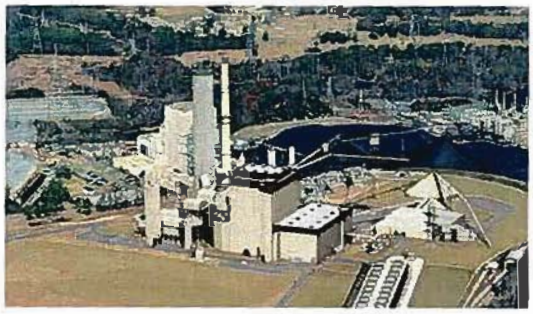
Cliffside Steam Station Modernization



On March 13, 2009, Duke Energy received a final revised air permit for the new, state-of-the-art Cliffside Unit 6 from the North Carolina Department of Environment and Natural Resources, Division of Air Quality. The permit designates that the unit is a minor source of hazardous air pollutants.

This designation confirms Cliffside Unit 6 will have among the strictest, most effective air emission controls available to protect public health and the environment. The Cliffside Steam Station is located on the Rutherford/Cleveland County line in North Carolina.

Construction began on January 30, 2008, and is on schedule for completion in 2012.

Once Cliffside Unit 6 comes on line in 2012, and units 1-4 are retired, the facility will generate more than double the electricity available for customers than the current units, with significantly lower emissions. Duke has committed to retiring 800 additional megawatts of older coal-fired generation, making Unit 6 carbon neutral by 2018.

The project ensures Duke Energy will continue to meet our customers' need for clean, affordable and reliable electricity in the future.

Cliffside Unit 6

- 825-megawatt advanced clean-coal unit
- 4-year construction period
- $1.8 billion estimated cost for construction
- 2,200 new construction jobs
- $100 million annual construction payroll
- 20-30 permanent jobs
- $125 million in federal clean-coal tax credits to benefit customers

Cleaner Air

- An innovative arrangement of proven air emission control systems will remove 99 percent of sulfur dioxide emissions, 90 percent of nitrogen oxide emissions and 90 percent of mercury.
- Total plant mercury emissions will be cut by 50 percent.
- Duke Energy will retire Cliffside units 1-4 (200 megawatts) before the new unit comes on line.
- Retirement of an additional 800 megawatts of older, less efficient coal-fired generation will make Cliffside Unit 6 carbon neutral by 2018.

Environmental Benefits

- Cooling towers on Cliffside Unit 6 will require less withdrawal from the Broad River and will significantly minimize thermal impacts to the river.
- To the extent possible, the new unit is being built to accommodate the installation and operation of future carbon control technologies.
- The wet scrubber will generate, as a by-product, wallboard quality gypsum for the building industry.

Cliffside Modernization is good for North Carolina and the environment.

Duke Energy
Corporate Headquarters
526 South Church Street
Charlotte, NC 28202-1802

www.duke-energy.com

Power Plant Units - Details

Cliffside

	Cliffside ST 1	Cliffside ST 2	Cliffside ST 3	Cliffside ST 4	Cliffside ST 5	Cliffside ST 6	Cliffside ST 7
Generator Information							
Current Status	Operating	Operating	Operating	Operating	Operating	Under Construction	Terminated
In-Service Month/Year	7/1940	8/1940	5/1948	10/1948	6/1972	6/2012	-
Retirement Month/Year	10/2011	10/2011	10/2011	10/2011	-	-	-
Nameplate Capacity (MW)	40.0	40.0	65.0	65.0	570.9	825.0	800.0
Summer Net Capacity (MW)	38.0	38.0	61.0	61.0	562.0	825.0	800.0
Winter Net Capacity (MW)	39.0	39.0	62.0	62.0	568.0	825.0	800.0
Expected Availability (%)	-	-	-	-	-	-	-
Station Energy Use (%)	-	-	-	-	-	-	-
Energy Pricing Node/Zone	-	-	-	-	-	-	-
Construction Costs ($/kW)	-	-	-	-	-	2,181.82	1,875.00
Turbine Information							
Turbine Manufacturer	-	-	-	-	-	-	-
Turbine Type	-	-	-	-	-	-	-
Boiler Information							
Earliest Boiler In-Service Date	7/1/1940	8/1/1940	5/1/1948	11/1/1948	6/1/1972	-	-
Boiler Retirement Date	-	-	-	-	-	-	-
Shared Unit at Boiler?	No	No	No	No	No	No	No

Schedule KMR2010-19
0002

Power Plant Units - Details

Cliffside

Boiler Manufacturer	Combustion Engineering	Combustion Engineering	Combustion Engineering	Combustion Engineering	Combustion Engineering	-	-
Fuel Data							
Efficient Heat Rate (Btu/kWh)	-	-	-	-	-	-	-
Incremental Heat Rate (Btu/kWh)	-	-	-	-	-	-	-
Primary Fuel Type	Bituminous coal	Bituminous coal	Bituminous coal	Bituminous coal	Bituminous coal	-	-
Secondary Fuel Type	-	-	-	-	-	-	-
Tertiary Fuel Type	-	-	-	-	-	-	-
Commitment & Dispatch							
Minimum Capacity (MW)	-	-	-	-	-	-	-
Minimum Uptime (Hours)	-	-	-	-	-	-	-
Minimum Downtime (Hours)	-	-	-	-	-	-	-
Ramp Up Rate (MW/hour)	-	-	-	-	-	-	-
Ramp Down Rate (MW/hour)	-	-	-	-	-	-	-

Schedule KMR2010-19
0003

Charlotte Business Journal - March 10, 2008
/charlotte/stories/2008/03/10/story10.htm

CHARLOTTE BUSINESS JOURNAL

Friday, March 7, 2008

Duke Energy says financing costs for Cliffside may drop slightly

Revised estimates keep construction expense for new coal unit at $1.8B

Charlotte Business Journal - by John Downey Senior staff writer

Duke Energy Corp. says the overall cost of its Cliffside coal unit may turn out slightly lower than the company had predicted.

In a recent filing with N.C. regulators, Duke also says it expects the plant to be operating by summer 2012, a few months earlier than Duke forecast recently.

The project's total cost is pegged at $2.35 billion to $2.4 billion. The previous estimate for construction costs plus financing totaled $2.4 billion.

The savings would come in financing. Duke now projects financing costs of $550 million to $600 million. It previously estimated a flat $600 million. The company's estimated construction costs remain at $1.8 billion.

Duke has already sold securities that will finance part of the construction at Cliffside, a power-generation complex on the Cleveland-Rutherford county border. Those securities sold at an attractive price, Duke says. With securities pricing well and the project's completion date clearer, Duke believes those financing costs could be on the low end of the new estimate.

In 2005, Duke proposed building two 800-megawatt units, predicting construction costs of around $2 billion. In late 2006, the company revised that to $3 billion, plus interest costs that would have brought the total to nearly $4 billion.

But the **N.C. Utilities Commission** approved construction of only one unit. Duke projected the single unit's cost at $2.4 billion -- $1.8 billion for construction and $600 million in financing.

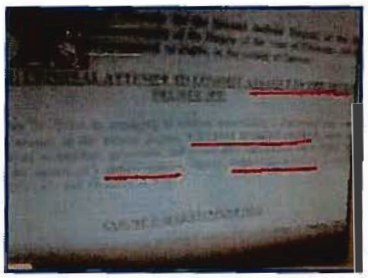
Such figures -- as well as the updated projections -- are rough estimates. The precise costs of the project are private under a state law that protects utilities' proprietary information.

Duke also expects to get $62.5 million in federal tax credits for the Cliffside project. The credits are available because the company will use advanced coal-burning technology the U.S. government considers cleaner and less harmful to the environment than the previous generation of coal plants.

Environmental groups have challenged the state's air-quality permit for the plant. That appeal could slow construction. Jim Warren, executive director of the **N.C. Waste Awareness and Reduction Network**, which is involved in the challenge, says the groups still hope to block the project. He notes Duke originally projected building the first Cliffside unit by 2011. So he says the new date remains months behind the original estimate.

Duke started work at the site Jan. 30, the day after the state issued the air-quality permit.

Top Stories:

- Rasmussen ranks Colorado top tea party state
-  Probation officer under investigation for revealing HIV status in spitting case
- 

Bottled water: The new cigarette
- VIDEO: DeGette grills BP's Hayward on Deepwater cementing shortcuts
-  Udall, Shaheen introduce companion oil spill prevention, cleanup bills

- King blasts Gardner: 'He caved'
- With foreign policy statement, Norton stakes out position on far right

- Environmental groups petition EPA to set air-pollution limits on coals mines

- Prop 8 anti-gay marriage attorney: 'You don't have to have evidence'

PUC weighs rate-increase refunds in light of Comanche 3 power plant delay

By David O. Williams 12/15/09 10:35 AM

DIGG TWEET

Tests over the weekend on Xcel Energy's new Comanche 3 coal-fired power plant revealed cracks in boiler tubing that will push the facility's opening beyond Jan. 15 of 2010, according to filings with the Colorado Public Utilities Commission.

The PUC is holding a hearing at 11 a.m. in Denver today to determine if the delays will necessitate a refund to ratepayers for rate increases to recoup some of the costs of building the new $1.7 billion plant near Pueblo.

Comanche 3 (Xcel)

Environmental groups have blasted the investment in coal, which they say will be hit hard by climate change legislation. Critics estimate Xcel has garnered $240 million to pay for Comanche 3 in three rate increase cases in the last four years.

The power plant was originally supposed to be online in November.

Editor's note: The PUC Tuesday set another meeting on the topic for 10 a.m. Wednesday to hear testimony from Xcel on the advantages and disadvantages of either allowing the most recent $128 million rate increase to go into effect and refunding ratepayers when Comanche 3 goes online, or adjusting the rate increase as of Jan. 1. Listen to Tuesday's meeting live via webcast.

Got a tip? Freelance story pitch? Send us an e-mail. Follow The Colorado Independent on Twitter.

Print

previous
Yes Men punk Coke in Copenhagen for greenwashing after Coke greenwashes in Copenhagen
next
ExxonMobil's natural-gas plunge makes sense globally and in Colorado

Leave a comment Follow us on Twitter Become a fan on Facebook

Add New Comment DISQUS

Type your comment here.

Post as ...

Showing 0 comments

Sort by Popular now Subscribe by email Subscribe by RSS

CATEGORIES AND TAGS: Blog, Economy, Environment, Politics, boiler tubing, coal-fired power plants, Colorado Public Utilities Commission, Comanche 3, cracks, delays, Xcel Energy

- Top Categories:
- Commentary
- Economy
- Environment
- Labor
- Media Watch
- Politics
- Blog

- American Independent News Network Sites:
- The Iowa Independent
- The Michigan Messenger
- The Minnesota Independent
- The New Mexico Independent
- The Washington Independent

- About:
- About Us
- Our Team
- Code of Ethics
- Our Funders
- Privacy and Comment Policy
- Contact Us
- Donate

- Subscribe to our RSS feed
- Follow us on Twitter
- Become a fan on Facebook

- sitemeter

Form 10-K for XCEL ENERGY INC

26-Feb-2010

Annual Report

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Segments and Organizational Overview

Continuing Operations

Xcel Energy is a public utility holding company. In 2009, Xcel Energy's continuing operations included the activity of four utility subsidiaries that serve electric and natural gas customers in eight states. These utility subsidiaries are NSP-Minnesota, NSP-Wisconsin, PSCo and SPS. These utilities serve customers in portions of Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas and Wisconsin. Along with WYCO, a joint venture formed with CIG to develop and lease natural gas pipeline, storage, and compression facilities, and WGI, an interstate natural gas pipeline company, these companies comprise the continuing regulated utility operations.

Xcel Energy's nonregulated subsidiary reported in continuing operations is Eloigne, which invests in rental housing projects that qualify for low-income housing tax credits.

Discontinued Operations

See Note 4 to the consolidated financial statements for discussion of discontinued operations.

Forward-Looking Statements

Except for the historical statements contained in this report, the matters discussed in the following discussion and analysis are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should" and similar expressions. Actual results may vary materially.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them to reflect changes that occur after that date. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit and its impact on capital expenditures and the ability of Xcel Energy and its subsidiaries to obtain financing on favorable terms; business conditions in the energy industry; actions of credit rating agencies; competitive factors, including the extent and timing of the entry of additional competition in the markets served by Xcel Energy and its subsidiaries; unusual weather; effects of geopolitical events, including war and acts of terrorism; state, federal and foreign legislative and

regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; environmental laws and regulations, actions of accounting regulatory bodies; the items described under Factors Affecting Results of Continuing Operations; and the other risk factors listed from time to time by Xcel Energy in reports filed with the SEC, including "Risk Factors" in Item 1A of Xcel Energy's Form 10-K for the year ended Dec. 31, 2009 and Exhibit 99.01 to Xcel Energy's Form 10-K for the year ended Dec. 31, 2009.

Management's Strategic Plans

Xcel Energy's strategy, called Building the Core, has three primary focuses:
environmental leadership, achieving financial objectives and optimizing the management of a portfolio of our operating utilities. In summary, our objective is to provide value to our customers and execute environmental initiatives by investing in our core utility businesses and earning a reasonable return on our invested capital. Below is a detailed discussion of our three primary focuses and how they support our overall Building the Core strategy.

Xcel Energy's Environmental Leadership

Overview

Xcel Energy has adopted environmental leadership as a primary focus, forming the cornerstone of our strategic initiatives. Xcel Energy believes that our environmental leadership meets customer and policy maker expectations, while appropriately managing long-term customer costs, and, in turn, creating shareholder value.

Table of Contents

As a portfolio of regulated utilities, Xcel Energy has an obligation to serve its customers by providing them with reasonably priced, reliable electric and gas services. However, Xcel Energy's strategy goes beyond this traditional mission. Under the environmental leadership strategy, Xcel Energy takes prudent, balanced steps to reduce the impact of our operations on the environment while promoting technological and public policy advancements that will encourage a cleaner electric system. In light of the capital-intensive nature of our business, including the long life of Xcel Energy's capital investments, Xcel Energy takes prudent steps to reduce the overall risk associated with potential new environmental mandates. Finally, Xcel Energy seeks to reduce regulatory uncertainty through favorable cost-recovery for environmental initiatives provided by public policy makers, including legislatures and public utilities commissions.

The foundation for Xcel Energy's environmental leadership strategy resides with its environmental policy. Under this policy, the Xcel Energy Board of Directors, acting through the Nuclear, Environmental and Safety Committee, establishes environmental performance goals and oversees Xcel Energy's environmental compliance program and policy initiatives. The policy is available on our website at www.xcelenergy.com. Xcel Energy has created an environmental management system that provides employees with training and documentation of Xcel Energy's compliance responsibilities, creates processes designed to minimize the risk of noncompliance and audits Xcel Energy's environmental performance. Environmental performance goals, which include the goal of carbon reduction, are incorporated into officer and employee job responsibilities and compensation.

Current Initiatives

Xcel Energy pursues environmental leadership through management of environmental policy initiatives. Xcel Energy actively evaluates public policy proposals and promotes environmental initiatives that are designed to assure compliance with state initiatives, appropriately manage long-term customer costs and, where appropriate, provide growth opportunities. These initiatives include the following:

- Xcel Energy is the nation's largest utility wind energy provider and the nation's fifth largest solar energy provider. Xcel Energy is pursuing new wind, solar and other renewable energy acquisitions and investments to meet some of the nation's most aggressive RESs in the states in which Xcel Energy operates. These standards provide for favorable cost-recovery mechanisms and investment opportunities in order to allow Xcel Energy to meet the requirements.

- Xcel Energy has implemented voluntary emission reduction programs in Minnesota and Colorado. These programs have resulted or will result in substantial emission reductions from existing facilities. They also incorporate enhanced cost-recovery mechanisms that allow for a construction work in process return and an incentive based ROE mechanism.

- Xcel Energy plans to construct one of the largest biomass generating plants in the Midwest. Xcel Energy has proposed installing technology at the Bay Front Generating Station in Ashland, Wis. to allow it to generate electricity from biomass in all three operating units. Xcel Energy currently has 67 MW of biomass generating capacity in Minnesota and Wisconsin.

