BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE MATTER OF ADVICE LETTER NO. 1857-ELECTRIC OF PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO PUC NO. 8-ELECTRIC TARIFF TO REVISE JURISDICTIONAL BASE RATE REVENUES, IMPLEMENT NEW BASE RATES FOR ALL ELECTRIC RATE SCHEDULES, AND MAKE OTHER PROPOSED TARIFF CHANGES EFFECTIVE AUGUST 2, 2021	**)**	**PROCEEDING NO. 21AL-_____E**

DIRECT TESTIMONY AND ATTACHMENTS OF SANDRA L. JOHNSON

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

July 2, 2021

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

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
2019 Electric Phase I	Proceeding No. 19AL-0268E
2020 WMP Report	Wildfire Mitigation Plan 2020 Annual Report, filed on June 1, 2021 in Proceeding No. 20A-0300E
ADMS	Advanced Distribution Management System
AFUDC	Allowance for Funds Used During Construction
AGL	Above Groundline
ALJ	Administrative Law Judge
CAA	Capital Asset Accounting
Commission	Colorado Public Utilities Commission
DSAP	Defensible Space Around Poles
FTY	Future Test Year
IR	Infrared
KPI	Key Performance Indicator
kV	Kilovolt
MHT	Mountain Hazard Tree
O&M	Operations and Maintenance
Public Service or Company	Public Service Company of Colorado
Recommended Decision	Recommended Decision No. R21-0109
ROW	Right-of-Way
TCA	Transmission Cost Adjustment
WBS	Work Breakdown Structure
WCR	Work Completion Ratio
Wildfire Proceeding	Proceeding No. 20A-0300E

Acronym/Defined Term	**Meaning**
Wildfire Settlement Agreement	Partial Settlement Agreement in Proceeding 19AL-0268E
WMP or Plan	Wildfire Mitigation Plan
WPR	Wildfire Protection Rider
WRZ	Wildfire Risk Zone
XES	Xcel Energy Services Inc.
Xcel Energy	Xcel Energy Inc.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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DIRECT TESTIMONY AND ATTACHMENTS OF SANDRA L. JOHNSON

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

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Sandra L. Johnson. My business address is 1123 West 3rd Avenue, Denver, Colorado 80223.

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

A. I am employed by Xcel Energy Services Inc. ("XES") as Wildfire Mitigation Project Director. XES is a wholly owned subsidiary of Xcel Energy Inc. ("Xcel Energy"), and provides an array of support services to Public Service Company of Colorado ("Public Service" or the "Company") and the other utility operating company subsidiaries of Xcel Energy on a coordinated basis.

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

A. I am testifying on behalf of Public Service.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.

A. As Wildfire Mitigation Project Director, I am responsible for directing, executing, and providing oversight of Public Service's Wildfire Mitigation Program, and I am responsible for all aspects of Public Service's Wildfire Mitigation Program, including continued development, capital and expense management, and program execution. My previous roles and qualifications are provided in the Statement of Qualifications attached at the end of my Direct Testimony.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. At a high level, the purpose of my Direct Testimony is to support the capital plant additions associated with the Company's Wildfire Mitigation Plan ("WMP" or "Plan") since the Company's last electric rate case in Proceeding No. 19AL-0268E ("2019 Electric Phase I"), through December 31, 2022. I also support the Transmission and Distribution Wildfire Operations & Maintenance ("O&M") that the Company is seeking to recover through this rate case, incremental to levels included in base rates in the 2019 Electric Phase I.

More specifically, I first provide background on how the Company developed its WMP. I describe the procedural background related to Public Service's WMP beginning with the 2019 Electric Phase I, including the Unopposed Partial Settlement Agreement ("Wildfire Settlement Agreement") related to wildfire mitigation reached in that proceeding. I then discuss the Company's recent WMP Application filed in Proceeding No. 20A-0300E (the "Wildfire Proceeding"), where the Commission issued an order approving Public Service's WMP and authorized the Company to defer Distribution capital and incremental O&M costs associated

with its WMP. I summarize the wildfire mitigation actions the Company has taken since filing its 2019 Electric Phase I as well as Plan execution and performance. I also present the Company's 2020 Key Performance Indicators ("KPIs") and other metrics outlined in Recommended Decision No. R21-0109 (the "Recommended Decision") reached in the Wildfire Proceeding. Finally, I present the Company's Transmission and Distribution capital additions associated with the WMP that Public Service has incurred and will incur between its 2019 Electric Phase I and December 31, 2022, which Public Service is seeking to recover through base rates in this rate case, as well as the Company's actual and forecasted O&M for 2019-2025, in support of the Company's proposal to use 2022 as the basis for the 2022 Future Test Year ("FTY") for WMP-related O&M.

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

A. Yes, I am sponsoring the following attachments, which were prepared by me or under my direct supervision:

- Attachment SLJ-1: Wildfire Mitigation Plan 2020 Annual Report;
- Attachment SLJ-2: Wildfire Capital Additions 2019-2022;
- Attachment SLJ-3: Wildfire Capital Expenditures and O&M 2019-2022;
- Attachment SLJ-4: Wildfire O&M Expenses for 2020 by Cost Element; and,
- Attachment SLJ-5: Wildfire O&M Expenses for 2020 by FERC Account.

Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR DIRECT TESTIMONY?

A. I recommend the Commission find that the Company's 2019[1]-2022 wildfire capital additions and incremental 2022 FTY O&M expenses, as set forth in my Direct Testimony and in the cost of service presented by Company witness Ms. Deborah A. Blair, are reasonable and prudent, and further recommend the Commission authorize recovery of these costs through base rates.

[1] For 2019, the Company is seeking recovery of 2019 Transmission capital additions and 2019 incremental Distribution capital additions. Currently, there are already some 2019 Wildfire Distribution capital additions included in base rates resulting from the 2019 Electric Phase I, as I discuss later in my Direct Testimony.

II. BACKGROUND ON PUBLIC SERVICE'S WILDFIRE MITIGATION EFFORTS

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

A. In this section of my Direct Testimony I provide background surrounding the development of the WMP and regulatory treatment of the WMP. I explain that the Commission recently approved the Company's WMP in the Wildfire Proceeding, along with a deferred accounting mechanism. I also discuss the reporting provisions contained in the Commission's decision in that proceeding. I then detail the Company's progress and accomplishments surrounding its wildfire mitigation efforts, and its completed and planned wildfire activities.

Q. WHEN AND WHY DID PUBLIC SERVICE PRESENT ITS WMP TO THE COMMISSION?

A. After a number of catastrophic utility-caused wildfires that occurred in California in the years leading up to Public Service's 2019 Electric Phase I, the Company brought forward, in its 2019 Electric Phase I, a proposal to enhance its wildfire mitigation activities through a variety of programs and projects. Since presenting its first WMP through the 2019 Electric Phase I, Public Service, through its parent Company Xcel Energy, has worked to establish itself as a regional and local leader in addressing the serious threat that wildfires pose to the Mountain West and the State of Colorado. In addition to being the first utility to present a WMP to the Commission for review and approval, Public Service's wildfire team has worked tirelessly not only in implementing the WMP, but in collaborating with local, regional, and national leaders, stakeholders, and utilities to address the growing

risks that wildfires present to the public and communities across Colorado. While the Company detailed many of these efforts in its testimony filed in the Wildfire Proceeding, I note that we have continued and will continue to serve as a leader in this space.

For example, following the 2020 extreme wildfire season, we launched an initiative with the Forest Stewards Guild[2] with the goal of establishing industry best practices for utility wildfire response planning to minimize utility risks. In addition, in April of 2021 the Company engaged further with the Forest Stewards Guild and Colorado agency first responders to conduct Wildfire Safety and Response training. The trainings covered basic fire behavior, safety, and decision making. The trainings also addressed best practices during active wildfires for interfacing with incident command teams during wildfire events.

