**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 WILDFIRE MITIGATION PLAN AND WILDFIRE PROTECTION RIDER	**))))))**	**PROCEEDING NO. 20A-____E**

<u>DIRECT TESTIMONY AND ATTACHMENTS OF BROOKE A. TRAMMELL</u>

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

July 17, 2020

**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 WILDFIRE MITIGATION PLAN AND WILDFIRE PROTECTION RIDER	**))))))**	**PROCEEDING NO. 20A-____E**

**SUMMARY OF THE DIRECT TESTIMONY AND ATTACHMENTS
OF BROOKE A. TRAMMELL**

Ms. Trammell is the Regional Vice President, Rates and Regulatory Affairs. She is responsible for providing leadership, direction, and technical expertise related to regulatory processes and functions for Public Service Company of Colorado ("Public Service" or the "Company").

In her Direct Testimony, Ms. Trammell presents the Company's requests for approval of its updated Wildfire Mitigation Plan ("WMP") and proposed Wildfire Protection Rider ("WPR"), through which Public Service proposes to recover certain costs associated with the WMP. In support of the Company's request, Ms. Trammell explains that Public Service has developed its WMP to better ensure the safety of our communities and customers, Colorado's environment, and the Company's system. Recent increases in severe weather events have impacted not only the frequency but also the intensity of wildfires in Colorado, which ranks near the top of all states in terms of properties exposed to significant wildfire risk. As Ms. Trammell explains, however, the Company's risk modeling shows that a proactive and prudent approach to wildfire mitigation can dramatically reduce the potential financial impact and physical damage associated with a large-scale wildfire ignited by utility infrastructure. The Company's WMP—which has been developed by a dedicated team within the Company, with stakeholder input and assistance from outside experts—is designed to achieve that end and to minimize the risk of Company infrastructure causing an ignition.

Ms. Trammell also describes the Company's mitigation work since entering into the Unopposed Partial Settlement Agreement in Proceeding No. 19AL-0268E, Public Service's 2019 Electric Rate Case ("Wildfire Settlement Agreement"), and explains how the Company's updated, comprehensive WMP builds upon its proposals in the 2019 Electric Rate Case. Specifically, the Company's updated, comprehensive WMP is built around key programs and activities related to expanded stakeholder engagement, increased use of technology, and acceleration of prudent wildfire risk mitigation practices. And by using risk modeling to identify specific assets in the area the Company has determined as the Wildfire Risk Zone, the WMP prioritizes mitigation activities where they are most needed, and where they will be most effective and efficient. These programs and activities in calendar years 2021 through 2025 generally accelerate prudent risk mitigation actions related to inspection, repair and replacement of infrastructure, vegetation management, and increased distribution system protection measures.

The WMP also includes additional engagement and outreach programs to share WMP information and best practices and to coordinate with the Company's community and emergency response partners. Finally, the WMP includes a program to incorporate additional expertise and learnings into the WMP over time through professional services such as fire experts and advanced risk modeling software.

Ms. Trammell also presents the Company's WPR, which is the cost-recovery mechanism the Company is proposing to implement for recovery of eligible WMP costs through 2025. She discusses the eligible programs and 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. She describes the policy rationale that supports Commission approval of the WPR, emphasizing the public safety and public interest drivers that weigh in favor of rider recovery of eligible wildfire costs. Next, Ms. Trammell discusses the mechanics of the WPR and sponsors the Company's illustrative WPR tariff, explaining its structure, applicability, revenue requirement and true-up calculation and reporting, as well as how the Company plans to procedurally implement the WPR. She also explains the cost allocations and customer bill impacts associated with the WPR.

Finally, Ms. Trammell supports the Company's request to defer the costs of undertaking this proceeding.

Overall, Ms. Trammell recommends the Commission: (1) approve and find in the public interest the Company's proposed WMP (Attachment SLJ-1); (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, and the Company's 2021 revenue requirement of $17,185,038 contained in Attachment APF-1 to be used for the first WPR true-up; (4) 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 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 WPR case expenses into a regulatory asset without interest until they are included in the Company's next Phase I electric rate case request for recovery.

**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 WILDFIRE MITIGATION PLAN AND WILDFIRE PROTECTION RIDER	**))))))**	**PROCEEDING NO. 20A-____E**

DIRECT TESTIMONY AND ATTACHMENTS OF BROOKE A. TRAMMELL

TABLE OF CONTENTS

SECTION **PAGE**

LIST OF ATTACHMENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
4CP-AED	Four Coincidental Peak – Average and Excess Demand
April WPR Report	Annual WPR Report
CAL FIRE	California Department of Forestry and Fire Protection
Commission	Colorado Public Utilities Commission
kW	Kilowatt
kWh	Kilowatt-Hour
LiDAR	Light Detection and Ranging
NCP	Non-Coincidental Peak
O&M	Operations and Maintenance
PG&E	Pacific Gas and Electric Company
PSIA	Pipeline System Integrity Adjustment
Public Service or Company	Public Service Company of Colorado
SPS	Southwestern Public Service Company
TCA	Transmission Cost Adjustment
WACC	Weighted Average Cost of Capital
Wildfire Settlement Agreement	Unopposed Partial Settlement Agreement in Proceeding No. 19AL-0268E

WMP or Plan	Wildfire Mitigation Plan
WPR or Rider	Wildfire Protection Rider
WRZ	Wildfire Risk Zone
WUI	Wildland Urban Interface
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

**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 WILDFIRE MITIGATION PLAN AND WILDFIRE PROTECTION RIDER	**))))))**	**PROCEEDING NO. 20A-____E**

DIRECT TESTIMONY AND ATTACHMENTS OF BROOKE A. TRAMMELL

I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Brooke A. Trammell. My business address is 1800 Larimer Street, Suite 1100, Denver, Colorado 80202.

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

A. I am employed by Xcel Energy Services Inc. ("XES") as Regional Vice President, Rates and Regulatory Affairs. 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 THIS PROCEEDING?

A. I am testifying on behalf of Public Service.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.

A. As Regional Vice President, Rates and Regulatory Affairs, I am responsible for providing leadership, direction, and technical expertise related to regulatory processes and functions for Public Service. My duties include the design and implementation of Public Service's regulatory strategy and programs, as well as the direction and supervision of Public Service's regulatory activities, including oversight of rate filings; administration of regulatory tariffs, rules and forms; regulatory case direction and administration; compliance reporting; and complaint responses. A more detailed description of my qualifications, duties, and responsibilities is set forth in my Statement of Qualifications at the conclusion of my Direct Testimony.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. As the Company's policy witness in this proceeding, I summarize the Company's requests for approval of its updated Wildfire Mitigation Plan ("WMP" or "Plan") and the proposed Wildfire Protection Rider ("WPR" or "Rider"), through which Public Service proposes to recover costs associated with the WMP. In support of the request that the Colorado Public Utilities Commission ("Commission") approve the WMP and the WPR, I recap what led the Company to begin developing its WMP and its philosophy behind accelerating wildfire mitigation efforts, why the Company proposed a WMP in 2019, and describe the Company's actions since entering into the Unopposed Partial Settlement Agreement in Proceeding No. 19AL-0268E, Public Service's 2019 Electric Rate Case ("Wildfire Settlement Agreement"). Next, I provide an overview of the updated, comprehensive WMP, highlighting some of the key actions the Company is taking and plans to take to protect our communities and the environment. Next, I present the Company's WPR, which is the cost-recovery mechanism the Company is proposing to implement for recovery of eligible WMP costs through Plan year 2025. I discuss the eligible programs and costs the Company proposes to recover through the WPR, which include distribution capital additions in 2019 and 2020 and incremental O&M expense above what is included in current base rates as well as distribution capital additions associated with the WMP in 2021-2025. I then discuss the policy rationale that supports Commission approval of the WPR, emphasizing the public safety and public interest drivers that weigh in favor of rider recovery of eligible wildfire costs. Next, I discuss the mechanics of the WPR and sponsor the Company's illustrative WPR tariff, explaining its structure, applicability, revenue requirement and true-up calculation, and reporting, as well as how the Company plans to procedurally implement the WPR. Finally, I support the Company's request to defer the costs of making this filing and supporting this proceeding, for potential future cost recovery.

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, or are a true and correct copy of the document prepared by another source:

- Attachment BAT-1: Summary of Wildfire Protection Rider;
- Attachment BAT-2: Wildfire Protection Rider (Illustrative Tariff Sheets);
- Attachment BAT-3: Colorado Department of Public Safety 2020 Wildfire Preparedness Plan; and

- Attachment BAT-4: Class Cost Allocation, Rate Design, and Bill Impacts of the 2021 WPR Revenue Requirement.

Q. ARE OTHER WITNESSES TESTIFYING ON BEHALF OF PUBLIC SERVICE IN THIS PROCEEDING?

A. Yes. In addition to my testimony, Public Service is submitting Direct Testimony from four other witnesses in support of the Company's application, summarized as follows:

- Sandra L. Johnson: Ms. Johnson describes the Company's updated, comprehensive WMP, including its constituent programs and budgets, and how it relates to the Company's 2019 WMP as submitted in the 2019 Electric Rate Case;

- Arthur P. Freitas: Mr. Freitas discusses the components and calculation of the WPR's annual revenue requirement, presents the projected 2020 WPR revenue requirement, and explains the WPR's annual true-up mechanism for under- or over-recovery;

- Steven D. Rohlwing: Mr. Rohlwing presents and explains the Company's Wildfire Risk Model and analysis, including a Monte Carlo simulation the Company ran in developing its WMP, and explains how the Company's risk modeling efforts relate to the WMP; and,

- Randy L. Lyle: Mr. Lyle is an Independent Fire Consultant with over three decades of experience who has been engaged to assist the Company in developing and reviewing its updated WMP. 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.

II. OVERVIEW OF FILING AND SUMMARY OF RECOMMENDATIONS

Q. WHY HAS THE COMPANY PROPOSED A WMP?

A. The Company is committed to delivering the energy our customers need in an increasingly reliable, affordable, and, most importantly, safe manner. Recent increases in the occurrence of severe weather events have impacted both the frequency and intensity of wildfires in Colorado. Additionally, areas where forests meet the edges of urban areas, referred to as the wildland urban interface ("WUI"), face an increased threat from wildfires due to increased human interaction, activities that could result in the ignition of a fire, and the presence of substantial surface fuel. Based on a 2019 report from Verisk Analytics, Inc., an industry-recognized data analytics and risk analysis firm, Colorado ranks as the third-highest state in the nation for both the number of properties and percentage of properties exposed to high to extreme risk of wildfire.[1] The consequence of a fire affecting these WUI areas is much greater due to the increasing number of structures and people concentrated in and around these areas. As a result, the risk profile that potential wildfires present to our communities, our environment, and our transmission and distribution system infrastructure has increased the Company's focus on efforts and investments that can mitigate wildfire risk.

