IN THE MATTER OF THE APPLICATION
OF PUBLIC SERVICE COMPANY OF
COLORADO FOR APPROVAL OF
WILDFIRE MITIGATION PLAN AND
WILDFIRE PROTECTION RIDER

VERIFIED APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO
FOR APPROVAL OF ITS WILDFIRE MITIGATION PLAN
AND WILDFIRE PROTECTION RIDER

In accordance with Rules 1303(a)(II) and 3002 of the Colorado Public Utilities Commission ("Commission"), and the Unopposed Partial Settlement Agreement ("Wildfire Settlement Agreement" or "Agreement") approved by Decision No. C20-0096, Public Service Company of Colorado ("Public Service" or the "Company") respectfully requests Commission approval of its proposed Wildfire Mitigation Plan ("WMP" or "Plan") and Wildfire Protection Rider ("WPR").

More specifically, the Company requests the Commission: (1) approve the Company’s proposed WMP provided in Attachment SLJ-1 as reasonable and in the public interest; (2) authorize Public Service to implement its proposed WPR consistent with the terms and conditions reflected in Attachment BAT-2; (3) approve the Company’s revenue requirement calculation as reflected in Attachment APF-1 (which will be used for the first annual WPR true-up adjustment, as explained below), and approve the Company’s 2021 WPR revenue requirement of $17,185,038 contained in Attachment APF-1; (4) authorize the Company to file a compliance advice letter within
20 days of the effective date of a final order in this proceeding, but on not less than 15
days’ notice, with WPR tariff sheets reflecting all terms and conditions that are approved
as a result of this proceeding; and (5) authorize the Company to defer the expenses
incurred in connection with this proceeding into a regulatory asset without interest until
they are included in the Company’s next Phase I electric rate case. Public Service
additionally requests that if this Application is unopposed, or if no hearing is requested
or all hearing requests are later withdrawn, the Commission grant the Application
without a hearing.

In support of its requested approvals, the Company is including with this
Application the Direct Testimony and accompanying Attachments of the following five
witnesses:

Ms. Brooke A. Trammell, Regional Vice President of Rates and Regulatory
Affairs, Xcel Energy Services Inc. (“XES”). Ms. Trammell is the Company’s lead policy
witness. In support of Public Service’s requested relief, Ms. Trammell recaps what led
the Company to begin developing its WMP, its philosophy behind the WMP, and the
Company’s actions since entering into the Wildfire Settlement Agreement in the
Company’s 2019 Electric Rate Case (Proceeding No. 19AL-0268E). She provides an
overview of the updated, comprehensive WMP, highlighting some of the key actions the
Company is taking and plans to take to mitigate the risk of Company infrastructure
causing wildfire ignition. Ms. Trammell sponsors the Company’s WPR, discussing the
eligible program costs the Company proposes to recover through the WPR, which
include incremental distribution capital additions in 2019 and 2020, and operations and
maintenance ("O&M") expense above what is included in current base rates as well as
distribution capital additions in 2021-2025. Ms. Trammell discusses the policy rationale that supports Commission approval of the WPR, emphasizing the public safety, environmental, and public interest drivers that weigh in favor of a rider. Ms. Trammell sponsors the Company’s illustrative WPR tariff (provided as Attachment BAT-2), explaining the mechanics of the WPR, including its structure, applicability, terms and conditions, and planned reporting, including how the Company plans to procedurally implement the WPR. Finally, Ms. Trammell supports the Company’s request to defer the costs incurred in connection with this proceeding, for potential future cost recovery in a phase I electric rate case.

Ms. Sandra L. Johnson, Wildfire Mitigation Project Director, XES. As the leader of the Company’s Wildfire Mitigation Team, Ms. Johnson sponsors the Company’s WMP, provided as Attachment SLJ-1 to her Direct Testimony. She explains the details of specific programs and costs associated with the WMP, how the Company has selected its planned programs, the Company’s planned timing of implementing the WMP, and how its planned programs will reduce the risk of a wildfire from a utility infrastructure-related ignition. Ms. Johnson also discusses the progress Public Service has made in developing and improving upon the WMP since its 2019 Electric Rate Case. She also explains the role of annual reporting, stakeholder engagement, and community engagement in the WMP and during the five-year WPR period.

