judgment, monetary, and post-  
21 judgment interest at the maximum lawful rate.

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<sup>25</sup> *City of Boulder v. Public Service Company of Colorado*, Civil Action No. 1: 17-cv-01786-MJW (D. Colo.)

1 **Q. DID THE PARTIES REACH A SETTLEMENT AGREEMENT?**

2 A. Yes. In December of 2017, after almost nine years of negotiations, Boulder and  
3 Public Service reached a settlement agreement to fully and finally resolve the  
4 lawsuit and Boulder's claims. In the settlement, the Company agreed to pay  
5 Boulder \$3.6 million for remediation costs incurred and to be incurred to  
6 remediate the site, in exchange for releases from Boulder for claims it alleged it  
7 had, or may in the future have, for costs to investigate or remediate the site. The  
8 court approved the final settlement agreement and dismissed the lawsuit. Under  
9 the agreement, Boulder is obligated to implement the remediation of the site and  
10 to seek a No Action Determination from the State of Colorado, which will  
11 document the state's assurances that the site has been adequately remediated.  
12 Boulder also agreed to place deed restrictions on the property at and adjacent to  
13 the site which will run with the property. In addition, the court granted a  
14 contribution bar protection to Public Service for any future cost recovery claims  
15 by other third parties. The costs paid to Boulder under the settlement were for  
16 investigation and remediation of the site.

17 **Q. WAS THE SETTLEMENT FOR REMEDIATION AND INVESTIGATION COSTS**  
18 **RELATED TO THE BOULDER MGP A GOOD OUTCOME?**

19 A. Yes. The settlement was for significantly less than Boulder's demands and  
20 resolved the Company's responsibilities for investigation and remediation costs  
21 at the site, both past and future, and avoided significant costs of continued civil  
22 litigation of Boulder's claims.

1 **Q. DID THE COMPANY PURSUE RECOVERY OF ANY OF THESE COSTS**  
2 **FROM ITS HISTORICAL INSURERS?**

3 A. Yes. The Company also pursued reimbursement for these investigation,  
4 remediation, and litigation costs from its historical insurers (from insurance  
5 policies that existed prior to the 1980's, when pollution exclusions were added to  
6 Commercial General Liability policies). The Company was successful in  
7 reaching confidential settlements with several historical insurers to offset final  
8 costs, including insurers who are currently undergoing liquidation. In the event  
9 the Company does receive additional insurance recoveries for this site, we will  
10 bring them forward in the next case.

11 **Q. IS THE COMPANY SEEKING RECOVERY OF ITS COSTS TO INVESTIGATE,**  
12 **REMEDiate, AND LITIGATE RESPONSIBILITY FOR, THE BOULDER MGP**  
13 **SITE?**

14 A. Yes. Public Service previously received authority to recover and amortize the net  
15 costs incurred prior to 2017 in prior rate cases, including in Proceedings Nos.  
16 12AL-1268G, 15AL-0135G, and 17AL-0363G. That amount from the 2017 Gas  
17 Phase I will be fully amortized on March 31, 2020, as indicated by Ms. Blair in her  
18 Direct Testimony. The Company is seeking to recover in this current proceeding  
19 the costs of remediation, investigation, and litigation incurred after 2017, minus  
20 its insurance recoveries, which total \$3,425,796. The Company seeks to  
21 amortize this amount over 36 months to be consistent with other amortizations.  
22 See Table SPB-D-2 below:

**Table SPB-D-2:  
Boulder MGP Summary – Deferred Amounts as of December 31, 2019**

<b>Category</b>	<b>Total</b>
Legal Services	\$338,029
Consultants:	\$10,516
Other (labor/overhead allocator):	\$2,105
Settlements Paid To City of Boulder:	\$3,600,000
Settlements Paid to Company:	(\$474,016)
Current Amortization 1/1/18 - 12/31/2019:	(\$50,838)
<b>Total Unamortized Costs:</b>	<b>\$3,425,796</b>

Attachment DAB-1 to Ms. Blair's Direct Testimony, at Schedule 123, reflects the aforementioned deferred balance. Upon approval of this amortization request, the Company does not expect to defer any additional costs associated with the Boulder MGP. If there are future additional insurance reimbursements, we will bring those forward in the next case.

**b. Rice Yards and Crown Tar Works Sites**

**Q. WHAT ARE THE RICE YARDS SITE AND CROWN TAR WORKS SITE?**

A. The Rice Yards Site is a 67-acre property in the Central Platte District of Denver, Colorado, and is the site where a former MGP was once located, along with a former railroad roundhouse and maintenance shops, and a former scrap metal yard. There have been various owners and/or operators of the Rice Yards Site over time, including Public Service. The former Crown Tar Works site is adjacent to the Rice Yards Site and was a tar recovery plant. It is believed that contamination for historic industrial operations of the Crown Tar Works Site and the Rice Yards Site may be commingled.

1           The MGP at the Rice Yards Site manufactured gas from approximately  
2           1889-1928. On September 19, 1927, Public Service obtained the rights to  
3           distribute natural gas to Denver and, on July 1, 1928, gas production at the MGP  
4           ceased. The MGP was maintained for potential emergency use by Public  
5           Service until approximately 1942.

6   **Q.   WHAT CLAIMS DID THE CITY AND COUNTY OF DENVER ALLEGE**  
7           **AGAINST THE COMPANY RELATED TO CONTAMINATION ORIGINATING**  
8           **FROM THE RICE YARDS SITE?**

9   A.   In 2017, the City and County of Denver ("Denver") alleged that it had discovered  
10          and remediated MGP wastes at Shoemaker Plaza in Confluence Park. Denver  
11          asserted that MGP wastes had originated from the Rice Yards Site and migrated  
12          to Shoemaker Plaza, and that the Company was responsible for paying for the  
13          investigation, remediation, and delay costs associated with its alleged discovery.  
14          Denver's demand for cost recovery at that time exceeded \$4 million.