Also, in March of this year the Company led the efforts and co-hosted the second annual Colorado Wildfire Mitigation Summit, which was held over two days. Twenty-two Colorado utilities and electric cooperatives participated in the summit with the shared interest of protecting lives, homes, and property from the threat of wildfire, by minimizing the risks of utility-caused wildfire ignitions. Topics addressed at the summit included topics related to utility wildfire risk modeling and lessons learned, as well as best practices concerning system hardening and inspection, situational awareness, operational procedures, and wildfire response.

[2] *See* https://foreststewardsguild.org.

Q. WHAT WAS THE OUTCOME OF THE 2019 ELECTRIC PHASE I WITH RESPECT TO WILDFIRE MITIGATION?

A. The Company and intervenors entered into the Wildfire Settlement Agreement, which addressed the Company's proposed wildfire mitigation projects and associated costs. Under the Wildfire Settlement Agreement, Public Service was authorized to recover its incremental 2019 wildfire mitigation costs through base rates, which included $5.7 million (year-end) in Distribution capital additions and $5 million in Distribution and Transmission O&M.[3] Parties also agreed that Public Service "may request deferred accounting treatment for additional wildfire mitigation costs in the Company's next Phase I rate review" or in "a separate application . . . on or before August 1, 2020," and that Public Service would provide an updated, comprehensive WMP on or before August 1, 2020.[4] Consistent with the Wildfire Settlement Agreement, Public Service brought forward its WMP for approval in the Wildfire Proceeding, filed on July 17, 2020, where it also sought approval of a Wildfire Protection Rider ("WPR").

Q. PLEASE SUMMARIZE THE COMPANY'S PROPOSALS IN THE WILDFIRE PROCEEDING.

A. The Company's WMP presented and approved in the Wildfire Proceeding takes a comprehensive and prioritized approach to wildfire risk reduction in the Company's

[3] The total being recovered through base rates is approximately $1.2 million, after applying a 13-month average, year-end rate base to the approved amount.

[4] Proceeding No. 19AL-0268E, Unopposed Joint Motion to Approve Partial Settlement Agreement, Attachment A – Wildfire Settlement Agreement, at Section II, p. 4 (filed Nov. 1, 2019) ("Wildfire Settlement Agreement").

service territory. The WMP includes a variety of programs designed to mitigate the risk of utility-caused ignitions that could result in a wildfire. These programs include Inspection and Modeling, Repair and Replacement, Protection, and incremental Vegetation Management activities. To develop its WMP, the Company created a detailed risk assessment (the Wildfire Risk Model) and identified areas with potential for high fire consequence in its service territory, which the Company identified as the Wildfire Risk Zone ("WRZ"). Extreme consequences that are more likely to occur in the WRZ include the loss of lives and structures, and Public Service is targeting and prioritizing its work based on the high risk areas that comprise the WRZ. The Company proposed to recover eligible WMP-related Distribution capital and O&M through the WPR.

Q. PLEASE SUMMARIZE IN MORE DETAIL THE WMP PROGRAMS AND THE ACTIVITIES WITHIN THEM.

A. The WMP programs are summarized as follows:

- *Repair and Replacement Programs.* These include the following subcategories of work: bare secondary conductor replacement (new), covered conductor installation (new), distribution pole repair/replacement (accelerated), equipment upgrades (cutouts, arresters, etc.) (new), overhead rebuilds of small conductor (new), high priority defect correction (accelerated), and major line rebuilds (accelerated).

- *Inspection, Modeling, and Asset Data Gathering.* This includes the following subcategories of work: Above Groundline ("AGL") inspections (enhanced), Infrared ("IR") inspections (new), overhead secondary open wire quantification (new), overhead inspection (new), pole inspection (distribution) (accelerated), risk modeling development (new), situational awareness tools, structure wind strength reviews, and annual visual inspections (new).

- *Protection Programs.* These include the following subcategories of work: Advanced Distribution Management System ("ADMS") enhanced system protection (new), protection study for feeders (new), recloser communications network (new), substation relay communications upgrade (new), substation relay upgrade for remote non-reclosing (new), and design and install revised protection schemes (new).

- *Expanded Vegetation Management.* This includes: incremental Mountain Hazard Tree ("MHT") Program actions (enhanced), creating a defensible space around poles ("DSAP") or pole brushing on equipment poles (new), secondary voltage line clearance (new), and right-of-way ("ROW") vegetation type conversion (enhanced).

- *Metrics, Tracking, and Reporting.* To measure WMP performance over time, the Company will track and measure multiple metrics. These include Plan and cost performance metrics in addition to a set of metrics designed to measure Plan efficacy, or wildfire risk reduction, over time as programs are implemented.

- *Ongoing Assessment of Other Activities for Future Consideration.* In addition to the core components of the Plan described above, the Company will continue to study new, emerging, and evolving technologies and practices that it will consider for future implementation in conjunction with the Plan. For example, the Company is considering operational protocols that could be considered within Public Service's service territory to minimize the risk of wildfires.

- *Community and Development.* As the Company continues to engage with communities and develop the WMP, there will be projects initiated to facilitate both. For example, the Company used third party resources to stand up the website, www.xcelenergywildfireprotection.com, as a means of providing the most up-to-date WMP information to the general public, including announcements of upcoming meetings and access to materials from previous meetings. In addition, software and professional services such as fire experts and advanced risk modeling software will improve the development of the WMP. Community-specific initiatives with non-profit fire protection agencies, as an example, will also be considered and funded through the Community and Development program.

Q. PLEASE SUMMARIZE THE OUTCOME OF THE WILDFIRE PROCEEDING.

A. The Commission approved the Company's WMP, recognizing that it provides an important service to customers and all Coloradans by reducing wildfire risk.

According to the Administrative Law Judge's ("ALJ") Recommended Decision (Decision No. R21-0109), "There is no question the WMP at issue in the instant case is in the public interest and should and will be approved."[5] In reaching this conclusion, the Recommended Decision explained that recent wildfires in Colorado and around the country "show the ever-present need to be prepared for wildfires in the State of Colorado" and that "[w]orking to avoid these disasters is a vital service the Commission can provide to the citizens of Colorado."[6] The Recommended Decision further observed, "[a]n active program by a public utility to curb wildfires and hopefully lessen the severity of wildfires has a benefit to the utility but also to all residents of the State of Colorado."[7] In short, the Recommended Decision recognized and emphasized the critical importance of undertaking wildfire mitigation and the benefits to all Coloradans.

While the Recommended Decision denied the proposed WPR, it approved a three-year (2020-2023) deferred accounting mechanism for the Distribution capital additions and incremental O&M expenses Public Service will incur to support its WMP.

The Commission adopted the ALJ's Recommended Decision *via* Decision No. C21-0237 (subject to one clarification not relevant here), stating in part: "The OCC does not offer sufficient evidence to overturn the Recommended Decision's finding that the WMP is a benefit to the State of Colorado . . . ."[8] By its final

[5] Proceeding No. 20A-0300E, Decision No. R21-0109, at ¶ 49 (mailed Feb. 26, 2021).
[6] *Id.* at ¶ 46.
[7] *Id*. at ¶ 47
[8] Proceeding No. 20A-0300E, Decision No. C21-0237, at ¶ 24 (mailed Apr. 16, 2021).

decision, the Commission authorized Public Service to defer incremental O&M and capital costs associated with the Company's WMP and explained that "[t]he inclusion of these O&M expenses in the deferred asset will allow them to be evaluated in the next rate case as to their appropriateness for inclusion in rate base."[9] Thus, Public Service may defer costs associated with WMP-related Distribution capital additions and incremental O&M expenses in 2021, 2022, and 2023. The deferral does not include incremental Transmission capital costs because they are already recoverable through the Company's Transmission Cost Adjustment ("TCA").[10] The Commission also approved a carrying charge for the deferred asset equal to the Company's long-term cost of debt,[11] specifically authorizing the Company to "defer monthly depreciation expense and interest associated with Distribution capital placed into service through the term of the approved deferral (2021-2023)."[12] Company witness Ms. Blair discusses the mechanics of the approved deferred accounting in her Direct Testimony in this rate case.