Mr. Arthur P. Freitas, Manager of Revenue Analysis, XES. Mr. Freitas discusses the calculation and details of the WPR’s annual revenue requirement and annual true-up mechanism for under- or over-recovery of eligible wildfire mitigation costs. He explains which costs will be included in the annual revenue requirement and
how those costs will be incorporated into the Company's calculations on an annual basis, explaining how the annual revenue requirement will be updated and adjusted over the course of the five-year WPR term, and how the WPR true-up process will work. Mr. Freitas also sponsors the Company’s 2021 WPR revenue requirement of $17,185,038, presented in Attachment APF-1 to his Direct Testimony.

**Mr. Steven D. Rohlwing**, Manager of Asset Risk Management, XES. Mr. Rohlwing explains the Company’s approach to evaluating and determining wildfire risk, as well as the risk modeling and simulation the Company has performed in developing its updated WMP. Mr. Rohlwing sponsors the Company’s Wildfire Risk Model and associated Simulation used in part to develop the WMP.

**Mr. Randy L. Lyle**, Owner and Principal Consultant, Wildfire Mitigation Strategies. Mr. Lyle is an Independent Fire Consultant engaged by the Company to review and develop its WMP. He has over three decades of experience in firefighting and utility wildfire mitigation. Mr. Lyle discusses the prudence of the Company’s WMP, concluding that the proposed WMP is reasonable and prudent, and consistent with good and emerging utility practice in this field.

In support of its requests, Public Service further states as follows:

**I. BACKGROUND**

1. In the wake of major events in California and in response to the growing threat of wildfires in Colorado, Public Service presented its first WMP as part of its 2019 Electric Rate Case, filed on May 20, 2019 in Proceeding No. 19AL-0268E. There, the Company sought rate recovery of incremental distribution capital additions and distribution and transmission O&M associated with its WMP activities. The Company
also requested deferred accounting treatment for its 2020-2023 distribution capital and
distribution and transmission O&M associated with its WMP above the 2019 incremental
O&M levels included in the Company’s cost of service in that proceeding.

2. While stakeholders in that proceeding generally agreed that the Company
should be working to mitigate wildfire risk, it also became clear that some stakeholders
believed additional work was needed to garner full support for the Company’s proposed
WMP activities and associated costs. In the Wildfire Settlement Agreement reached in
the 2019 Electric Rate Case, the Settling Parties agreed that the Company could
recover 2019 wildfire mitigation costs ($5.7 million\(^1\) in 2019 distribution capital additions
and $5 million\(^2\) in 2019 distribution and transmission O&M) in base rates. As part of
that same Agreement, Public Service agreed to hold semi-annual stakeholder meetings
and to make a filing by August 1, 2020 to present its comprehensive WMP. The
Commission found that the Wildfire Settlement Agreement was in the public interest and
approved it without modification by Decision No. C20-0096, mailed February 11, 2020.\(^3\)
Consistent with the Wildfire Settlement Agreement and Decision No. C20-0096, Public
Service is now filing its updated, comprehensive WMP, in conjunction with its request
for approval of the WPR framework to enable the Company to recover eligible costs
associated with its accelerated wildfire mitigation efforts in a timely manner.

\(^1\) The $5.7 million was capital at the end of the test year in the 2019 Electric Rate Case;
however, with the use of a 13-month average rate base, the amount of capital additions
included in base rates is $1.2 million.
\(^2\) The $5 million of O&M is total Company before retail allocation and represents $2.6
million transmission O&M and $2.4 million distribution O&M.
\(^3\) Proceeding No. 19AL-0268E, Decision No. C20-0096, at ¶ 126, ordering ¶ 3 (mailed
Feb. 11, 2020).
3. Since the Commission approved the Wildfire Settlement Agreement, Public Service has continued to refine and expand its wildfire mitigation planning efforts. The Company has further engaged with stakeholders and industry experts to develop a more detailed and updated WMP, provided as Attachment SLJ-1 to the Direct Testimony of Sandra L. Johnson. Over the past year, Public Service has conducted engagement with a diverse set of stakeholders, including the general public, fire departments and first responders, municipalities, counties, and other local jurisdictions, utilities, trade organizations, and regulatory stakeholders. The Company’s updated WMP builds upon its 2019 WMP, taking into account and responding to specific feedback received from stakeholders over the past year, as well as regulatory stakeholders during the 2019 Electric Rate Case, and other lessons learned to date. As a result of this collaboration, the WMP improves on the 2019 WMP in a number of ways, including more sophisticated risk modeling and the addition or progression of several new or expanded programs.

