Xcel Energy®

PUBLIC SERVICE COMPANY
OF COLORADO

WORKFORCE TRANSITION PLAN

2021 ELECTRIC RESOURCE PLAN AND CLEAN ENERGY PLAN

CPUC Proceeding No. 21A-XXXXE
March 31, 2021

CONTENTS

INTRODUCTION

BACKGROUND

Leading the clean energy transition is one of Xcel Energy's corporate priorities. We were the first major US electricity provider with a vision to serve customers with 100% carbon-free electricity by 2050 and to reduce carbon emissions 80% by 2030 company-wide from 2005 levels.

We had our largest one-year decline in carbon emissions in 2019, reducing carbon emissions 44% since 2005. In 2021, we have reduced carbon emissions by 51% from 2005 levels, putting us more than halfway to our vision of delivering 100% carbon-free electricity to customers by 2050.

Figure 1. Building our carbon-free future.

We will greatly expand our use of wind and solar, alter our use of coal plants or close them early, invest in more flexible resources to fill in the gaps of wind and solar production, build on our successful energy efficiency programs and use cleaner natural gas to maintain reliable service through the transition.

WORKFORCE TRANSITION

Workforce transition planning provides estimates of workforce transitions that will occur as a result of the proposed retirement of electric generating facilities in the workforce transition plan (i.e. this document). As a qualifying retail utility regulated by the Colorado Public Utilities Commission (PUC), Xcel Energy will file the workforce transition plan, pursuant to Senate Bill 19-236, along with the Electric Resource Plan (ERP) that includes a proposed accelerated retirement of an electric generating facility. It is important to note that the workforce transition plan will continue to be updated with time so that all the estimates and insights incorporate the latest information and assumptions.

Xcel Energy, Inc. has a long and successful history of performing strategic workforce planning to support workers through a transition, creating and executing upon workforce plans, and enabling a smooth transition of our workforce. We have a highly skilled workforce and it is our desire and intent to retain these skilled workers to the greatest extent feasible.

While transition plans for impacted employees at Comanche, Hayden, and Pawnee power plants are still under development, Xcel Energy continues to engage in significant and deliberate workforce transition planning. The company has been communicating with plant employees regularly to ensure transparency and to maintain engagement.

This workforce transition report will highlight each step of the planning and transition process. The outcomes of each phase will be updated as workforce transition planning progresses when plant retirement dates near, as future jobs and skills become more transparent, and as the company evaluates existing opportunities for impacted workers across the organization

STRATEGIC WORKFORCE PLANNING DEPARTMENT

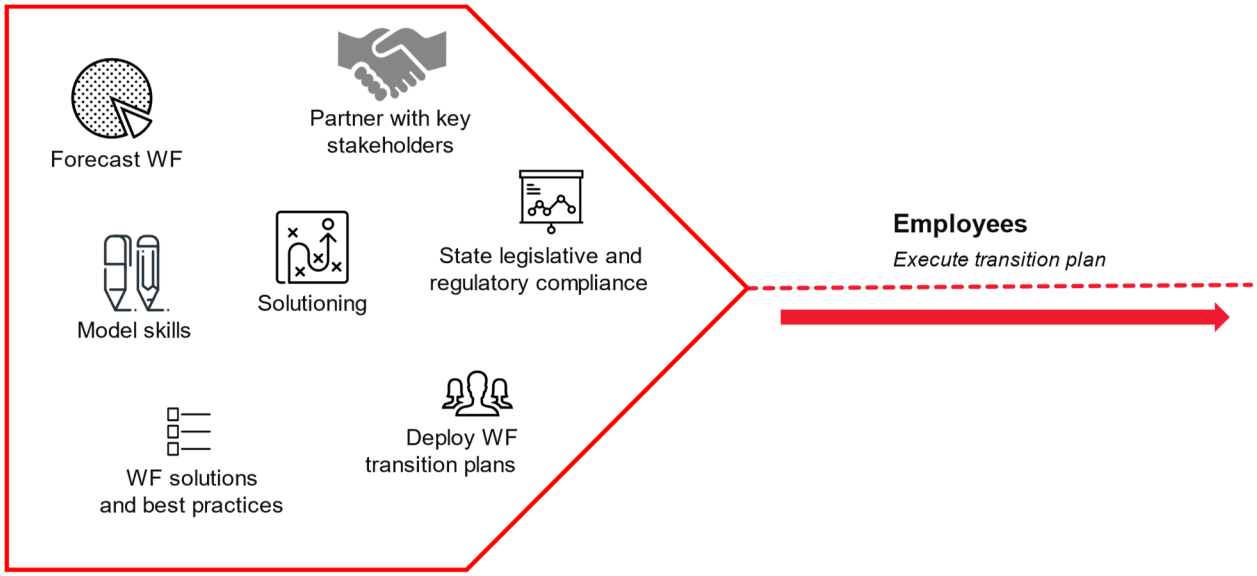
The Strategic Workforce Planning (SWP) department is housed within the Human Resource and Employee Services business area at Xcel Energy, Inc. The SWP department routinely performs workforce modeling to forecast headcount and costs, identify risks and opportunities, align the workforce to the strategic priorities, and deploy workforce solutions based on data-driven insights. The SWP department holds the responsibility of creating and executing upon a workforce transition plan, in partnership with and collaboration with multiple solution owners and key stakeholders.