In approving the deferral for 2021-2023, the Recommended Decision also set forth a series of metrics which the Company must report on annually. Broadly speaking, the required financial reporting metrics consist of KPIs demonstrating the Company's progress toward completing the WMP as well as associated

[9] *Id.*
[10] Proceeding No. 20A-0300E, Decision No. R21-0109, at ¶ 92 (mailed Feb. 26, 2021).
[11] *Id*. at ¶ 86.
[12] *Id*. at ¶ 99.

spending. As explained in the Recommended Decision, the annual report must include the following KPIs:

- *Vegetation Management Maintenance Cycles:* During each of the calendar years 2021 and 2022 Public Service is to maintain vegetation around all distribution and transmission assets in the Company's identified Wildfire Risk Zone ("WRZ") on at least a 90 percent completion of cycle basis.

- *Work Completion:* During each of the calendar years 2021 and 2022, Public Service is to complete 90 percent of its scheduled work annually as proposed in the Company's WMP.

- *Work Completion Ratio ("WCR"):* During calendar years 2021 and 2022, Public Service will complete system hardening Repair/Replacement and System Protection programs to the percent of actual spend as compared to budget, across the entire WRZ, equal to or exceeding 0.900 and report the actual WCR by county in the WRZ. If the WCR is less than 0.900 then the Company is to report WCR by system hardening program repaired or replaced for each county within the WRZ.[13]

Q. PLEASE ELABORATE ON THE WCR AND THE RELATED REPORTING REQUIREMENTS APPROVED BY THE COMMISSION.

A. The WCR measures the amount of project progress on Repair/Replacement and System Protection programs the Company has made relative to the budget allocated for the projects.[14]

As noted above, this reporting is required to be done annually through the Wildfire Proceeding for calendar years 2021 and 2022. Per the Commission-approved Recommended Decision, if Public Service falls short on the 90 percent threshold for any of these metrics, then it must "provide detailed testimony and/or

[13] *Id.* at ¶ 94. Paragraph 95 of the Recommended Decision also provides for additional reporting on other metrics, like the number of ignitions and Red Flag Warning days experienced, but they do not affect potential rate case requirements.

[14] *Id*.

evidence explaining why it did not achieve the applicable target at the time or times the Company seeks base rate cost recovery for distribution WMP costs and/or transmission WMP capital."[15]

Q. DOES THE REQUIREMENT THAT PUBLIC SERVICE PROVIDE ADDITIONAL TESTIMONY AND/OR EVIDENCE EXPLAINING WHY IT POTENTIALLY DID NOT ACHIEVE THE WCR TARGET OR OTHER TARGETS IMPACT THIS RATE CASE?

A. No. Those reporting targets are only applicable for the metrics from calendar years 2021 and 2022, though Public Service provided WCR information for 2020 in its most recent annual report, filed in the Wildfire Proceeding.

Q. WHEN DID PUBLIC SERVICE FILE ITS 2020 ANNUAL WMP REPORT?

A. According to Paragraph 96 of the Recommended Decision, "The first of these reports shall be filed within 45 days of a final Commission decision in this proceeding and shall cover the calendar year 2020." Consistent with this directive, Public Service filed its first annual report ("2020 WMP Report") on June 1, 2021 in the Wildfire Proceeding. The 2020 WMP Report is provided as Attachment SLJ-1 to my Direct Testimony.

Q. PLEASE SUMMARIZE THE 2020 WMP REPORT FILED IN THE WILDFIRE PROCEEDING ON JUNE 1, 2021.

A. The 2020 WMP Report is the first annual filing to include all of the KPIs (or metrics) required by the Recommended Decision in the Wildfire Proceeding. Although

[15] *Id*.

many 2019 metrics were provided as part of my Direct Testimony in that proceeding,[16] this is the first time that the KPIs related to Vegetation Management, Work Completion, and WCR have been provided. The purpose of the 2020 WMP Report was to update the Commission and stakeholders on the activities the Company undertook in 2020 to support its Commission-approved WMP, and to provide reporting on spending and implementation progress for the various WMP programs and projects. The 2020 WMP Report also provided other wildfire-related tracking and metrics, such as the number of recorded fires, downed wires in the WRZ, and Red Flag Warning days.

Q. ARE THERE ANY TAKEAWAYS YOU WOULD LIKE TO NOTE FROM THE 2020 WMP REPORT?

A. Yes. While I will not repeat here everything contained in the 2020 WMP Report, the 2020 WMP Report shows the progress we have made in effectively implementing the WMP as approved in the Wildfire Proceeding. As the report indicates, our overall WCRs in 2020 for the System Protection and Repair/Replacement programs were 1.13 and 0.99, respectively, showing that we not only maintained a high level of scheduled work completion but also effectively managed WMP budgets in doing so. Additionally, the Company completed 100 percent or nearly 100 percent of all planned wildfire Transmission and Distribution vegetation management activities, as required by the Recommended Decision. The other metrics reported in the 2020 WMP Report further detail how the

[16] *See* Proceeding No. 20A-0300E, Hr. Ex. 102, Attachment SLJ-3, Rev. 1 (filed Aug. 14, 2020).

Company progressed in cost-effectively carrying out its wildfire mitigation activities in 2020.

III. WMP 2019-2022 CAPITAL ADDITIONS

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

A. In this section of my Direct Testimony I describe the Company's WMP capital additions for which it is seeking recovery in this rate case. I then compare how the Company's wildfire-related costs compare to the amounts identified in the Wildfire Proceeding.

Q. WHAT DO YOU RECOMMEND REGARDING RECOVERY OF WMP-RELATED DISTRIBUTION AND TRANSMISSION CAPITAL PLANT ADDITIONS?

A. For capital additions under the Company's WMP, I recommend that the Commission approve base rate recovery for Transmission and incremental Distribution capital additions placed in service and planned to be placed in service since the 2019 Electric Phase I, through December 31, 2022. These costs are reasonable and prudent as they have been incurred to implement the WMP approved in the Wildfire Proceeding. As discussed above, the Recommended Decision emphasized the critical importance of the WMP for preventing wildfires in Colorado.[17] Further, in 2020, the Company exceeded the 90 percent WCR threshold set out by the Recommended Decision, demonstrating that the Company's costs have been prudent because its spending amount has been in line with the total amount of work completed.

[17] *See* Proceeding No. 20A-0300E, Decision No. R21-0109, at ¶ 49 (mailed Feb. 26, 2021) ("There is no question the WMP at issue in the instant case is in the public interest and should and will be approved.").

Q. WHAT ARE THE TOTAL WMP CAPITAL ADDITIONS FROM 2019 TO DECEMBER 31, 2022 THAT PUBLIC SERVICE IS SEEKING TO RECOVER THROUGH THIS RATE CASE?

