**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE STATE OF COLORADO**

**********

DOCKET NO. 25A-0044EG

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REPORTER'S TRANSCRIPT

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IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF THE MOUNTAIN ENERGY PROJECT AND ASSOCIATED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR SUPPLEMENTAL SUPPLY.

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Pursuant to notice to all parties of interest, the above entitled matter came on for Day 3 of a remote evidentiary hearing before **HEARING COMMISSIONER MEGAN GILMAN** commencing at 9:00 a.m. on Thursday, August 14, 2025, said proceedings having been reported in shorthand by Tracy Boulais.

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Thursday Morning Session

PROCEEDING

COMMISSIONER GILMAN: We are back on the record in Proceeding No. 25A-0044EG, Public Service Company of Colorado's Mountain Energy Project filing.

And first let's see if there is any preliminary matters before I resume my questioning of the Company's witnesses? Ms. McLaughlin?

MS. MCLAUGHLIN: Thank you, Commissioner Gilman. We just have a scheduling issue that we wanted to raise with you. Mr. Haglund needs to complete his questioning and redirect before 2:00 p.m. today. I think that we will be able to make that work, but just wanted to flag that.

COMMISSIONER GILMAN: Yep, we will get it done. I don't think that will be an issue.

MS. MCLAUGHLIN: Thank you.

COMMISSIONER GILMAN: Thank you. Anything else before we get started?

MS. BRAMA: Commissioner Gilman, yes. The Company has two items this morning. I think we need, first, witness Laura Roberts and then witness Grace Jones. We have one correction and one update that we thought we could run through quickly before we bring the whole panel on. So I think Mr. Mann and

Ms. Klemm can stand down for a moment, save them a few minutes.

Maybe we will start quickly with the update with Ms. Roberts. Just to put some context, the Company, as Ms. Roberts noted, has continued to negotiate with landowners on the LNG; and just in the last day has an update on the status of that process.

And we think we can provide that update without going into confidential session. And we thought we would just do that briefly, if that is acceptable.

COMMISSIONER GILMAN: Sure, that's helpful. Thanks. And obviously, be as concise as you can be, but happy to hear the update.

MS. BRAMA: Yes.

Ms. Roberts, a reminder first that you are still under oath from the last few days as you will be in the panel later today.

Could you just quickly provide us an update on the status of the Company's negotiations with the private landowner for land related to a longer-term LNG solution in the Breckenridge area?

WITNESS ROBERTS: Absolutely, thank you. Good morning.

We do have an update related to the land

for the long-term LNG facility. The private landowner provided the Company with a counteroffer in the most recent set of negotiations. And while nothing is signed yet, we do intend, as a Company, to accept that counteroffer and move forward with the piece of land that we had identified with that private landowner.

Related to the confidential conversation that we had, we provided a range of dollars that we were estimating and proposing. And the counteroffer is coming in near the lower end of that range that we provided in that session.

MS. BRAMA: I think that is the only update we needed to provide. Obviously, Ms. Roberts is available for questions. We were trying to do it in a public way so if there were more questions about the negotiations or pricing, we probably would need to move into a confidential session. But we are hoping that that is sufficient for what was needed in this proceeding.

COMMISSIONER GILMAN: No, I think that is good. I'm glad we did the confidential session because I was going to see if there was a way you could update me confidentially in an SOP or something. But since I know the range, I'm pretty

close on understanding where you are on the price. So appreciate that update.

What else, Ms. Brama?

MS. BRAMA: That is all with Ms. Roberts.

COMMISSIONER GILMAN: Thank you, Ms. Roberts.

MS. BRAMA: With witness Grace Jones, a couple of the questions that -- Commissioner, that you had asked of witness Jones yesterday caused us to do a double-check and identify, I think, what we would consider a clarification correction to witness Jones' rebuttal testimony.

So we have in box.com that correction. This is Hearing Exhibit 111. And we have both the confidential version and the public version in box, but the correction is only to the -- it's all in public portions of her testimony, so we don't need to get into anything confidential.

(The electronic document was displayed.)

MS. BRAMA: In particular, if we could go to Hearing Exhibit 111, page 22. And then I will walk through that briefly with Ms. Jones.

So, Ms. Jones, as I said to Ms. Roberts, just a reminder that you are still under oath from your testimony over the last few days.

If we could perhaps scroll down a little bit to the question starting on page 17.

Would you start walking us through the couple of corrections here in your testimony on pages 22 through 24?

WITNESS JONES: Yeah, certainly, thanks, Ms. Brama.

So, as discussed, after our conversation yesterday, Commissioner, we reviewed the discrete new business requests included in my rebuttal testimony and have provided some corrections just to make the language a little bit more clear.

So the first correction here is just indicating that it's within the counties of Summit, Grand, Lake, and Eagle counties, not necessarily the Eastern Mountain Gas System. So we struck that language.

And then if you would continue to scroll. So this is a similar correction, just indicating that it is the counties.

And then final correction is on the next page, please.

So here, we just provided a footnote. And the footnote is pretty important. So just indicating that while these large new business requests in Eagle

County are within that county, it does not hydraulically impact the supply constraint in the Eastern Mountain Gas System. However, importantly, the hydraulic analysis is still correct. And therefore, all of the analyses presented in my rebuttal testimony are as written.

COMMISSIONER GILMAN: One follow-up, Ms. Brama, just to that point.

So what you are saying -- I think it was like page 52, 53, 54, somewhere in there. You show the comparison of the shortfall with the updated forecast -- updated base forecast. And so what you are saying is you had already properly accounted for the assumption that there is no hydraulic connection for those in which there is no hydraulic connection in those new calculations?

WITNESS JONES: Correct. The modeling analysis is still correct because the hydraulic model inherently knows that that is not impacting the supply constraint in the Eastern Mountain Gas System due to the flow limitation of the Meadow Mountain pipeline.

COMMISSIONER GILMAN: Just wanted to check. Sorry, Ms. Brama, go ahead.

MS. BRAMA: That's fine. That is what we

were trying to get to as well.

And if we could scroll to the table on page 24 so we could see that as a whole, just make one or two quick clarifications.

Ms. Jones, your comment about Eagle County here, the slice of the pie chart in purple -- those customers are not necessarily in the Eastern Mountain Gas System; is that correct?

WITNESS JONES: That is correct.

MS. BRAMA: For the other slices of the pie, the counties Grand County, Lake County, and Summit County -- are those customers in the Eastern Mountain Gas System as reflected in this pie chart?

WITNESS JONES: Yes, they are.

MS. BRAMA: And lastly, just to maybe put a final point on it, do your corrections this morning pertain only to the language around this particular chart and the Q and As leading up to it versus any other part of your testimony?

WITNESS JONES: That is correct. The corrections today are just a clarifying correction. However, there is no further corrections in my rebuttal testimony as the hydraulic analysis is correct. And therefore, the referenced supply constraint in the Eastern Mountain Gas System

throughout my testimony is also accurate.

MS. BRAMA: Thank you. That's all we have for the corrections this morning. And I think we need to probably move for admission of the revised version of Ms. Jones' rebuttal, both the confidential and the public versions.

COMMISSIONER GILMAN: Okay. Yeah, thanks for those corrections. And any objection?

Okay, hearing none, we will move those into evidence. Appreciate it.

(Whereupon, Hearing Exhibits 111 Rev. 1 and 111C Rev.1 were admitted.)

COMMISSIONER GILMAN: Thank you for the brief update. If we can get the whole panel back, I will move as expediently as possible.

Just wanted to -- I think we have got everyone. I just want to remind each of you that you are still under oath. Does everyone understand that?

Nodding heads across the board. I think we are good to continue. Ms. Brama, do I need to wait for other counsel, or are we good?

MS. BRAMA: No. Ms. Simard-Pacheco is also on.

COMMISSIONER GILMAN: Just wanted to make sure we were ready.

**JASON PEUQUET**,
**LAURA ROBERTS**,
**KERRY KLEMM**,
**JORDAN MANN**,
**TANNER THOMPSON**,
**GRACE JONES**,
all having been previously duly sworn, were examined in panel format and testified under oath as follows:

**EXAMINATION**

**BY COMMISSIONER GILMAN**:

I'm going to jump in. And I did try to pare down my questions because I finally had a little bit of time last night, so I'm going to move as quick as I can.

Ms. Jones, in your direct testimony, you indicated that following the 2021-'22 heating season and the customer growth in the preceding years, the Company undertook a refreshed in-depth analysis of system needs and, at that time, forecasted a significant and potentially challenging-to-remedy supply constraint in the Eastern Mountain Gas System.

So given that statement, is it accurate the Company was not aware of the shortfall nor this incredibly challenging physical situation to bring more gas in prior to 2022?

WITNESS JONES: So it was 2021 where the supply constraint specifically was first identified by the Company. I think prior to that -- there is a difference between a capacity constraint, right, and a supply constraint. Prior to that, there was some indications there could be a capacity constraint, but it wouldn't necessitate the level of project that we are now proposing as the Mountain Energy Project.

COMMISSIONER GILMAN: Are you aware of how large the shortfall was at the time the Company identified it?

WITNESS JONES: The supply constraint was large enough such that the Company identified the need for modular -- I'm sorry, temporary LNG at the time. And I believe that was about five tanks. So it was smaller than what it is today. I don't have the exact number at my fingertips, but large enough to necessitate the need of LNG.

COMMISSIONER GILMAN: Okay. So I'm curious, since this was identified, it sounds like in 2021, the Company filed their first Gas Infrastructure Plan in 2023. I think there was a mention of this project, but no kind of in-depth explanation or understanding, I think, of the cost and the size of the shortfall.

And I'm curious why this was not, you know, more significantly featured in the Gas Infrastructure Plan as either a planned project or a significant supply or capacity constraint on the system.

WITNESS JONES: So not having the Gas Infrastructure Plan in front of me, my recollection was that we did have probably a page or so regarding the Mountain Energy Project and the process that was currently underway to facilitate identifying a planned project.

What I will say is that, yes, we identified this project in 2021. Here today in 2025, we are litigating said project. The Company's analysis was incredibly thoughtful and thorough. We undertook an NPA analysis, kind of the first of its kind in the nation, in order to determine if such a large NPA portfolio may be suitable. We undertook stakeholder engagement, primary research, identified a lot of different solutions regarding traditional gas infrastructure. And that took time.

So that was meant to indicate to the Commission that while we did not have a planned project at that time, wanted to provide reassurance that we were working on it. And I believe that the

efforts that we undertook over the last few years were incredibly fruitful to get us to the hybrid portfolio that we are proposing today in the Settlement Agreement including such a large portfolio of NPAs.

COMMISSIONER GILMAN: Okay. And Ms. Roberts, in your rebuttal, you discussed that there will be noticeable differences in the cost of the supplemental supply for the MEP between here, this proceeding, and the GIP.

Can you just help me elaborate briefly on what the differential will be between the prices in the cost -- sorry, in the GIP and in the MEP?

WITNESS ROBERTS: Yeah. The MEP costs are specific to the supplemental supply that we are proposing for the long-term solution, which we talked a lot about through this case.

The GIP has additional costs included in it to bridge the gap between our temporary solution and when we can get the long-term solution in place. So the cost to implement LNG in 2025 and potentially 2026 as well prior to the long-term facility being in service.

COMMISSIONER GILMAN: Okay. And that's anticipated to be done with the Company-owned

equipment just at a different site?

WITNESS ROBERTS: Correct. So the Company-owned equipment was used during the past heating season and will be used for the Mountain Energy Project. And the equipment cost is included in the Mountain Energy Project.

At the temporary site, we are required to do additional work to tie that equipment into the existing system, as well as grading work and road work for the trucks be able to pull into that temporary site.

So those are the costs at the temporary site that will be above and beyond in the Mountain Energy Project but are included as a forecast as an estimate in the GIP.

COMMISSIONER GILMAN: Okay. Thanks. A couple questions moving down to NPAs.

So in the settlement, the Company agrees to investigate by July 2026 the potential for including air-to-water heat pumps in the NPA portfolios. Can you explain to me kind of what exact technical features or otherwise the Company expects to be investigating over the next 11 months?

WITNESS PEUQUET: Yes, I can -- I think it would be best for witness Kerry Klemm to talk about

that leading up to that filing that we indicated mid next year. So over to Ms. Klemm.

WITNESS KLEMM: Thank you. We will be investigating electrification opportunities for electric boiler systems that could then replace the hydronic heating systems that are currently gas-powered. And it is a relatively new technology, and especially in the United States. There's been more of this in Europe.

And so we need to do the investigation to determine the technical assumptions and the costs and the rebate levels and things like that before we will be able to add that into the portfolio.

But I think it is a really important thing to add to the portfolio as soon as we can get that information ready due to the amount of boiler heating in the Mountain Energy region and some of the comforts that go with that like heated floors and things like that to maintain that for our customers, as well as domestic hot water service that is provided by those hydronic heating systems.

COMMISSIONER GILMAN: And does the Company have reason to believe there are other kind of as viable solutions as air-to-water heat pumps that will be part of that investigation, or will the

investigation center on air-to-water heat pumps?

WITNESS KLEMM: We are looking at all potential alternatives to air-to-water heat pumps as we explore how to create new electric heating options for those boiler systems.

Today, a customer with a boiler could install a cold climate mini-split ductless heating system. And we also agreed in the settlement to add a domestic hot water solution for electrification.

So customers could do that today, but in doing so, they lose some of those distribution systems with the house comforts like the heated floors or some other things that might be also heated by that boiler system.

So some things are available today, but it requires a change in kind of how they warm the house and the heating aspects of it. And that electric boiler system would create a new opportunity to address some of those aesthetic concerns.

COMMISSIONER GILMAN: Okay. Thanks. Does the Company have plans as part of the portfolio to offer ground source heat pump rebates? I know there is a lot of talk about network ground source heat pumps and those pilots, but individual ground source heat pumps -- is that included in the portfolio?

WITNESS KLEMM: That is included in the portfolio as proposed.

COMMISSIONER GILMAN: Okay. I wanted to look real quick at GKJ-2 attachment to Jones' direct testimony, just to understand the technical aspect of something.

GKJ-2, Table 4-10 on page 28.

(The electronic document was displayed.)

COMMISSIONER GILMAN: I was just curious, can you help me understand the origin and the use of the multipliers that we see here? You know, there is a few things I maybe wasn't expecting like transport tends to be much higher than the others. Like we have got multifamily transport non-heating higher than heating.

So where do these come from and then how are they used?

WITNESS PEUQUET: I think for that, I would welcome witness Jones or witness Mann to comment on these heating values.

COMMISSIONER GILMAN: Ms. Federico, maybe we could just blow up like the top half.

LEGAL ASSISTANT: I can't fit the whole thing.

COMMISSIONER GILMAN: You are good.

WITNESS MANN: Let me orient myself. Can you scroll up just a touch to the introduction text to this?

LEGAL ASSISTANT: If this isn't --

WITNESS MANN: No, that is perfect.

All right. So for each region and each building type, we had information from Xcel regarding the annual and the peak hour consumption for heating and non-heating.

And essentially, we had to take the annual savings from the TRM, which does not include a peak hour estimate for gas right now, and we had to use the disaggregation from Xcel to convert our annual energy savings to peak hour savings.

So essentially, for each region, based on actual consumption data for that region and the Xcel model that disaggregates heating and non-heating usage in the peak hour, we had to use these factors to convert from annual estimates to peak hour estimates. So essentially, it is a calibration process that takes us from annual to peak hour.

COMMISSIONER GILMAN: Okay. And then what do you use them for?

WITNESS MANN: This is, I guess, fundamental to estimating any of our savings

assumptions for peak hour because the only information that we have available from kind of our bottom up estimate using the TRM is the annual consumption.

So in going from annual to peak hour, we have to use essentially like a multiplier that is going to align the TRM assumptions with the peak hour assumptions that come from gas modeling. So fundamentally, it is a calibration process that allows us to use the annual consumption estimates and annual savings estimates and convert them to a peak hour estimate.

COMMISSIONER GILMAN: Okay.

WITNESS MANN: And it's essentially like shifting the consumption based on specific regions. Because we also don't have enough information available in like a TRM-based estimate to say specifically what's going to happen in Breck versus Area 3 versus Area 4, but we have that consumption data from Xcel. So it is kind of a true-up.

COMMISSIONER GILMAN: Could we just go down to the next page, Ms. Federico, and kind of the first half. Perfect.

So I just wanted to kind of check to understand what this is telling us. If you look at

the third line, I've got multifamily transport customers. So this is a multiple family property that takes service under transport tariff in Breckenridge. Their heating -- I presume a higher factor means more impact on the peak load, right? Like more coincident to the peak?

WITNESS MANN: Yep. It is larger facilities. So the transport customers are larger. So when we are comparing to an average, I think you can read that as the transport customers being 10x roughly like a typical commercial customer. And that is just because those facilities that are transport customers tend to be larger facilities. But there is --

COMMISSIONER GILMAN: Okay. So let me look at the third line here. Multifamily transport in Breck. This is a large multifamily building, right? So I've got 10, basically, for heating and 9 for non-heating. So a pretty similar coincidence, basically, of heating loads contributing to peak and non-heating loads contributing to peak. Like, that is a general thing I can take from this?

WITNESS MANN: That's right.

COMMISSIONER GILMAN: So let me go to Area 3. Where was Area 3 again? Does anyone know off the

top of their head?

WITNESS MANN: I would have to look at the map to get it right.

COMMISSIONER GILMAN: I think you all went in order, so it is very nearby.

WITNESS MANN: Right.

COMMISSIONER GILMAN: If I look at Area 3, multifamily transport, again, same type of building, just in a slightly different area. It is still in Summit County, whatever. The heating is 6, and the non-heating is 11.

WITNESS MANN: That's right.

COMMISSIONER GILMAN: So in the same building type in a slightly different zone, their non-heating loads have double the peak impact as their heating loads.

WITNESS MANN: Not exactly. Sorry, let me clarify that.

Their non-heating load is higher than the non-heating average. So that 11 is being applied to the non-heating load. It doesn't mean that the non-heating load is double the heating load.

COMMISSIONER GILMAN: No, but it is more coincident. It is twice as coincident with peak. Is that the right way to say that?

WITNESS MANN: No. Sorry. You'll need to keep the two columns separate so that the heating load is, call it, 6x the average, but the non-heating average is 11x the non-heating average of that group. And so it is calibrating the two separately.

It is not saying that the heating and non-heating loads are equal. The heating load is 95 percent of the load, roughly. And the non-heating load for the peak hour is going to be closer to 5. And these multipliers are adjusting that number.

So it's not that they are equal heating/non-heating. It is that in order to calibrate the heating load, we multiply by that number. To calibrate the non-heating load, we multiply by this separate number.

And some of that variability that you might see, especially in transport, could be partially an artifact of not that many customers. And so you might have a little bit more kind of site-specific impacts for the types of buildings that are operating there.

But in this case, this would be -- it would be an overall indication, perhaps, that this facility has more non-heating than some of the other facility types compared to its heating load. But the

heating load is still, by far, the most -- the highest end use consumption.

COMMISSIONER GILMAN: Okay. So the columns basically stand alone. So the heating --

WITNESS MANN: Yes.

COMMISSIONER GILMAN: The heating column, I can compare one area to another and one building type to another. Same as non-heating, but not from column to column?

WITNESS MANN: That's right.

COMMISSIONER GILMAN: Is there any -- like was there any gut check or analysis done on -- so if I look at Area 1 versus Area 4, multifamily commercial. In Area 4, I've got four times the factor as in Area 1.

Is there any like analysis as to why both were heating -- like why would one have far greater coincidence than the other?

WITNESS MANN: We didn't do a specific analysis to that. And that's, in part, because the data that we have from Xcel has a premise level heating and non-heating load. And while that information could be helpful, there is not a clear adjustment that we can necessarily make to reconfigure that because that's the data that we see

and the data that we have based on the modeling and the real gas consumption.

So we didn't do like an investigation into, okay, which of these premises are driving it and what might be the characteristics of those premises. That's a little bit more detailed kind of like site-specific analysis than we would have conducted as part of that study.

COMMISSIONER GILMAN: Okay. And is it likely that snowmelt gets identified as heating load since it is pretty coincident with the heating time?

WITNESS MANN: Yes.

COMMISSIONER GILMAN: Thanks. Those are my only questions on this chart. I was trying to decipher what I should be able to compare here and whatnot.

Probably to Ms. Klemm, but you tell me. For heat pump rebates, are you anticipating those to be on a per tonnage -- at kind of a per tonnage level?

WITNESS KLEMM: At this point, yes. They will mirror how we design our rebates in the DSM portfolio and that Beneficial Electrification and Clean Heat Plan. And so we will mirror those rebate structures for simplicity for the trade partners who

may be working in both areas that do and don't qualify for the NPA portfolio.

And currently, those are in a per tonnage basis. But if that were to change in the future, we would mirror the NPA portfolio to align with the rebate structure.

COMMISSIONER GILMAN: Okay. And as I understand it, a condition -- something unique to the NPA here will be that a condition of those rebates would be removal of the gas equipment that it's replacing, right?

WITNESS KLEMM: That is correct. In order to ensure that we are impacting gas peak, we will require that they remove the gas equipment being replaced even if it is an early retirement measure.

COMMISSIONER GILMAN: Okay. And are you anticipating rebates for customer -- like customer on-site electrical upgrades that may be necessitated as part of an electrification project?

WITNESS KLEMM: Those are not currently part of the project, but that is something that we are looking into overall for the Clean Heat Plan. And if we add it, at that point we would also expand that into the NPA portfolio.

COMMISSIONER GILMAN: Okay. A few

questions about gas-fired equipment. Still on the NPA realm here.

So for boilers, it's my understanding from supplemental direct that the Company assumes a baseline efficiency of 84 percent and an upgraded efficiency of 95 percent. Does that sound accurate?

WITNESS KLEMM: That sounds right.

COMMISSIONER GILMAN: Does the Company assume any operational efficiency difference when an upgraded boiler is used for hydronic baseboard versus in-floor heat?

WITNESS KLEMM: That would be reflected in our technical assumptions, and I'm not familiar with that level of detail.

COMMISSIONER GILMAN: Okay. Do you have -- does the Company have any context as to the percentage of boiler-based systems that are used for baseboard versus in-floor heat?

WITNESS KLEMM: No, I don't believe we have that level of detail.

COMMISSIONER GILMAN: Okay. So, I don't know, are you familiar much with the operating efficiency levels of condensing boilers like with regard to a boiler efficiency curve?

WITNESS KLEMM: No. I'm not an engineer,

so I'm not familiar with that level of detail, but witness Mann may be. That is his background.

COMMISSIONER GILMAN: Are you generally familiar that condensing boilers do not condense at very high inlet water temperatures?

WITNESS KLEMM: I'm not familiar with that level of technical detail.

COMMISSIONER GILMAN: Okay, sounds like Mr. Mann has got it.

And does it sound reasonable to you that hydronic baseboard systems generally operate between 140 and 180 degrees Farenheit?

WITNESS KLEMM: Subject to check. That's really beyond my area of technical expertise.

COMMISSIONER GILMAN: Okay. I think what I'm getting at, which you are probably getting, is that it is, I think engineering-wise, far less likely for a condensing boiler to condense with a baseboard system than an in-floor system due to the very high temperatures it operates, which does not allow the boiler to operate in its condensing range a high percentage of the time. That is the premise.

WITNESS KLEMM: Uh-huh.

COMMISSIONER GILMAN: So trying to understand in terms of the technical detail of

offering incentives, especially since we are looking here very much at, especially for equipment, the peak impact, not just energy like we have been focused on for DSM for years. The operation of that peak impact really matters.

So, you know, assuming what I've said is true, would you agree that the actual impact on peak reduction would very much depend on the use and operation of the characteristics of that boiler if could actually be in the condensing range to achieve your 95 percent efficiency?

WITNESS KLEMM: That does sounds like a reasonable outcome.

COMMISSIONER GILMAN: The Company indicates that DOE efficiency standards will require 95 percent efficient gas appliances starting in 2029. Does that sound right?

WITNESS KLEMM: That sounds right.

COMMISSIONER GILMAN: I can't really keep up federally, but is that is what still expected?

WITNESS KLEMM: I have not heard that that has changed.

COMMISSIONER GILMAN: Okay. And a significant amount -- a significant portion of the savings related to gas-fired equipment change-out, to

my understanding in looking at your information, occurs once that federal requirement sets in, and then everyone has to upgrade, basically, right?

WITNESS KLEMM: Right. If someone was, let's say, at that point like end-of-life replacement, then that would be required that they would install that efficiency. However, early retirement could still be a factor at that point in time.

COMMISSIONER GILMAN: Okay. Couple more questions on the efficiencies here.

So slightly different from the boiler. The only number that is different from the boilers in your assumed efficiency for furnaces is that the inefficient non-upgraded furnace starts at 80 percent instead of 84 percent for the boiler, and then your efficient is still at 95 percent. Does that sound right?

WITNESS KLEMM: That sounds right, subject to check.

COMMISSIONER GILMAN: It's in supplemental direct.

WITNESS KLEMM: Right.

COMMISSIONER GILMAN: And in your supplemental direct, you also show how you calculate

the peak hour savings associated with the change in inefficiency of the boiler, which is basically the baseline peak hour load times one minus baseline efficiency over the upgraded efficiency. Does that sound technically right to you?

WITNESS KLEMM: That sounds just what the formula says.

COMMISSIONER GILMAN: Okay. So I wanted to go to Hearing Exhibit 102, GKJ-2. It has Table 6.1, which shows, I believe --

(The electronic document was displayed.)

COMMISSIONER GILMAN: It's page 107. A little tortuous to look at. We can zoom in a little bit so we can see what is here.

This is basically the residential single family measures for NPAs and savings like changing from a furnace to an air source heat pump, changing from an inefficient furnace to a more efficient furnace, as well as envelope measures and a whole host of other things. Does that make sense?

WITNESS KLEMM: Yes.

COMMISSIONER GILMAN: So on here is where we would see the actual kind of, honestly, both inputs and outputs about what the Company is assuming for, say, upgrading a gas furnace. And there is

early and then end-of-life for pretty much everything on this list. Are you tracking with all that?

WITNESS KLEMM: Yes.

COMMISSIONER GILMAN: Okay, got it. So I took this information and put it into an executable document so I could just actually look at it because I was having trouble with one of the calculations. So I did give that to Ms. Federico.

So, Ms. Federico, would you mind pulling up my executable version?

(The electronic document was displayed.)

COMMISSIONER GILMAN: I think the powers that be marked it as Hearing Exhibit 1001. Maybe we could just blow it up.

So I will represent to you these are all the same numbers. I didn't go to the trouble to make it look, color-wise, the same as yours. These are the same numbers, same columns, same information that was represented in Table 6-1 that we just looked at.

So what I tried to do using your formula on how you calculate the peak hour impact was try to understand what I was looking at here because almost immediately, I came to some different numbers.

So there is a column here, column D, that shows peak hour demand reduction per unit. Do you

see that?

WITNESS KLEMM: I do.

COMMISSIONER GILMAN: So I would assume -- let's say if we take a gas furnace like on line 13 or 14. You take a gas furnace, and you change to a cold climate air source heat pump, right? I would assume what I'm seeing in column D there for the savings is the entirety of the heating load, right? You just took it all and electrified it. So it went away. So that is showing me the total of the space heating load. Does that sound like a fair assumption?

WITNESS KLEMM: I am going to refer to witness Mann. It does to me, but I want confirmation from witness Mann because Apex prepared the potential study.

COMMISSIONER GILMAN: So basically D13 shows what would be the entirety of the heating load removed when you completely electrify it.

WITNESS MANN: It sounds like a fair assumption, but that may include efficient boilers as well. So this would -- if you are looking at an aggregate of furnace to cold climate air source heat pumps, you should have both inefficient and efficient furnaces. But if you are looking at a furnace upgrade, it is only inefficient to efficient. Does

that track?

COMMISSIONER GILMAN: I think that's a possibility. I'm not sure it makes my issue better. I think it might make my issue worse with the calculations, but I will keep that in mind in trying to analyze that.

WITNESS MANN: Okay.

COMMISSIONER GILMAN: So then we go down two lines, and you've got the gas furnace change-out. So the inefficient furnace to efficient furnace. So this has -- whereas the entire change-out was .069, this is .0182 in peak demand savings to change from efficient to non-efficient, right?

WITNESS MANN: Uh-huh.

COMMISSIONER GILMAN: So when I look at this difference between those two peak demand savings, what I came to was a figurative efficiency gain of 26.4 percent between the two. Assuming that line 13 is the entirety of the heating load, and then line 15 is what I'm getting in my efficiency -- in my percentage deemed from a more efficiency -- a more efficient, sorry, furnace.

Those are 26.4 percent different, not 15 percent different, which I would assume if you are changing from 80 percent to a 95 percent. Are you

tracking with what I'm saying here?