As California's unfortunate experiences have proven, the potential costs of a large fire on the state, local communities, public at large, environment, and ecosystems is far larger than the cost of implementing a proactive and prudent

[1] *Wildfire Risk Analysis*, Verisk, https://www.verisk.com/insurance/campaigns/location-fireline-state-risk-report/.

wildfire mitigation plan. As described by Company witness Mr. Steven D. Rohlwing, the risk of a wildfire from utility infrastructure-related ignition is considered to have a low likelihood of occurring but high potential impact, with the risk of a one in one-hundred-year wildfire in Public Service's service territory presenting potential for a $2.6 billion impact without implementing the WMP. Conversely, the Company's risk model simulation demonstrates that implementing the prudent measures identified in the updated WMP would reduce this financial impact by roughly 60 percent, to $1 billion. To be sure, the most significant wildfires in Colorado history were not considered to have been caused by a utility's assets. However, the impact of those wildfires provides context of the reality of this risk regardless of the ignition source.

Public Service's existing asset management, operation, and maintenance practices work to reduce the risks presented by wildfires; however, the Company has determined that additional, incremental actions in three main categories can further promote public safety and systematically mitigate the risk of ignition from electrical infrastructure. Those three categories include:

1) ***Engagement*** – increased engagement with local, county, and state entities to facilitate more coordinated planning and mitigation efforts across organizations and ensure our customers, communities, and emergency response responders are aware and informed of the Company's operations, existing procedures, and WMP;

2) ***Technology*** – equipment upgrades and increased use of technology, including extreme wind loading conditions analyses and involving an

increased collection of LiDAR data,[2] to enable the Company to systematically mitigate the risk of electrical infrastructure starting a wildfire, as well as the use of Unmanned Aerial Systems to provide detailed pole top inspections; and,

3) ***Acceleration*** – accelerating certain utility practices that mitigate wildfire risk, such as routine pole inspections and replacements, in areas designated as Public Service's Wildfire Risk Zone ("WRZ")[3] from traditional timeframes to shorter cycles presented a prudent measure to undertake to promote public safety and environmental stewardship in light of increasing intensity and frequency of wildfires in the state and expanding WUI exposure.

The Company's updated, comprehensive WMP has been built around this emphasis on public safety, environmental stewardship, and stakeholder engagement. As discussed by Company witness Mr. Randy L. Lyle, the WMP shows significant progress and evolution in the sophistication of Public Service's wildfire mitigation efforts, reflecting an ongoing commitment to safety and reliability, and also demonstrates leadership in Colorado, the Mountain West region, and the utility industry in mitigating risk of wildfires. Risk modeling has enabled the Company to prioritize various wildfire mitigation programs and provide cost-containment assurances because the WMP activities target specific assets in the WRZ. Based on these risk-based determinations, the WMP

[2] LiDAR stands for "Light Detection and Ranging" and is a remote sensing technology that uses light in the form of a pulsed laser to measure variable distances to the Earth and can be used to create high-resolution digital elevation models.

[3] The WRZ is determined based on data from the Colorado State Forest Service, as further described in Mr. Rohlwing's Direct Testimony and shown in Attachment SDR-3.

presents programs and activities in calendar years 2021 through 2025 that generally accelerate prudent risk mitigation actions related to inspection, repair and replacement of infrastructure, and vegetation management and increased distribution system protection measures. The WMP includes additional engagement and outreach programs to disseminate WMP information and coordinate with our community and emergency response partners. Finally, the WMP includes a program to incorporate additional expertise and knowledge into the WMP over time through professional services such as fire experts and advanced risk modeling software.

Q. WHY IS THE COMPANY PRESENTING AN UPDATED WMP?

A. The Wildfire Settlement Agreement[4] in the Company's 2019 Electric Rate Case specified that if Public Service did not file a Phase I rate case on or before August 1, 2020, the Company would file a separate application to present its comprehensive WMP on or before that date. Moreover, the Wildfire Settlement Agreement stipulated that an updated, comprehensive WMP must be provided in support of any request to implement a WMP regardless of whether that request was made in the context of a deferred accounting request, a separate application, or through a more comprehensive rate review. Public Service will not file a Phase I rate case on or before August 1, 2020; therefore this filing represents the separate application contemplated by the Wildfire Settlement Agreement to present the Company's comprehensive WMP.

[4] *See* Proceeding No. 19AL-0268E, Unopposed Partial Settlement Agreement (filed Nov. 1, 2019) (approved without modification in Decision No. C20-0096 (mailed Feb. 11, 2020)).

Q. IS THE WMP PRESENTED IN THIS PROCEEDING AN UPDATED, COMPREHENSIVE PLAN?

A. Yes. The Company is presenting, as Attachment SLJ-1 to the Direct Testimony of Ms. Sandra L. Johnson, its updated WMP, which outlines the objectives for Public Service's wildfire mitigation efforts and details the Company's constituent wildfire mitigation programs, incremental capital investment in 2019 and 2020, and projected capital and O&M costs for calendar years 2021 through 2025. The wildfire risk mitigation programs and actions included in the Company's updated Plan are supported by risk analysis and expert third-party review and result in both transmission and distribution capital investment and O&M expense.

Q. WHAT IS THE COMPANY'S COST RECOVERY PROPOSAL RELATED TO ITS UPDATED WMP IN THIS PROCEEDING?

A. The Company is requesting rider recovery for the wildfire mitigation programs and activities included in the updated WMP. It is important to note that, as discussed by Ms. Johnson, the programs and activities included in the updated WMP are incremental to the Company's existing programs and activities, meaning all activities are either new or accelerated from routine, ongoing work.[5] Further, the Company is only proposing to recover costs for activities undertaken on our highest risk assets, which are located in a carefully defined WRZ. Additionally, as discussed by Mr. Freitas, any associated internal labor is not included in the WMP revenue requirement. Therefore, the costs presented in the

[5] With the exception of the Mountain Hazard Tree Program as discussed later in my Direct Testimony.

updated WMP revenue requirement are incremental to the amount of distribution wildfire costs included in current base rates.

If approved by the Commission, the proposed WPR would collect, on an annual basis, the forecasted program year distribution capital additions and O&M expenses, and actual collections would be subject to an annual true-up. Similar to the transmission capital additions associated with WMP activities presented in the 2019 Electric Rate Case, transmission investment associated with the updated WMP is eligible for recovery through the Transmission Cost Adjustment ("TCA"). Additionally, transmission O&M expense associated with the WMP programs and activities do not represent a material increase above the amount of transmission-related O&M in base rates and therefore the Company is not requesting recovery of the incremental transmission O&M in the WPR.

The Direct Testimony of Mr. Arthur P. Freitas presents the calculation of the annual distribution-related WMP revenue requirement that the Company proposes to be recovered through the Rider over the proposed five-year term, and the proposed true-up process.

My Direct Testimony describes the mechanics of the proposed WPR, the Company's proposed reporting process, procedural timelines, as well as the resulting rates and expected impacts on customers' bills due to the WPR. A summary of the WPR is provided as Attachment BAT-1. Attachment BAT-2 is an illustrative WPR tariff. Although Public Service is not seeking approval to effectuate these proposed tariff sheets in this application proceeding, Attachment BAT-2 provides an illustrative 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.[6]

Q. WHY IS RIDER RECOVERY APPROPRIATE FOR WMP COSTS?

A. Rider recovery builds upon the first additional categorical focus of our WMP activities – engagement. The annual estimate, true-up, and reporting processes that the Company has proposed will facilitate ongoing stakeholder and Commission review of the Company's wildfire mitigation activities and costs over the next five years. Additionally, the proposed Rider provides timely cost recovery. This will support Public Service's actions to continue to mitigate the risk of wildfires within its service territory, thereby enhancing the safety of the electric grid, which is of interest not only to the Company, regulatory stakeholders, and the Commission, but also consistent with the Commission's broad mandate to promote safety and the public interest as well.[7]

Q. PLEASE SUMMARIZE PUBLIC SERVICE'S RECOMMENDATIONS IN THIS PROCEEDING.

A. Public Service specifically requests that the Commission issue an order:

---

[6] As I discuss further in Section VI of my Direct Testimony, Public Service requests that in its final order, 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, to effectuate its WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding.

[7] *See* Proceeding No. 19AL-0268E, Decision No. C20-0096, at ordering ¶ 3 (mailed Feb. 11, 2020) (approving without modification the Wildfire Settlement Agreement). Colorado law further requires that Public Service "furnish, provide, and maintain such service, instrumentalities, equipment, and facilities as shall promote the safety, health, comfort, and convenience of its patrons, employees, and the public[.]" 40-3-101(2), C.R.S. In addition, the Commission has previously stressed the need for regulatory decisions that "protect Public Service's ability to provide safe, reliable, and effective distribution and transmission service to its customers[.]" *See* Proceeding No. 15A-0589E, Decision No. C19-0874, at ¶ 59 (mailed Oct. 28, 2019).

- Approving the Company's proposed WMP provided in Attachment SLJ-1, finding it reasonable and in the public interest;

- Authorizing Public Service to implement its proposed WPR consistent with the terms and conditions reflected in Attachment BAT-2;

- Approving the Company's revenue requirement calculation as reflected in Attachment APF-1, which will be used for the first WPR true-up, and approving the Company's 2021 revenue requirement of $17,185,038, also contained in Attachment APF-1;

- Authorizing 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 WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding; and

- 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.

III. WILDFIRE MITIGATION PLAN OVERVIEW

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

A. In this section of my Direct Testimony, I discuss the drivers of increased wildfire risk, including increasingly severe and frequent weather events, and also summarize Public Service's increasing WUI exposure, which is discussed in more detail by Mr. Rohlwing. Additionally, I provide relevant procedural background related to the Company's WMP and an overview of the Company's updated WMP presented in this proceeding.