The SWP department consists of workforce analytics consultants and analysts with data science background and leadership consulting skills.

WORKFORCE TRANSITION PLANNING COLLABORATION

The SWP department at Xcel Energy works closely with both internal and external key stakeholders and partners to model, plan, design, and facilitate workforce transition.

Figure 2. Workforce transition planning collaboration.



Key internal partners and stakeholders include, but are not limited to:

- Human Resources and Employee Services Departments
    - Strategic Workforce Planning (SWP)
    - Workforce Relations (WFR)
    - Human Resources Business Partners (HRBPs)
    - Enterprise Learning Organization (ELO)
    - Workforce Analytics (WFA)
- Operations business areas
    - Energy Supply - Generation
    - Distribution
    - Transmission

  - Gas
- Public Service of Colorado (PSCo) operating company
  - Resource Planning
  - State Government Affairs
  - Community Relations

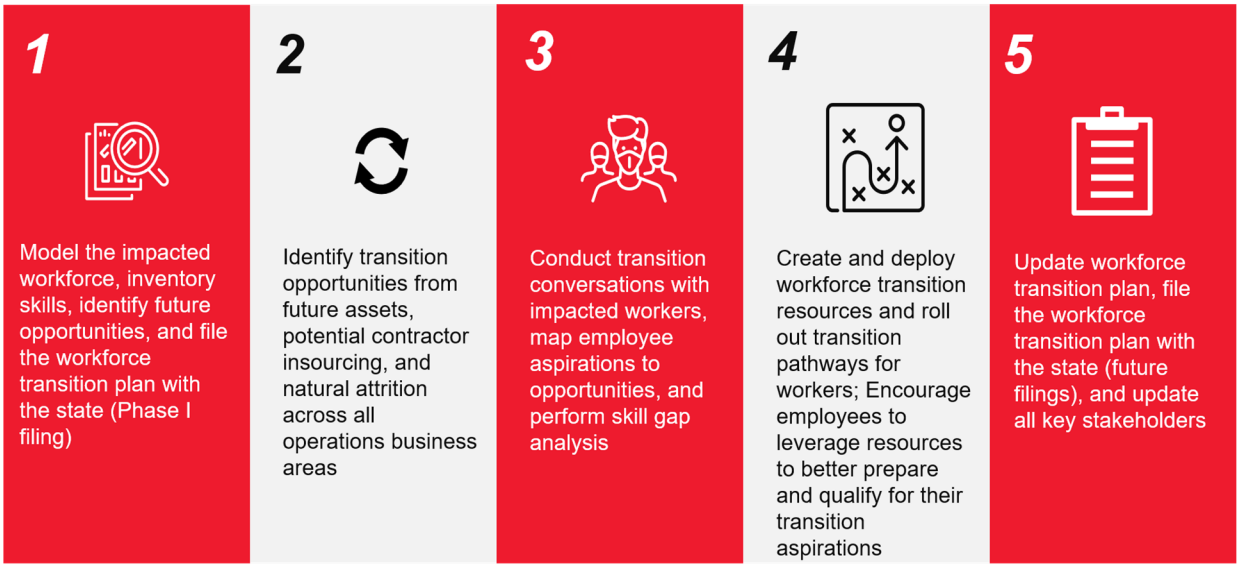
Key external partners and stakeholders include, but are not limited to:

- Local union – IBEW 111
- State agencies
  - Office of Just Transition (OJT)
  - Just Transition from Coal Advisory Committee (JTCAC) and its subcommittees
- Center for Energy Workforce Development (CEWD)
- Energy Providers Coalition for Education (EPCE) and their education partners
- Council for Adult and Experiential Learning (CAEL)
- Local education partners, community colleges and universities across the state
- All local workforce centers across the state of Colorado

WORKFORCE TRANSITION PLANNING PROCESS PHASES

To facilitate Just Transition in Colorado, the SWP department continues to adopt the multifaceted approach described above to enable a smooth transition at coal plants. The process for workforce planning for transition is as follows:

Figure 3. Transition workforce planning process.