WITNESS MANN: I am. I think, though, again, it might be -- I'm not sure if we have this data available in the report, but more appropriate to start just with the per-home consumption and work off of that rather than using the cold climate heat pump savings.

But I do se where you are getting at. And it would be -- yeah. It's not exactly how we calculate that, but yeah.

COMMISSIONER GILMAN: All right. So, yeah, I can look at it. I just wanted to bring up in this and see if we think we have an issue with how this is calculated given the figure. But I can compare it to -- you don't have to right this second, but would you be able to refer me to the proper place to look at for the full house heating assumption?

WITNESS MANN: Let me see if that is in the testimony, but I will take a look for that. I'm not sure if it is specifically in there.

COMMISSIONER GILMAN: No worries. I would appreciate that.

The only thing I would say I showed on here was I did the same thing for the boiler line just to try and understand is what is calculated here

matching with your assumed efficiencies. But happy to look at another resource if you can help me find it.

WITNESS MANN: Fair enough.

COMMISSIONER GILMAN: Awesome, thank you. Appreciate it.

Ms. Federico, I think we are done looking at this. I just wanted to show you the document that I actually calculated it in.

So curious -- this may be a Mr. Thompson question. In identifying the necessary electric upgrades on the electric grid, has the Company considered enrollment in any electric demand response or flexibility programs or trying to incent such to reduce the electric impact?

WITNESS THOMPSON: Yeah. So the Company -- essentially, what we did is we took the incremental load from the Grace Jones -- the document that we just looked at. We applied it to our base forecast and then identified the loads.

In terms of if DSM was implemented or accounted for, we did not account for it, although it is within our growth within that forecast. It's a base into the actual like base forecast, I guess you could say, but it wasn't specifically accounted for.

COMMISSIONER GILMAN: Okay. And then as I understand it -- sorry to jump around just a little. This may be more of a Mr. Peuquet question.

So it sounds like the Company anticipates using the DSM Roundtable for stakeholder updates on rebate levels, types of measures being rebated. And I'm curious, is that a forum that Summit County governments and their contractors in the mountains have regularly attended?

WITNESS PEUQUET: Yeah, good question, Commissioner Gilman. The Settlement Agreement references the DSM Roundtable as a good forum for these discussions. It also contemplates integration of a new Mountain Energy NPA working group.

So to the extent folks aren't able or aren't interested in joining the DSM Roundtable, we have that other forum as well. Of course, we would welcome them into the DSM Roundtable to the extent they are not already. I would invite Kerry Klemm to weigh in if she knows one way or the other.

But by standing up this new process in the Settlement Agreement, we want to make sure that we are all talking about everything we need to be talking about.

COMMISSIONER GILMAN: Okay, that's

helpful.

Ms. Klemm, a couple questions for you, I guess. So as I understood from, I think, two days ago, the expected report from Quarter 2 of 2025 on the Company's gas demand response pilot has been delayed, so it didn't come out in Q2 2025.

Do you have any update on when this will be released and in what venue or what form we would be able to find that?

WITNESS KLEMM: Yes. We actually did receive the report in Quarter 2 from the engineering firm that was doing the evaluation. And then since then, our engineers have been going through it.

And our product development team is taking the results and the lessons learned from that pilot and converting it into a filing for an official demand response program to roll out. And it's specifically aimed at areas where we have peak issues on the gas system. And the Mountain Energy region is going to be included in that initial filing.

And so that's the venue that we will be reporting out through is that filing for a demand response program.

COMMISSIONER GILMAN: Okay, thank you. Were any outcomes or assumptions -- I think we went

over this the other day, but I just wanted to confirm. Were any assumptions used in this filing a result of anything that was learned from that pilot -- or, you know, either of the one-and-a-half pilots, I guess?

WITNESS KLEMM: They were not used due to the timing of when the potential study was started and when those results became available. But they are in line with the assumptions in the potential study -- what we are seeing as the initial results coming out of the report that we received at the end of 2025.

COMMISSIONER GILMAN: Okay. And were those pilots specific to residential? I think the one was. I don't know if the second one was or wasn't. And like what will help inform your demand response offerings for commercial or transport customers?

WITNESS KLEMM: They were specific to residential. To the best of my knowledge from the information I've seen, they were residential focused.

And we didn't, unfortunately, get to the point in the behavioral demand response pilot to have any results to be able to help inform us on that specific technology and demand response savings

associated with that behavioral demand response pilot that we were running.

But the thermostat pilot did have some strong results. And we did have interested parties as we were surveying in the potential study. We saw an interest in commercial facilities in doing smart thermostat type measures, as well as some potential for the full facility demand response that isn't end use specific.

So there will be things that we will be looking at to further offer on the commercial side as well.

COMMISSIONER GILMAN: And is the Company considering at all -- I mean, I understand and appreciate that there is no proposal to roll out like gas AMI meters across the board. But understanding that we really lack granularity in the gas meters in terms of usage.

But is there any thought to potentially use those in terms of like a pay-for-performance program for commercial, so just in a discrete way rolling them out to be able to track if people wanted to really manage their own performance and reduce in response to a price signal or other program?

WITNESS KLEMM: Yeah. If the technology

is available, that is something that we would be interested in looking at the potential for and seeing if it makes sense to roll something out there.

COMMISSIONER GILMAN: Okay. So are the commercial programs you are looking at thus far kind of direct control programs rather than kind of customer-driven reduction programs?

WITNESS KLEMM: A lot of our large gas customers and transport customers are already on interruptible rates. And so to that extent, it's not like an event specific, but it is -- well, actually, maybe it is somewhat event specific in terms of they have already signed up for interruptible gas service.

And so they are excluded from the potential -- or the implementation plan eligibility. And then those that remain are the ones where we would be looking at pricing signals and response to events.

I think price signals where we are able to get the data to discern the performance of customers on events, whether residential or commercial -- those are the types of events that enable us to really engage customers and have customers more broadly reduce their peak energy use.

COMMISSIONER GILMAN: I wouldn't doubt

that it might be true that some very large transport customers like in Denver Metro are on interruptible rates, but is that really true in Breckenridge that a good share of your largest customers are interruptible on the coldest days of the year?

WITNESS KLEMM: It is my understanding that they have premises that are on interruptible rates and premises that are not on interruptible rates. So it depends on the use of the specific premise. And it is not at a broad customer level.

COMMISSIONER GILMAN: Okay. When you have transport customers, do you also track like what type of customers they are? Not just if they are transport or not, but like it's a transport but it's a hotel, it's a restaurant, it's a ski resort. Do you have granularity of understanding of the flavor of the transport customers?

WITNESS KLEMM: Yes. Nearly all of our gas transport customers are also our electric customers. There is very few that are not our electric customers. And therefore, we have that information on them.

COMMISSIONER GILMAN: Okay. How long did the natural gas behavioral response pilot run before it was ended by the vendor?

WITNESS KLEMM: Let me look that up quick.

COMMISSIONER GILMAN: In like a rough, I don't know, less than a year, more than a year?

WITNESS KLEMM: No, it was more than a year. It was either two or three heating seasons.

COMMISSIONER GILMAN: Three seasons?

WITNESS KLEMM: Either two or three.

COMMISSIONER GILMAN: Okay. Did the Company -- the Company was paying the vendor along the way for that pilot, I presume?

WITNESS KLEMM: We were working with our smart thermostat vendors to implement the control periods and things like that. And so we were, you know, compensating them for their efforts just like we do for like our normal cooling AC Rewards.

COMMISSIONER GILMAN: So I'm curious, was the Company provided any information that was collected over the multiple seasons? I understand there is no like nicely bound report that's done and ready because of kind of the abrupt nature of it ending. But did the Company receive some data either as it went or at the end of that arrangement?

MS. SIMARD-PACHECO: Commissioner Gilman, if I may. If you can hear me?

COMMISSIONER GILMAN: Yes.

MS. SIMARD-PACHECO: I think there may be some confusion. Are you asking about the behavioral demand response?

COMMISSIONER GILMAN: Yes.

MS. SIMARD-PACHECO: Or the Heat Savers? I think there may be some confusion on the witness' part. Sorry for interrupting. I just want to make sure that we don't have to revisit this in the event there is some confusion.

COMMISSIONER GILMAN: Yeah, behavioral demand response.

WITNESS KLEMM: Okay, I apologize. For the behavioral demand response pilot, we never got to the point where we were calling events. The Company providing the pilot went out of business before we got to that point. We were at the point of enrolling customers in the pilot.

COMMISSIONER GILMAN: Okay. So never operational, no data at all?

WITNESS KLEMM: No.

COMMISSIONER GILMAN: Okay. I just wanted to understand that. Thanks, Ms. Pacheco. I just didn't understand how long that one had ran at all.

WITNESS KLEMM: And just to correct my further statement, we were paying that vendor

progress payments along the way for their part and their role in installing devices.

COMMISSIONER GILMAN: Okay, got it.

So I wanted to ask real quick a little more about transport customers. CEO expressed a concern that customers could move to transport customers to kind of avoid paying any DSMCA flowed costs from there.

And I was curious, since LDCs are effectively transport customers, right? And the Company proposes treating LDCs in a way that if they increase their requests in the future for their demand, they would be charged a portion of this.

And curious if the Company is considering or would consider a similar arrangement for shippers or transport customers to ensure that it follows the same methodology as you would for LDCs or other transport customers?

MS. BRAMA: I think this might be a question for Mr. Peuquet. Sorry, I was going to try and help direct.

WITNESS PEUQUET: Yes, thank you. It is a good question. I think this came up in the case itself, if I recall. I don't know -- to your point, I believe it came up in the Energy Office's

testimony.

I believe we said this customer switching issue, if I'm understanding your question right, is I think something that is -- that we are happy to look into, but it is a broader question, right? And so that venue seems like it's relevant for the upcoming gas Phase II case. We can take a little bit of a more comprehensive look at that question.

COMMISSIONER GILMAN: But is there a reason why -- I mean, to the extent that if a transport customer or, you know, the shipper to them increases those volumes, you know, on your peak day, that makes the problem worse over the last however many years it has been contributing to this shortfall. You know, I don't know the percentage in Summit County, but system-wide, I understand you to be at about 50 percent transport customers.

So I guess is there any reason why you could not follow the same methodology as you are talking about with LDCs to, upon request from a shipper or a transport customer -- I don't know the level of granularity there -- you would charge a proportional cost as you've recommended to do for LDCs?

WITNESS PEUQUET: I don't think there is a

prohibition for creating a new charge like that. It's just it wasn't part of our proposal because we are seeking to stay within the general cost assignment framework that exists for NPAs. We thought the case of other LDCs was a bit different requiring more of an adjustment.

But again, I don't think anything would prohibit that.

COMMISSIONER GILMAN: Okay. Thanks. And while I have you, Mr. Peuquet, back on cost recovery, who pays when and what.

I think you had suggested when you were talking with Mr. Bunker that a gas rate case, as you said here today, would be an ideal venue when looking at total system cost to evaluate these local cost differential issues that have been brought up by UCA and others. And so I'm tracking with you.

As I understand, the Company is going to file a rate case for gas this December. And I think that's expected to be a Phase II rate case. Can you tell me if that is going to be just a Phase II, or are you expecting to combine a Phase I and Phase II gas rate case in December?

WITNESS PEUQUET: Right. As you know, coming out of the last Phase I rate case I believe

earlier this year, there was a directive to file the Phase II at the end of this year. So we are absolutely preparing the Phase II.

You know, at all times, the Company continues to evaluate the need for Phase I rate cases. I believe that this actually came up recently on the Company's most recent quarterly earnings call. And so I think, as it was stated there, right, the Company is evaluating the need. I think there is a chance that there might be a combined case at the end of the year, but certainly a Phase II.

COMMISSIONER GILMAN: Okay. So given this interest in really understanding -- get our arms around this local cost allocation and the issue where, I mean, I think we are seeing -- it is a little undeniable, there is a lot of costs here for a specific localized project understanding it's been -- all along, we have been socializing a lot of those.

But given all of the issues cropping up now to move this discussion on locational cost differentials and costs imposed on the system for growth specific to new areas to that gas rate case, I'm curious, do you have any thoughts on what information could or should be filed to really initiate that discussion in that gas rate case?

As you are probably aware, you know, it can get hard to introduce these new topics halfway through or two-thirds of the way through. So if you believe that's the right venue to discuss this, what could the Company provide as part of their direct filing to help to frame this discussion in terms of like details on these locational cost allocation issues?

WITNESS PEUQUET: Well, I think there is two important pieces to highlight there.

One is coming out of the settlement itself, right? That there is a new base rate area, RFP, and scoping process that's going to be kicked off as agreed to by the Settling Parties, right?

And so I think that allows an upcoming Phase I or combined Phase I Phase II case to allow the results of that RFP to come into it to supplement the discussion, right? And you can see some of that -- some of the terms around that language makes it clear that parties won't object to the introduction of that material either through answer testimony or rebuttal or whatever it is. I'm not calling it out of scope or not appropriate for the case. And so I think that that's an important piece to remember here on the geographic side of things.

Also remember, too, that coming out of the last Phase I rate case earlier this year, there is a directive to include our line extension policies for review. And we also made a proactive commitment to doing that in the Company's rebuttal case. I believe it was the rebuttal testimony of Steven Berman who said that we will come forward and include any new proposals if we think it is warranted.

But we are going to take a fundamental review of our line extension policies to think about the cost causation principles that are being discussed quite frequently by the Commission. Of course, there is an ongoing M docket exploring that as well.

And so I think those two pieces provide ample opportunity for us, the Commission, all interested parties to think about this geographic cost question along with the cost causation topics more broadly.

As I sit here today, I don't think there is additional directives we need to create to allow that exploration to happen. I think the Company is already exploring its line extension policies.

There may be a proposal as part of the Company's direct case. It is certainly going to be a

topic that is explored, as everyone has been talking about it not only in this case but other recent cases, too.

COMMISSIONER GILMAN: I wanted to move to reporting. So I know the Company has agreed to a list of reporting through several different venues as we move forward with the MEP.

So one thing that I didn't see on there that I just wanted to confirm. CEO recommended you provide reporting on monthly electric and gas usage of customers that participate in the NPA portfolio for at least one year, and monthly gas and electric use of the same customers for a year prior.

And then they had some other, you know, group by customer class and building type so that we would be able to better understand, as I take it, the actual per-customer impact of electrification.

Am I correct that that reporting was not agreed to in the settlement? That felt like one I did not see.

WITNESS PEUQUET: That's a good question.

COMMISSIONER GILMAN: There was some electric stuff, but it was at a lot higher level. This was like customer level.

WITNESS PEUQUET: Right. We are certainly

reporting on the uptake of the NPA offerings, both in aggregate as well as the number of customers partaking in those, and thus average incentive amounts.

Of course, we will continue to report on any electric upgrades as needed, as Mr. Thompson's testimony talks about, through DSP or other related processes. Of course, continuing through this reporting process talking about the supply shortfall and any changes therein.

In terms of on a customer-by-customer basis, I'm double-checking the attachment to our settlement testimony, Attachment JJP-4. I'm not seeing a customer-by-customer basis on that. I think that was at a level that was too granular for our tracking purposes. But we are --

COMMISSIONER GILMAN: Real quick, what does that mean? I mean, these customers all have AMI, so you actually can physically track it, right?

WITNESS PEUQUET: Oh, sure, on the electric side. Yes. It's much easier to -- and even on the gas side, right, to do before and afters. I just don't think that was one of the settlement terms in the reporting section.

COMMISSIONER GILMAN: Another thing I

didn't see on there was CEO requested that when actual CNG or LNG costs are provided that there would be a description of any deviation in what was forecasted versus what was actual.

I didn't see that on the reporting. But is there any issue with reporting the reasoning for the deviations in costs on LNG and CNG?

WITNESS PEUQUET: No. Actually, that sounds familiar to me. I don't have -- I would have to double-check the Settlement Agreement itself. But no concerns with talking about deviations from initial forecasts.

COMMISSIONER GILMAN: There was a lot of items in there, so I think I properly compared them, but maybe not.

Okay. I have a couple questions on supplemental supply. So probably you, Ms. Roberts, but we will see.

So the Company indicates they took a very thoughtful analysis of kind of all the options to determine this package that we are looking at. And so primarily, I know the Company presents an analysis showing that like CNG is not feasible in the Breckenridge area due to size constraints.

But as I understand it, there may be other

feasible options, especially in terms of supplemental supply. So I'm curious, did the Company evaluate any other supplemental supply options other than just CNG and LNG?

WITNESS ROBERTS: I'm going to defer this question --

WITNESS PEUQUET: Yeah, sorry. Just real quickly, I was going exactly where Ms. Roberts was going. I think this is actually a question for Grace Jones, sizing the need based on the shortfall in particular geographic areas.

COMMISSIONER GILMAN: Yeah. And just interested in what all options were explored. Was it only LNG and CNG, or were there other supplemental supply options explored as well?

WITNESS JONES: Yeah, good question. The Company focused on LNG and CNG given the commercial nature of it. And we ultimately landed on LNG for Breckenridge given all the reasons discussed in my testimony including land, but also cost and just feasibility of the equipment. LNG has a higher maximum flow rate as well as maximum pressures, and we are injecting into a high pressure line in Breckenridge.

COMMISSIONER GILMAN: As I understand,

there is other technical options available like propane air mixed at certain ratios in order to be compatible with natural gas. You know, and I know there is a study by Argonne National Lab that suggests such systems come at lower capital cost typically than LNG.

So I just wonder, are these other types of supplemental supply solutions something that was considered or looked at at all?

WITNESS JONES: We did not do a big investigation on propane air. And I will tell you the reason why is because it has similar challenges as CNG where it would require a significant amount of tanks just due to the density of the actual fuel. And so the Company initially did not consider propane air just given those concerns.

COMMISSIONER GILMAN: Okay. I wanted to figure a little bit the distinction between temporary and permanent with regard to the LNG and CNG. Primarily, I think this is an LNG discussion.

So the Company says that temporary supplemental supply is not the most cost-effective, flexible, or reliable solution. As I understand it, the main distinction the Company is drawing between permanent and temporary is ownership of the equipment

and long-term land control. Are those the two like main defining factors between temporary and permanent?

WITNESS ROBERTS: Those are absolutely two of them. However, I would also add on the mitigative measures that are required for a long-term LNG installation as a third component to that analysis.

COMMISSIONER GILMAN: Okay. So by virtue of long-term land control, you have done more work on the site?

WITNESS ROBERTS: The mitigative measures are things like the impoundment and the potential need for concrete walls or nonporous walls or the porous fences. So the installation of those is much more cost-effective when you are leaving them there and not having to rebuild them on an annual by annual or whatever basis if you don't have a permanent location for those mitigative measures.

COMMISSIONER GILMAN: Okay. Have mitigative measures been taken at the temporary site that the LNG has been at for several years?

WITNESS ROBERTS: Not to the same extent as will be for the permanent site. There are a hazardous -- a HAZOP analysis has been conducted. And there are things the Company is doing to ensure

the safety of the temporary facility. A lot of those are in the PHMSA requirements for a mobile and temporary site versus a long-term site. And so we are following those regulations.

COMMISSIONER GILMAN: Okay. Got it. How long-lived are the permits that are required for the LNG and CNG deployments? How frequently do those have to be reissued, basically?

WITNESS ROBERTS: Yeah, that depends based on what we -- what agreements we get with those landowners or those permit providers.

The first permit we received for the first installation of the temporary site was a two-year agreement. And the third heating season that we deployed LNG, it was a one-year. And we are looking to extend that for a second heating season.

And then, as we discussed this morning, the long-term site is a permanent easement that we are seeking, so there would be no further annual agreements.

COMMISSIONER GILMAN: Okay. Who is the permit with?

WITNESS ROBERTS: The permit for this heating season is with Summit County, and I believe town of Breckenridge as well are the owners of the

land.

COMMISSIONER GILMAN: Okay. So ultimately, it sounds like it is at their discretion how long of a permit they issue you for each cycle?

WITNESS ROBERTS: Correct. It is a partnership discussion that the Company has with them and our request for what we think we need. But you are absolutely right, they dictate what they are going to give us.

COMMISSIONER GILMAN: And so is the concept that in moving to the longer-term site, the permit would be permanent or indefinite, or how does that time duration?

WITNESS ROBERTS: For the permanent long-term installation for the Mountain Energy Project project, it is no longer with the town and the county. That is with a private landowner. And so we have -- we will have a permanent easement and permanent rights to have our equipment on the land.

COMMISSIONER GILMAN: And there is no permitting necessary through any zoning or building departments or whoever dictates this locally for this type of use on the land?

WITNESS ROBERTS: There are absolutely construction permits we do expect. There is a list

of those permits in my testimony. But the long lead time permit that we will be pursuing as quickly as possible is called a 1041 permit, and that is through the county.

COMMISSIONER GILMAN: And so that, you are going to be pursuing. What is the duration of that? That is permanent?

WITNESS ROBERTS: That would be permanent, yes.

COMMISSIONER GILMAN: Okay. Thanks. I just wanted to confirm. I know there are electrical upgrades with regard to the LNG and CNG sites specific to like providing the LNG and CNG services there. And those, as I understand it, are allocated as part of the supplemental supply costs and then treated in cost recovery as part of that package? I just wanted to confirm that was right.

WITNESS ROBERTS: That is correct.

COMMISSIONER GILMAN: Okay. Is the site the Company is planning to stay at the coming winter or two the same temporary site the Company has been using for the last three years?

WITNESS ROBERTS: The '22-'23 and '23-'24 heating season was on one site. The '24-'25 heating season was a different site. And we intend to stay

there for the '25-'26 heating season.

COMMISSIONER GILMAN: Okay.

WITNESS ROBERTS: Assuming our negotiations go through, we get the paperwork signed, we would be at the permanent site for the '26-'27 heating season, likely without all of the construction complete but with the ability to inject LNG from the permanent site.

COMMISSIONER GILMAN: Okay. And the Company has been deploying this LNG in Breckenridge for the past three winters. Was that at five tanks size for each of those three winters or a different size?

WITNESS ROBERTS: The most recent heating season was permanent equipment and the five tanks that we had purchased as part of the Mountain Energy Project. I do not know the number of tanks that was provided by our leaseholder for the '22-'23 and '23-'24 heating season. But I do believe the volumes are in Grace Jones' testimony, if I'm correct.

COMMISSIONER GILMAN: Is anyone aware of the number of tanks for the prior two seasons?

WITNESS JONES: So I'm not entirely sure that the tanks were the exact size, so I just want to provide that caveat before we compare apples and

apples to the ones that we are leasing versus the ones that we are purchasing.

But the first heating season, we had eight tanks. And the second heating season, we had five. And I want to explain why, which is between the first heating season and the second heating season is when the Company conducted that risk analysis as to the duration of an extreme cold weather event.

So previous to that in the first heating season, we were assuming that we needed three days of on-site storage. Since then, we have modified our recommendation to only request two days of on-site storage.

So that was, once again, an improvement in our planning process and a measure that we took in order to ensure that we were accurately sizing that facility.

COMMISSIONER GILMAN: Okay. Got it. Thank you.

Good lead-in to temperatures. So as we get to the design temperature and the storage sizing, your design temperature is negative 39 degrees Farenheit for this area. I think you've said several times that that does not assume the entire day is negative 39 degrees Farenheit. Is that accurate?

WITNESS JONES: Correct. That is a minimum daily temperature of negative 39. It does not assume that the temperature remains constant.

COMMISSIONER GILMAN: So since, as I understand it, it is like the duration matters, the line pack matters, how the pressures react all matters. So what is the general temperature profile of the rest of the day that's being considered? It seems like that matters.

If it is negative 39 -- and I know it is unlikely -- but like goes up to positive 30 versus stays at negative 20, those feel like very different days for gas systems. So what is the temperature profile of the rest of the day that is being assumed?

WITNESS JONES: I'm going to answer your question a little bit differently and maybe point you to a graph in my testimony. So in lieu of using the temperature profile, we use a gas consumption profile in our hydraulic model. And that is shown in my rebuttal testimony. And that is page 71, please.

(The electronic document was displayed.)

WITNESS JONES: Thank you. That is figure GKJ-R-17.

So instead of a temperature profile, we use a gas consumption profile. And this gas

consumption profile is informed by actual consumption data that we have received from our customers. So we don't have metering data for all of our customers, but there are a few transport or other LDC customers that we have been able to normalize what a typical cold weather event will look like in the Eastern Mountain Gas System.

So our hydraulic model is in unsteady state, which means that we are allowed to evaluate what a 24-hour period looks like. So effectively, as part of the hydraulic modeling, we run two 24-hour events.

The first 24-hour is meant to simulate line packing of our system. The second 24 hours is to simulate what actually occurs during a cold weather event. As you can see, there is two peaks. Generally, the first peak is around 8:00 a.m.

COMMISSIONER GILMAN: Okay. And this is based on -- I know since you don't have interval data for gas customers, you had said this is based on other LDCs and transport customers. We kind of talked before about how transport customers don't really have very similar profiles to normal residential customers.

WITNESS JONES: So those are two examples,

I would say. So we have hourly metering at transport customers, LDCs. And then we also have hourly data at like regulator stations at some points and supply points.

So we really compiled a bunch of different data to normalize it to what an average consumption pattern would look like in the Eastern Mountain Gas System.

COMMISSIONER GILMAN: Okay, got it. So you keep the same, basically, ratio for each hour of the day, and the amplitude just goes up.

WITNESS JONES: Right, exactly. Yeah.

COMMISSIONER GILMAN: So when you've got a ratio of one, that is your negative 39?

WITNESS JONES: Correct.

COMMISSIONER GILMAN: Okay.

WITNESS JONES: Or not exactly. Hold on. Let me rephrase that.

So the negative 39 could occur at any point during the day. It's probably likely occurring in the middle of the night because that's when it is coldest. But this represents the furnace ramping up to make sure that it can meet the peak consumption at 8:00 a.m.

So I wouldn't necessarily say that this

guarantees that the negative 39 minimum daily temperature occurs at 8:00 a.m. It's just showing that it's occurring during that 24-hour period.

COMMISSIONER GILMAN: Okay, okay. Thanks for that.

And then I want to get into the description on how you size the storage with regard to kind of doubling the storage on this daily assumption based on the Monte Carlo simulation.

So you model your peak day like this, right? And then you use the Monte Carlo simulation to determine how long could a cold weather event happen, so therefore what volume of storage -- rather than the rate it should come out, what volume of storage should we have to keep injecting during an extreme cold weather event. Does that all sound --

WITNESS JONES: I would maybe separate the two concepts. So we did the Monte Carlo evaluation separately from the hydraulic model. So the Monte Carlo simulation was based on minimum daily temperature that occurred in the Eastern Mountain Gas System. And the deliverable that we are looking for out of that simulation was to understand how many days in a row could an extreme cold weather event occur.

And the reason we wanted to know that is it is very challenging to refill the supplemental supply facilities if we are experiencing multiple cold weather days in a row. So we wanted to ensure that we had at least enough storage on site to accommodate the number of design day temperatures, whatever it yielded.

What the Monte Carlo simulation showed us is that with 99.6 percent accuracy, an extreme cold weather event wouldn't last more than 49 hours. So we rounded down to 48, a clean two days. And that's really what determined we wanted two days of on-site storage.

Then we look at the hydraulic model. And we use this flow profile, excuse me. And the peak tells us what the maximum injection flow rate needs to be. And then the area under the curve shows the amount of on-site storage that is required during that 24-hour period. Because, again, it doesn't remain constant because demand doesn't remain constant.

COMMISSIONER GILMAN: Got it. And that extreme cold weather event that you are using in the Monte Carlo simulation -- as I understand, that is taken from hourly data at Copper rather than Dillon.

And the temperature -- the minimum daily temperature for that event was negative 9 degrees Farenheit; is that right?

WITNESS JONES: Right. And we normalized it to weather at Dillon because we wanted it to match the actual weather station that we use to calculate our design day temperature. So a negative 9 in Copper correlates to a negative 17 in Dillon. So an extreme cold weather event for the purposes of the Monte Carlo was considered negative 17 or colder.

COMMISSIONER GILMAN: Okay. Because, on average, it is typically a decent amount warmer in Copper than in Dillon?

WITNESS JONES: Yeah. The math is, what, 8 degrees?

COMMISSIONER GILMAN: We might not notice the difference if it is negative 39.

WITNESS JONES: Right. We are all cold. But yes, it is warmer there.

COMMISSIONER GILMAN: Okay. So taking -- okay, maybe, you know, as you correlate it -- the Company's argument is as you correlate that to Dillon temps, maybe we are at negative 18. But we are not at negative 39.

WITNESS JONES: No. But as a reminder, we

are needing the -- we are identifying the need to inject LNG at warmer and warmer temperatures. So like this heating season coming up, we are projecting that we will have insufficient pressures at negative 23.

It has got warmer every, every year. And that will continue to get warmer absent reductions from NPA measures and technologies to reduce that design day peak hour gas demand.