A. Increased Wildfire Risk

Q. PLEASE EXPLAIN THE DRIVERS OF THE COMPANY'S WILDFIRE MITIGATION EFFORTS.

A. Wildfires present a risk to the safety of individuals, wildlife, the environment and ecosystems, and public and private property. As shown in the Colorado Department of Public Safety's 2020 Wildfire Preparedness Plan, a copy of which is provided as Attachment BAT-3, severe weather events in Colorado like wildfires and blizzards have increased both in frequency and severity since the 1990's. Severe weather events pose a risk to utility infrastructure and the people, ecosystems, and property that exist alongside it. Additionally, as described in more detail by Mr. Rohlwing, increasing WUIs near Public Service's infrastructure presents additional risk of wildfire and property damage. As I described previously, the risk profile that potential wildfires present to our communities, our environment, and our transmission and distribution system infrastructure has increased the Company's focus in recent years on efforts and investments that can mitigate wildfire risk.

Q. HAS RECOGNITION OF WILDFIRE RISK ALSO INCREASED IN THE UTILITY INDUSTRY IN RECENT YEARS?

Yes. Wildfire risk has also taken on increased prominence across the industry in recent years as many factors have contributed to increased wildfire impacts in the U.S., including changing climate conditions and increased development in high-fire-threat areas,[8] and as a result of several highly publicized tragedies in California. In particular, the 2018 Camp Fire, caused by sparks from faulty utility equipment, was the deadliest and most destructive wildfire in California history, and the most expensive natural disaster in the world in 2018 in terms of insured losses.[9] As of January 2019, the total damage was estimated at $16.5 billion, causing Pacific Gas and Electric Company ("PG&E") to file for bankruptcy, citing expected wildfire liabilities of $30 billion.[10]

---

[8] *Wildfire Risk Reduction Methods*, Elec. Power Research Inst. (Jun. 2020), https://assets.ctfassets.net/ucu418cgcnau/63fdVvKU7XfVdUnUQXUwiU/ffbf0851ad0fa55393ebf1a12cf492f5/Wildfire_Risk_Reduction_Methods.pdf.

[9] Doyle Rice, *USA had world's 3 costliest natural disasters in 2018, and Camp Fire was the worst*, USA Today (Jan. 8, 2019), https://www.usatoday.com/story/news/2019/01/08/natural-disasters-camp-fire-worlds-costliest-catastrophe-2018/2504865002/.

[10] *See* Ian Gray & Gretchen Bakke, *Pacific Gas and Electric is a company that was just bankrupted by climate change. It won't be the last*, Wash. Post (Jan. 30, 2019), https://www.washingtonpost.com/news/monkey-cage/wp/2019/01/30/pacific-gas-and-electric-is-a-company-that-was-just-bankrupted-by-climate-change-it-wont-be-the-last/; *see also* James F. Peltz, *PG&E to file for bankruptcy as wildfire costs hit $30 billion. Its stock plunges 52%*, L.A. Times (Jan. 14, 2019), https://www.latimes.com/business/la-fi-pge-bankruptcy-filing-20190114-story.html.

The Camp Fire and other high-profile wildfire events[11] have served to crystallize the utility industry's efforts, particularly in the Western U.S., on studying and implementing wildfire mitigation and system resiliency practices with a renewed perspective.

Q. CAN YOU ELABORATE FURTHER ON THE RISKS TO PUBLIC SERVICE'S SYSTEM AND SERVICE TERRITORY?

A. Yes. Public Service is impacted by heightened wildfire risk conditions, particularly in the high-wildfire risk areas where we own transmission and distribution infrastructure. Based on data from the Colorado State Forest Service, Public Service has designated certain portions of its system as a Wildfire Risk Zone, which is identified in the WMP and shown in Mr. Rohlwing's Attachment SDR-3. Approximately, 95 distribution feeders and 121 transmission lines are located inside or traverse the Company's WRZ. As discussed in more detail by Mr. Rohlwing, given the significant population density of the Front Range along with the recreational and tourism-related opportunities afforded by the forested areas in and near our infrastructure, the negative impacts of a wildfire in Public Service's service territory could be very significant.

According to the Colorado Department of Public Safety 2020 Wildfire Preparedness Plan (Attachment BAT-3), experts predict that trends in the

---

[11] According to the California Department of Forestry and Fire Protection ("CAL FIRE"), nine of the twenty most destructive wildfires in California history in terms of structures burned have occurred since 2015, with three of the top five occurring during that same period. Of those twenty wildfires, half were found to have electrical or power line-related causes. *See:* Top 20 Most Destructive California Wildfires, CAL FIRE (Aug. 8, 2019), https://www.fire.ca.gov/media/5511/top20_destruction.pdf.

number, intensity, and complexity of wildfires in Colorado will continue. In the 1960s, the average annual number of wildfires in Colorado was 457. These fires burned an average of 8,170 acres annually. By the 1990s, the average number of fires and acres burned had more than doubled to about 1,300 fires with 22,000 acres burned. Between the 1990s and the 2000s, the numbers had more than doubled again. Looking at the historical data of the 20 largest wildfires in Colorado's history in Table BAT-D-1 below, five (25 percent) occurred in 2018, 13 (65 percent) have occurred since 2010, and all 20 (100 percent) have occurred since 2000.

Table BAT-D-1:
Historical Data of the 20 Largest Fires in Colorado's History

Years	State Responsibility Fires (SRF)	SRF Average Per Year	FEMA Incidents	FEMA Average per Year
1967-1969	0	0	0	0
1970-1979	1	.1	1	.1
1980-1989	8	.8	1	.1
1990-1999	15	1.5	4	.4
2000-2009	65	6.5	32	3.2
2010-2019	74	7.4	20	2.0
Total	**163**		**58**	

Finally, in 2019 there were a total of 4,735 wildland fires reported on state and private lands by local fire agencies. These fires burned 16,216 acres. Of those, 24 were classified as large fires (100 acres or more in timber or brush fuels, or 300 acres or more in grass fuels, or of a complexity requiring a Type 1 or Type 2 Incident Management Team).

The Company's WMP is designed to protect against wildfire risk and mitigate the potential for utility-caused wildfires, like those that have severely affected California. We believe that through continued efforts aimed at wildfire mitigation, as detailed in our WMP, Public Service can improve the resiliency of our transmission and distribution system by fortifying our infrastructure while simultaneously working to keep our communities, employees, contractors, and customers safe.

Q. ARE PUBLIC SERVICE'S WILDFIRE MITIGATION PROGRAMS AND ACTIVITIES LIMITED TO PARTICULAR AREAS ON ITS SYSTEM?

A. Yes. The Company has conducted extensive asset-based risk modeling, as further described by Mr. Rohlwing and Ms. Johnson, to identify the highest risk assets on its system. Using our own data and state data available through the Colorado Wildfire Risk Assessment Portal developed by the Colorado State Forest Service, we have developed the WRZ, which is a targeted area where we will focus our efforts. This includes 2,100 miles of overhead distribution feeder (out of 9,500 miles total on the system) and 2,900 miles of transmission lines (of nearly 5,000 total). While virtually all of our WMP efforts will occur within the WRZ, due to the nature of the system and our geography, there will inherently be some activities that occur outside the WRZ (for instance, some feeders traverse in and out of the WRZ). The Company is only, however, seeking Rider recovery for the cost of eligible activities related to assets within the WRZ.

B. Relevant Procedural Background

Q. WHAT PROPOSALS HAS THE COMPANY PREVIOUSLY MADE IN RESPONSE TO THE INCREASED THREAT AND PROMINENCE OF WILDFIRES?

A. In the wake of the major events in California and in response to the growing wildfire threat in Colorado, Public Service presented its first WMP as part of its 2019 Electric Rate Case, where it sought recovery of certain costs associated with implementing the 2019 WMP and deferred accounting treatment for subsequent WMP costs. While it was clear that regulatory stakeholders generally agreed that Public Service should be taking steps 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.

Q. HOW WAS THE 2019 WMP RESOLVED IN THE COMPANY'S 2019 ELECTRIC RATE CASE?

A. Through the Wildfire Settlement Agreement reached in that proceeding, the parties agreed that the Company could recover 2019 wildfire mitigation costs ($5.7 million[12] in 2019 distribution capital additions and $5 million[13] in 2019 distribution and transmission O&M) in base rates. As part of the same

---

[12] 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.

[13] The $5 million of O&M is total Company before retail allocation and represents $2.6 million of transmission and $2.4 million distribution O&M.

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. 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 to enable the Company to recover eligible costs associated with its accelerated wildfire mitigation efforts in a timely manner.

Q. SINCE FILING ITS 2019 ELECTRIC RATE CASE, HAS THE COMPANY TAKEN STEPS TO UPDATE AND REFINE ITS WMP?

A. Yes. Since filing its 2019 Electric Rate Case, Public Service has continued to refine and expand its wildfire mitigation planning efforts. In July 2019, Ms. Johnson was hired as our first Project Director of Wildfire Mitigation. Ms. Johnson leads a diverse, cross-functional team that is dedicated to developing and implementing the Company's WMP and, as Ms. Johnson discusses in her Direct Testimony, over the past year the Company 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.

Since the 2019 Electric Rate Case we have also engaged an experienced independent wildfire professional to review and further develop our WMP. Mr. Lyle is a wildfire professional with over three decades of experience in firefighting and utility wildfire mitigation. As Mr. Lyle explains in his Direct Testimony, he reviewed the Company's updated WMP and has concluded that the Plan is reasonable and consistent with good and emerging utility wildfire mitigation practice.

The Company has also continued to hone its wildfire risk modeling as it collects and tracks more data, which Mr. Rohlwing discusses in his Direct Testimony. As described by Ms. Johnson, risk modeling tools utilized by the Company will help us refine our understanding of wildfire risk while maximizing the efficacy of our planning efforts over time.