Xcel Energy has a number of environmental initiatives focused on our customers. Xcel Energy has the largest customer-driven wind program in the nation called WindSource. In Colorado, Minnesota and New Mexico, Xcel Energy manages a growing customer-sited solar program, known as Solar*Rewards. Xcel Energy also has an increasing portfolio of customer energy efficiency and conservation programs. Xcel Energy is allowed financial performance incentives associated with our programs in Minnesota and Colorado.

Xcel Energy is also working to apply intelligence to its electric grid, creating a smart grid, to provide customers with more choice, reliability and control over their energy use. Xcel Energy has completed the nation's first fully integrated SmartGridCity in Boulder, Colo.

Xcel Energy is a leader in promoting new clean energy technologies for the future. Pursuant to state statute, NSP-Minnesota manages renewable development fund derived from customer renewable energy charges in Minnesota that allows it to promote renewable technology advancement. Xcel Energy has also initiated a study to improve wind forecasting for the industry, allowing for better integration of wind energy, and has undertaken small-scale projects to study the technical and economic aspects of energy storage and the use of hydrogen.

Xcel Energy is a leader in supporting the advancement of solar energy technology, and has announced plans to acquire significant sola resources in Colorado, including advanced solar technology with thermal storage. Xcel Energy was a founding member of the Solar Technology Acceleration Center in Colorado, which is focused on advancing solar technology in its final stages of development.

Table of Contents

GHG Emissions

As one of the nation's largest electric generating companies, Xcel Energy is committed to addressing climate change through efforts to reduce its GHG emissions. Xcel Energy has adopted a methodology for calculating CO2 emissions based on the recently issued reporting protocols of The Climate Registry. Xcel Energy is a "founding reporter" under The Climate Registry. As third-party CO2 reporting protocols continue to evolve, Xcel Energy expects additional changes in reporting methodology and reported CO2 emissions. Starting in 2011, Xcel Energy will also report GHG emissions to the EPA under the agency's newly adopted GHG reporting rule.

Based on The Climate Registry's current reporting protocol, Xcel Energy has estimated that its current electric generating portfolio, which includes coal- and gas-fired plants, emitted approximately 60.1 million tons of CO2 in 2009. Xcel Energy has also estimated emissions associated with electricity purchased for resale to Xcel Energy customers from generation facilities owned by third parties. Xcel Energy estimates that these third-party facilities emitted approximately 20.7 million tons of CO2 in 2009. Estimated total CO2 emissions, associated with service to Xcel Energy electricity customers, declined by 5.9 million tons in 2009 compared to 2008, with a combined cumulative reduction of over 39.0 million tons of CO2 since 2003. Xcel Energy anticipates that its ownership share of Comanche Unit 3, a new coal-fired generation project scheduled for completion in early 2010, will result in CO2 emissions of approximately 3.4 million tons of CO2 per year. Comanche Unit 3, an efficient supercritical pulverized coal unit, will provide low-cost, base load power and help maintain a reliable, reasonably priced and environmentally sound electricity supply in Colorado. Operation of Comanche Unit 3 will help support Xcel Energy's efforts to develop renewable energy, retire older, less-efficient resources and take other steps to reduce emissions across its system consistent with state regulatory processes. Xcel Energy plans to implement clean resource development and conservation plans that will result in overall reductions in Xcel Energy's CO2 emissions, both in absolute terms and per Kwh of electricity produced.

State Resource Plans

During 2009, the acquisition component of the overall Colorado resource plan and the Minnesota resource plan were approved substantially as proposed. Both plans, proposed significant new clean energy resources. Under these plans, Xcel Energy would:

Increase overall system wind capacity from approximately 3,000 MW at the end of 2009 to approximately 4,500 to 5,000 MW by 2015;

Add up to 250 MW of concentrating solar thermal technology with storage;

Increase the size of our customer energy efficiency and conservation programs, resulting in a reduction of retail demand;

Retire and replace several existing coal-fired electric generation facilities;

- Improve the efficiency and reduction of CO2, mercury, SO2 and NOx emissions at several existing fossil plants; and

- Upgrade the capacity of existing nuclear facilities.

Xcel Energy has designed these plans so that, depending on fuel, commodity and other assumptions, Xcel Energy would maintain a reasonably priced product and continue to provide reliable power to our customers. At the same time, the plans would result in a significa reduction in GHG emissions. The most recently approved Minnesota plan is expected to reduce NSP-Minnesota's CO2 emissions by 22 percent below 2005 levels by 2020. The approved Colorado plan is expected to reduce PSCo's CO2 emissions by 10 percent to 15 percent below 2005 levels by 2015 and enables PSCo to propose additional reductions to achieve the 20 percent reduction goal by 2020, currently established by Executive Order.

Our environmental leadership strategy has resulted in numerous environmental awards and recognition. For example, Xcel Energy was named Utility of the Year by the American Wind Energy Association and also received a 2009 Energy Star partner of the year award fror the EPA. Xcel Energy strives to provide the public with detailed information regarding environmental performance and risk, and was recognized on The Carbon Disclosure Project Leadership Index for its high-quality disclosure of climate change risks. Among other things, our utility companies operating in Minnesota, Colorado, and New Mexico use a carbon proxy cost mandated by the state commissions to evaluate the impact of potential future GHG regulation on its future resource acquisition plans. Xcel Energy publishes a Corporate Responsibility Report annually, which is available on our website, www.xcelenergy.com. The Corporate Responsibility Report discloses Xcel Energy's environmental, economic and social performance. Xcel Energy also provides detailed information to environmental research and disclosure organizations, such as Trucost, the Carbon Disclosure Project and The Climate Registry.

Table of Contents

Achieving Financial Objectives

Xcel Energy's financial objectives of Building the Core also have three phases:
obtaining legislative and regulatory support for large investment initiatives, investing in the utility business and earning a fair return on utility system investments.

The first phase, as noted above, is obtaining legislative and regulatory support for large investment initiatives, prior to making the investment. To avoid excessive risk, it is critical that Xcel Energy reduce regulatory uncertainty before making large capital investments. Xcel Energy has accomplished this for both the MERP in Minnesota and Comanche Unit 3 in Colorado. Transmission legislation has been passed in Minnesota, Colorado, Texas and several other jurisdictions where Xcel Energy operates. In addition, various jurisdictions have adopted legislation allowing for rider recovery of investments in renewable energy.

The second phase is investing in the utility business. In addition to Xcel Energy's normal level of capital investment, Xcel Energy expects to have significant investment opportunity, in part attributable to the environmental strategy described above. Those opportunities include the following:

- NSP-Minnesota has made, as part of our MERP program, nearly $1 billion of improvements at three Twin Cities coal-fired generating plants, A. S. King, High Bridge and Riverside, to significantly reduce air emissions from those facilities while increasing the amount of electricity they can produce by approximately 300 MW. New state-of-the-art emission control equipment was placed in service for the A. S. King plant in 2007 and the existing High Bridge facility was replaced with a 575 MW natural gas combined-cycle unit that went into service in May 2008. The final phase of the MERP, the new Riverside combined-cycle plant, was placed in service in May 2009.

- Invest approximately $1.4 billion for Comanche Unit 3, a project to build a new 750 MW supercritical coal unit in Colorado. The CPUC has approved PSCo sharing one-third ownership of this plant with other parties. Consequently, PSCo's investment in Comanche Unit 3 will be approximately $1 billion. Comanche Unit 3 is expected to achieve commercial operations by the end of the first quarter of 2010.

- Invest $156 million for the addition of two gas fired units totaling 300 MW at the PSCo Fort St. Vrain generating facility, located in Colorado. These units went into service in April 2009.

- Invest over a $1 billion through 2015 to extend the lives and increase the output of NSP-Minnesota's two nuclear facilities, Monticello and Prairie Island.

- Invest approximately $900 million over three years for the 201 MW Nobles Wind project located in southwestern Minnesota Project, and the 150 MW Merricourt Wind project located in southeastern North Dakota, expected to be operational by the end of 2010 and 2011,

respectively.

- Investment by the CapX 2020 coalition of utilities of approximately $1.7 billion to expand the transmission system in the upper Midwest with major construction targeted to begin in 2010 and ending three to five years later, of which Xcel Energy's share of the investment is expected to be approximately $900 million, depending on the route and configuration approved by the MPUC.

As a result of these investments, as well as continued investments in the transmission and distribution system, Xcel Energy expects that the rate base, or the amount on which Xcel Energy earns a return, will grow annually, on average, approximately 7 percent from 2009 through 2013.

The third phase is earning a fair return on utility system investments. To this end, the regulatory strategy is to receive regulatory approval for rate riders and DSM incentives, as well as general rate cases. A rate rider is a mechanism that allows recovery of certain costs and returns on investments without the costs and delays of filing a rate case. These riders allow for timely revenue recovery of the costs of large projects or other costs that vary over time. DSM incentives, which exist in Colorado and Minnesota, allow Xcel Energy to earn from helping our customers reduce energy. The incentive plans are designed to reward Xcel Energy for achieving performance at or above the approved savings goals.

Table of Contents

Xcel Energy's regulatory strategy is based on filing reasonable rate requests designed to provide recovery of legitimate expenses and a return on utility investments. Xcel Energy believes that the public utility commissions will provide reasonable recovery, and it is important to note that the financial plans include this assumption. Constructive results over the last several years are evidence of reasonable regulatory treatment and give Xcel Energy confidence that Xcel Energy is pursuing the right strategy. With any strategic plan, there are goals and objectives. Xcel Energy feels the following financial objectives continue to be both realistic and achievable:

- A long-term annual earnings per share growth rate target of 5 percent to 7 percent;

- Annual dividend increases of 2 percent to 4 percent; and

- Senior unsecured debt credit ratings in the BBB+ to A range.

Successful execution of the Building the Core strategic plan should allow Xcel Energy to achieve the outlined financial objectives, which in turn, should provide investors with an attractive total return on a low-risk investment. However, our operations are affected by current local, national and worldwide economic conditions. The consequences of the current recession being prolonged may include a lower level of economic activity and uncertainty regarding energy prices and the capital and commodity markets. A lower level of economic activity might result in a decline in energy consumption, which may impact the financial objectives discussed above.

Optimizing the Management of a Portfolio of Operating Utilities

Optimizing the management of a portfolio of operating utilities is the third area of focus related to the Building the Core strategy. Even though Xcel Energy ultimately manages the business based on the revenue streams provided by electric and natural gas, Xcel Energy continues to evolve the management of the portfolio of utility investments. While Xcel Energy has four separate operating companies, there are certain similarities and differences that require us to effectively manage this portfolio. More specifically, Xcel Energy's goal is to build on the similarities among the companies, which maximizes efficiencies from centralized management and deployment of common initiatives, such as market branding and environmental policy research. From an organizational perspective, examples of similarities include corporate center services as well as certain operational functions, such as management of the generation fleet, transmission systems, environmental compliance, NERC and FERC compliance and safety program.

At the same time, Xcel Energy realizes there are unique differences in each of our service territories such as local community focus and priorities, regulatory environment, physical plant infrastructure and age, weather, as well as others that require Xcel Energy to organize and align these utility specific areas to most effectively address these utility distinct characteristics. To that end, Xcel Energy has operating presidents, each located in their respective jurisdiction. The objective of this organizational structure is to optimize Xcel Energy's operating efficiency while maximizing accountability.

Financial Review

The following discussion and analysis by management focuses on those factors that had a material effect on Xcel Energy's financial condition, results of operations and cash flows during the periods presented, or are expected to have a material impact in the future. It should be read in conjunction with the accompanying consolidated financial statements and the related notes to consolidated financial

statements.

Table of Contents

Results of Operations

The following table summarizes the diluted earnings per share for Xcel Energy:

	2009	2008	2007
	Diluted earnings (loss) per share		
PSCo	$ 0.72	$ 0.76	$ 0.77
NSP-Minnesota	0.64	0.65	0.62
NSP-Wisconsin	0.10	0.10	0.09
SPS	0.15	0.07	0.07
Equity earnings of unconsolidated subsidiaries	0.03	0.01	-
Regulated utility - continuing operations	1.64	1.59	1.55
Holding company and other costs	(0.14)	(0.14)	(0.12)
Ongoing diluted earnings per share	1.50	1.45	1.43
PSRI	(0.01)	0.01	(0.08)
Earnings per share - continuing operations	1.49	1.46	1.35
Loss per share - discontinued operations	(0.01)	-	-
GAAP diluted earnings per share	$ 1.48	$ 1.46	$ 1.35

Ongoing earnings exclude the impact related to the COLI program. COLI policies were owned and managed by PSRI, a wholly owned subsidiary of PSCo. During 2007, Xcel Energy resolved a dispute with the IRS regarding its COLI program. The 2009 impact is primarily related to legal costs associated with company claims against the insurance provider and broker of the COLI policies. The 2007 earnings were affected by the 2007 settlement with the IRS and include associated interest, penalties and tax discussed further at Note 8 - Income Taxes.

As a result of the termination of the COLI program, Xcel Energy's management believes that ongoing earnings provide a more meaningful comparison of earnings results between different periods in which the COLI program was in place and is more representative of Xcel Energy's fundamental core earnings power. Xcel Energy's management uses ongoing earnings internally for financial planning and analysis, for reporting of results to the Board of Directors, in determining whether performance targets are met for performance-based compensation, and when communicating its earnings outlook to analysts and investors.

2009 Comparison with 2008

PSCo - Earnings at PSCo decreased by four cents per share for 2009. The 2009 decrease is largely due to the negative impact of weather and rising costs, partially offset by new electric rates that went into effect in July 2009.

NSP-Minnesota - Earnings at NSP-Minnesota decreased by one cent per share for 2009. The 2009 decrease is mainly due to the negative impact of weather and timing of nuclear outage expenses. The decrease was partially mitigated by a $91 million electric rate increase that went into effect in January 2009.

NSP-Wisconsin - Earnings at NSP-Wisconsin were flat for 2009. The 2009 earnings reflect increased costs, which were offset by improved fuel recovery and new rates which were effective in January 2009.

SPS - Earnings at SPS increased by eight cents per share for 2009. The 2009 increase was primarily due to electric rate increases in Texas (effective in February 2009) and New Mexico (effective in July 2009) and the 2008 resolution of certain fuel cost allocation issues, which were partially offset by higher purchased capacity costs.

Equity Earnings of Unconsolidated Subsidiaries - Equity earnings of unconsolidated subsidiaries increased by two cents per share for 2009 due to our investment in WYCO, which owns a natural gas pipeline in Colorado that began operations in late 2008 as well as a gas storage facility that commenced operations in July 2009.

PSRI - PSRI is a wholly owned subsidiary of PSCo. During 2007, Xcel Energy resolved a dispute with the IRS regarding its COLI progran The 2009 impact is primarily related to legal costs associated with company claims against the insurance provider and broker of the COLI policies.

Discontinued Operations - Loss from discontinued operations increased by one cent over 2009 primarily related to an increase in tax related expenses and legal accruals for previously divested businesses.

Table of Contents

2008 Comparison with 2007

PSCo - Earnings at PSCo decreased by one cent per share for 2008 compared with 2007. The decrease was due to unfavorable weather offset by favorable sales growth and a gas rate increase.

NSP-Minnesota - Earnings at NSP-Minnesota increased by three cents per share for the 2008 compared with 2007. The increase was due to lower interest and . . .

Comanche 3 Power Station Expansion, CO, USA

Email Article Print Link To Us Related Projects

Key Data

Announcement of contract	April 2004
Site preparation work started	September 2005
Construction to begin on Unit 3	January 2006
Start of operation	Autumn 2009
Output	750MW
Plant type	Super-critical pulverized coal
Location	Comanche Station near Pueblo, Colorado

Full specifications

Xcel Energy has begun constructing its first new coal-fired electric generating unit in nearly 30 years. The Comanche Station near Pueblo, Colorado, is the site for a new 750MW supercritical pulverised coal-generating unit. This adds to two existing units that generate about 660MW. When the Comanche 3 unit is complete, the site will provide nearly 1,400MW of electricity, sufficient for about one third of Colorado's communities. The project is estimated to cost about $1.3bn.

Expand Image
Comanche Station at dusk.

