

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

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IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF)
COLORADO FOR APPROVAL OF THE)
SELECTION OF PILOT PROJECTS TO)
PROVIDE THERMAL ENERGY SERVICE)
AND APPROVAL TO RECOVER)
THROUGH THE DEMAND SIDE)
MANAGEMENT COST ADJUSTMENT)
THE COMPANY'S COMMUNITY)
OUTREACH AND PROJECT DESIGN)
EFFORTS TO DEVELOP SELECTED)
PILOTS)

PROCEEDING NO. 24A-0369G

COMPREHENSIVE SETTLEMENT AGREEMENT

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INTRODUCTION AND IDENTIFICATION OF PARTIES

This Comprehensive Settlement Agreement (“Settlement Agreement” or “Agreement”) is filed on behalf of Public Service Company of Colorado (“Public Service” or the “Company”), Trial Staff of the Colorado Public Utilities Commission (“Commission”) (“Staff”), the Colorado Office of the Utility Consumer Advocate (“UCA”), and the City and County of Denver (“Denver”), (each a “Settling Party” and collectively the “Settling Parties”), pursuant to Rule 1408 of the Colorado Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, 4 CCR 723-1.

Of the remaining parties to this Proceeding, the Colorado Energy Office (“CEO”) is not a signatory to the Settlement Agreement.

This Settlement Agreement is intended to resolve all issues raised by the Settling Parties in this Proceeding with respect to the Company’s Verified Application for Approval of its Thermal Energy Network Pilot Development Application (“Application”).

A. SETTLEMENT AGREEMENT

The following terms comprise the Settlement Agreement reached by the Settling Parties:

I. Project Sites for Thermal Energy Network Development

1. The Settling Parties agree that Public Service will commence Phase II development activities¹ for the following two project sites that Public Service identified in its Direct Testimonies: (1) South Frisco;² and (2) Ruby Hill.³
2. The South Frisco and Ruby Hill project sites will each have one back-up anchor customer⁴ that the Company can pursue if the first anchor customer is found not viable. However, the Company will not have back-up project site locations. If the Company pursues a back-up anchor customer, the Company will inform the parties to this proceeding in writing within 14 days of making the determination.
3. Should either the South Frisco or Ruby Hill project site be deemed infeasible or otherwise unsuitable for continued evaluation, the Company will, within 14 days of making this determination, provide written notice to the Commission to outline the reasons for the Company's discontinuing of the pilot project site evaluation. The Company will propose a back-up project in its next Clean Heat Plan ("CHP") anticipated for filing in 2026. In the CHP, the Company would propose new timelines and budgets for design and engineering and request approval of the back-up project as part of its application. To the extent possible, the Company

¹ As explained in Hrg. Ex. 101 at 10:10-11:3, Phase I of pilot project development involves the identification of potential project sites where Thermal Energy Network pilot projects under section 40-4-121(3), C.R.S., could be developed. Following Commission approval of the identified project sites, Phase II commences, involving full project development planning activities, including detailed engineering design and community engagement activities.

² Hrg. Ex. 102 at 25: Table CSV-D-4.

³ Id.

⁴ See Hrg. Ex. 102 at 11:21-12:6 (explaining that an "anchor customer" generally refers to a larger in size commercial customer, such as schools, municipal buildings public housing, breweries, and houses of worship).

would pursue a similar pilot project replacement type (i.e., a DI community for Ruby Hill or mountain community for South Frisco). If no comparable alternative is feasible, the Company may propose a different pilot project type, such as a campus project.

II. Estimated Costs and Costs Recovery

4. The Settling Parties agree with the Company's proposed and estimated total budget of \$2.55 million, which is inclusive of a 15% contingency and is after deduction of \$417,000 from the Clean Heat Plan Market Innovation Fund budget, for the Phase II development work for the South Frisco and Ruby Hill pilot project sites.
 - 4.1. If the Company identifies a need for additional budget in order to design and engineer the proposed pilot projects or for community engagement efforts, the Company will notify the parties in writing within 14 days of identifying the need and provide a revised budget estimate, justification for the additional funding request, and an updated timeline impact assessment. The Company will convene the parties to this proceeding within 30 days of identifying the need for additional budget to solicit feedback. Parties retain their right to support or oppose any incremental funding, and the Company has the burden of establishing that any incremental costs are prudent and reasonable.
5. The Company agrees to continue pursuing all available federal, state, and private funding opportunities to support the development and implementation of the

Thermal Energy Network pilot projects. The Company shall make good faith efforts to identify, apply for, and secure funding sources that could help offset project costs or facilitate additional work in a manner that reduces financial burden on ratepayers. To the extent the Company secures external funding, those funds shall be used subject to terms of the grant towards total project costs and will be incorporated into cost recovery calculations as soon as procedurally possible.