Q. HAS THE COMPANY ALSO SUCCESSFULLY UNDERTAKEN WILDFIRE MITIGATION WORK IDENTIFIED IN THE 2019 WMP?

A. Yes. In terms of WMP execution, we have made significant accomplishments. The Company has been implementing all programs as outlined in the 2019 Electric Rate Case and has either met or exceeded nearly all of its goals included in its 2019 WMP. Table BAT-D-2 below identifies a number of the Company's accomplishments for 2019 (among other activities set forth in more detail in the WMP and in Attachment SLJ-3 to Ms. Johnson's Direct Testimony):

Table BAT-D-2: Summary of 2019 WMP Activity

Program	2019 Target	2019 Actuals
Distribution		
Protection Review (Feeders)	97	88
Infrared Inspection (Miles)	300	430
Wind Loading Analysis Pilot (Structures)	900	500
Pole Inspection (Poles)	63,600	69,700
Pole Replacement (Poles)	3,800	2,305
Substation Relay Upgrade (Panels)	Engineering	Engineering
System Protection (Reclosers)	Engineering	Engineering
Secondary Conductor Quantification (Feeders)	70	70
Transmission		
Wind Loading Analysis (Structures)	690	511
Infrared Inspection (Miles)	2,900	2,900
Intrusive Pole Inspection (Poles)	2,851	2,851
Visual Inspection (Miles)	2,900	2,900
Defect Corrections (Defects)	76	72

As Ms. Johnson explains in more detail in her Direct Testimony, by meeting and exceeding our 2019 and 2020 goals, we have actually incurred additional incremental capital and O&M costs associated with the WMP above and beyond what is included in base rates. We are seeking Rider recovery of the eligible incremental 2019 and 2020 capital additions through the WPR, which are reflected in the Company's 2020 revenue requirement sponsored by Mr. Freitas.

Q. WHY DOES THE COMPANY NEED A WMP GOING FORWARD, IF IT HAS CONSISTENTLY MAINTAINED SAFE, ADEQUATE, AND RELIABLE SERVICE TO DATE?

A. In the normal course of business, the Company performs extensive activities to maintain the safety and reliability of its system and plans to continue these activities. Just as it did in 2019 and has done so far in 2020, the WMP enhances these efforts on our highest risk assets, much of which will need to be accelerated in the coming years to address increasing threats to the safety and reliability of Public Service's infrastructure. It is important that these activities be intelligently designed, highly coordinated, and properly tracked in order to verify the effectiveness of the Company's efforts on an ongoing basis. Having a centralized WMP ensures that all of these necessary elements are present and supports regular presentation of information to the Commission and interested stakeholders.

Q. WILL THE COMPANY AND ITS CUSTOMERS ALSO BENEFIT FROM THE ADDITIONAL DATA COLLECTION AND ANALYSES CONTEMPLATED BY THE WMP?

A. Yes. Improving the Company's collection and tracking of wildfire-specific data and metrics through the WMP, which we will report on, will also provide more insight into our wildfire risk areas and assets, further enhancing the Company's real-time understanding of its service territory and system assets. This in turn will provide for more sophisticated risk analyses in the future as the WMP progresses and evolves. Similar to the strides the Company has made in wind forecasting over the past decade that have resulted in improved system dispatch and better enabled the injection of significant amounts of cost-effective wind resources on our system, the Company expects to utilize this insight to continue to implement industry best practices, proactive strategies, risk identification, and appropriate remedies while mitigating wildfire risk.

IV. OVERVIEW OF THE COMPANY'S UPDATED WMP

Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE COMPANY'S 2020 WMP.

A. The WMP presented in this proceeding represents the Company's comprehensive wildfire risk mitigation plan and is made up of several constituent programs as developed through coordination across multiple departments within Public Service and Xcel Energy. The primary objective of the Company's WMP is to promote public safety through minimizing the risk of the Company's equipment being a potential source for a wildfire ignition. As I described previously, the WMP's activities support this objective through increased stakeholder engagement, increased use of technology, and acceleration of risk mitigating actions beyond traditional cycles.

Q. WHAT TIME PERIOD DOES THE WMP COVER?

A. The WMP encompasses the Company's completed activities in 2019 and 2020, along with those activities planned through 2025.

Q. WHAT ARE THE PRIMARY ACTIONS INCLUDED IN THE WMP?

A. The primary actions contained in the Company's WMP include:

1. Accelerated and enhanced equipment and vegetation inspections and replacements, system protection and wind strength modeling programs, and asset data gathering;
2. System protection enhancements;
3. Expanded and incremental vegetation management;
4. Repair and replacement activities of equipment identified through inspections, system protection, and wind modeling programs;
5. Metrics, tracking, and reporting;
6. Community and stakeholder outreach; and,
7. Ongoing assessment of other activities for future consideration.

Q. HOW DOES THE UPDATED WMP DIFFER FROM THE 2019 WMP?

A. The activities that comprise our planned wildfire mitigation programs have been carefully designed based on industry best practices and are continuously evaluated to ensure they are reducing threats to the safety and resiliency of Public Service's transmission and distribution system. The updated 2020 WMP builds on our 2019 WMP by initiating several new conductor-related Distribution replacement programs that will begin in 2021, as well as a transmission program specifically targeting conditions-based major lines rebuilds identified through accelerated inspection processes. Moving forward, the Company has initiated targeted distribution system programs related to enhanced above-ground line inspections, a system protection study, and a risk model behavior program. As Ms. Johnson discusses in more detail, each of these efforts is designed to build upon and enhance our ongoing wildfire mitigation efforts.

Q. WILL THE COMPANY'S PLANNED WMP ACTIVITIES DRIVE INCREMENTAL O&M SPEND?

A. Yes. The Company's planned enhancements to its WMP in 2021 and beyond will drive additional O&M spend beyond what is included in base rates pursuant to the 2019 Electric Rate Case. Ms. Johnson presents and explains these figures in her Direct Testimony.

V. WILDFIRE MITIGATION RIDER

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

A. In this section of my Direct Testimony, I provide an overview of the proposed WPR, including the eligible projects and costs proposed to be recovered through the Rider.

Q. PLEASE GENERALLY DESCRIBE THE WPR AS PROPOSED IN THIS PROCEEDING.

A. The WPR is the cost recovery mechanism by which the Company proposes to recover the distribution capital investment and O&M expenses related to its WMP. Approval of the WPR is supports the Company's wildfire mitigation efforts by providing for timely cost recovery. As I describe in more detail later in my Direct Testimony, the Company's WPR would become effective in 2021 and would be applicable to all customer classes, lasting for an initial period of five Plan years. Procedurally, the WPR would feature an annual advice letter filing setting forth the Company's proposed WMP revenue requirement for the following calendar year, based on forecasted distribution costs for the WMP activities. The WPR would also include an annual report detailing WMP program implementation and costs for the preceding year, as well as an annual true-up mechanism for under- and over-recovery. This WPR process facilitates ongoing stakeholder involvement in the WMP process and timely adjustment of any costs recovered through the WPR.

Q. WHY WOULD THE WPR INCLUDE ONLY DISTRIBUTION COSTS?

A. Even though WMP encompasses both transmission and distribution programs and activities, and therefore both transmission and distribution capital investment and O&M expenses, the Company is only proposing to recover distribution-related costs in the WPR for two reasons. First, 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 in base rates and therefore the Company is not requesting recovery of the incremental transmission O&M in the WPR. Second, transmission investment associated with the updated WMP is eligible for recovery through the TCA. Accordingly, the WPR can be limited to only distribution WMP costs.

Q. PLEASE PROVIDE AN OVERVIEW OF THE TYPES OF DISTRIBUTION WMP COSTS THAT WOULD BE RECOVERED IN THE WPR.

A. Table 3.1 in Attachment SLJ-1 identifies the distribution and transmission-related wildfire mitigation programs and activities. In Table BAT-D-3 below, I have identified the programs and activities that would be recovered through the WPR and noted which activities consist of both capital investment and O&M expense:

**Table BAT-D-3:
Distribution Wildfire Mitigation Programs and Activities**

Inspection and Modeling	Dist	Trans	Capital Investment	O&M Expense	WPR
Above Groundline Inspection	X			X	X
Annual Visual Inspection		X		X	
Infrared Inspection	X	X		X	Dist portion
Secondary Open Wire Quantification	X		X		X
Overhead Inspection	X			X	X
Pole Inspection	X			X	X
Situational Awareness Tools	X		X		X
Structure Wind Strength Review	X	X		X	Dist portion
Repair and Replace	**Dist**	**Trans**	**Capital Investment**	**O&M Expense**	**WPR**
Bare Secondary Conductor Replacement	X		X		X
Covered Conductor	X		X		X
Pole Repair/Replace	X		X	X	X
Equipment upgrade (cutouts, arresters etc.)	X		X	X	X
High Priority Defect Correction		X	X	X	
Major Line Rebuilds (Conditions-Based)		X	X		
Overhead Rebuilds	X		X	X	X
Small Conductor Replacement	X		X		X
System Protection	**Dist**	**Trans**	**Capital Investment**	**O&M Expense**	**WPR**
ADMS Enhanced System Protection	X		X		X
Protection Study for Feeders	X		X		X
Design/Construct Revised Protection Schemes	X		X	X	X
Recloser Communications Network	X		X		X
Substation Relay Communications Upgrade	X		X		X
Substation Relay Upgrade	X		X		X
Vegetation Management	**Dist**	**Trans**	**Capital Investment**	**O&M Expense**	**WPR**

Mountain Hazard Tree Program	X	X		X	X
Pole Brushing - Equipment Poles	X			X	X
ROW Vegetation Type Conversion		X		X	
Secondary Voltage Line Clearance	X			X	X
Community Engagement and WMP Development	**Dist**	**Trans**	**Capital Investment**	**O&M Expense**	**WPR**
Community Engagement	N/A	N/A		X	X
Software	N/A	N/A		X	X
Professional Services	N/A	N/A		X	X

The Company would also include costs associated with metrics, tracking, and reporting these above-listed programs and activities.

Q. HOW WILL THE COMPANY ENSURE THAT DISTRIBUTION WMP COSTS IN CURRENT BASE RATES ARE NOT ALSO RECOVERED IN THE WPR?

A. From a capital perspective, the distribution-related capital additions included in base rates are specific to prior 2019 projects and their respective revenue requirements were established in the 2019 Electric Rate Case. Only incremental distribution WMP capital additions (i.e., separate discrete projects) that were not included in the Wildfire Settlement Agreement are reflected in the Company's 2021 revenue requirement and will be recovered through the WPR.

With regard to O&M expense, only incremental distribution O&M expense above the level included in base rates will be recovered through the WPR. The wildfire mitigation programs and activities included in the WMP are incremental activities to the actions included in the 2019 WMP and the 2019 costs that were incorporated into base rates in the 2019 Electric Rate Case. Mr. Freitas has excluded the amount of WMP-related O&M expenses in base rates from the WPR revenue requirement. Additionally, Mr. Freitas has excluded internal labor costs from the WPR revenue requirement as those costs are already reflected in base rates and therefore will not be recovered through the WPR.

Q. HOW HAS THE COMPANY IDENTIFIED THE SPECIFIC DISTRIBUTION PROJECTS AND ACTIVITIES THAT WILL BE RECOVERED THROUGH THE WPR?