PHASE 1

WORKFORCE TRANSITION PLANNING MODELING

It is important to note that the following estimates were derived and updated as of **December 31, 2020** and will continue to be updated as more refined input becomes available with respect to plant retirement or conversion, future opportunities that become available, and employees' aspirations and skills.

Furthermore, both the headcount and cost estimates will be refined once each employee participates in the transition conversations and we are able to gain greater insight into the aspirations of our workers, their skills, and programs we need to build or deploy to enable a smooth transition.

WORKFORCE HEADCOUNT MODELS

We have conducted detailed analysis to estimate the number of potential impacted employees at each plant and estimate the solutions necessary to transition these employees. This detailed analysis is completed within the SWP department and in collaboration with other data analysts within Xcel Energy's Energy Supply and Resource Planning business areas.

Table 1. Projected headcount and the number of employees to transition at Comanche, Hayden, and Pawnee.

Plant	Comanche			Hayden	Pawnee
Event	2022 EOY *Unit 1 Closure*	2025 EOY *Unit 2 Closure*	2040 *Unit 3 Closure**	2028 *Closure**	2027 *Gas Conversion*
Current Headcount As of December 31, 2020	137			68	66
Target Headcount At closure or conversion	125	77	77	59	36
Projected Headcount Without backfilling	107	78	N/A	27	20
Understaffed Level Without backfilling	(18)	1	N/A	(32)	(16)
Projected Headcount With backfilling	125	96	N/A	59	36
Employees to Transition	0	19	77	59	0

*Notes:

- The same number of employees will be needed when Hayden Unit 2 retires in 2027, through Unit 1's retirement in 2028.
- Even though Comanche Unit 3 may reduce operating hours from 2030-2040, the same number of employees will be needed from 2025-2040 to operate Unit 3.
- Comanche Unit 3 includes estimated headcount, attrition and retirements, and projections only through 2030. We are unable to project 19 years in advance;

however, we will continue to refine and update the results as reasonable projections can be made and in filings leading up to the 2040 retirement.

Definition of workforce variables used in Table 1:

- **Event**
  Proposed early retirement or conversion dates.

- **Current Headcount**
  Number of employees at the plant as of December 31, 2020. As per SB 19-236, this number represents the number of employees employed by the utility. Contract resources are managed and accounted for by the vendors who employ these workers.

- **Target Headcount**
  The number of employees needed to run remaining units. Through continued collaboration with the company's Energy Supply team, we estimated the number of Xcel Energy employees that would, at a minimum, be needed to operate the plant up to and at the time of closure. These estimates will be updated in future filings leading up to the retirement of these units.

- **Projected Headcount (without back-filling)**
  Current Headcount less projected retirements and non-retirement attrition from December 31, 2020 up to the early retirement or conversion date. Without back-filling assumes employees who retire or leave the organization are not replaced.

- **Understaffed Level (without back-filling)**
  Target Headcount less Projected Headcount; to calculate the number of employees (understaffed)/overstaffed to the minimum Target Headcount of employees needed to operate a unit if employees who retire or leave the organization are not replaced.

- **Projected Headcount (with back-filling)**
  Current Headcount less projected retirements and non-retirement attrition from December 31, 2020 up to the Event date. In our projection with back-filling, employees who retire or leave the organization are replaced up to but not exceeding the Target Headcount.

- **Employees to Transition**
  This is the number of employees to be retained through transfer within the plant, within other generating units or within other business areas across the organization. As per SB 19-236, this number represents the number of employees who will be retained or eliminated due to the retirement of a facility.

To the extent feasible, we do not anticipate any layoffs. Our intent is to re-skill, up-skill, transfer and/or relocate these workers. Our workers are highly skilled, and it is our desire to retain our workers and redeploy across the organization. Opportunities for these workers are outlined in "Phase 2, Future Opportunities for Impacted Workers" section of this report.

- *Comanche Unit 1 Closure*
  Employees to Transition is equal to Projected Headcount (with backfilling) less Target Headcount at closure. Previously backfilled workers will "flow" to positions at the remaining, operating units (i.e. Unit 2 and Unit 3).

- *Comanche Unit 2 Closure*
  Employees to Transition is equal to Projected Headcount (with backfilling) less Target Headcount at closure. Previously backfilled workers will "flow" to positions at the remaining, operating units (i.e. Unit 3).