6. The Settling Parties agree to the Company's recovery of actual incurred costs, up to \$2.55 million, to be recovered through the Demand Side Management Cost Adjustment ("DSMCA") - Gas rider for the Ruby Hill and South Frisco projects. To the extent the Company's actual incurred costs for these projects exceed \$2.55 million, the Company may seek to recover through the DSMCA-Gas rider for any amount above its \$2.55 million estimate, but all parties retain their rights to protest or otherwise oppose the Company's recovery request and the Company has the burden of establishing that any incremental costs are prudent and reasonable. The Company will include actual costs incurred during a calendar year in its April 1 DSMCA-Gas filing the following year. For example, costs incurred in calendar year 2025 will be included in the April 1, 2026 DSMCA-Gas filing. This agreement does not bind the parties to any future cost recovery recommendations in any subsequent application by the Company to construct one or more of the Thermal Energy Network pilot projects.

III. Reporting, Customer Outreach, and Stakeholder Engagement

7. The Company will provide an update on developments for the Ruby Hill and South Frisco pilot projects. This update shall be provided through a formal written report submitted to the Commission in this proceeding on or before December 10, 2025, and to be made available to stakeholders. The report shall include, at a minimum, the following details:
 - 7.1. Financial updates detailing budget utilization or cost variances, with expenditures by project site and activity category;
 - 7.2. Status on any current or prospective federal, state, and private funding opportunities including application statuses, awarded funds, and reasons for unsuccessful attempts;
 - 7.3. Progress on engineering and design milestones for each pilot site, including:
 - Request for Proposals for design and community engagement;
 - Evaluations of the technical suitability of anchor customer facilities, including whether a back-up anchor customer was selected and why;
 - Reports, studies, or documents assessing the technical feasibility and specifications of the pilots;
 - Reports, studies, or documents assessing, determining, or calculating pilot project costs and customer costs.
 - 7.4. Community engagement activities and outcomes with quantifiable data on outreach and engagement efforts, including identification of partnerships with community organizations, attendance metrics at outreach events,

customers reached, survey participation, materials used, and feedback from stakeholders.

8. The Company will submit a final comprehensive report at the conclusion of the Phase II period as part of any future application seeking Commission approval to proceed with pilot project construction. This report shall summarize, for all projects approved in this proceeding, updates on the reporting topics listed above in this Section III, the Company's Phase II project development findings, financial accounting, technical feasibility outcomes, and any remaining stakeholder concerns requiring Commission consideration.
9. The Company's Request for Proposals for a community engagement consultant will include:
 - 9.1. A reporting requirement from the consultant, which will be included in the Company's December 2025 report to the Commission. This report will include, at a minimum:
 - A summary of any community engagement activities conducted, including survey feedback from stakeholders across communities where pilots are sited, if possible.
 - Identification of an anchor customer and evidence that the potential pilot project's intent, scope, and benefits were communicated to anchor customers.
 - A summary of outreach activities tailored to the specific needs of disproportionately impacted, income-qualified, and mountain

communities, including any partnerships with Community-Based Organizations.

- Documentation of customer feedback regarding engagement efforts and how the feedback was addressed.
- Any education materials or presentation the Company shared in its educational overview efforts.

9.2. A requirement that the community engagement consultant selected is proficient in community work in both English and Spanish and has experience leading efforts in multi-lingual communities.

10. Regarding community engagement, the Settling Parties agree to the following set of principles that will guide the Company's outreach efforts. These principles are drafted in consideration of the nascency of geothermal loops both in Colorado and nationwide as well as the potential for uncertainty or hesitation by prospective customers and communities.

10.1. The Company will provide multi-lingual communications that reflect the dominant linguistic characteristics of the engaged community;

10.2. The Company will provide a variety of accessible engagement mediums and practices including direct mail and email, in-person and virtual meetings, and participation in community events; and

10.3. The Company will direct engagement with local governments and community-based organizations to help educate, create awareness, and develop trust around the project.

B. PUBLIC SERVICE AND DENVER INFORMATIONAL COMMITMENTS

Concerning Denver's requests regarding a downtown Denver Ambient Loop pilot development,⁵ this project site would require the use of segments of the chilled water network, which is not regulated by the Commission. Accordingly, this Settlement Agreement does not approve any cost recovery associated with the commencement of Phase II development work for the downtown Denver Ambient Loop pilot, and the Settling Parties do not seek Commission approval of the following terms. Instead, the Company and Denver provide them for transparency and informational purposes only in this proceeding and to allow the Company and Denver an opportunity to explore several potential paths forward for this pilot project:

1. Public Service will continue to work in collaborative engagement with Denver on the engineering and design of the downtown Ambient Loop pilot development. Denver will fund this engineering and design work, including with the use of the same contractors Public Service uses for the other two Public Service pilot projects (*i.e.*, South Frisco and Ruby Hill project sites), if possible.
2. To the extent Public Service has concerns on the approaches undertaken to complete the engineering and design work funded by Denver, the Company will note its concerns and raise them for Denver's consideration. Should Denver decline to resolve the Company's raised concerns, then Public Service reserves its rights to take any appropriate action on the final engineering and design work produced by Denver.