COMMISSIONER GILMAN: It is getting warmer every year because you keep adding new gas customers, right? There is more gas load every year.

WITNESS JONES: The design day peak hour gas demand in the Eastern Mountain Gas System has grown year over year.

COMMISSIONER GILMAN: So I'm trying to understand, in using the 48 hours based on this Monte Carlo simulation, that is -- so that is saying with a 99.6 percent probability, it will not -- does that hold the negative 9 degrees all day long, or that's like the minimum? The maximum?

WITNESS JONES: Let me reference my testimony just quickly.

So it was -- the Company considered an extreme cold weather event to be any time the

temperature reached negative 9 or colder in Copper Mountain. So throughout the entire 49 hours, it was assumed that it was at least as cold as negative 9.

COMMISSIONER GILMAN: Okay. But we don't know the actual temperature. We just know it was colder than negative 9.

WITNESS JONES: I don't have that data in front of me.

COMMISSIONER GILMAN: Okay. So to the likelihood that it -- with 99.6 percent likelihood it will not last longer than 49 hours to be below negative 9, right?

WITNESS JONES: The only correction I would make is it's not likelihood, it's certainty because Monte Carlo doesn't do probability. So sorry to nitpick, but that is a little different.

COMMISSIONER GILMAN: Fine details I'm not aware of.

I'm trying to understand the design condition we are designing to feels like a fundamentally colder day than what's in this Monte Carlo simulation. So I'm trying to understand how we combine the two.

WITNESS JONES: I think the way that we combine the two is -- so negative 9 or colder, which

would include negative 39. And so it's not a matter of --

COMMISSIONER GILMAN: Obviously, but not typically.

WITNESS JONES: Right. The designing temperature is not meant to indicate typical event. It is meant to indicate an extreme cold weather event, which is why we use it to design our system in order to ensure our system is adequately designed to handle all conditions including an extreme cold weather event such as design day.

COMMISSIONER GILMAN: I guess, have you ever run the Monte Carlo simulation with temperatures much more similar to what we are looking at for the design day?

WITNESS JONES: I would have to look back at the Monte Carlo simulation to see how cold because my testimony at this point only indicates that it was negative 9 or colder. So I can't definitively tell you how close we got that to negative 29 during the time period evaluated.

COMMISSIONER GILMAN: Okay. How did the Company determine that 99.6 percent was the right level of certainty? It looks like, you know, as we look at that Monte Carlo simulation -- I think it is

on page 13 or thereabouts in your supplemental direct. I can't remember where the exact graph is. The tail is super thin. I think you would probably agree with that, right?

Like, so the probability -- the certainty -- I'm sorry, the certainty does not differ significantly as you go out in the hours when you get like out to that really extreme level.

So curious if the Company also analyzes different levels of certainty? Like how do we determine that 99.6 percent is the same? And do you understand what the storage volume would be if you plan to 90 or 95 percent?

WITNESS JONES: So this one I'm going to actually defer over to Ms. Roberts. And the reason why is because the Company would not feel comfortable with anything less than two days of on-site storage, not only because of the Monte Carlo. So the Monte Carlo confirmed that that would have been sufficient. But also, for operational conditions related to refilling the tanks.

So, Ms. Roberts, if you wouldn't mind taking over the rest of that answer.

WITNESS ROBERTS: Yeah, thank you, Ms. Jones.

So what Ms. Jones is pointing out is, again, the operational needs of the system. Let's hypothetically say we have this coldest design day of the year, and we need to serve our customers in the Eastern Mountain Gas System with this supplemental supply. We do that for the full day.

If we only did one day's worth of storage, those tanks would be empty. And as Ms. Jones pointed out, we are getting to temperatures that are warmer and warmer and warmer that we require this use of supplemental supply.

And, as Ms. Jones pointed out, when it is cold out, travel conditions on the roadways are not the most ideal. So when we need to refill these tanks, we don't want to have to do that when the road conditions are really challenging and when the cost of that LNG is going to be higher because more than just Xcel Energy and our customers need that commodity. And so the two days is really giving us the flexibility to refill at a time that is safer and more convenient and potentially less costly as well.

COMMISSIONER GILMAN: Another question about the sizing. So once we do all of this, you get to the 40 hours of storage, and then the sizing is kind of gone through in some detail in Ms. Jones'

direct testimony.

So the anticipated storage need, as I understand it, in Breckenridge is 528 mscf. Does that sound right?

WITNESS JONES: Those numbers have been updated since my rebuttal testimony because of the new model that we used and the new base forecast. But generally speaking, the hydraulic model was what led us to believe that for settlement with the other parties in this case, it would be appropriate to start with five tanks as that would be sufficient for this upcoming heating season.

COMMISSIONER GILMAN: Okay. I was talking about Keystone. But in Keystone, as I understand it, you are going to use 450 mscfh increment tanks of CNG?

WITNESS JONES: Ms. Roberts, may I ask you to step in for tank sizing?

WITNESS ROBERTS: Yeah, I'm just pulling that up. It's in my testimony, I believe, to validate that number. What was the number you quoted?

COMMISSIONER GILMAN: Four hundred fifty.

WITNESS ROBERTS: Yes.

COMMISSIONER GILMAN: And, you know, at

least as a direct -- and I will take a look back at the rebuttal. But in the direct, what I was comparing was in Keystone the need was 528. Each tank was 450.

And I'm curious, do CNG tanks come in any different size that does not require us to oversize it by 70 percent in order to hit the 528?

WITNESS ROBERTS: Can you please reask that same question? So you said 430 and 530?

COMMISSIONER GILMAN: Yeah. So in the direct testimony, the need in Keystone is 528. Yet, we will install 900 in two tanks of 450, which is oversized by 70 percent. And I'm wondering if there is a better tank size to fit the need that would not require such dramatic oversizing.

WITNESS ROBERTS: Yes. Thank you for rephrasing that. I understand your question now.

The reason we installed two tanks for CNG was not due to the volume. That was, again, for operational issues. We like to build redundancy into our system that allows us -- if we have an issue on tank number one, we have tank number two that allows us to still maintain service to our customers. So it's a built-in redundancy, which you see in the diagram that's in my testimony.

COMMISSIONER GILMAN: Okay. Are 450 mscfh tanks the smallest you can get for CNG?

WITNESS ROBERTS: No. You can get smaller tanks.

COMMISSIONER GILMAN: So wouldn't the Company still have redundancy of the multiple tank issue but be able to fit the need more precisely in the sizing?

WITNESS ROBERTS: If you have an issue with a single tank, you still need the same -- the volume that's required for peak day design. And so that is why we kept it with the same tank is to have -- the same size tank was to allow us to -- if we can't use one tank at all, we still have the ability to serve our customers on peak day.

COMMISSIONER GILMAN: So are you now saying you want the entirety of the 48 hours of storage available in one tank?

WITNESS ROBERTS: That is how we sized the CNG facility was one tank that served the full 48 hours, and the second tank is for redundancy.

COMMISSIONER GILMAN: Is that how the LNG is sized?

WITNESS ROBERTS: The LNG is set up a little bit differently. So the redundancy on the LNG

side is with the vaporizers and the pumps. And so you will see there are two of all of those items which are hooked into all of the different tanks.

So because we have multiple tanks, you can hook up those tanks into the rest of the equipment that allows it to go into our system in multiple configurations. You can close valves and open valves so that that tank can feed into either vaporizer.

And you have the multiple tanks. So if there is an issue with tank one, you can use the volume that's in tank two, three, four, or five and run it through the rest of the downstream equipment. With the CNG facility, if you are only purchasing one tank, you don't have that option if there is an issue with the tank.

COMMISSIONER GILMAN: Okay. What sort of operational issues has the Company had in the past with CNG to necessitate that sort of oversizing?

WITNESS ROBERTS: The Company has not, to date, had issues with any CNG pieces of equipment. However, the Company does experience issues with our equipment out on the system. We would hope that we would never have issues with any of our pieces of equipment, but it's something that happens when you work in an industry like ours. And so we build in

redundancy to ensure that we are able to serve our customers.

COMMISSIONER GILMAN: Okay. More question on the LNG as I do -- I'll double-check, Ms. Jones, on the rebuttal math, but it was looking like, you know, you were needing for the 4,492 mscf in the direct case with the 13,000-gallon LNG trailers. Five trailers puts you at 5,369. So you are kind of like just above needing four into five. So there is a significant amount of overage there as well.

And I'm curious, are there other size LNG trailers as opposed to just 13,000-gallon LNG trailers?

WITNESS JONES: So I might step in here, Ms. Roberts, if I can. And then I will -- just to comment on the number.

So the one thing that I would say is, yes, if you go strictly by the numbers in the model, right, we could potentially have slight oversizing of our tanks. And those numbers have a great deal of uncertainty. We are uncertain about the future of the gas system. That's why we look at many different forecasts. We are also uncertain about NPA adoption.

And so one thing that I would like to maybe point out is that having a little bit of

flexibility in our tank sizes and having the ability to bring more on-site storage is potentially a good thing and one of the reasons that we recommended modular supplemental supply.

Because not knowing the exact amount of NPA adoption, these modular facilities give us the flexibility to flex each year with minimal changes to the equipment in order to accommodate a lower adoption of NPA measures, which hopefully is not the case, but certainly is something that could happen given the unknowns with an NPA portfolio this large.

COMMISSIONER GILMAN: Okay. Thanks.

Getting to the modular nature of the tanks, it's my understanding that part of the argument, again, is like the potential for stranded assets here or that these could be moved to a different part of the system, you know, if needed there.

And I was curious if the Company currently anticipates deploying LNG on any other parts of the system.

WITNESS PEUQUET: I think that's a question for Ms. Jones in terms of do we see capacity or shortfall -- supply shortfalls elsewhere on the system as we stand here today as to whether or not

that is a forward-looking question as well. I still think it is within Ms. Jones' purview.

WITNESS JONES: Yeah, certainly happy to take that one.

So based on our most recent annual design day planning efforts, at this point, the Company has not identified a discrete need for LNG in the next ten years. However, our system changes quite a bit, and we do often see capacity or supply shortfalls.

So we remain encouraged that should these LNG modular units no longer be required in Breckenridge, there is an opportunity to potentially move them to another system or even help us perform another really large NPA portfolio.

So that would be a great tool in our toolbox in order to make sure that we can maintain reliability and continue to move forward with these kind of innovative solutions like the Mountain Energy Project is.

COMMISSIONER GILMAN: Okay. Curious on the costing since we have a pretty wide band of uncertainty here on the cost of CNG and LNG to date. Is there any mechanism with which the Company anticipates providing updates on those costs as they transpire, or would we just expect to see that when

it shows up in a rate case?

WITNESS PEUQUET: I think I can take that one, Commissioner.

I think there is at least two venues -- or three venues, rather, on the cost side of things. One is the annual reporting that we have committed to not only in our direct and rebuttal cases, but further expanded on in the settlement.

With reporting occurring through this instant proceeding to make it more easily accessible to all parties here, we intend to provide updates on the implementation of both the supplemental supply front as well as the NPAs. And that includes costs.

The second point I'll note is, as we have seen from the Company's latest GIP, supplemental supply, specifically CNG and LNG costs, are incorporated -- are part of that filing as well. Those costs are included.

And the third thing I would say is to the extent that these assets become constructed and in-serviced in a particular test year that is then proposed in a future Phase I rate case, likely at the end of the year, perhaps in future years as well, that's also another venue to explore these costs.

So I think those three venues are intended

to provide a lot of opportunity for us to be communicating this to the Commission and all interested parties.

COMMISSIONER GILMAN: Okay. Thanks for that information.

And Ms. Brama, I will say I have maybe five more questions, and I will wrap it up very soon.

Has the Company identified potential decommissioning environmental restoration costs for the LNG and CNG sites?

WITNESS PEUQUET: Over to you, Ms. Roberts.

COMMISSIONER GILMAN: Upon like leasing use of those sites, would be the inference here.

WITNESS ROBERTS: So can you say your question again? You said environmental?

COMMISSIONER GILMAN: Has the Company identified the potential decommissioning and environmental restoration costs that might be necessary once you stop using one of the LNG or CNG sites?

WITNESS ROBERTS: We have not done a detailed analysis on what the decommissioning would cost. We do decommission assets, you know, on the system. And so we can refer back to those.

If we did decommission the site, we would return it to what it looks like today. Or we have the potential to install other or different assets on that site if they were required by -- for some reason in our business. So we would intend to still use the land if the Company needed it.

COMMISSIONER GILMAN: Okay. But we don't have any assumed costs for those in what we are evaluating now, right?

WITNESS ROBERTS: Correct, no assumed costs are a part of this case.

COMMISSIONER GILMAN: But the Company will collect nominal net salvage as part of depreciation on the assets? Do you know under like what category these assets fit? There is pretty significantly different net salvage rates.

WITNESS PEUQUET: That's a good question. I can take that one, Commissioner Gilman.

I don't believe we have determined which FERC accounts these assets would be placed into, which would then dictate the depreciation rates, which then, as part of it, right, has assumptions around net salvage.

In the Settlement Agreement, we talked about the next Phase I rate case or depreciation case

to taking on that issue more directly. So I don't think there is an assumption in this proceeding around that.

COMMISSIONER GILMAN: Okay. You see where I'm going. Like wrapped up in this, are we collecting the amount of costs to be decommissioned, are we not, and like what might we expect be coming in additional costs?

Would recovery -- or would the cost of LNG and CNG themselves, the commodities, factor into the G-PIM at all, the performance incentive mechanism for gas costs?

WITNESS PEUQUET: So that is actually a pending issue in front of the Commission in another proceeding. At the end of June, the Company proposed its application to implement the G-PIM for the rules that have become in effect. And that is part of the Company's proposal, which is how to address that or not.

It is the Company's proposal that those costs would not be subject to the PIM. But, of course, there is the parallel proceeding to address that.

COMMISSIONER GILMAN: Okay, thank you. Sorry.

And then I just wanted to clarify something you said the other day, Mr. Peuquet. I think you told Mr. Bunker that attorney's fees for this proceeding are included as part of the capital costs of the project. I just wanted to confirm if I'm right on that.

WITNESS PEUQUET: That's correct. They would be part of the capital project at issue here for which we are seeking CPCNs, right, for supplemental supply.

COMMISSIONER GILMAN: Okay. And then the Company would look to earn a return on those?

WITNESS PEUQUET: If they are incorporated as part of the capital project that's been in-serviced, I believe then that is part of the WACC return that becomes part of rate base. Yes, so indirectly, that's correct.

COMMISSIONER GILMAN: And that is the cost to litigate, right, here?

WITNESS PEUQUET: It's the -- it's all the portions to which external counsel has supported the case as it relates to the CPCN. So not just the litigation, but the preparation -- well, I guess in a broad term, yes, the litigation of the hearing, but also the support of the Company's case throughout the

testimony process as well.

COMMISSIONER GILMAN: Okay. Is there anywhere in the record that those costs are disaggregated from the total project costs anywhere?

WITNESS PEUQUET: I'm not aware of where those are technically in the record. I know there's been some discovery around that, Commissioner. I can't point to somewhere where it is in the record at this moment.

COMMISSIONER GILMAN: Okay. Thank you for your patience. I appreciate it. Those are my only questions.

Ms. Brama, Ms. Pacheco, let me know how much time you want. Did you want a brief break? It might be a good time for a break, anyway, for the court reporter.

MS. BRAMA: I think just to organize ourselves, it would be a good time for a break as well.

COMMISSIONER GILMAN: Does ten minutes work for you, or you need longer?

MS. BRAMA: Let's see. Could we do 15, please?

COMMISSIONER GILMAN: Let's come back at 11:00.

MS. BRAMA: Thank you.

COMMISSIONER GILMAN: And that will be followed by, after this redirect, Staff witness Haglund. I think there is one or two questions. Then we will go to Staff witness LaMere. So just to get everybody ready.

Thank you. I will see you at 11:00. Just a reminder, everything is going to stay live; so mute yourself, turn off your cameras.

(Recess taken at 10:45 a.m.)

COMMISSIONER GILMAN: Ms. Pacheco, go right ahead.

MS. SIMARD-PACHECO: I think the Company has no redirect for Mr. Thompson. So I don't even know if he is on video right now, but we can let him go.

I have just a few questions that I would like to start out with for Mr. Mann.

**REDIRECT EXAMINATION OF WITNESS MANN**

BY MS. SIMARD-PACHECO:

**Q.** Mr. Mann, there were some questions from hearing Commissioner Gilman regarding Hearing Exhibit 102, Attachment GKJ-2, Appendix 6-1. Do you recall those discussions?

**A.** I do.

Q. Do you think that your estimation for furnace and boiler replacements are accurate given the information presented by Commissioner Gilman relating to that Appendix?

A. I do. So I think that the information for savings for electrification measures are essentially an average customer consumption, which is fully electrified.

However, for the case of boilers and furnaces, the assumptions are rooted in the Xcel Energy Technical Reference Manual, which is looking at the change from an inefficient to efficient case and does not include the calibration of customers with efficient furnaces.

So fundamentally, the total consumption of those customers is higher. And so the percent savings would be related to a number that is higher than the number that is of electrification customers, which would include customers with efficient systems.

Q. Thank you. You also received several questions regarding the potential study from Commissioner Gilman. Could you please elaborate on your view of the reasonableness of the potential study and its assessment of achievable potential of the NPA portfolio?

**A.** Yes. So as with any forecast or projection, there is always going to be some level of uncertainty, which was acknowledged by witness Jones. However, given the information that we have available to us, which included primary research and the use of best practice methodologies, we think that this is an accurate assessment of the achievable potential that is available in the mountain region.

We collected data from customers specifically asking what their participation level would be at various incentive levels and then using full incremental cost incentive level.

In that research, we essentially connected the current market conditions to those end points for each technologies using a vast diffusion methodology, which is, I would say, best practice for potential modeling.

MS. SIMARD-PACHECO: Thank you. I have no further questions, Commissioner, of Mr. Mann.

COMMISSIONER GILMAN: Mr. Mann, you are free to go. Thank you for your testimony. Appreciate it.

WITNESS MANN: Thank you so much, Commissioner Gilman.

MS. SIMARD-PACHECO: Turning to Ms. Klemm,

I have just a few questions for her if we could take her next.

**REDIRECT EXAMINATION OF WITNESS KLEMM**

BY MS. SIMARD-PACHECO:

**Q.** Ms. Klemm, under the settlement, are the measures available today the only ones that will be available as the portfolio implementation proceeds?

**A.** No. As indicated in the implementation plan itself, the list of measures is not exhausted. As we look at the performance of the existing measures or emerging technologies or emerging barriers that are identified, there might be the need to add additional measures over the course of the NPA implementation period.

Additionally, on the commercial side, we do have a custom efficiency program that can look at individual measures that don't have prescriptive rebates available. And those would be like one off situations where there may only be five or six potential customers with the potential equipment. And we look at those and evaluate them on a one individualized basis.

And we will need to adjust how we do that a little bit to reflect peak demand savings versus the general energy efficiency savings that are the

norm for our standard DSM portfolio. But that is another opportunity to look at things that are emerging technologies or unique situations in the Mountain Energy portfolio implementation.

**Q.** Great. And then under the settlement, the parties have agreed to an ongoing Mountain Energy Project NPA working group. Do you recall that provision?

**A.** Yes.

**Q.** And how does that working group factor into the evolving nature of the NPA portfolio?

**A.** It will give us a great venue to hear directly from local parties about what is going on in the individual market element, as well as for them to bring forward suggestions and us to consider and evaluate them.

We will also be able to look at emerging technologies and measures and talk about them there, but also talk about how the portfolio is performing and adjustments that may make sense and new barriers that are emerging that they are aware of that we might not have direct insight into due to their close integration into that community.

So I think it is a great opportunity for the parties to come together on a very regular basis

and evaluate and adjust the portfolio as needed.

MS. SIMARD-PACHECO: Thank you. Commissioner, I have no further questions for Ms. Klemm.

COMMISSIONER GILMAN: Thank you. And thanks for the organization. This is going well.

MS. SIMARD-PACHECO: We are working on it.

COMMISSIONER GILMAN: Ms. Klemm, you are free to go, and I appreciate your testimony. Thank you.

WITNESS KLEMM: Thank you.

MS. SIMARD-PACHECO: So in the interest of transitioning, I am now going to hand things over to my colleague, Ms. Brama. So give us one second while we change the speakers here. And I believe the next person that we are going to redirect is Ms. Roberts; is that correct? Okay.

MS. BRAMA: Sound okay? Ms. Roberts, can you hear me?

WITNESS ROBERTS: I can.

MS. BRAMA: I can't hear you.

(Technical difficulties.)

MS. BRAMA: Sorry about that. That was on our end.

**REDIRECT EXAMINATION OF WITNESS ROBERTS**

BY MS. BRAMA:

**Q.** Ms. Roberts, just a few questions for you, if we could. I would like to just start -- did you hear the discussion or recall the discussion between Commissioner and Ms. Jones and yourself, to some extent, about how the Monte Carlo analysis has a different purpose than the design day analysis?

**A.** Yes.

**Q.** And I know that is not your territory exactly, but I want to get to some of the operational aspects of that. Did you also recall the discussion about how the Monte Carlo analysis correlates to a temperature of minus 9 or minus 17 or colder as opposed to the design day temperature that is currently minus 39 for the Eastern Mountain Gas System?

**A.** Yes.

**Q.** From your operational perspective, why is it reasonable or important for the Company to consider temperatures warmer than minus 39 degrees with respect to sizing of tanks and equipment for both LNG and CNG?

**A.** Yes. As we use these facilities as it gets warmer and warmer, the demand of our customers

is requiring the use of these supplemental supply facilities as it gets warmer and warmer.

In order to refill those tanks, we do have to drive through winter conditions. And so having that two days' worth of volume gives us that additional operational flexibility to be able to choose when we drive on these roads to refill these tanks.

It's cold and can be cold and hazardous conditions at that minus 9, at that minus 17, at the minus 39, and it gives us more flexibility in order to provide that reliable service to our customers.

**Q.** You also had some conversation with Commissioner Gilman about creating redundancy in the system and the importance of that for reliability and for customers. Do you recall that?

**A.** (Nonverbal response.)

**Q.** Would you consider creating redundancy in the system a dramatic overbuild or oversizing of either CNG or LNG?

**A.** I do not consider redundancy a dramatic oversizing.

**Q.** Can you just quickly summarize, because I think you did touch on it earlier, why is it in customers' interest for the Company to consider

redundancies in the equipment for LNG and CNG?

A. While this equipment is built to serve our customers, when it's really, really cold outside, you can be pushing this equipment to the limits it hasn't experienced on a regular basis. And sometimes that means the equipment can run into challenges. And so it is reasonable to build in redundancy into the system to allow us to serve our customers on the coldest days they are going to experience.

Q. And, Ms. Roberts, there were some questions that Ms. Jones addressed from an operational perspective -- or excuse me, from a planning perspective about what other uses for modular LNG and CNG there might be beyond the current supply constraints at Breckenridge and Keystone and the Eastern Mountain Gas System as a whole.

From your operational perspective, are there additional uses for modular LNG and CNG facilities beyond those addressed by Ms. Jones?

A. Yeah. Ms. Jones' perspective comes from that supply and that capacity constraint lens. And so in addition to supply or capacity constraints, there is an opportunity to use this equipment for planned work.

If there is a need to take a reg station

out of service, there is an opportunity where we could potentially use this equipment to serve customers during planned work that would have historically been impacted in a different way or by leased equipment.

In addition to planned work, there are emergency situations that could potentially require the same use serving our customers in an emergency situation where, for some reason, they are being impacted by a supply interruption.

**Q.** Thank you. You also had some discussion about the mitigative measures at a permanent site for LNG or CNG versus at a temporary site. Do you recall that?

**A.** I do.

**Q.** Can you speak to why mitigative measures at a longer-term or more permanent site are beneficial to customers as compared to what you are able to do at temporary sites?

**A.** Yes. The cost is a big component of that, which I believe I touched on. So if you have to rebuild some of those mitigative measures year over year as you move the equipment, that would be very costly for our customers.

But in addition to cost, if we have a

permanent location and permanent facilities, we can also invest in ways to make it more -- make it less visually impactful to the community and shade or hide the equipment from visual impact.

Q. And are there other things about the site -- having a permanent site that allow you to have more control over mitigative measures, for example?

A. Having a permanent site does give us more control over the mitigative measures. We don't have to rebuild them every year, which is a very timely process. And we don't have to re-permit them every year which, again, can run into significant challenges that may prevent our ability to have an operational temporary facility year over year.

MS. BRAMA: Could we please, just for the sake of efficiency here, pull up Hearing Exhibit 116, the Settlement Agreement?

(The electronic document was displayed.)

MS. BRAMA: Thank you.

Q. (BY BS. BRAMA) And I'm just trying to move quickly for you, Ms. Roberts. I'm just going to direct your attention to page 13 of the Settlement Agreement.

Can you speak to some of the benefits of

longer-term LNG and CNG siting for local communities as reflected in the Settlement Agreement?

A. Yeah. Through the Settlement Agreement, we did have the communities as a settling party with the Company and spoke significantly around the supplemental supply facilities.

We did agree with the Settling Parties that we would have a minimum amount of LNG remaining in the tanks. And then we also have the ability to partner with the permitting agencies that are a part of that settling party, the Mountain Community Coalition, to ensure a smooth permitting process for the supplemental supply facilities.

Q. Okay. And is that what you are referring to here, the permitting in paragraph 26 and some of the other partnering in paragraph 25 of the Settlement Agreement?

A. That is correct.

MS. BRAMA: Thank you. That's all I have for Ms. Roberts.

COMMISSIONER GILMAN: Ms. Roberts, you are dismissed, and thank you so much for your testimony. Appreciate it.

WITNESS ROBERTS: Thank you, Commissioner.

COMMISSIONER GILMAN: Ms. Brama?

MS. BRAMA: We will turn to Ms. Jones next.

**REDIRECT EXAMINATION OF WITNESS JONES**

BY MS. BRAMA:

**Q.** Ms. Jones, you had a lot, so I'm going to try to do as best I can what Commissioner Gilman did and talk in terms of topics, to the best of my ability.

So I would like to start back with where your discussions were yesterday on the cost-benefit analysis. And, in particular, a couple different aspects of it.

So first, you had a bit of a discussion about state and federal incentives in the cost-benefit analysis. So my question for you is: How would including state and federal incentives in your cost-benefit analysis impact the cost-effectiveness of the hybrid portfolios?

**A.** Yeah. As discussed, the Company includes the input of federal and state incentives in our CBA as a mechanism to potentially reduce the amount of utility-provided incentives that may be required in order to have market transformation and encourage customers to implement NPA measures and technologies.

Had this been included in our CBA

analysis, it actually would have proven that the hybrid portfolio as proposed by the Mountain Energy Project is even more cost-effective than the traditional baseline gas infrastructure project.

**Q.** One of the other items you discussed from a CBA perspective was the end-of-life customer equipment and the benefit associated -- or benefit that may be associated with that. Does the Company have any reasonable way to quantify a benefit associated with the avoided replacement cost of customers' equipment?

**A.** No. As discussed, the Company does not have access to information regarding customers' individual appliances, nor does it have information to support the remaining life of said appliances. Therefore, we do not believe that there is a reasonable way in order to quantify a benefit in this cost-benefit analysis tool, but rather, included it as something that was included by not quantified.

**Q.** You also discussed that the Company does not have a reasonable or scientific method to come up with an appropriate calculation of benefits associated with indoor air quality. But directionally, how would including some form of quantification of improved indoor air quality affect

the cost effectiveness of the hybrid portfolio?

**A.** So to clarify, the Company does acknowledge there is a benefit associated with indoor -- the reduction, excuse me, of indoor air pollutants associated with the implementation of NPA measures and technologies.

While we do not believe that we have an accurate or reasonable mechanism right now to calculate those air pollutants, if they were included in the CBA analysis, again, this would just further emphasize the cost-effectiveness of the hybrid portfolio proposed as part of the Mountain Energy Project as compared to a traditional gas infrastructure solution.

**Q.** And then did you hear the questions that were asked of Ms. Roberts today about the cost of decommissioning being included in the cost of LNG or CNG?

**A.** Yes.

**Q.** And I know you are familiar, of course, with the range of the cost estimate associated with LNG and CNG as part of your own analysis; is that right?

**A.** That is correct.

**Q.** And can you speak to how or whether a net

salvage and, therefore, decommissioning costs are reflected in your cost-benefit analysis?

A. Yeah, certainly. So while the exact amount of decommissioning costs may not be known at this point, one of the improvements that we made to the CBA tool as part of the Mountain Energy Project is the inclusion of net salvage for any gas infrastructure investments.

