

**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 ITS 2021- 2023 TRANSPORTATION ELECTRIFICATION PLAN)))))))	PROCEEDING NO. 20A-XXXXE
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VERIFIED APPLICATION

Pursuant to C.R.S. § 40-5-107 and Colorado Public Utilities Commission (“Commission”) Rule 3002, 4 CCR 723-3, Public Service Company of Colorado (“Public Service” or the “Company”), by its undersigned counsel, hereby respectfully requests that the Commission issue an order approving the following:

- Public Service’s 2021-2023 Transportation Electrification Plan (“TEP”), which is being filed contemporaneously herewith as Attachment KDS-1 to Company witness Kevin D. Schwain’s Direct Testimony;
- The Company’s proposed annual TEP budgets for 2021, 2022, and 2023;
- The Company’s annual TEP budget flexibility proposal;
- The Company’s requested presumption of prudence for actual TEP expenditures within 125 percent of the proposed annual budget for each TEP year;
- The Company’s ability, consistent with the proposed stakeholder processes, to make mid-course adjustments to its TEP to ensure that the TEP continues

to minimize overall costs and maximize overall benefits in accordance with C.R.S. § 40-5-107;

- The Company's proposed Schedule EVC, and the rates and charges included therein, filed contemporaneously herewith as Attachment SWW-1 to Company witness Steven W. Wishart's Direct Testimony;
- The Company's proposed adjustment to Schedule S-EV to accommodate the Company's installation, ownership, and maintenance of electric vehicle ("EV") chargers for its proposed EV charging services under Schedule EVC, filed contemporaneously as Attachment SWW-2 to Mr. Wishart's Direct Testimony;
- The Company's proposed 10 percent depreciation rate for Company-owned EV chargers;
- The Company's proposed 10-year amortization period for TEP rebates;
- The Company's proposed revisions to its current electric Demand-Side Management Cost Adjustment ("DSMCA") rider to facilitate cost recovery for TEP expenditures through the renamed Customer Program Cost Adjustment ("CPCA") rider, including rates effective January 1, 2021 filed contemporaneously as Attachment SWW-3 to Mr. Wishart's Direct Testimony;
- The Company's proposed revision to its current Solar Rewards Community Service Schedule SRCS's reference to the "DSMCA" in the calculation of the Total Aggregate Variable Retail Rate ("TAVRR") to reflect the renamed "CPCA" rider, filed contemporaneously as Attachment SWW-4 to Mr. Wishart's Direct Testimony;
- The Company's proposed class cost allocation methodology;

- The Company's proposal to apply proceeds from its sale of carbon offsets and Renewable Energy Credits ("RECs") to support the electrification of school buses as part of the TEP's Research, Innovation, and Partnerships portfolio;
- The Company's proposal to use EV chargers to measure customers' energy usage and to bill customers for that energy usage for its proposed Multi-Unit Dwelling Personal Parking Service under Schedule EVC;
- The Company's proposed TEP performance incentive mechanisms; and
- The Company's proposal for an independent evaluation of the TEP portfolios, ongoing stakeholder outreach, and reporting to ensure transparency and oversight.

Additionally, Public Service requests that the Commission's order issued in this Proceeding direct the Company to file, on not less than two days' notice to become effective January 1, 2021 revised tariff sheets as part of its Colorado PUC No. 8 Electric tariff in substantially identical form to the pro forma tariff sheets contained in Attachments SWW-1, SWW-2, SWW-3, and SWW-4 to Mr. Wishart's Direct Testimony in support of this Application.

Regarding the Company's proposed Multi-Unit Dwelling Personal Parking Service, which relies on EV chargers to measure customers' energy usage to determine their monthly bills, Public Service also requests that the Commission find that the requirements associated with meter-based measurement and billing in Commission Rules including, but not limited to, Rules 3305, 3309, 3401 (a) (I), and 3402, 4 CCR 723-3, do not apply when customers are not billed for their meter-recorded energy

usage through this service. The Company requests that the Commission grant any waivers or variances it deems necessary to allow EV charger-based measurement and billing for this service.

Finally, Public Service requests that the Commission find that the Company's TEP is reasonable, prudent, and in the public interest, and that the cost recovery proposals and mechanisms set forth in this Application and supporting Direct Testimony and Attachments will provide for the implementation of just and reasonable rates.

Public Service is submitting, with its Application, the Direct Testimony and Attachments of Jack W. Ihle, Kevin D. Schwain, Steven W. Wishart, and Arthur P. Freitas. Also in support of this Application, Public Service states as follows:

I. Senate Bill 19-077

1. In May of 2019, the Colorado state legislature enacted Senate Bill 19-077. As thoroughly chronicled in Mr. Ihle's Direct Testimony, Senate Bill 19-077 represents a culmination of years of growing policy support in Colorado for a more coordinated effort to promote widespread transportation electrification. A few months before the bill's passage, Governor Polis issued Executive Order B-2019-002 encouraging "electric utilities and the Public Utilities Commission to work towards implementing policy and programming to support widespread transportation electrification." Senate Bill 19-077 made that encouragement a legal directive in recognition that electric public utilities have a critical role in bringing Colorado's transportation electrification goals to fruition.

2. Senate Bill 19-077 requires each Colorado electric public utility to file with the Commission "an application for a program for regulated activities to support widespread transportation electrification" within their service territories for Commission

approval by May 15, 2020 (commonly referred to as a TEP). See C.R.S. § 40-5-107.¹ Public Service is excited to oblige and bring its TEP forward for Commission approval through this Application.