A. As shown in Table SLJ-D-1 below, in 2019, the Company placed in service $21.9 million of WMP-related capital additions above what was approved for recovery in base rates as part of the 2019 Electric Phase I, and placed $51.7 million in service in 2020. The Company projects $107.7 million in capital additions will be placed in service in 2021, and $79.4 million will be placed in service in 2022. In total, Public Service is seeking to recover $260.6 million in capital additions associated with its WMP as part of this rate case. Attachment SLJ-2 to my Direct Testimony details the Company's capital additions for 2019-2022. Throughout my Direct Testimony, capital additions data from 2019 and 2020 represent actual costs, while 2021 and 2022 capital additions include actual plant in service for January 2021 and budgeted data for the remainder of 2021 and all of 2022.

TABLE SLJ-D-1

Public Service - Total Electric
WMP Capital Additions Budgets
(Dollars in millions)

	2019 Actual	2020 Actual	2021 (January Actual + Forecast)	2022 Forecast	Total*
Distribution Total	23.7	38.8	81.8	43.9	**188.2**
Distribution Authorized in 2019 ERC (capital additions)	(5.7)	0.0	0.0	0.0	**(5.7)**
Transmission	3.8	12.9	26.0	35.5	**78.2**
Total*	**21.9**	**51.7**	**107.7**	**79.4**	**260.6**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.

Q. WHAT ARE THE WILDFIRE CAPITAL ADDITIONS BETWEEN 2019 AND 2022 THE COMPANY IS SEEKING TO RECOVER THROUGH BASE RATES IN THIS PROCEEDING, BROKEN OUT BY PROGRAM?

A. The bulk of the capital additions fall into the Repair and Replace Category and are comprised of Distribution conductor replacement projects, Distribution pole replacements and Transmission major line rebuilds. In addition, the Company has implemented and will continue to implement the Relay Upgrades, which fall under the Protection Category. Table SLJ-D-2 below presents the Company's 2019-2022 WMP capital additions broken out by program, while Tables SLJ-D-3 and SLJ-D-4 further show the breakdown of these costs for Distribution and Transmission, respectively.

TABLE SLJ-D-2

Public Service - Total Electric
WMP Capital Additions by Program
Distribution and Transmission
(Dollars in millions)

	2019 Actual	2020 Actual	2021 (January Actual + Forecast)	2022 Forecast	Total*
Protection	0.0	1.9	8.4	12.9	**23.2**
Repair and Replace	27.6	49.8	99.3	66.5	**243.2**
Distribution Authorized in 2019 Electric Phase I (capital additions)	(5.7)	0.0	0.0	0.0	**(5.7)**
Total*	**21.9**	**51.7**	**107.7**	**79.4**	**260.6**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.

TABLE SLJ-D-3

Public Service - Electric Distribution WMP Capital Additions (Dollars in millions)					
	2019 Actual	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Protection	0.0	1.9	8.4	12.9	**23.2**
Repair and Replace	23.7	36.9	73.3	31.0	**164.9**
Distribution Authorized in 2019 Electric Phase I (capital additions)	(5.7)	0.0	0.0	0.0	**(5.7)**
Total*	**18.0**	**38.8**	**81.8**	**43.9**	**182.4**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.					

TABLE SLJ-D-4

Public Service - Electric Transmission WMP Capital Additions (Dollars in millions)					
	2019 Actual	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Repair and Replace	3.8	12.9	26.0	35.5	**78.2**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.					

Q. PLEASE EXPLAIN WHAT DROVE THE COMPANY'S 2019 DISTRIBUTION WILDFIRE CAPITAL ADDITIONS TO BE ABOVE THE $5.7 MILLION APPROVED IN THE 2019 ELECTRIC PHASE I.

A. In Public Service's Rebuttal Case in the 2019 Electric Phase I, the Company provided a conservative forecast of $5.7 million. However, the Company's actual 2019 Distribution capital expenditures were $35.5 million, with $23.7 million in

capital additions. This increase was due primarily to the Pole Replacement Project, which experienced crew resource challenges and higher than historical market prices for the labor required to replace poles that had failed inspections, as I explained in my Direct and Rebuttal Testimonies in the Wildfire Proceeding.[18]

Q. CAN YOU ELABORATE?

A. Yes. In 2019, crew costs increased due to the high demand driven by hurricanes and California wildfires that occurred that year; as a result, the Company experienced severe crew shortages, and at the time of the 2019 Electric Phase I filing it was uncertain if it would be able to obtain sufficient contractor crews to carry out the required pole replacement work. Consequently, the Company revised its replacement target from 3,800 poles at an estimated historical cost of $7,000 per pole in its direct case (for a total of $26.6 million), to a much more conservative 560 poles in its rebuttal case. The Company was ultimately able to increase its crew counts later in 2019 but had to pay higher market rates to do so, resulting in more poles being replaced, and at a higher cost per pole than the Company had anticipated in its Rebuttal Case.

Q. WHAT WERE THE MAIN DRIVERS OF THE COMPANY'S 2020 WILDFIRE CAPITAL ADDITIONS?

A. On the Distribution side, within the Repair and Replace category, pole replacements were the most significant driver of spend at $35.7 million due to

[18] Proceeding No. 20A-0300E, Hr. Ex. 102, Direct Testimony of Sandra L. Johnson, Rev. 1, at 69:3 – 70:13; Proceeding No. 20A-0300E, Hr. Ex. 107, Rebuttal Testimony of Sandra L. Johnson, at 41:21 – 42:19.

3,750 pole replacements. On the Transmission side, also within the Repair and Replace category, the largest portion of the spend, $11.1 million, was attributed to the 211 defect corrections completed.

Q. PLEASE DESCRIBE THE MAIN DRIVERS OF THE COMPANY'S PROJECTED 2021 AND 2022 WILDFIRE CAPITAL ADDITIONS.

A. For Distribution, the majority of the $125.7 million is driven by three projects within the Repair and Replace and Protection categories: (1) Conductor Replacements, (2) Pole Replacements and (3) Relay Upgrades. The remaining Distribution capital additions will be driven by equipment upgrades. Table SLJ-D-5 below summarizes the planned plant additions associated with the Repair and Replace and Protection Programs.

TABLE SLJ-D-5

Public Service - Electric Distribution
WMP Capital Additions
(Dollars in millions)

Program Area	Mitigation Activity	2021	2022	Total
Repair and Replace	Conductor Replacement	21.6	16.6	38.2
Repair and Replace	Pole Replacement	49.9	13.2	63.1
Repair and Replace	Equipment Upgrade	1.8	1.3	3.1
Protection	Substation Communication	0.6	0.2	0.8
Protection	Substation Relay Upgrades	5.8	12.7	18.5
Protection	Reclosers	1.3	0.0	1.3
Protection	Recloser Communication	0.7	0.0	0.7
Total*	**All**	**81.8**	**43.9**	**125.7**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.

The Transmission Capital additions in 2021 and 2022 of $60.5 million are driven primarily by the Major Line Rebuild projects. The Company is forecasting to in-service approximately 42 miles of transmission related to the Uintah-Fruita

and Alamosa-Antonito 69 kilovolt ("kV") lines in 2022. In addition, in 2021, engineering will begin on future major line rebuild projects such as the Mitchell Creek-Rifle + Shoshone 69 kV line segment and the Ute Rifle - Cameo 69 kV line. Table SLJ-D-6 below summarizes the Transmission Major Line Rebuild program and projected 2021-22 capital additions.

TABLE SLJ-D-6

Public Service - Electric Transmission **WMP Capital Additions** (Dollars in millions)				
Program Area	**Mitigation Activity**	**2021**	**2022**	**Total**
Repair and Replace	Major Line Rebuilds	17.1	35.0	52.1
Repair and Replace	Defect Corrections	8.0	0.5	8.5
Total*	**All**	**25**	**35.5**	**60.5**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.				

Table SLJ-D-7 below provides a summary of the Company's largest budget drivers for the planned 2021 and 2022 Transmission Line Major Rebuilds.