Alstom won the contract from Public Service Co. of Colorado, doing business as Xcel Energy. Alstom will design, supply, erect and commission a high-efficiency, supercritical boiler for the unit. Mitsubishi Heavy Industries (MHI) will supply the supercritical steam turbine for the plant, MHI's first such order from the US. Delivery is planned for June 2007. MHI's Nagasaki Shipyard and Machinery Works will design and manufacture the turbine. Construction and installation work will be done locally.

Expand Image
Comanche Station site.

The plant is planned to go into commercial operation in 2009, and will provide Xcel Energy customers with reliable electricity from the United States' large domestic coal resources.

Comanche Unit 3 will feature advanced emission controls, with extra controls being fitted on the two existing units at the plant. These will help reduce overall emissions of sulphur dioxide (SO_2, by 65%) and nitrogen oxide (NO_x, by 30%) emissions, even despite the doubling in overall electric generation. The Colorado Public Utilities Commission has approved construction.

Construction progress

"Construction of all the road works proposed under the

By mid 2009, the construction on the Comanche Unit 3 was 73% complete. Nearly 98% of the engineering works were completed. All the important equipment and components have been made available on the site, while 90% of the materials were procured.

Due to labour shortages, the construction went slightly behind the original schedule. However, the cooling

Expand Image
Comanche steam blow.

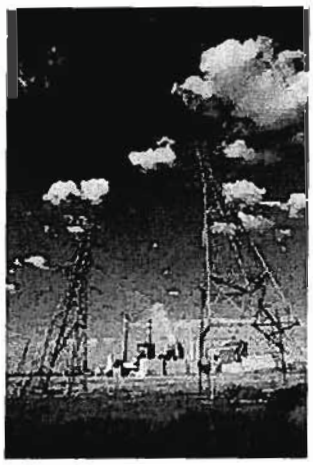
project have been completed and has cost $7.5m."

tower has been constructed and the scrubbers and emission controls have been installed at Unit 1 and Unit 2 to reduce emissions of sulphur dioxide and nitrogen oxide by 65% and 30% respectively, Scrubbers have been installed to control sulphur dioxide and new burners have been installed for nitrogen oxide control. The insulation and its aluminium protection cover remains to be completed.

Construction has been completed on the flooring, sides and roof of the building that accommodates the steam turbine generator, while the generator rotor has been set.

Comanche Unit 2 is scheduled to be operational by 2009 end. Power will be transported between the Comanche Station and the Unit 3, via a new transmission line. The line will have two separate circuits that will be strung on one tower, besides a path that runs parallels to the existing facilities. Nearly 67% woks on the line were complete until the end of 2008. The line has the capacity to transport 345KV power.

Construction of all the road works proposed under the project have been completed and has cost $7.5m.



Expand Image
Comanche transmission towers.

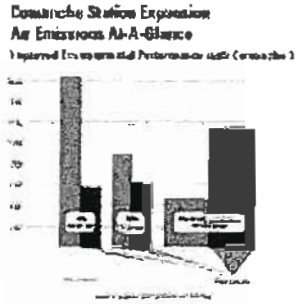
Low-sulphur coal

Alstom's boiler is the core of one of the most advanced steam plants to have been built in the US. It will burn low-sulphur Powder River Basin coal and has Alstom's TFS 2000 firing system. This system, coupled with a selective catalytic reduction system, will have some of the lowest nitrogen oxide emissions in the USA.

Supercritical units operate at higher temperatures and pressures than sub-critical units (Comanche 1 and 2 are sub-critical). The higher pressures increase turbine efficiency and power output, so less coal is used to produce the same amount of electricity. While initial capital costs of a supercritical unit are slightly higher than sub-critical units, the total cost is much less over a unit's life.

"The high pressure, high temperature advanced steam cycle also significantly increases plant efficiency, minimising emissions and fuel costs."

The high pressure, high temperature advanced steam cycle also significantly increases plant efficiency, minimising emissions and fuel costs. Similar ALSTOM boilers already operate in Europe and Asia.



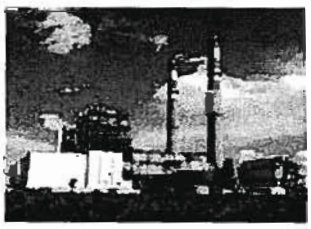
Expand Image
Comanche Unit 3 will feature advanced emission controls reducing sulphur dioxide (SO_2, by 65%) and nitrogen oxide (NO_x, by 30%) emissions, even despite the doubling in overall electric generation.

Residential, business and wholesale customers

Xcel Energy is a major US electricity and natural gas energy company based in Minneapolis, Minnesota. The company proposes to own 500MW of the 750MW unit. Two wholesale customers - Intermountain Rural Electric Association of Sedalia, and Holy Cross Energy of Glenwood Springs- may take ownership of the remaining 250MW.

Xcel Energy serves residential and business customers as well as wholesale customers. These include Aquila in Pueblo, Holy Cross Energy in Glenwood Springs, Grand Valley Power in Grand Junction, Yampa Valley Electric in Steamboat Springs, Intermountain REA in Sedalia, and the cities of Julesburg, Burlington and Center.

Comanche Station is located a quarter mile from Rocky Mountain Steel Mills in Pueblo. The steel mill is the single largest commercial account for Xcel Energy in Colorado, and the only direct electric customer in the immediate area. All other



Expand Image
When Comanche Unit 3 is finished, the whole site will provide electricity for a third of Colorado's communities.

electricity that Comanche generates is transported to the power grid or sold to the Pueblo-area electric distribution company, Aquila. Aquila is one of Xcel Energy's largest wholesale customers, purchasing two-thirds of its power from Xcel Energy.

Union-only construction

Over 1,000 workers will be needed over three to four years, with around 40 extra full -time employees once the unit is online. Only union labour are being utilised to complete the Comanche 3 project according to an agreement reached between Xcel Energy and the Colorado Building Trades Council. The council represents 23 unions across the state including carpenters, labourers and others. Preference has been given to local workers, even if contractors are based out of state.

A low water-use system for Comanche Unit 3 will use both water and air for cooling, reducing water use by about half. The Pueblo Water Board has determined that water supplies are adequate. Road improvements make it easier for equipment, materials and workers to travel to Comanche Station. The road project has cost approximately $4m.

Coal supplier and railroad provider have not yet been determined. Fuel will be delivered using the existing rail spur. The plant currently uses about 75 railcars of coal a day. That should double when the new unit is in service. Additional transmission is needed to link the Comanche Station to the Daniels Park substation, south of Denver.

As part of a Least-Cost Plan Settlement agreement, Xcel Energy will make donations to the local Pueblo community.

Related Projects:

Conventional Thermal
- Yerevan Combined-Cycle Thermal Power Plant
- Kusile Power Station
- Medupi Coal-Fired Power Station
- Fiume Santo Power Station
- Wayang Windu Geothermal Plant

Post to: Delicious Digg reddit Facebook StumbleUpon

PUBLIC VERSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

SEMI-ANNUAL PROGRESS REPORTS OF PUBLIC SERVICE COMPANY OF COLORADO FOR THE COMANCHE PROJECT	)) Docket No. 05M-511E)

Semi-Annual Progress Report

Comanche Expansion Project

December 14, 2009

INTRODUCTION

Under paragraph 15 of the Comprehensive Settlement Agreement dated December 3, 2004, approved by the Commission by Decision No. C05-0049 (January 21, 2005) in Consolidated Dockets 04A-214E, 04A-215E, and 04A-216E, Public Service Company of Colorado ("PSCo" or "Company") is required to file semi-annual progress reports with the Commission with respect to various aspects of the construction of Comanche 3. Paragraph 15 of the Comprehensive Settlement Agreement reads as follows:

> 15. The Company shall file progress reports with the Commission semi-annually, beginning June 1, 2005 and ending with the first report after Comanche 3 reaches commercial operation, regarding the progress of construction and the commercial operation date of Comanche 3. The progress reports shall contain the status of each vendor contract (including updated information on contracts under negotiation) and a narrative, which summarizes bids received and the selection process employed for each vendor contract. The progress reports shall also set forth the force majeure clauses in each vendor contract and in any subcontract let by Utility Engineering Corporation or by Public Service. The progress reports shall provide the account balances for all Comanche Project expenditures. The progress reports also shall include budgeted versus actual status with respect to the milestone payment schedule, differences in status between the projected and actual overall construction schedule and the status of on-going permit applications. Any material departure from the milestone payment schedule or the construction schedule will have a narrative explaining the departure accompanying it. Continuing property records shall be timely maintained and available for inspection. Finally, the progress reports shall list any material design or scope change orders. Public Service reserves the right to file bid and financial information under seal and to seek highly confidential protection for this information.

As required, the Company reports on the following aspects of Comanche 3 construction in the period from June 1, 2009 until November 30, 2009. This information is being filed under seal as Highly Confidential. Detailed cost data and

bid information is being provided in this period's report and must not be publicly disclosed to preserve the bidding and contracting process.

OVERALL PROJECT STATUS

Currently there are just under 500 personnel on site. Manpower reached its peak in late August of 2008 and has been declining. Overall Unit 3 Construction progress is about 99% complete. The schedule has been impacted by Shaw construction delays and by boiler tube repairs being performed by Alstom. Shaw construction delays were in the area of piping and electrical work, which have delayed startup activities including backfeed and bypass operation. In early October, we experienced several tube leaks in the upper water walls. Upon further investigation, it was determined there was a material issue that was corrected through modifying the welding procedure and adding post weld heat treatment (to relieve high material stress that were leading to failure). This corrective action is in progress and should be completed by mid-December. More details on the history of the boiler water wall tube issues are included at the end of this section.

Several key activities were completed this reporting period. Steam blows were completed on 8-17-09, SCR catalyst loading was completed on 8-30-09, backfeed was completed on 9-4-09, vacuum was pulled on 9-12-09, bypass operation began in late September, and first fire on coal was completed on 10-7-09. Shaw is also making progress on the boiler feed pumps assembly, wiring

and checkout. The first boiler feed pump was on turning gear in early November. The down-time on the boiler is allowing Shaw's critical path construction activities to catch up. With good progress on boiler tube repairs in the coming weeks, we should re-start the boiler in bypass operation by mid-December. Site final grading and paving is in progress and is scheduled to be complete by the end of December. The coal handling and unloading system has been completed and placed into service.

Given the current delays, we now believe we can achieve an in-service date by mid-January. We continue to work with the contractors to assist them in completing their work, including removing work from their scope and providing supplemental labor to assist on certain systems.

Progress photos of the current status of construction are included at the end of this report.

HISTORY OF BOILER TUBE ISSUES

On March 10, 2009, the Comanche Unit 3 boiler successfully passed the hydrostatic test at pressures up to 5900 psig (or 150% normal operating pressure). This was a key milestone for the project and typically passing this test is a good gauge that the boiler field welding and shop fabrication efforts were sound.

In May, Alstom Power (boiler supplier and erector) began conducting routine flow tests of all the boiler water wall circuits to ensure all tubes have proper flow for tube cooling and thermal performance. During this testing, Alstom determined 33 tubes were totally blocked and 73 tubes indicated low flow. Through the use of a boroscope, it was determined that about 30% of the tubes had weld push through (welding material that was deposited in the inside of the tube), which caused the tube to be partially blocked. The other tubes had construction debris left in them, which was easily removed. Alstom ended up having to cut out 23 of the tubes that had reduced flow areas below the 85% requirement and that could not be cleared by other means. This work was completed on May 21, 2009 with no impact to project schedule.

On June 24, 2009, the boiler was fired for the first time on natural gas in preparation for steam blows. Steam blows started on July 6th and were completed on August 17, 2009. The steam blow process is intended to help remove debris and particles for the boiler and piping circuits prior to admitting steam directly to the steam turbine. Everything was tracking on schedule and there was no indication of any pending tube leak problems at this point. In fact, the boiler was performing very well at this point in the start-up process.

After completion of the steam blows, we removed the steam blow temporary pipe and restored the STG valves during late August through mid September. On September 29th, vacuum was pulled on the condenser and steam bypass

operation began (a process for final clean up of steam quality prior to admitting steam to turbine). Steam bypass operations were going well with steam quality nearing acceptance standards. Although we lost a few weeks in September due to delays from our BOP contractor, we were still tracking for an early November in-service date as presented in our October 8, 2009 schedule.

Late on October 9th, visual signs of a tube leak were seen on the west boiler water wall. This was the first tube leak we experienced since passing the boiler hydrotest. On October 10th, the boiler was brought off line to investigate the source of the leaks and to make the needed water wall tube repairs. Alstom found 23 areas with definitive leaks, and they replaced or repaired welds on 31 tubes. Alstom stated the reason for the majority of the leaks was associated with an improper weld procedure for the replacement of the membrane materials between tubes that occurred during the repairs made in May for the low flow conditions. The weld procedure was corrected by Alstom engineers, and the repairs were completed on October 23rd.

The unit was brought back up on line on October 24th, and we ran for a short period prior to coming down to replace a flange seal on the Steam Turbine High Pressure casing. The repair was completed, and the unit was back up and operating in bypass mode on October 25th. Early in the morning of October 26th, the project again experienced visible steam leaks in the boiler and came down for repairs. This news was reported to the PUC during the rate case

hearings that week, and it was stated that we needed to investigate the cause of these leaks before we could establish a timeline for return to start-up.

There were 14 tubes that were found to have leaks. These tubes were quickly repaired, and on October 31st, a hydrotest was performed to confirm the adequacy of the repairs made by Alstom and evaluate the integrity of the remaining tubes. During the hydrotest, 15 additional leaks were discovered. At this point, Alstom and Xcel Energy determined that the boiler needed to be evaluated in more detail before resuming start-up efforts. Alstom requested that the boiler be scaffolded to perform the repairs and that they could take the time to perform prudent testing of all areas of concern and make the proper repairs.

Since November 1st, more information on the cause of these tube cracks has been provided to us by Alstom. The majority of these issues are caused by shop welds that have hydrogen-induced cracking or cold cracking. It is believed that the high stresses causing the cracking are originating from the membrane welds. Alstom has modified their weld procedure and has developed a post-weld heat treatment (PWHT) procedure to correct this issue in the future, which will temper the microstructure, reducing susceptibility to crack initiation/propagation. These shop welds were made in Alstom's shop in Bruno, Czech Republic. Recently, we have been told by Alstom that they experienced the same cold cracking problem with T-23 tubes on 5 boilers they supplied for China and Taiwan in the 1990s. A similar problem was already experienced on the KCP&L Iatan Unit 2, which is

about 4 months behind the Comanche schedule. The problems at Iatan Unit 2 were experienced before hydrotesting of that unit, so Alstom assumed we would not experience a similar event and had not told us of this material related issue on other units. To date, we have not received a satisfactory answer as to why the lesson learned on T-23 tube cracking on past boilers was not incorporated into Alstom's fabrication process for our boiler. The T-23 tube material was picked for its long term wear properties.

There are 2,376 locations where non-destructive examination testing will take place. Of these tubes tested, approximately 309 have been replaced due to cracking. All 2,376 tubes will be PWHT. After PWHT, these tubes will be radiographed (RT) again to confirm no additional cracks have developed. To date, we have completed approximately 82% of the RT testing and have been averaging approximately 13% reject rate. The project is taking the time now to perform a quality inspection and repair, which the project feels is prudent, and to resolve any issues that can be found in hopes of preventing any future boiler water wall tube issues. Our current projection of resuming our start-up is shown on the attached project schedule. We are currently projecting a project in-service date of around January 15, 2010.

STATUS OF CONTRACTS

Major Contracts

Boiler (Furnish & Erect)

A contract was awarded to Alstom Power on August 31, 2005, for [redacted]. Alstom Power has completed 100% of their detailed design, approximately 99.5% of their construction and 99.7% of their overall work. Thirty-three contract change orders have been issued resulting in a total cost increase of [redacted]

Air Quality Control System – Unit 3 (Furnish & Erect)

A contract was awarded to Babcock & Wilcox (B&W) on October 7, 2005, for [redacted]. B&W has completed 100% of their design, and 100% of their construction. Fourteen contract change orders have been issued resulting in a total cost increase of [redacted]

Balance of Plant (Furnish & Erect)

A contract was awarded to Shaw – Stone and Webster (SSW) on February 2, 2006, for [redacted]. SSW has completed 99.9% of their detailed engineering and 97.6% of their construction. Final electrical & controls, site grading, paving, painting, heating and lighting are in progress. Thirty-three contract change orders have been issued resulting in a cost increase of [redacted] Towards the end of 2008, it became apparent to PSCo that Shaw would not be able to

complete their work on time to support a Fall 2009 in-service date. We started supplementing Shaw work (at their protest) in November 2008. We are currently utilizing several contractors to supplement Shaw's work. These contractors were selected because of their proven performance record in other areas of the project. This work includes installation of piping systems for boiler drains, auxiliary steam, wastewater, ash water, recycle water, treated water, ammonia, carbon dioxide, fly ash and instrument air in the boiler and AQCS areas. The supplemental work being performed by other contractors is being completed on time to support the currently projected in-service date.