4. In conjunction with implementing its WMP, the Company is seeking approval to recover associated costs through its proposed Wildfire Protection Rider, or WPR, provided in illustrative form as Attachment BAT-2 to the Direct Testimony of Brooke A. Trammell. The WPR, as explained in more detail below, will allow the Company timely recovery of eligible distribution capital expenditures and O&M expense above the level included in base rates through 2025, associated with implementing approved WMP programs and activities.
II. REQUEST FOR APPROVAL OF THE COMPANY’S WMP

5. The WMP includes new, accelerated, and enhanced wildfire mitigation programs that will be carried out through 2025. As explained in detail in Ms. Johnson’s Direct Testimony and Attachment SLJ-1, the Plan’s various programs generally fall under the following categories: (1) accelerated and enhanced equipment inspection, repair, and replacement, system protection and wind strength modeling programs, and asset data gathering; (2) system protection enhancements; (3) expanded and incremental vegetation management; (4) metrics, tracking, and reporting; (5) community and stakeholder outreach; and (6) ongoing assessment of other activities for future consideration.

6. As discussed in Mr. Rohlwing’s Direct Testimony, in developing its WMP the Company has applied rigorous wildfire risk modeling to prioritize mitigation activities and measure each program’s effectiveness at reducing risk to the Company’s system, its customers, and the public at large. The Company’s Wildfire Risk Model will continue to evolve as new technologies emerge, and the Company will continue to evaluate the ways in which it tracks and measures the metrics associated with its WMP.

7. As Mr. Lyle, a wildfire professional with over three decades of experience explains, the field of utility wildfire risk mitigation is an emerging area of research and focus within the utility industry. There is no book on specifically how to do this, and utility wildfire mitigation plans are the product of an emerging field that does not yet have a uniform set of codes and standards. Mr. Lyle finds that the Company’s WMP takes a very pragmatic approach to wildfire risk mitigation, by looking at hazard conditions across the Company’s Colorado service territory, logically defining the areas
of highest risk, then taking reasonable and logical steps to minimize ignition risks, with a focus on the areas of highest potential impact should an ignition occur. Overall, Mr. Lyle concludes that the Company has set forth a reasonable and prudent WMP, which will enhance the safety and reliability of its system and effectively mitigate wildfire risk. Mr. Lyle, along with the Company, recommends that the Commission approve the Company’s WMP as presented in this filing.

III. REQUEST FOR APPROVAL OF THE WPR

8. The activities associated with the Company’s WMP will be critical in the coming years to ensure the safety and reliability of Public Service’s system in the face of the growing threat posed by wildfires in Colorado. When considering the totality of factors from both a ratemaking and policy standpoint, a rider emerges as the best option to recover the WMP costs that the Commission determines to be prudent and therefore is in the public interest and should be approved.

9. From a policy perspective, the Company’s proposed rider and true-up process ensures that actual program costs are being recovered and any over-recoveries would be promptly credited to customers as part of the Company’s annual true-up process. Unlike a rate case, the WPR also presents an opportunity for stakeholders and the Commission to review the Company’s WMP and associated costs on a regular basis over the next five years. The Company’s proposed WPR will facilitate the Company’s wildfire mitigation efforts by ensuring these programs are adequately funded with timely cost recovery. Rider recovery better suits the discrete wildfire mitigation costs addressed in this proceeding, particularly when there appears to be widespread stakeholder support for the Company taking immediate steps to reduce
the risk of wildfire, stakeholder interest in reviewing the WMP activities and costs on a periodic basis, and strong alignment between the WMP and Colorado State policy, as Ms. Trammell explains in her Direct Testimony.