TABLE SLJ-D-7

Project	**Voltage**	**Approx. Mileage**	**Scope**	**Estimated Project Cost Capital Additions (in millions)**	**Projected Completion Year**
6905 Villa Grove – Poncha Rebuild	69 kV	15 miles	Complete rebuild of a 69 kV line between Villa Grove to Poncha Junction (Including the Mears Junction Tap but excluding the 6905-12S and 6905-12N section where the structures are newer).	$5.9	2021
6935 Alamosa – Mosca Rebuild	69 kV	18 miles	Complete rebuild of a 69 kV transmission line between Mosca Junction and Alamosa Switchyard.	11.2	2021

Project	Voltage	Approx. Mileage	Scope	Estimated Project Cost Capital Additions (in millions)	Projected Completion Year
6683 Uintah – Fruita Rebuild	69 kV	3 miles	Complete rebuild of a 69 kV circuit between Uintah and Fruita substations. This is a radial line, therefore may need to build on new ROW if unable to secure the outage to rebuild in place.	2.4	2022
6914 Alamosa – Antonito Rebuild	69 kV	39 miles	Complete rebuild of a 69 kV circuit between Alamosa and Antonito substations. This is a radial line, therefore may need to build on new ROW if unable to secure the outage to rebuild in place.	20.0	2022
6670 Rifle – Cameo Rebuild (Bluestone Valley Expansion)	69 kV/230 kV	N/A	The proposed alternative to rebuild 6670 Rifle – Cameo Rebuild (now two separate lines: 6670 Rifle – Bluestone Valley and 6672 Bluestone Valley – Cameo after Bluestone Valley was in serviced) is to build out Bluestone Valley substation to bring in a new 230 kV feed into the substation from a 230 kV transmission line, 5509 Parachute – Cameo that's about 0.5 mile way form the substation. This will allow the retirement of Line 6672 Bluestone Valley – Cameo, which is located in the rugged terrains of Debeque canyon, instead of rebuilding in-place at a premium cost. This capital addition is just for the substation expansion and 230 kV connection portion of the 6670 line rebuild project (WBS A.0001656.002-009)	12.6	2022

Q. ARE THE CAPITAL AMOUNTS PRESENTED ABOVE FOR 2019-2022 THE SAME AS THOSE THE COMPANY PRESENTED FOR COMMISSION REVIEW IN THE WILDFIRE PROCEEDING?

A. No. The Company's wildfire budgets and forecasts in the Wildfire Proceeding were presented in terms of capital expenditures, whereas the amounts above represent capital additions going into service through the FTY and therefore differ from the numbers presented in the Wildfire Proceeding. I discuss this in more detail in the next section of my Direct Testimony.

IV. COMPARISON OF 2019-2022 WMP CAPITAL EXPENDITURES TO THE COMPANY'S PREVIOUSLY APPROVED WMP CAPITAL EXPENDITURES

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

A. Here, I discuss how the Company's wildfire spend through 2022 compares to the budgets and forecasts recently approved for deferred accounting treatment in the Recommended Decision in the Wildfire Proceeding, and discuss drivers of any variances. In doing so, I present the Company's WMP capital expenditures from 2019-2022, as the budgets and cost estimates presented in the Wildfire Proceeding were presented in terms of capital expenditures, rather than capital additions.

Q. PLEASE EXPLAIN HOW THE WILDFIRE COSTS THE COMPANY IS SEEKING TO RECOVER IN THIS PROCEEDING DIFFER FROM THE BUDGETED COSTS PRESENTED IN THE WILDFIRE PROCEEDING.

A. In the Wildfire Proceeding, Public Service presented its wildfire budgets and forecasts in terms of capital expenditures, whereas in this rate case, the Company is seeking to recover capital additions associated with capital projects that have gone, or are forecasted to go in service through the FTY period. In order to provide an apples-to-apples comparison between the budgets and projections presented in the Wildfire Proceeding and the costs Public Service is seeking to recover through base rates in this proceeding, I discuss the Company's wildfire capital expenditures associated with projects it is seeking recovery for in this proceeding, which are detailed in Attachment SLJ-3 to my Direct Testimony.

Q. WHAT ARE SOME OF THE FACTORS THAT DISTINGUISH CAPITAL EXPENDITURES AND CAPITAL ADDITIONS FROM A BUDGETING AND PLANNING PERSPECTIVE?

A. As Company witness Ms. Laurie J. Wold discusses in more detail in her Direct Testimony, the primary distinguishing factor between capital additions and capital expenditures is that capital additions include Allowance for Funds Used During Construction ("AFUDC") whereas capital expenditures do not. Practically speaking, for many of our projects that span multiple years, this means that forecasted capital expenditures will be higher than the capital additions. For example, we may purchase materials for the project in advance of construction to ensure long lead items are available. This will result in capital expenditure budgets exceeding capital addition budgets for multi-year projects. The capital expenditures occur in those years while the capital additions that include AFUDC would occur only in the final year.

Q. PLEASE DISCUSS THE INCREMENTAL WMP-RELATED CAPITAL EXPENDITURES THE COMPANY HAS MADE AND/OR PROJECTS IT WILL MAKE BETWEEN 2019 AND 2022.

A. As shown below in Table SLJ-D-8, the Company incurred actual WMP-related capital expenditures of $42.8 million in 2019 (including the amount of capital expenditures authorized for recovery through base rates for 2019 in the 2019 Electric Phase I) and $66.1 million in 2020. Comparing this amount with the Table SLJ-D-6 in my Direct Testimony in the Wildfire Proceeding, the Company's actual

2020 wildfire spend was less than originally anticipated (approximately $66 million versus $72 million).

TABLE SLJ-D-8

Public Service - Total Electric WMP Capital Expenditures Budgets (Dollars in millions)					
	2019 Actual**	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Distribution	35.5	50.0	87.5	46.9	**220.0**
Transmission	7.2	16.1	27.5	57.4	**108.2**
Total*	**42.8**	**66.1**	**115.0**	**104.3**	**328.2**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding. ** Includes capital additions of $5.7 million included in base rates as authorized in 2019 Electric Phase I.					

Table SLJ-D-9 below breaks down the Company's 2019-2022 Wildfire capital expenditures by program.

TABLE SLJ-D-9

Public Service - Total Electric WMP Capital Expenditures Budgets by Program (Dollars in millions)					
Program	**2019 Actual****	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Community and Development	0.0	0.0	0.1	0.1	**0.2**
Inspection and Modeling	0.7	2.8	0.1	0.1	**3.7**
Protection	0.4	5.1	7.5	11.9	**24.9**
Repair and Replace	41.6	58.2	107.3	92.3	**299.5**
Total*	**42.8**	**66.1**	**114.9**	**104.2**	**328.2**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding. ** Includes capital additions of $5.7 million included in base rates as authorized in the 2019 Electric Phase I.					

Q. HOW DO THE COMPANY'S 2019-2022 WILDFIRE CAPITAL EXPENDITURES PRESENTED HERE VARY FROM THE 2019-2022 WILDFIRE CAPITAL EXPENDITURES PRESENTED IN THE WILDFIRE PROCEEDING?

A. Tables SLJ-D-10 and SLJ-D-11 below reflect how the Company's wildfire capital expenditures for 2019-2022 presented in this proceeding vary from the capital expenditure budgets included in the Wildfire Proceeding.

TABLE SLJ-D-10

Public Service - Total Electric WMP Incremental Capital Expenditures Budgets Variance from Wildfire Proceeding (Dollars in millions)					
	2019 Actual	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Distribution*	0.0	(5.6)	0.0	4.9	**(0.7)**
Transmission	0.0	(0.7)	(21.5)	0.0	**(22.2)**
Total*	**0.0**	**(6.3)**	**(21.5)**	**4.9**	**(22.9)**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.					