15   **Q.   DID THE COMPANY SEEK DEFERRED ACCOUNTING TREATMENT FOR**  
16          **THE COSTS OF INVESTIGATING, LITIGATING RESPONSIBILITY FOR, AND**  
17          **REMEDIATING POSSIBLE ENVIRONMENTAL CONTAMINATION AT OR**  
18          **ORIGINATING FROM THE RICE YARD AND CROWN TAR WORKS SITES?**

19   A.   Yes. On June 27, 2017, Public Service filed an application in Proceeding No.  
20          17A-0435G for approval of deferred accounting treatment for expenditures  
21          related to investigating, litigating responsibility for, and remediating possible  
22          environmental contamination at, or originating from the Rice Yards Site and/or  
23          the Crown Tar Works Site. Through Decision No. R17-0705 mailed in that



1 proceeding on August 24, 2017 (the "Rice Yards/Crown Tar Works Order"), the  
2 application for deferred accounting, as amended, was granted and Public Service  
3 was authorized to create a regulatory asset and to use deferred accounting  
4 treatment for those costs. In connection with the application and authorization to  
5 use deferred accounting, Public Service agreed to provide semi-annual updates  
6 to Staff regarding developments and costs being incurred under the deferred  
7 order. As a courtesy, the Company has also provided these confidential updates  
8 to the OCC.

9 **Q. DID THE COMPANY SETTLE WITH THE CITY AND COUNTY OF DENVER**  
10 **FOR INVESTIGATION AND REMEDIATION COSTS CLAIMED BY DENVER**  
11 **RELATED TO THE RICE YARDS SITE?**

12 **A.** Yes. In August of 2018, the Company reached a cooperation and settlement with  
13 the City and County of Denver. Under the settlement, in exchange for releases  
14 from the City and County of Denver, the Company contributed \$850,000 to the  
15 City's Environmental Services Capital Fund to reimburse the City for its  
16 investigation and remediation costs at Confluence Park related to the Rice Yards  
17 Site, and the Company agreed to provide future funding (up to a maximum of  
18 \$500,000) for a joint environmental investigation of the Rice Yards Site and  
19 nearby areas. That investigation is ongoing.

1 **Q. WAS THE SETTLEMENT WITH DENVER FOR REMEDIATION AND**  
2 **INVESTIGATION COSTS RELATED TO THE RICE YARDS SITE A GOOD**  
3 **OUTCOME?**

4 A. Yes. The settlement was for significantly less than Denver's demand and  
5 resolved Denver's claims for investigation and remediation costs at Confluence  
6 Park for contamination originating from the Rice Yards Site, both past and future,  
7 and avoided significant costs of continued civil litigation of Denver's claims. The  
8 settlement also provided for a joint investigation of the potential source area at  
9 the Rice Yards Site.

10 **Q. WILL THE COMPANY PURSUE RECOVERY OF ANY OF THESE COSTS**  
11 **FROM ITS HISTORIC INSURERS?**

12 A. Yes. If the Company is successful in recovering any of these costs from its  
13 insurers it will use those recoveries to offset any ongoing costs of the  
14 investigation, remediation, and litigation over the Rice Yards Site.

15 **Q. HAVE OTHER CLAIMS FOR REMEDIATION COSTS RELATED TO THE RICE**  
16 **YARDS SITE BEEN ALLEGED AGAINST THE COMPANY?**

17 A. Yes, but the costs to remediate the Rice Yards Site associated with those third-  
18 party claims are not at issue in this proceeding. As the Rice Yards/Crown Tar  
19 Works Order encompasses the costs of investigating, monitoring, litigating,  
20 mitigating, and/or remediating possible historical environmental impacts related  
21 to the Rice Yards and Crown Tar Works Sites, the Company will continue to  
22 leave the regulatory asset on the books and continue to defer costs associated

1 with environmental contamination at or originating from the Sites. Any additional  
2 deferred costs will be brought forward for recovery in a future proceeding.

3 **Q. WHAT AMOUNT IS THE COMPANY SEEKING TO AMORTIZE RELATING TO**  
4 **THE SITES IN THIS CASE AND FOR WHAT PERIOD?**

5 A. As mentioned above, the settlement with Denver was for an amount not to  
6 exceed \$1.35 million, of which approximately one million has been incurred to  
7 date. The Company has also incurred additional legal and technical costs for  
8 investigating and defending claims related to the Sites. A breakdown of the  
9 deferred costs as of December 31, 2019 is on Table SPB-D-3 below.

10 **Table SPB-D-3:**  
11 **Deferred Costs for the Sites**

<b>Category</b>	<b>Amount</b>
Legal	\$665
Consulting (including costs incurred for joint investigation obligations under settlement with Denver)	\$469,778
P-Loads	\$1,786
Cash Portion of Denver settlement	\$850,000
<b>Total:</b>	<b>\$1,322,229</b>

12 The Company is seeking to amortize the deferred balance of \$1,322,229 over 36  
13 months to be consistent with other amortizations. Attachment DAB-1 to Ms.  
14 Blair's Direct Testimony, at Schedule 123, reflects the aforementioned deferred  
15 balance.

**IV. RATE CASE EXPENSES**

**Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S RATE CASE EXPENSE REQUEST.**

A. In this proceeding, the Company is seeking to recover its actual rate case expenses for this case and deferred expenses incurred in connection with the Company's 2019 Gas Phase II. We also request to amortize these expenses over a 36-month period and, as explained by Ms. Blair in her Direct Testimony, to earn a return on the unamortized balance at the Company's WACC. Table SPB-D-4 below depicts the amounts requested based on estimates at the time of this filing. I provide more detail in support of this request in this section of my Direct Testimony.