3. Senate Bill 19-077 offers a wide variety of regulated activities a utility can undertake to support its TEP. These activities include “investments or incentives to facilitate the deployment of customer-owned or utility-owned charging infrastructure, including charging facilities, make-ready infrastructure, and associated equipment that support transportation electrification”; “investments or incentives to facilitate the electrification of public transit and other vehicle fleets”; “rate designs, or programs that encourage vehicle charging that supports the operation of the grid”; and “customer education, outreach, and incentive programs that increase awareness of the programs and benefits of transportation electrification and encourage greater adoption of electric vehicles.”

4. While these options present utilities many potential avenues to consider, Senate Bill 19-077 does place a limit on how much a utility can invest to limit potential bill impacts. Specifically, Senate Bill 19-077 provides that the “retail rate impact from the development of electric vehicle infrastructure must not exceed one-half of one percent of the total annual revenue requirements of a utility.” See C.R.S. § 40-1-103.3 (6). However, Senate Bill 19-077 also directs that the “Commission shall consider

¹ Senate Bill 19-077 also requires that on or before May 15, 2020, an electric public utility must submit to the Commission a proposal for a specific rate or rates for electricity supplied to commercial and industrial facilities used to charge EVs that encourage EV charging and that support the operation of the electric grid. Public Service has addressed this requirement in Proceeding 19AL-0290E, in which the Commission approved its Secondary Voltage Time-of-Use Electric Vehicle Service tariff (“Schedule S-EV”).

revenues from electric vehicles in the utility's service territory in evaluating the retail rate impact."

5. Senate Bill 19-077 authorizes the Commission to allow utilities to earn a return on TEP investments and rebates at the electric public utility's weighted average cost of capital ("WACC") including the most recent rate of return on equity approved by the Commission. See C.R.S. § 40-3-116. Senate Bill 19-077 also provides that the Commission may authorize rate recovery mechanisms that allow earlier recovery of costs, including the use of riders, as well as "performance-based incentive returns or similar investment incentives." See C.R.S. § 40-3-116.

6. A TEP must "seek to minimize overall costs and maximize overall benefits," and Senate Bill 19-077 provides several considerations for the Commission to evaluate in determining whether to approve a utility's TEP and associated cost recovery requests. C.R.S. § 40-5-107. Specifically, the Commission shall consider whether the investments and other expenditures are:

- a. Reasonably expected to improve the use of the electric grid, including improved integration of renewable energy;
- b. Reasonably expected to increase access to the use of electricity as a transportation fuel;
- c. Designed to ensure system safety and reliability;
- d. Reasonably expected to contribute to meeting air quality standards, improving air quality in communities most affected by emissions from the transportation sector, and reducing statewide emissions of greenhouse gases by forty percent below 2005 levels by 2030 and eighty percent below 2005 levels by 2050;
- e. Reasonably expected to stimulate innovation, competition, and increased consumer choices in electric vehicle charging and related infrastructure and services; attract private capital investments; and utilize high-quality jobs and skilled worker training programs as defined in section 8-83-303;
- f. Transparent, incorporating public reporting requirements to inform design and commission policy; and

- g. Reasonably expected to provide access for low-income customers, in the totality of the utility's transportation electrification programs, which may include community-based and multi-family charging infrastructure, car share programs, and electrification of public transit, while giving due consideration to the [e]ffect on low-income customers.

7. Public Service has specifically tailored its TEP to address these statutory considerations as described in Mr. Ihle's Direct Testimony.

II. Public Service's Proposed 2021-2023 TEP

8. Public Service's TEP is intended to support the State's goal of getting 940,000 EVs on the road by 2030 and to help position Colorado as a national leader in vehicle electrification.

9. It is also designed to benefit all drivers, all customers, and the state by helping reduce greenhouse gas emissions and air pollution while keeping electric bills low and benefiting the electric grid. It will achieve these outcomes by fostering greater awareness of the opportunities and benefits of electric transportation; reducing barriers to adopting electric transportation; increasing access to the benefits of electric transportation; and encouraging EV charging in ways that reduce system costs and enable our vision to realize a 100 percent carbon free grid.

10. Public Service's TEP is also informed by considerations of equity, accessibility, and fairness. We intend to provide community mobility services by supporting the electrification of buses, community-based and multi-family charging infrastructure, and installation of public EV charging stations that will support transportation for low-income customers. These efforts will also improve air quality, particularly in urban areas that are most affected by transportation-related emissions.

11. Public Service has organized the TEP into five portfolios, (1) Residential, (2) Multi-Unit Dwelling (“MUD”), (3) Commercial, (4) Research, Innovation, and Partnerships and (5) Advisory Services. While Public Service has submitted its TEP for the Commission’s consideration as Attachment KDS-1 to Mr. Schwain’s Direct Testimony, in this Application, Public Service provides a high-level overview of each portfolio.

12. **Residential Portfolio:** The goal of the Residential Portfolio is to make EV charging simple and affordable, as well as encourage residential customers to charge their EVs during off-peak periods through charging optimization² so that we can integrate large numbers of EVs while benefiting the electric grid. This portfolio is designed to reach customers who live in single-family houses. Currently, there are a host of barriers that can prevent customers from investing in home charging equipment and charging during off-peak hours.