TABLE SLJ-D-11

Public Service - Total Electric WMP Incremental Capital Expenditures Budgets Variance from Wildfire Proceeding by Program (Dollars in millions)					
Program	**2019 Actual**	**2020 Actual**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Inspection and Modeling	0.0	2.0	0.0	0.0	**2.0**
Protection**	0.0	(4.2)	0.0	4.9	**0.8**
Repair and Replace	0.0	(4.2)	(21.5)	0.0	**(25.7)**
Total*	**0.0**	**(6.3)**	**(21.5)**	**4.9**	**(22.9)**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.					

Q. COULD YOU BREAK THE TOTAL EXPENDITURES DOWN BY TRANSMISSION AND DISTRIBUTION?

A. Yes. Tables SLJ-D-12 and SLJ-D-13, below, break down the Company's WMP incremental capital expenditure variances by program and year.

TABLE SLJ-D-12

Public Service - Electric Distribution WMP Incremental Capital Expenditures Budgets Variance from Wildfire Proceeding by Program (Dollars in millions)					
Project	**2019 Actuals**	**2020 Actuals**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Inspection and Modeling	0.0	2.0	0.0	0.0	**4.1****
Protection	0.0	(4.1)	0.0	4.9	**0.8**
Repair and Replace	0.0	(3.5)	0.0	0.0	**(3.6)**
Total*	**0.0**	**(5.6)**	**0.0**	**4.9**	**(0.7)**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.
** Note that approximately $2 million of the $4.1 million associated with the pole inspection and replacement program is assigned to Distribution for purposes of the Company's Cost of Service. This variance is driven by capitalization policy changes that impacted capital costs associated with both Distribution and Wildfire pole replacements.

TABLE SLJ-D-13

Public Service - Electric Transmission WMP Incremental Capital Expenditures Budgets Variance from Wildfire Proceeding by Program (Dollars in millions)					
Project	**2019 Actuals**	**2020 Actuals**	**2021 (January Actual + Forecast)**	**2022 Forecast**	**Total***
Inspection and Modeling	0.0	0.0	0.0	0.0	**(0.1)**
Protection	0.0	0.0	0.0	0.0	**(0.0)**
Repair and Replace	0.0	(0.7)	(21.5)	0.0	**(22.1)**
Total*	**0.0**	**(0.7)**	**(21.5)**	**0.0**	**(22.2)**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.

Q. PLEASE EXPLAIN WHAT FACTORS ARE DRIVING THESE VARIANCES.

A. The main factors driving these variances, by program are summarized below:

Inspection and Modeling: Public Service experienced a $2 million increase for this program in 2020 as a result of a Capital Asset Accounting ("CAA") policy change made in the third quarter of last year that applied to all Distribution and Wildfire Distribution pole replacements. As noted in the Table SLJ-D-12, this figure has been assigned to the Company's Distribution Business Area for purposes of developing its Cost of Service. Also, the Distribution Open Wire Secondary Quantification project came in under original estimates.

Protection: Public Service experienced a $4.1 million decrease for this program in 2020 because deviations from standard relaying were required to accommodate implementation of High Impedance Fault detection and the upgrades could not move forward prior to new relay settings being issued. Public Service forecasts a $4.9 million increase for this program in 2022 because of the delays in 2020 progress shifting work into the future and because of further scope refinement. Based on site visits to the substations, it was determined that additional communication and interruption device upgrades will be required to support the wildfire prevention functionality of the protection systems.

Repair and Replace: Public Service experienced a $4.2 million decrease for this program in 2020 largely due to the Distribution Pole Replacement project. The cost per unit was four percent lower than original estimates ($11,500 per pole vs. an estimated $12,000 per pole) in addition to coming in at 97 percent of completion targets (3697 vs. 3800 poles replaced). For Transmission, the Major Line Rebuild projects continued to progress through the life-cycle process and estimates were revised resulting in a decrease of $4.5 million. However, the High

Priority Defect Corrections actual costs were higher than estimated, resulting in a net capital decrease of $0.7 million.

In 2021, Public Service anticipates a $21.5 million decrease in Transmission spend due to both a forecasted reduction in spend for the Transmission Major Line Rebuilds and Priority Defect Corrections. The Major Line Rebuilds accounts for a $17.4 million reduction as a result of revised scopes and estimates based on field assessments, detailed surveys, and the identification of a more economical and forward-looking alternatives. In addition, the originally proposed construction sequence and schedules have been modified to accommodate outage availability, increased permitting, or easement improvement needs as well as other seasonal constraints such as hunting, high load demand and weather. These changes are not expected to affect the proposed in-service dates at this time.

The Priority Defect Corrections estimates were also decreased in 2021 as a result of some defects that were originally targeted for replacement being pushed back and combined with future routine asset renewal projects outside the scope of the WMP. The Company has field-verified that these defects were non-priority with sufficient remaining life to allow incorporation into future renewal projects. Combining non-priority defects into future renewal projects will result in more cost effective risk mitigation.

Q. WILL THESE VARIANCES IMPACT THE COMPANY'S PROJECTED 2023-2025 WMP SPEND?

A. Yes. As shown in the table below, the Company is forecasting a net decrease of $7 million through 2025. As discussed previously, within the System Protection

Program, the Relay Upgrade project has shifted and had scope modifications, impacting both 2022 and 2023. In 2024, the Transmission Major Line Rebuilds have additional reductions based on the reasons mentioned previously. Specifically, the Mitchell Creek to Rifle and Shoshone to Glenwood Springs Rebuild (Line 6584) and the Rifle to Cameo 69 kV Rebuild (Line 6670) have refined scopes and construction sequences resulting in reduced cost estimates, but maintain planned in-service dates.

TABLE SLJ-D-14

Public Service - Total Electric **WMP Incremental Capital Budgets Variance from Wildfire Proceeding** (Dollars in millions)				
	2023	**2024**	**2025**	**Total***
Distribution*	11.8	0.0	0.0	**11.8**
Transmission	1.7	(21.0)	0.5	**(18.8)**
Total*	**13.5**	**(21.0)**	**0.5**	**(7.0)**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.				

V. WILDFIRE MITIGATION O&M

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

A. In this section of my Direct Testimony I describe the Company's O&M costs incurred to support the WMP as well as forecasted wildfire mitigation O&M levels going forward, and discuss how these compare to the levels currently recovered in base rates. I also discuss and support the Company's proposed FTY O&M for wildfire mitigation activities.

Q. FOR O&M COSTS, WHAT TEST YEAR DOES THE COMPANY PROPOSE FOR WILDFIRE O&M EXPENSES?

A. The Company proposes using its projected costs for 2022 as the basis for the FTY O&M for WMP-related O&M expenses. Public Service is proposing to base rates for its wildfire mitigation activities using 2022 projected O&M levels because these are the levels that we believe are most representative of Wildfire O&M activities on a going-forward basis.

Q. WHAT ARE THE TYPES OF O&M COSTS THE COMPANY INCURS TO SUPPORT ITS WMP?

A. O&M expenditures are required across all programs to support the WMP. The largest drivers of O&M continue to fall under the Inspection and Modeling and Vegetation Management categories, but the Community and Development, Repair and Replace, and Protection programs have O&M components as well. I present the breakdown of these O&M costs by program later in my Direct Testimony.

Q. WHAT IS THE LEVEL OF WILDFIRE O&M CURRENTLY IN BASE RATES?

A. Public Service is currently recovering $5 million in O&M to support its Transmission and Distribution wildfire mitigation activities, broken down as follows:

TABLE SLJ-D-15

Public Service - Total Electric WMP O&M Included in Base Rates (Dollars in millions)	
	Included in Base Rates
Distribution	2.4
Transmission	2.7
Total*	**5.1**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.	