- *Comanche Unit 3 Closure*
  Employees to Transition is equal to Target Headcount at closure. There is no Projected Headcount because 2040 is beyond the time horizon for which the attrition simulator forecasts. We are unable to project 19 years into the future; as more information becomes available, these estimates will be updated accordingly.

- *Hayden Closure*
  Employees to Transition is equal to Projected Headcount (with backfilling). The same number of employees will be needed when Hayden Unit 2 retires in 2027, through Unit 1's retirement in 2028.

- *Pawnee Gas Conversion*
  Employees to Transition is equal to zero. Since the Projected Headcount (with backfilling) and the Target Headcount at conversion are the same, all workers will be retained without transfer and hence there will be no employees to transition across the organization. However, we will re-skill our Pawnee workforce in natural gas generation.

The SWP department uses target headcount and attrition forecast in the workforce planning models to estimate the number of impacted employees at each plant. Energy Supply captures the target headcount in resource planning models, whereas Workforce Analytics provides the retirement and non-retirement attrition projection data. These estimates will be updated in future filings leading up to the retirement of these units.

- Workforce Analytics at Xcel Energy uses an actuarial-based attrition simulator to forecast company turnover, both retirement and non-retirement.
    - Non-retirement attrition percentages are based on historical Xcel Energy experience.
    - Retirement attrition percentages are based on assumptions such as the employee's age, service, and selected retirement plan.
- Target headcount for the plants were derived by the plant directors at each plant location in Energy Supply. The plant directors created a workforce plan to identify the number of people they needed in each job to continue safe operation of the remaining units. These projections are estimates and may be updated in future filings as we approach retirement of these units and when resource needs are more easily identifiable.

The above table and calculations do not include contracted resources that the company uses on an as needed basis for major overhauls of the units. Contract resources are employed by and managed by the vendors we source through to execute on these activities.

WORKFORCE COST MODELS

In our cost modeling, we identified potential transition resources that include, but are not limited to, internal technical training, internal enterprise-wide learning courses, external educational assistance, on-the-job training, relocation, and severance.

Based on similar transitions of other coal plants (e.g., as part of the Clean Air-Clean Jobs Act) across our service territory, we were able to determine primary transition resources needed to transition a workforce and apply high-level estimates to cost projections associated with the anticipated closure or conversion of our remaining coal units in Colorado.

We arrived at approximately $5.15 million of employee transition costs (Table 2), dependent upon final closure or conversion date, based on the total cost of the combined transition resources applied to the total number of potentially affected workers for Comanche, Hayden, and Pawnee; reported as "Employees to Transition" in Table 1. This workforce transition cost estimate was provided to our Resource Planning department and input into the resource plan model.

Table 2. Estimated cost of potential transition resources.

Plant	Comanche Unit 1	Comanche Unit 2	Comanche Unit 3	Hayden	Pawnee
Internal Tech Training	$0	$375,000	$1,500,000	$1,425,000	$0
ELO Training			$255,000	$196,000	$0
Ext Industry Training	$0	$8,900	$53,400	$44,500	$0
On-the-Job Training					
Tuition Reimbursement	$0	$15,750	$94,500	$78,750	$0
Relocation	$0	$50,000	$200,000	$130,000	$0
Severance	$0	$90,000	$360,000	$270,000	$0
Subtotal	**$0**	**$539,650**	**$2,462,900**	**$2,144,250**	**$0**
Grand Total	**$5,146,800**				

Assumptions used in each transition resource line item in Table 2:

- **Internal Tech Training**
  The annual cost estimate per headcount of $25,000 is provided by the Internal Technical Training team based on existing technical training infrastructure continuance to provide ongoing training. The duration of technical training ranges between two to four years, and an average of three years is used in the cost model. The percent of employees leveraging this resource is an estimate derived from the assessment of upskilling/reskilling needs and the historical transfers during prior plant retirements in which internal technical training was leveraged to move to positions at other Xcel Energy locations. Cost estimate does not include employee wages for time spent in training.

- **Enterprise Learning Organization (ELO) Training**
  The cost estimate for enterprise-wide transition resources by ELO is independent of the number of impacted employees who choose to leverage the resources.

The ELO cost estimate of approximately $450,000 is derived based on the assessment of upskilling/reskilling needs and a high-level cost estimates of the time this organization will spend to build education resources. ELO may collaborate with local education partners to build and deploy training courses. This overall cost estimate is then allocated to each coal plant based on the expected number of employees to transition, proportionally via a weighted average.