13. The Residential Portfolio will directly address these barriers through two program options, (1) a bring-your-own (“BYO”) charging equipment option in which customers receive a rebate to defray the costs of having the charger installed and wired with a larger rebate available to low-income customers; and (2) EV Home Charging

² “Charging optimization” programs in the TEP take a variety of forms, but all have the goal of mitigating the potential grid impact that could result from the simultaneous charging of large EV loads, especially at high-demand times. These programs effectively increase the amount of EVs that can be accommodated without requiring system upgrades. Charging optimization can also improve the integration of renewables onto the system by steering charging to times with available renewable capacity, which could avoid the need to curtail such resources. Residential customers will have the opportunity to participate in “static optimization” charging optimization in which customers are encouraged and reminded to charge their EVs during a scheduled off-peak window staggered with the assigned windows of other participating customers or “dynamic optimization” charging optimization, which uses algorithms to take hourly grid prices, vehicle state of charge, and customer driving requirements to set a new charging schedule whenever the customer plugs in.

Service, a turn-key solution for customers who do not want to invest the time in researching charging stations, overseeing installation, or are constrained by the upfront cost of charging equipment. Customers choosing EV Home Charging Service will pay a bundled service charge that will be applied to their monthly Xcel Energy bill for use of the charging equipment and will select from a list of program-approved chargers that will be installed by a Company-selected electrician. EV Home Charging Service customers will be eligible for the same rebates to defray their installation and wiring costs as BYO customers.

14. Customers participating in both programs will be given the opportunity to enroll in a charging optimization program, which will provide financial incentives for ongoing participation. To encourage off-peak charging and promote grid optimization, participating residential customers will be required to either take service under a time-differentiated rate or participate in a charging optimization program.

15. **MUD Portfolio:** This portfolio will support home charging for those who live in multi-unit dwellings such as apartments or condominiums. The Company is aiming to reduce barriers that landlords and building owners face in the form of high upfront costs to install EV charging infrastructure and to solve the “split incentives” problem between landlords and tenants. To that end, the Company is proposing to install, own, and maintain a dedicated service connection for EV charging, including the necessary transformer upgrades, service conductors, and a new meter. Additionally, the Company will install, own, and maintain the “EV Supply Infrastructure,” which includes new service panels, conduit, and wiring that runs from the new meter up to the

charger stub.³ The remainder of our proposed offerings through this portfolio depend on whether the building has shared or assigned parking for residents.

16. For buildings with shared parking, the Company will offer building owners the choice of procuring their own chargers or electing to have the Company install, own, and maintain the chargers in exchange for an additional customer charge. Rebates will be available for buildings that can demonstrate that at least 66 percent of building residents are low income. Once the chargers are installed, building owners will be billed under one of our approved Commercial rates as addressed in Mr. Schwain's Direct Testimony, and, in turn, will have the ability to set access policies and charge residents using the charging equipment vendors' software.

17. For buildings with assigned parking (also referred to as "personal parking"), the Company will likewise provide EV Supply Infrastructure and will install, own, and maintain EV chargers that the building owner selects from a Company-approved list. However, unlike the shared parking program, this option is designed for individual EV drivers (tenants) with a dedicated parking space and charger—allowing the Company to allocate usage charges associated with that charger to the EV driver's own utility bill (as opposed to the building owner's bill). As discussed further below, because each assigned parking space will not have its own dedicated meter, Public Service proposes to use the EV charger assigned to each customer to measure and bill for the customer's energy usage. Similar to our Residential Portfolio, the residential customer assigned to the parking space will be given the opportunity to enroll in a

³ While the Company will install, own, and maintain both the EV Supply Infrastructure and the service connection up to the new meter, the estimates described in the TEP are limited to the cost of providing EV Supply Infrastructure because service connections will be initiated under the Company's existing Electric Distribution Line Extension Policy.

charging optimization program and receive a financial incentive for ongoing participation. To encourage off-peak charging and promote grid optimization, these residential customers will be required to either take service under a time-differentiated rate or participate in charging optimization.

18. **Commercial Portfolio:** The Commercial Portfolio will include fleet and workplace charging as well as public charging and electric mobility programs.

19. Fleet and Workplace Charging: After residential charging, fleet and workplace charging represent two of the most significant opportunities to support the adoption of electrified transportation. For these customers—which can be public or private institutions—the Company is again focused on lowering barriers to entry by addressing the upfront costs of EV charging infrastructure, while still encouraging optimized or off-peak charging. Through these initiatives, we are aiming to support light-duty fleet vehicles, commercial medium- and heavy-duty vehicles, transit and school buses, and drivers who cannot charge at home or who are traveling between communities. Similar to the MUD programs, the Company is proposing to install, own, and maintain EV Supply Infrastructure, which represents one of the most significant costs to providing EV charging at a fleet or workplace scale. Here too, customers will have the opportunity to procure their own chargers or select from Company-approved chargers that the Company will own and maintain in exchange for a monthly charge on the customer's utility bill. Finally, the customers will be billed for EV charging under one of the Company's approved Commercial rates.

20. In order to maximize the impact of fleet and workplace charging programs, the Company will solicit applications from customers on a recurring basis and will

determine which projects are selected based on their alignment with the goals in SB 19-077. Additionally, for fleet customers that serve low-income populations, the Company will offer a rebate to help lower the costs of purchasing chargers.

21. Public Charging & Electric Mobility Services: The Company also sees a need to provide access to charging infrastructure in communities, particularly for customers who are unable to charge at their homes or do not own a vehicle and rely on alternative mobility solutions. This effort will take two forms.