**Table SPB-D-4:  
Rate case Expense Estimate**

<i><b>Proceeding</b></i>	<i><b>Total Estimate</b></i>
2020 Combined Phase I and II	\$1,584,177
2019 Gas Phase II	\$225,941
<b>Total Rate Case Request:</b>	<b>\$1,810,118</b>

**Q. ARE RATE CASE EXPENSES AN APPROPRIATE AND RECOVERABLE ITEM IN THE COST OF SERVICE?**

A. Yes. Most businesses have the flexibility to set their prices based on their assessment of the market and demand for their products. The Company, however, as a regulated utility, does not have that option available to it. Rather, it is necessary for the Company to file a rate case such as the instant proceeding in order to modify its cost of service and rate schedules, a requirement that non-regulated businesses do not have. As a consequence, the Commission has

1 recognized that rate cases are a normal activity for utilities. To that end, the  
2 Commission has rejected suggestions to arbitrarily disallow rate case expenses,  
3 and has approved recovery of such reasonably incurred expenses. Furthermore,  
4 granting recovery of reasonable rate case expenses to Public Service is  
5 consistent with the regulatory compact under which the Company, in exchange  
6 for providing service in a dedicated service territory under regulation by the  
7 Commission, is entitled to recover its prudently incurred costs. Consistent with  
8 regulatory principles and the regulatory compact, the Commission should again  
9 affirm that such costs are recoverable.

10 **Q. HOW DOES THE COMPANY NORMALLY SUPPORT ITS REQUEST FOR**  
11 **RATE CASE EXPENSES?**

12 A. In past Phase I cases, consistent with prior process, the Company has provided  
13 the forecasted estimate and actual rate case expenses by major category as part  
14 of Direct Testimony. The Company has also provided intervenors with  
15 confidential workpapers supporting the rate case expense request, with  
16 additional information provided through discovery. Such documentation has  
17 included confidential copies of outside legal counsel and consultant invoices,  
18 engagement letters, and other supporting documentation if available. The  
19 outside legal counsel invoices are redacted to maintain the attorney/client  
20 privilege and protect work product, otherwise maintain confidentiality, and further  
21 protect competitively sensitive actual hourly billing rates, as well as the time  
22 spent on each item. The remainder of the legal invoice information is provided,  
23 giving intervenors more information on rendered legal services than is typically

1 provided to third parties. Finally, the Company also updates its rate case amount  
2 in Rebuttal Testimony, as it did in the 2019 Electric Phase I.

3 **Q. HOW IS THE COMPANY INTENDING TO SUPPORT ITS REQUEST FOR**  
4 **RATE CASE EXPENSES IN THIS PROCEEDING?**

5 A. The Company will continue to follow accepted practice for support of its  
6 requested rate case expenses in this case, as outlined above. With respect to  
7 the Gas Phase II expenses, the Company will comply with the terms of the  
8 pending settlement agreement in that case, which are discussed below.

9 **Q. ARE THE COMPANY'S REQUESTED RATE CASE EXPENSES**  
10 **REASONABLE?**

11 A. Yes. The majority of the Company's rate case expenses relate to work done by  
12 outside vendors, such as law firms and expert consultants. Rate cases are  
13 perhaps the most significant rate proceedings we have before the Commission,  
14 and given the broad public interest standard that applies, there are a number of  
15 policy decisions that have to be made in any utility rate case. The Company  
16 should continue to have the discretion to select the counsel and consultants it  
17 believes are best suited to advise the Company regarding its case, taking into  
18 account all appropriate factors, including, but not limited to, in-house workloads,  
19 expertise, costs, and the value of a non-Company perspective.

20 While the Company uses existing internal resources to the extent  
21 possible, when outside expertise and assistance is required, the Company works  
22 to find ways to reduce associated expenses, leveraging both internal and  
23 external resources and expertise. For example, using vendors with whom the

1 Company has an established working relationship translates into cost efficiencies  
2 because they already have a good understanding of the Company, its processes,  
3 personnel, and the Commission. In addition, external legal services and  
4 consultants for rate proceedings bring very specific knowledge, expertise and  
5 skill-sets to our cases, and the availability of such resources is limited. The  
6 retained external resources also possess knowledge of the Colorado regulatory  
7 environment and are critical to the effective processing of rate case proceedings.

8 **Q. PLEASE FURTHER DISCUSS THE RETENTION OF OUTSIDE LEGAL**  
9 **COUNSEL.**

10 A. While cost is one factor considered in hiring outside counsel, there are other  
11 important qualitative factors that need to be considered because they affect the  
12 reasonableness of the fees charged by the skilled professionals hired by the  
13 Company. In situations when the Company obtains outside legal services, we  
14 appropriately consider a variety of factors, including the firm's or attorney's skill  
15 and experience, whether the attorney's rates are consistent with the market for  
16 the particular type of work involved, the Company's past experience with  
17 particular attorneys or firms (the Company typically uses attorneys with whom it  
18 has a continuing relationship to ensure the attorneys' familiarity with our  
19 business), and the ability of an attorney to meet the time demands of a  
20 proceeding. To assist in litigating the Gas Phase II and this combined case, the  
21 Company selected experienced regulatory counsel who have appeared in many  
22 proceedings before the Commission; including the Company's last Gas Phase I

1 rate case proceeding. Inside counsel has also been actively involved in these  
2 rate proceedings.

3 **Q. PLEASE FURTHER DISCUSS THE ENGAGEMENT OF EXTERNAL**  
4 **CONSULTANTS AS RELEVANT TO THE REQUESTED RATE CASE**  
5 **EXPENSES.**

6 A. As with legal counsel, it is important that the Company retain discretion to  
7 engage outside expert consultants. In order to prepare and support rate request  
8 proceedings, for example, external consultants on topics such as compensation,  
9 depreciation, and return on equity ("ROE") are required. Engaging an external  
10 consultant to provide these types of services benefits the Commission and the  
11 parties because those consultants have a broader view of the conditions relevant  
12 to their area of expertise than a Company witness would, especially if the  
13 external consultant is actively engaged across the country in various jurisdictions.  
14 As with outside legal counsel, the Company considers factors such as cost,  
15 experience, the ability to meet the time demands of the proceeding, and past  
16 experience with the Company, when deciding which external consultants to  
17 engage.