A. Ms. Johnson discusses the specific projects and activities that will be eligible for recovery through the WPR and presents detailed budget information supporting those projects and activities in her Direct Testimony and Attachment SLJ-2. As Ms. Johnson details, the Company has selected these projects and activities through rigorous review and study of industry best practices, its own system, and consultation with various fire professionals, trade associations, utilities, and leading resources.

Q. THE COMPANY HAS REQUESTED THAT THE WPR BE ESTABLISHED TO RECOVER WMP COSTS THROUGH PROGRAM YEAR 2025. DOES THE COMPANY ANTICIPATE CHANGES TO THE SPECIFIC PROJECTS, ACTIVITIES, AND COSTS THAT ARE INCLUDED IN THE WMP?

A. Yes. As described by Ms. Johnson, the Company is actively evaluating emerging solutions. For example, the Company is studying potential applications for microgrid and battery storage technologies, along with Public Safety Power Shut-Off initiatives and technologies within its WMP. While we are optimistic that new and evolving technologies and initiatives such as these can and will have a role in mitigating the risk of wildfires and/or responding to wildfires in the future, we believe more analysis and data is necessary before we can bring them forward for inclusion in the WMP and proposed recovery through the WPR.

Q. WHAT ARE THE PROJECTED CAPITAL COSTS AND O&M EXPENSE INCLUDED IN THE 2021 WPR REVENUE REQUIREMENT?

A. The Company currently projects $174 million in capital investment in its 2021 WPR revenue requirement. For plan year 2021, the Company forecasts the incremental distribution O&M will total approximately $4.0 million. As I stated earlier, the Company is not seeking recovery of any transmission capital or O&M expenses associated with the WMP through the WPR, and instead will seek recovery of eligible transmission capital through its TCA. Ms. Johnson's Direct Testimony and Attachment SLJ-2 offers a detailed breakdown of the budget figures associated with the Company's WMP.

In terms of its revenue requirement, the Company is only seeking approval of the 2021 revenue requirement associated with eligible WMP distribution expenditures in this proceeding. The Company is providing its projected revenue requirements for Plan years 2022-2025 for illustrative purposes only and plans to seek approval for each of those years through its annual advice letter filings, which I describe in more detail below.

Q. YOU STATED THAT ONLY INCREMENTAL WILDFIRE MITIGATION COSTS WILL BE RECOVERED THROUGH THE WPR. COULD YOU PLEASE IDENTIFY THE COSTS THAT ARE ALREADY INCLUDED IN BASE RATES?

A. Yes. As explained previously in my Direct Testimony, $5.7 million of distribution capital and $5 million of distribution and transmission O&M were included in base rates for wildfire mitigation costs as part of the Company's 2019 Electric Rate Case. Only the incremental costs, or costs above the level of costs already included in base rates, are eligible for recovery in the WPR as reflected in Tables BAT-D-4 and BAT-D-5 below. Ms. Johnson provides further detail on individual WMP program capital and O&M expense through 2025 in her Direct Testimony, and Mr. Freitas explains how these costs are used in the Company's WPR revenue requirement calculation.

Table BAT-D-4:
Wildfire Mitigation Programs
Incremental Distribution Capital Additions

Public Service - Total Electric WMP Capital Plant Budgets by Program - Distribution** (Dollars in Millions)								
Project	**2019 Actuals**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Inspection and Modeling	0.7	0.8	0.1	0.1	0.1	0.1	0.1	**1.8**
Protection	0.4	9.2	8.6	7.0	0.0	0.0	0.0	**25.3**
Repair and Replace	34.4	45.6	79.9	34.9	34.4	34.4	34.4	**297.7**
Total*	**35.5**	**55.6**	**88.6**	**42.0**	**34.5**	**34.5**	**34.5**	**325.2**
Base Rates***	**(5.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(5.7)**
Total Incremental*	**29.8**	**55.6**	**88.6**	**42.0**	**34.5**	**34.5**	**34.5**	**319.6**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.
** The table reflects plant additions, but the revenue requirement uses plant in service. The difference is the Allowance for Funds Used During Construction.
*** The $5.7 million is the total amount of plant included in the 2019 Electric Rate Case. Mr. Freitas explains the 13-month average, which is what base rates are based on is $1.7 million.

Table BAT-D-5:
Wildfire Mitigation Programs
Incremental Distribution O&M Expense

Public Service - Total Electric WMP O&M Budgets by Program - Distribution (Dollars in Millions)						
Project	**2021****	**2022**	**2023**	**2024**	**2025**	**Total**
Community and Development	1.3	1.3	1.3	1.3	1.3	**7.3**
Inspection and Modeling	2.4	2.8	2.8	2.8	2.8	**19.7**
Protection	0.1	0.0	0.0	0.0	0.0	**0.8**
Vegetation Management	1.5	1.5	2.2	2.2	2.2	**11.4**
Repair and Replace	1.1	0.9	1.4	1.4	1.4	**8.7**
Total*	**6.4**	**6.5**	**7.7**	**7.7**	**7.7**	**47.8**
Base Rates	**(2.4)**	**(2.4)**	**(2.4)**	**(2.4)**	**(2.4)**	**(16.8)**
Total Incremental*	**4.0**	**4.1**	**5.3**	**5.3**	**5.3**	**31.0**

* There may be differences between the sum of the individual category program amounts and Total amounts due to rounding.
** For 2019 and 2020, the Company will only recover the amount of O&M in base rates.

Q. HOW DOES CERTAIN WMP CAPITAL INVESTMENT AFFECT WMP O&M EXPENSE?

A. Generally, a utility incurs O&M expense in connection with its utility assets. In the context of the WMP, certain O&M expenses are and will be incurred in connection with capital investment placed in service based on the Company's capitalization policy. For example, while the many of the projects contemplated by the WMP will predominantly include capital dollars, many will also inherently include an O&M "split" based on the type of work being conducted as dictated by the Company's capitalization policy. For example, overhead and underground extensions and rebuilds, overhead and underground reinforcements, and pole replacement activities, though predominantly treated as capital projects, will include some portion of O&M expense. These splits between capital and O&M may range from 80-99 percent capital with the remainder of the split being O&M. As I mentioned previously, the Company is not proposing to recover any internal labor costs that are expensed through the WPR; however, incremental third-party labor costs will be split between capital and expense based on accounting policies and reflected in the WPR.

VI. POLICY RATIONALE FOR APPROVING A WILDFIRE RIDER

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

A. In this section of my Direct Testimony, I explain the benefits to the Commission, interested stakeholders, and customers of rider recovery versus base rate recovery as well as present public policy considerations that support approval of the WPR and how past Commission decisions weigh in favor of approving the WPR.

Q. WHAT ARE THE ADVANTAGES TO THE COMMISSION, INTERESTED STAKEHOLDERS, CUSTOMERS, AND THE COMPANY OF RECOVERING WMP COSTS THROUGH A RIDER RATHER THAN THROUGH BASE RATES?

A. 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 annual reporting and true-up process included in the WPR will facilitate transparency, exchange of information, and Commission and stakeholder engagement in wildfire mitigation activities. Regular evaluation of our efforts through the WPR annual filings and WMP stakeholder engagement process will also ensure ongoing collaboration while the WPR is in place.

Additionally, approval of the WPR could result in fewer base rate case proceedings. Filing more frequent rate cases would be more complex as well as more cost- and resource-intensive. 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.

Finally, the WPR will further provide the Company with the regulatory certainty and cost recovery support that aligns with the Commission's prior approval of wildfire mitigation costs and approval of the Wildfire Settlement Agreement. 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.

Q. WHAT STANDARDS AND POLICY DRIVERS HAS THE COMMISSION CONSIDERED IN APPROVING RIDERS OR COST ADJUSTMENTS IN THE PAST?

A. When considering recovery of a utility's costs, the Commission has the discretion to allow recovery either through a cost adjustment clause (or rider) or through a general rate proceeding. Therefore, the Commission may allow recovery of the Company's reasonable WMP costs either through the proposed WPR or through base rates.[14] The Commission has broad ratemaking authority, under which it can and has approved numerous utility riders and cost adjustment mechanisms in the past. It is my understanding that the Commission has never codified specific standards. And, even though the Commission has most commonly relied on the "three-pronged test"[15] in the past when determining whether or not to approve a rider for utility cost recovery, it has also chosen to give weight to a number of other policy factors. In fact, more recently, the Commission has declined to strictly follow any such test and instead looked to other policy considerations,[16] such as reduction in regulatory lag, public interest in addressing catastrophic risk, urgency and need to accelerate the proposed activities, flexibility and ability to respond to changing costs, and potential reduction in the number of general ratemaking cases filed to justify riders or recovery through cost adjustments.[17]

---

[14] *Pub. Serv. Co. of Colo. v. Pub. Utils. Comm'n*, 644 P.2d 933, 941-942 (Colo. 1982).

[15] The Commission has in the past considered three criteria for determining if the adjustment clause or rider is appropriate: (1) the costs to be recovered are volatile; (2) the volatile cost changes subject to recovery are large in magnitude; and (3) the volatile cost changes are beyond the utility's control.

[16] Proceeding No. 17AL-0429G, Decision No. C18-0311 at ¶ 32 (mailed May 3, 2018) ("The Commission is reluctant to set forth a policy on cost adjustments and rate mechanisms in the narrow context of this rate proceeding for a single … utility. We also conclude that such a policy is not required.").

[17] *See* Proceeding No. 17AL-0429G, Decision No. R18-0014, at ¶ 88 (mailed Jan. 8, 2018) (citing Application No. 32603, Decision No. C80-1592, at 4 (mailed Aug. 12, 1980) (approving Public Service's Electric Commodity Adjustment)); *see also id.* at ¶¶ 83, 89-90 (rationale upheld by Decision No. C18-0311, at ¶ 30 (mailed May 3, 2018)).

Q. WHAT POLICY CONSIDERATIONS WEIGH IN FAVOR OF APPROVING THE WPR HERE?

A. While the Company is not advocating that the Commission adopt any particular standard of general applicability in this proceeding, authorizing recovery of the requested wildfire mitigation costs through a rider is supported by many of the policy considerations the Commission has historically looked to in approving past riders.

First, the overarching reason for the WMP is to promote public safety, mitigate risk of wildfire for customers, communities, and the general public, and therefore also mitigate the risk of property damage, injury, loss of life, and environmental damage. Promoting public safety and reducing these risks is in the public interest. Rider recovery of the WMP costs supports this work in the timeframe proposed by the Company, or faster if the Commission determines a different schedule is more appropriate.