Other Contracts

Unit 3 Coal Unloading and Handling System

A target price contract was awarded to Roberts & Schaefer (R&S) on February 26, 2007 for [redacted]. R&S is complete with construction and startup of the system. Two contract change orders have been issued resulting in a cost increase of [redacted]

Unit 3 - Boiler Electrical Construction (Shaw removed scope)

A contract was awarded to Frauenshuh Power Development (FPD) LLC on November 10, 2008 for [redacted]. The contract includes electrical raceway, cabling and terminations associated with the Unit 3 boiler, which was removed from Shaw's scope. The work includes electrical installations for FD fans, PA

fans, boiler circulating pump, windboxes, coal pulverizers, coal feeders, air pre-heaters, SCR, lighting, fire alarm system and receptacles. This work is complete, except for the lighting, which is not currently complete. Six contract change orders have been issued for a cost increase of [redacted]

Unit 3 Boiler Mechanical Piping (Shaw removed scope)

A contract was awarded to AZCO on January 12, 2009 for [redacted] Two contract change orders have been issued for the cost increase of [redacted]. The contract included installing mechanical piping in the boiler area that Shaw had abandoned or was late in completing.

Unit 3 AQCS Mechanical Piping (Shaw removed scope)

A contract was awarded to B&W on February 2, 2009 for [redacted]. One contract change order has been issued for a cost increase of [redacted]. The contract included installing mechanical piping in the AQCS area that Shaw had abandoned or was late in completing.

BID EVALUATION PROCESS

All major contracts have been evaluated using a process that lays out the evaluation criteria and ranking of the bidders to determine the total evaluated cost of each proposal. These evaluations include: proposal base cost, technical

quality, life cycle cost, bidders experience, cash flow requirements, ability to meet schedule, agreement to meet terms and conditions, operating/maintenance costs, financial condition of company and securities proposed.

UTILITY ENGINEERING SERVICES

Utility Engineering (UE) has provided [redacted] worth of engineering and design services acting as the Owner's engineer for the conceptual design efforts, permitting assistance, specification preparation and bid evaluation efforts. They have also been involved in the design efforts associated with systems that impact current plant operations and in the interface with the local community.

On April 8, 2005, Xcel Energy sold UE to Zachary, and thus UE is no longer an affiliate of Xcel Energy. However, we continue to utilize the services of UE for various project tasks.

PARTNERSHIP AGREEMENTS

There is nothing new to report for this period. Refer to previous reports for the details of the partnership agreements.

ESCALATION

We track escalation trends that have the potential to impact the project budget. Trends in commodity indices for carbon steel, copper, alloys, and diesel fuel

have shown actual index values exceeding initial price escalation estimates. Trends for labor and foreign currency escalation have also shown fluctuations from set escalation rates.

All escalation adjustments are reflected on Highly Confidential Attachment 12.0. The escalation provisions of these contracts have been previously submitted under past semi-annual reports.

PROJECT FINANCIAL PERFORMANCE

We have included a number of attachments to show the financial performance as of April 30, 2009 on the Comanche Project. The term "BUDGET" used in these attachments is the Revised Construction Cost Estimate as defined in the Settlement Agreement. The term "FORECAST" is the current expected contract value of the planned contracts. Highly Confidential Attachment 1.0 shows the overall project FORECAST by FERC accounts. Highly Confidential Attachment 2.0 shows the annual FORECAST by FERC account, including actual expenditures through April 2009. Highly Confidential Attachment 3.0 shows the Actual Expenditures by month for each FERC account. Highly Confidential Attachment 4.0 compares the BUDGET to actual costs for year-to-date and current year. Highly Confidential Attachment 4.0 also shows the current year and at-completion FORECASTS.

Highly Confidential Attachment 5.0 compares the BUDGET to the FORECAST. We currently have [redacted] under contract or [redacted] of the total project direct cost. Our current forecast is compared with our previously submitted Revised Construction Cost Estimate included as Highly Confidential Attachment No. 11.0.

[redacted]

[redacted]

[redacted]

The budgets shown in Highly Confidential Attachment 5.0 are divided into direct costs and indirect costs. The direct costs have been formatted into contracting packages to most efficiently manage the project. The five major contracts account for around [redacted] of total project costs. Other contract types include:

1) Contracts impacting existing plant operations [redacted], 2) site development contracts [redacted], 3) other contracts [redacted] and 4) miscellaneous purchase orders [redacted].

PSCo's indirect costs account for [redacted] of total project costs. Portions of the indirect budgets have been allocated to various other accounts. Examples of these allocations include the engineering and design budget, where a portion of the original is allocated to the BOP contract and a portion to our Owner's engineer contract. Another example is the material and labor escalation budget. This budget is allocated to all of the equipment purchases and labor contracts to bring the cost basis of the original estimate from 2003 dollars to actual contract dollar amounts. Another example is the tax budget. This budget, with the exception of the initial payment to the City of Pueblo, is allocated to all of the contracts with taxable material and equipment. During the development of the bid packages for the major contracts, Xcel Energy began to allocate these indirect costs into the proper contract packages. These values are indicated as the budget amounts listed in the descriptions for each contract awarded to-date and shown in Highly Confidential Attachment 5.0.

In order to properly manage the project budget, costs were formatted into the method used to contract for the work, as opposed to the method we used to develop our initial overall project cost estimate. We have a detailed database that tracks our original PUC estimate previously filed under seal with the PUC as

Highly Confidential Exhibit 87 to the current contracting approach. This database tracks all costs incurred back to the original cost estimate, will be used for the duration of the project and is available for future auditing purposes by Commission Staff. Reports are filed based on the contracting method used for the project to streamline reporting efforts to the Commission and to our partners.

PROJECTED VS. ACTUAL CONSTRUCTION SCHEDULE

The project is now projecting an in-service date by mid January, 2010 for Comanche 3, which is a three and one half month slip from previous information filed in the Application for a Certificate of Public Convenience and Necessity in Docket No. 04A-216E. We are experiencing schedule challenges mainly caused by the Boiler tube failures and the BOP contractors poor craft productivity, which is pushing the Mechanical and Substantial Completion dates for the plant later than the original plan. A current Level 2 Critical Path Schedule is included as Attachment 6.0. Start-up activities are currently in progress.

STATUS OF PERMITS

A complete list of permits required and issued for the Comanche Project is included as Attachment 10.0.

On March 15, 2009, PSCo received a letter from the Colorado Air Pollution Control Division (APCD) requesting an updated case-by-case Maximum Achievable Control Technology (MACT) analysis for Comanche Unit 3. Due to

the recent vacatur of the Federal Clean Air Mercury Rule (CAMR), EPA is requiring that all new coal-fired electric generating units constructed between March 29, 2005 and March 14, 2008 complete this case-by-case analysis for mercury and other hazardous air pollutants. A case-by-case MACT analysis was completed for Comanche Unit 3 as part of the original air emission permit application in August 2004. The APCD made a preliminary MACT determination and agreed that the proposed limit of 20 x 10^{-6} lbs/MW-hr was in fact the case-by-case MACT for Unit 3. The final air emission permit for Comanche Unit 3 incorporates this mercury emission limit. However, the permit does not refer to this limit as "MACT" for mercury because in March 2005, the mercury cap and trade program under CAMR replaced the mercury MACT requirements for coal-fired utility boilers. The current limit, however, is required by the December 2004 Settlement Agreement between the Company and numerous environmental and public-interest organizations. Without this settlement, the mercury limit for Comanche 3 would have been much less stringent under CAMR. The current limit of 20 x 10^{-6} lbs/MW-hr, while not referred to as MACT, is in fact based on the case-by-case MACT analysis submitted with the original permit application for this project and preliminarily approved by the APCD.

The Company has had two meetings with the APCD to discuss the scope and extent of the updated case-by-case MACT analysis for Comanche Unit 3. Given that EPA will be finalizing a MACT for mercury for coal-fired electric generating units by late 2011, which Comanche 3 will have to meet, the Company agreed

with APCD that it is prudent at this time to undertake a limited update of its 2004 MACT analysis. An updated case-by-case MACT analysis for Comanche Unit 3 was submitted to the APCD on July 24, 2009. The Company believes that the update will require only a minor permit modification and will not impact the start-up date for Comanche 3.

In early October, the APCD issued a letter to Xcel Energy indicating they had all the information they needed to process our updated MACT analysis and that construction of Unit 3 can proceed with the original permits issued for the project. The APCD has now completed their review of the updated MACT analysis for Unit 3 and anticipates issuing a revised Unit 3 air emission permit for public comment and review in the next few weeks.

On July 2, 2009 WildEarth Guardians (WEG) filed a lawsuit against PSCo alleging that the Company violated the Clean Air Act by constructing Comanche 3 without a final MACT determination from the Colorado Department of Health and Environment. PSCo disputes these claims and has filed a motion to dismiss the suit. Comanche 3 was constructed with state of the art emission controls and pursuant to a valid air permit issued by the APCD. On October 28, 2009, WEG filed a motion for a preliminary injunction, seeking to enjoin PSCo from constructing, modifying, or operating Comanche 3 prior to receiving a final MACT determination. PSCo strongly opposes the injunction. Among other issues, PSCo believes that WEG has failed to establish a substantial likelihood of

prevailing on the merits of the suit and that therefore there is no valid legal basis upon which an injunction should be issued.

DESIGN OR SCOPE CHANGE ORDERS

We are tracking changes on conditions that have the potential to impact the project budget. For this reporting period, there are no adjustments to the previously submitted Revised Construction Cost Estimate included as Highly Confidential Attachment 11.0. A list of all previously submitted adjustments by type is included as Highly Confidential Attachment 12.0. These adjustments are defined in Highly Confidential Attachment C of the Settlement Agreement.

The Escalation section of this report provides an explanation of the trends in commodity indices and foreign currency exchange rates that have impacted the project budget.

Respectfully submitted this 14th day of December 2009.

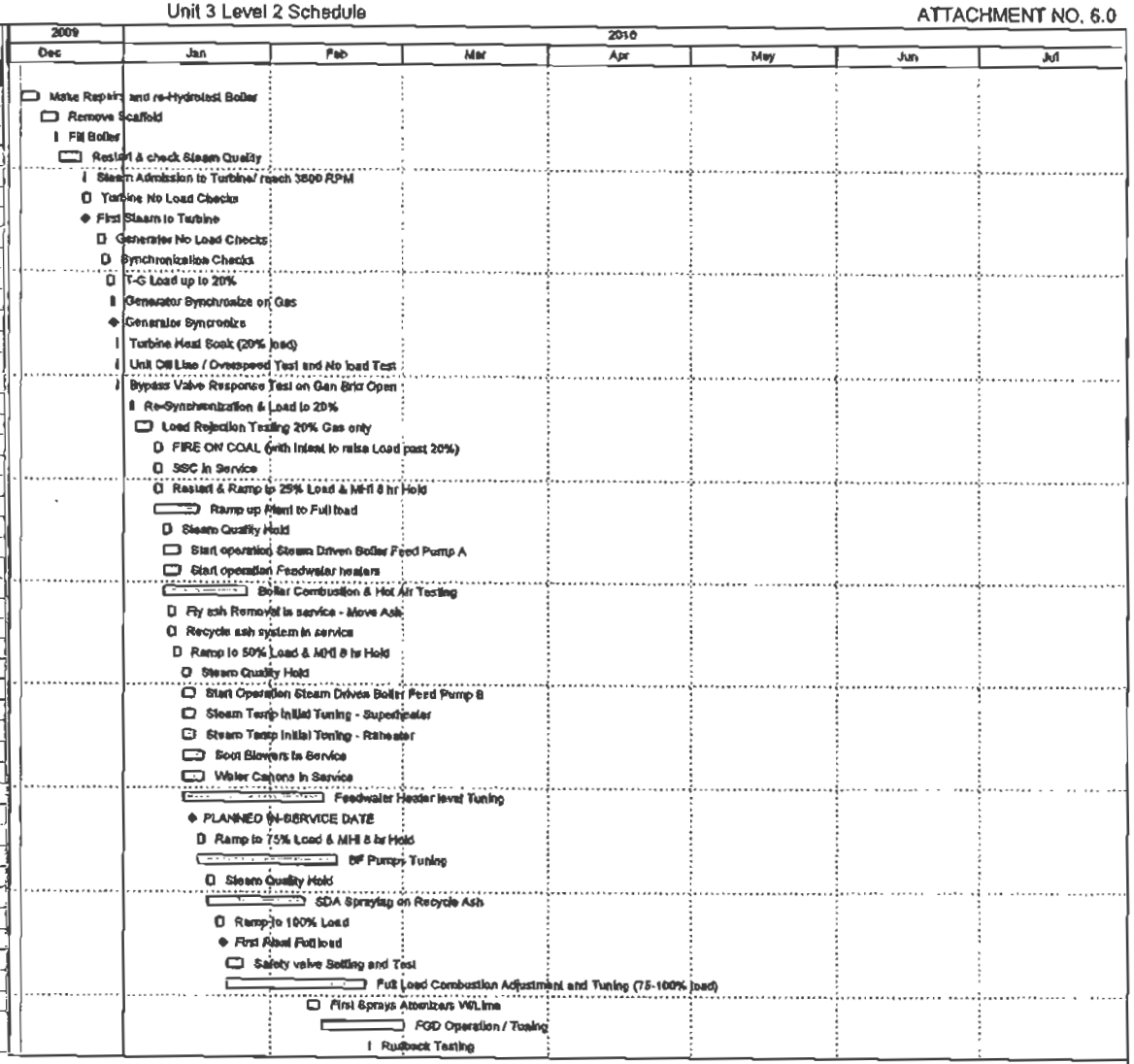
ATTACHMENTS

6.0 Unit 3 Level 2 Schedule
7.0 Bid Evaluations
8.0 Force Majeure
9.0 Escalation Provisions
10.0 Permitting Status
13.0 Progress Photos