18 **A. 2019 Gas Phase II**

19 **Q. PLEASE GENERALLY DISCUSS THE RATE CASE EXPENSES BEING**  
20 **REQUESTED FOR THE COMPANY'S 2019 GAS PHASE II.**

21 A. In its Direct case in the 2019 Gas Phase II, the Company requested deferred  
22 accounting treatment for rate case expenses incurred in that proceeding for  
23 recovery in the Company's next Phase I gas rate case. Those expenses were



estimated at \$512,020, assuming a fully litigated proceeding. Due, in part, to the comprehensive settlement of that matter, actual expenses are now estimated at \$225,941, an approximate 56 percent reduction from the original estimate. While the Company will provide the final expenses for the proceeding in accordance with the settlement, and as part of this case at the appropriate time, Table SPB-D-5 below provides a comparison of the original and current estimate.

**Table SPB-D-5:  
2019 Gas Phase II Rate Case Expense Estimate Comparison**

<i>Category</i>	<i>Original Expense Estimate</i>	<i>Current Expense Estimate</i>
Legal Notice	\$30,000	\$17,210
Bill Onsert	\$27,255	\$0
Duplication and Office Supplies	\$1,500	\$0
Outside Legal Counsel	\$425,000	\$205,969
Transcripts and Hearing Costs	\$11,115	\$1,009
Miscellaneous Expenses	\$17,150	\$1,753
<b>Total</b>	<b>\$512,020</b>	<b>\$225,941</b>

The Company is seeking recovery and amortization of its 2019 Gas Phase II rate case expenses in this proceeding.<sup>26</sup>

**Q. ARE THE COSTS INCURRED BY THE COMPANY FOR THE 2019 GAS PHASE II REASONABLE?**

**A.** Yes. The largest portion of the estimated rate case expenses for the 2019 Gas Phase II is associated with outside legal costs. For that case, consistent with my earlier discussion, the Company retained a firm with expertise and specific

<sup>26</sup> The rate effective date recommended by Decision No. R20-0046 is March 1, 2020, absent further action by the Commission. The Company will provide notice of the final rate case expenses in the 2019 Gas Phase II as required by the Settlement and that Decision, and will also update the estimate provided in this case, if necessary, as part of Rebuttal Testimony.

1 knowledge of Public Service and other Xcel Energy operating companies. The  
2 firm provided assistance in assembling testimony and attachments, updating and  
3 revising tariffs, preparing witnesses, responding to discovery, developing  
4 settlement materials, and generally processing the case. To facilitate efficient  
5 work, the Company's internal legal team also worked hard to ensure that duties  
6 were appropriately assigned to outside legal counsel and to ensure that work  
7 efforts were not duplicative. In addition to reaching a comprehensive settlement,  
8 this coordination contributed to the reduced level of outside legal fees.

9 **B. Current Rate Case Proceeding**

10 **Q. WHAT EXPENSES DOES PUBLIC SERVICE ESTIMATE IT WILL INCUR TO**  
11 **PREPARE AND PROSECUTE THIS COMBINED PHASE I AND PHASE II**  
12 **RATE CASE?**

13 **A.** Public Service has already incurred legal, expert, and other expenses to prepare  
14 this rate case filing and will continue to incur such expenses to perform the other  
15 tasks attendant to filing and litigating a combined Phase I and Phase II rate case  
16 before the Commission. As mentioned earlier in my Direct Testimony, the total  
17 rate case expenses associated with this combined proceeding are estimated to  
18 be \$1,584,177, assuming a fully litigated case with a hearing, post-hearing  
19 briefing, exceptions and replies to exceptions, and applications for rehearing and  
20 replies. Attachment SPB-1 provides a summary of these expenses by major  
21 category. The Company will provide confidential supporting work papers and  
22 updates on actual rate case expenses through discovery during the course of this  
23 proceeding.

**Q. PLEASE PROVIDE A BREAKDOWN OF THE ESTIMATED AMOUNT.**

A. Table SPB-D-6 below summarizes the anticipated expenses for this proceeding:

**Table SPB-D-6:  
Combined Phase I and Phase II Rate Case Expenses by Category**

<b><i>Category</i></b>	<b><i>Expense Estimate</i></b>
Consulting	\$300,128
Outside Legal Counsel	\$1,100,000
Transcripts and Hearing Costs	\$23,485
Noticing	\$46,400
Duplication and Office Supplies	\$6,034
Miscellaneous Expenses	\$108,130
<b>Total Combined Phase I and II Rate Case Expenses</b>	<b>\$1,584,177</b>

In preparing this estimate, the Company eliminated postage costs because Public Service uses a shared website for serving discovery and providing other case materials to intervenors, as opposed to physically mailing documents. Not only does this save rate case expenses, but it also ensures materials are available to parties in a more timely manner.

**Q. PLEASE DISCUSS THE REASONABLENESS OF THE EXPENSES BEING REQUESTED FOR THIS COMBINED GAS PHASE I AND II RATE CASE.**

A. As noted on Table SPB-D-6 above, the majority of the estimated expenses are associated with outside legal counsel and consultants. For the reasons stated earlier in my Direct Testimony, and as further explained below, the requested rate case expenses for this case are reasonable and are recoverable costs of doing business. In further support of the reasonableness of the estimated expenses, below is a comparison of the rate case expenses incurred in recent

Phase I rate cases filed by the Company for its electric and gas businesses.<sup>27</sup>

Notably, all of the referenced prior cases were Phase I rate cases only.