The Company first presented its wildfire mitigation initiative in the 2019 Electric Rate Case and intervening parties, as well as the Commission, recognized the need for the proposed activities and supported recovery of certain costs in that proceeding. Specifically, the Wildfire Settlement Agreement contemplated expanding the WMP to be more comprehensive, include more metrics, and incorporate more stakeholder engagement and feedback. These activities result in significant investment as the Company is forecasting over $320 million of distribution capital investment through 2025.

The Company proposes to continue to assess its wildfire mitigation efforts and the WPR process supports annual Commission review of metrics, progress, and costs while providing a cost recovery mechanism that supports the Company working to increase the safety and resiliency of its system in an accelerated manner. Interested stakeholders can actively participate in these review processes at the Commission and a process that facilitates this engagement is in the public interest because, as Governor Polis stated during his May 7, 2019 Wildfire Briefing, “all Coloradans need to work together to reduce fire damage.”[18]

Commission approval of the WPR will also provide benefits to customers with the presence of an annual true-up, with interest, and the ability to smooth out bill impacts with smaller, annual adjustments in rates versus larger adjustments at one time. Further, rider recovery presents the opportunity to reduce the need to file annual or more frequent rate cases. Finally, customers will receive additional benefit of more timely incorporation of utility best practices into the Company’s WMP as they evolve in response to increasing recognition of wildfire risk in the electric utility industry.

Finally, we anticipate potential price volatility based on inspections, assessments, and studies that have yet to be completed and in some instances performed. Additionally, knowledge of the WRZ itself will change as a result of new data and the Company’s continuing efforts to increase its situational

[18] *Governor and Fire Agencies Provide 2019 Wildfire Outlook*; press conference information page available at https://www.colorado.gov/pacific/dfpc/news/media-advisory-governor-and-fire-agencies-provide-2019-wildfire-outlook.

awareness, which could result in cost changes and WMP programs adjust accordingly. Further, advancements in technology could create additional opportunities in the future for additional risk mitigation.

As Ms. Johnson explains, the WMP contemplates numerous detailed inspections, all of which will influence the appropriate level of system repairs, replacements, and upgrades. Thus, we cannot know with certainty how much these programs will cost until the inspections and studies are complete. Other factors, such as availability and pricing of contract crews, supply chain performance, and seasonal variabilities on when the Company can conduct work, which are often driven by weather and snowpack, all contribute to cost volatility. While Public Service is confident we will be able to prudently manage the WMP budget, we do not have complete control over the various program costs because of the unknown extent of the work to be done and potential for cost volatility due to the factors I mentioned above.

As Mr. Lyle describes, it is important to allow the results and metrics tracked in the WMP to inform the next iterations of the Plan, along with its work and prioritization of work going forward. Additionally, as described by Mr. Lyle, situational awareness is a new and emerging facet of the utility industry's response to wildfire. As the Company takes steps to enhance its situational awareness, we believe we will gain valuable real-time information and learn more about the incidence and behavior of fire on the landscape in our service territory. As a result, our WMP will be more informed.

Q. HOW ARE THESE POLICY JUSTIFICATIONS THAT YOU'VE JUST DESCRIBED CONSISTENT WITH PREVIOUS COMMISSION DETERMINATIONS WHEN APPROVING RIDER RECOVERY?

A. In addition to the policy drivers identified above, other factors that weigh in favor of approving the WPR include:

- **Potential for catastrophic risk, including loss of life, serious property damage, and environmental harm associated with wildfire**. While neither the federal nor state government have codified standards that address utility wildfire mitigation efforts, one only needs to look to the recent tragedies in California to understand the severity in risk. As I explained above, increased risk of wildfires is present in Public Service's service territory and there is increased risk that potential fires could lead to catastrophic levels of damage.

- **Urgency to complete the mitigation activities set forth in the WMP**. There is a unique urgency to expeditiously complete the projects identified in the WMP. Indeed, with each fire season comes new and heightened risk to the electric grid and general public. Rather than take a reactionary approach, the Company is seeking to take a more preventative approach through its wildfire mitigation activities. Approval of the WPR will ensure timely recovery of these critical investments.

- **Acceleration of WMP activities is justified.** Along similar lines, approval of the WPR will significantly increase the Company's ability to accelerate completion of the activities set forth in its WMP. The programs and timelines set forth in the Company's WMP will facilitate accelerated resolution of hazards which increase fire risk in the Company's service territory, rather than proceeding at the historical inspection and replacement rate. Similarly, in approving the Company's Pipeline System Integrity Adjustment ("PSIA") the Commission relied on the urgency with which the projects should be completed to determine the necessity of the rider. Acceleration of the Company's wildfire mitigation efforts, as set forth in its WMP, is a prudent action to promote public safety.

- **Bill impacts and avoiding/delaying the need for a Phase I rate case.** Last, the use of a rider will smooth out the bill impacts attributable to the Company's wildfire mitigation activities. This would prevent the potential rate spikes for customers resulting from waiting for approval through periodic rate cases. Ratepayers and stakeholders also benefit by avoiding the high costs which would be incurred due to unnecessary additional rate cases.

Q. THE COMPANY IS ALSO SEEKING APPROVAL OF ANOTHER RIDER TO RECOVER COSTS ASSOCIATED WITH ADVANCED GRID INVESTMENTS. WHY IS IT APPROPRIATE FOR THE COMMISSION TO APPROVE BOTH OF THESE RIDERS?

A. These two riders address different but vital needs of customers and Public Service's system that happen to arise at the same time. As discussed previously, the WPR addresses the need to perform critical work necessary to mitigate the risk of wildfires within Public Service's service territory. Separately, the Advanced Grid Rider addresses the need to modernize the distribution system to bring about an intelligent, automated, and interactive electric distribution system that will allow operators more visibility into the system for a more secure and resilient grid and allow customers access to timely energy information. Both the Advanced Grid Rider and the WMP and WPR present costs and activities that have previously been presented to the Commission and reviewed in prior proceedings. Further, as Public Service recently completed a Phase I Electric Rate Case and hopes to delay a future filing, approval of these two riders is necessary and appropriate at this time to provide a cost recovery mechanism for these two important initiatives.

VII. WPR MECHANICS

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

A. In this section of my Direct Testimony, I describe the mechanics of the Company's proposed WPR tariff, including its structure, applicability, revenue requirement, true-up calculation, and reporting, as well as how the Company plans to procedurally implement the WPR. Additionally, I provide a summary of the mechanics of the WPR proposal in Attachment BAT-1 to my Direct Testimony. Mr. Freitas supports the derivation of the WPR revenue requirement and explains the true-up calculation in more detail in his Direct Testimony.

Q. DOES THE STRUCTURE OF THE PROPOSED WPR REFLECT EXISTING COMMISSION-APPROVED RIDERS OR ADJUSTMENT MECHANISMS?

A. Yes. The Company has structured its proposed WPR using a framework similar to other rider/adjustment clauses in place, such as the Company's PSIA and TCA riders.

Q. HOW LONG DOES PUBLIC SERVICE PROPOSE THE WPR BE IN EFFECT?

A. Public Service proposes that the WPR be in effect to recover distribution WMP costs for program years 2021 through 2025, including the incremental capital additions placed in service in 2019 and 2020. WMP costs would be transferred from the WPR to base rates in Phase I rate cases filed after the WMP is established for projects completed and in service that have undergone a prudence review.

Q. PLEASE EXPLAIN THE TIMING AND PROCESS OF THE ANNUAL FILINGS THE COMPANY WILL MAKE ASSOCIATED WITH ITS WMP AND THE WPR.

A. The WPR revenue requirement will be updated annually by filing an advice letter on or before November 15 of each year, to reflect the forecasted revenue requirement for the following year to be effective January 1. 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. I summarize this true-up in more detail below. Each annual true-up will be incorporated into the annual revenue requirement revision filed the following November 15.

Q. WILL THE COMPANY INCLUDE ANY OTHER DATA IN ITS ANNUAL REPORTS?

A. Yes. As part of its annual April WPR Report, the Company will summarize its WMP progress and accomplishments including completed and planned activities, both transmission and distribution. The Company will also report on a number of key topics and metrics associated with its WMP from each preceding calendar year, including:

- The number of ignitions associated with electric overhead powerlines within the WRZ;

- The number of downed transmission and distribution wires within the WRZ;
- The number of Red Flag Warning Days in Colorado;
- The communities or areas that experienced Red Flag Warnings, as well as the dates they occurred;
- The total number of wildfires in the Company's service territory;
- The total actual annual investment in the WMP, per year; and,
- Additional metrics related to completed activities.

These metrics align with those that the Settling Parties agreed to track as part of the Wildfire Settlement Agreement approved in the 2019 Electric Rate Case.[19] During that proceeding, Intervenors recommended, and Public Service agreed, that the Company should demonstrate the efficacy of its WMP through the reporting of appropriate data and metrics. For 2019, the Company has provided the agreed-to information in Attachment SLJ-3.[20]

Q. IS THIS FILING INTENDED TO SERVE AS THE FORECAST FOR 2021 COSTS?

A. Yes. While not filed on November 15, this initial WPR application is intended to provide the data necessary to establish a baseline revenue requirement for 2021, as set forth in the Direct Testimony of Ms. Johnson and Mr. Freitas.

Additionally, the Company has provided the metrics reporting information for 2019 in Attachment SLJ-3 and Ms. Johnson's Direct Testimony. The

---

[19] Wildfire Settlement Agreement, at 5.

[20] "Additional metrics" for 2019 are provided in Section I: Program Targets of Attachment SLJ-3.

Commission and parties will have the data necessary for the Company to implement the WPR in a timely fashion upon approval.

Q. HOW WILL THE COMPANY CALCULATE THE ANNUAL REVENUE REQUIREMENT FOR THE WPR?

A. The annual revenue requirement will be calculated by subtracting eligible WMP costs already recovered in base rates from total eligible WMP program costs, as detailed above and in Mr. Freitas' Direct Testimony, and adding the remaining costs with the previous year's true-up amount (either positive or negative). Should any changes to base rates occur as part of a future rate case, the Company will simultaneously adjust the WPR to remove any applicable program costs transferred into base rates. More detail regarding the calculation and individual components of the Company's WPR revenue requirement can be found in Mr. Freitas's Direct Testimony and in the illustrative WPR tariff included in this filing as Attachment BAT-2.