22. First, to develop community charging hubs, the Company will partner with cities and municipalities and will install, own, and maintain EV Supply Infrastructure in order to lower the upfront costs to these partners of building the infrastructure that is necessary to support wider EV adoption. These mobility hubs will frequently make use of communities' public rights of way and will be designed to support access to electric transportation, including ride sharing services and other shared mobility such as e-bikes and e-scooters. And for mobility hubs in low-income communities, the Company will provide rebates for a portion of the chargers in order to further reduce the costs of deployment.

23. Second, to further develop a network of public fast chargers, the Company is proposing to install, own, and maintain EV Supply Infrastructure, to support the build out of public fast charging necessary to support drivers who cannot charge at home or who are travelling between communities. In order to maximize the impact of this program, the Company will solicit applications from site hosts and developers on a recurring basis and will determine which projects to select based on their alignment with the goals in SB 19-077. After taking applications and providing EV Supply Infrastructure

to site hosts and developers, the Company will evaluate whether the needs of communities are being met and whether the overall public charging network is being adequately served by third parties and, if necessary, the Company is proposing to own and operate a limited number of public fast charging stations to address gaps in the network.

24. **Research, Innovation, and Partnerships Portfolio:** The Company recognizes that the transportation electrification landscape is evolving as new technologies, including vehicles, charging equipment, and software, become increasingly viable and ready for deployment. Objectives for our Research, Innovation, and Partnerships portfolio include making it easier for customers to access electricity as a transportation fuel, minimize system costs and increase environmental benefits for charging, and gain insights to help inform future TEPs. The Company is contemplating several projects stemming from our research and experience, stakeholder workshops, and customer engagement and intends to further develop these projects through the stakeholder engagement process described in this Plan. We are currently planning new and innovative ways to promote electrification of shared mobility, reduce Direct Current Fast Charge (“DCFC”) charging costs through energy storage, offer workable charging optimization solutions for fleets, use AMI to detect the presence of EVs to support grid planning efforts, and electrify school buses.

25. **Advisory Services Portfolio:** For all TEP initiatives, the Company recognizes that education and outreach will be critical. We are therefore proposing advisory services for residential and MUD customers, fleets, and communities. We will also engage in a variety of outreach efforts that will include digital and print marketing;

targeted outreach efforts to key customer groups; and partnerships with communities, automobile dealerships, electricians, EV charging providers, and leading customers. These efforts will be foundational to the various programs and offerings we describe throughout this filing and are an important component to our overall TEP.

III. Portfolio Management

26. Public Service requests a certain amount of flexibility to manage its 2021-2023 TEP to maximize overall benefits and minimize overall costs consistent with the considerations of Senate Bill 19-077.

27. While Public Service recognizes the importance of setting recommended funding levels as part of the TEP, we believe it is essential to maintain the flexibility to move funds within and between the portfolios described above and increase or decrease funding. This will enable Public Service to optimize its strategy in real time as we learn about customer preferences and the evolving EV landscape throughout this TEP.

28. Public Service is therefore proposing flexibility to move funding between programs within TEP portfolios and to move up to 50 percent of the funds budgeted for each year between portfolios. Public Service will limit its spending on utility-owned DCFC public charging stations to \$5 million over the course of the TEP absent receiving separate Commission approval.⁴ Public Service is also requesting the flexibility to increase the annual TEP funding level up to 125 percent of the proposed annual budget for each Plan year as described in Section IV. below.

⁴ The Company proposes a \$5 million spending limit on utility-owned DCFC public charging stations based on the considerations outlined above. Because these investments target underserved areas where EVs may not be prevalent yet, the Company does not currently anticipate that the revenues these investments will generate from customer charges will cover their costs, at least for the first few years.

29. To enable the Company to make the changes necessary to accomplish Colorado’s transportation electrification goals in an agile manner while promoting transparency and stakeholder engagement, the Company proposes a 60/90-Day Notice process to advise interested stakeholders of changes to TEP programs similar to the process used to adjust the Company’s Demand-Side Management (“DSM”) program. Mr. Schwain’s Direct Testimony provides additional details about how this 60/90-Day Notice process will work.

IV. Proposal for TEP Annual Budgets

30. The Company proposes a total budget of about \$102 million in investments and programmatic support across the three-year timeframe of the TEP. Public Service’s proposed annual TEP budgets are explained and supported in Mr. Schwain’s Direct Testimony and are summarized in these tables by cost type and portfolio:

Table KDS-D-2: Capital Investments and Program Costs in the TEP (\$, millions)

	2021	2022	2023	Total
Capital	\$11.46	\$17.31	\$26.54	\$55.31
Rebates	\$5.38	\$7.17	\$10.16	\$22.71
O&M	\$6.69	\$7.29	\$7.98	\$21.95
Sub-Total	\$23.52	\$31.76	\$44.69	\$99.97
School Bus Project	\$0	\$2.2	\$0	\$2.2
Total	\$23.52	\$33.96	\$44.69	\$102.17

Table KDS-D-3: Proposed TEP Budget by Portfolio (\$, millions)

	2021	2022	2023	Total
Residential	\$4.24	\$5.27	\$9.14	\$18.65
Multi-Unit Dwellings	\$1.71	\$2.51	\$4.07	\$8.29
Commercial	\$9.97	\$15.67	\$22.79	\$48.43
Advisory Services	\$3.77	\$4.48	\$4.86	\$13.10
Research, Innovation, and Partnerships	\$3.33	\$5.53	\$3.33	\$12.20
Evaluation	\$0.50	\$0.50	\$0.50	\$1.50
Total	\$23.52	\$33.96	\$44.69	\$102.17

31. To ensure the Company can readily meet additional demand of the customers and communities it serves, the Company requests the flexibility to increase the annual TEP funding level up to 125 percent of the overall annual budget for each Plan year.