Because the Company's WMP began in 2019, these levels are based on the Wildfire O&M levels agreed to as part of the 2019 Wildfire Settlement Agreement rather than on the 2018 Historical Test Year used elsewhere in the 2019 Electric Phase I.

Q. HAS THE LEVEL OF O&M AGREED TO IN THE 2019 ELECTRIC PHASE I BEEN REPRESENTATIVE OF WILDFIRE O&M ON A GOING FORWARD BASIS?

A. No. The level agreed to in the 2019 Electric Phase I has not been representative of Wildfire O&M, and we do not expect it to be representative of Wildfire O&M on a going-forward basis. This is because the Company's WMP programs were still in development and ramping up when we presented our first WMP in the 2019 Electric Phase I. Since 2019 we have continued to develop and refine the WMP based on emerging industry best practices and our own growing familiarity with

wildfire risk mitigation, and the WMP's scope and forecasted budgets have been refined accordingly. Forecasted O&M expenses have also evolved based on our negotiation and finalization of external labor contracts necessary to implement the WMP, which I discuss later in my Direct Testimony. As a result of these factors, going forward O&M is expected to be above the early levels reflected for 2019 and 2020.

Q. IN LIGHT OF THESE CONCERNS, WHAT IS PUBLIC SERVICE'S O&M PROPOSAL IN THIS RATE CASE?

A. Public Service is proposing to set Wildfire O&M levels based on its 2022 forecasted O&M spend. Table SLJ-D-16 below breaks down the Company's Wildfire O&M by Transmission and Distribution, reflecting what is currently in base rates, what the Company's 2020 actual O&M[19] was, what its 2021-2025 O&M is projected to be, and thus why the 2022 level is a reasonable basis on which to set rates going forward.

[19] Attachments SLJ-4 and SLJ-5 provide an accounting of the 2020 Wildfire O&M expenses by Cost Element and by FERC account respectively.

TABLE SLJ-D-16

Public Service - Total Electric WMP O&M Budgets (Dollars in millions)							
	Base Rates**	**2020 Actual**	**2021 Forecast**	**2022 Forecast**	**2023 Forecast**	**2024 Forecast**	**2025 Forecast**
Distribution	2.4	5.0	6.4	6.5	7.7	7.7	7.7
Transmission	2.7	0.6	0.9	0.9	1.0	1.0	1.0
Total*	**5.1*****	**5.6**	**7.3**	**7.5**	**8.6**	**8.6**	**8.6**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.
**Included in base rates as a result of the 2019 Wildfire Settlement Agreement.
***Actual spend for 2019 was $6.0 million.

Q. COULD YOU PROVIDE A BREAKDOWN OF THE COMPANY'S ACTUAL 2020 WILDFIRE O&M BY PROGRAM, AS WELL AS ITS PROJECTED O&M GOING FORWARD?

A. Yes. Tables SLJ-D-17 and SLJ-D-18 below provide this information by program for both Distribution and Transmission, respectively, through 2025.

TABLE SLJ-D-17

	Public Service - Total Electric WMP O&M Budgets by Program - Distribution (Dollars in millions)						
Project	**Base Rates**	**2020 Actual**	**2021 Forecast**	**2022 Forecast**	**2023 Forecast**	**2024 Forecast**	**2025 Forecast**
Community and Development	0.0	0.1	1.3	1.3	1.3	1.3	1.3
Inspection and Modeling	1.9	1.5	2.4	2.8	2.8	2.8	2.8
Protection	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Vegetation Management	0.2	1.9	1.5	1.5	2.2	2.2	2.2
Repair and Replace	0.2	1.5	1.1	0.9	1.4	1.4	1.4
Total*	**2.4**	**5.0**	**6.4**	**6.5**	**7.7**	**7.7**	**7.7**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.

TABLE SLJ-D-18

	Public Service - Total Electric WMP O&M Budgets by Program - Transmission (Dollars in millions)						
Project	**Base Rates**	**2020 Actual**	**2021 Forecast**	**2022 Forecast**	**2023 Forecast**	**2024 Forecast**	**2025 Forecast**
Inspection and Modeling	1.3	0.4	0.4	0.4	0.4	0.5	0.5
Vegetation Management	0.6	0.1	0.4	0.4	0.4	0.4	0.4
Repair and Replace	0.8	0.1	0.1	0.1	0.1	0.1	0.1
Total*	**2.7**	**0.6**	**0.9**	**0.9**	**1.0**	**1.0**	**1.0**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.							

Q. PLEASE DISCUSS THE MAIN DRIVERS OF THE COMPANY'S INCREMENTAL WILDFIRE O&M EXPENSES DURING THE PERIOD FROM THE 2019 ELECTRIC PHASE I TO THE 2022 FTY.

A. As shown in Table SLJ-D-16 above, the Company's incremental O&M expenses are predominantly incurred for Distribution projects. Additionally, as reflected in Tables SLJ-D-17, and SLJ-D-18, the incremental O&M expenses fall into five categories of projects: (1) Community and Development; (2) Inspection and Modeling; (3) Protection; (4) Vegetation Management; and (5) Repair and Replace. The largest incremental O&M expense in any one category is for Inspection and Modeling, driven primarily by a new overhead inspection program beginning in 2022 as well as a continuation of the Wind Strength Review and Clearance project. The Company's expanded Vegetation Management projects are also labor intensive, resulting in the second-highest incremental O&M expenses across the different WMP programs. The third-highest spending

category is the Community and Development program, resulting from budgets associated with various initiatives that further the protection of our communities. These projects include bringing on wildfire experts to inform our Plan, consultants to help facilitate town hall meetings and other communications to the public, studies such as the one conducted by the Forest Stewards Guild, and expenses that may be associated with risk modeling software costs. These costs can also support local community initiatives to prevent wildfires.

Q. HOW DID THE COMPANY'S 2020 ACTUAL WILDFIRE O&M AND 2022 PROJECTED WILDFIRE O&M COMPARE TO THE LEVELS PRESENTED IN THE WILDFIRE PROCEEDING?

A. Tables SLJ-D-19 and SLJ-D-20 below show the variance in the Company's 2020 actual O&M and 2022 forecasted O&M for Distribution and Transmission from the levels presented in the Wildfire Proceeding, broken down by program. As reflected in the tables, for Distribution, we are projecting that our 2022 O&M will be consistent with the levels presented in the Wildfire Proceeding. For Transmission, based on 2020 actuals, we've adjusted the 2022 O&M to $0.9 million from the $2.0 million presented in the Wildfire Proceeding.

TABLE SLJ-D-19

Public Service - Electric Distribution WMP Incremental O&M Budget Variance from Wildfire Proceeding Levels (Dollars in millions)			
Project	**2020 Actuals**	**2021**	**2022**
Community and Development	(0.8)	0.0	0.0
Inspection and Modeling	(2.0)	0.0	0.0
Protection	(0.6)	0.0	0.0
Vegetation Management	0.5	0.0	0.0
Repair and Replace	0.3	0.0	0.0
Total*	**(2.7)**	**0.0**	**0.0**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.			

TABLE SLJ-D-20

Public Service - Electric Transmission WMP Incremental O&M Budget Variance from Wildfire Proceeding Levels (Dollars in millions)			
Project	**2020 Actuals****	**2021**	**2022**
Inspection and Modeling	(1.0)	(1.0)	(1.0)
Vegetation Management	(0.3)	0.0	0.0
Repair and Replace	(0.2)	(0.2)	(0.2)
Total*	**(1.5)**	**(1.2)**	**(1.2)**
* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.			