As such, for both the modular LNG facility and the modular CNG facility, an assumed value for net salvage was included as part of the cost-effectiveness test. And it still determined that the Hybrid Portfolio (2) proposed as the Mountain Energy Project was cost-effective as compared to the likely gas infrastructure project, the maximum hub-and-spoke, by a little over $150 million in net present value.

Q. And so taking the items that we have talked about here between you and myself but also with Commissioner Gilman, with respect to the cost-benefit analysis, how do these individual items collectively affect your analysis of the cost-effectiveness of Hybrid Portfolio (2) also known as the Mountain Energy Project?

A. Yeah. Collectively, what we discussed

today, there are additional benefits associated with the hybrid portfolio which are not able to be quantified at this point but were considered qualitatively.

And even absent those additional benefits that could have been quantified, the Company's cost-effectiveness analysis proved that Hybrid Portfolio (2) was far more cost-effective than any traditional gas infrastructure that is likely, including the maximum hub-and-spoke solution.

And, therefore, the addition of these unquantified benefits would even just further prove the cost-effectiveness of the proposed Mountain Energy Project.

**Q.** And does the -- as between Hybrid Portfolio (1) and Hybrid Portfolio (2), does the settlement address any questions that may arise about more or less NPAs as between those two portfolios?

**A.** Yes, certainly. So as discussed in the Settlement Agreement, the parties have agreed to an Interim Regulatory Filing in the end of 2028 as a mechanism to revisit the effectiveness of the NPA portfolios over the next three years.

And this is a mechanism in order to determine how to move forward, whether that is

hybrid -- the continuation of Hybrid Portfolio (2), the continuation of Hybrid Portfolio (1), or, based on lessons learned, a potentially different NPA portfolio as well.

We have the opportunity to really gather lessons learned and hear from our partners, hear from our customers on what is working in regards to NPA measures and technologies. And we are looking forward to collaborating over the next three years and revisiting the future of the NPA portfolio in the 2028 timeframe.

**Q.** Thank you. So switching gears here. We talked a little bit about some questions that were asked of you regarding your customer account growth information in 2024.

MS. BRAMA: If we could pull up Ms. Jones' rebuttal testimony, which is Hearing Exhibit 111, at page 48.

(The electronic document was displayed.)

**Q.** (By MS. BRAMA) So I would like to refer your attention in particular, Ms. Jones, to the discussion in this Q and A starting on line 1 through line 15 on page 48. Do you see that okay?

**A.** I do, thank you.

**Q.** So I would like to clarify. Your rebuttal

testimony was filed on July 3rd of 2025; is that right?

A. That is correct.

Q. So when you state on line 10 that the Company has added nearly 5,000 residential gas customers so far this year, were you able to confirm or clarify what months of the year were included in that statistic?

A. Yes. So that was from January 1 of 2025 through the end of May 2025.

Q. And were you able to further look at how many customers chose to connect to the Company's system for the 12 months ended June 30th of 2025?

A. Yes. So for -- I'm sorry, can you repeat that? The 12 months?

Q. The 12 months, yes. I'm looking for annual update from the 14,000 to the most recent 12-month data.

A. Apologies. I heard you and didn't listen to the rest, so thank you for clarifying.

So for the 12 months ending June 2025, the Company had approximately 13,600 customers added to the gas system.

Q. Okay. Now, at lines 6 through 9 here on this page of your rebuttal testimony, I'd like to

direct your attention to the sentence that reads, "To illustrate, the Low and CHP Aligned forecasts indicate that there is a negative customer count growth rate beginning in 2024. This does not align with what the Company is experiencing today." Did I read that correctly?

**A.** You did.

**Q.** Thank you. Can you address whether this holds true when you compare these forecasts to the updated data that you just identified through the middle of 2025?

**A.** Yes. This statement certainly stands true, especially in regard to the updated information that was just provided. As demonstrated by actual customer additions that have occurred in 2024 as well as the beginning of 2025, the Company is still experiencing positive customer growth rates, which conflicts with the Low and CHP Aligned forecasts which indicate that there would be a negative customer count growth rate beginning in 2024.

**Q.** Okay. And there were a lot of -- there have been a lot of discussion about growth in general. Maybe if you could, just very briefly, explain how growth, current or projected, is driving the need for the Mountain Energy Project as compared

to the needs driven by the current system load. For the gas system, to be clear.

A. Yeah. So as discussed in my testimony, the Mountain Energy Project is driven by two things, existing supply constraints in the Eastern Mountain Gas System as well as forecasted supply constraints in the Eastern Mountain Gas System.

In regards to the existing, that is really the driving factor for a lot of the components of the Mountain Energy Project, specifically the modular LNG and modular CNG facilities. We have an emergent need that needs to be addressed today.

The forecasted supply constraint in the Eastern Mountain Gas System just further layers on the need. And the Company is hoping that we can really reduce the amount of design day peak hour gas demand growth using the NPA measure and technologies as the mechanism to get us back to not only existing, but hopefully further reductions of the design day peak hour gas demand usage through the ten-year planning horizon.

Q. Thank you. So we are going to switch topics again. We are going to talk about design day for just a couple minutes.

You had some discussions with our

Commissioner with respect to the various temperatures that could be -- the parties have raised that were considered with respect to the design day. Can you explain or clarify whether the Company picks a design day temperature versus a design day methodology?

**A.** Yes. The Company chooses a design day methodology that needs to be consistent across the Public Service territory in order to ensure that we are adequately designing for a reliable and safe natural gas system across our system regardless of the area that we are talking about.

And so, as discussed in my testimony by intervenors and even in my conversation with Commissioner Gilman, the results of that design day methodology results in a negative 39 degree temperature in the Eastern Mountain Gas System.

But in regard to any modifications to our thought process, we really need to be focusing on the design day methodology overall and whether or not that is reasonable and less focused on what the temperature actually yields.

**Q.** And is the Company asking the Commission to approve any particular design day methodology or temperature in this proceeding?

**A.** The Company is not requesting any

Commission directive regarding the design day methodology or the design day temperature, but rather the approval of the Settlement Agreement as proposed in the Mountain Energy Project. And further, we have evaluated that using many different sensitivities of a minimum daily design day temperature.

**Q.** So you also discussed, I believe it was yesterday, the extent to which the Eastern Mountain Gas System has neared design day temperatures in recent years. Can you speak to whether the Company has experienced design day or near design day temperatures in the overall Public Service gas service territory?

**A.** Yes. As stated, the Company uses a consistent design day methodology to plan its systems in the Public Service areas. As such, I'll point to an example in the Denver system in which that design day methodology, consistent to that which is presented in this case, yields a design day temperature of negative 25 degrees.

Just in the past years, the Company experienced a minimum daily temperature of negative 24, showing just a one degree difference from the design day temperature, which really illustrates that our design day methodology is reasonable because

while these temperatures may not occur often, they certainly can occur.

And it is our job as a prudent gas operator to make sure that we are able and ready to serve our customers reliable and safe service when they do occur.

**Q.** And is it necessary to reach design day temperatures in order to need supplemental supply in the Eastern Mountain Gas System?

**A.** Not at all. The Eastern Mountain Gas System is experiencing a supply constraint not only at design day conditions, but rather at temperatures much warmer than that.

So as illustrated in this upcoming 2025 to 2026 heating season, the Company's hydraulic modeling indicates that there will likely be insufficient pressures in the city of Breckenridge, Colorado, beginning at negative 23 degrees Farenheit.

Further, the hydraulic model shows that insufficient pressures will likely occur in Keystone beginning at negative 29.

Again, demonstrating that this need -- the existing and emergent need that we have in the Eastern Mountain Gas System is not a design day condition, but rather something that needs to be

addressed for the heating season in full.

Q. Okay. Earlier today, you had some discussion about the development of the project as a whole, and particularly in relation to what the Company did or didn't have available at the time of the first or inaugural Gas Infrastructure Plan. Do you recall that?

A. I do.

Q. Can you just summarize briefly why it takes time for the Company -- or took time for the Company to develop and analyze and propose to implement the Mountain Energy Project as it exists today?

A. Yes. The Mountain Energy Project is really a real life example of the evolution of gas planning away from simply looking at traditional gas infrastructure projects, and rather looking at a whole smattering of different innovative options that could potentially alleviate the supply constraint.

In developing the Mountain Energy Project, the Company not only relied on feedback from the Commission and stakeholders, but also engaged with the communities as well as third-party experts to really take on this evolution.

As such, we conducted stakeholder

engagement, primary research, and reviewed many, many NPA solutions in order to determine the Mountain Energy Project.

While we are very proud of the results and believe that they are very innovative, this type of innovation does take time, which is certainly why it took us several years to develop such an innovative project. And we are looking forward to moving these lessons learned as we consider new capacity constraint and supply constraint areas in our systems.

**Q.** And did the Company have a temporary solution while it was going through those processes?

**A.** Yes. The temporary solution of leasing LNG and CNG in Breckenridge and Keystone was the tool that enabled the Company to take the time necessary in order to truly innovate. If the Company had not used those temporary facilities, I fear that the solution that we would be talking about today would be much different because we wouldn't have taken the extensive time to really evaluate NPA measures and technologies in alignment with Commission guidance, our clean heat targets, emissions reductions.

So it was a very necessary and prudent tool to get us to such a cost-effective, innovative

solution which focuses on such a large portfolio of NPA measures and technologies and has a significant impact on emissions reductions.

Q. Are you able, Ms. Jones, to give a sense of what a solution a few years ago for this type of supply constraint might have looked like or did look like for other supply constraints compared to what we are proposing with the Mountain Energy Project?

A. Certainly. A couple years ago prior to the 2023 Gas Infrastructure Plan, while the Company was beginning to think about non-pipeline alternatives, our toolbox and our expertise was limited, as it was for all gas utilities of my knowledge. It is a very new thing that gas utilities are considering.

So at that point in time, the likely solution would have been a very exhaustive gas infrastructure solution including something like a new supply interconnection and miles and miles of pipeline reenforcement.

So that really demonstrates how innovative and how far we have come in the last three years coming to such a different and really cost-effective solution.

Q. Okay. Nearly done. Just a couple more

questions. I would like to tie some threads together.

MS. BRAMA: If we could, again, I will ask to pull up Ms. Jones's rebuttal testimony, Hearing Exhibit 111. And if we could turn to page 89 to 90, please.

**Q.** (By MS. BRAMA) So you had talked with Commissioner Gilman yesterday about the sensitivities run in your rebuttal testimony. And I think you said there were four or five -- I can't remember what number you said -- forecast sensitivities as well as multiple different design day temperatures. Do you recall that discussion?

**A.** I do.

**Q.** And so you have some testimony here at the bottom of page 89 to 90 that is addressing minus 31 degrees Farenheit, and then pairing that with the Clean Heat Plan aligned forecast. How would you characterize this sensitivity analysis?

**A.** This sensitivity analysis uses the warmest design day temperature recommended by our intervenors within the reasonable range as well as the lowest design day peak hour gas demand forecast available to the Company at this time.

So pairing them together, this is really

the most optimistic view of what the future and existing design day peak hour gas demand may be in the Eastern Mountain Gas System.

**Q.** Are you aware of any testimony in this proceeding in which a party has provided data specifically quantifying or identifying a smaller or lack of supply shortfall under these assumptions, let alone the less aggressive, maybe, assumptions?

**A.** No. In my understanding, there's been no other testimony supporting actual supply shortfalls in the Eastern Mountain Gas System that would be less than those stated in Figure GKJ-R-21.

**Q.** Okay. And how do those considerations ultimately feed into the Settlement Agreement that is being proposed in this proceeding?

**A.** Those considerations are certainly something that the Company considered while developing the Settlement Agreement with all of the willing stakeholders that came to the table.

As such, I believe there was still some discussion about wanting to ensure that the Company remains nimble in its gas planning processes and remains committed to looking at this problem statement through many different lenses including the use of multiple forecasts as prescribed by the Gas

Infrastructure Planning rules.

But specifically, there is an agreement as well to continue to provide design day temperature sensitivities. And the chosen temperature from the Settling Parties was a design day temperature -- or a temperature of negative 33 degrees Farenheit.

**Q.** Do any of the additional considerations that you've been discussing over the last two days with our Commissioner, additional NPA or NPA changes, incentive benefits in the CBA, questions about the rate of historical or current growth, design day temperature discussions, et cetera, change the need -- and I think what you characterized as an urgent need for LNG and CNG in the NPAs as a package project?

**A.** No. The Mountain Energy Project is a comprehensive package, and it should be considered as such. And it is designed in order to address the existing or emergent need in the Eastern Mountain Gas System as well as the future forecasted design day peak hour gas demand.

So while modular LNG and CNG provide us the reliability necessary in order to ensure that the Company can adequately respond to cold weather events, NPA measures and technologies are just as

important as a pairing to make sure that we are pursuing additional more innovative ways to reduce design day peak hour gas demand and ultimately avoid those traditional gas infrastructure type solutions like a major pipeline reenforcement or new supply interconnection that I discussed would have likely been part of the solution back in 2021 or '22 when the supply constraint was really truly identified.

**Q.** And I think my last question for you, Ms. Jones, is: In light of all of these considerations you've been discussing -- because you have a lot on your plate -- why do you consider the settlement to be a reasonable and appropriate resolution of the questions you've answered throughout this hearing?

**A.** Well, it was certainly a privilege to cover so many topics, so thank you to all of those who allowed me.

But the Settlement Agreement, in my opinion, was really a coming of the masses -- the willing masses in order to really acknowledge and partner to figure out what the best solution would be for the existing and forecasted supply constraint in the Eastern Mountain Gas System.

So, in my opinion, while there was gives

and takes during that conversation, it was an acknowledgement that the modular LNG and the CNG solutions were necessary and prudent to move forward with, as well as really a lot of partnership surrounding what the future of NPA measures and technologies look like.

The Company is certainly very excited for the feedback that was provided during the Settlement Agreement, and even more so excited to continue to partner with the Eastern Mountain Gas System representatives as well as other stakeholders in this proceeding to figure out how to maximize the use of NPA measures and technologies effectively, particularly at this scale, which, as I understand, is the largest NPA portfolio ever proposed by a utility in the country, in a very challenging climate, which is very cold temperatures and an interesting demographic as compared to maybe the Front Range.

MS. BRAMA: Thank you, Ms. Jones. That is all the questions I have for you today.

WITNESS JONES: Thank you.

COMMISSIONER GILMAN: Thanks, Ms. Jones, for your testimony. And you are free to go. Appreciate it.

WITNESS JONES: Thank you.

COMMISSIONER GILMAN: Mr. Peuquet.

MS. BRAMA: This will be much shorter.

**REDIRECT EXAMINATION OF WITNESS PEUQUET**

BY MS. BRAMA:

**Q.** Thanks, Mr. Peuquet. So I would just like to bring your attention back to yesterday and a brief discussion you had with our Commissioner regarding outreach regarding the shortfall to customers. Do you recall that discussion?

**A.** Yes, I do.

**Q.** And could you please speak a little bit in order to maybe provide some broader clarification, what outreach the Company was providing to the communities or others regarding this shortfall over the last few years?

**A.** Yes. So I believe in that discussion yesterday, we focused on requesting customers, right, in that narrow sense. But it is important to keep in mind these ongoing conversations we have had with the communities itself impacted by this project and the elected officials, importantly, as part of that.

And so as we have explored these potential solutions, it's been a key input into this process is engaging with them to understand their needs and

wants, the additional constraints that they have, and their goals at the same time.

And so we have been working quite closely with the impacted communities here. Not necessarily with all the customers, as we were talking about previously, but, of course, particularly with those decision-makers to make sure we were capturing that input and their perspectives.

**Q.** Does the timing of customer outreach affect what the Company is able to tell customers about either the supply shortfall incentives that may be available and other options?

**A.** Absolutely. This was something the Company addressed not only in my testimony, but also I believe in witness Klemm's testimony in that engaging with requesting customers and the community at large too early in the process could risk a lot of customer confusion which could then negatively impact our ability to implement the NPA solutions as part of this comprehensive Mountain Energy Project proposal. And so we wanted to hold back on that front until we knew more.

We are now at a place where we are confident to implement. We have committed to doing that in our rebuttal testimony and as enshrined in

the Settlement Agreement. We think there is enough support to move forward here. But we didn't want to do so until there was more certainty so that we wouldn't be confusing customers.

**Q.** Thank you. Let's switch topics a little bit with you, Mr. Peuquet, and talk just a couple questions about your discussion with Commissioner Gilman regarding transportation customer rate options and whether non-LDC transportation customers could have a charge similar to that proposed for the LDCs. Do you recall that?

**A.** Yes, I do.

**Q.** And it's my understanding that the Company's relationship with the LDCs is contractual. Do you know whether the relationship the Company has with non-LDC transport customers is governed by different regulatory principles?

**A.** Yes. It's correct that they are all transport customers in the broad sense. However, we do have separate agreements with our LDC -- the other LDCs in the state that we serve specifically off of our system.

Non-LDC customers, I believe, are solely -- the terms of that service are solely governed by the tariffs that we have in place.

Q. So what type of proceeding would non-LDC transport customer rates or charges need to be addressed?

A. Right. So we changed the tariff through separate advice letters, right? But if we are talking about specific rates in terms of the tariff, that sounds much more aligned with a Phase II gas advice letter.

Q. Okay. And finally, Mr. Peuquet, as the Company's policy witness, in the panel discussion we just had, I thought it might be best to come back to you to kind of address the variety of questions about the Mountain Energy Project assumptions, cost recovery, and so on. Can you please explain how the Settlement Agreement addresses these questions to ultimately serve the public interest?

A. The Settlement Agreement is a comprehensive agreement. It addresses all the topics raised in this case. We have reached an agreement with all but one party in this case. Of course, we would have loved to settle with the UCA as well, but they took positions in this case that didn't quite make that possible, although we sure would have liked it.

The Settlement Agreement, importantly, is

a pact, right? Its an agreement among all those parties to move forward collaboratively under those terms. And we think given a proposal of this scope -- it's innovative. It's comprehensive. We hope to build on it in the future.

We want that to be replicable as much as possible moving forward. Given the impacts that this has to these specific communities and the customers in the communities as well as the system at large given the interconnected nature of it, which we have talked a lot about in this hearing and in this case, we want to all be moving forward in the same page. This Settlement Agreement is that path forward. And we are excited to get started with these communities if the Commission approves it.

MS. BRAMA: Thank you. I think with that, that is my last question for Mr. Peuquet.

COMMISSIONER GILMAN: Thanks, Ms. Brama.

Thanks, Mr. Peuquet. I appreciate your testimony very much.

WITNESS PEUQUET: Thank you.

COMMISSIONER GILMAN: Ms. Brama, I think that is it for your witnesses. Can you confirm?

MS. BRAMA: I believe so unless something unexpected comes up in the remainder of the day.

COMMISSIONER GILMAN: Nothing I know of so far. Hopefully not. We are going to try to run a tight ship here and get it finished. Thank you, Ms. Brama.

Next up, I have Mr. Haglund. Mr. Haglund, I will get you sworn in, and I think Mr. Acerra has a brief couple of questions for you.

**ERIC HAGLAND**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: Is anyone with you as you testify today?

THE WITNESS: No.

COMMISSIONER GILMAN: If that changes or anyone communicates with you during your testimony, will you please stop and let me know?

THE WITNESS: Yes, I will.

COMMISSIONER GILMAN: Excellent. Go ahead, Ms. McLaughlin.

**DIRECT EXAMINATION**

**BY MS. McLAUGHLIN**:

**Q.** Could you please state your name and spell it for the record, Mr. Haglund?

**A.** Yes. My name is Eric, E-R-I-C, Haglund, H-A-G-L-U-N-D.

Q. And by whom are you employed and in what capacity?

A. I am employed by the Colorado Public Utilities Commission. I am the section head of the economics team.

Q. And did you cause to be filed what has been marked as Hearing Exhibit 901, the answer testimony of Staff witness Eric Haglund?

A. Yes.

Q. And you did not file settlement testimony, but did you participate in the conversations that led to the Settlement Agreement?

A. Yes, I did.

Q. Do you believe that the settlement is in the public interest?

A. Yes, I do.

MS. MCLAUGHLIN: Mr. Haglund is available for questions.

COMMISSIONER GILMAN: Thank you, I appreciate it. Mr. Acerra just has a couple questions for you.

**CROSS-EXAMINATION**

**BY MR. ACERRA:**

Q. Good morning, Mr. Haglund. Nice to see you again.

A. Good morning.

Q. So I have a couple questions about your answer testimony. On page 20, you state that, quote, allocating the costs of the Mountain Energy Project entirely to new customers using flat per-customer fees is not the best approach. It neglects the fact that the need for the Mountain Energy Project is at least partly attributable to growth that has already occurred and that new customers provide benefits to the system. Do you remember that?

A. Yes.

Q. And in that quotation, you are responding to a proposal mentioned in a Commission decision whereby new customers would be charged a flat $20,000 hookup fee; is that right?

A. Yes.

Q. Thinking about those critiques here in your answer testimony, do you have any thoughts for the Commission about a smaller hookup fee for new customers in the Eastern Mountain Gas System, say 2 to $5,000 per customer?

A. I don't think it fundamentally changes our position on this proposal. I would like to know more about specifically what costs of the overall proposal here that hookup fee are intended to recover.

I think one of the responses I provided to the proposal that the Commission had offered was that we had -- we had proposed treatment -- separate treatment of costs associated with the NPA proposal as compared to the CNG and LNG facilities as compared with the electric distribution upgrades.

And I think Staff tries to think pretty carefully about rates and charges being designed to recover specific costs. So it's a little bit difficult to comment on even a reduced hookup fee without a clear understanding of what costs that is intended to recover.

Q. I appreciate that. I've got one more question for you, which is: Assuming for the purpose of this question that the PUC declined to approve the cost recovery mechanisms in the Settlement Agreement because it found that it's unfair to socialize 100 percent of the investment across all existing customers because it distorts customer electrification decisions because it doesn't provide proper locational price signals to new home builders about gas infrastructure costs.

Would you have any advice or guidance about next steps if the Commission chose to require the Company to recover some portion of Mountain

Energy Project investments through location-based new customer hookup fees?

**A.** Again, I would like to be pretty careful and intentional about recovering costs for specific parts of the overall Mountain Energy Project differently. And I think we would maintain the positions we have offered in testimony and what's in the settlement here.

I think another sort of high level concern that I'll offer is that it's important to Staff that -- maybe I'll back up a second.

We do understand the Commission's concern, both about the potential geographic disparities in cost causation and the issue of costs associated with new customers as compared to existing customers.

So in the former category, I think what our proposal in answer testimony regarding multiple base rate areas was an effort to be responsive to that concern in a way that we think is consistent, sort of, and generalizable enough that it doesn't create some of the concerns that implementing a new charge or policy within this proceeding on one specific project that is -- that may not be consistent with other similar projects, both recent and potentially in the future, regarding the

geographic distinctions there.

So a principle we are trying to apply here is consistency across the Company's service territory and, you know, applicability to all customers. So in terms of geographic differentiation, we would stand by our position that the more appropriate way to do this is through potentially considering multiple base rate areas.

As far as the other concern you mentioned, new customers versus existing, we would also advocate for a more consistent approach to that question. And I would say the most appropriate way to do that would be in a line extension policy that is in the Company's tariff and applies to all customers, not just specifically associated with one project like we are looking at in this proceeding.

MR. ACERRA: Well, thank you very much for your thoughts. I appreciate it. Those are all the questions I have for you.

COMMISSIONER GILMAN: Thanks. I don't have any questions. Ms. McLaughlin, do you have redirect?

MS. MCLAUGHLIN: Just briefly one or two questions.

**REDIRECT EXAMINATION**

**BY MS. McLAUGHLIN**:

**Q.** Mr. Haglund, is the issues that are addressed by the Settlement Agreement -- are those caused solely by new customers in the Breckenridge, Keystone, and Grand Lake area?

**A.** No. I think the Company has been quite clear that there is an existing constraint on the Eastern Mountain Gas System. I believe we heard Ms. Jones say that several times during her testimony over the past couple of days. So this is not purely a question of the forecasted growth, but it is an existing problem.

**Q.** And so would a new hookup fee, even if it was a lower amount, the 2 to 5,000 I believe Mr. Acerra said -- would that account for new homes that had been built in these areas in the last two or three years?

**A.** No, it would not.

MS. MCLAUGHLIN: I don't have any further questions.

COMMISSIONER GILMAN: Thanks, Ms. McLaughlin.

So next on my list, I have Mr. LaMere at 20 minutes. It might be -- you are free to go,

Mr. Haglund. I'm sorry. Thank you for your testimony. I appreciate it.

Next up, I have Mr. LaMere. I think it might be ideal to get him done and maybe break for lunch around 12:15. Let me just check real quick with Ms. Boulais and Ms. Federico and see if that would work for you all to just push through one more 20-minute witness.

COURT REPORTER: That's fine with the court reporter.

LEGAL ASSISTANT: Ditto, fine with me.

COMMISSIONER GILMAN: Super. We will try to get this work done. Is Mr. LaMere available?

THE WITNESS: Good afternoon.

COMMISSIONER GILMAN: It is still morning. I have to take every minute we can get. Please raise your right hand.

**PATRICK LAMERE**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: Are you alone as you testify today?

THE WITNESS: I am.

COMMISSIONER GILMAN: And if that changes or anyone tries to communicate with you in any way

during your testimony, will you please stop and let me know?

THE WITNESS: I will.

COMMISSIONER GILMAN: All right, go ahead, Mr. Cox.

MR. COX: Thank you, Commissioner.

**DIRECT EXAMINATION**

**BY MR. COX**:

**Q.** Good morning, Mr. LaMere. Would you please state and spell your name for the record?

**A.** Sure. My name is Patrick LaMere spelled P-A-T-R-I-C-K, last name L-A-M-E-R-E.

**Q.** By whom are you employed and what is your title?

**A.** I'm employed by the Colorado Public Utilities Commission as a member of Staff, and I am a senior economist.

**Q.** In this proceeding, did you cause to be filed answer testimony including attachments marked as Hearing Exhibit 900 and settlement testimony marked as Hearing Exhibit 902?

**A.** Yes, I did.

**Q.** And do you have any changes or corrections today to your answer or settlement testimonies?

**A.** No, I do not.

MR. COX: Thank you. Mr. LaMere is available for cross-examination and Commissioner questions.

COMMISSIONER GILMAN: All right, thank you. Mr. Bunker, I've got you for 20 minutes.

MR. BUNKER: Thank you, Commissioner. I appreciate it.

**CROSS-EXAMINATION**

**BY MR. BUNKER:**

Q. Good morning, Mr. LaMere.

A. Good morning.

MR. BUNKER: If we could please access UCA's box.com account and pull up Exhibit 442.

(The electronic document was displayed.)

Q. (BY MR. BUNKER) And you will see that this is a copy of Staff's intervention.

MR. BUNKER: And if we could go to page 2 at the bottom of the page, paragraph -- this would be paragraph 2(g) on the bottom of the page.

Q. (BY MR. BUNKER) Here, the intervention states, "Amongst the issues Staff will raise and address is whether the proposal effectively supports Colorado's greenhouse gas (GHG) reduction mandates and avoid stranded asset risks associated with continued investment in gas infrastructure." Did I

read that right?

**A.** It appears so.

**Q.** And the Colorado legislature has directed the Commission pursuant to Senate Bill 23-291 to investigate whether and how residential development and other development in certain geographic areas drive gas infrastructure costs on certain Colorado LDCs' natural gas utility systems; is that correct?

**A.** I think that's a fair generalization of it, sure.

**Q.** Thank you. Do you agree that geographic cost allocation and elimination of new service are options that address Staff's intervention issue regarding Colorado's greenhouse gas reduction mandates and the avoidance of stranded asset risks associated with continued investment in gas infrastructure?

**A.** Do you mind just mentioning the two things you said again? Sorry, I couldn't hear you.

**Q.** Sure, not a problem. The geographic cost allocation and the elimination of new service.

**A.** I would say -- I mean, I certainly believe that those could be tools here. I don't see why not when we are just discussing stranded asset risk. But it's not the only tools that the Commission or Staff

would evaluate.

**Q.** Okay. Thank you for that.

MR. BUNKER: If we could now access UCA Hearing Exhibit 444 in box.com.

(The electronic document was displayed.)

**Q.** (BY MR. BUNKER) And you will see that this is starting about a third of the way down, Commission Gas Rule 4210 on line extensions. Do you see that?

**A.** Sure.

**Q.** And if we could focus on 4210, subparagraph (c). Here, the rule provides, "Line extension policies, procedures, and conditions shall be based on the principle that the connecting customer pay its share of the estimated full incremental cost of growth including any costs associated with increases in design peak demand." Did I read that accurately?

**A.** It appears so.

**Q.** And were you listening to the discussion earlier this morning between Commissioner Gilman and Mr. Peuquet?

**A.** Admittedly, in part. I've been having to go in and out this whole hearing. So a reminder might be helpful.

Q. Okay. So let me ask you, do you recall the discussion about line extensions under Rule 4210 during Commissioner Gilman's discussion with Mr. Peuquet?