32. To facilitate this annual budget flexibility, the Company requests a rebuttable presumption that actual expenditures within 125 percent of the overall budget for a given TEP year were reasonable and prudent.

33. However, if the Company's actual expenditures for any given TEP year exceed 125 percent of the overall budget for that year, the Company shall have the burden of demonstrating prudence of the expenditures exceeding this 125 percent limit if it did not first receive Commission approval for additional budget flexibility.

34. As explained in Mr. Wishart's Direct Testimony, even if the Company fully leveraged its proposed annual budget flexibility for all TEP plan years, this amount would still result in a retail rate impact well below the statutory limit prescribed in C.R.S. § 40-1-103.3. Mr. Wishart's Direct Testimony includes the below table showing that when the projected TEP annual revenue requirement is adjusted to account for projected revenues from EVs (as provided in C.R.S. § 40-1-103.3) and to even account for the costs to serve EV charging (which is not required by C.R.S. § 40-1-103.3), the resulting retail rate impact percentage is in fact negative.

Table SWW-D-10 – SB 19-077 Retail Rate Impact Analysis

	2021	2022	2023
Revenue from EV Charging	(\$24,303,013)	(\$38,789,022)	(\$57,976,355)
+ <u>Cost to Serve EV Charging</u>	\$5,706,195	\$9,144,388	\$15,191,135
Net Revenue from EV Charging	(\$18,596,818)	(\$29,644,634)	(\$42,785,220)
= Charging	8)	4))
+ <u>TEP Revenue Requirement</u>	\$7,662,879	\$11,249,295	\$15,658,961
	(\$10,933,939)	(\$18,395,339)	(\$27,126,259)
= Retail Rate Impact	9)	9))
<u>Approximate Total Retail</u>	\$2,905,533.4	\$2,963,644.0	\$3,022,916.9
÷ <u>Revenues</u>	10	79	60
Retail Rate Impact -			
= Percentage	-0.4%	-0.6%	-0.9%

V. TEP Performance Incentive Mechanisms (“PIMs”)

35. As proposed in Mr. Schwain’s Direct Testimony, Public Service requests that the Commission approve two PIMs that focus on providing a high-quality customer experience and cost efficiency. Public Service proposes the specific metrics be based upon (1) the Customer Effort Score (CES) for residential customers participating in one of our TEP programs; and (2) the percentage of residential EVs in the Company’s electric service territory participating in some form of managed charging. Metrics related to these public benefit goals will assist in measuring the acceptance and effectiveness of the Company’s actions to promote transportation electrification. They also align with the Company’s corporate objectives to lead the clean energy transition, enhance the customer experience, and keep bills low.

36. Mr. Schwain’s Direct Testimony addresses the details of how each proposed PIM would work. Public Service proposes that it be eligible for any reward from the customer experience PIM annually, whereas eligibility for the cost efficiency PIM would occur once at the end of the three-year TEP timeframe. The Company

believes that a penalty PIM is unnecessary because to the extent the Company falls short on implementing TEP programs that are easy for customers to navigate, then the Company will already face negative impacts to its reputation and from reduced demand for TEP programs, leading to fewer investments. On the cost efficiency front, an incentive-only PIM can better reflect the underlying relationship with public benefit goals, when stronger utility performance is directly aligned with increasing societal value.

37. These proposed incentives would range between \$0 and \$1.5 million for the cost efficiency PIM and \$0 and \$1.5 million for the customer service PIM. As explained by Mr. Schwain in his Direct Testimony, achieving the higher end of the awarded incentives would require exceptional performance.

VI. Cost Recovery

38. As supported in Mr. Wishart's Direct Testimony, Public Service is proposing to use a rider mechanism to recover its costs to implement the TEP. Public Service's proposal to recover TEP costs through a rider is consistent with Senate Bill 19-077, which allows utilities to use "rate adjustment clauses" as approved by the Commission to recover TEP costs. See C.R.S. § 40-3-116 (b).

39. In order to avoid placing another line item on customers' bills, Public Service is proposing to include the TEP revenue requirement in the Demand Side Management Cost Adjustment ("DSMCA") rider and to rename this combined rider the Customer Program Cost Adjustment ("CPCA"). The Company also believes that recovering the required revenue to support its Demand Side Management ("DSM") program in the same rider as the required revenue for its TEP intuitively reflects the load

management synergies Public Service strives for as it accommodates Colorado's vision for more widespread EV adoption.⁵ The Company's proposed CPCA rider is contemporaneously filed as Attachment SWW-3 to the Direct Testimony of Steven W. Wishart.⁶

40. As explained by Mr. Wishart in his Direct Testimony, the Company proposes a related revision to our current Solar Rewards Community Service Schedule SRCS's reference to the DSMCA in the calculation of the Total Aggregate Variable Retail Rate ("TAVRR") to accommodate the renamed "CPCA" rider, which is contemporaneously filed as Attachment SWW-4 to Mr. Wishart's Direct Testimony.

41. The proposed CPCA rider will utilize forecasted information to calculate a projected annual revenue requirement which is then charged for the upcoming year. Once each TEP year is completed, an annual true up will then reconcile the projected revenue requirement for that TEP year to the actual revenue required. Consistent with the process under the current DSMCA, Public Service proposes to complete the true up filing for each TEP year filing by April 1 of the following year with the appropriate adjustment to the CPCA to take effect on July 1. This annual true up filing would also incorporate any applicable financial reward the Company earns through PIMs.⁷ Also consistent with the process under the current DSMCA, Public Service proposes to

⁵ In fact, the Charging Optimization programs for residential customers discussed in the TEP will be a part of our DSM program and incorporated in our 2021-2022 DSM Plan.

