

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 – FINAL REPORT #5
CHEYENNE RIDGE WIND PROJECT

October 2020

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ATTACHMENTS

Highly Confidential Attachment A – Construction Cost Estimate Update

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

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

Gen-Tie and will be filed at the end of each quarter following approval of the Project by the Commission (emphasis added).²

Accordingly, Public Service is filing this fifth and final quarterly report regarding the construction progress of the Cheyenne Ridge Wind Project, which commenced construction in June 2019 and was placed into commercial operation on August 26, 2020. This final quarterly report includes information regarding the Project's construction progress from July 1, 2020 to the Project's commercial operation date ("COD"). Previously filed quarterly reports include as follows:

- **Quarterly Report #1:** 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;
- **Quarterly Report #2:** filed in January 2020, included information regarding the Project's construction progress from October 1, 2019 to December 31, 2019 (i.e., Q4 2019);
- **Quarterly Report #3:** filed in April 2020 includes information regarding the Project's construction progress from January 1, 2020 to March 31, 2020 (i.e., Q1 2020); and
- **Quarterly Report #4:** filed in July 2020 includes information regarding the Project's construction progress from April 1, 2020 to June 30, 2020 (i.e., Q2 2020).

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).

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 were awarded and executed. The Company actively managed these contracts throughout the duration of the construction of the Project. The Company is currently working with counterparties to complete contract close-out activities such as record documentation turnover, and punch-list completion.

B. Status of Engineering, Procurement, and Construction Activities

Key construction activities that occurred between July 1, 2020 and COD (August 26, 2020), include:

- Wind turbine generator ("WTG") final commissioning was completed; and
- Site restoration activities were completed.

C. Construction Related Issues

As noted throughout the Company's quarterly progress reports, construction of the Project progressed smoothly and there have been no significant construction-related issues to 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 the quarterly reports, \$743 million is referred to as the "Baseline Budget." Highly Confidential Attachment A to this report shows the project cost estimates as of September 30, 2020 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 September 30, 2020. Highly Confidential Attachment A also shows the delta between initial cost estimates provided in Attachment KAR-8 and cost estimates as of September 30, 2020 and provides a brief reason for any change. As of September 30, 2020, Public Service has spent \$731 million, or 98 percent of the Baseline Budget of \$743 million. The Company notes that there will be approximately \$5 million in trailing charges through the project close-out process, which is expected to continue into 2021. Pursuant to the terms of the Settlement Agreement approved by Decision No. C19-0367, Public Service will bring forward the actual point cost for evaluation in the first electric base rate proceeding following the commercial operation of the Project.³

B. Efforts to Reduce Project Costs

As noted in previous progress reports, the Company sought to reduce Project costs wherever feasible and reviewed its detailed project budget line items on a regular basis to identify potential cost savings opportunities. Any significant cost savings that were identified over the course of construction management as Project construction progressed are accounted for in the cost estimates reported in Attachment A. From July 1, 2020 through September 30, 2020, cost savings were captured by a reduction in

³ See Decision No. C19-0367 at ¶22.

AFUDC, contingency, lease costs, and project labor costs due to early COD. Additionally, resources were increased to complete wind turbine generator more quickly and crew schedules were adjusted to start earlier in the day to avoid seasonal weather patterns and minimize schedule delays.

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. As noted throughout the Company’s quarterly progress reports, the Project schedule (provided in previous quarterly progress reports as Attachment B) was progressing ahead of the initially anticipated December 2020 COD. The Company is pleased to report that it was able to complete Project construction and successfully bring the Project into commercial operation on August 26, 2020.

Dated this 30th day of October 2020.

Respectfully submitted,

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