Q. IS THE COMPANY PROPOSING A RETURN ON CAPITAL INVESTMENTS AS PART OF THE WPR?

A. Yes. As Mr. Freitas explains in his Direct Testimony, the WPR includes a return on (in addition to a return of) incremental capital investments equal to the Company's actual weighted average cost of capital ("WACC") in the program year based upon a 13-month average capital structure[21], the actual cost of long-term debt, and the Company's most recently-authorized return on equity. The

[21] As discussed by Mr. Freitas, the Company is not proposing to include short-term debt in the capital structure because there is not construction work in progress associated with the WMP capital projects.

capital costs included in rate base will use a 13-month average methodology, as the WPR is calculated using a forecasted test year with a true-up mechanism.

Q. PLEASE EXPLAIN THE COMPANY'S PROPOSED TRUE-UP MECHANISM FOR UNDER- OR OVER-RECOVERY ASSOCIATED WITH THE WPR.

A. The Company plans to true-up costs on an annual basis through a filing made on or before April 15 of each year, beginning in 2022. Any true-up adjustment, including carrying costs set at the Company's after-tax WACC, will be rolled into the following year's WPR as part of the annual revenue requirement revision filed on November 15. If the Company determines that it over-collected through the WPR in the previous calendar year based on the forecasted revenue requirement for that year, the following year's revised WPR will be reduced by the difference between forecasted and actual costs. The opposite will apply if the Company finds that the WPR under-collected for a given calendar year. This true-up mechanism will ensure the accuracy of the Company's year-to-year cost recovery through the WPR. Mr. Freitas explains the true-up mechanism in more detail in his Direct Testimony.

Q. FROM A PROCEDURAL PERSPECTIVE, HOW DOES THE COMPANY PROPOSE TO IMPLEMENT THE WPR IF THE COMMISSION ISSUES A DECISION APPROVING THE WMP AND WPR IN THIS PROCEEDING?

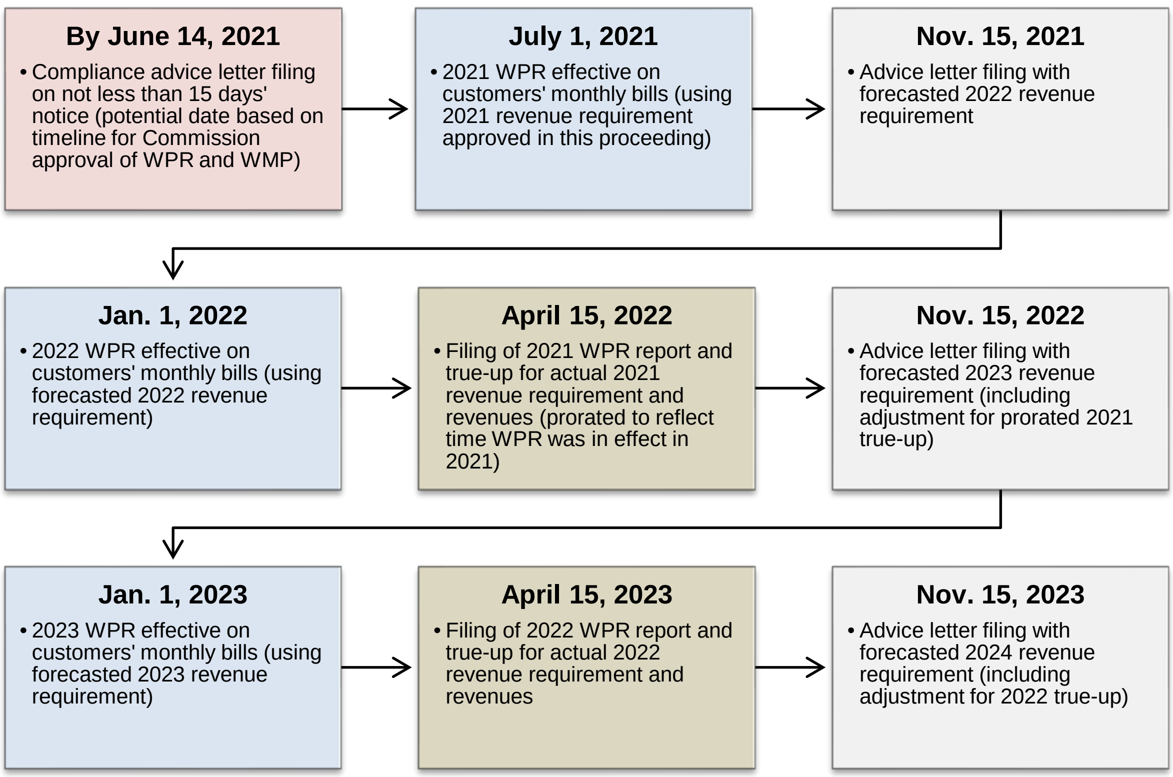
A. In its final Commission decision approving the WMP and WPR, we are requesting that the Commission authorize the Company to file a compliance advice letter within 20 days of the effective date of its final order, but on not less than 15 days' notice, with its WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding. We do not know exactly when the Commission will issue its final decision but would anticipate an effective date of no later than July 1, 2021 for the WPR tariff sheets.[22] Public Service proposes filing its WPR compliance advice letter for recovery of its 2021 revenue requirement. The 2021 revenue requirement will be calculated based on the full calendar year, but 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 in 2023.

As an illustrative example, assume the WPR were to go into effect on July 1, 2021. Public Service would start billing customers under the WPR on July 1, 2021 based on the Company's projected 2021 revenue requirement reflected in this case. In 2022, the actual 2021 revenue requirement for the calendar year will be calculated and a true-up adjustment will result (which would be reflected in the Company's annual April 15, 2022 filing and included in the Company's November 15, 2022 advice letter filing). The first true-up adjustment, for 2021, will be prorated to reflect only the period that the WPR was in effect in 2021.

[22] 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.

Figure BAT-D-1 below provides an illustrative timeline of key WPR dates through 2023.

Figure BAT-D-1: Illustrative WPR Timeline



Q. WHAT IS THE COMPANY'S ESTIMATED WMP REVENUE REQUIREMENT FOR 2021 THROUGH 2025?

A. Table BAT-D-6 below summarizes the WMP revenue requirement for each year based on Mr. Freitas' calculations, which are further reflected in Attachment APF-1.

Table BAT-D-6:
Annual Revenue Requirements (from Attachment APF-1)

Annual Revenue Requirements (2021-2025)					
	2021	**2022**	**2023**	**2024**	**2025**
Total Revenue Requirement	$19,752,594	$26,289,027	$31,037,563	$34,095,900	$37,004,809
Less: Amount in Base Rates	($2,567,556)	($2,567,556)	($2,567,556)	($2,567,556)	($2,567,556)
Net Revenue Requirement	$17,185,038	$23,721,471	$28,470,008	$31,528,344	$34,437,254

Q. HOW IS THE COMPANY PROPOSING TO ALLOCATE THE ANNUAL WPR REVENUE REQUIREMENT AMONG CUSTOMER CLASSES?

A. The annual WPR will be allocated among customer classes based on established methods used by the Company to allocate distribution-related costs. First, as described by Mr. Freitas, the WPR costs are functionalized by the type of equipment or work performed. Approximately 98 percent of the WPR costs are functionalized as Primary Distribution, while the remaining 2 percent are functionalized as Substation Distribution costs. Next, the costs are allocated to customer classes using established methods. The Primary Distribution costs are allocated based on each class's the Non-Coincidental Peak ("NCP") while Substation Distribution costs are allocated based upon each class's contribution to a Four Coincidental Peak – Average and Excess Demand ("4CP-AED") demand allocation methodology. These are the same allocation methods used in the Company's last Phase II Electric Rate Case in Proceeding No. 16AL-0048E and have been updated for 2021 sales volumes, which are reflected in Attachment BAT-4.

Q. WHAT IS THE OVERALL CLASS COST ALLOCATION FOR THE WPR?

A. The expected class cost allocation of the WPR revenue requirement is provided in Table BAT-D-7 below. Further detail of the class cost allocation for 2021 is included in Attachment BAT-4. The Company updated its class cost allocation factors for 2021-expected customer counts and sales volumes. The volumes and cost allocations will be updated in the annual WPR forecast filings. For the purposes of Table BAT-D-7, however, the allocation factors have been held constant for 2021 through 2025.

Table BAT-D-7:
WPR Class Cost Allocation 2021-2025

Customer Class	2021	2022	2023	2024	2025
Residential	$7,486,684	$10,327,533	$12,391,571	$13,725,198	$14,993,704
Commercial	$972,256	$1,339,634	$1,606,612	$1,780,090	$1,945,108
Secondary General	$7,198,674	$9,945,643	$11,940,921	$13,220,374	$14,437,263
Primary General	$1,422,333	$1,965,095	$2,359,332	$2,612,128	$2,852,563
Transmission General	$0	$0	$0	$0	$0
Lighting	$105,091	$143,566	$171,572	$190,554	$208,616
Total	$17,185,038	$23,721,471	$28,470,008	$31,528,344	$34,437,254

Q. HOW WILL WPR RATES BE STRUCTURED?

A. The rate design for WPR charges are similar to other non-base rate adjustments, with Residential and Small Commercial customers charged on an energy, or kilowatt-hour (“kWh”) basis and other Commercial classes charged on a demand, or kilowatt (“kW”) basis. The calculated 2021 rates for each customer class are included in the illustrative WPR tariff, Attachment BAT-2.

Q. WHAT ARE THE ESTIMATED BILL IMPACTS FOR A TYPICAL CUSTOMER ASSOCIATED WITH IMPLEMENTATION OF THE WPR?

A. In 2021, a typical residential electricity customer's bill would increase by $0.49 a month, or 0.71 percent, from $69.04 to $69.53, based on average monthly usage. A typical small-business electricity customer would see an increase of $0.71 a month, or 0.69 percent, from $102.99 to $103.70, based on average monthly usage. Table BAT-D-8 below presents the estimated monthly bill impact on the typical customer in each class. Further detail of the 2021 bill impacts are included in Attachment BAT-4. Because WPR costs are limited specifically to distribution related investments and O&M there will be no charges assessed to customers taking service at the transmission voltage level.

