

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE MATTER OF THE)
APPLICATION OF PUBLIC SERVICE)
COMPANY OF COLORADO FOR)
APPROVAL OF THE 500 MW)
CHEYENNE RIDGE WIND PROJECT, A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR)
THE CHEYENNE RIDGE WIND FARM,)
AND A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR)
THE 345 KV GENERATION TIE LINE)
AND ASSOCIATED FINDINGS OF)
NOISE AND MAGNETIC FIELD)
REASONABLENESS)

PROCEEDING NO. 18A-0905E

QUARTERLY CONSTRUCTION PROGRESS REPORT #2
CHEYENNE RIDGE WIND PROJECT

January 2020

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ATTACHMENTS

Highly Confidential Attachment A – Construction Cost Estimate Update

Attachment B – Project Schedule Update

Attachment C – Construction Progress Photos

I. INTRODUCTION AND BACKGROUND

On April 25, 2019, the Commission issued Decision No. C19-0367 approving: (1) the Corrected Non-Unanimous Comprehensive Settlement Agreement (“Settlement Agreement”) dated March 15, 2019; (2) a Certificate of Public Convenience and Necessity (“CPCN”) for the Cheyenne Ridge Wind Project, which is comprised of the approximately 500 MW Cheyenne Ridge Wind Farm and the approximately 65-mile, 345 kV generation tie-line (“Gen-Tie”) necessary to connect the Cheyenne Ridge Wind Farm to the Rush Creek Gen-Tie and Public Service’s system (together, the Cheyenne Ridge Wind Farm and the Gen-Tie are referred to as the Cheyenne Ridge Wind Project or the “Project”); and, (3) the customer protection mechanism (“CPM”) measure and reporting and evaluation approach as detailed in the Settlement Agreement. The CPM reporting and evaluation approach uses the Timeframe 1, Timeframe 2, and Timeframe 3 cost recovery proposal nomenclature utilized and described in the Direct Testimony of Brooke A. Trammell in this proceeding.¹

Section F(III)(A)(i) of the Settlement Agreement requires as follows (emphasis added):

i. Timeframe 1 Quarterly Reporting

The Settling Parties agree that, similar to reporting regarding the Rush Creek Wind Project approved in consolidated Proceeding No. 16A-0117E and Proceeding No. 16V-0314E, **Public Service will file quarterly progress reports in Proceeding No. 18A-0905E regarding the Project’s progress during construction.** These reports will cover the Cheyenne Ridge Wind Farm and the Gen-Tie and will be filed at the end of each

¹ See Direct Testimony of Brooke A. Trammell, at 52:1-66:21 (filed December 21, 2018).

quarter following approval of the Project by the Commission (emphasis added).²

Accordingly, Public Service is filing this second quarterly report regarding the construction progress of the Cheyenne Ridge Wind Project, which commenced construction in June 2019. The first quarterly report, filed in October 2019, included information regarding the Project's construction progress from the start of Project construction on June 3, 2019 to September 30, 2019. This second quarterly report includes information regarding the Project's construction progress from October 1, 2019 to December 31, 2019 (i.e., Q4 2019).

II. OVERALL PROJECT STATUS

The discussion below provides an update on contracting, engineering, and construction milestones.

A. Status of Major Contracts

As detailed in the Company's first quarterly report filed in October 2019, all major contracts have been awarded and executed. The Company continues to actively manage these contracts.

B. Status of Engineering, Procurement, and Construction Activities

As of December 31, 2019, all civil engineering and substation electrical design work has been completed.

Key construction activities that have occurred during Q4 2019, include the following:

² The reference to "similar to reporting regarding the Rush Creek Wind Project approved in consolidated Proceeding No. 16A-0117E and Proceeding No. 16V-0314E" refers to the Company's semi-annual construction status reports regarding the Pawnee-Daniels Park Project filed in consolidated Proceeding No. 16A-0117E and Proceeding No. 16V-0314E and as detailed in Decision No. R14-1405 in Proceeding No. 14A-0287E. (See Section VII. of the Settlement Agreement approved by Decision No. C16-0958 in Proceeding No. 16A-0117E/16V-0314E).

- Mortenson completed road construction activities at the wind farm site;
- Construction of the Operations and Maintenance (“O&M”) building continued and is nearing completion;
- Wind turbine generator (“WTG”) deliveries and erection of the WTGs continued;
- Substation foundations were completed and two (2) Main Power Transformers were delivered and set on their foundations;
- Most construction materials have arrived on site (e.g., cabling, O&M building steel, rebar, etc.); and
- Gen-Tie construction continued, including installing structures and stringing conductor.

As of December 31, 2019, construction progress is estimated as follows:

- Foundations – 78 percent complete;
- Roads – 100 percent complete;
- Turbine component deliveries – 50 percent complete;
- Collection system – 77 percent complete;
- Turbine erection – 22 percent complete;
- Gen-Tie structures and foundations – 100 percent complete; and
- Gen-Tie conductor installation – 40 percent complete.

C. Construction Related Issues

To date, construction continues to be progressing smoothly and there are no significant construction-related issues to report. Photos of the construction progress are included as Attachment C to this report.

III. PROJECT COSTS

Under the terms of the Settlement approved by Decision No. C19-0367, the point cost for Project capital costs is \$743 million, including Allowance for Funds Used During Construction (“AFUDC”). In this report, \$743 million is referred to as the “Baseline Budget.” Highly Confidential Attachment A to this report shows the project cost estimates as of December 31, 2019 as compared to the Baseline Budget.

A. Updated Project Cost Estimate

An estimated cost of construction for the Cheyenne Ridge Wind Project was provided as Highly Confidential Attachment KAR-8 to the Direct Testimony of Ms. Kimberly A. Randolph filed on December 21, 2018 in this proceeding. Highly Confidential Attachment A provides updated project costs for the line items and project cost estimates set forth in Attachment KAR-8 as of December 31, 2019. Highly Confidential Attachment A also shows the delta between initial cost estimates provided in Attachment KAR-8 and cost estimates as of December 31, 2019 and provides a brief explanation for any change. As of December 31, 2019, Public Service has spent \$476 million, or 63 percent of the Baseline Budget of \$743 million.

B. Efforts to Reduce Project Costs

The Company’s efforts to reduce Project costs are ongoing. The Company reviews detailed Project budget line items on a regular basis to identify potential cost savings opportunities. Any significant cost savings that are identified over the course of construction management as Project construction progresses will be accounted for in the cost estimates reported in Attachment A. For example, in Q4 2019, cost savings were captured by: (1) a reduction in estimated consulting services and decreased

environmental risk issues; and (2) a reduction in estimated management oversight labor hours and associated expenses.

IV. PROJECT SCHEDULE

A detailed “30-line” Project schedule was included as Attachment KAR-10 to the Direct Testimony of Ms. Kimberly A. Randolph filed on December 21, 2018 in this proceeding. The 30-line schedule has been updated to reflect actual construction progress through December 31, 2019 and is included as Attachment B to this report. The overall Project continues to progress ahead of schedule and is currently tracking to meet the December 2020 commercial operation date (“COD”).

Dated this 31st day of January 2020.

Respectfully submitted,

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