**Table SPB-D-7**  
**Prior Phase I Rate Case Expense Comparison**

<i><b>Proceeding No.</b></i>	<i><b>Requested</b></i>	<i><b>Approved</b></i>
11AL-947E <sup>28</sup>	\$1,261,666	\$1,261,666
12AL-1268G	\$1,327,216	\$1,286,216
14AL-0660E	\$1,915,269	\$1,700,000 <sup>29</sup>
15AL-0135G	\$923,626	\$727,704
17AL-0363G	\$1,062,527	\$1,062,527
19AL-0268E	\$1,953,790	\$1,864,122
<b>2020 Gas Combined Phase I and II</b>	<b>\$1,584,177</b>	<b>n/a</b>

As demonstrated on the Table above, the estimated rate case expense amount of \$1,584,177 for this combined case is reasonable when compared to the rate case expenses incurred (and approved for recovery) in the majority of the Company's standalone electric and natural gas Phase I rate cases since 2011. More recent cases are, however, most instructive for comparison purposes. Note, for example, that the estimated amount for this combined case is lower than the amount of \$1,864,122 approved for recovery (during oral deliberations) in the Company's most recent Electric Phase I rate case (Proceeding No. 19AL-

<sup>27</sup> This listing does not include Proceeding No. 17AL-0649E, which was the Company's dismissed 2017 Electric Phase I rate case.

<sup>28</sup> The amount of approved rate case expenses stated in the Settlement Agreement, Section 2.H and in the Commission Decision No. C09-1446, paragraph 129 is \$2.6 million. The Company believes this is a typographical error, and the rate case expenses in the revenue increase approved is \$2.2 million. The \$2.2 million was a total of \$1.3 million requested and \$0.9 million of unamortized rate case balance from a prior case at January 2010

<sup>29</sup> The amount of approved rate case expenses was not explicitly stated in the Settlement Agreement, but for purposes of the Earnings Test, rate case expenses were included at \$1,700,000 over a three-year period (2015 through 2017).

0268E). The Company continues to see an increasing number of intervening parties participate in its rate cases, along with increases in the number of issues raised, and discovery propounded upon the Company on topics of expanded scope.

**Q. DOES THIS COMBINED RATE CASE PROVIDE EFFICIENCIES WHICH RESULT IN REDUCED EXPENSE?**

A. Yes. The Company incurs a certain amount of discrete expenses for each rate case conducted, regardless of whether it is a Phase I, Phase II, or combined proceeding. This includes hearing costs, customer noticing, materials and supplies, printing costs, hearing preparation, and hearing travel costs for witnesses. While the specific amount of any of these expenses may vary between Phase I and Phase II proceedings, the Company avoids incurring the same expenses twice when it combines the Phase I and Phase II proceedings into a single noticed proceeding and evidentiary process.

**Q. CAN YOU DEMONSTRATE THOSE SAVINGS HERE?**

A. Yes. The total costs for these “discrete expenses” are currently estimated to be \$184,049 for this combined proceeding. Of that amount, the most substantial estimates are regulatory support (\$108,130); hearing costs (\$23,485); and customer noticing (\$46,400). Table SPB-D-8 estimates costs incurred for conducting a rate case in two fully litigated phases<sup>30</sup> (as done historically), and compares those estimates to a combined rate case, illustrating the savings.

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<sup>30</sup> Include most recent information, if available, and are slightly higher than previously estimated costs from the 2017 Gas Phase I.

**Table SPB-D-8:  
 Rate Case Costs: Combined Case vs. Separate Proceedings**

<b>Category</b>	<b>Phase I<sup>31</sup></b>	<b>Phase II<sup>32</sup></b>	<b>Total</b>	<b>Combined Proceeding</b>
Noticing	\$46,400	\$46,400	\$92,800	\$46,400
Printing and Supplies	\$5,129	\$1,500	\$6,629	\$6,034
Regulatory Support	\$91,911	\$17,150	\$109,061	\$108,130
Hearing Costs	\$19,962	\$11,115	\$31,077	\$23,485
<b>Grand Total</b>	<b>\$163,402</b>	<b>\$76,165</b>	<b>\$239,567</b>	<b>\$184,049</b>

As shown in the illustrative example above, there is a potential \$55,518 in savings in the referenced expense categories as a result of combining the Phase I and Phase II portions, most of which is achieved through eliminating the need for noticing customers twice. Other cost reductions resulting from a combined rate case may include outside legal costs, which will naturally be less as there are not two separately litigated proceedings. Of course, the scope of discovery, number of intervenors and disputed issues, whether the matter settles, and other factors outside of the Company's control can significantly affect legal expenses in any Phase I, Phase II, or combined proceeding.

**Q. ARE YOU PROVIDING MORE DETAIL ON EACH CATEGORY OF RATE CASE EXPENSES FOR THIS CASE, AS SHOWN ON TABLE SPB-D-6 ABOVE?**

**A.** Yes. Below I provide additional information on the rate case expense estimate for this case, and the reasonableness of those expenses. I specifically address

<sup>31</sup> Costs for a Phase I proceeding estimated at 85% of a combined proceeding, due to less testimony and shorter anticipated hearing, except in the case of customer noticing, where the costs remain the same regardless of proceeding

<sup>32</sup> Costs are taken from estimated rate case expenses in Proceeding No. 19AL-0309G, with the exception of the updated noticing estimate

1 consulting firms, legal fees, and other categories of rate case expenses.

2 **Q. WHAT CONSULTING FIRMS HAS THE COMPANY HIRED IN CONNECTION**  
3 **WITH THIS CASE?**

4 A. The Company is currently using three different consulting groups for this rate  
5 case – Concentric Energy Advisors (“Concentric”), Willis Towers Watson  
6 (“Willis”), and Alliance Consulting Group (“Alliance”). Concentric’s Ms. Ann E.  
7 Bulkley is the Company’s ROE expert in this case. Willis conducted the  
8 Compensation Study, which compares the compensation provided under the  
9 Company’s Total Rewards Compensation program to the compensation  
10 packages of comparable employers, and the Company anticipates that it may  
11 need to rely on Willis to respond to discovery concerning compensation and  
12 benefits. Finally, Alliance conducted the depreciation study being presented in  
13 this case, is sponsoring direct testimony in support of that depreciation study,  
14 and will also be involved throughout the course of this proceeding.