⁶ The rates reflected on Sheets 140 and 140A in Attachment SWW-3 will be updated at the appropriate time in the compliance advice letter filing following the Commission's decision. In his Direct Testimony, Mr. Wishart provides an illustration and explanation of how the Company proposes to derive the applicable charges for each customer class.

⁷ However, as noted above, cost recovery for the proposed cost efficiency PIM would only be addressed in the annual true up filing following the 2023 TEP year.

revise the CPCA annually by October 1 to reflect the forecasted revenue requirement for the upcoming TEP year for a January 1 effective date.

42. The TEP annual revenue requirement under the CPCA includes a return, equal to the Company's weighted average cost of capital, on capital investments and rebates; the plant-related ownership costs associated with such investments, including depreciation, and accumulated deferred income taxes, current income taxes, and annual amortization expense associated with rebates; operations and maintenance expenses; and the cost of energy to operate Company-owned public charging stations incurred in connection with the Commission-approved TEP for the year in which the CPCA will be in effect, decreased for revenues separately generated by the assets, including revenues from the monthly EV charging services under Schedule EVC (described below) and revenues from Company-owned public charging stations under Schedule EVC as described by Mr. Freitas in his Direct Testimony.

43. The capital costs included in rate base will use a 13-month average methodology as the rider is using a forecasted test year with a true up.

44. Public Service is proposing a capital structure composed of long-term debt and equity. Since CWIP is not in rate base given the short construction cycles expected, it would not be appropriate to include short term debt in the capital structure as explained in Mr. Freitas' Direct Testimony. Public Service is proposing to use the actual embedded cost of long-term debt and the return on equity proposed in the most recent rate case as the cost of debt and cost of equity for the rider.

45. The projected TEP annual revenue requirements for 2021-2023 are \$7,662,879 for 2021, \$11,249,295 for 2022, and \$15,658,961 for 2023.

A. Depreciation of TEP Capital Investments

46. While Public Service plans to apply the approved depreciation rate for EV Supply Infrastructure through FERC Account 369 and the approved amortization period for software through FERC Account 303, as explained in Mr. Freitas's Direct Testimony, Public Service seeks Commission approval for a depreciation rate it can apply to EV chargers.

47. Public Service plans to record EV chargers in FERC Account 371, the account for Installations on Customer Premises, but most of the assets currently recorded in this account are area lights which have very different characteristics and service lives than EV chargers.

48. As explained by Mr. Freitas in his Direct Testimony, Public Service proposes a 10 percent depreciation rate for the EV chargers based on an expected service life of 10 years for these assets.

B. Amortization of TEP Rebates

49. Public Service proposes a 10-year amortization period for TEP rebates. As explained in Mr. Freitas's Direct Testimony, the rebates proposed in the TEP are primarily designed to incentivize and support the installation and purchase of EV chargers, which have a useful life of 10 years as explained above.

50. This proposed amortization period aligns Public Service's cost recovery for the rebates with the duration of the benefits they are anticipated to provide.

C. Proposed Funding to Support School Bus Electrification

51. As discussed in Mr. Ihle's and in Mr. Schwain's Direct Testimony, as part of the TEP's Research, Innovation, and Partnerships portfolio, Public Services plans to develop an initiative in collaboration with stakeholders and community partners to offer

supplemental grants or other financing to support the electrification of school buses. Stakeholders have expressed their enthusiastic support for this initiative, and electrifying school buses could address health concerns about children's exposure to emissions from diesel buses.

52. Public Service proposes to direct approximately \$2.2 million in proceeds from its sale of carbon offsets and RECs to fund this school bus electrification initiative. These sales proceeds are currently booked as a regulatory liability. Cost recovery to support this initiative would therefore not rely on the CPCA.

D. Class Cost Allocation

53. The Company is proposing a class cost allocation approach that closely tracks the TEP investments and utilizes some methods that the Commission has previously approved and some that are specific to TEP costs. Mr. Wishart sponsors the Company's class cost allocation proposal, and his Direct Testimony explains why the Company selected each of the class cost allocation methods it proposes for the various TEP cost categories and addresses how the Company's proposed approach would impact the resulting CPCA amount billed to each customer class. The following table from Mr. Wishart's Direct Testimony lists the class cost allocation methods Public Service proposes for each TEP cost category:

Table SWW-D-6 – Class Cost Allocation

Cost Allocation Method	TEP Costs Category
Non-Coincident Peak Excluding TG & Lighting	<ul style="list-style-type: none"> • EV Infrastructure Supply Capital • Amortized Infrastructure Rebates
TEP Budget Share of Charger Capital	<ul style="list-style-type: none"> • Charger Service Capital
Residential Direct Assignment	<ul style="list-style-type: none"> • Residential & Multi-Unit Charger Operation & Maintenance (“O&M”) • Residential Charging Service Revenue
Commercial Direct Assignment	<ul style="list-style-type: none"> • Fleet/Workplace Charger Service O&M • Commercial Charging Service Revenue
Base Rate Revenue	<ul style="list-style-type: none"> • Innovation • Advisory Services • Evaluation

E. Schedule EVC

54. To implement its proposed TEP programs, the Company seeks Commission approval for its proposed Schedule EVC, attached to Mr. Wishart’s Direct Testimony as Attachment SWW-1, which includes the Company’s proposed monthly charges for individual residential, MUD, fleet, and workplace customers that use Company-supplied EV chargers in connection with TEP programs as well as the rate for the limited number of Company-owned DCFC public charging stations considered in the TEP. Mr. Wishart sponsors Schedule EVC in his Direct Testimony and explains how the Company determined the rates and charges contained in Schedule EVC.