ATTACHMENT NO. 6.0

Unit 3 Level 2 Schedule

Activity ID	Activity Name	Original Duration	Start	Finish
XCEL Integrated Startup for PUC 12-10-09		174	10-Dec-09	05-Jul-10
XLXXSU8330	Make Repairs and re-Hydrotest Boiler	4	10-Dec-09	15-Dec-09
XLXXSU8390	Remove Scaffold	4	14-Dec-09	17-Dec-09
XLXXSU8410	Fill Boiler	1	17-Dec-09	17-Dec-09
XLXXSU8340	Restart & check Steam Quality	5	18-Dec-09	22-Dec-09
XLXXSU1055	Steam Admission to Turbine/ reach 3600 RPM	1	23-Dec-09	23-Dec-09
XLXXSU0780	Turbine No Load Checks	2	23-Dec-09	24-Dec-09
XLXXSU1065	First Steam to Turbine	0		23-Dec-09
XLXXSU1115	Generator No Load Checks	2	28-Dec-09	27-Dec-09
XLXXSU2900	Synchronization Checks	2	27-Dec-09	28-Dec-09
XLXXSU0785	T-G Load up to 20%	2	28-Dec-09	29-Dec-09
XLXXSU1070	Generator Synchronize on Gas	1	29-Dec-09	29-Dec-09
XLXXSU2580	Generator Synchronize	0		29-Dec-09
XLXXSU2810	Turbine Heat Soak (20% load)	1	30-Dec-09	30-Dec-09
XLXXSU8070	Unit Off Line / Overspeed Test and No load Test	1	30-Dec-09	30-Dec-09
XLXXSU8250	Bypass Valve Response Test on Gen Brkr Open	1	30-Dec-09	30-Dec-09
XLXXSU8080	Re-Synchronization & Load to 20%	1	02-Jan-10	02-Jan-10
XLXXSU1580	Load Rejection Testing 20% Gas only	4	03-Jan-10	06-Jan-10
XLXXSU1080	FIRE ON COAL (with intent to raise Load past 20%)	2	07-Jan-10	08-Jan-10
XLXXSU1450	SSC in Service	2	07-Jan-10	08-Jan-10
XLXXSU8190	Restart & Ramp to 25% Load & MHI 8 hr Hold	2	07-Jan-10	08-Jan-10
XLXXSU1110	Ramp up Plant to Full load	10	07-Jan-10	18-Jan-10
XLXXSU8270	Steam Quality Hold	2	09-Jan-10	10-Jan-10
XLXXSU1045	Start operation Steam Drives Boiler Feed Pump A	4	09-Jan-10	12-Jan-10
XLXXSU1125	Start operation Feedwater heaters	4	09-Jan-10	12-Jan-10
XLXXSU2870	Boiler Combustion & Hot Air Testing	18	09-Jan-10	28-Jan-10
XLXXSU1440	Fly ash Removal in service - Move Ash	2	10-Jan-10	11-Jan-10
XLXXSU7642	Recycle ash system in service	2	10-Jan-10	11-Jan-10
XLXXSU8200	Ramp to 50% Load & MHI 8 hr Hold	2	11-Jan-10	12-Jan-10
XLXXSU8260	Steam Quality Hold	2	13-Jan-10	14-Jan-10
XLXXSU1095	Start Operation Steam Driven Boiler Feed Pump B	3	13-Jan-10	15-Jan-10
XLXXSU7380	Steam Temp Initial Tuning - Superheater	3	13-Jan-10	15-Jan-10
XLXXSU7420	Steam Temp Initial Tuning - Reheater	3	13-Jan-10	15-Jan-10
XLXXSU7360	Soot Blowers in Service	5	13-Jan-10	17-Jan-10
XLXXSU7390	Water Canons in Service	5	13-Jan-10	17-Jan-10
XLXXSU1480	Feedwater Heater level Tuning	30	13-Jan-10	11-Feb-10
XLXXSU1870	PLANNED IN-SERVICE DATE	0	15-Jan-10*	
XLXXSU8220	Ramp to 75% Load & MHI 8 hr Hold	2	16-Jan-10	17-Jan-10
XLXXSU7370	BF Pumps Tuning	30	16-Jan-10	14-Feb-10
XLXXSU8280	Steam Quality Hold	2	18-Jan-10	19-Jan-10
XLXXSU8230	SDA Spraytap on Recycle Ash	21	18-Jan-10	07-Feb-10
XLXXSU8240	Ramp to 100% Load	2	20-Jan-10	21-Jan-10
XLXXSU1490	First Plant Full load	0		21-Jan-10*
XLXXSU1050	Safety valve Setting and Test	4	22-Jan-10	25-Jan-10
XLXXSU1090	Full Load Combustion Adjustment and Tuning (75-10...	30	22-Jan-10	20-Feb-10
XLXXSU2410	First Sprays Atomizers WALime	3	08-Feb-10	10-Feb-10
XLXXSU1530	FGD Operation / Tuning	18	11-Feb-10	28-Feb-10
XLXXSU1520	Runback Testing	1	21-Feb-10	21-Feb-10



Actual Work
Remaining Work
Critical Remaining Work
Milestone

Page 1 of 2

LEVEL 2 CRITICAL PATH SCHEDULE

BYPASS OPERATION TO FINAL ACCEPTANCE

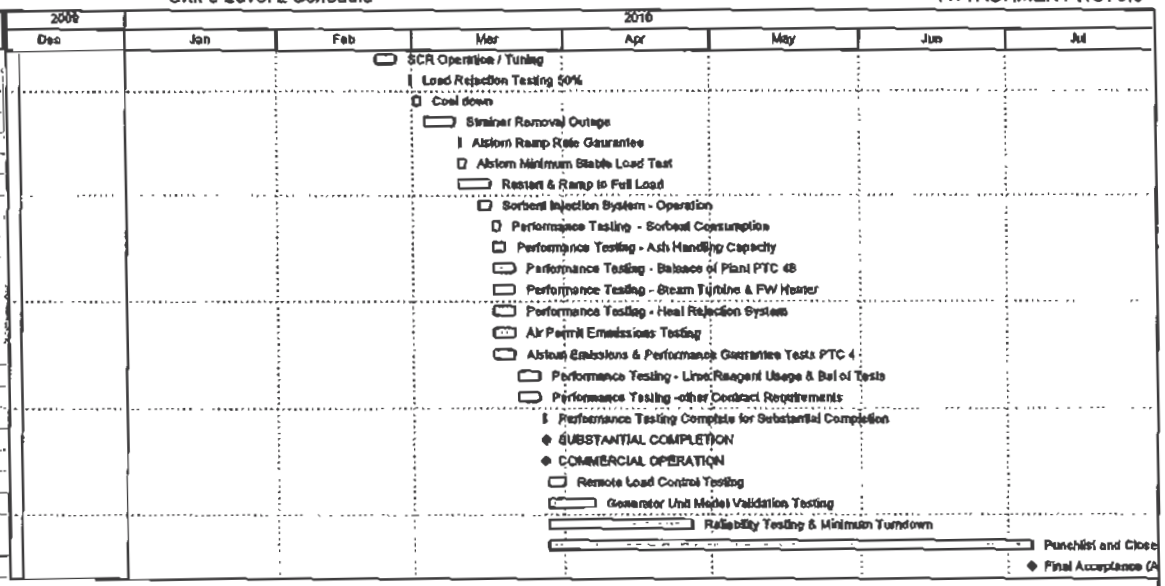
Date	Revision	Checked	Approved
	December 10, 2009		

Schedule KMR-2010-19

ATTACHMENT NO. 6.0

Unit 3 Level 2 Schedule

Activity ID	Activity Name	Original Duration	Start	Finish
XLXX6U1100	SCR Operation / Tuning	5	21-Feb-10	25-Feb-10
XLXX5U7400	Load Rejection Testing 50%	1	28-Feb-10	28-Feb-10
XLXX5U2530	Cool down	2	01-Mar-10	02-Mar-10
XLXX6U2640	Strainer Removal Outage	7	03-Mar-10	09-Mar-10
XLXX9U6290	Alstom Ramp Rate Gaurantee	1	10-Mar-10	10-Mar-10
XLXX9U6300	Alstom Minimum Stable Load Test	2	10-Mar-10	11-Mar-10
XLXX6U2650	Restart & Ramp to Full Load	7	10-Mar-10	18-Mar-10
XLXX5U2950	Sorbent Injection System - Operation	3	14-Mar-10	16-Mar-10
XLXX6U6210	Performance Testing - Sorbent Consumption	2	17-Mar-10	18-Mar-10
XLXX6U3230	Performance Testing - Ash Handling Capacity	3	17-Mar-10	19-Mar-10
XLXX5U1630	Performance Testing - Balance of Plant PTC 4B	5	17-Mar-10	21-Mar-10
XLXX5U1640	Performance Testing - Steam Turbine & FW Heater	5	17-Mar-10	21-Mar-10
XLXX6U1650	Performance Testing - Heat Rejection System	5	17-Mar-10	21-Mar-10
XLXX5U2760	Air Permit Emmissions Testing	5	17-Mar-10	21-Mar-10
XLXX9U3220	Alstom Emissions & Performance Gaurantee Tests P...	5	17-Mar-10	21-Mar-10
XLXX6U1620	Performance Testing - Lime Reagent Usage & Bal of...	5	22-Mar-10	26-Mar-10
XLXX5U2620	Performance Testing -other Contract Requirements	5	22-Mar-10	26-Mar-10
XLXX6U1660	Performance Testing Complete for Substantial Comp...	1	27-Mar-10	27-Mar-10
XLXX5U2440	SUBSTANTIAL COMPLETION	0		27-Mar-10
XLXX5U3720	COMMERCIAL OPERATION	0		27-Mar-10
XLXX5U1510	Remote Load Control Testing	4	28-Mar-10	31-Mar-10
XLXX5U2790	Generator Unit Model Validation Testing	10	29-Mar-10	09-Apr-10*
XLXX5U2450	Reliability Testing & Minimum Turndown	30	29-Mar-10	29-Apr-10
XLXX5U2910	Punchlist and Closeout	98	29-Mar-10	05-Jul-10
XLXX9U2470	Final Acceptance (Acceptance per Contract)	0		05-Jul-10*



Actual Work
Remaining Work
Critical Remaining Work
Milestone

Page 2 of 2

LEVEL 2 CRITICAL PATH SCHEDULE

BYPASS OPERATION TO FINAL ACCEPTANCE

Date	Revision	Checked	Approved
	December 10, 2009		

Schedule KMR2010-19

ATTACHMENT 7.0 – BID EVALUATIONS

No major contracts have been awarded on the Comanche Expansion Project since June 1, 2009.

ATTACHMENT 8.0 – FORCE MAJEURE

No major contracts have been awarded on the Comanche Expansion Project since June 1, 2009.

ATTACHMENT NO. 9.0 – ESCALATION PROVISIONS

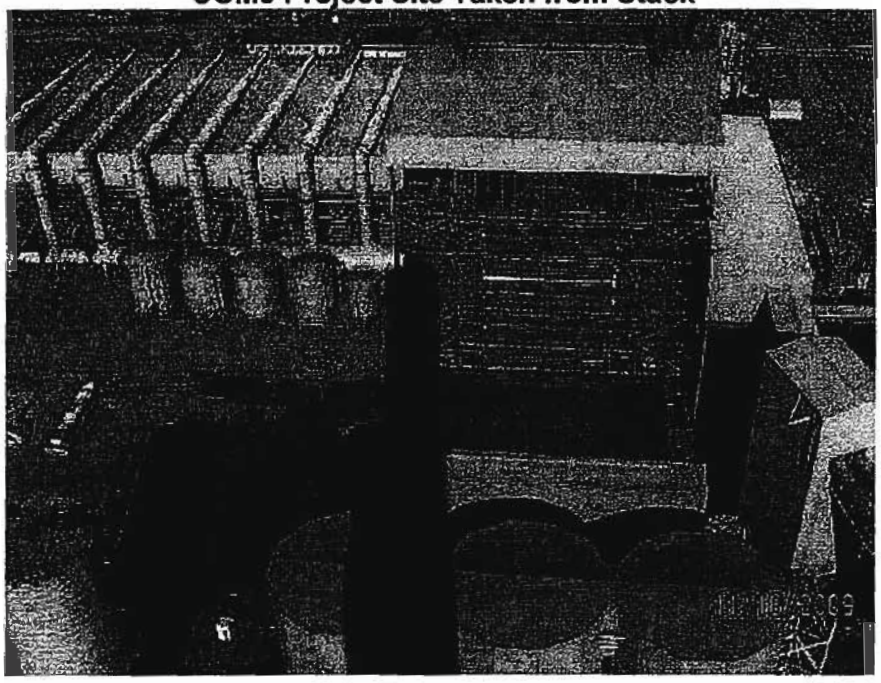
No major contracts have been awarded on the Comanche Expansion Project since June 1, 2009.

Permit Description	Permit #	Date Issued/Date Modified	Expirations Date
Air Permits			
Construction permit - Haul Roads	04PB1022	7/5/2005, 5/15/2009	
Construction permit - Fly Ash, Flue Gas Desulfurization Waste and Spent Sorbent Handling and Storage	04PB1021	7/5/2005	
Construction Permit: Sorbent Handling Operations for Units 1, 2, and 3	04PB1020	7/5/2005	
Construction Permit: Lime Handling Operations for Units 1, 2, and 3	04PB1019	7/5/2005, 9/12/2007	
Construction Permit: Recycle Ash Handling for Units 1, 2, and 3	04PB1018	7/5/2005, 11/7/2008	
Construction Permit: Coal Storage and Handling	04PB1017	7/5/2005, 9/12/2007	
Construction Permit: Cooling Water Tower (hybrid design)	04PB1016	7/5/2005, 12/8/2008	
Construction Permit: Unit 3 Supercritical Pulverized Coal Fired Boiler (equipped) with dry-low Nox burners, over-fire air, selective catalytic reduction, lime spray dryer, Sorbet injection, and baghouse)	04PB1015	7/5/2005	
Construction Permit: Unit 2 - lime spray dryer and low Nox burners	11PB859	7/5/2005	
Construction Permit: Unit 1 - lime spray dryer and low Nox burners	04PB1439	7/5/2005	
Construction Permit: Emergency Generator	08PB1178	12/8/2009	
Land Development Permit - Land Development activities associated with site preparation	06PB0254L	5/19/2005	6/1/2010
Boiler Evaporation Permit - Authorization for evaporation of pond water in Unit 1 and 2 boilers	05PB0418	7/6/2005	2/1/2006, Work Completed no extention to permit required
Wastewater Permits			
Construction Stormwater Discharge Permit - Discharge of Stormwater from Construction Area	COR-030000	7/1/2007	6/30/2012
Construction Dewatering Permit-Discharge of groundwater encountered during construction	COG-071993	8/11/2005	General Permit in administrative extension
Authorization to discharge construction dewatering and hydrostatic test water to existing wastewater treatment system	Authorization in a letter	8/15/2005	
Waste Permits			
Special Use Permit: Issued by Pueblo County for disposal of evaporation pond materials	#2005-006	5/25/2005	
Special Use Permit: Issued by the City of Pueblo for ash disposal expansion	#058-2005	9/27/2005	
Other			
FAA Stack Height Permit		7/1/2005	

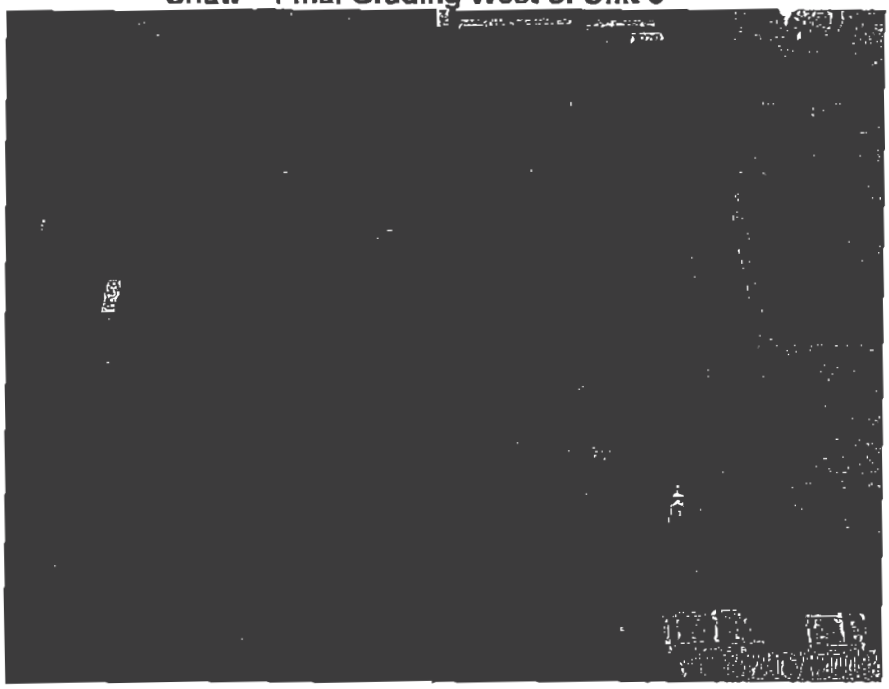
Various Building Permit;	Permits to be obtained from Pueblo Regional Building Department through the design process. Permits to be in place prior to starting Construction.		
- Stack	0514930- Misc. Permit 0515186 Bldg. Permit Foundations, 0518404 Misc. Permit, 0518777 Chimney Bldg. Permit	9/22/2005	
- Construction Trailers	0607010 Bldg. Permit	4/27/2006	
- Turbine Building		2007	
- Field Erected Tanks		2007	
- PDC- Buildings		2007	
County Grading Permit	Authorization in Letter	7/7/2005	
County Access Agreement		9/6/2005	
County Access Road Construction Permit - (Fugitive Dust)	Application Submitted on 4/13/06	9/6/2006	
County Access Road Stormwater Permit	COR-039724	6/30/2007	
Access Road Stormwater outfall to Arkansas River: Nationwide Permit No. 7 - Outfall Structure	Action Number 2005 00795	1/24/2006	
Access Road Stormwater crossing of Salt Creek: Nationwide Permit No 14 - Linear Transportation Projects	Action Number 2005 00795	1/24/2006	
CDOT Access Permit	CDOT # 206015	2/2/2006	
Notice to Proceed on Access Permit from CDOT		2/2/2006	
Unit 3 CPCN		1/21/2005	
Annexation		9/12/2005	
Water Agreement		7/20/2005	
Labor Agreement		6/6/2005	
Partnership Agreement		4/8/2005	
Environmental Agreement		12/3/2004	
Transmission Facilities Study		3/8/2005	
Interconnection Agreement		6/10/2005	
Transmission CPCN		9/19/2006	