15 **Q. WAS A COMPETITIVE BIDDING PROCESS USED TO OBTAIN THESE**  
16 **CONSULTANTS?**

17 A. Yes, for one of the consultants. The Company issued a request for proposals  
18 (“RFP”) for the ROE witness, ultimately selecting Concentric.

19 **Q. WHY DID THE COMPANY CHOOSE TO USE WILLIS AND ALLIANCE?**

20 A. These selected consultants have significant experience working with the  
21 Company. In addition to assisting Public Service and other Xcel Energy  
22 Operating Companies in prior rate cases, Willis is the outside actuary that the  
23 Company uses in the ordinary course of business, so it has extensive knowledge

1 of and experience with the Company's compensation and benefits issues. For  
2 example, Willis prepares an annual report that reflects the Company's actuarially  
3 determined pension and benefit expenses. In addition, Willis periodically  
4 prepares studies showing how the Company's compensation and benefits  
5 package compares to other employers. Because of its extensive experience with  
6 the Company, Willis can provide services much more efficiently than a firm that  
7 has little or no familiarity with the Company. Similarly, Alliance is very familiar  
8 with Xcel Energy, as evidenced by the fact that Alliance has developed nine  
9 depreciation studies for Xcel Energy Operating Companies over the past eight  
10 years. Moreover, some of those studies have been for Public Service, so  
11 Alliance is already familiar with many of the assets and classes of assets that are  
12 the subject of the depreciation study for Public Service in this case.

13 **Q. DOES THE COMPANY EXPERIENCE SAVINGS AS A RESULT OF ITS PRIOR**  
14 **EXPERIENCE WITH ALLIANCE AND WILLIS?**

15 A. Yes. Because of their long-standing business relationships with the Company,  
16 Alliance and Willis are not only familiar with the Company itself, as mentioned  
17 above, but they are also familiar with the deliverables the Company expects and  
18 have established contacts within the Company, all of which allow them to work  
19 efficiently and collaboratively. These efficiencies cannot be achieved with  
20 unfamiliar consultants, even if they have the same areas of expertise. As a  
21 result, if the Company were to hire different consultants, that could result in  
22 increased rate case expenses, even if the applicable hourly rates are lower.



1 **Q. WHAT COSTS HAS THE COMPANY ESTIMATED FOR WILLIS?**

2 A. The Company's estimate for services provided by Willis in support of this  
3 proceeding is \$75,128. Of that amount, \$45,128 represents the fees charged by  
4 Willis for performing the compensation study. The remainder is the amount the  
5 Company expects to incur for Willis's assistance in responding to discovery  
6 requests regarding employee and retiree pay and benefits, including pension. As  
7 noted on Attachment SPB-1 to my Direct Testimony, the Willis estimate is broken  
8 into separate line items for each of these tasks in an effort to advance Public  
9 Service's goal of providing more transparency into rate case expenses.

10 **Q. DID WILLIS ASSIST WITH RESPONDING TO DISCOVERY IN THE**  
11 **COMPANY'S MOST RECENT ELECTRIC RATE CASE?**

12 A. Yes. In that proceeding, Willis assisted with many of the questions concerning  
13 compensation and employee benefits. As of the date of this filing, the Company  
14 has incurred approximately \$39,872 in expenses charged by Willis for its  
15 assistance in responding to discovery in the 2019 Electric Rate Case. These  
16 incurred costs were not requested in the rate case expenses in that proceeding.  
17 Public Service does not anticipate as many contentious issues related to base  
18 pay, pension and benefits in this case, so the Company has estimated around 75  
19 percent of the total support costs incurred from the 2019 Electric Phase I. The  
20 actual amount, of course, could be much higher or lower, depending on the types  
21 and amounts of discovery in this case, which illustrates how the volume of  
22 discovery requests can affect rate case expenses for the Company.

1 **Q. WHAT ARE THE COSTS INCURRED FOR ALLIANCE, WHO CONDUCTED**  
2 **THE DEPRECIATION STUDY?**

3 A. The Company expects to incur \$95,000 for the depreciation study and for  
4 Alliance's additional roles in this proceeding, which include preparing written  
5 testimony by Mr. Dane A. Watson, responding to discovery, and appearing at  
6 hearing, if necessary. These costs are somewhat higher than the requested  
7 amount in the 2017 Gas Phase I because the depreciation study presented in  
8 that rate case was limited to only a few asset accounts, whereas the depreciation  
9 study presented in this case is much more robust.<sup>33</sup>

10 **Q. WHY DID THE COMPANY CHOOSE CONCENTRIC AS THE ROE EXPERT?**

11 A. The Company issued an RFP for a ROE proposal, but only two firms submitted  
12 responses. The Company ultimately decided to engage Centric because of  
13 its familiarity with Public Service and its experience before this Commission.  
14 Centric ROE expert Ms. Ann E. Bulkley recently testified on behalf of the  
15 Company in the 2019 Electric Phase I, and her Centric colleague Mr. John J.  
16 Reed testified on the Company's behalf in the 2017 Gas Phase I, so Centric  
17 is knowledgeable about the Company's business and financial risks and about  
18 the Colorado regulatory construct. Centric's current estimate for this case is  
19 \$130,000.

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<sup>33</sup> For example, the Alliance depreciation study presented in the 2017 Gas Phase I as an attachment to Company witness Ms. Melissa L. Ostrom's testimony was only 40 pages long. In contrast, the Alliance study presented in this case is 126 pages long because it addresses many more assets and classes of assets than the earlier study did..