- **External Industry Training**
  The cost estimates for external industry training (e.g. certifications, micro credentials, individual courses) are calculated based on the certificate offerings by Bismarck State College (BSC), an EPCE education partner. There are five electric- and energy-related certificates, and on average it requires 56.4 credit hours to complete each certificate. Since some employees will choose to complete all courses in the certificate while others will elect to take several individual classes to upskill and/or reskill, we halve the average number of credit hours used in our cost modeling, rounded to 28 credit hours. Additionally, we use $300 as the pre-credit-hour cost for the BSC certificates, consistent with the EPCE member tuition rate at BSC as of 2020. The percent of employees leveraging this resource is an estimate derived from the assessment of upskilling/reskilling needs.

- **On-the-Job Training**
  Cost is expected to be incurred for on-the-job training at all coal plants due to the uniqueness of each operating unit and especially for those associated with the gas conversion at Pawnee. The cost estimate for on-the-job training has yet to be determined and will be estimated as we near the retirement of each unit and after gathering each specific job that may require OTJ training, the training resources, and average training costs.

- **Tuition Reimbursement**
  We use $5,250 in our tuition reimbursement cost estimates, consistent with the United States Code, Title 26 Internal Revenue Code, § 127 Educational Assistance Programs. An average of three years is used in the cost model. The percent of employees leveraging this resource is an estimate derived from the assessment of upskilling/reskilling needs.

- **Relocation**
  The relocation cost of $10,000 per headcount is based on prior coal unit closures. The percent of employees leveraging this resource is an estimate derived from historical relocation during prior plant retirements.

- **Severance**
  Cost estimates for severance are derived based on tenure (continuous years of service) and the average annual salary in accordance with the PSCo Bargaining Severance structure within the Collective Bargaining Agreement. The percent of employees leveraging this resource is an estimate guided by the historical ratio of employees who opted for a severance at prior plant closures (Cameo, around 20%). However, we do not anticipate layoffs and we are committed to a transition of our workforce. There will be opportunities at or nearby the retiring facilities, so we anticipate fewer people would choose not to execute upon the transition pathways and estimate a lower percent of employees leveraging severance (around 15%).

Comanche Unit 1: There are no costs of transition because Projected Headcount (with backfilling) does not exceed Target Headcount, as outlined in Table 1, “Employees to Transition.” Employees may need additional training related to any uniqueness of Comanche units 2 and 3, which would result in on-the-job training costs. These training costs are yet to be determined but will be provided in future filings.

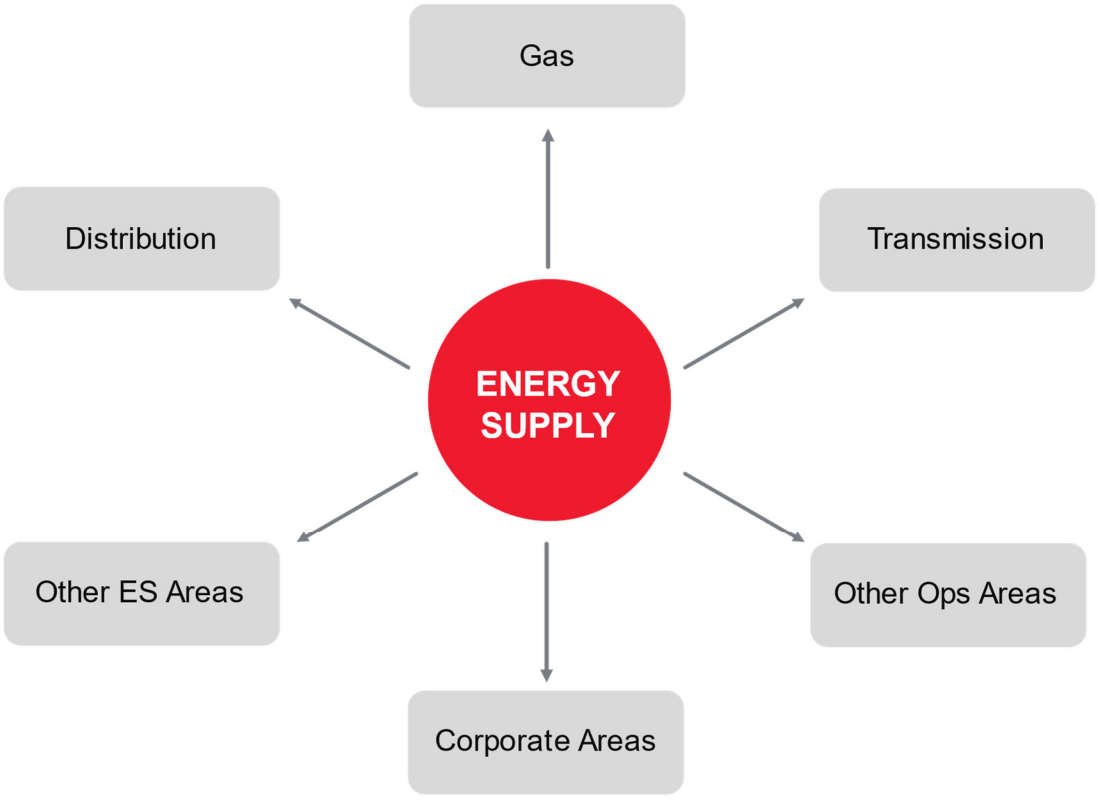
Pawnee: There are no costs of transition because Projected Headcount (with backfilling) does not exceed Target Headcount, as outlined in Table 1, “Employees to Transition.” Transition supports will be provided to employees primarily through on-the-job training, much like prior conversions under the Clean Air-Clean Jobs Act. These training costs are yet to be determined but will be provided in future filings.