A. No, I don't believe I was able to hear that part.

Q. Okay. Thank you for that.

MR. BUNKER: Let's move to the Settlement Agreement, which is Hearing Exhibit 116. If we could go to page 7 when you pull that up, Ms. Federico. Again, it was Hearing Exhibit 116.

LEGAL ASSISTANT: Sorry, my screen froze after your last exhibit. Give me just a second.

MR. BUNKER: Not a problem. Take your time. Thank you.

(The electronic document was displayed.)

LEGAL ASSISTANT: Can you repeat the page for me?

MR. BUNKER: Page 7.

Q. (BY MR. BUNKER) Before we look at this on page 7, a question just to follow up on that discussion on Rule 4210(c). Do you believe, Mr. LaMere, that the line extension cost recovery under Rule 4210(c) is an issue in this proceeding?

MR. COX: Objection. I don't think

Mr. LaMere addressed line extension policy in his testimony at all.

MR. BUNKER: I am asking whether he believes it is an issue. There was a discussion --

MR. COX: Whether there is an issue on that?

**Q.** (BY MR. BUNKER) Based on the discussion between Mr. Acerra and Mr. Haglund, do you believe, Mr. LaMere, that the line extension policy under Rule 4210(c) is applicable in this case?

COMMISSIONER GILMAN: I'll allow the question of the witness.

**A.** I was able to listen in on that conversation. I'll note that this is not something I addressed in my answer testimony whatsoever. And I would just reiterate the response by Staff witness Haglund as he responded to questions from Mr. Acerra.

**Q.** Okay, thanks. If we can now focus on the Settlement Agreement, which is on the screen. This is Hearing Exhibit 116. And in particular, paragraph 12. And there's been a lot of discussion about this, but it's worth repeating for my questions for you.

And that is: The Settling Parties agree to approval of the MEP and granting the associated CPCNs for CNG and LNG as proposed by the Company on

rebuttal with modifications discussed in the Settlement Agreement. Did I summarize that accurately?

A. I believe so.

Q. And on 13 there on the bottom of the page, the Settling Parties agree to make an Interim Regulatory Filing on or before December 1st, 2028, right?

A. That's correct.

Q. And would you agree that this Interim Regulatory Filing will not be filed by PSCo until roughly December 1, 2028, which is over three years from now?

A. I believe it says on or before. I'm not going to speak to the Company's timeline if they can get that prior.

MR. BUNKER: Let's go to your settlement testimony, which is Hearing Exhibit 902.

(The electronic document was displayed.)

MR. BUNKER: And on page 6 at lines 15 and 16.

Q. (BY MR. BUNKER) Here, you state a key Staff issue or concern is the reasonableness and effectiveness of the proposed hybrid approach, correct?

A. That appears to be what it reads, yes.
Q. And you talk about cost-effectiveness of that hybrid approach, correct?
A. Can you point to where I talk about it just so I can follow?
Q. On line 16.
A. I identify that it's a key issue that I particularly raised in my answer testimony.
Q. Yes.
A. I believe that is what this is saying.
Q. Yes.
MR. BUNKER: And if we could look at Hearing Exhibit 435. That's been previously admitted, Ms. Federico.
(The electronic document was displayed.)
MR. BUNKER: If we could go to paragraph 8 on page -- I believe it's 4. Could be page 3. It would be page 3 then. And it is paragraph 8.
Q. (BY MR. BUNKER) You'll see in the last sentence, here, the Commission states its interest in whether a fee of $20,000 or some other amount is reasonable for new residential homes in the EMGS both as a price signal and as a means of cost recovery, right?
A. Can I just read the rest of this so I can

follow along? Sorry.

Yeah, that seems accurate.

**Q.** Okay. And you are a senior economist for Staff, and so you are knowledgeable about economic theory, right?

**A.** I would hope so.

**Q.** Okay. So do you have any basis to dispute the Commission comment that a proposed hookup fee, which they reference as a $20,000 fee, would provide a price signal or cost signal to PSCo's gas customers, both residential homeowners and developers?

**A.** So I think we are talking about price elasticity. And while I would say most likely there would be a consumer behavior associated with such a hookup fee, I would have no way of knowing exactly what that behavior might be as in what the reaction by those customers would actually be. So I can't provide any kind of exactness towards how elastic customers would be to the price signal.

**Q.** So you are saying you don't agree that that is a price signal or cost signal -- that hookup fee?

**A.** If I need to reiterate, I would say that, certainly, I would imagine there would be a reaction

because this fee most likely would not be not inelastic, so there would be some kind of elasticity in reaction by consumers. But I don't know what degree that reaction might be by consumers.

MR. BUNKER: Let's refer to Hearing Exhibit 901. And this is Mr. Haglund's answer testimony.

(The electronic document was displayed.)

MR. BUNKER: And if we could go to page 19 at the bottom of the page and onto page 20.

Q. (BY MR. BUNKER) And this follows up on questions Mr. Acerra had. But just to confirm, in Footnote 25 in the discussion starting at line -- or page 19, line 6 through page 20, line 4. Here, Staff does not support the Commission's proposal that the MEP costs could be recovered through a fee such as $20,000 on new customers, right?

MR. COX: I'm going to again object. This is not Mr. LaMere's testimony.

MR. BUNKER: I'm just asking him --

MR. COX: If counsel had questions for Mr. Haglund about his testimony, they should have been directed to him. This issue was not addressed in Mr. LaMere's answer testimony or his settlement testimony.

COMMISSIONER GILMAN: Mr. Bunker, if you could perhaps move us along. I think it's fair to ask him his perspective on things vis-a-vis the settlement.

MR. BUNKER: Yeah, thank you. If we could go to the Settlement Agreement at page 14, paragraph 29.

(The electronic document was displayed.)

Q. (BY MR. BUNKER) You are the witness -- just to clarify, you are the witness supporting the Settlement Agreement for Staff; is that right?

A. That's accurate.

Q. Okay. Let's look at paragraph 29. And this is under subheading F of the Settlement Agreement, Cost Responsibility. And do you agree that here, the Settling Parties agree the Company will spread the cost of the project across customers as applicable per cost determinations for the gas and electric DSMCA and the gas base rates, right?

A. I believe that settlement speaks for itself.

Q. Did I read that correctly?

A. I believe so.

Q. So this Settlement Agreement provides for the socialization of costs as proposed by the Company

as to all PSCo's gas customers; is that right?

A. I wouldn't agree with that characterization, no.

Q. Okay. Let's look at page 6 of your settlement testimony.

LEGAL ASSISTANT: Sorry, I'm just making sure I've got the numbers right. That is 902, right?

MR. BUNKER: Yes, 902.

LEGAL ASSISTANT: And page 4?

(The electronic document was displayed.)

MR. BUNKER: Page 6, please.

Q. (BY MR. BUNKER) And here at page 6, line 15 onto to the top of page 7, line 1, here, you state additional Staff concerns or issues include the transparency of DSM and beneficial electrification, BE, adoption assumptions, potential stranded asset risks associated with LNG and CNG facilities, the allocation of costs amongst customers, and the adequacy of community outreach and reporting; is that right?

A. That appears right.

Q. So you testified -- the Settlement Agreement on page 9 at lines 18 and 19. Here, you say that the Settlement Agreement resolves both the reasonableness and the prudency of the LNG

investments, right?

A. Sorry, can you bring that up?

MR. BUNKER: Page 11, lines 14 to 16. Or I'm sorry, page 9, lines 18 and 19.

A. Just a moment while I read this. I just want to make sure I can answer the question accurately.

Okay, I read it.

Q. And you say this was resolving issues raised in both your testimony and that of witness Eric Haglund on lines 15 and 16; is that right?

A. I say, "The Settlement resolves a wide range of issues raised by both my Answer Testimony and Staff Witness Eric Haglund," yes.

Q. Okay, thank you.

MR. BUNKER: And if we could go to page 11 on lines 14 through 16.

Q. (BY MR. BUNKER) Here, you discuss Staff's concern regarding the LNG and CNG infrastructure investments. And you state, "PSCo agrees to provide additional justification in Interim Regulatory Filing and to disclose contingency plans if electrification adoption accelerates." Is that correct?

A. Yes.

Q. And what analysis did you do to determine

the cost of LNG and CNG investments based on PSCo's rebuttal case are reasonable?

**A.** Sorry, can you repeat that?

**Q.** Sure. What analysis did you do to determine that the cost of LNG and CNG investments based on PSCo's rebuttal case are reasonable?

**A.** What I can provide is two things. One, Staff entered negotiations for the settlement. And as I explained through my settlement testimony, we focused on particular topics and was able to come to a point of accepting the Settlement Agreement based on moving to our particular topics.

To answer your question, I would say my testimony speaks -- if we are talking about the rebuttal case, the only testimony I provided is the settlement testimony here. And there is no independent analysis that I provided here.

Staff, in the development of its answer testimony, did its regulatory oversight and due diligence in reviewing the case as a whole including the direct, supplemental, and discovery.

So I'm having trouble answering your question because the only thing I provided in this case here at that time would be the settlement testimony. I don't have any independent analysis in

the settlement testimony.

Q. And you would agree --

COMMISSIONER GILMAN: Mr. Bunker, I'm at 20 minutes, so I just wanted to --

MR. BUNKER: I have just a couple more questions -- few more questions. Maybe six.

COMMISSIONER GILMAN: Okay.

Q. (BY MR. BUNKER) You would agree that we looked at the Settlement Agreement -- in paragraph 12 of the Settlement Agreement, the parties have agreed to the proposals in Public Service's rebuttal case and with modifications in the Settlement Agreement, right?

A. Yeah. I would agree with that. And what I'm adding is the Settlement Agreement is a collaboration of all parties to a settlement. And as I've explained in my settlement testimony here further down, there is give and take, of course, in developing those terms.

And to answer your question on any kind of, as I presume it to be, independent analysis, there is nothing within my settlement testimony that is an independent analysis.

Q. Okay. And on line 15 on page 11, you discuss -- let me start that over, sorry. You

discuss additional justification in an Interim Regulatory Filing. Do you see that on line 15, page 11?

**A.** I do.

**Q.** And you understand, correct, that the Interim Regulatory Filing will not be filed until December 1, 2028; is that right?

**A.** I do, yes.

**Q.** And on page 15 of your settlement authority -- or your settlement testimony, rather, at lines 15 and 16 -- or 16 through 18, rather, on page 15, here, you indicate not all Staff's adoption -- or recommendations were adopted in full in the Settlement Agreement. And, for example, Staff's proposal of multiple base rate areas is not mandated by the Settlement Agreement, right?

**A.** If we can turn to that, that would be great.

LEGAL ASSISTANT: Sorry, there were a lot of numbers. I think I misheard where. Which page and line?

MR. BUNKER: I'm sorry, page 15.

LEGAL ASSISTANT: I thought you were saying line 15, sorry.

MR. BUNKER: That's okay. Page 15, lines

16 through 18.

**A.** Yes. To answer your question, the Settlement Agreement does have a settlement term provision about a study to potentially identify whether or not multiple base rate areas would be necessary.

And so Staff found that this term was acceptable in settlement discussions because it starts to begin that conversation as to whether or not this idea is a potential idea that could work for Public Service.

**Q.** And that is a reference to the language starting on the bottom of page 15 at line 18 and onto page 16, line 3, where you indicate a meaningful step is a third-party evaluation of the base rate differentiation and enhanced reporting on infrastructure utilization, right?

**A.** That is essentially what I described just before, yes.

MR. BUNKER: So let's look at the Settlement Agreement, if we could, which is Hearing Exhibit 116.

(The electronic document was displayed.)

MR. BUNKER: Starting at page 15.

COMMISSIONER GILMAN: Is this the last

question or two, Mr. Bunker?

MR. BUNKER: Yes. A couple of questions on this. I have like five questions.

COMMISSIONER GILMAN: You might have said five questions, five questions ago, but we have got to wrap it up here.

MR. BUNKER: Okay, thank you.

**Q.** (BY MR. BUNKER) In paragraphs 32 through 38 of the Settlement Agreement, do you agree that beyond issuing a RFP for a third-party evaluation and the submission of all received RFP proposals by April 1, 2026, no further action is required on the multiple base rate areas proposal from Staff under the Settlement Agreement until -- or under paragraph 35 unless the Commission indicates otherwise? Would you agree with that?

**A.** By Staff? I believe line 32 there speaks for itself regarding this particular proposal. Of course, the Commission could direct Staff or the Company at any time to take on anything additional even outside the scope of this case.

**Q.** Okay. Let's look quickly at paragraph 34. Do you see here that the RFP proposals need to be received by April 1st, 2026?

**A.** I do.

Q. And do you see in paragraph 35, Settling Parties agree no further action is required by the Company in response to the RFPs unless and until the Commission indicates otherwise?

A. I do.

Q. Okay. One last area I want to cover that's a couple of questions, and that's your settlement testimony at page 16.

(The electronic document was displayed.)

Q. (BY MR. BUNKER) And on lines 10 and 11, you discuss why the settlement strengthens protections for ratepayers. Do you see that?

A. I do.

Q. And which ratepayers are you referring to? In other words, which ratepayers are protected? Ratepayers in the EMGS, all of Public Service's gas ratepayers, or all Public Service's gas and electric ratepayers?

A. Well, the response here isn't directly related to the multiple base rate area. Staff made sure to get protections within the Settlement Agreement that called for enhanced reporting requirement, more transparency, more overall customer consumer protections across the entire service territory of Public Service.

And as another component of the Settlement Agreement was the term that we spoke about was the multiple base rate area. But certainly, that is not the only term related to protections on ratepayers.

**Q.** Okay. Well, I'll reask my question. Which ratepayers are being protected as a result of the Settlement Agreement? That's a fairly direct question.

**A.** Sure. I think it would be fair to say that there's oversight on all ratepayers in this proceeding.

**Q.** So are you suggesting if some of the costs of this Mountain Energy Project are socialized to all other PSCo ratepayers that somehow they are protected by the Settlement Agreement?

**A.** I don't make that conclusion whatsoever. And I think I earlier didn't agree with the question on socialization in its entirety.

MR. BUNKER: With that, Commissioner Gilman, I've completed my cross-examination. Thank you, Mr. LaMere.

THE WITNESS: Thank you.

COMMISSIONER GILMAN: Thanks, Mr. Bunker. Mr. Cox, do you have an estimate on redirect, just so I know?

MR. COX: I don't expect to take longer than ten minutes.

COMMISSIONER GILMAN: Okay. We will break for lunch now. Mr. Bunker, just a recognition, we are about 10 minutes over on that 20-minute cross. We don't have wiggle room to continue to go over on cross. So that will be it. I'm going to have to give you a hard stop on the other crosses as we go on, just looking at the totals for the day.

So it is 12:27. I think a lot of folks can kind of come and go as they listen, but my main priority would be our court reporter and Ms. Federico. What is the shortest lunch you all can tolerate?

COURT REPORTER: Thirty minutes?

COMMISSIONER GILMAN: Would 30 or 45 work, or is that too short?

COURT REPORTER: Thirty or forty-five would work.

COMMISSIONER GILMAN: Okay. Apologies for the short lunch, but that will keep us from going too long.

So Mr. Cox, can you be prepared to redirect at 1:00?

MR. COX: I can.

COMMISSIONER GILMAN: Okay, great. And next up, we will have Ms. Burley from MCC prepared to testify after LaMere comes off. So I will see you all at 1:00.

Just a remainder this all stays live, so please do mute yourself, turn off your cameras. We will resume at 1:00.

(Lunch recess taken at 12:28 p.m.)

Thursday Afternoon Session

PROCEEDINGS

COMMISSIONER GILMAN: Mr. Cox, I've got you on redirect with Mr. LaMere.

Mr. LaMere, you understand you are still under oath?

THE WITNESS: I do.

COMMISSIONER GILMAN: Thank you.

**REDIRECT EXAMINATION**

**BY MR. COX**:

**Q.** Mr. LaMere, do you recall UCA counsel, Mr. Bunker, asking you about what cost analysis that you did of the Company's rebuttal proposal?

**A.** I do.

**Q.** And did the Settlement Agreement adopt the Company's rebuttal proposal in its entirety?

**A.** No, it did not. And that is the core of the Settlement Agreement negotiations that all parties came to the table and give and took on certain provisions of that Settlement Agreement including the Company and including Staff as well.

**Q.** Were there changes in the Settlement Agreement from the rebuttal proposal that would change the cost of the project?

**A.** Yeah. Overall, I think as we heard, just

associated with the number of tanks causing reduction in the overall cost on that component alone. But especially in terms of the entirety of the rebuttal position, yes, definitely.

**Q.** And continuing the discussion about costs, do you recall Mr. Bunker asking you -- or speaking with you about cost-effectiveness of the settlement and protection of ratepayers?

**A.** I do.

**Q.** Can you expand on why you view the settlement as cost-effective?

**A.** Yeah, absolutely. So in the development of this proposal to resolve the imminent capacity constraint the Company identified, they provided a cost benefit on multiple scenarios, not just the Hybrid Portfolio (2) that was ultimately recommended; that being the combination of the LNG and CNG and the electrical structure upgrades in the NPA portfolio.

But as we compare the final Hybrid (2) portfolio to that of the other scenarios as in traditional gas infrastructure investment in gas facilities, this portfolio was the most cost-effective. So it is essentially the best portfolio in terms of reducing cost compared to the rest.

Q. And what are some of the terms of the Settlement Agreement that you feel are there were included for ratepayer protection?

A. Yeah, absolutely. So not only did we speak about the term on the multiple base rate area, but the Staff made it apparent to ensure that there was a robust reporting transparency process, along with supporting the Interim Regulatory Filing as well so that there would be essentially a checkpoint to ensure that the project is still on path and doing what it's designed to do and whether or not there needs to be any changes.

And so combined, really, with all the terms of the settlement, Staff felt like there was enough consumer protection there that we could then support the settlement.

Q. And believe with the settlement -- would you describe that as in the public interest?

A. Yes, absolutely.

MR. COX: Thank you very much, Mr. LaMere. No further questions.

COMMISSIONER GILMAN: Thanks, appreciate it. Thanks for your testimony, Mr. LaMere, and you are free to go.

THE WITNESS: Thank you.

COMMISSIONER GILMAN: You are welcome.

Ms. Durkay has been excused, so we will move to Ms. Burley from MCC.

Good afternoon, Ms. Burley

THE WITNESS: Good afternoon.

**JESSICA BURLEY**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: And are you by yourself as you testify today?

THE WITNESS: I am.

COMMISSIONER GILMAN: And if that changes or anyone tries to communicate with you in any way during your testimony, will you please stop and let me know?

THE WITNESS: I will.

COMMISSIONER GILMAN: All right. Go ahead, Ms. Judkins.

**DIRECT EXAMINATION**

**BY MS. JUDKINS**:

**Q.** Good afternoon, Ms. Burley. Would you please state and spell your name for the record?

**A.** Jessica Burley, J-E-S-S-I-C-A, B-U-R-L-E-Y.

**Q.** And by whom are you employed and in what

capacity?

**A.** I am the sustainability and parking manager for the town of Breckenridge testifying on behalf of the Mountain Community Coalition.

**Q.** And do you have before you Hearing Exhibits 600, 602, and 603 which is the testimony you submitted in this proceeding?

**A.** Yes.

**Q.** And if I asked you the same questions today as contained in those documents, would your answers be the same?

**A.** As contained in all those documents, yes.

MS. JUDKINS: Ms. Burley is available for cross-examination.

COMMISSIONER GILMAN: Thanks, Ms. Judkins.

UCA, I've got you for 30 minutes. And Godspeed. Not more than 30 minutes, right?

MR. WITTERSCHEIN: Thank you, Commissioner Gilman.

**CROSS-EXAMINATION**

**BY MR. WITTERSCHEIN:**

**Q.** Ms. Burley, can you see and hear me all right?

**A.** I can.

**Q.** My name is Patrick Witterschein. I'm an

attorney for the Utility Consumer Advocate. I've got a lot to cover, so I would like to get right into it.

Your organization, Mountain Community Coalition, MCC, is a group of governmental entities, correct?

**A.** That's correct.

**Q.** And in your intervention, MCC states that it seeks to intervene to protect its residents' interests in this proceeding, right?

**A.** That's correct.

**Q.** It's true that not all residents that the MCC represents agreed with the settlement that MCC has signed, correct?

**A.** That is also correct.

**Q.** And you are aware that written comments have been filed with the Commission in this proceeding?

**A.** I am.

MR. WITTERSCHEIN: Can we please pull Hearing Exhibit 437 from UCA's box?

(The electronic document was displayed.)

**Q.** (BY MR. WITTERSCHEIN) Ms. Burley, can you see that document titled public comments submitted by Leslie Weise, Keystone Summit County resident?

**A.** I can.

MR. WITTERSCHEIN: Commissioner Gilman, I would move to introduce Hearing Exhibit 437.

MS. JUDKINS: I would like to object for lack of foundation.

COMMISSIONER GILMAN: Mr. Witterschein?

Q. (BY MR. WITTERSCHEIN) Ms. Burley, have you reviewed the public comments in this proceeding?

A. I have.

Q. Are you familiar with this document?

A. I am.

Q. And you recognize it as a public comment that was submitted in this proceeding from a resident in one of the communities you represent?

A. Yes.

MR. WITTERSCHEIN: Commissioner Gilman, I move to admit Hearing Exhibit 437.

COMMISSIONER GILMAN: Ms. Judkins?

MS. JUDKINS: No objection, thank you.

COMMISSIONER GILMAN: Okay. So admitted.

(Whereupon, Hearing Exhibit 437 was admitted.)

MR. WITTERSCHEIN: Can we please scroll to page 4, Ms. Federico? Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the last paragraph of this page? It starts, "In

this case, the Commission should reject the temporary NPA gas storage option."

**A.** Yes.

**Q.** Thank you.

MR. WITTERSCHEIN: Ms. Federico, we can take this down now.

**Q.** (BY MR. WITTERSCHEIN) Now, Ms. Burley, it's accurate to say that preventing future investment in PSCo's gas infrastructure would also help MCC members meet their climate goals, right?

**A.** That is correct.

MR. WITTERSCHEIN: Can we please pull up what's been marked as Hearing Exhibit 412?

(The electronic document was displayed.)

**Q.** (BY MR. WITTERSCHEIN) Can you see that article titled "Breckenridge Council on Board With Program That Would Mitigate Energy Use For Outdoor Amenities."

**A.** Yes.

**Q.** Can you see this article is titled July 14th, 2021?

**A.** Yes.

**Q.** And you are familiar with the *SummitDaily*?

**A.** Yes.

**Q.** And you would say it is a reliable

publication?

A. Yes.

MR. WITTERSCHEIN: Commissioner Gilman, I would move for the admission of what's been marked as Hearing Exhibit 412.

COMMISSIONER GILMAN: Ms. Judkins?

MS. JUDKINS: No objection.

COMMISSIONER GILMAN: So admitted.

(Whereupon, Hearing Exhibit 412 was admitted.)

MR. WITTERSCHEIN: Can we please scroll down to the second paragraph?

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see this paragraph where it says, "Town Sustainability Coordinator Jessie Burley and High Country Conservation Center Climate Action Director Jess Hoover presented plans for a countywide program to mitigate outdoor energy use."

A. Yes, I can see that.

Q. And the next paragraph states, "The purpose of the program would be to reduce emissions from outdoor amenities such as snowmelt systems, natural gas fireplaces, pools, and large hot tubs," correct?

A. That's correct. And this program was

implemented and is in effect in the town of Breckenridge but not the other jurisdictions in the Mountain Community Coalition.

Q. And I'm sorry, it's cut off there, but can you see the first bullet? It says, "Creating economic price signals to reduce excessive outdoor energy use."

A. I can see that.

Q. That was the first listed for achieving the goal that we had stated?

A. Yes.

Q. Okay. Thank you.

MR. WITTERSCHEIN: Ms. Federico, can we scroll up slightly so we can see the picture in the caption? Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the caption where it says, "This seven-bedroom, 7.5-bath home sold for $17 million in June, setting a new record for Summit County. According to the High Country Conservation Center, the amount of natural gas energy the home uses for snowmelt each year is equivalent to the total electric energy used by 16 homes in the Wellington neighborhood."

A. I can see that, yes.

Q. Thank you.

MR. WITTERSCHEIN: Ms. Federico, we can take this down.

**Q.** (BY MR. WITTERSCHEIN) And moving back to your recommendations in this proceeding regarding cost allocation and cost recovery of the costs from the Mountain Energy Project, your position is that all such costs should be socialized to all PSCo ratepayers rather than allocating a certain portion of MEP costs to EMGS customers; is that correct?

**A.** Yes. My recommendation is to stick with how the Company both proposed this cost recovery in the Mountain Energy Project as well as how they traditionally recover DSM and BE costs currently.

**Q.** Ms. Burley, you are familiar with Senate Bill 23-291, correct?

**A.** I am generally familiar with it, yes.

**Q.** Would you agree that the Colorado legislature in the 2023 session provided direction through Senate Bill 23-291 regarding cost allocation of project costs?

**A.** I am. And it's my understanding there is a miscellaneous docket where this is being discussed in front of the Public Utilities Commission.

**Q.** And you are also familiar with Decision No. C25-0173 in this proceeding, correct?

A. I am.

MR. WITTERSCHEIN: Ms. Federico, could we please pull Hearing Exhibit 435?

(The electronic document was displayed.)

Q. (BY MR. WITTERSCHEIN) Ms. Burley, do you recognize that the Commission, through its request in this decision, provided direction to investigate cost allocation of project costs, correct?

A. I am aware.

Q. Would you also agree that through its cost recovery proposals in this decision, it's doing more than just investigating; it's proposing a ratemaking treatment?

A. As I am not an attorney, it is my interpretation of this that we were asked to explore the idea and to submit this information as part of our cross-answer.

MR. WITTERSCHEIN: Can we please turn to page 2 of this document, Subsection C.

THE WITNESS: Do you mind blowing it up a little bit, please? Thank you.

MR. WITTERSCHEIN: Can we highlight subsection C? I think it should be called ratemaking proposal.

Q. (BY MR. WITTERSCHEIN) So, Ms. Burley, you

can see that subsection C, it says ratemaking proposal and not ratemaking investigation, correct?

**A.** I see that, yes.

**Q.** Now, in your cross-answer testimony, you urged the Commission to use the miscellaneous proceeding you mentioned earlier to discuss, evaluate, and establish broad concepts regarding geographic cost causation, correct?

**A.** We did. We felt like looking at this from a system-wide perspective was more reasonable than putting this on the Eastern Mountain Gas System in this case.

**Q.** So if the Commission agreed with that recommendation, would MCC agree that any mandates from that miscellaneous docket should be applied to the Mountain Energy Project costs?

**A.** If that decision were to come prior to the decision here, it would -- I believe it would be subject to. I think there is a timing issue at play here.

**Q.** And your organization -- it has not filed comments in that miscellaneous proceeding, 24M --

**A.** We have not.

**Q.** So you haven't been involved in that proceeding?

A. Not to date.

MR. WITTERSCHEIN: Can we please turn to the Settlement Agreement? It is Hearing Exhibit 116.

(The electronic document was displayed.)

MR. WITTERSCHEIN: Can we please go to page 14, paragraph 29?

Q. (BY MR. WITTERSCHEIN) Ms. Burley, this is where the Settling Parties agreed to socialize costs as proposed by the Company and spread the Mountain Energy Project costs to all PSCo's gas customers, correct?

A. That's correct.

Q. And Ms. Burley, you are familiar with the term full incremental costs, right?

A. I am.

Q. Would you agree that a definition of full incremental cost would be -- unlike marginal costs, which only considers the cost of one additional unit, full incremental cost encompasses all additional costs associated with a project or action including both fixed and variable costs?

MS. JUDKINS: Objection, I believe this goes beyond the scope of Ms. Burley's testimony.

MR. WITTERSCHEIN: Could we please pull up Hearing Exhibit 602? It's Ms. Burley's cross-answer

testimony.

(The electronic document was displayed.)

MR. WITTERSCHEIN: Can we please go to page 13, line 4?

Q. (BY MR. WITTERSCHEIN) And Ms. Burley, can you see that you used that term, full incremental cost?

A. Yes. And this is related to NPA costs.

Q. So would you agree with my definition of full incremental cost that I read to you just earlier?

A. In terms of the question you were asking, my interpretation is that you were talking about the incremental cost of the system project as a whole and not related to the NPA incentives as I have referred to here in my testimony.

MR. WITTERSCHEIN: Ms. Federico, can we please pull up Hearing Exhibit 444 from UCA's box?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you read Rule 4210, subsection (c)?

MR. WITTERSCHEI: And Ms. Federico, we may need to zoom in on that.

A. Yes, and I read it in the prior witness'

cross as well.