1   **Q.   WHAT LAW FIRMS ARE BEING USED BY THE COMPANY TO ASSIST IN**  
2   **THE PROCESSING OF THIS CASE?**

3   A.   The Company is using the Taft Stettinius & Hollister LLP (“Taft”) (formerly Briggs  
4       and Morgan) and Winstead PC law firms to aid in legal support of this  
5       proceeding. The Taft estimate for this proceeding is \$850,000, and the  
6       Winstead PC estimate for this proceeding is \$250,000. Both of these firms have  
7       the requisite regulatory expertise, as well as significant experience providing  
8       legal services to Public Service. In fact, those two firms represented Public  
9       Service in the 2017 Gas Phase I, and they have represented Public Service in  
10      numerous other proceedings. Thus, they are very familiar with Company policy  
11      and historical issues, as well as Company witnesses, processes, and  
12      expectations, which ensure a smooth, efficient transition when bringing in  
13      external resources to help support a regulatory proceeding. The firms assist in  
14      providing legal and strategy advice, assembling testimony and attachments,  
15      preparing witnesses, responding to discovery, and generally processing the  
16      case. And, again, the Company’s internal legal team works hard to ensure that  
17      duties are appropriately assigned to outside legal counsel and to ensure that  
18      work efforts are not duplicative. The internal and external legal teams work as a  
19      unit and are in constant coordination to be as efficient as possible. These  
20      outside legal services are an indispensable rate case expense.

1 **Q. WHAT HEARING COSTS DOES THE COMPANY ANTICIPATE IN THIS**  
2 **PROCEEDING?**

3 A. The Company's hearing costs are estimated at \$23,485, based on a fully-litigated  
4 proceeding, including an evidentiary hearing. This includes hearing transcript  
5 fees estimated at \$16,660, assuming a seven-day evidentiary hearing and daily  
6 transcripts for each day. This estimate was calculated using prorated actual  
7 transcript fees for the 2019 Electric Phase I.<sup>34</sup> This estimate also includes costs  
8 totaling \$6,825 for lunches during the hearing, a conference room rental close to  
9 the Commission offices, and water in the hearing room.

10 **Q. WHAT OTHER RATE CASE EXPENSES ARE EXPECTED TO BE INCURRED**  
11 **BY THE COMPANY?**

12 A. The Company expects to incur expenses in the categories of customer noticing,  
13 printing and office supplies, and miscellaneous expenses, all of which are  
14 incremental to everyday business when conducting a rate case. A summary of  
15 these estimated expenses is contained below in Table SPB-D-9, and reflected in  
16 Attachment SPB-1 to my Direct Testimony.

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<sup>34</sup> The 2019 Electric Phase I evidentiary hearing spanned eight days, and the Company incurred \$20,648 in transcript fees.

**Table SPB-D-9:  
Other Rate Case Expenses**

<b>Category</b>	<b>Estimate</b>
Customer Noticing	\$46,400
Duplicating and Office Supplies	\$6,034
Travel and Expenses	\$33,250
Regulatory Support	\$74,880
<b>Total</b>	<b>\$160,564</b>

**Q. HOW WAS THE NOTICING ESTIMATE DERIVED?**

A. Noticing costs are incurred each time the Company files a rate proceeding to change its tariffs. In a proceeding such as this, the Company notifies customers in two manners that carry significant costs: 1) by running a legal notice in *The Denver Post* for two consecutive weeks, and 2) by printing a bill “onsert” on each customer’s bill notifying them of the proceeding. The \$46,400 estimated for these costs includes:

- \$30,000 to run the legal notice in the newspaper, based on actual incurred costs from the 2019 Electric Phase I legal notice; and
- \$16,400 for printing the bill onserts, based on the actual costs of the last circulated gas onsert regarding the Pipeline Safety Integrity Adjustment, which was circulated in November 2019.

This estimate is based on actual costs the Company incurred in previous proceedings conducted within 12 months of the filing of this rate case. These costs represent the most current estimates available to the Company, as well as an established alternative form of notice used in several prior large proceedings such as this.

1 **Q. PLEASE DISCUSS THE REMAINING LINE ITEMS ON TABLE SPB-D-9**  
2 **ABOVE.**

3 A. The Duplicating and Office Supplies category of costs reflects the printing of our  
4 filings for internal and external use, as well as other materials necessary for the  
5 rate case. The Travel and Expenses and Regulatory Support line items fall  
6 within the miscellaneous expenses category, and are intended to capture  
7 incremental regulatory support for the preparation and processing of the case, as  
8 well as travel and related expenses for witnesses and others providing support  
9 during the course of this proceeding.

10 **Q. WHAT IS INCLUDED IN THE REGULATORY SUPPORT ESTIMATE FOR THIS**  
11 **RATE CASE?**

12 A. The Regulatory Support estimate reflects the incremental additional costs for  
13 hourly employees supporting the efforts of this ongoing rate case proceeding,  
14 including data research, internal administration, and administration of the  
15 SharePoint site the Company anticipates using for discovery requests in this  
16 proceeding, and other support necessary for the preparation and processing of  
17 the case. The current estimate includes full-time dedicated resources for this  
18 support over a 12-month period, for a total of \$74,880.

19 **Q. DO YOU HAVE ANY CONCLUDING COMMENTS REGARDING THE**  
20 **COMPANY'S RATE CASE EXPENSE REQUESTS IN THIS CASE?**

21 A. Yes. I would like to reiterate that the Company is following established precedent  
22 and processes with respect to its rate case expense requests. As I stated earlier  
23 in my Direct Testimony, the regulatory compact allows a utility to recover costs if

1 (1) the expense was necessary to provide service (rate cases are a necessary  
2 part of providing utility service), and (2) the expense was prudently incurred. The  
3 Company's requested rate case expenses are being prudently incurred, are  
4 reasonable, and are necessary in providing utility service. Accordingly, they  
5 should be recoverable as requested in this case.