10. Mechanically, the proposed WPR will collect, on an annual basis through 2025, eligible and incremental distribution capital additions and O&M above the level included in base rates related to implementing approved WMP programs and activities. The Company is not proposing recovery of any transmission capital or O&M through the WPR. Similar to the transmission capital additions associated with WMP activities presented in the 2019 Electric Rate Case, transmission capital investment associated with the updated WMP is eligible for recovery through the Transmission Cost Adjustment (“TCA”). Additionally, the forecasted transmission O&M expense associated with the updated WMP programs and activities do not represent a material increase above the amount of transmission-related O&M already included in base rates, and therefore the Company is not requesting recovery of the incremental transmission O&M through the WPR.

11. As explained in Ms. Trammell’s Direct Testimony and summarized in Attachment BAT-1, the WPR will utilize a forecasted estimate of eligible incremental WMP costs to calculate a projected revenue requirement associated with its eligible wildfire mitigation activities. Public Service proposes to revise its projected revenue requirement on an annual basis, through advice letter filings to be made on or before November 15 of each year with an effective date of January 1 of the following year. On or before April 15 of each year, Public Service will file an annual WPR report (“April WPR Report”) detailing the distribution wildfire capital additions and incremental
distribution O&M expense for the preceding calendar year and a comparison of forecasted and actual costs during the same period. As part of the April WPR Report, the Company will also calculate a true-up to adjust for the difference between the revenue the WPR was designed to recover and the actual dollars collected. Each annual true-up will be incorporated into the annual revenue requirement revision filed the following November 15.

12. The revenue requirement will be allocated among customer classes based on established methods used by the Company to allocate distribution-related costs, as described in more detail in Ms. Trammell’s Direct Testimony, and as reflected in Attachment BAT-2 (the Company’s illustrative WPR tariff) and Attachment BAT-4 (WPR class cost allocation, rate design, and bill impacts of the 2021 revenue requirement).

13. Mr. Freitas discusses the revenue requirement and true-up calculations in detail in his Direct Testimony and presents the Company’s projected revenue requirement calculations in Attachment APF-1. The Company’s forecasted 2021 revenue requirement is $17,185,038, which is also contained in Attachment APF-1. Although the Company is presenting illustrative revenue requirements for WMP years 2022 to 2025, it is only requesting approval of its 2021 revenue requirement in this proceeding. The Company will seek approval of future annual projected revenue requirements through its annual November 15 advice letter filings.

14. The Company’s proposed filing timeline described above is similar to other riders, such as the TCA or Pipeline System Integrity Adjustment. After the conclusion of each of the five years the WPR is effective, the annual true-up will be used to reconcile the projected revenue requirement for the previous year to the actual revenue required
for that same year, as well as the difference between revenues the rider was designed to recover any actual dollars collected.

15. The structure of the WPR includes multiple regulatory safeguards to prevent recovery of unreasonable or excessive costs. This includes the annual true-up mechanism, which will correct for any over- or under-recovery of approved costs in a timely manner and refund any surpluses back to customers through the subsequent year’s WPR. Additionally, stakeholders will have a regular opportunity to review the reasonableness and prudence of the various costs incurred implementing the Company’s WMP through the April WPR Report filed concurrently with the annual true-up calculation. Interested parties will also be able to compare actual and forecasted costs and raise any concerns as part of the Company’s ongoing stakeholder engagement included in the WMP. The Company requests the Commission approve the WPR, finding it reasonable and in the public interest.