Comanche cost estimates will be updated in the Phase II filing, after transition conversations with each worker at Comanche takes place in the Spring of 2021 and we are able to gather employee transition preferences, skill gaps, and determine the transition supports leveraged. Transition conversations with employees at Hayden and Pawnee will take place approximately 2 years prior to closure or conversion.

PHASE 2

FUTURE OPPORTUNITIES FOR IMPACTED WORKERS

Figure 2. Transition across operations.



To identify and communicate all transition options to employees at impacted plants, leaders across all operations business areas will collaborate to identify opportunities from new generating facilities, attrition and retirement that will create opportunities across the company, future planned work, and the possible insourcing of contract work for transitioning coal plant employees. All options will be shared with employees as part of Phase 3 of the workforce transition planning process.

Using natural attrition forecasts as proxy to determine the number of opportunities that will come available across all operations areas, within less than 50 miles from the Comanche, Pawnee, and Hayden plants, we estimate the following between 2021 and 2030:

Table 3. Projected future opportunities within Xcel Energy at locations near Comanche, Pawnee, and Hayden based on attrition and retirement forecast across all operations areas for 2021-2030.

	COMANCHE	PAWNEE	HAYDEN
Bargaining	**21** TOTAL JOBS (2021-2030)	**17** TOTAL JOBS (2021-2030)	**0** TOTAL JOBS (2021-2030)
Non-Bargaining	**7** TOTAL JOBS (2021-2030)	**2** TOTAL JOBS (2021-2030)	**0** TOTAL JOBS (2021-2030)
	Nearby: Pueblo Service Center	**Nearby:** Roundup Office, Sterling Service Center, Brush Service Center	**Nearby:** N/A

Similar analysis is done for all operations business areas across the state of Colorado:

Table 4. Projected future opportunities within Xcel Energy across Colorado based on attrition and retirement forecast for 2021-2030.

Bargaining	**101** AVERAGE JOBS PER YEAR	**1,009** TOTAL JOBS (2021-2030)
Non-Bargaining	**218** AVERAGE JOBS PER YEAR	**2,175** TOTAL JOBS (2021-2030)

The above tables are only a portion of the opportunities that may be available to workers who are impacted by the early retirement or conversion of our coal plants.

- The company will identify future work that may provide additional opportunities for our workers to transition.
- The company will identify opportunities that new generating facilities will provide for workers to transition.
- The company continues to evaluate the best use of our resources and if there is consistent work that is currently outsourced to a contractor that can be brought in-house. Bringing work in-house will create additional opportunities for workers to transition.

Transition pathways will be created to support workers in partnership with each employee to retain, redeploy, or relocate workers based on their aspirations, availability, and in accordance with the collective bargaining agreement. Impacted workers will be able to leverage internal and external resources to upskill or reskill in order to transition into other positions within the company.

To the extent practicable, Xcel Energy does not anticipate any layoffs. We have a strong track record in transitioning plant workers without layoffs. We are committed to a smooth transition as we continue our journey to achieve our clean energy goals.

We will continue to update all opportunities and worker outcomes in future ERP proceedings, leading up to all retirement or conversion dates. The outcomes of this process will provide the opportunities for workers and the worker transition paths as required under SB 19-236.

PHASE 3

TRANSITION CONVERSATIONS

Approximately two years prior to a unit retirement or conversion, transition conversations will be conducted with all employees at an impacted plant. The purpose of the transition conversation is to: (1) provide insight into all the opportunities available to workers; (2) gather an employee's aspirations or transition preferences, including the jobs they are most interested in; (3) determine whether they desire to relocate; (4) evaluate their appetite for upskilling or reskilling and the skills they brought to the position they are in; and (5) address their questions or concerns about transition.