**V. TARIFF REVISIONS**

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

A. In this section of my Direct Testimony, I review the tariff revisions I am sponsoring. Specifically, I am sponsoring updates to the PSIA tariff language to align with recent updates to the PSIA, as I explain in more detail below. Redlined and clean versions of the PSIA tariff sheets are included as Attachments SPB-2 and SPB-3 to my Direct Testimony, respectively. The remaining proposed tariff changes are sponsored by Company witness Mr. Steven W. Wishart, and the affected tariff sheets are included as attachments to his Direct Testimony.

**Q. PLEASE DISCUSS THE CHANGES THE COMPANY IS MAKING TO THE PSIA TARIFF.**

A. The Company's PSIA has been in place for a number of years, and while there have been intervening proceedings and Commission decisions affecting the PSIA itself, including the costs and projects to be included in the PSIA mechanism, accompanying tariff changes have not always kept pace. As a result, a majority of the changes being proposed by the Company to the PSIA are intended to bring the PSIA current. For example, the current version of the PSIA does not reference the Company's annual April reporting requirement, includes a reference to operations and maintenance expenses when they are no longer allowed to be recovered under the PSIA, and contains expired commitments related to the East Main Replacement Project and the Edwards to Meadow Mountain Project.



1           The Company is also proposing to remove the Projects Base Amount from  
2           the PSIA and associated PSIA Adjustment Calculation. This change is being  
3           proposed because the Company has removed the Projects Base Amount from  
4           the cost of service, as explained by Ms. Blair in her Direct Testimony. Finally, the  
5           Company seeks to clarify the calculation of the Company's weighted average  
6           cost of capital, or WACC, for the PSIA.

**VI. CONCLUSION**

**Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS COMBINED  
PHASE I AND PHASE II RATE CASE.**

**A.** I recommend that the Commission approve:

- Inclusion of the prepaid pension and retiree medical assets in rate base;
- Continuation of the property tax, pension expense, and Damage Prevention trackers, and amortization of previously deferred balances over 36 months;
- Amortization of previously deferred balances associated with the Boulder MGP Site and the Rice Yards and Crown Tar Works Sites over 36 months;
- Approval of the Company's rate case expense request, and authorization to amortize those amounts over 36 months; and
- Implementation of the proposed changes to the PSIA tariff.

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

**A.** Yes, it does.

## **Statement of Qualifications**

### **Steven P. Berman**

I accepted the position of Director, Regulatory Administration in January 2020. In that role, I am responsible for providing leadership, direction, and technical expertise related to regulatory processes and functions for Public Service Company of Colorado. In my prior role with Xcel Energy, Manager of Revenue Analysis, I was responsible for leading a team of analysts who develop revenue requirements models to support the rates charged by Public Service. My responsibilities included directing, reviewing, and analyzing the revenue requirements that support the base rates, rate riders, and FERC formula rates used by Public Service.

I accepted the position of Revenue Analysis Manager with Xcel Energy in April 2015 and have worked in the energy industry for over 13 years. Over that time, I have worked for Xcel Energy and Colorado Springs Utilities in progressively more responsible roles. In June 2006 I began working at Colorado Springs Utilities as a Senior Analyst in the corporate budgeting group. In June 2008 I accepted a position as a Financial Consultant with Xcel Energy supporting the Customer Care organization, where I provided financial analysis and support for customer care and bad debt expenses used in rate cases across Xcel's jurisdictions.

In July 2010 I returned to Colorado Springs Utilities as a Principal Financial Analyst and in July 2011 accepted the position of Financial Planning & Analysis Manager. In that role I was responsible for the budget and revenue requirements of the organization. I presented them annually to the City Council who acts as the regulator for

Colorado Springs Utilities. In March 2014 I accepted the position of Treasury Manager. In that role I directed all cash and financing activities of the Utility. I worked closely with the Chief Financial Officer to develop an annual financing plan and present it to the board and credit rating agencies in support of the Utility's strong "AA" credit rating. Prior to working in the utility industry, I held various positions in marketing and finance after graduating college in 1999 and moving into the utility industry in 2006.

I graduated from the University of Maryland in 1999 with a Bachelor of Science degree in Business Administration, and from George Washington University in 2005 with a Master's in Business Administration concentrating in Finance. I am a licensed Certified Public Accountant in Colorado.

I have submitted written testimony before the Commission in a number of proceedings.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO


\* \* \* \*

IN THE MATTER OF ADVICE NO. 961-GAS OF )  
PUBLIC SERVICE COMPANY OF COLORADO TO )  
REVISE ITS COLORADO PUC NO. 6-GAS TARIFF )  
TO INCREASE JURISDICTIONAL BASE RATE ) PROCEEDING NO. 20AL-\_\_\_\_G  
REVENUES, IMPLEMENT NEW BASE RATES )  
FOR ALL GAS RATE SCHEDULES, AND MAKE )  
OTHER PROPOSED TARIFF CHANGES )  
EFFECTIVE MARCH 7, 2020 )

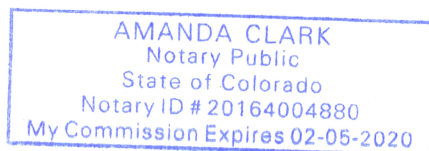
AFFIDAVIT OF STEVEN P. BERMAN  
ON BEHALF OF  
PUBLIC SERVICE COMPANY OF COLORADO


I, Steven P. Berman, 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 3 day of Feb, 2020.

  
\_\_\_\_\_  
Steven P. Berman  
Director, Regulatory Administration

Subscribed and sworn to before me this 3 day of Feb, 2020.



  
\_\_\_\_\_  
Notary Public  
My Commission expires 2/5/2020