Q. WHY WERE PUBLIC SERVICE'S 2020 WILDFIRE O&M EXPENSES BELOW THE LEVELS PROJECTED IN THE WILDFIRE PROCEEDING?

A. For Distribution, the biggest driver was the change in the CAA policy for the groundline intrusive pole assessments mentioned as part of the capital discussion above. This will only impact 2020 and 2021 as the groundline intrusive pole assessments will conclude by mid-year 2021. The second biggest driver was a decrease in spend in the Community and Development program. The

Technosylva pilot program contract execution was delayed in 2020 and those project dollars will be spent in 2021.

For Transmission, the Visual Inspection program was able to complete the targeted mileage (approximately 2,900 miles) for a decreased spend as a result of some of the work being done in conjunction with other capital projects, optimizing crew usage. The Defect Correction program also came in under budget as a result of many of the smaller components that were previously charged to O&M now being charged to capital. And finally, Transmission Vegetation Management also came in under budget by approximately $0.3 million, while still meeting program targets. The Company has adjusted the Transmission O&M forecasts based on 2020 Actuals and forecasted 2021 spend. While the programs remain the same, until the inspections are completed, it is unknown what the defect corrections will cost.

Q. DO YOU CONCLUDE THAT 2022 FTY O&M LEVELS ARE A REASONABLE BASIS ON WHICH TO ESTABLISH O&M COSTS FOR THE COMPANY'S WMP IN THIS RATE CASE?

A. Yes. With respect to Wildfire Distribution O&M, as shown in the tables above, our 2022 FTY levels are in line with the forecasts recently reviewed and approved in the Wildfire Proceeding. Moreover, we expect Public Service's 2022 FTY O&M levels are reasonable and prudent levels on which to set base rates on a going forward basis. Given that we expect Wildfire Distribution O&M to increase in 2023-2025, the 2022 FTY will establish a conservative basis on which to set electric rates going forward. With respect to Wildfire Transmission O&M, our current

forecast shows a slight decrease in O&M from the levels presented in the Wildfire Proceeding, and we expect a very small increase in Wildfire Transmission O&M from 2023-2025. For these reasons, Public Service's 2022 FTY Wildfire O&M levels are reasonable and prudent levels on which to set base rates on a going forward basis.

Q. IS THE COMPANY'S PROPOSED O&M LEVEL REASONABLE AND NECESSARY TO CARRY OUT THE WMP EFFORTS YOU DESCRIBED ABOVE?

A. Yes. These O&M expenses are necessary to ensure that the Company is able to complete the WMP projects identified above, which will reduce wildfire risks for the Company's customers and Colorado as a whole, while also ensuring the Company's continued ability to deliver safe and reliable electric service to our customers. Specifically, the majority of the planned O&M work falls into the Inspection and Modeling category and will allow the Company to continue wind strength and loading analysis. Additionally, the expense will support implementing new visual inspections in 2022 that will cover approximately one-third of the Distribution feeders by either foot, drone, helicopter, or a combination thereof, to identify potential imminent hazards or defects that could lead to an ignition.

The Vegetation Management O&M planned in 2022 will allow for additional pole brushing on approximately 4,000 distribution poles and incremental Mountain Hazard Tree program and Secondary line clearance vegetation management activities. And finally, the O&M forecasted in the Community and Development category is allocated for further Risk Model development and studies, as well as

wildfire mitigation consulting expertise. Please see Attachment SLJ-3 for detailed breakdowns of spend by program.

Q. ARE THE 2022 FTY WILDFIRE MITIGATION O&M LEVELS PRESENTED ABOVE INCLUDED IN THE COMPANY'S GENERAL DISTRIBUTION AND TRANSMISSION O&M LEVELS PRESENTED BY OTHER COMPANY WITNESSES IN THIS PROCEEDING?

A. No, they are not.

Q. HOW DOES THE COMPANY ENSURE THAT THERE IS NO DOUBLE COUNTING BETWEEN GENERAL O&M EXPENSES FOR TRANSMISSION AND DISTRIBUTION AND THE INCREMENTAL O&M ACTIVITIES UNDERTAKEN AS PART OF THE WMP?

A. For Distribution related WMP expenses, the Company ensures that there is no O&M double counting based in significant part on the fact that it is employing external labor for most of these activities and has removed all internal labor from eligible WMP O&M. Further, the O&M that is from this outsourced work is tracked and charged to specific WMP Work Breakdown Structures ("WBS") accounting, which leaves no ambiguity about the source of costs or opportunity for double counting because Public Service is invoiced for all the work. Thus, incremental WMP-related Distribution O&M is separated from the start and there is no risk of double counting. The Recommended Decision concluded that this approach

addresses concerns about O&M double counting.[20] Similarly, all WMP-related Transmission O&M expenses are tracked separately using WBS specifically designated for wildfire mitigation activities.

[20] Proceeding No. 20A-0300E, Decision No. R21-0109, at ¶ 75 (mailed Feb. 26, 2021) ("The undersigned ALJ is persuaded by the recent Commission decisions mentioned by Public Service and given that all incremental O&M was incurred pursuant to contract labor, which [Staff witness] Mr. Camp testified would alleviate Staff's concerns of double recovery.").

VI. RECOMMENDATIONS AND CONCLUSION

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. Consistent with my Direct Testimony above, I recommend that the Commission authorize base rate recovery for the incremental wildfire capital additions the Company has incurred and expects to incur as part of its WMP for the period 2019 to December 31, 2022.

I also recommend that the Commission authorize recovery of the Company's wildfire-related incremental 2022 FTY O&M expenses, as set forth herein.

Q. DOES THIS CONCLUDE YOU DIRECT TESTIMONY?

A. Yes, it does.

Statement of Qualifications

Sandra L. Johnson

Sandra L. Johnson is the Wildfire Mitigation Project Director for Xcel Energy Services. She has been in this position since mid-2019 and is responsible for the management and execution of the Wildfire Mitigation Plan as a whole. This involves leading an extensive cross-functional team and to provide vision and oversight to the Company's wildfire mitigation efforts as we continue to implement and develop long-range solutions to minimizing risk of utility caused wildfire ignitions.

Ms. Johnson has over 17 years of experience in the utility industry, with the majority being in the Transmission area. She has held transmission planning, operations, management and director level roles within the Transmission organization. Sandra managed the expansion planning projects for three operating companies, including Public Service Company of Colorado, Northern States Power, and Southwestern Public Service Company. She led reliability expansion projects, portfolio deliveries, and asset management of the transmission organization.

Ms. Johnson holds a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical Engineering focusing on electric power systems and utility regulations from the Electric Utility Management Program, both from New Mexico State University.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

IN THE MATTER OF ADVICE LETTER NO. 1857-ELECTRIC OF PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO PUC NO. 8-ELECTRIC TARIFF TO REVISE JURISDICTIONAL BASE RATE REVENUES, IMPLEMENT NEW BASE RATES FOR ALL ELECTRIC RATE SCHEDULES, AND MAKE OTHER PROPOSED TARIFF CHANGES EFFECTIVE AUGUST 2, 2021	**PROCEEDING NO. 21AL-_____E**

AFFIDAVIT OF SANDRA L. JOHNSON
ON BEHALF OF
PUBLIC SERVICE COMPANY OF COLORADO

I, Sandra L. Johnson, 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 1 day of July 2021.

Sandra L. Johnson
Wildfire Mitigation Project Director

Subscribed and sworn to before me this 1st day of July, 2021.

Notary Public

My Commission expires 4.22.2024.

DAWN MOFFIT
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084013859
MY COMMISSION EXPIRES APRIL 22, 2024