55. The EV charging service rates are based on the levelized revenue requirement for the charging equipment provided to customers plus the expected maintenance costs and program administration costs. The rate design ensures that over the ten-year expected life of the level 2 charger, the participating customers will pay the full cost of that equipment.

56. For Company-owned DCFC public charging stations, the stations would charge customers a standard rate per minute during most hours and a much higher Critical Peak Pricing rate during the limited number of hours a year of high system-wide demand. As explained in Mr. Wishart's Direct Testimony, the Company chose to set a relatively high rate because the purpose of these charging stations is not to compete with other existing stations, but rather to extend the network of publicly available fast charging locations and reduce the range anxiety associated with electric vehicles. The profitability of a Company-owned DCFC public charging station, or lack thereof, will be contingent on its level of utilization. As indicated above, the Company proposes to recover the difference between costs and revenues associated with these charging stations through the CPCA rider.

57. Schedule S-EV, the Company's dedicated rate schedule for Commercial EV charging, currently provides that the customer is responsible for all necessary requirements to install, own, operate, and maintain EV charging equipment. Since the Company would install, own, and maintain the EV charging equipment for customers participating in the EV charging services under Schedule EVC, the Company proposes an exception to this condition for customers taking EV charging service under Schedule EVC. The Company's proposed revisions to Schedule S-EV are shown in Attachment SWW-2 to Mr. Wishart's Direct Testimony.

VII. Stakeholder Engagement and Reporting Proposal

58. Consistent with Senate Bill 19-077's focus on transparency and incorporating public reporting requirements to inform design and Commission policy, the Company understands that sharing results and evaluating its TEP will be important as

we scale these services and make improvements over time. In their Direct Testimony, Mr. Ihle and Mr. Schwain address Public Service's proposal for stakeholder collaboration and reporting to the Commission in connection with the TEP, as well as Public Service's plan to engage independent third-party evaluators to help the Company and stakeholders gain a better understanding of the impacts and effectiveness of TEP programs.

59. **Stakeholder Engagement:** Similar to the DSM roundtable, the Company plans to host quarterly meetings intended to foster discussion about program in-market, gather ideas for continuing to improve TEP programs, and discuss whether additional pilots and programs are necessary in order to support transportation electrification in Colorado. At these meetings, the Company will provide stakeholders a brief overview of TEP implementation updates, expenditures, and any milestones achieved in the last quarter. The Company will also seek to participate in existing stakeholder processes, including the Colorado Electric Vehicle Coalition, to provide more frequent updates while seeking input and feedback.

60. **Annual Report:** The Company proposes to provide data on key metrics in an annual TEP compliance report filed by April 1 of each TEP year following the first year of operation, as described in Mr. Ihle's Direct Testimony. This report would also serve as the basis for any true-up adjustments to the CPCA rider to go into effect on July 1 of each year. While as described above, a presumption of prudence would apply to TEP annual expenditures up to 125 percent of the annual budget for that TEP year, the Company would demonstrate the prudence of any expenditures exceeding this threshold as part of the April 1 annual TEP compliance report.

VIII. Request Concerning Billing for MUD Personal Parking Service

61. For the TEP's proposed MUD assigned parking space service described above, referred to in Schedule EVC as "Multi-Unit Dwelling – Personal Parking Service," the Company proposes to measure participating residential customers' energy usage through the Company-owned EV charger assigned to each customer's parking space and generate customer bills based on that usage. The reasoning for this approach is that multiple parking spaces serving multiple customers would share a single meter while each parking space would have its own dedicated EV charger.

62. As explained in Mr. Schwain's Direct Testimony, the Company's proposal is more cost-effective than providing a dedicated meter for each parking space, and the Company will ensure that all EV chargers it uses for this service are able to accurately and reliably measure the timing and amount of participating customers' energy usage.

63. The Company understands that multiple Commission Rules and several of its own Rules and Regulations are premised on customers' electric service being measured and billed through a meter or meters dedicated to that customer. However, to implement the MUD personal parking service in the most cost-effective manner, the Company requests Commission approval to use EV chargers to measure customers' energy usage and bill customers for that energy usage as provided in Schedule EVC and find that the requirements associated with meter-based measurement and billing in Commission Rules including, but not limited to, Rules 3305, 3309, 3401 (a) (I), and 3402, 4 CCR 723-3, do not apply to this service for participating customers only billed

for their charger-recorded usage.⁸ The Company requests that the Commission grant any waivers or variances it deems necessary to allow charger-based measurement and billing for the MUD personal parking space service.⁹

64. Because MUD personal parking service customers would not be billed for their meter-recorded energy usage and would be given complete access to their charger-recorded energy usage, having access to meter-related energy usage information or the right to challenge meter accuracy would not serve a useful purpose for these customers and could undermine the protection of other customers' energy usage data in violation of the 15/15 rule. See Commission Rule 3033 (b), 4 CCR 723-3.

65. In the Applicable Customer Service Agreement, Public Service would have MUD personal parking service customers sign an acknowledgement that they will be billed based on the energy usage recorded by the EV charger assigned to their parking space and not based on meter-recorded energy usage and that Commission rules and Company tariff provisions concerning customer access to meter-related data and the accuracy of meters therefore do not apply to them for the service. Public Service will provide participating customers complete access to their energy usage data as measured by the EV charger and will agree to work with participating customers and EV charger manufacturers to ensure billing accuracy and to resolve any potential concerns about the accuracy of EV chargers in a mutually agreeable manner.