Progress Photos

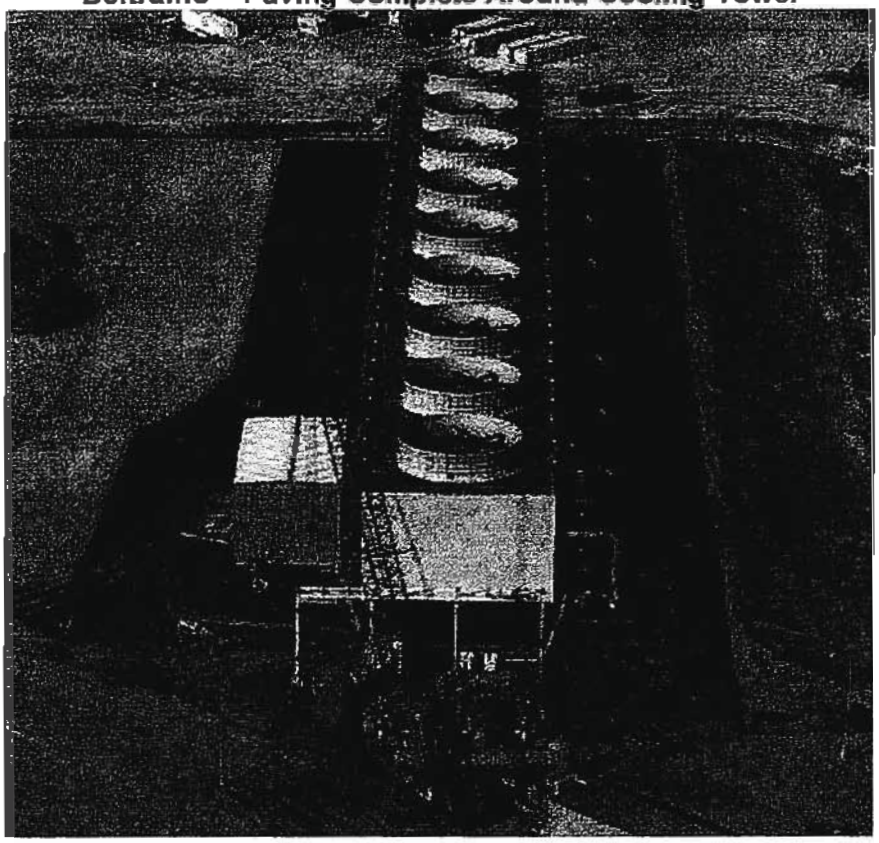
COM3 Project Site Taken from Stack



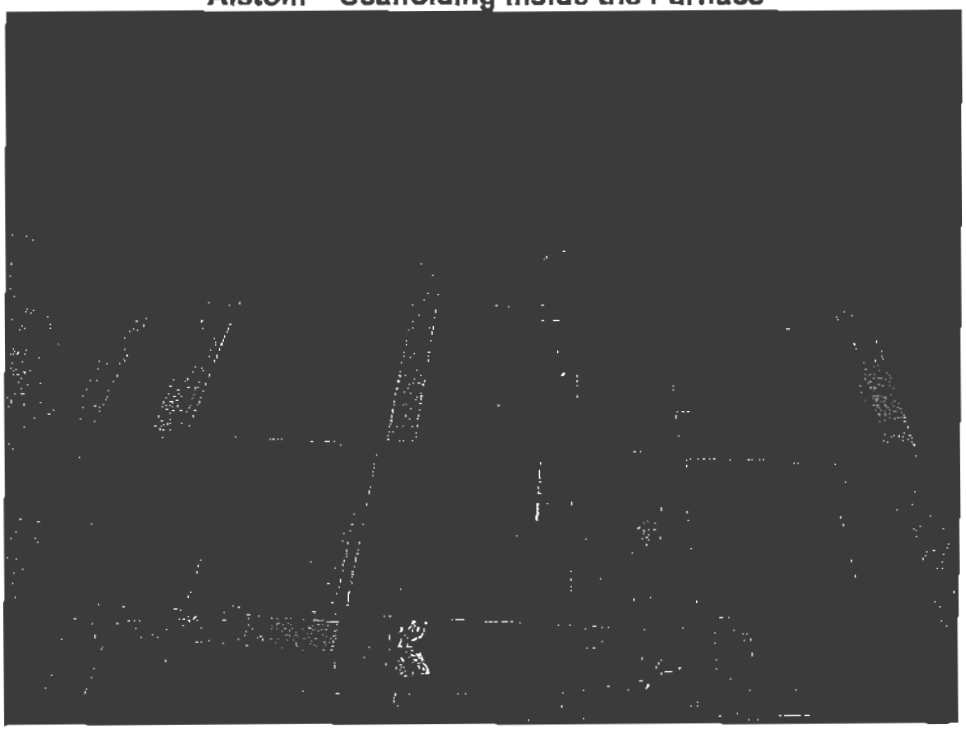
Shaw – Final Grading West of Unit 3



Beltramo – Paving Complete Around Cooling Tower

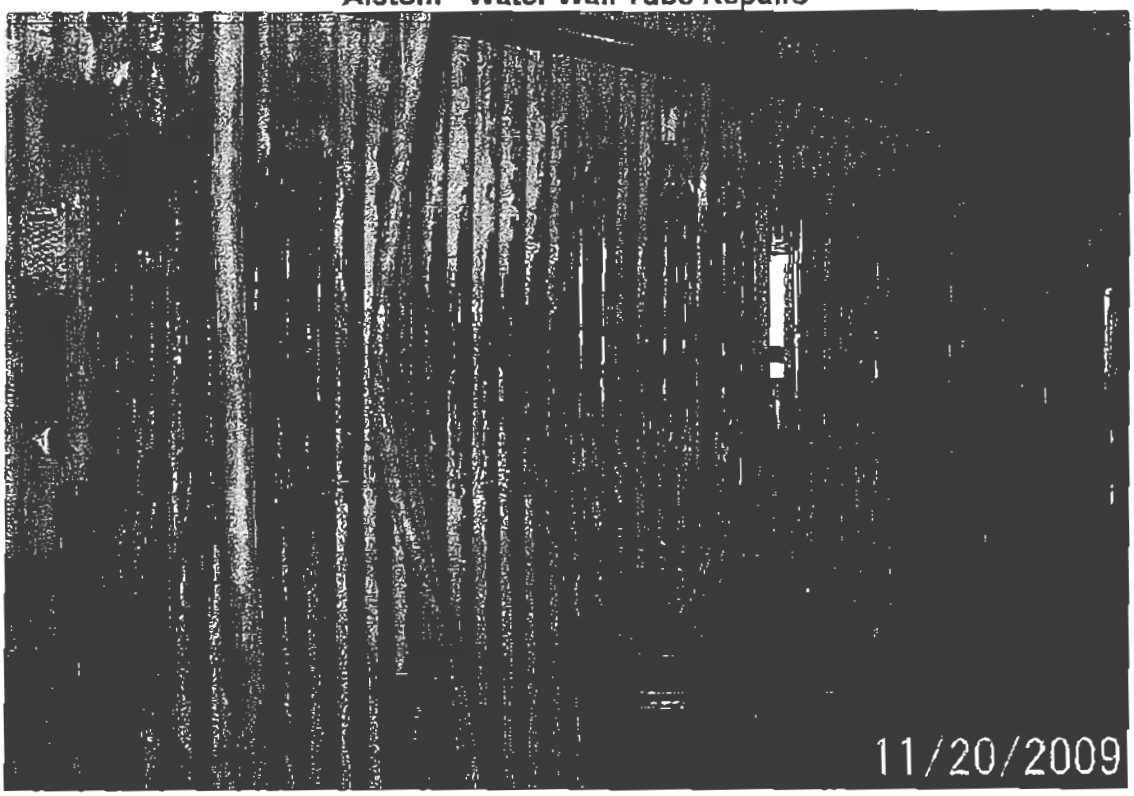


Alstom – Scaffolding Inside the Furnace



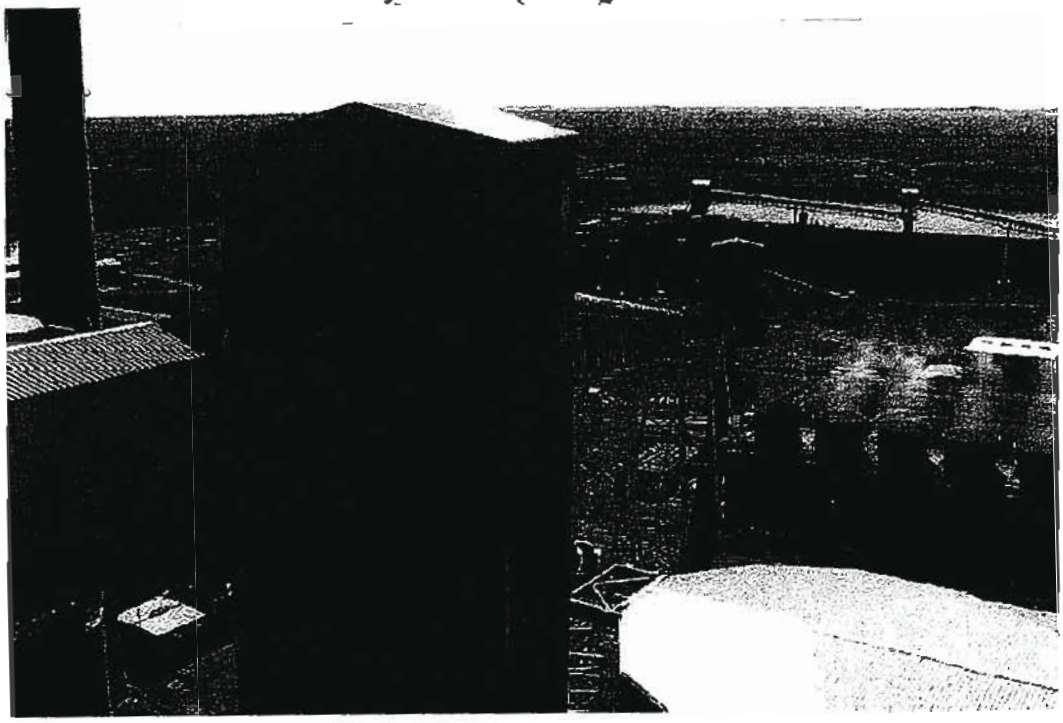
ATTACHMENT NO. 13.0

Alstom - Water Wall Tube Repairs

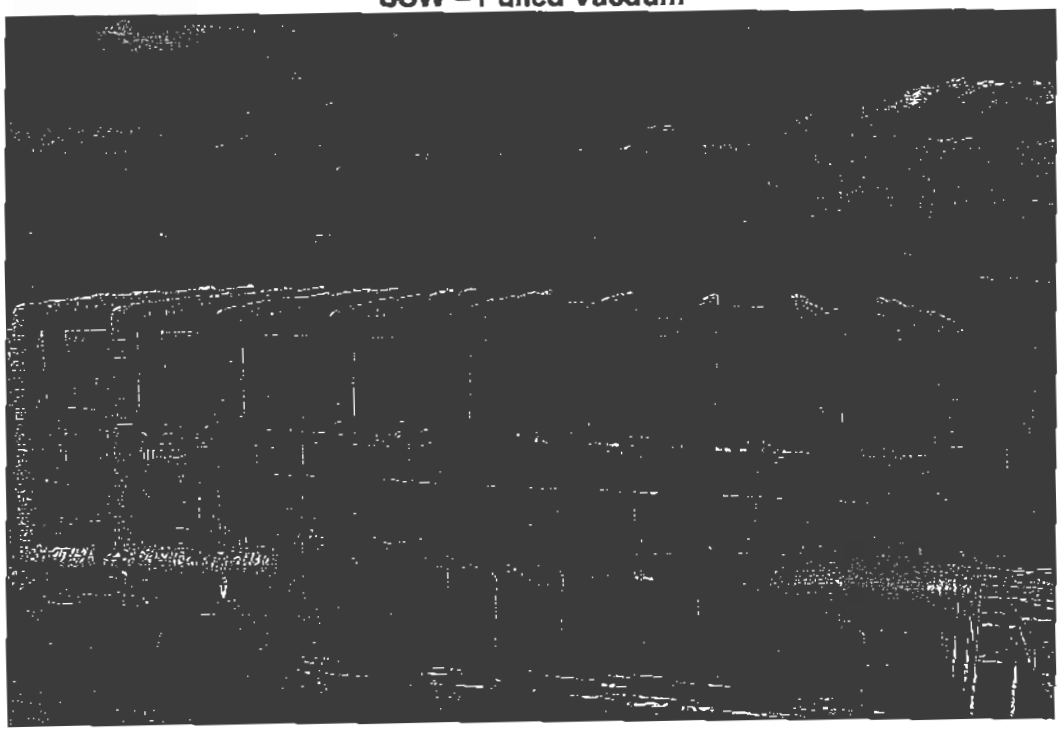


Alstom – Front Wall Welding New Tube Section

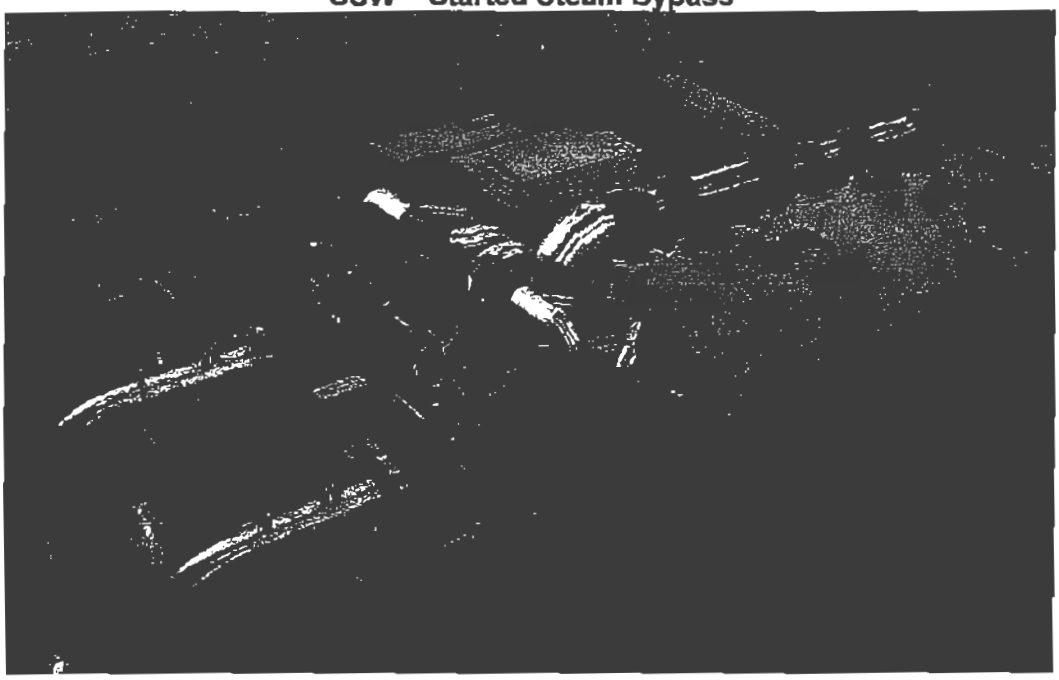
R&S – Conveyor Transporting Coal for First Fire