Q. (BY MR. WITTERSCHEIN) Okay. So would you agree with me that based on this rule, the Commission has to further the principle that customers connecting to the natural gas system pay their share of the incremental cost of growth?

A. As I'm not familiar with this document and its intent, that is what it says.

Q. And one way the Commission could do that is through implementing a hookup fee, correct?

A. I believe it is in their discretion to ask for that, yes.

MR. WITTERSCHEIN: Thank you, Ms. Federico. We can take that down. Can we please pull up what's been marked as Hearing Exhibit 440?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, you recognize this, right?

A. Yes, I do. I live and breathe this document.

MR. WITTERSCHEIN: Can we please turn to the next page? And scroll down just slightly so we can see Ms. Burley's quote.

Q. (BY MR. WITTERSCHEIN) So you footnote

this document in your answer testimony, correct?

**A.** Yes.

MR. WITTERSCHEIN: And Ms. Federico, could we please scroll down to the next page?

**Q.** (BY MR. WITTERSCHEIN) So you are listed here under the town of Breckenridge staff, right?

**A.** Correct.

**Q.** And you played a significant role in creating this plan?

**A.** Yes, I did.

MR. WITTERSCHEIN: Can we please turn to page 30 of this document?

LEGAL ASSISTANT: I'm sorry, I want to make sure, like pdf page 30, right?

MR. WITTERSCHEIN: Yes, thank you.

**Q.** (BY MR. WITTERSCHEIN) Ms. Burley, you can see the section covers climate action?

**A.** Yes.

MR. WITTERSCHEIN: Can we please turn to page 32, Ms. Federico? Thank you.

**Q.** (BY MR. WITTERSCHEIN) Ms. Burley, can you see the advocacy box on the left?

**A.** Yes.

**Q.** And there is a sentence that reads, "There are limits to the authority and resources that the

Town can devote to pursuing sustainability. Sometimes state or federal laws make it hard for the Town to do what it wants to promote sustainability." Did I read that correctly?

**A.** You did.

MR. WITTERSCHEIN: Can we please pull up what's been marked as Hearing Exhibit 413?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Thank you.

**Q.** (BY MR. WITTERSCHEIN) Ms. Burley, can you see the title of this article?

**A.** I can.

**Q.** It says, "Want a hot tub at your Colorado ski town home? You might have to offset its emissions first."

**A.** Yes, I can see that.

**Q.** And it appears to be an article in *The Colorado Sun* dated August 15th, 2023?

**A.** Correct.

**Q.** Are you familiar with this article?

**A.** I am not familiar with this article.

**Q.** Are you familiar with *The Colorado Sun*?

**A.** Yes.

**Q.** And in your estimation, is it a reliable publication?

A. Yes.

MR. WITTERSCHEIN: Commissioner Gilman, I move for admission of what's been marked as Hearing Exhibit 413.

COMMISSIONER GILMAN: Any objections?

MS. JUDKINS: I believe Ms. Burley testified she is not familiar with this article, so I guess I'm not objecting to the admission, but just would note that her answers will likely reflect that.

COMMISSIONER GILMAN: No worries. With the understanding that she is not immediately familiar with all the content, Mr. Witterschein. And expedience in getting her there if she is not familiar. You are about halfway through, so I want to make sure you get her there.

(Whereupon, Hearing Exhibit 413 was admitted.)

MR. WITTERSCHEIN: Thank you, Commissioner Gilman.

Q. (BY MR. WITTERSCHEIN) So, Ms. Burley, you do not remember being interviewed for this article?

A. There were several articles that covered the Renewable Energy Mitigation Program. So to the extent that I was interviewed for this one, I do not recall it.

Q. Okay, thank you.

COMMISSIONER GILMAN: I forgot to say it is admitted. I didn't want that to go without saying.

Q. (BY MR. WITTERSCHEIN) Not a trick question.

MR. WITTERSCHEIN: Ms. Federico, can we scroll down to the next page, the fifth paragraph of the first page.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the quote, "We have a lot of high-end outdoor amenities, pools, hot tubs"?

A. Yes, I can.

Q. And then you go on, you say, "It is fairly unique to mountain communities. We have this outdoor intensity."

A. Yes.

MR. WITTERSCHEIN: Can we please turn to page 8 of this document? Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the last paragraph? It says, "We didn't feel we could go with a complete ban on natural gas, Breckenridge's Burley said. It would backfire today. We don't have the workforce for full electrification."

A. Yes. And I would note that, as always, there is additional context to these conversations --

Q. Thank you, Ms. Burley. I'm sorry, that was a yes or no question. I have limited time here.

MR. WITTERSCHEIN: Ms. Federico, can we please scroll to the end of this article, the last paragraph?

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the last paragraph? It says, "A fire pit is flaring natural gas and we can't let that go unabated. We are looking forward to having no natural gas in our community in the future." Did I read that correctly?

A. Yes.

Q. Thank you.

MR. WITTERSCHEIN: Ms. Federico, can we please turn back to Hearing Exhibit 440 at page 33?

(The electronic document was displayed.)

Q. (BY MR. WITTERSCHEIN) Can you see the Strategies Target 1 under Energy Used to Operate Buildings? It says, "Fastrack Adoption of Latest Building Code."

A. Yes.

Q. And the section begins, "Building codes for new construction in retrofits will increase

energy conservation within a municipality." Did I read that right?

A. That's correct.

Q. And this report came in in 2022, right?

A. Yes.

Q. And this report came out before Breckenridge adopted its Renewable Energy Mitigation Program or REMP, which I think you mentioned earlier, right?

A. They overlapped, yes.

Q. And REMP -- that is designed to regulate outdoor energy use for features such as snowmelt, fire pits, heated pools, space, water features, and other gas appliances that are installed external to the building, end quote, correct?

A. That's correct.

Q. Essentially, it is a building code mechanism that establishes a mitigation requirement to offset outdoor energy use through either on-site renewables or fee in lieu mechanism. Does that sound right?

A. That is correct.

Q. So basically, under this program, people who install outdoor natural gas appliances -- they either install renewables or pay a fee?

A. That's right. And ideally, they downsize the system or don't install them at all.

Q. But some customers choose to pay this fee rather than install renewable energy, right?

A. They do.

Q. And the Company could use a similar fee to recover a portion of the MEP costs based on the usage of outdoor gas, right?

A. I would not make the comparison that those two are apples to apples. So while there are mechanisms to create price signals, as I think you are indicating here, the proposal, as I understood it, was a flat $200,000 fee for new construction.

And I think that the REMP program has a lot more nuance based on the actual greenhouse gas emissions projected for those systems and is a lot -- is tied more specifically to the energy use than a flat hookup fee would be as proposed.

Q. Thank you, Ms. Burley. And you just discussed a flat $200,000 fee. I think you meant to say --

A. $20,000. Thank you for the correction.

Q. Thank you. So you testified that REMP would not necessarily reduce peak demand on the gas system as many of these amenities are not being used

for space heating and not being used during extreme cold temperatures, correct?

**A.** That is our observation is that these systems are not being used during peak -- extremely cold weather events.

**Q.** But you also recommended that the Commission order the Company to conduct another study of snowmelt systems in the NPA area, right?

**A.** We did.

**Q.** And that's partly because snowmelt systems are not metered on their own, and that gas usage is counted as part of the building gas demand for space heating, correct?

**A.** That was our assumption, and I believe it was confirmed earlier today.

**Q.** So it's safe to say the Company does not identify customers with snowmelt and outdoor natural gas use; is that right?

**A.** That is my understanding.

**Q.** Ms. Burley, you also testified that by not fully understanding the snowmelt systems already in place, the Company cannot adequately estimate the NPA potential and its reduction on the capacity constraint. Does that sound familiar?

**A.** Yes, that sounds familiar.

Q. Thank you, Ms. Burley.

MR. WITTERSCHEIN: Let me review my notes here.

Can we please pull up Hearing Exhibit 443?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, do you recognize this document?

A. I do.

Q. This appears to be an article in the *SummitDaily*.

MR. WITTERSCHEIN: You know what, I'm going to forget about this. I need to check my notes here. Sorry.

Can we please pull up Hearing Exhibit 439?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Thank you.

Q. (BY MR. WITTERSCHEIN) Ms. Burley, can you see the title of this *SummitDaily* article? It says, "This settlement is not good."

A. I can.

Q. And are you familiar with this article?

A. I am.

Q. It came out last week, right?

A. I believe it -- well, yes, it did, a week

ago.

**Q.** And it discusses various public comments opposing the Settlement Agreement in this proceeding?

**A.** It discusses the public comments that you already pulled up.

MR. WITTERSCHEIN: Commissioner Gilman, move for admission of what has been marked as Hearing Exhibit 439.

COMMISSIONER GILMAN: Any objection?

MS. JUDKINS: No objection.

COMMISSIONER GILMAN: So admitted.

(Whereupon, Hearing Exhibit 439 was admitted.)

MR. WITTERSCHEIN: Thank you. Ms. Burley, those are all of my questions for you today. Thank you for being here.

COMMISSIONER GILMAN: That was the only party I had for cross. I do have just a couple questions for you, Ms. Burley.

**EXAMINATION**

**BY COMMISSIONER GILMAN:**

**Q.** What year was your REMP program started?

**A.** As we were talking about this, I was trying to think when it became effective. I believe it became effective in 2023.

Q. Okay. So somewhat new. So then is it fair to assume that for any installations of snowmelt, outdoor energies after that, the town would have a record as to where those are located and the relative size of them?

A. Yes, we do.

Q. Do you have other kind of information through building permit records or other ways to determine where there are snowmelt users or other large kind of nontypical heating users of large exterior energy?

A. Yeah. Since about 2019, we have tracked loosely mechanical systems that flag things like snowmelt at the time of building permit. Some of the aftermarket ones that have been installed, you know, may fly under the radar. And then I would also note that we do have a pretty good handle on the commercial systems.

Q. In terms of like who operates them and maybe the --

A. Yes.

Q. Is that information that anyone at Xcel has asked for with regard to planning the NPA portfolio or understanding energies particular to the mountain communities?

A. It is not.

Q. Is that information that you would be able to make available under kind of appropriate confidentiality agreements with them to allow them to target those customers for NPA adoption?

A. I believe so in the same way that we -- well, I believe so because they would already be -- yes, they would already be customers of Xcel. So I think that there would be ways that we could do that. I'm just trying to think about like personal information and that level of detail. But yes, I believe that we could do that.

Q. Okay. And then it sounds as though that MCC has a particular sense through building permits, literally driving down the street, whatever it may be, that there is a significant amount more snowmelt than the Company accounts for in their calculations and analysis. Is that appropriate?

A. That is appropriate, yes.

Q. Okay. And is that more acute even in Breckenridge than Summit County at large, the prevalence of snowmelt?

A. Yes. And thank you for that. I think a lot of the questions that I was just asked were related specifically to Breckenridge, but the

Mountain Community Coalition represents a lot of communities in Summit County. And the characteristics of those and the building types, including outdoor snowmelt, vary from community to community.

So it is more acute in Breckenridge, most likely more acute in Keystone. But as you go towards Silverthorne, there is -- there are less and less of those types of amenities.

**Q.** Okay. And the more acute types of amenities, we are talking about snowmelt more specifically?

**A.** Snowmelt primarily, yes.

**Q.** Okay. And then I'm curious from kind of the town and county perspective as you understand it as part of the MCC, when were you all first made aware of the Company's inability to reliably serve new and existing gas customers on design day conditions?

**A.** So my first recollection of being made aware was -- I feel like it was during COVID when we had a large commercial development start inquiring about permit applications. And from my perspective, it was through the grapevine that I was told, like, oh, Xcel had contacted us about this issue. This is

a new large development. You know, how does this play into our goals, et cetera.

And so it was -- I can't say that I was directly outreached to about the situation, but that somebody was made aware, and it had kind of trickled down to the staff level that something was a limiting factor long before, I think, Mountain Energy Project as an application or a proposal was being made.

**Q.** Okay. Do you have any concept for me of when you received any sort of official communication from Xcel kind of regarding the situation with regard to gas supply constraint?

**A.** Again, I think a lot of the communications have been made at the elected and leadership level. So by the time I was made aware, it was in a request for the temporary LNG facility in the first heating season, which was the '21-'22 heating season.

**Q.** I think it was '22-'23 heating season, for the record.

And one other question with regard to community outreach. I know we have received some public comments, you know, expressing concern, hesitation around the placement of supplemental supply in these small residential communities. And it sounds like the Company's strategy is they are

going to secure these sites and then pursue some community outreach.

And I just wonder in terms of effectiveness of the influence of the community in those decisions if the sites are predetermined, kind of how do you navigate that to compare that situation where it seems as though some of your community members really want input earlier in the process, but the community outreach around it seems to be reserved until they actually know the official location.

**A.** Yeah, that has certainly been a challenge throughout this process. And I think a lot of the -- a lot of the opportunity for public input is assuming that these supplemental supply facilities will be moving forward and, therefore, how do we mitigate the impact as opposed to where should they be located.

And based on our conversations and information, you know, we have very limited -- we, in general, have very limited land available, anyway. And then where a utility supplemental supply could be sited is even more limited.

And so understanding there is a process there for the Company, there has been absolutely a portion of the community that wishes that they had been more involved in the opportunity to weigh in on

the siting as opposed to just the mitigation.

**Q.** Okay. And then I just wanted to understand, you know, the degree to which you understand or not the permitting that would occur for any -- especially longer-term LNG and CNG sites. Do you have any broad knowledge on that topic?

**A.** So because I had NDAs in this case around the confidential and highly confidential, I have been very separate from permitting. So I do not have information on permitting.

**Q.** Okay. So you don't have any information as to the length or process related to permitting?

**A.** I do not except to agree that it would go through Summit County permitting and not the town of Breckenridge permitting in this case.

**Q.** I understand. Due to a change in location in terms of jurisdiction?

**A.** Right.

COMMISSIONER GILMAN: I think those are my only questions. Ms. Judkins -- yeah, my only questions. So go ahead with redirect if you have any.

MS. JUDKINS: Great, thank you very much.

**REDIRECT EXAMINATION**

**BY MS. JUDKINS**:

**Q.** Ms. Burley, I think you said this in responding to a question from Commissioner Gilman, but just to be clear. Although you are employed by the town of Breckenridge, in this case, you are representing not only the town of Breckenridge but a broader set of communities, right?

**A.** That is correct. And I would add that they are quite diverse in their positions related to natural gas and reliability, I would say.

**Q.** Thank you. I would like to turn now to a couple of the news articles that Mr. Witterschein brought up on the screen and some of which were admitted into evidence.

I believe first when he pulled up the article in *The Colorado Sun* on the REMP program, I believe. There was a quote from you that you said required more context. Do you recall that?

**A.** I do.

**Q.** And if you are able to remember, what additional context did you want to provide?

**A.** Is that -- are we able to pull that quote up, please?

**Q.** Yes. And I apologize, I do not recall the

hearing exhibit number for that one.

LEGAL ASSISTANT: Unfortunately, I don't have it, either, since there were a lot of them.

MR. WITTERSCHEIN: I'm checking right now.

MS. JUDKINS: Thank you very much.

MR. WITTERSCHEIN: It is not on my list. I apologize. Let me pull it up.

**A.** So if I recall, it was that we -- you know, we can't just ban natural gas yet because. And the because was related to workforce. Did you find it?

MR. WITTERSCHEIN: It is Hearing Exhibit 413, *The Colorado Sun*.

MS. JUDKINS: Thank you.

COMMISSIONER GILMAN: Appreciate it.

(The electronic document was displayed.)

**A.** I believe the quote was towards the bottom, if I'm not mistaken.

**Q.** This paragraph on the bottom?

**A.** Yes. So our council here in Breckenridge has been interested and has asked over time, especially in light of the gas constraint explained by the Company at the time, whether or not we should pursue a potential ban on natural gas. And in 2023, which I believe is when this article -- it says 2025

there. I thought this was 2023. But at the time, we were working --

COMMISSIONER GILMAN: Can you go to the top, Ms. Federico?

THE WITNESS: Just for the date, I'm sorry.

COMMISSIONER GILMAN: There you go.

A. So in 2023, our recommendation -- we felt like that was both an extreme, and it would have been a challenge legally to pursue a ban on natural gas given, well, a variety of reasons.

So since that time, we have focused largely on workforce development. And, in fact, we have the grant from the Colorado Energy Office today that supports $75,000 towards workforce development in this space. And we are pursuing the latest update to the International Energy Conservation Code.

So that was the additional context, I think. Two years have gone by. Much like the changes in this case, things have changed in Breckenridge as well. And I would say our workforce is more educated and more poised to take on opportunities for NPA implementation.

Q. Thank you.

MS. JUDKINS: And I think we are done with

this exhibit. Thank you, Ms. Federico.

**Q.** (BY MS. JUDKINS) Do you recall the last news article from the *SummitDaily* that Mr. Witterschein pulled up and he showed just the headline?

**A.** And that was the public comment on this case? Yes.

**Q.** Is any additional context helpful to explain that news article?

**A.** That news article covered, I believe, two residents who submitted public comment in this case, and it did not interview any additional -- any additional members of the public.

And so what we at the Mountain Community Coalition agree with is that it is important to continue our pathway towards decarbonization through the acceleration of NPA measures in this case. And that's where we want to focus our time and energy and our partnership with the Company is getting the NPA up and running because that is going to have all of the difference in the world as to whether or not we need supplemental supply in the medium-term and in the long-term.

**Q.** Thank you. And related to that news article, do you recall when UCA counsel asked you

questions about a public comment submitted in this proceeding?

**A.** Yes.

**Q.** And is it your understanding that residents of the MCC jurisdictions are likely to have a wide variety of opinions and positions regarding any action that the towns and the county may take?

**A.** Absolutely. And, in fact, we have received a wide variety of opinions.

**Q.** And is the MCC trying to represent the best interests of all of its citizens as a whole and not any one citizen in particular?

**A.** Yes.

**Q.** And do you believe that the Settlement Agreement to which MCC is a party represents these best interests?

**A.** We do. And while we didn't address all of the provisions in the Settlement Agreement in the settlement testimony, we did highlight the pieces that we thought we were able to move the needle on as well as, you know, opportunities in the Interim Regulatory Filing to revisit some of the concerns that we had had.

MS. JUDKINS: Thank you. Those are my redirect questions for you.

COMMISSIONER GILMAN: Thank you. With that, Ms. Burley, you are free to go. Thank you so much for your testimony this afternoon. Very much appreciate it.

Mr. Takahashi has been excused, so we will move on to Rick Brown from Sierra Club. We have got UCA for 20 minutes. So if UCA wants to get ready. Good afternoon, Mr. Dennison.

MR. DENNISON: Good afternoon.

COMMISSIONER GILMAN: Mr. Brown, can you please raise your right hand?

**RICK BROWN**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: Are you alone as you testify today?

THE WITNESS: At Sierra Club.

COMMISSIONER GILMAN: And if that changes or if anyone tries to communicate with you in any way during your testimony, will you please stop and let me know?

THE WITNESS: Yes, I will.

COMMISSIONER GILMAN: Thank you, sir.

He is available, Mr. Dennison.

MR. DENNISON: Thank you.

**DIRECT EXAMINATION**

**BY MR. DENNISON**:

**Q.** Good afternoon, Mr. Brown. Could you please state and spell your name?

**A.** My name is Rick Brown, R-I-C-K, B-R-O-W-N.

**Q.** And by whom are you employed and in what capacity?

**A.** I'm a self-employed engineering consultant.

**Q.** Did you submit in this proceeding Hearing Exhibit 700, Revision 1, as your answer testimony along with Attachments RB-1 through RB-14?

**A.** I did.

**Q.** And did you also submit Hearing Exhibit 701 as your settlement testimony?

**A.** I did.

**Q.** I don't believe you have any corrections to these exhibits today; is that right?

**A.** That's correct.

MR. DENNISON: As these exhibits have already been admitted, Mr. Brown is available for cross-examination.

COMMISSIONER GILMAN: Mr. Bunker, I've got you for 20 minutes. So that will bring us to 2:07. Sir, I will check in with you about five minutes

before that.

MR. BUNKER: Appreciate that, thank you.

**CROSS-EXAMINATION**

**BY MR. BUNKER:**

**Q.** Good afternoon, Mr. Brown.

**A.** Good afternoon, Mr. Bunker.

**Q.** As you've heard, my name is Greg Bunker, and I am a Senior Assistant Attorney General with the Attorney General's Office, and I represent the UCA. It is nice to meet you.

**A.** It is nice to meet you, too.

**Q.** Thank you. Let's start with your answer testimony, which I believe is Hearing Exhibit 700.

(The electronic document was displayed.)

MR. BUNKER: And if we could go to page 8.

**Q.** (BY MR. BUNKER) And on lines 4 through 12, here, you testify you were supportive of the use of NPAs to reduce new investments in the gas system, but you are not convinced that permanent supplemental CNG and LNG will be needed in the amounts proposed by the Company to meet the long-term resource need; is that right?

**A.** That's correct.

**Q.** And generally at pages 9 -- starting on page 9 through page 18 of your answer testimony,

here, you discuss PSCo's load forecast based on its design day peak hour gas demand for the Eastern Mountain Gas System, which has been referred with the acronym EMGS; is that correct?

A. I did talk about the subjects that you mentioned there. I don't recall if it was exactly pages 9 through 18, but yes.

Q. Okay. And referring there to the top of page 9 and the subheading, paragraph capital A, here, you say PSCo's load forecast overstates the resource need; is that correct?

A. That's right.

Q. And on page 9 at lines 14 through 20, here, you testify that due to PSCo's failure to account for several factors in its design day peak demand, PSCo overstated its gas demand especially in the early years of the project. And this tends to make PSCo over-rely on permanent CNG and LNG resources as a supplement to the project's NPA portfolio. Is that an accurate summary?

A. It is.

MR. BUNKER: And if we could go to page 15 of your answer testimony. Starting on line 3. And this actually covers over to page 16, line 3, but I think we can just stay right here on page 15 rather

than shrink the page.

**Q.** (BY MR. BUNKER) And that is, here starting on line 5, you discuss PSCo's 1-in-30-year peak design day methodology and a design day temperature of 39 degrees below zero Farenheit. And you state your concern regarding the peak day design demand and shortfall are likely overstated. Is that accurate?

**A.** Yeah. Specifically, in the portion of this testimony you are talking about was related to the tourism and out-of-town ownership.

**Q.** Okay. And I see if we turn to the top of page 16 on lines 2 and 3, that kind of summarizes what you just said about vacation and tourism and the peak day demand and shortfall are likely overstated; is that correct?

**A.** Yes.

**Q.** And thanks for that. At 16 on lines 4 through 12, here, you recommend that an updated CPCN application should be filed due to load forecast and peak demand projection concerns; is that right?

**A.** I believe so. Can we scroll down so I can see the rest of the lines that are being referred to there?

Okay, yes.

Q. Okay, thank you.

MR. BUNKER: Now, if we could go to Hearing Exhibit 701, which is your settlement testimony.

(The electronic document was displayed.)

MR. BUNKER: And go to page 3.

Q. (BY MR. BUNKER) And bottom of the page on lines 16 through 18, here, you state your settlement testimony explains why the settlement advances Sierra Club's interests in reducing emissions and equitably advancing non-pipe alternatives, the acronym NPAs, in this proceeding; is that right?

A. Correct.

MR. BUNKER: So let's go to the Settlement Agreement, which is Hearing Exhibit 116.

(The electronic document was displayed.)

MR. BUNKER: And we are going to go to page 7.

Q. (BY MR. BUNKER) And you will see here at paragraph 12, "The Settling Parties agree to approval of the MEP and granting the associated CPCNs for CNG and LNG as proposed by the Company on rebuttal." And then at the tail end of that sentence, it says, "...with modifications discussed in the Settlement Agreement." Do you see that?

A. Yes.

Q. So based on that language in paragraph 12, is it your understanding that the settlement is a combination of PSCo's entire rebuttal case as modified by the Settlement Agreement?

A. Can you say that again? I want to make sure I understand your question there.

Q. Sure. So is it your understanding that the settlement is a combination of PSCo's entire rebuttal case as modified by the Settlement Agreement?

A. Let me say what I think the Settlement Agreement is, and it's basically what is written in it. That's my interpretation. I guess I'm struggling a little bit with the combination and the terminology used there.

Q. Okay. Well, let's take a moment on this just to make sure we are on the same page. And that is, in the first two lines of paragraph 12, it says, "The Settling Parties agree to the MEP and granting the associated CPCNs for CNG and LNG as proposed by the Company on rebuttal." So the rebuttal case, would you agree?

A. I agree.

Q. Okay. And then in the last part of the

fourth line and the fifth line, it adds, "...with modifications discussed in the Settlement Agreement." Do you see that?

**A.** Yes.

**Q.** Okay. So in order for the Commission to approve this Settlement Agreement, they need to look at PSCo's entire rebuttal case along with this Settlement Agreement. Would you agree with that?

**A.** Yes.

**Q.** Okay. That's what I was getting at with the word combination.

**A.** Thank you for that.

**Q.** You are very welcome. And thank you for asking that for clarification purposes.

MR. BUNKER: So let's go to your settlement testimony.

(The electronic document was displayed.).

MR. BUNKER: And at page 4 on lines 5 through 15.

**Q.** (BY MR. BUNKER) Here, you state a high level summary of the settlement. And you testify that it identifies immediate implementation of the NPA portfolio as soon as possible in 2025, and the deployment of CNG and five LNG storage tanks instead of eight over the 2026 through 2029 period; is that

right?

**A.** That's right.

MR. BUNKER: So let's go back to the Settlement Agreement.

(The electronic document was displayed.)

MR. BUNKER: And at page 10 in paragraph 16.

**Q.** (BY MR. BUNKER) Here, it talks about implementation of the NPA portfolio and cost recovery issues. Do you see that?

**A.** Yes.

**Q.** And it states there, PSCo will proceed with implementing the NPA portfolio in full as soon as possible in 2025 and to continue implementation over the 2025 to 2029 time period. Do you see that?

**A.** Yes.

**Q.** And is this what you were referring to with your statement that the settlement advances Sierra Club's interests in advancing NPAs in this proceeding?

**A.** Yes.

MR. BUNKER: And if we could refer to paragraph 3 of the Settlement Agreement. It's on page 4.

**Q.** (BY MR. BUNKER) It talks about PSCo's

rebuttal case. And you will see in that first bullet point that the settlement will approve the Company's request to move forward with the $48.7 million NPA portfolio with a 15 percent aggregate budget flexibility; is that right?

**A.** Yes.

**Q.** And if that full 15 percent aggregate budget flexibility is included in the total NPA portfolio budget, would you agree that then totals approximately $56 million?

**A.** Yes.

**Q.** And going back to paragraph 16, which we talked about a moment ago, of the Settlement Agreement. Since this provides for implementation of the NPA portfolio, the entire $48.7 million NPA portfolio budget with the 15 percent aggregate budget flexibility of 56 million or a total of 56 million, this could be spent before the December 1, 2028, Interim Regulatory Filing that we have been talking about during the hearing; is that right? Is that your understanding?

**A.** Yeah, theoretically, it could.

**Q.** And, in fact, if you look at paragraph 18 on the next page on 11, here, the settlement provides that such funding is available in full over the 2025

to 2029 period; is that right?

A. Yes, that's correct.

Q. Okay. And if we look at the next paragraph in paragraph 19, the NPA portfolio costs will be recovered through annual DSMCA E-for-electric and DSMCA G-for-gas filings; is that correct?

A. Yes.

MR. BUNKER: Now referring back to your settlement testimony at page 11.

(The electronic document was displayed.)

MR. BUNKER: Give me just a second. Thank you. At page 11 starting on line 12 and then onto page 13 at line 11. But let's focus on the language on page 11, line starting on line 12.

Q. (BY MR. BUNKER) Here, you talk about Sierra Club's interests are advanced by an adequate guardrail regarding the use of CNG and LNG supply with the settlement's inclusion of a lesser number of LNG storage tanks, five instead of eight, over the 2025 to 2029 period; is that right?

A. I'm not seeing where you read that from.

Q. If you are looking at lines 14 through 16 here on page 11.

A. Okay.

Q. And in the question on line 13, you used

the phrase "advanced Sierra Club's interest in applying adequate guardrails."

**A.** Okay.

**Q.** So you are talking about Sierra Club, adequate guardrails. And you are describing, you know, five storage tanks -- LNG storage tanks instead of eight over that 2026 to 2029 period?

**A.** That's correct.

COMMISSIONER GILMAN: Mr. Bunker, you've got five minutes left. Just so you can prioritize your questions.

MR. BUNKER: Thank you. And if we could go to paragraph 24 of the Settlement Agreement.

(The electronic document was displayed.)

**Q.** (BY MR. BUNKER) And in paragraph 24(a) at the bottom of page 12, here, the Settlement Agreement provides PSCo may purchase and deploy additional LNG storage tanks prior to the completion of the Interim Regulatory Filing if it determines more tanks are needed due to emergent needs. Would you agree with that summary?