16. The Company has taken a number of steps to maximize certainty and transparency, while ensuring costs are reasonably contained. Steps Public Service has taken to ensure cost containment include establishment of clearly defined categories of costs that are eligible for recovery; limiting eligible projects for recovery to discrete and clearly defined high-risk assets within the Wildfire Risk Zone (as set forth in Mr. Rohlwing’s and Ms. Johnson’s Direct Testimonies), unless the Commission directs a broader scope; Plan year revenue requirements to be established on an annual basis; and recovery to be subject to an annual true-up to actual costs incurred.
IV. PROCESS FOR APPROVAL OF WPR

17. Although Public Service is not seeking approval to effectuate its illustrative tariff sheets in this Application proceeding, Attachment BAT-2 provides an example of how the Company proposes to implement the WPR through a separate compliance advice letter filing if the Commission approves the Company’s proposals in this proceeding. In its final Commission decision approving the WMP and WPR, Public Service requests the Commission authorize the Company to file a compliance advice letter within 20 days of the effective date of its final order, but on not less than 15 days' notice, with its WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding. While it is not possible to predict exactly when the Commission will issue its final decision, the Company would anticipate an effective date of no later than July 1, 2021 for the WPR tariff sheets. Public Service will not start billing for the WPR until after the applicable WPR tariff is approved. In terms of the 2021 true-up calculation, Public Service will calculate an actual revenue requirement for 2021, and the true-up adjustment will be included in the April 15, 2022 filing with the amounts to be collected or refunded in 2023.

4 310 days from filing on July 17, 2020 (including a maximum 60-day delay to account for notice, intervention, and deeming the Application complete, plus the 250-day statutory timeline for a final Commission Decision) is May 23, 2021 (which is a Sunday). Assuming a 20-day period for the filing of a compliance advice letter, this advice letter would be filed on or before June 14 (given June 12 is a Saturday). Filing on 15 days' notice is July 30, which would allow for a July 1, 2021 effective date. Note that these dates are hypothetical based on the maximum projected timeline for a final Commission Decision, and may be revised at a later date to reflect the actual timeline in this proceeding.
18. Subsequently, the Company will follow the implementation timeline set forth above and in Ms. Trammell’s Direct Testimony.

V. REQUEST FOR DEFERRED ACCOUNTING

19. Pursuant to §§ 40-3-101 and -102, C.R.S., the Commission has broad authority to regulate rates and enter accounting orders where appropriate, including providing for cost deferral should it deem such accounting treatment necessary. Consistent with this authority, Public Service requests that the Commission enter an accounting order authorizing it to defer costs incurred in this proceeding, to be presented for review and cost recovery in the Company’s next Phase I electric rate case.

20. During the course of this proceeding, Public Service expects it will incur expenses related to outside legal counsel, customer noticing, and hearing costs. As set forth in more detail in Ms. Trammell’s Direct Testimony, all of these costs are reasonable and necessary expenses required for this proceeding. The Company therefore requests that it be authorized to defer these costs to a regulatory asset without interest for future review and cost recovery.

VI. NOTICING

21. Rule 1207 directs the Company to provide notice to its customers regarding proposed rate changes and impacts on customers. While the Company is not seeking express approval of rate changes via its Application in this proceeding and Rule 1207 does not apply to this Application, it is proposing to file a compliance tariff filing via Advice Letter on less than statutory notice following the Commission’s decision approving the Company’s Application in this proceeding, in which case the
Commission’s noticing requirements will apply. Thus, the Company will be required to, and plans to, notice its compliance Advice Letter filing that will seek approval for the resulting WPR tariffs to go into effect consistent with applicable Commission rules. In the interests of transparency, the Company notes it will be sending an email to its customers to explain what the Company is requesting in this Application with a link to this filing.

VII. ADDITIONAL INFORMATION REQUIRED BY COMMISSION RULES 3002(b) AND 3002(c)

22. In support of this Application, Public Service provides the following information required by Rule 3002 of the Commission’s Rules Regulating Electric Utilities, 4 CCR 723-3-3002.

23. **Rule 3002(b)(I):** Public Service is an operating public utility subject to the jurisdiction of this Commission, engaged, *inter alia*, in the Transmission, Distribution, and purchase of electricity and gas in various areas in the State of Colorado. The name and address of the Applicant is:

   Public Service Company of Colorado
   1800 Larimer Street, Suite 1100
   Denver, Colorado 80202-5533

24. **Rule 3002(b)(II):** All operations conducted by the Company in Colorado are conducted under the name of Public Service Company of Colorado, under the trade name of Xcel Energy.