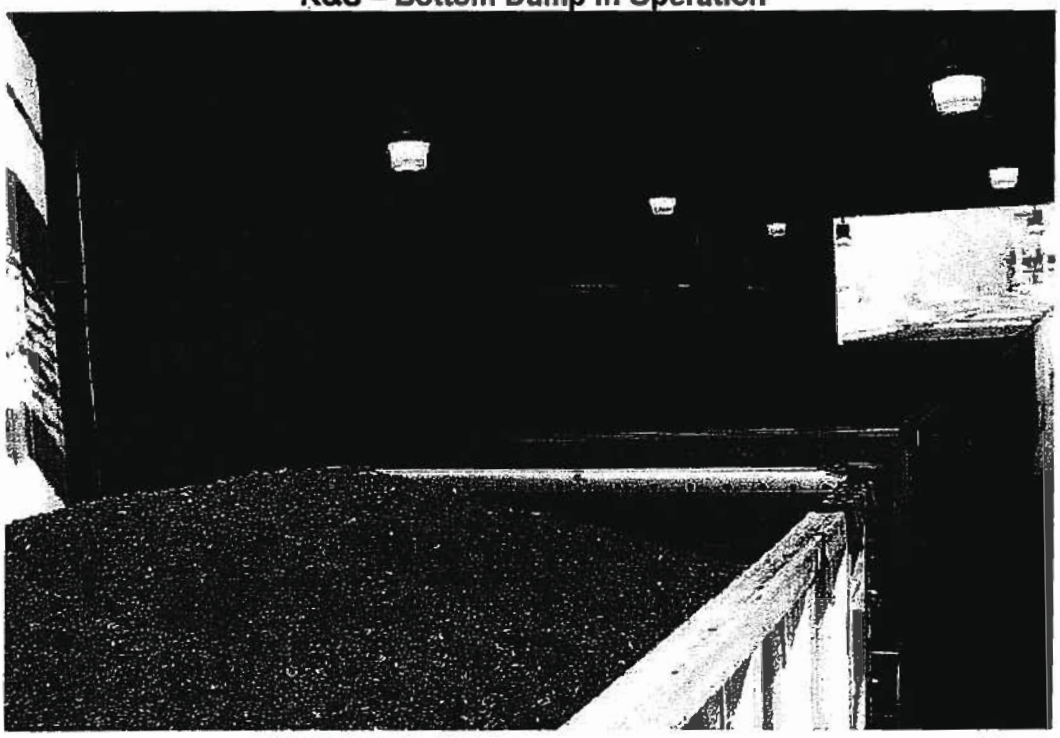
SSW – Pulled Vacuum



SSW – Started Steam Bypass



R&S – Bottom Dump in Operation



The two-unit, 1,230 MW supercritical Elm Road Generating Station project is sited at Oak Creek, a brownfield site with access to cooling water, transmission and rail networks. The existing Oak Creek plant continues to operate.

Bechtel broke ground in June 2005 on the project with a scope of work that includes engineering, procurement, construction (EPC) and startup of new boilers, steam turbines, air quality control systems, new coal-handling facilities and a coal storage building. Plans also call for water treatment facilities, a deep-rock water intake tunnel under Lake Michigan and a new cooling system to supply both the existing power facility and the new power units. The first unit is on track to begin operation in 2009 and the second will follow in 2010.

"Work continues apace to complete Unit 1 of the 1,230 MW Elm Road coal-fired supercritical power plant this year," said Alasdair Cathcart, Bechtel Project Director, Elm Road Generating Station. The project has completed the majority of the common systems required to support the start-up of the first unit, including coal, limestone and gypsum handling, raw water and waste water treatment and the various lift and pumping stations required for the once-through circulating water system, which is fed from a 27-foot-diameter tunnel that is 9,200 feet long.

Cathcart said the balanced draft boiler successfully passed its hydrostatic test last fall and chemical cleaning was completed in May. Both are precursors to first-fire on gas this summer. Lube oil flushing is complete and the condensing steam turbine and generator were placed on turning gear in early May.

"We are nearing completion on the back-end emission control systems," said Cathcart. "Work is complete in the wet flue gas desulfurization and wet precipitator systems with our remaining effort focused on installing the catalyst in the SCR and the fabric filter bags in the baghouse." The goal is to fire on coal early in the fall.

Hitachi provided two supercritical, pulverized-coal once-through Benson Boilers and steam turbine generators for the two 677 MW units. The steam conditions are 3,800 psia/1,050 F/1,050 F.

Elm Road is the third supercritical project awarded to Hitachi in North America, following Genesee Unit 3 in Alberta, Canada, and the Walter Scott Jr. Energy Center Unit 4 in Council Bluffs, Iowa. Hitachi is currently supplying equipment for two other supercritical coal plants, Keep Hills, a 495 MW duplicate of Genesee, and a plant in the southeastern U.S.

Elm Road will burn bituminous coal. At the station's peak burn rate, conveyors will deliver nearly 3,000 tons of coal an hour.

Comanche Generating Station Unit 3

Construction on Xcel Energy's first new coal-fired project in 30 years began in January 2006. The new plant is scheduled to be completed in the fall.

Comanche Generating Station Unit 3, a 750 MW supercritical pulverized coal-generating unit, joins two existing sub-critical units that generate 660 MW on a site near Pueblo, Colo.

The Shaw Stone & Webster unit of The Shaw Group Inc. was awarded the EPC contract that covers balance-of-plant facilities, including the erection of the steam turbine and associated systems such as piping and pumps.

Comanche Unit 3 will burn low-sulphur Powder River Basin coal. Alstom's TFS 2000 firing system together with a selective catalytic reduction system should keep nitrogen oxide emissions low.

Alstom will design, supply, erect and commission a high-efficiency, supercritical boiler for the unit and Mitsubishi Heavy Industries (MHI) will supply the supercritical steam turbine for the plant. The Mitsubishi TC4F-36 features one of Mitsubishi's characteristic designs: three casings in one steam turbine, one on the high pressure side and two on the low pressure side. (The company plans to build even larger supercritical steam turbines with four casings.) High chromium grade material is used to withstand higher supercritical temperatures.

Comanche Unit 3 is Mitsubishi's first order in the U.S. for a supercritical steam turbine, but Tetsuya (Terry) Fujino, manager, boiler engineering, Mitsubishi Power Systems Americas Inc., said Mitsubishi hopes to provide more supercritical technology to U.S. projects in the future.

Fujino said that because fuel is abundant and fairly low cost in the U.S., it hasn't been as critical to pursue high efficiency as in Japan. "But now we're living in a different world, so we're hoping that we can use our high efficiency experience to make similar units in the U.S."

First firing of the boiler is expected in July or August. Completion of commissioning and commercial operation is slated for the end of the year.

The Oak Grove Plant

Luminant's Oak Grove supercritical coal-fired power plant is under construction about 100 miles northwest of Houston. Comprising two supercritical lignite-fueled power generation units, the plant will deliver 1,600 MW.

Oak Grove is being built at the site of a previously planned power plant where significant infrastructure is already in place, including a dedicated rail line to the lignite mine.

"The power plant is approximately 12 miles from the mine, which is owned by the power generator," said James Brown, engineering manager on the project for Fluor, the EPC company at Oak Grove.

Brown said the main steam conditions on the 2x800 MW net lignite coal-fired supercritical cycle units are 3,550 psia with 1,000 F on the main steam heat and 1,000 F on the reheat.

The units at Oak Grove use different steam generator boiler technologies. Unit 1 includes an Alstom tangentially-fired supercritical steam generator boiler and a GeneralElectric single reheat steam turbine. The second unit is a wall-fired Babcock &

PUBLIC VERSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

SEMI-ANNUAL PROGRESS REPORTS OF PUBLIC SERVICE COMPANY OF COLORADO FOR THE COMANCHE PROJECT	)) Docket No. 05M-511E)

Semi-Annual Progress Report

Comanche Expansion Project

June 1, 2010

INTRODUCTION

Under paragraph 15 of the Comprehensive Settlement Agreement dated December 3, 2004, approved by the Commission by Decision No. C05-0049 (January 21, 2005) in Consolidated Dockets 04A-214E, 04A-215E, and 04A-216E, Public Service Company of Colorado ("Public Service" or "Company") is required to file semi-annual progress reports with the Commission with respect to various aspects of the construction of Comanche 3. Paragraph 15 of the Comprehensive Settlement Agreement reads as follows:

> 15. The Company shall file progress reports with the Commission semi-annually, beginning June 1, 2005 and ending with the first report after Comanche 3 reaches commercial operation, regarding the progress of construction and the commercial operation date of Comanche 3. The progress reports shall contain the status of each vendor contract (including updated information on contracts under negotiation) and a narrative, which summarizes bids received and the selection process employed for each vendor contract. The progress reports shall also set forth the force majeure clauses in each vendor contract and in any subcontract let by Utility Engineering Corporation or by Public Service. The progress reports shall provide the account balances for all Comanche Project expenditures. The progress reports also shall include budgeted versus actual status with respect to the milestone payment schedule, differences in status between the projected and actual overall construction schedule and the status of on-going permit applications. Any material departure from the milestone payment schedule or the construction schedule will have a narrative explaining the departure accompanying it. Continuing property records shall be timely maintained and available for inspection. Finally, the progress reports shall list any material design or scope change orders. Public Service reserves the right to file bid and financial information under seal and to seek highly confidential protection for this information.

As required, the Company reports on the following aspects of Comanche 3 construction in the period from December 1, 2009 until May 31, 2010. This information is being filed under seal as Highly Confidential. Detailed cost data and

bid information is being provided in this period's report and must not be publicly disclosed to preserve the bidding and contracting process.

OVERALL PROJECT STATUS

Currently there are fewer than 200 personnel on site. Manpower reached its peak in late August of 2008 and has been declining. Overall Unit 3 Construction progress is essentially complete. The schedule has been impacted by Shaw construction delays and by boiler tube repairs being performed by Alstom. Shaw construction delays were in the area of piping, electrical work and more recently issues with the boiler feed pumps, which have delayed startup activities including Full Load and In-Service. The second round of boiler tube leak repairs were completed at the end of December. The unit achieved synchronization on January 12, and on January 18, the "A" boiler feed pump seized up (one of two fifty percent capacity pumps). Boiler feed pump repairs continued until March 26, and Full Load was achieved shortly thereafter. More boiler tube leaks were discovered in early April and it was decided to accelerate the planned outage to install noise baffles in the stack, remove fine mesh screens, repair the boiler tube leaks and repair the de-aerator. The outage was accomplished from April 6 to May 5. The noise levels from the stack are now acceptable, and the Unit is operating at Full load.

Several key activities were completed this reporting period. Steam to turbine was completed on 01-04-10, generator synchronization was completed on 01-12-

10, spraying through SDA's with lime for SO2 control started on 03-09-10, Full Load was achieved on 03-31-10, Installation of stack noise baffles was completed on 05-05-10, the outage for removal of turbine fine mesh screens was completed on 05-05-10, the Unit was declared In-Service on 05-08-10 and Performance Testing is scheduled to complete on 05-29-10.

We now believe we can achieve Commercial Operation by late June. We continue to work with the contractors to assist them in completing their work, including removing work from their scope and providing supplemental labor to assist on certain systems.

Progress photos of the current status of construction are included at the end of this report.

STATUS OF CONTRACTS

Major Contracts

Boiler (Furnish & Erect)

A contract was awarded to Alstom Power on August 31, 2005, for [redacted]. Alstom Power has completed 100% of their detailed design, 100% of their construction and 99.9% of their overall work. Thirty-four contract change orders have been issued resulting in a total cost increase of [redacted]

Air Quality Control System – Unit 3 (Furnish & Erect)

A contract was awarded to Babcock & Wilcox (B&W) on October 7, 2005, for [redacted]. B&W has completed 100% of their design, and 100% of their construction. Fifteen contract change orders have been issued resulting in a total cost increase of [redacted]

Balance of Plant (Furnish & Erect)

A contract was awarded to Shaw – Stone and Webster (SSW) on February 2, 2006, for [redacted]. SSW has completed 100% of their detailed engineering and 99.6% of their construction. Final electrical work for lighting, receptacles, and gaitronics is in progress. Thirty-three contract change orders have been issued resulting in a cost increase of [redacted] Towards the end of 2008, it became apparent to Xcel that Shaw would not be able to complete their work on time to support a Fall 2009 In-Service date. We started supplementing Shaw work (at their protest) in November 2008. We are currently utilizing several contractors to supplement Shaw's work. These contractors were selected because of their proven performance record in other areas of the project. This work included installation of piping systems for boiler drains, auxiliary steam, waste water, ash water, recycle water, treated water, ammonia, carbon dioxide,

fly ash and instrument air in the boiler and AQCS areas. At this time, the work is complete except for miscellaneous piping tasks to support startup. The supplemental work being performed by other contractors is being completed on time to support the currently projected Commercial Operation date.

Other Contracts

Unit 3 Coal Unloading and Handling System

A target price contract was awarded to Roberts & Schaefer (R&S) on February 26, 2007 for [redacted]. R&S is complete with construction and startup of the system. Two contract change orders have been issued resulting in a cost increase of [redacted]

Unit 3 - Boiler Electrical Construction (Shaw removed scope)

A contract was awarded to Frauenshuh Power Development (FPD) LLC on November 10, 2008 for [redacted]. The contract includes electrical raceway, cabling and terminations associated with the Unit 3 boiler, which was removed from Shaw's scope. The work includes electrical installations for FD fans, PA fans, boiler circulating pump, windboxes, coal pulverizers, coal feeders, air pre-heaters, SCR, lighting, fire alarm system and receptacles. Except for the lighting, this work is complete. Eight contract change orders have been issued for a cost increase of [redacted]

[redacted]

Unit 3 Boiler Mechanical Piping (Shaw removed scope)

A contract was awarded to AZCO on January 12, 2009 for [redacted]. Three contract change orders have been issued for the cost increase of [redacted]. The contract included installing mechanical piping in the boiler area that Shaw had abandoned or was late in completing. This contract also included assisting Shaw with startup and commissioning work that Shaw requested Xcel Energy to help complete in order to meet schedule obligations.

Unit 3 AQCS Mechanical Piping (Shaw removed scope)

A contract was awarded to B&W on February 2, 2009 for [redacted]. Two contract change orders have been issued for a cost increase of [redacted]. The contract included installing mechanical piping in the AQCS area that Shaw had abandoned or was late in completing.

BID EVALUATION PROCESS

All major contracts are being evaluated using a process that lays out the evaluation criteria and ranking of the bidders to determine the total evaluated cost of each proposal. These evaluations include: proposal base cost, technical quality, life cycle cost, bidders experience, cash flow requirements, ability to meet

schedule, agreement to meet terms and conditions, operating/maintenance costs, financial condition of company and securities proposed.

UTILITY ENGINEERING SERVICES

Utility Engineering (UE) has provided [redacted] worth of engineering and design services acting as the Owner's engineer for the conceptual design efforts, permitting assistance, specification preparation and bid evaluation efforts. They have also been involved in the design efforts associated with systems that impact current plant operations and in the interface with the local community.

On April 8, 2005, Xcel Energy sold UE to Zachary, and thus UE is no longer an affiliate of Xcel Energy. However, we continue to utilize the services of UE for various project tasks.

PARTNERSHIP AGREEMENTS

There is nothing new to report for this period. Refer to previous reports for the details of the partnership agreements.

ESCALATION

We track escalation trends that have the potential to impact the project budget. Trends in commodity indices for carbon steel, copper, alloys, and diesel fuel have shown actual index values exceeding initial price escalation estimates.

Trends for labor and foreign currency escalation have also shown fluctuations from set escalation rates.

All escalation adjustments are reflected on Highly Confidential Attachment 12.0. The escalation provisions of these contracts have been previously submitted under past semi-annual reports.