The SWP department will work collaboratively with resources across Human Resources and Employee Services to facilitate transition conversations with workers so that the company can work in partnership with the employees on more detailed transition planning. The department created an easy-to-use data template to capture transition preferences form transition conversations with workers. By leveraging Microsoft Forms, the department designed a real-time online form that will automatically compile and aggregate data on the backend for further analysis.

SKILL MODELING AND SKILL GAP ANALYSIS

Specifically, for the transition of our coal plant employees, the SWP department piloted skill inventorying and modeling for jobs at Comanche to help identify the skills within the positions at the plant and the skills needed to move into positions across Operations to identify skill gaps. The results of the skill gap analysis will inform and guide the department in recommending and deploying the appropriate reskilling/upskilling programs for the workers to leverage, which will enable their transition.

We built bargaining job skill profiles using the Center for Energy Workforce Development (CEWD) Energy Industry Competency framework as the foundation and modified it to better fit and represent the skills and competencies of Xcel Energy jobs. The skill modeling is primarily focused on the core foundational skills that are transferable and applicable to a wide array of skilled technician jobs. With the CEWD framework used for technical skills, we then layered in the Xcel Energy Individual Contributor competencies to represent and capture the soft skills associated with each position, which allows us to more easily identify where these skills are transferrable across Xcel Energy. Once the framework was complete, we consulted closely with job subject matter experts in Workforce Relations to go through each of the jobs individually to assess and rank the skills by position for both impacted positions at the coal plants and positions workers could potentially transition into across the organization. The

outcomes were then reviewed with plant leadership for any feedback and/or adjustments.

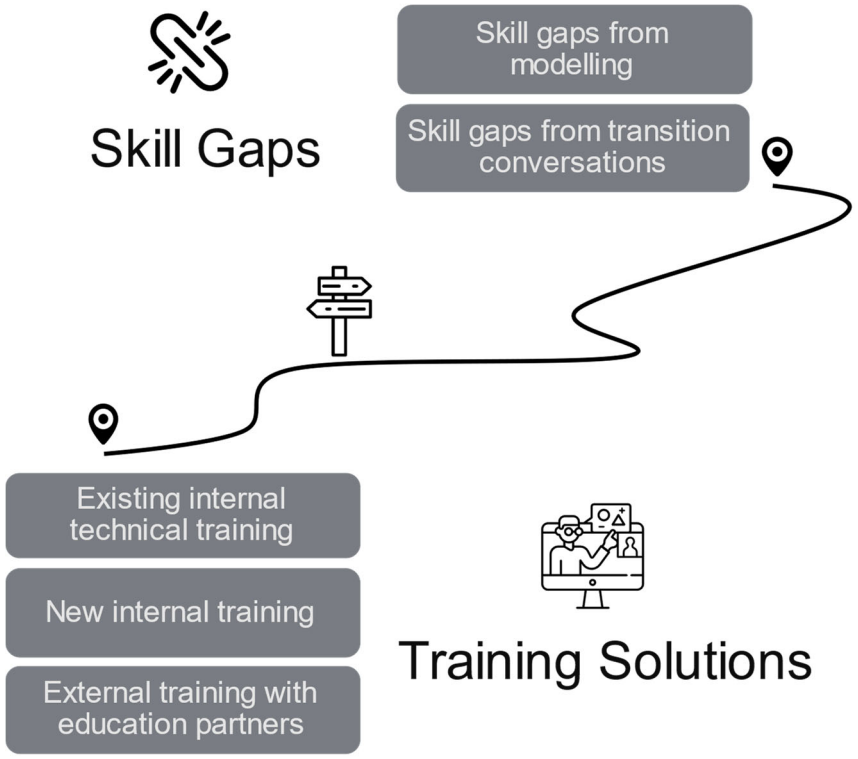


Figure 3. Skill mapping.

After transition conversations take place, we will aggregate and analyze the results to identify skill gaps based on full skill profile of the job each worker is in plus the skills brought to the position and the position(s) they prefer to transfer into to identify and report skills gaps. Once skill gaps are identified, we will gather what solutions currently exist in upskilling/reskilling that we might be able to leverage internally or externally, what we may want to modify, or what we may consider if new upskilling/reskilling solutions need to be created to bridge the skill gap. We will look for the most cost-effective solutions for the benefit of the greatest population of our workforce. We may leverage our internal training organization or external education partners in doing so.