Table BAT-D-8: WPR Bill Impacts

Wildfire Protection Rider						
Total Bill Impact on Annualized Rates						
	2021	**2022**	**2023**	**2024**	**2025**	**Total**
Residential - R	0.71%	0.28%	0.19%	0.12%	0.11%	1.43%
Commercial - C	0.69%	0.26%	0.18%	0.12%	0.12%	1.37%
Secondary General - SG	0.66%	0.27%	0.18%	0.12%	0.12%	1.35%
Primary General - PG	0.56%	0.22%	0.17%	0.08%	0.11%	1.14%
Transmission General - TG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Q. WHAT SAFEGUARDS ARE IN PLACE TO ENSURE THAT CUSTOMERS ONLY PAY REASONABLE AND PRUDENT COSTS ASSOCIATED WITH THE WPR?

A. The structure of the WPR includes multiple regulatory safeguards to prevent inflated costs. One of these safeguards is the annual true-up mechanism I described above, 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 annual April 15 WPR report filed concurrently with the annual true-up calculation. Interested parties will 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.

Q. HOW WILL THE COMPANY ENSURE WILDFIRE COSTS ARE REASONABLY CONTAINED?

A. The Company has taken a number of steps in crafting its proposed WPR to maximize certainty and transparency, while ensuring costs are reasonably contained. To be clear, the Rider is in no way a blank check. Steps we have taken to ensure cost containment include:

- Establishment of clearly defined categories of costs that are eligible for recovery – as reflected in the WPR itself, along with the detailed testimony of Ms. Johnson and details contained in the WMP;
- Limiting eligible projects for recovery to discrete and clearly defined high-risk assets within the WRZ, unless the Commission directs a broader scope;
- Plan year revenue requirements to be established on an annual basis (e.g. this filing is only seeking recovery of the 2021 revenue requirement); and

- Rider recovery will be subject to an annual true-up to actual costs incurred.

Taking into account these measures and safeguards, the WPR presents a reasonable ratemaking solution that results in just and reasonable rates and therefore is in the public interest and should be approved by the Commission.

VIII. WPR CASE EXPENSES AND REQUEST FOR DEFERRED ACCOUNTING

Q. IS PUBLIC SERVICE INCURRING EXPENSES TO PREPARE AND PROSECUTE THIS CASE?

A. Yes. Public Service has already incurred expenses to prepare the case filing and will continue to incur expenses to perform the other tasks attendant to filing and litigating this case before the Commission.

Q. IS PUBLIC SERVICE PROPOSING TO RECOVER THESE EXPENSES IN THE WPR?

A. No. The Company requests the Commission defer the review, approval, and recovery of these expenses to the next Phase I electric rate case. Specifically, WPR case expenses would be deferred into a regulatory asset without interest until they are presented for cost recovery in the next Phase I electric rate case. The Company commits to presenting actual WPR expenses at the time of that filing.

Q. WHY IS IT APPROPRIATE FOR PUBLIC SERVICE TO INCLUDE WPR CASE EXPENSES AS A RECOVERABLE ITEM IN THE COST OF SERVICE?

A. Most businesses have the flexibility to set their prices based on their assessment of the market and the demand for their products. Utilities that are subject to cost of service regulation do not have this same flexibility, but rather must make rate, or in this instance rider, filings and obtain public utility commission authorization to establish new rates. Accordingly, it is my understanding that it has been the long-standing practice of this Commission to treat reasonable expenses of cost recovery and other rate case proceedings as a necessary cost of doing business and, after review, to allow recovery of such expenses through mechanisms established in a rate case proceeding. Further, as I discussed earlier in testimony, the WPR will likely increase the time between Phase I electric rate cases, thus reducing expenses to file those cases over the period the WPR is in effect.

Q. WHAT AMOUNT OF WPR EXPENSE DOES PUBLIC SERVICE EXPECT TO INCUR IN THIS PROCEEDING?

A. The total expenses associated with this filing are estimated to be $544,002, assuming a fully litigated case.

Q. PLEASE LIST AND GENERALLY DESCRIBE THE MAJOR EXPENSE CATEGORIES YOU EXPECT THE COMPANY TO INCUR RELATED TO THIS FILING.

A. The major categories of expenses include the following:

- <u>Hearing Costs:</u> During the course of the case, a court reporter may be necessary to transcribe depositions and hearings before the Commission or administrative law judge. There is a cost for the court reporters to record and then transcribe these proceedings. This fee increases or decreases based upon the length of the transcript and the timeframe in which the reporter must turn over the transcript.
- <u>Legal Counsel:</u> The Company does not staff its legal department assuming continuous ongoing rate or rider filings. Additionally, the expertise to file a comprehensive rate or rider case is not always in-

house for all topics; thus, outside legal assistance is necessary. Therefore, outside legal assistance in developing, processing, and litigating a case is a valid rider expense.

- Customer Noticing: Rule 1207 directs the Company to provide notice to its customers regarding proposed rate changes and the impacts on customers. While the Company is not seeking express approval of rate changes through an Advice Letter filing *via* its Application in this proceeding and Rule 1207 does not directly apply to this proceeding, 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' proposal in this proceeding, where Rule 1207 will apply. Customer noticing will include costs to post legal notices in major area newspapers for two consecutive weeks, as required by Commission rules, as well as direct-mailed onserts printed on customer bills to notify customers of filings associated with this Application as a courtesy, and as required in the subsequent Advice Letter filing.

Q. IS THE COMPANY REQUIRED TO NOTICE THIS APPLICATION?

A. No, because we are only filing illustrative tariffs and not seeking approval of the tariffs to go into effect as part of this Application filing, notice is not required. However, the Company will be sending an email to its customers to explain what the Company is requesting in this Application with a link to the filing because we think it is important to provide transparency and encourage engagement with customers on this request that impacts many communities.

Also, the Company plans to notice its compliance Advice Letter, that will seek approval for the resulting tariffs to go into effect within 20 days of the effective date of its final order, but on not less than 15 days' notice, as explained in Section VI above and required in Rule 1207. The customer notice of the compliance Advice Letter will include the noticing described above as well as another customer email.

Q. HOW DO THESE COST CATEGORIES TRANSLATE INTO THE TOTAL ESTIMATED RIDER EXPENSES?

A. Table BAT-D-9 below lists the categories of expenses described above and the total cost estimate for each category.

Table BAT-D-9:
WPR Expenses by Category

Category	Expense Estimate
Hearing Costs	$11,875
Legal Counsel	$500,000
Customer Noticing	$32,127
Total	**$544,002**

Q. ARE THE COSTS DESCRIBED ABOVE REASONABLE?

A. Yes. The largest portion of estimated expenses are associated with outside legal counsel. As I discussed above, the Company retains outside legal counsel because the Company does not staff for continuous ongoing rate or rider cases. In this case, we retained a firm with rate recovery expertise and specific knowledge of Public Service and other Xcel Energy operating companies, including the Company's WMP. The firm has provided, or will provide, assistance in assembling testimony and attachments, witness preparation, advice on strategy, responding to discovery, and generally processing the case. I would also add that the Company's internal legal team works hard to ensure that duties are appropriately assigned to outside legal counsel and to ensure that work efforts are not duplicative. The internal and external legal teams work as a unit and are in constant coordination to be as efficient as possible.

IX. CONCLUSION

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. I recommend the Commission:

- Approve and find in the public interest the Company's proposed WMP (Attachment SLJ-1);
- Authorize Public Service to implement its proposed WPR consistent with the terms and conditions reflected in Attachment BAT-2;
- Approve the Company's revenue requirement calculation as reflected in Attachment APF-1, and the Company's 2021 revenue requirement of $17,185,038 contained in Attachment APF-1 to be used for the first WPR true-up;
- 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 WPR tariff sheets reflecting all terms and conditions that are approved as a result of this proceeding; and,
- Authorize the Company to defer the WPR case expenses into a regulatory asset without interest until they are included in the Company's next Phase I electric rate case request for recovery.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

Statement of Qualifications

Brooke A. Trammell

As the Regional Vice President of Rates and Regulatory Affairs, I am responsible for providing leadership, direction, and technical expertise related to regulatory processes and functions for Public Service. My duties include the design and implementation of Public Service's regulatory strategy and programs, and directing and supervising Public Service's regulatory activities, including oversight of rate cases and other related filings. Those duties include: administration of regulatory tariffs, rules, and forms; regulatory case direction and administration; compliance reporting; complaint response; and working with regulatory staffs and agencies. Additionally, I oversee the rate implementation procedures for all of Xcel Energy's utility operating companies.[23] I have previously testified as a policy witness on behalf of Public Service in numerous proceedings.

I accepted the Regional Vice President position with Public Service in June 2018 after holding the Director of Customer and Community Relations position in another Xcel Energy Inc. subsidiary, Southwestern Public Service Company ("SPS"), since June 2016. From January 2014 to June 2016, I was Manager, Rate Cases and was responsible for the strategic oversight of SPS's regulatory activity in Texas after being promoted from Case Specialist, the position in which I started with Xcel Energy in

[23] Xcel Energy Inc.'s operations include the activity of four wholly-owned utility subsidiaries that serve electricity and natural gas customers in eight states. These utility subsidiaries, referred to as operating companies, are Northern States Power-Minnesota serving electric and natural gas customers in Minnesota, North Dakota, and South Dakota; Northern States Power-Wisconsin serving electric and natural gas customers in Wisconsin and Michigan; Southwestern Public Service Company serving electric customers in Texas and New Mexico; and Public Service serving electric and natural gas customers in Colorado.

September 2012. As a Case Specialist, I supported SPS's proceedings before regulatory authorities in Texas and New Mexico as well as the Federal Energy Regulatory Commission and led SPS's participation and policy analysis in administrative rulemaking proceedings in all jurisdictions.

Prior to Xcel Energy, I was employed with PNMR Services Company, a wholly-owned subsidiary of PNM Resources, Inc., the parent holding company of Public Service Company of New Mexico and Texas-New Mexico Power Company. I held various roles in the Pricing and Regulatory Services department including Rates Analyst II, Senior Rates Analyst and Project Manager, Federal Regulatory Affairs. In those positions, I provided cost of service, cost allocation, pricing, and rate design analysis to support general rate cases, audited rate calculations and filing packages, and managed regulatory filings and proceedings in the company's retail jurisdictions before managing PNM's regulatory proceedings before the Federal Energy Regulatory Commission and leading strategic regulatory and transmission policy initiatives.

I hold a Master of Business Administration degree from West Texas A&M University along with a Master of Arts degree in Economics with a specialization in Public Utility Regulation and a Bachelor of Science degree in Agricultural Economics and Agricultural Business from New Mexico State University.