⁸ However, consistent with the spirit of the Commission's data privacy rules, the Company will apply the same customer data privacy protections to the energy usage information it receives from EV chargers as to energy usage information it receives from meters, despite the language in the definition of "customer data" provided in Rule 3001(i) indicating "customer data" comes from meters.

⁹ As reflected in Schedule EVC, the meter would be used to determine the relatively small amount of "residual" energy usage, the difference between the energy usage recorded on the meter and the energy usage recorded through the collective EV chargers, to be billed to the property owner or site host. The Company believes the Commission's meter-based measurement and billing requirements would apply to its relationship with the property owner or site host being billed for residual energy usage.

IX. Additional Information Required by Commission Rule 3002

In support hereof and in accordance with 4 CCR 723-3 Rule, 3002(b), Public Service respectfully states as follows:

66. The Name and Address of Applicant required by Rule 3002(b)(I).

Public Service is an operating public utility subject to the jurisdiction of this Commission, engaged, *inter alia*, in the generation, purchase, transmission, distribution, and sale of electricity in various areas in the State of Colorado. The name and address of Public Service is:

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

67. Name Under Which Applicant Provides Service in Colorado required by Rule 3002(b)(II). All operations conducted by the Company in Colorado are conducted under the name of Public Service Company of Colorado, under the trade name of Xcel Energy.

68. Representatives to Whom Inquiries Concerning the Applicant Should be made required by Rule 3002(b)(III). Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

Jack Ihle
Director, Regulatory and Strategic Analysis
Xcel Energy Services Inc.
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69. Agreement to Comply with Rule 3002(b)(IV)-(VI). Public Service agrees to answer all questions propounded by the Commission or its Staff concerning this Application. The Commission or any member of its Staff may

inspect Public Service's books and records as part of the investigation into this Application. Public Service understands that if any portion of this Application is found to be false or to contain material misrepresentations, any authorities granted pursuant to the Application may be revoked upon Commission order.

70. Description of Existing Operations and General Colorado Service Area required by Rule 3002(b)(VIII). Public Service's existing operations and general service areas in Colorado are set forth in the Company's tariffs on file with the Commission.

71. Location of Hearing required by Rule 3002(b)(X). Public Service requests that this Application be granted without hearing pursuant to Commission Rule 1403. However, if a hearing is held, Public Service requests that it be held in Denver, Colorado.

72. Acknowledgment required by Rule 3002(b)(XI)(D). Public Service acknowledges that the Company has read and agrees to abide by the provisions of Rules 3002(b)(XI)(A) through (C).

73. Statement Under Oath required by Rule 3002(b)(XII). Jack Ihle, Director, Regulatory and Strategic Analysis, states under penalty of perjury that the contents of the Application are true, accurate, and correct to the best of his knowledge. Mr. Ihle's verification is attached to this Application.

74. Information Required by Rule 3002(c). Pursuant to Rules 1310(a) and 3002(c), Public Service hereby incorporates by reference the following information, which is currently on file with the Commission in Proceeding No. 06M-525EG:

- a. A copy of Public Service's Amended Articles of Incorporation, as last filed on October 3, 2006.
- b. The name, business address and title of each of Public Service's officers and directors, as last filed on March 31, 2020.
- c. The names and addresses of affiliated companies that conduct business with Public Service, as last filed on March 31, 2020.
- d. The name and address of Public Service's agent for service of process, as last filed on March 31, 2020.
- e. A copy of Public Service's most recent audited balance sheet, income statement, and statement of retained earnings, as last filed on March 31, 2020.

X. Conclusion

WHEREFORE, Public Service respectfully requests that the Commission issue an order approving its 2021-2023 TEP, including the specific approvals outlined above and authorizing Public Service to place into effect revised electric tariff sheets modifying its Electric DSMCA rider and Schedule SRCS implementing its proposed CPCA rider, implementing Public Service's proposed Schedule EVC, and Public Service's proposed adjustment to Schedule S-EV, through a compliance advice letter effective on January 1, 2021, or such other date as the Commission may order.

Dated this 15th Day of May, 2020.

Respectfully submitted,

/s/ Anne E. Zellner

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**ATTORNEYS FOR PUBLIC SERVICE
COMPANY OF COLORADO**

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

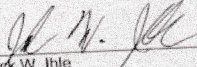
IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF)
COLORADO FOR APPROVAL OF ITS) PROCEEDING NO. 20A-XXXXE
2021-2023 TRANSPORTATION)
ELECTRIFICATION PLAN)

VERIFICATION

STATE OF COLORADO)
CITY AND)
COUNTY OF DENVER)

SS:

I, Jack W. Ihle, being duly sworn, do hereby depose and state that I am Director, Regulatory and Strategic Analysis, Xcel Energy Services Inc., agent for Public Service Company of Colorado, Applicant in the foregoing Application; that I am appointed alternate Attorney in fact and Agent; that I have read the foregoing Application; and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.


Jack W. Ihle
Director, Regulatory and Strategic Analysis

Subscribed and sworn to before me this fifteenth day of May, 2020.

My Commission expires:

May 6, 2021

Schuna D. Wright
Notary Public

SCHUNA D WRIGHT
Notary Public
State of Colorado
Notary ID # 19974007693
My Commission Expires 05-06-2021