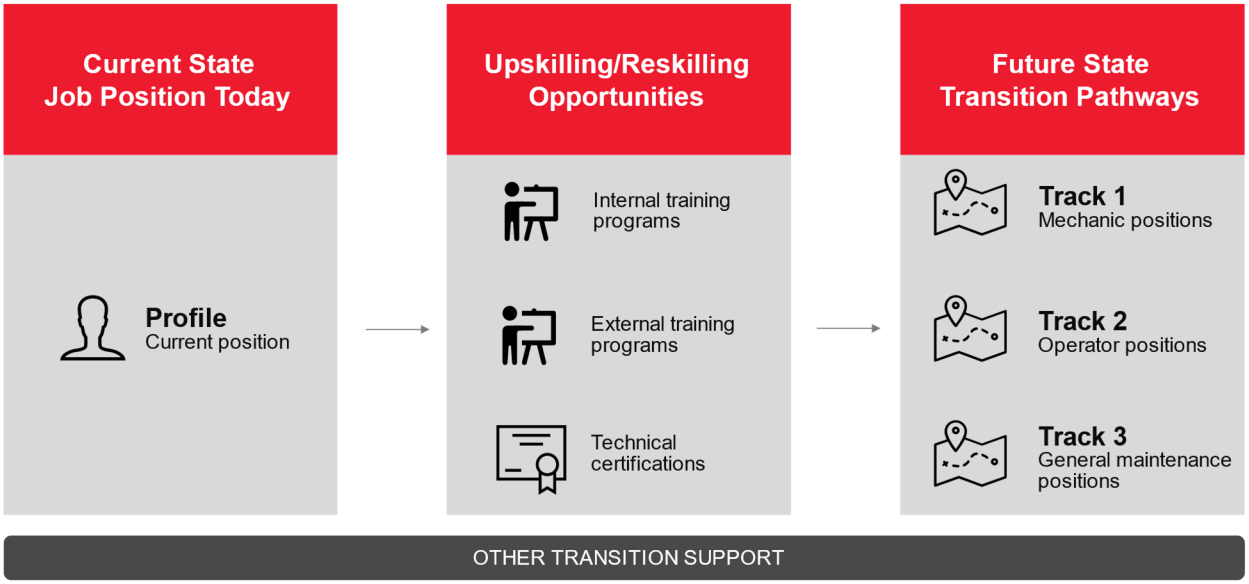
PHASE 4

TRANSITION PATHWAYS

Once skill gaps and solutions are identified, we will create transition pathways for employees by leveraging existing upskilling/reskilling programs and building new upskilling/reskilling solutions with our internal and external training partners.

The transition pathways document potential transition tracks for employees with the corresponding and recommended upskilling/reskilling opportunities available. The upskilling/reskilling opportunities include all internal training programs, external training programs, and technical certifications provided by external education institutions. The document will delineate the resources available, and in some cases the timing or the schedule of these trainings (if applicable). A transition track is a collection of similar future job opportunities that likely require similar skills and training. A worker's supervisor will provide an overview of these transition tracks to each individual employee, offering their support as their leader, FAQs, and any other tools or information that may be helpful to the employee. Supervisors will receive training on how best to support their worker through transition, both in process and in providing effective coaching and feedback. It will then be up to the employee to take initiative and leverage the support offered to them. We are an equal opportunity employer and will continue to be compliant with our collective bargaining agreement throughout this transition process.

Figure 3. Transition pathways.



Xcel Energy endeavors to create and provide feasible workforce transition solutions to impacted workers.

For workers who may consider relocation to another position within the company, we shall work with the employees by looking at necessary training, the hiring process, relocation benefits, and other support, while maintaining compliance with our collective bargaining agreements. For workers who are eligible for retirement and decide to exercise that option, the HR retirement team will provide support and guidance through the retirement process.

Navigating uncertainty and change can be difficult. Xcel Energy provides numerous free resources to all employees and their family members at any time via our Employee Assistance Program (EAP), regardless of the employee's enrollment in a company medical plan.

EAP offers information and guidance on topics, including but not limited to, managing change, handling personal crises, career counselling, educational support services, financial management, and emotional well-being. Information on EAP is available to employees on the company intranet site, XpressNET.

PHASE 5

UPDATE WORKFORCE TRANSITION PLAN

In future ERP proceedings, including our Phase II filing, and leading up to the retirement or conversion of our plants, we will update our workforce transition plan using the latest information and assumptions in the headcount and cost models. Information gathered from the transition conversations will be used to create the transition pathways based on our skill gap analysis results.

Additionally, we will provide annual updates to the Office of Just Transition to continue to build upon transparency of the phases and outcomes, commitment to our workforce and communities, and our progress.