⁵ See, e.g., Hrg. Ex. 500 at 7:15-8:21.

3. Public Service will collaborate with Denver and contractor(s) to explore and establish recommendations related to the following elements of project development: project schedule, cost estimates, funding options and investment requirements among them, cost allocation and recovery for Company costs, initial rate structures and customer protections, and any additional elements that Denver and Public Service mutually agree to.
4. After completion of the engineering and design work, the Company will file in this proceeding:
 - 4.1 the results of the Denver-funded design and engineering work for the Ambient Loop pilot development;
 - 4.2 a summary report detailing the considerations and recommendations related to the elements of project development explored in collaboration with Denver;
 - 4.3 the Company's recommendation as to next steps for the Ambient Loop pilot project, including:
 - whether it will move forward with the remaining Thermal Energy Network pilot project Phase II activities for the downtown Denver Ambient Loop pilot project, including the development of pilot project cost estimates, timelines, and statutory compliance considerations;
 - the Company's recommendation as to whether the Ambient Loop pilot project should be addressed for further development as part of any other Commission proceeding; and

- the Company's recommendation as to whether the Ambient Loop pilot project is more appropriately developed as a non-jurisdictional project that is not part of the Company's natural gas utility.

4.4 Denver retains its right to continue to engage in outreach and engagement activities related to the Ambient Loop project with interested stakeholders and parties, including the Parties to this proceeding.

C. GENERAL PROVISIONS THAT APPLY TO THIS SETTLEMENT AGREEMENT

1. Except as expressly set forth herein, nothing in this Settlement Agreement is intended to have precedential effect or bind the Settling Parties with respect to positions they may take in any other proceeding regarding any of the issues addressed in this Settlement Agreement. No Settling Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Settlement Agreement. Furthermore, this Settlement Agreement does not constitute agreement, by any Settling Party, that any principle or methodology contained within or used to reach this Settlement Agreement may be applied to any situation other than the above-captioned proceeding, except as expressly set forth herein.
2. The Settling Parties agree the provisions of this Settlement Agreement, as well as the negotiation process undertaken to reach this Settlement Agreement, are just, reasonable, and consistent with and not contrary to the public interest and should be approved and authorized by the Commission.

3. The discussions among the Settling Parties that produced this Settlement Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence.
4. Nothing in this Settlement Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Settlement Agreement.
5. With the exception of Section B that is provided for informational purposes, the Settling Parties agree to use good faith efforts to support all aspects of the Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Settlement Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Settlement Agreement or the implementation or enforcement of its terms and conditions. Each Settling Party also agrees that, except as expressly provided in this Settlement Agreement, it will take no formal action in any administrative or judicial proceeding that would have the effect, directly or indirectly, of contravening the provisions or purposes of this Settlement Agreement. However, except as expressly provided herein, each Settling Party expressly reserves the right to advocate positions different from those stated in this Settlement Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Settlement Agreement or its terms and conditions.
6. The Settling Parties do not believe any additional waiver or variance of Commission rules is required to effectuate this Settlement Agreement but agree jointly to apply to the Commission for a waiver of compliance with any requirements

of the Commission's Rules and Regulations if necessary to permit all provisions of this Settlement Agreement to be approved, carried out, and effectuated.

7. This Settlement Agreement is an integrated agreement that may not be altered by the unilateral determination of any Settling Party. There are no terms, representations or agreements among the parties which are not set forth in this Settlement Agreement.
8. This Settlement Agreement shall not become effective until the Commission issues a final decision addressing the Settlement Agreement. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Settling Party, within ten (10) days of the date of the Commission order, a Settling Party may provide notice to the other Settling Parties of its objection to the Settlement Agreement as modified. Upon such objection, the Settling Parties will no longer be bound by its terms and will not be deemed to have waived any of their respective procedural or due process rights under Colorado law. If a Settling Party objects to the Settlement Agreement as modified, it may withdraw from the Settlement Agreement.
9. There shall be no legal presumption that any specific Settling Party was the drafter of this Settlement Agreement.
10. This Settlement Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Settlement Agreement. This Settlement Agreement may be executed and delivered electronically and the Settling Parties agree that such electronic execution and delivery, whether executed in counterparts or collectively,

shall have the same force and effect as delivery of an original document with original signatures, and that each Settling Party may use such facsimile signatures as evidence of the execution and delivery of this Settlement Agreement by the Settling Parties to the same extent that an original signature could be used.

Dated this 27th day of February 2025.

Agreed on behalf of:

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