25. **Rule 3002(b)(III):** Please send copies of all inquiries, notices, pleadings, correspondence, and other documents regarding this Application to:
26. **Rule 3002(b)(VII):** In lieu of the separate statements required by subparagraphs (b)(IV) through (VI) of Rule 3002, Public Service states that it has read, and agrees to abide by, the provisions of subparagraphs (b)(IV) through (VI) of this rule.

27. **Rule 3002(b)(VIII):** Public Service’s existing operations and general service areas in Colorado are set forth in the Company’s tariffs on file with the Commission.

28. **Rule 3002(b)(IX) and 3002(c):** Pursuant to 3002(c) of the Commission’s Electric Rules, Public Service hereby incorporates by reference the following
information required by Rule 1310, which is on file with the Commission in Proceeding No. 06M-525EG:

   a. A copy of Public Service’s Amended Articles of Incorporation, which was last filed on October 3, 2006;

   b. The name, business address and title of each of Public Service’s officers and directors, which was last filed on March 31, 2020;

   c. The names and addresses of affiliated companies that conduct business with Public Service, which was last filed on March 31, 2020;

   d. The name and address of Public Service’s agent for service of process, which was last filed on March 31, 2020; and

   e. A copy of Public Service’s most recent audited balance sheet, income statement, and statement of retained earnings which was last filed on March 31, 2020.

29. **Rule 3002(b)(X):** Public Service requests that if the Commission determines that a hearing on this Application is necessary, it be held at the Commission’s offices in Denver, Colorado.

30. **Rule 3002(b)(XI):** In lieu of the separate statements required by subparagraphs (b)(XI)(A) through (C) of this rule, consistent with subparagraph (b)(IX)(D) Public Service acknowledges by the signature below that the Company has read and agrees to abide by the provisions of subparagraphs (b)(XI)(A) through (C).

31. **Rule 3002(b)(XII):** Brooke A. Trammell, Regional Vice President, Rates and Regulatory Affairs, states under penalty of perjury that the contents of this Application are true, accurate, and correct to the best of her knowledge. Her affidavit is attached to this Application.
VIII. CONCLUSION

Wherefore, for good cause shown, Public Service respectfully requests that the Commission issue an order: (1) approving the Company’s proposed WMP provided in Attachment SLJ-1 as reasonable and in the public interest; (2) authorizing Public Service to implement its proposed WPR consistent with the terms and conditions reflected in Attachment BAT-2; (3) approving the Company’s revenue requirement calculation as reflected in Attachment APF-1, and approving the Company’s 2021 WPR revenue requirement of $17,185,038, also contained in Attachment APF-1; (4) authorizing the Company to file a compliance advice letter within 20 days of the effective date of a final order in this proceeding, but on not less than 15 days’ notice, with WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding; and (5) authorizing the Company to defer the expenses incurred in connection with this proceeding into a regulatory asset without interest until they are included in the Company’s next Phase I electric rate case.
Dated this 17th day of July, 2020.

Respectfully submitted,

/s/ Caitlin M. Shields
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ATTORNEYS FOR PUBLIC SERVICE COMPANY OF COLORADO
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION
OF PUBLIC SERVICE COMPANY OF
COLORADO FOR APPROVAL OF PROCEEDING NO. 20A-__E
WILDFIRE MITIGATION PLAN AND
WILDFIRE PROTECTION RIDER

VERIFICATION

STATE OF COLORADO )
CITY AND ) SS:
COUNTY OF DENVER )

I, Brooke A. Trammell, being duly sworn, do hereby depose and state that I am Regional Vice President, Rates & Regulatory Affairs for Xcel Energy Services Inc.; that I am an authorized agent for Public Service Company of Colorado, Applicant in the foregoing Application; that I have read the foregoing Application; and that the facts set forth therein are true, accurate, and correct to the best of my knowledge, information, and belief.

Brooke A. Trammell
Regional Vice President, Rates & Regulatory Affairs

Subscribed and sworn to before me this 17th day of July 2020.

Witness my hand and official seal.

SCHUNA D. WRIGHT
Notary Public
State of Colorado
Notary ID #19974007893
My Commission Expires 05-06-2021