**A.** Yes.

**Q.** So under the Settlement Agreement in this paragraph 24(a), PSCo gets to determine emergent needs. It only needs to notify the Settling Parties.

And there is no limit on how many additional tanks it decides to deploy because of emergent needs. Would you agree with that?

**A.** That's not my understanding. My understanding of the settlement is that there is opportunities for review by the Settling Parties. And then there is requirements by PSCo to essentially make their case for these additions.

I certainly understand as one who was involved in the operation of gas systems, things can change relatively quickly. So I understand the need to be able to add more tanks if something emergent happens.

I don't interpret this agreement as being they can just do it whenever they want, which is kind of how you said it, I think.

**Q.** Well, would you look at the language in paragraph 22, the last sentence that's just above this? And it says, "Future paths for CNG and LNG in the NPA portfolio after December 1, 2028, will be addressed in the Interim Regulatory Filing." Do you see that?

**A.** Yes.

**Q.** So would you agree that between now and December 1st, 2028, with regard to this future paths

and Interim Regulatory Filing that the language in paragraph 24(a) controls; and that it would allow additional LNG tanks if PSCo determines emergent needs; and there is no discussion of a limit on how many additional tanks? With that in mind, would you agree with my question?

A. Yeah, I'm not sure I get the premise of the question. The portion here you are showing me of the settlement doesn't say anything about prior to December 1st, 2028. That is not my understanding is that PSCo can just add more tanks prior to that, as many as they want, without any oversight.

MR. BUNKER: Okay. With that, I am completed with my cross-examination. Thanks, Mr. Brown.

COMMISSIONER GILMAN: I don't have any questions. Mr. Dennison, any redirect?

MR. DENNISON: Just briefly, Commissioner Gilman.

**REDIRECT EXAMINATION**

**BY MR. DENNISON**:

Q. Mr. Brown, so when you were speaking with Mr. Bunker, he referred you to a couple of settlement terms discussing the NPA program. Do you recall that discussion?

A. Yes.

Q. And Mr. Bunker asked you if those terms reflect the provisions that advance Sierra Club's interest in NPAs through this proceeding. Do you recall that?

A. Uh-huh.

Q. Just wanted to check, are there any other ways in which the settlement addresses NPA deployment that you wanted to discuss other than those that came up in your conversation with Mr. Bunker?

A. Yes. I think my testimony made it clear that I had concerns with the pace of the NPA adoption assumptions and the NPA program that was in the original proposal or project from PSCo. And this settlement addresses that by providing funding that PSCo can use to ramp up in the early years of the NPA adoption.

One of the concerns I had was that because constraint was highest in the early years and there was very slow NPA adoption, PSCo was proposing a pretty significant supplemental supply design. And that kind of locked in continued gas use over time. And I think that was one major guardrail that was included.

And it also defers any decision on the

proposal that PSCo made. It allows us to actually observe how the NPA adoption will proceed forward. My experience has been that it's -- in cases where you are trying to avoid urgent and emerging gas system investments that strong incentives for NPA adoption can actually avoid those investments.

And so by deferring that decision to move forward with, say, Hybrid (1) or Hybrid (2), I thought the settlement actually addressed some of the major concerns that I had with the PSCo proposal.

**Q.** All right. And you touched on -- one of the other things I think I wanted to ask about related to the provisions in the settlement that provide guardrails on the use of CNG and LNG.

I think I understood you to just be saying that the interim review contemplated by the settlement provides one of those guardrails; is that right? And is there anything else you want to say about that?

**A.** Yeah, that is exactly right. So there is three guardrails; the reduction in the number of tanks, the more aggressive NPA program, and then the deferral to see how that more aggressive NPA program adoption proceeds.

**Q.** And do you agree the settlement or the

PSCo rebuttal testimony that it incorporates to contemplate a possibility of an unlimited number of CNG or LNG tanks being deployed?

**A.** I didn't see that anywhere in the settlement.

MR. DENNISON: That is all my redirect questions. Thank you.

COMMISSIONER GILMAN: Thank you. Mr. Brown, appreciate your testimony. You are free to go, sir. Enjoy your afternoon.

Next up, I've got Justin Brant from SWEEP. I have UCA for 30 minutes.

Good afternoon, Mr. Brant. Can you please -- Ms. Brama, did you have something?

MS. BRAMA: I did. Just to help move things along at this time, the Company is prepared to waive its cross of UCA this afternoon, which hopefully will save a little bit of time this afternoon.

COMMISSIONER GILMAN: Okay. Both witnesses?

MS. BRAMA: Both witnesses.

COMMISSIONER GILMAN: Okay. Got it. Thank you. Appreciate it.

Mr. Brant, I will speak just slightly less

quickly, but still pretty quickly. Please raise your right hand.

**JUSTIN BRANT**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: And are you alone as you testify today?

THE WITNESS: Yeah, I am.

COMMISSIONER GILMAN: And if that changes or anyone communicates with you in any way during your testimony, can you please stop and let me know?

THE WITNESS: I will.

COMMISSIONER GILMAN: All right, go ahead, Mr. Hiatt.

**DIRECT EXAMINATION**

**BY MR. HIATT**:

**Q.** Good afternoon, Mr. Brant. Can you state and spell your name for the record?

**A.** Justin, J-U-S-T-I-N, last name Brant, B-R-A-N-T.

**Q.** And are you testifying on behalf of the Southwest Energy Efficiency Project in this case?

**A.** I am.

**Q.** And who are you currently employed by?

**A.** I'm currently a senior manager at Current

Energy Group.

**Q.** And when you submitted your answer testimony in this case on June 5th, were you employed by SWEEP then?

**A.** I was. I was a utility program director from -- and worked at SWEEP for the seven years prior.

**Q.** Great. So when did you move from SWEEP to Current Energy Group?

**A.** I left SWEEP around June 20th and started my new position July 7th.

**Q.** Thank you. So did you file answer testimony in this case which has been marked as Hearing Exhibit 500?

**A.** I did.

**Q.** And did you also file settlement testimony which is Hearing Exhibit 501?

**A.** Yes.

MR. HIATT: Hearing Exhibits 500 and 501 have already been admitted into evidence, and Mr. Brant is available for cross-examination.

COMMISSIONER GILMAN: Thanks, Mr. Hiatt. And thanks for coming back, Mr. Brant, to testify one last time for us here.

THE WITNESS: Hopefully not the last time.

COMMISSIONER GILMAN: Mr. Witterschein, I've got you for 30 minutes, so that will be 2:32. I'll give you a reminder halfway in and with five minutes left, if I can remember.

MR. WITTERSCHEIN: Thank you, Commissioner Gilman.

**CROSS-EXAMINATION**

**BY MR. WITTERSCHEIN:**

**Q.** Mr. Brant, can you see and hear me all right?

**A.** Yes.

**Q.** My name is Patrick Witterschein. I'm an attorney for the Utility Consumer Advocate. It is good to see you this afternoon. Thank you for joining us.

I'd like to talk a little bit about the supplemental supply portion of the Settlement Agreement. Did you just hear Mr. Bunker's conversation with Mr. Brown?

**A.** I did.

**Q.** Okay. We are going to get into those issues a little bit. Now, in your settlement testimony, you characterized LNG and CNG as scaled down supplemental supply in the near-term. Does that sound familiar?

A. It sounds familiar. If you want me to confirm it, you can point me towards it.

Q. We are going to move into the Settlement Agreement, so it's okay.

So the scaled down characterization -- that only goes to liquified natural gas, LNG, and not the compressed natural gas, CNG, component; is that correct?

A. Yeah, that's my understanding.

Q. And so the Settlement Agreement states that CNG will be implemented in full as proposed by the Company?

A. Correct. Yeah, I believe, as the Company and Commissioner Gilman spoke I believe it was yesterday, you know, that need might be a little more acute.

Q. And this scaled down proposal from the settlement means deployment of five LNG storage tanks for the 2026 to 2029 period, correct?

A. That's what the Settlement Agreement contemplates, yes.

MR. WITTERSCHEIN: Could we please pull up the Settlement Agreement, Hearing Exhibit 116? At page 12, paragraph 24.

(The electronic document was displayed.)

Q. (BY MR. WITTERSCHEIN) And Mr. Brant, would you agree with me that the Settlement Agreement allows the Company to deploy additional LNG storage tanks beyond these initial five?

A. Yeah, I would agree with that in specific circumstances if there is an emergent need, it does allow the Company to install additional tanks.

I guess I would also point out the fact that in the Company's rebuttal case, my understanding is, you know, for cost recovery around the supplemental supply portion, that would be addressed in a future rate case.

So while the Company may purchase and install additional capacity, it would certainly have the requirement to show the Commission the prudency of those investments when it comes forward for cost recovery.

Q. And according to the Settlement Agreement, the Company can deploy these additional LNG storage tanks at any time before the completion of the Interim Regulatory Filing December 1st, 2028, correct?

A. And there is requirements for notification and interaction with Settling Parties prior to it, but I don't believe it has any other requirements

around the timing, no.

**Q.** And you mentioned emergent needs before, right?

**A.** Yeah, that's what it says.

**Q.** So under the Settlement Agreement terms, it is the Company that gets to decide whether to deploy these additional LNG tanks based on its own determination of emergent needs, right?

**A.** Correct. And it's on the Company's responsibility to then show the prudency of those decisions.

**Q.** And the Settling Parties cannot challenge the deployment of these additional LNG tanks under the terms of the Settlement Agreement, right?

**A.** I don't believe it says that explicitly, especially in a future rate case. I don't believe any Settling Party gives up its future litigation rights or any ability to question the need for supplemental supply in the Interim Regulatory Filing.

**Q.** Okay. So, Mr. Brant, can you see paragraph 24, section (a)? It starts with, "The Company may purchase and deploy additional LNG storage tanks prior to the completion of the Interim Regulatory Filing."

**A.** That's what it says, yes.

Q. And then the last sentence that you can see on this page says, "The Company will notify the Settling Parties in advance of the deployment of any additional LNG storage tanks." Is that right?

A. Yes.

Q. So it doesn't say the Company will notify Settling Parties in advance of purchasing LNG storage tanks?

A. Yeah, you are correct. It says prior to deployment.

Q. So according to the Settlement Agreement, the Company could deploy two, three, or more LNG tanks if they provide the description and explanation of the emergent needs making them necessary, right?

A. Correct. And then again, as I said before, it would be incumbent upon the Company to justify those investments when it seeks cost recovery.

MR. WITTERSCHEIN: Ms. Federico, we can please take this down. Thank you.

Q. (BY MR. WITTERSCHEIN) So, Mr. Brant, would you agree with me that PSCo's design day peak hour gas demand for the Eastern Mountain Gas System is based on PSCo's design day temperature plus a forecast of the demand for natural gas at that design

day temperature? Does that make sense?

**A.** I guess first just to let you know, I'm having a little trouble hearing you. Could you speak up a little and repeat that question?

**Q.** Sure.

MR. WITTERSCHEIN: Ms. Federico, can we please pull Hearing Exhibit 500?

(The electronic document was displayed.)

MR. WITTERSCHEIN: At page 9, lines 6 and 7. Thank you.

**Q.** (BY MR. WITTERSCHEIN) And you can see this first Q and A, Mr. Brant discusses what is the design day temperature for the Mountain Energy System?

**A.** I see that.

**Q.** And you can see the last sentence of that answer says, "The Company then uses estimated peak hour usage at this temperature to design its system."

**A.** Correct, yeah. I think it takes the design day usage and takes 1/18th of it and assigns it to the peak hour, if I remember correctly.

**Q.** And you addressed PSCo's design day temperature pretty extensively in your testimony, correct?

**A.** Their methodology, yes.

MR. WITTERSCHEIN: Can we please turn to page 12 at Figure JB-2.

Q. (BY MR. WITTERSCHEIN) So, Mr. Brant, this is the relationship between minimum daily temperature and peak hour demand in the Mountain Gas System?

A. Yes. This is an estimate that I made of the relationship between peak hour demand and design day temperature, yes.

Q. And can you see at lines 1 and 2 there you state, "One can assume that increasing the design day temperature by six degrees or more would have a fairly large impact on modeled design day peak hour demand."

A. I see that, yes.

Q. Just to clarify, when you state increasing the temperature by six degrees or more, you mean by going from negative 33 degrees Farenheit or warmer to negative 39 degrees Farenheit; is that correct?

A. I guess, yeah, I would put it the other way. Going from their design day temperature of negative 39 to 6 degrees warmer would be negative 33.

Q. Okay, thank you.

MR. WITTERSCHEIN: Can we please turn to page 10?

Q. (BY MR. WITTERSCHEIN) At line 17 through

20, you recommend that the Company should conduct a sensitivity of its forecasted capacity constraint at a lower design day, correct?

**A.** Correct.

**Q.** And by sensitivity, you mean a sensitivity analysis to see how the Company's forecasted capacity constraint might change with temperatures, right?

**A.** Correct.

MR. WITTERSCHEIN: Can we please turn to page 13, lines 7 through 11.

**Q.** (BY MR. WITTERSCHEIN) And Mr. Brant, can you see there you state the sensitivity analysis would be very helpful for the Commission and other stakeholders because the design day temperature drives all other modeling of alternatives in this proceeding; is that right?

**A.** Yes.

**Q.** And you also testified a sensitivity analysis is appropriate to have in the record to provide the Commission with a full accounting of what is driving PSCo's supply needs. Does that sound familiar?

**A.** That was my recommendation in answer testimony, yes.

**Q.** Thank you.

MR. WITTERSCHEIN: Can we please turn to Hearing Exhibit 116, the Settlement Agreement?

(The electronic document was displayed.)

MR. WITTERSCHEIN: At page 9, please.

Q. (BY MR. WITTERSCHEIN) Can you see subsection i?

A. I see that.

Q. That's the requirement that the Company shall provide an updated forecast of the supply constraint which will include a sensitivity with a design day temperature of minus 33 degrees Farenheit; is that right?

A. Yes.

Q. Okay. But the Settlement Agreement does not provide for a sensitivity analysis to be filed by the Company in this proceeding, correct?

A. No. I mean, I think the Settlement Agreement -- the sensitivity is looking forward to the Interim Regulatory Filing. And, you know, I think more broadly, the issue of design day temperature and design day methodology is an important one that will likely be litigated and discussed in the Company's currently pending first litigated Gas Infrastructure Plan and the Clean Heat Plan.

So I guess, you know, looking forward, we just wanted to make sure, at a minimum, this one sensitivity was included; but that also there were requirements that when the Company does bring forward that next plan that its modeling would include any changes to design day methodology or NPA cost benefit methodology or anything else that the Commission makes in some of the important proceedings that will be coming up in the next year or two.

**Q.** So am I correct that this sensitivity analysis with the design day temperature of minus 33 degrees will be in the Company's future Interim Regulatory Filing?

**A.** Yes, that's the requirement in this Settlement Agreement right here.

**Q.** Okay. And Mr. Brant, you testified that you and SWEEP went over every provision of the Settlement Agreement, correct?

**A.** Correct, we are signatories.

MR. WITTERSCHEIN: Can we please turn to page 20, paragraph 46 of the Settlement Agreement?

MR. WITTERSCHEIN: Thank you.

**Q.** (BY MR. WITTERSCHEIN) Can you see paragraph 46? It says, "Nothing in this settlement shall constitute a waiver by any Settling Party with

respect to any matter not specifically addressed in the Settlement Agreement." Do you see that?

**A.** I do.

**Q.** Would you agree the Settlement Agreement does not specifically address what the design day temperature should be approved by the Commission in this proceeding?

**A.** I would agree that it does not address that.

**Q.** So it's accurate to say the Settlement Agreement states that the Settling Parties agree to approval of the MEP and granting the associated CPCNs for CNG and LNG as proposed by the Company on rebuttal, right?

**A.** Sorry, can you repeat the question?

**Q.** Sure. The Settlement Agreement states that the Settling Parties agree to approval of the MEP and granting the associated CPCNs for CNG and LNG as proposed by the Company on rebuttal?

**A.** Yeah. I believe Mr. Bunker went over that language with a previous witness.

**Q.** And the Company's minus 39 degree design day temperature is implicit in that agreement. Is that your understanding?

**A.** Yeah, at this time. Like I said, I think

the Company's methodology across its service territory is an issue that I don't believe the Commission has fully weighed in on the appropriateness of. And I guess I expect it will be an issue in the pending Gas Infrastructure Plan.

But as of this time, yeah, I would agree with you, I don't believe the Settlement Agreement or anything in it would change the Company's methodology.

MR. WITTERSCHEIN: Can we please pull Hearing Exhibit 500 at page 10?

(The electronic document was displayed.)

MR. WITTERSCHEIN: Lines 6 through 7. Thank you.

**Q.** (BY MR. WITTERSCHEIN) Now, Mr. Brant, can you see that you testified that the last minimum temperature reading of minus 39 degrees Farenheit or below was in January 1962 on line 6 through 7 here?

**A.** Yes.

**Q.** And in your answer testimony, you criticized the Company's design day methodology and data set as very skewed by these two extreme temperature readings that occurred over 60 years ago?

**A.** Yes.

**Q.** So SWEEP -- by signing the Settlement

Agreement, it's agreed to use the Company's design day methodology and data set which you have described as very skewed; is that correct?

A. Again, at this time, we have agreed to use the design day methodology that the Company currently employs. But again, I expect that that is an important issue that the Commission will need to address system-wide.

COMMISSIONER GILMAN: Mr. Witterschein, I just wanted to let you know --

MR. WITTERSCHEIN: Those are all of my questions.

COMMISSIONER GILMAN: Oh, okay.

MR. WITTERSCHEIN: Thank you.

COMMISSIONER GILMAN: No worries. Sorry for interrupting you at the end then.

I don't have any questions for Mr. Brant. I think I just have UCA on my list, so I will go back to you, Mr. Hiatt, for any redirect.

MR. HIATT: Thank you, Commissioner Gilman. Just a few questions here.

**REDIRECT EXAMINATION**

**BY MR. HIATT**:

Q. So, Mr. Brant, do you recall the questions you were literally just asked about design day?

A. I do.

Q. And isn't it the case the Settlement Agreement -- in the Settlement Agreement, PSCo has agreed to conduct design day sensitivity in that Interim Regulatory Filing; is that right?

A. Yes.

Q. So in SWEEP's view, what is the value of PSCo conducting that design day sensitivity analysis in that future Interim Regulatory Filing?

A. As I pointed out in my answer testimony, you know, I think in general, SWEEP has some concerns with the data set and methodology that the Company uses across its service territory around design day. And we want to ensure that at least when the Commission and stakeholders are revisiting this issue around the size of supplemental supply and the need that there is information before the Commission so that it can see what a change in design day may do to the size of the supply constraint as well as supplemental supply.

I guess I will add, in the Settlement Agreement, there is also reporting requirements around the actual operations of the supplement supply in terms of the -- you know, the Company's hydraulic modeling of when supplemental supply would need to be

injected into the natural gas system and whether or not -- how operations -- as temperatures approach that modeled temperature in the real world, whether or not supplemental supply was, in fact, injected.

So again, just in my mind, the terms of the Settlement Agreement are trying to ensure that when this issue comes before the Commission again in three years after we have a lot of good real world NPA implementation experience and, hopefully, success, as well as operations of supplemental supply for a few more years that there will be enough information to have a sort of fulsome review of all those issues. Again, without having to go back to the drawing board to have some of these same discussions around design day methodology and other things that I include in my answer testimony.

**Q.** Thank you. That leaves my last topic here, which is supplemental supply. Do you recall the questions Mr. Witterschein asked you about supplemental supply?

**A.** Yes.

**Q.** Is it fair to say that SWEEP's position in this case are generally to minimize the amount of supplemental supply PSCo uses for this project?

**A.** That was -- yeah, that was always our

goal. I think this is an exciting NPA, as I said in my answer testimony and settlement testimony. As far as I know, this is the largest non-pipeline alternative proposed in this country to date and presents a pretty exciting opportunity for Colorado's leadership.

And our goal was to -- throughout the proceeding was to try to minimize the size of supplemental supply and maximize non-pipeline alternatives.

**Q.** In SWEEP's view, does the Settlement Agreement achieve that goal of maximizing the use of non-pipeline alternatives and minimizes the use of supplemental supply?

**A.** It does. It allows the sort of -- a large budget for -- full budget for non-pipeline alternatives to be available within the next three years or five years. And it's sort of incumbent upon the Company and stakeholders and all of us to work hard and make sure that those non-pipeline alternatives are successful.

MR. HIATT: Thank you, Mr. Brant. That is all the questions I have.

COMMISSIONER GILMAN: Thanks, Mr. Hiatt. Appreciate it. Thank you, Mr. Brant for your

testimony here today. You are free to go.

THE WITNESS: Thanks.

COMMISSIONER GILMAN: Next up, we will have Leslie Henry-Sermos. And I have Public Service waived, so we have got Staff with 10 minutes and MCC with 20.

Good afternoon, Ms. Henry-Sermos.

MR. COX: Commissioner Gilman? Sorry. Staff will waive cross of UCA witnesses -- both of them.

COMMISSIONER GILMAN: Okay. Well, my timelines are improving significantly through no help from me.

THE WITNESS: I saw us pushing 5:30 at that pace.

COMMISSIONER GILMAN: I know. I started talking fast. Poor Ms. Boulais.

So, Ms. Henry-Sermos, can you please raise your right hand?

**LESLIE HENRY-SERMOS**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: And are you alone as you testify today?

THE WITNESS: I am.

COMMISSIONER GILMAN: And if that changes during your testimony or if anyone tries to contact you, can you please stop and let me know?

THE WITNESS: Will do.

COMMISSIONER GILMAN: Excellent, thank you.

Go ahead, Mr. Witterschein.

**DIRECT EXAMINATION**

**BY MR. WITTERSCHEIN**:

**Q.** Good afternoon, Ms. Henry-Sermos. Can you hear me all right?

**A.** I can.

**Q.** Can you please state your name for the record?

**A.** My name is Leslie Henry-Sermos. You spell it L-E-S-L-I-E, H-E-N-R-Y-S-E-R-M-O-S.

**Q.** And where do you work and what is your role?

**A.** I work for the Utility Consumer Advocate, and I am a rate and financial analyst.

**Q.** And you are the same Leslie Henry-Sermos who developed and filed your answer testimony, Hearing Exhibit 400 and cross-answer testimony, Hearing Exhibit 402 in this proceeding?

**A.** That is correct.

MR. WITTERSCHEIN: Thank you. Ms. Henry-Sermos is available for cross-examination and Commissioner questions.

COMMISSIONER GILMAN: Excellent. Ms. Judkins, I've got you for 20 minutes, which should be about 2:54.

MS. JUDKINS: Great, thank you very much.

**CROSS-EXAMINATION**

**BY MS. JUDKINS:**

**Q.** Good afternoon, Ms. Henry-Sermos.

**A.** Hi, Ms. Judkins. Can you hear me well?

**Q.** I can. Can you hear me all right?

**A.** Yes.

**Q.** All right, thank you. For the record, I'm Sarah Judkins representing the Mountain Community Coalition or MCC.

**A.** Nice to meet you.

**Q.** Nice to meet you, too.

First, I'd like to discuss UCA's overall recommendations in this proceeding. So you are UCA's main policy witness in this proceeding, correct?

**A.** That is correct.

**Q.** And you recommended that the Commission deny the proposed NPA portfolio, correct?

**A.** Correct.

Q. And you also recommended that the Commission deny the Company's application for the CPCNs for the supplemental supply facilities, right?

A. Correct.

Q. And you also recommended the Commission deny the proposed electric distribution system upgrades in this proceeding, right?

A. Correct.

Q. And as you describe in your answer testimony, these are the three main components of the Mountain Energy Project, right?

A. That's right.

Q. So taking this in total, it is UCA's recommendation that the Commission should deny the three main components of the Mountain Energy Project, right?

A. As presented by the Company, yes.

Q. I understand that UCA recommends that the Company implement conservation measures as an NPA tool, right?

A. That's correct.

Q. But UCA did not propose any other measures to address the supply constraint in the Eastern Mountain Gas System, right?

A. Right.

Q. Thank you. Turning now more specifically to your recommendation to reject the NPA portfolio. You recommended that the Commission deny the NPA portfolio due to substantial uncertainty around the NPA adoption levels in the Eastern Mountain Gas System, correct?

A. Correct.

Q. And I understand that to mean that you think the Company has overstated the potential adoption levels for NPA measures, right?

A. Correct.

Q. And your conclusion from this is that the Commission should deny the NPA portfolio rather than adopt measures to help increase NPA adoption, right?

A. Yes.

Q. And did you review the cross-answer testimony of Mountain Community Coalition's witness Jessica Burley?

A. I believe I have, but if you want to pull it up, that will help refresh my memory.

Q. Certainly.

MS. JUDKINS: So that's Hearing Exhibit 602, please, Ms. Federico.

(The electronic document was displayed.)

MS. JUDKINS: Thank you very much. And if

you could please scroll to page 17.

**Q.** (BY MS. JUDKINS) And Ms. Henry-Sermos, if you could please take a look at lines 4 to 5. In this testimony, Ms. Burley notes concerns that the Company likely underestimated the uptake of NPA measures by relying on statewide assumptions, right?

**A.** Yes.

**Q.** And she also states here on lines 5 through 7 that specifically the Company overlooked the impact of local conditions including workforce availability, customer interest, and local climate goals, policies, and programs, right?

**A.** Yes.

**Q.** Thank you very much.

MS. JUDKINS: Ms. Federico, I think we are done with this hearing exhibit, at least for the moment.

**Q.** (BY MS. JUDKINS) And Ms. Henry-Sermos, you reviewed the Settlement Agreement, right?

**A.** I did.

**Q.** And you are aware that in the Settlement Agreement, the Company and parties agreed to form a NPA working group, right?

**A.** Yes.

**Q.** Thank you. And one purpose of this

working group, as defined in the Settlement Agreement, is to support robust participation in NPA measures, right?

A. I believe that's what it says.

Q. So let me represent to you that members of the Mountain Community Coalition intend to participate actively in this working group. So would you agree that partnering with local governments and other community organizations will likely increase the uptake of NPA measures?

A. I think it may, but the level of uncertainty of uptake still continues, and it will continue up until we have some actual measures of the level of acceptance from the actual community members, not elected officials or other participants as the Company has so far done throughout the engagement process that it's conducted as part of the MEP.

Q. Thank you. And going back to one of the purposes of the working group is to support robust participation in the NPA measures. Would you agree that local communities and, you know, local governments have a better sense -- may have a better sense of how to increase participation in collaborating with the Company than the Company might

on its own?

A. Yeah, they may.

Q. And are you aware that the Mountain Community Coalition members have long supported local energy efficiency programs?

A. Yes.

Q. And that these programs include support for DSM and beneficial electrification upgrades that align with the proposed NPA measures?

A. To what extent and exactly what programs they support, I could not speak to.

MS. JUDKINS: Can we please pull up the answer testimony of Jessica Burley, which is Hearing Exhibit 600, please?

(The electronic document was displayed.)

Q. (BY MS. JUDKINS) To help put some further definition around this, Ms. Henry-Sermos.

A. Thank you.

MS. JUDKINS: And could you please scroll to page 18.

Q. (BY MS. JUDKINS) And so here on the bottom half of the page, we can see a discussion of the Energy Smart Colorado Program, right?

MS. JUDKINS: Actually, sorry, could you scroll up a little bit?

A. I was going to say, it just starts --
Q. So you see here that this includes a discussion of the Energy Smart Colorado Program?
A. Right, yes, it does.
Q. And this program is sponsored by the Summit County communities. Do you see that in the testimony?
A. Yes.
Q. All right. Thank you. And in this program, as described on lines 18 and 19, includes on its rebate sheet measures such as air source heat pumps, air sealing, heat pump water heaters, and insulation, right?
A. I believe so.
THE WITNESS: Could I ask to have you zoom in a little bit into the document, please, to make it easier for me to read it? Thank you so much.
That's good. I think we just need to scroll down a little bit to line 19. Thank you.
Q. Would it be helpful to repeat the question?
A. You asked me about the programs.
Q. Yes.
A. I see those programs there, thank you.
Q. And those align with some of the NPA

measures proposed in this proceeding, right?

A. I believe they do.

Q. Thank you.

MS. JUDKINS: And if we could scroll down to page 22, please.

Q. (BY MS. JUDKINS) And do you see, Ms. Henry-Sermos, that this is a discussion of the Electrify Breck pilot program?

A. I do.

Q. Thank you. And on lines 2 through 4, Ms. Burley's testimony discusses that the Electrify Breck pilot program provides incentives for cold climate air source heat pumps, right?

A. Yes.

Q. So it is fair to say that the Mountain Community Coalition members have experience in implementing programs designed to increase the uptake of measures included in the NPA portfolio, right?

A. From this testimony, it seems like they have been working at that, yes.

MS. JUDKINS: Thank you for your time. Those are all my questions for you.

COMMISSIONER GILMAN: Thanks, Ms. Judkins, I appreciate it.

I don't have any questions for you,

Ms. Henry-Sermos. So I will turn it to Mr. Witterschein to see if he has any redirect.

MR. WITTERSCHEIN: No redirect. Thank you, Commissioner Gilman. Thank you, Ms. Henry-Sermos.

COMMISSIONER GILMAN: Okay. Ms. Henry-Sermos, you are free to go. Thank you so much for your testimony this afternoon.

THE WITNESS: Thank you, good afternoon.

COMMISSIONER GILMAN: Thanks. We are going to bring up Mr. Skluzak.

I will acknowledge he's our last witness, so I do just want to have all the counsel here double-check that you've admitted everything that you meant to in terms of exhibits.

I'll address it again after our last witness here is done, but if you can take some time while he is testifying just to ensure you think we are in good shape with the exhibits, that will move us right along at the end. Just wanted to bring that up. And then we will also talk about SOPs at the end.

So with that, we will move into our last witness here, Mr. Skluzak. Hi, good afternoon.

THE WITNESS: Hello.

COMMISSIONER GILMAN: You are one step ahead of me.

**CORY SKLUZAK**,

having been first duly sworn, was examined and testified under oath as follows:

COMMISSIONER GILMAN: And are you alone as you testify today?

THE WITNESS: Yes.

COMMISSIONER GILMAN: And if that changes or someone communicates with you during your testimony, will you please stop and let me know?

THE WITNESS: Yes.

COMMISSIONER GILMAN: Okay. Excellent.

Go ahead, Mr. Bunker.

MR. BUNKER: Thank you.

**DIRECT EXAMINATION**

**BY MR. BUNKER**:

**Q.** Mr. Skluzak, would you please state and spell your name for the record?

**A.** Cory Skluzak, C-O-R-Y, S-K-L-U-Z-A-K.

**Q.** And would you identify your employer and position title?

**A.** Colorado Office of the Utility Consumer Advocate, and rate or financial analyst.

**Q.** And did you cause to be filed in this case

Hearing Exhibit 401, your answer testimony, and Attachments CWS-1 through CWS-14 on behalf of the UCA in this proceeding?

**A.** Yes.

**Q.** And did you also cause to be filed Hearing Exhibit 403 Rev. 1, your cross-answer testimony, and Attachments CWS-15 through CWS-17 on behalf of UCA in this proceeding?

**A.** Yes.

**Q.** And do you have any further corrections to make to your answer testimony, cross-answer testimony, or attachments?

**A.** Yes.

**Q.** And could you go through those?

**A.** Yes. It's only two. It is on Hearing Exhibit 401, which is my answer testimony. Page 30.

(The electronic document was displayed.)

**A.** Line 2, I have, "statewide temperatures by temperature anomalies." And it should be but, b-u-t, rather than by, which makes the sentence more understandable.

And the only other one is minor, but it bothers me, so I'm going to do it. Page 45 and line 4. Rather than its, it should be it is as in it is very confident. And that's it.

Q. Okay, thank you for that. And if I ask you the same questions today as contained in your answer testimony or cross-answer testimony, would your answers today be the same under oath?

A. Yes.

MR. BUNKER: And with that, Mr. Skluzak's answer testimony and attachments and cross-answer testimony and attachments have already been admitted to the record by stipulation, so Mr. Skluzak is available for cross-examination and Commissioner questions.

COMMISSIONER GILMAN: Thank you very much. Ms. Judkins, I've got you for a half hour. It's 2:47. Go ahead.

**CROSS-EXAMINATION**

**BY MS. JUDKINS:**

Q. Good afternoon, Mr. Skluzak.

A. Hello.

Q. For the record, I'm Sarah Judkins representing the Mountain Community Coalition or MCC. It is nice to meet you.

A. Same here.

Q. And I'm first going to focus my questions on your recommendations related to cost allocation of the Mountain Energy Project costs.

So just to make sure we are all on the same page, the total cost of the Mountain Energy Project as proposed by the Company is $155 million, correct?

**A.** Currently, it is estimated at $155 million. It may go up.

**Q.** And it is the UCA's position that the Commission should order that the cost of the Mountain Energy Project be allocated to what you refer to as the cost causers, correct?

**A.** A certain amount of that estimated 155 million.

**Q.** And in this context, cost causers means those customers whose demand caused the needed infrastructure upgrades, correct?

**A.** Can you repeat that, please?

**Q.** Yes. Just to clarify and make sure we are all talking about the same definition here, when you refer to cost causers, you mean those customers whose demand caused the needed infrastructure upgrades, right?

**A.** Yes.

**Q.** In your answer testimony, you argue that the Commission could adopt a hookup fee for new customers in the Eastern Mountain Gas System to cover

the costs of the Mountain Energy Project, right?

**A.** I accepted the Commission's invitation to weigh in on their proposal for a $20,000 hookup fee. And in my cross-answer, I stated some of the costs could be recovered through a hookup fee.

**Q.** And you also suggested that the Commission could apply a rider to the Eastern Mountain Gas System area customers, right?

**A.** Could we go to that part of my testimony?

**Q.** Yes.

MS. JUDKINS: Could you pull up Hearing Exhibit 401, please?

(The electronic document was displayed.)

MS. JUDKINS: Page 18, please.

**Q.** (BY MS. JUDKINS) And please look at the question beginning on line 17 and the answer where you state that the Commission could choose to apply the rider to the Eastern Mountain Gas System area customers to cover the costs associated with the MEP projects, right?

**A.** That is what I wrote, right.

And let me please explain. I'm looking at another monitor because I simply can't read the small writing.

**Q.** Likewise. So we are both having the same

challenge here. Appreciate that, thank you.

MS. JUDKINS: And if we could scroll to the top of page 19, please.

Q. (BY MS. JUDKINS) You stated -- looking at lines 2 to 3, you stated that one goal of either the hookup fee, a rider, or a hybrid approach is to ensure that the cost causers carry the burden of new growth and capacity expansion, right?

A. Yes, that's what I wrote.

Q. Did you review the answer testimony of Kenji Takahashi on behalf of the Mountain Community Coalition?

A. Yes, I did at one time.

Q. Yes, I realize that it was filed a while ago. So happy to pull it up if that's helpful to you.

But do you recall his explanation, and we have also heard his explanations throughout this hearing, that the Eastern Mountain Gas System is interconnected with other gas systems within the Company's service territory?

A. I don't immediately recall that, but neither do I have any reason to not believe that.

Q. Okay. Well, we will go with that. And then that because of this interconnected nature, the

supply constraint in the Eastern Mountain Gas System is impacted by demand in other parts of the Company's gas system, right?

A. I can't necessarily agree to that. I will agree that he most likely wrote that.

Q. Thank you.

MS. JUDKINS: Let's just go ahead and pull it up quickly. Hearing Exhibit 601, please.

(The electronic document was displayed.)

MR. BUNKER: At this point, I'm going to object to this line of questions on the basis that Mr. Skluzak did not address Mr. Takahashi's testimony in his answer testimony, obviously. And I don't believe he did in his cross-answer testimony, either. And it's calling for speculation in terms of Mr. Takahashi's proposals by Mr. Skluzak.

COMMISSIONER GILMAN: All right. Let me see where she's going with it and see if that seems pertinent to his testimony.

MS. JUDKINS: I can simplify this discussion.

Q. (BY MS. JUDKINS) Mr. Skluzak, were you listening to the testimony of the Company witnesses earlier in this proceeding, specifically the testimony of Ms. Jones?

A. Yes.

Q. And do you recall her stating -- and I believe if you could also address this -- that the Eastern Mountain Gas System is not an isolated system and is, in fact, interconnected with other portions of the Company's gas system?

A. I believe that's what I heard.

Q. Thank you. And so in plain language, the supply shortfall in the Eastern Mountain Gas System results not only from demand in the Eastern Mountain Gas System, but demand in other parts of the Company's gas system, too?

A. However, that may be true, but I would say disproportionately it's caused by the Eastern Mountain Gas System.

Q. So based on what you just said, it's reasonable to conclude that the customers in the Eastern Mountain Gas System are not the only cost causers for the need for the Mountain Energy Project, right?

A. That's most likely true.

Q. Thank you.

MS. JUDKINS: We can take this exhibit down. Thank you, Ms. Federico.

Q. (BY MS. JUDKINS) And another goal of

UCA's position on cost allocation is to address what you term as cross-subsidization, right?

**A.** Probably used that phrase.

**Q.** I can point you to your testimony if that's helpful. Otherwise, happy to move on.

**A.** Yes, it would be, thank you.

MS. JUDKINS: Let's go to Hearing Exhibit 401, please.

(The electronic document was displayed.)

MS. JUDKINS: If we can go to page 18. And if you could please look at lines 20 and 21.

**A.** Right. It also shows up in lines 8 to 9 where I -- 8 through 11 where I'm basically referencing the Commission's decision in which it props up the $20,000 fee.

**Q.** Thank you. And did you review the answer testimony of MCC witness Jessica Burley in this case?

**A.** Did you say answer or cross-answer?

**Q.** I said answer.

**A.** Yes, I did.

**Q.** Thank you. And do you recall her argument that rural customers have already been subsidizing programs such as its beneficial electrification and DSM programs?

**A.** I'm sure she said that.

Q. Happy to pull that up if it would be helpful.

A. Sure.

MS. JUDKINS: Hearing Exhibit 600, please, Ms. Federico.

(The electronic document was displayed.)

MS. JUDKINS: Thank you very much. If we could go to page 36, please.

Q. (BY MS. JUDKINS) And if you could look at line 8 through 18, please.

A. Is it possible to blow that up just a tad? Thank you so much.

I see it on lines 16 and 17.

Q. And so she based this argument on the fact that there are significantly higher number of Public Service customers in the Denver Metro area as compared to other parts of the Company's gas service territory, right?

A. Yes.

Q. And also on the higher uptake rates of DSM and BE programs in the Denver Metro area, right?

A. That's what she wrote.

Q. And that the cost of these programs are allocated equally to all company customers across the service territory, right?

A. As has been the historical precedent. But, of course, it doesn't embrace the new normal the legislature has set out.

MS. JUDKINS: And Ms. Federico, could we please pull up Hearing Exhibit 110, which is the rebuttal testimony of Company witness Peuquet. And can we go page 47, please?

(The electronic document was displayed.)

MS. JUDKINS: Thank you.

Q. (BY MS. JUDKINS) Did you review this rebuttal testimony, Mr. Skluzak?

A. Yes.

MS. JUDKINS: And if we can look at that table in the middle of the page, please.

Q. (BY MS. JUDKINS) Do you recall that Mr. Peuquet did an analysis that compared as a percentage the number of customers in the Eastern Mountain Gas System and the number of customers statewide?

A. That appears what the table does.

Q. And in this table, his analysis indicates that Eastern Mountain Gas System customers were approximately 2.23 percent of statewide customers?

A. I have not done the math independently, but I will accept what Mr. Peuquet did.

Q. And this analysis also compared the capital additions in 2021 and 2023 in the Eastern Mountain Gas System to statewide capital additions, correct?

A. Yes.

Q. And the capital additions in the Eastern Mountain Gas System were approximately 1.61 percent of total statewide, right?

A. Again, I haven't done the math but will accept what he did.

Q. And so his analysis concludes, if you look at just below the table, that the customers in the Eastern Mountain Gas System paid average rates despite placing below average costs on the system based on capital investments in the gas system, right?

A. That's what he wrote.

Q. And the Commission typically approves average cost rates for all customers, right?

A. Historically, that is how it's been done.

Q. Okay, thank you.

A. Except --

Q. And --

A. May I add, except for those utilities that have more than one base rate area, of course.

Q. Thank you. And so looking at Public Service Company of Colorado, this would mean -- approving average cost rates for all customers, this means that the Eastern Mountain Gas System customers are and have historically been assessed the same rates as all other customers on the gas system, right?

A. Yes.

Q. And so based on Ms. Burley's and Mr. Peuquet's testimony, there is evidence in the record that the Eastern Mountain Gas System customers have likely subsidized programs and capital investments for customers statewide, right?

A. Yes.

Q. Thank you. So let's turn back to UCA's support for the Commission's proposal to utilize an increased hookup fee for new customers. And you supported the concept of mitigating socializing the full estimated cost of the Mountain Energy Project, correct?

A. I changed that on cross-answer.

Q. Thank you. So not the full cost?

A. That's correct.

Q. Okay, thank you. Are you aware of the local housing challenges in Summit County?

A. Having visited there a lot, I would imagine there are housing challenges.

Q. And are you also aware that there are significant economic disparities in the region?

A. I will take that on belief, subject to check.

Q. Okay. And do you see a $20,000 hookup fee as impacting the affordability and attainability of housing for primary residents?

A. Only if they choose to take a natural gas hookup.

Q. And did you review Ms. Burley's cross-answer testimony on behalf of Mountain Community Coalition?

A. I did.

Q. Thank you. And do you recall that her calculations that to cover the cost, for example, of the supplemental supply through a $20,000 hookup fee would take approximately 3,900 new constructions?

A. Can you repeat that again?

Q. Yeah. I'm also happy to pull up her testimony.

A. Yeah, I think that would be helpful.

MS. JUDKINS: Could we pull up Hearing Exhibit 602, please?

MR. BUNKER: Just for clarification, is this her cross-answer, or is this her settlement testimony?

MS. JUDKINS: This is her cross-answer.

MR. BUNKER: Thank you.

(The electronic document was displayed.)

MS. JUDKINS: If we could go to page 20, please.

Q. (BY MS. JUDKINS) And Mr. Skluzak, if you could --

MS. JUDKINS: If we could scroll down a little bit, please.

Q. (BY MS. JUDKINS) And if you look at lines approximately 10 through 14. Specifically, look at line 14 where she calculated that to cover the estimated cost of the supplemental supply with a $20,000 hookup fee, that would take approximately 3,900 new constructions or new homes.

A. That's what she wrote. She doesn't show her math here for the 3,900 new homes.

Q. If I represent to you that that number is approximately around $79 million estimated for the supplemental supply divided by $20,000, that equates to approximately 3,900 new homes, subject to check?

A. Subject to check. I will say, though,

that I did not necessarily endorse a $20,000 fee.

Q. I understand. Thank you. We will get to that in a second. And so to move with this 3,900 new builds, I'm going to ask you to do just a little bit of math with me. I understand it's late in the hearing. And I also understand your position in cross-answer testimony, but go with me here on this math, please.

If we spread out the total cost of the MEP over 3,900 new builds, which Ms. Burley suggests is a unrealistically high number, that would equate to an approximately $40,000 hookup fee, subject to check? So that math is 155 million divided by 3,900 is approximately $40,000.

A. I'll go with this, but this line of questioning doesn't go as to what I put down in my cross-answer.

Q. Thank you. And that $40,000 is nearly double what the Commission put forward, right?

A. I'll agree to the math. I disagree with the entire underlying premise of your series of questions.

Q. And would you consider this a greatly increased hookup fee, which you suggested the Commission should consider -- a $40,000 hookup fee?

MR. BUNKER: Objection, asked and answered already. He's already indicated he does not necessarily support $20,000. And he has not agreed to your math problem of 155 million divided by those houses equaling $40,000. So I object on that there really is no foundation for this. And this is beyond what the witness testified to in his testimony. And it's calling for speculation as well.

MS. JUDKINS: Thank you.

COMMISSIONER GILMAN: Ms. Judkins is just asking if the calculation of the $40,000 number is higher than the $20,000 number that the Commission asked for comments on. I think he can answer that, but I understand his objection to what he does or does not endorse here.

Mr. Skluzak, I think she just wants some confirmation if your $40,000 -- and I'm using approximate numbers, but the 40,000-ish number is roughly more than the $20,000 suggestion.

**A.** I will agree $40,000 is more than $20,000.

**Q.** (BY MS. JUDKINS) Thank you. And to clarify, when you refer to a hookup fee, you mean increases in the Company's existing line extension costs, right?

**A.** Well, I'm referring to whatever the

Commission is referring to. And as I put in my testimony, they called it a fee in their order, but it was clearly a hookup fee that the Commission was contemplating in their order.

**Q.** Thank you. And then you also suggested that a rider could be applied to Eastern Mountain Gas System customers, right?

**A.** I did state that. I was giving the Commission options on how these costs could be collected on the base of cost causation and allocation if not only through a fee.

**Q.** And just to clarify for the record, is this a concept that UCA supports?

**A.** We haven't taken a position on it. I was just throwing it out as a possibility for the Commission.

**Q.** Okay. Thank you. But we discussed earlier that Eastern Mountain Gas System customers are not the only cost causers for the need for the Mountain Energy Project, right?

**A.** The Eastern Mountain Gas System disproportionately is causing the Mountain Energy Project.

**Q.** Correct. But my question is: They are not the only cost causers in the Mountain Energy

Project, right?

A. We went over this before, that's correct.

MS. JUDKINS: Thank you. No further questions.

COMMISSIONER GILMAN: Thanks, Ms. Judkins, appreciate it.

I think Mr. Acerra might have a couple of questions for you.

While we wait for Mr. Acerra, I did just want to double-check. At the beginning of his testimony, Mr. Skluzak went through a couple very minor nonsubstantive, in my opinion, corrections. I don't think UCA has put those forth in red line, which I think is probably okay.

I just want to make sure none of the parties have an issue with that if we just stand on this transcript and those as they are. So just wanted to make sure that doesn't cause any concerns for anyone.

Okay. Not hearing any, I think we are fine. I just want to make sure we didn't cause an issue not having a red line on that. It sounds like we are fine with the transcript.

So go ahead, Mr. Acerra.

MR. BUNKER: One quick thought on that.

So therefore, UCA does not need to red line and file that revised edition? Thank you.

COMMISSIONER GILMAN: I'm not hearing anyone have a problem with that. I think it is okay with Mr. Acerra, since they are really very minor and we have the transcript as to what those issues were. So unless anybody has an objection, I think we are fine standing with the transcript, if that works for everybody.

MR. BUNKER: Thank you.

COMMISSIONER GILMAN: No worries. Go ahead, Mr. Acerra.

**CROSS-EXAMINATION**

**BY MR. ACERRA:**

**Q.** Good afternoon, Mr. Skluzak. It is nice to see you again.

**A.** It's nice to see you as well.

**Q.** I have two brief questions in the vein of the other two questions I've asked a handful of witnesses.

The first one is: Given where we are currently at in Colorado, the complicated record in this case on cost causation, and the comments of the Company and Staff about hookup fees and riders, do you have any thoughts about a smaller hookup fee than

the $20,000 hookup fee that was proposed by the Commission earlier for new customers in Eastern Mountain Gas System, say, something in the range of 2 to $5,000?

**A.** I think that would be a start. The Commission has to start. They have to start fulfilling the intentions of the legislature regarding natural gas -- the future of natural gas in this state.

And I fully understand our approach has always been average costs, but it's got to begin. And I think you are on firm ground, Mr. Acerra, if you were to use the Commission's gas rule on line extensions that Mr. Bunker and others have gone through.

So the dollar amount, something smaller? Yes. Is it going to send a strong enough price signal? To be determined. It will send a price signal, and you have to start. And I think you should lay down those parameters in this case to be picked up, perhaps, in a subsequent case, whether it is a Phase II, Phase I.

But Senate Bill 23-291 was made effective, I think, in May of '23. So we are already two years out. And to the extent we keep dragging it out, I

think we are going to really frustrate the legislature.

So yes, we would agree to something smaller because something has got to begin.

**Q.** I appreciate that. And this is another question in the same vein. But assume for the purpose of this question the Commission declined to approve the cost recovery mechanisms in the Settlement Agreement on the grounds that it is unfair to socialize all of the Mountain Energy Project investment across existing customers on the grounds that it might distort customer electrification decisions and because it wouldn't provide appropriate locational price signals to new homebuilders without gas infrastructure costs.

Do you have any advice or guidance about next steps if the Commission chose to require the Company to recover this portion of the Mountain Energy Project investment through location-based new customer hookup fees in this proceeding?

**A.** Well, the quick answer is yes. And I would just reiterate what I said. It has to start in this case. And I mean, it may be too low of amount. May be too high. You can always fine tune it going forward, but at least you commence this.

And what that does to the Settlement Agreement, I don't know. As you know, Mr. Acerra, we are not in favor of the Settlement Agreement, so therefore we are not in favor of the cost recovery that was agreed to, either explicitly or implicitly. So the answer is yes.

MR. ACERRA: Very good. Thank you very much, Mr. Skluzak. Those are the questions I've got for you.

THE WITNESS: You are welcome. Have a good afternoon.

MR. ACERRA: You, too.

COMMISSIONER GILMAN: Thanks, Mr. Acerra.

I just have one question for you, Mr. Skluzak.

**EXAMINATION**

**BY COMMISSIONER GILMAN:**

Q. Especially given my conversation with Mr. Peuquet, my conversation with others regarding an appropriate place, potentially, to have this kind of locational cost allocation discussion more fully in a gas rate case, Phase I or Phase II. We have one coming up in December.

Do you have any advice for me in terms of if we are to really have a more fulsome discussion

regarding locational cost allocation, whether that be a rider, a hookup fee, different rate areas -- there is a lot of flavors. But what, if anything, do you think would be necessary for the Company to submit as part of its initial filing there to really kick off and set the groundwork to actually have that discussion in the venue that's been suggested by Mr. Peuquet?

**A.** As I said to Mr. Acerra, I think it is important to lay down the parameters of where you are going in this case so that Public Service then can pick it up in its next rate case.

Now, we know that Public Service can be filing a Phase II gas rate case by the end of this year. So the conventional approach to a Phase II is it's dividing up the pie created in the previous Phase I, which was the 2024 rate case, as we all know.

However, I'm of the belief that you can perhaps take this issue on in that Phase II and further fine tune it after laying down the parameters in this case. And then order Public Service to start, you know, charging the Eastern Mountain Gas System through the Commission's gas rule on line extensions.

So here is the chicken and egg problem is -- and counsel for Mountain Community brought this up. And that is, you know, the costs -- the costs are not in a Phase I yet. The costs are not in base rates, as we know. And by the costs, I mean the MEP costs.

So do you start collecting through higher line extension costs that have not yet gone through a Phase I? Can you do that? I'm unsure. I'm unsure. And I'm trying to be transparent with you. That's why I called it a bit of a chicken and egg problem.

But yet, do you then wait until a Phase I is -- another Phase I is completed? And now we are another year and a half down the road, two years down the road. So again, I think time is of the essence in this because I think the Commission is going to end up frustrating the legislature unless something is put in place.

And I know the customers in the Eastern Mountain Gas System feel like they are being picked on, for lack of a better word, but it has to start somewhere. And this is a very discrete geographic project.

And yeah, other gas -- other gas systems -- interconnected gas systems may be causing

some of this. But I keep using the word disproportional but that is in the statute, right?

So I'm sort of meandering here, Commissioner Gilman, but I -

**Q.** With regard to the chicken or the egg issue about if it's not in a Phase I, can we consider it in a Phase II, et cetera, does that largely, in your view, go away if the December filing is a combined Phase I and Phase II?

**A.** Yes.

COMMISSIONER GILMAN: Those are my only questions. Mr. Bunker, any redirect?

MR. BUNKER: Yes, just a few questions.

**REDIRECT EXAMINATION**

**BY MR. BUNKER**:

**Q.** Let's maybe start with where you just finished your discussion with Commissioner Gilman and before that, somewhat, with Mr. Acerra. And that is, you were talking about a Phase I or Phase II, right?

And by the time a Phase II is completed in terms of a decision, if it's filed at the end of 2025, say December 31st, 2025 -- by the time that decision rolls out, the entire or most of the $155 million, which is the cost of the MEP, could be spent, right?

So could you give us some thoughts on that and maybe tie that back to your Phase I comment?

**A.** Well, so I don't want to confuse you with my chicken and egg analogies, but this is another chicken and egg analogy is -- I mean, we advocated in our testimony that if you send a price signal and it decreases not only hookups but also daily throughput -- that's why I threw out, you know, the variable charge -- then perhaps the supplemental supply isn't needed in as great of a scope, right?

But you are not going to know that until the costs are finalized, right? So that's the second chicken and egg conundrum that Commissioner Gilman and the Commissioners have to deal with.

**Q.** Okay.

**A.** It's not an answer.

**Q.** And during your discussion with Ms. Judkins, and maybe it applies as well to Commissioner Gilman and Mr. Acerra, a lot of discussion about cost causation. And I happened to write down the disproportionate cause is the EMGS as the primary cost causers. Do you have anything further to say about that?

**A.** That pretty much hits the nail on the head. If you are going to rank the hierarchy of who

is causing Mountain Energy Project, I think you -- it would be hard to argue that customers in the EMGS are not the primary cost causers because I think they are.

MR. BUNKER: With that, nothing further. Thank you.

COMMISSIONER GILMAN: Thanks, Mr. Bunker.

Okay, Mr. Skluzak, you are free to go. Appreciate your testimony here this afternoon.

THE WITNESS: Very good, thank you.

COMMISSIONER GILMAN: Thank you so much.

So with that, that concludes our testimony today, and really for the hearing, for that matter. I want to check with the parties to see if anyone has any issues on exhibits. Then I'll go to Ms. Federico, Commission counsel, to ensure that they think we are all set as well.

So I wanted to just invite if any counsel has any issues with exhibits. Or, assuming I don't hear anything, I will assume we have got no issues, and we think we are in good shape.

All right. Ms. Federico, turning to you, do you have any issues or questions of any of the exhibits in box.com we might need to address?

LEGAL ASSISTANT: Not on my end.

COMMISSIONER GILMAN: Okay. Mr. Acerra, anything from you or anything you've heard?

MR. ACERRA: Nothing from me.

COMMISSIONER GILMAN: Okay. Wanted to get into SOPs next. The procedural schedule has the SOP deadline set as September 12th of this year. I certainly think it would be somewhat problematic for our schedule in drafting a draft decision to move it past that, but just wanted to bring up that deadline and see if there was any discussion that needed to happen regarding that.

If I don't hear anything, I will presume everyone is good with September 12th. Ms. Brama?

MS. BRAMA: Good afternoon again. No issues with the date of September 12th. I think we appreciate that amount of time. We did want to just talk about pages very briefly, if we could.

COMMISSIONER GILMAN: Yep. Anybody else any comments on the date? Otherwise, I'm going to assume September 12th, we are good. Mr. Bunker?

MR. BUNKER: Yes, September 12th is fine with UCA. And we are, of course, sort of on the other side of the ledger from all the Settling Parties. And yes, we are fine with that.

COMMISSIONER GILMAN: Okay. No worries.

Pages. I think, Ms. Brama, you wanted to get into that?

MS. BRAMA: Yeah. We don't know yet whether the Settling Parties would choose to submit a joint SOP, but in the interest of efficiency, we wanted to leave that possibility open and would ask that if the Settling Parties do do a joint SOP that the page limit be increased to about 45 pages.

COMMISSIONER GILMAN: Okay. So would it work if it is 30 pages individually or 45 if it is joint?

MS. BRAMA: Yes, I think that is what we were proposing.

COMMISSIONER GILMAN: Mr. Bunker, where are you on pages?

MR. BUNKER: I would suggest that if you are making the page limit 45 pages that UCA be given that same number of pages. We have a whole lot of folks to respond to and a lot of things to cover. So I would say 45 pages for all parties would be fair.

COMMISSIONER GILMAN: I understand you are running the whole field here on every issue, so I get it. I think you can go up to 45 pages. I would just emphasize that brevity is your friend. I am one person.

MR. BUNKER: I totally agree.

COMMISSIONER GILMAN: And I have to read all of this. So in the interest of reading it and ensuring I can get it done and can turn around a decision, I would encourage you to be as brief as possible to make your point. But I have no objection to you going over 30 pages up to the 45 as I understand you've got the whole host of issues you would like to address.

MR. BUNKER: Thank you. Appreciate that. And, yes, brevity is the friend.

COMMISSIONER GILMAN: Yeah, right. It does take more time, though, as I was too busy this week to condense my original set of questions.

Anything else with regard to SOPs? Nothing. Anything else before I close the record here?

MS. BRAMA: Nothing further. Thank you.

COMMISSIONER GILMAN: Okay. Excellent. We did it. That concludes the presentation of evidence in this case, and the evidentiary record is now closed.

(Thereupon, the proceedings concluded.)

REPORTER'S CERTIFICATE

The above and foregoing is a true and complete transcription of my stenographic notes taken in my capacity as Hearings Reporter for the Department of Regulatory Agency in Denver, Colorado, at the time and place noted.

Dated at Colorado Springs, Colorado, this 23rd day of August, 2025.

Hearings Reporter

*/s/ Tracy D. Boulais*
Tracy D. Boulais, RPR, RMR, CRR