PROJECT FINANCIAL PERFORMANCE

We have included a number of attachments to show the financial performance as of April 30, 2009 on the Comanche Project. The term "BUDGET" used in these attachments is the Revised Construction Cost Estimate as defined in the Settlement Agreement. The term "FORECAST" is the current expected contract value of the planned contracts. Highly Confidential Attachment 1.0 shows the overall project FORECAST by FERC accounts. Highly Confidential Attachment 2.0 shows the annual FORECAST by FERC account, including actual expenditures through April 2009. Highly Confidential Attachment 3.0 shows the Actual Expenditures by month for each FERC account. Highly Confidential Attachment 4.0 compares the BUDGET to actual costs for year-to-date and current year. Highly Confidential Attachment 4.0 also shows the current year and at-completion FORECASTS.

Highly Confidential Attachment 5.0 compares the BUDGET to the FORECAST. We currently have [redacted] of the total project direct cost under contract. Our

current forecast is compared with our previously submitted Revised Construction Cost Estimate included as Highly Confidential Attachment No. 11.0.

[redacted]

[redacted]

[redacted]

The budgets shown in Highly Confidential Attachment 5.0 are divided into direct costs and indirect costs. The direct costs have been formatted into contracting packages to most efficiently manage the project. The five major contracts account for around [redacted] of total project costs. Other contract types include: 1) Contracts impacting existing plant operations [redacted] 2) site development contracts [redacted] 3) other contracts [redacted] and 4) miscellaneous purchase orders [redacted]

Public Service's indirect costs account for [redacted] of total project costs. Portions of the indirect budgets have been allocated to various other accounts. Examples of these allocations include the engineering and design budget, where a portion of the original is allocated to the BOP contract and a portion to our Owner's engineer contract. Another example is the material and labor escalation budget. This budget is allocated to all of the equipment purchases and labor contracts to bring the cost basis of the original estimate from 2003 dollars to actual contract dollar amounts. Another example is the tax budget. This budget, with the exception of the initial payment to the City of Pueblo, is allocated to all of the contracts with taxable material and equipment. During the development of the

bid packages for the major contracts, Xcel Energy began to allocate these indirect costs into the proper contract packages. These values are indicated as the budget amounts listed in the descriptions for each contract awarded to-date and shown in Highly Confidential Attachment 5.0.

In order to properly manage the project budget, costs were formatted into the method used to contract for the work, as opposed to the method we used to develop our initial overall project cost estimate. We have a detailed database that tracks our original PUC estimate previously filed under seal with the PUC as Highly Confidential Exhibit 87 to the current contracting approach. This database tracks all costs incurred back to the original cost estimate, will be used for the duration of the project and is available for future auditing purposes by Commission Staff. Reports are filed based on the contracting method used for the project to streamline reporting efforts to the Commission and to our partners.

PROJECTED VS. ACTUAL CONSTRUCTION SCHEDULE

The project achieved an in-service date of May 8, 2010 for Comanche 3, which is a four month slip from previous information filed in the Application for a Certificate of Public Convenience and Necessity in Docket No. 04A-216E. We have experienced schedule challenges mainly caused by the Boiler tube failures, boiler feed pump failures and the BOP contractors poor craft productivity, which is pushing the Mechanical and Substantial Completion dates for the plant later

than the original plan. A current Level 2 Critical Path Schedule is included as Attachment 6.0. Start-up activities are currently in progress.

STATUS OF PERMITS

A complete list of permits required and issued for the Comanche Project is included as Attachment 10.0.

DESIGN OR SCOPE CHANGE ORDERS

We are tracking changes on conditions that have the potential to impact the project budget. For this reporting period, there are no adjustments to the previously submitted Revised Construction Cost Estimate included as Highly Confidential Attachment 11.0. A list of all previously submitted adjustments by type is included as Highly Confidential Attachment 12.0. These adjustments are defined in Highly Confidential Attachment C of the Settlement Agreement.

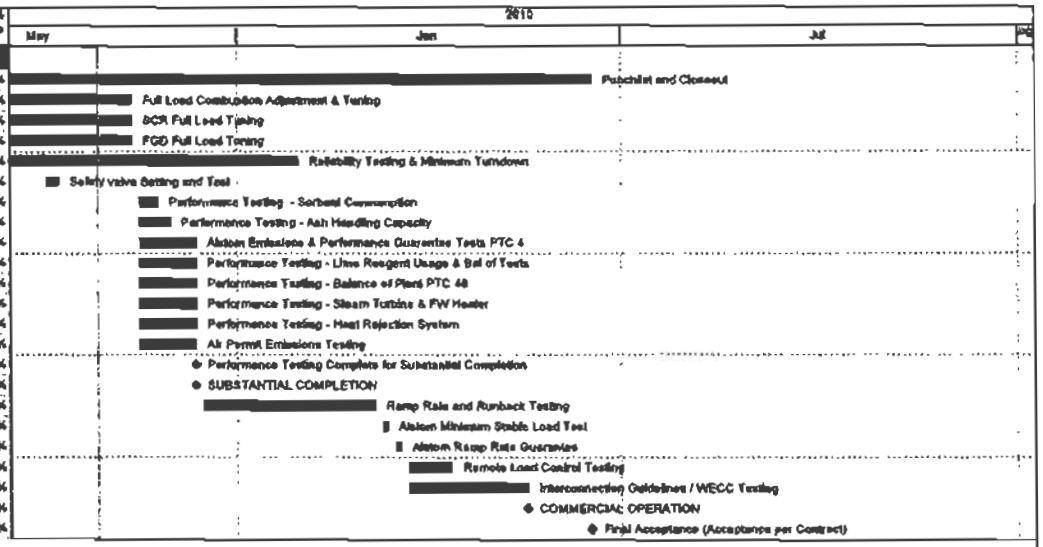
The Escalation section of this report provides an explanation of the trends in commodity indices and foreign currency exchange rates that have impacted the project budget.

Respectfully submitted this 1st day of June, 2010.

ATTACHMENTS

6.0 Unit 3 Level 2 Schedule
7.0 Bid Evaluations
8.0 Force Majeure
9.0 Escalation Provisions
10.0 Permitting Status
13.0 Progress Photos

Activity ID	Activity Name	Original Duration	Start	Finish	% Complete
ACE Integrated Startup for PUC 05-21-10					
XLXXSU2910	Punchlist and Closeout	59	06-Apr-10 A	28-Jun-10	48%
XLXXSU3020	Full Load Combustion Adjustment & Tuning	17	07-May-10 A	23-May-10	82%
XLXXSU3040	SCR Full Load Tuning	17	07-May-10 A	23-May-10	82%
XLXXSU3050	FGD Full Load Tuning	17	07-May-10 A	23-May-10	82%
XLXXSU2430	Reliability Testing & Minimum Turndown	30	07-May-10 A	05-Jun-10	47%
XLXXSU1050	Safety valve Setting and Test	4	17-May-10 A	18-May-10 A	100%
XLXXSU3210	Performance Testing - Sorbent Consumption	2	24-May-10	25-May-10	0%
XLXXSU3230	Performance Testing - Ash Handling Capacity	3	24-May-10	26-May-10	0%
XLXXSU3220	Alstom Emissions & Performance Guarantee Tests PTC 4	5	24-May-10	28-May-10	0%
XLXXSU1820	Performance Testing - Urea Reagent Usage & Bal of Tests	5	24-May-10	28-May-10	0%
XLXXSU1830	Performance Testing - Balance of Plant PTC 48	5	24-May-10	28-May-10	0%
XLXXSU1840	Performance Testing - Steam Turbine & FW Heater	5	24-May-10	28-May-10	0%
XLXXSU1850	Performance Testing - Heat Rejection System	5	24-May-10	28-May-10	0%
XLXXSU2780	Air Permit Emissions Testing	5	24-May-10	28-May-10	0%
XLXXSU1660	Performance Testing Complete for Substantial Completion	0		28-May-10	0%
XLXXSU2440	SUBSTANTIAL COMPLETION	0		28-May-10	0%
XLXXSU8280	Ramp Rate and Runback Testing	13	28-May-10	11-Jun-10	0%
XLXXSU8300	Alstom Minimum Stable Load Test	1	12-Jun-10	12-Jun-10	0%
XLXXSU8290	Alstom Ramp Rate Guarantee	1	13-Jun-10	13-Jun-10	0%
XLXXSU1510	Remote Load Control Testing	4	14-Jun-10	17-Jun-10	0%
XLXXSU2790	Interconnection Guidelines / WECC Testing	10	14-Jun-10	23-Jun-10	0%
XLXXSU1720	COMMERCIAL OPERATION	0		23-Jun-10	0%
XLXXSU2470	Final Acceptance (Acceptance per Contract)	0		28-Jun-10	0%



0070

Actual Work
Remaining Work
Critical Remaining Work
Milestone

LEVEL 2 CRITICAL PATH SCHEDULE

BYPASS OPERATION TO FINAL ACCEPTANCE

Date	Revision	Checked	Approved
	May 20, 2010		

Schedule KMR 2010-19

ATTACHMENT 7.0 – BID EVALUATIONS

No major contracts have been awarded on the Comanche Expansion Project since December 1, 2009.

ATTACHMENT 8.0 – FORCE MAJEURE

No major contracts have been awarded on the Comanche Expansion Project since December 1, 2009.

ATTACHMENT NO. 9.0 – ESCALATION PROVISIONS

No major contracts have been awarded on the Comanche Expansion Project since December 1, 2009.

Attachment 10 - Permitting Status

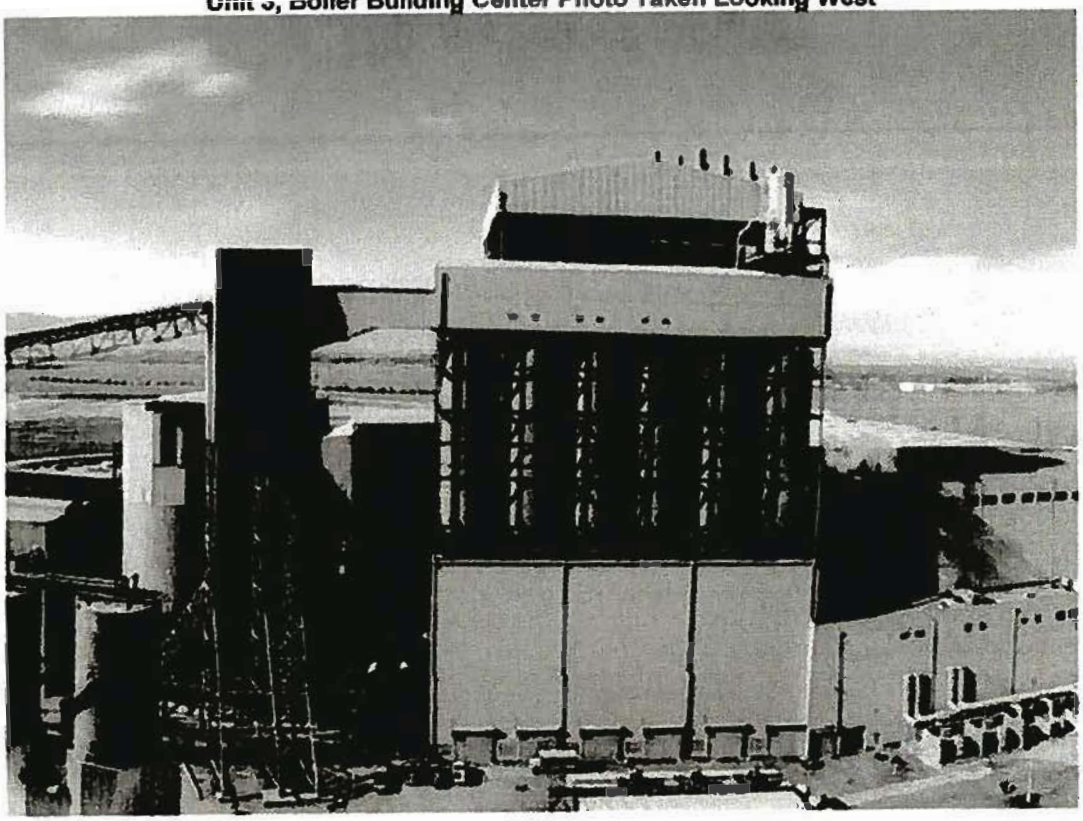
Permit Description	Permit #	Date Issued/Date Modified	Expirations Date
Air Permits			
Construction permit - Haul Roads	04PB1022	7/5/2005, 5/15/2009	
Construction permit - Fly Ash, Flue Gas Desulfurization Waste and Spent Sorbent Handling and Storage	04PB1021	7/5/2005	
Construction Permit: Sorbent Handling Operations for Units 1, 2, and 3	04PB1020	7/5/2005	
Construction Permit: Lime Handling Operations for Units 1, 2, and 3	04PB1019	7/5/2005, 9/12/2007	
Construction Permit: Recycle Ash Handling for Units 1, 2, and 3	04PB1018	7/5/2005, 11/7/2008	
Construction Permit: Coal Storage and Handling	04PB1017	7/5/2005, 9/12/2007	
Construction Permit: Cooling Water Tower (hybrid design)	04PB1016	7/5/2005, 12/8/2008	
Construction Permit: Unit 3 Supercritical Pulverized Coal Fired Boiler (equipped) with dry-low Nox burners, over-fire air, selective catalytic reduction, lime spray dryer, Sorbet injection, and baghouse)	04PB1015	7/5/2005, 2/22/2010	
Construction Permit: Unit 2 - lime spray dryer and low Nox burners	11PB859	7/5/2005	
Construction Permit: Unit 1 - lime spray dryer and low Nox burners	04PB1439	7/5/2005	
Construction Permit: Emergency Generator	08PB1178	12/8/2009	
Land Development Permit - Land Development activities associated with site preparation	06PB0254L	5/19/2005	6/1/2010
Boiler Evaporation Permit - Authorization for evaporation of pond water in Unit 1 and 2 boilers	05PB0418	7/6/2005	2/1/2006, Work Completed no extention to permit required
Wastewater Permits			
Construction Stormwater Discharge Permit - Discharge of Stormwater from Construction Area	COR-020496	7/1/2007	6/30/2012
Construction Dewatering Permit-Discharge of groundwater encountered during construction	COG-071993	8/11/2005	12/10/2009
Authorization to discharge construction dewatering and hydrostatic test water to existing wastewater treatment system	Authorization in a letter	8/15/2005	
Construction Dewatering Permit-Comanche Arkansas River intake structure reconstruction	COG-072773	5/21/2008	2/28/2009
Waste Permits			
Special Use Permit: Issued by Pueblo County for disposal of evaporation pond materials	#2005-006	5/25/2005	
Special Use Permit: Issued by the City of Pueblo for ash disposal expansion	#058-2005	9/27/2005	
Other			
FAA Stack Height Permit		7/1/2005	

Attachment 10 - Permitting Status

Various Building Permit:	Permits to be obtained from Pueblo Regional Building Department through the design process. Permits to be in place prior to starting Construction.		
- Stack	0514930- Misc. Permit 0515186 Bldg. Permit Foundations, 0518404 Misc. Permit, 0518777 Chimney Bldg. Permit	9/22/2005	
- Construction Trailers	0607010 Bldg. Permit	4/27/2006	
- Turbine Building		2007	
- Field Erected Tanks		2007	
- PDC- Buildings		2007	
County Grading Permit	Authorization in Letter	7/7/2005	
County Access Agreement		9/6/2005	
County Access Road Construction Permit - (Fugitive Dust)	Application Submitted on 4/13/06	9/6/2006	
County Access Road Stormwater Permit	COR-039724	6/30/2007	
Access Road Stormwater outfall to Arkansas River: Nationwide Permit No. 7 - Outfall Structure	Action Number 2005 00795	1/24/2006	
Access Road Stormwater crossing of Salt Creek: Nationwide Permit No 14 - Linear Transportation Projects	Action Number 2005 00795	1/24/2006	
CDOT Access Permit	CDOT # 206015	2/2/2006	
Notice to Proceed on Access Permit from CDOT		2/2/2006	
Unit 3 CPCN		1/21/2005	
Annexation		9/12/2005	
Water Agreement		7/20/2005	
Labor Agreement		6/6/2005	
Partnership Agreement		4/8/2005	
Environmental Agreement		12/3/2004	
Transmission Facilities Study		3/8/2005	
Interconnection Agreement		6/10/2005	
Transmission CPCN		9/19/2006	

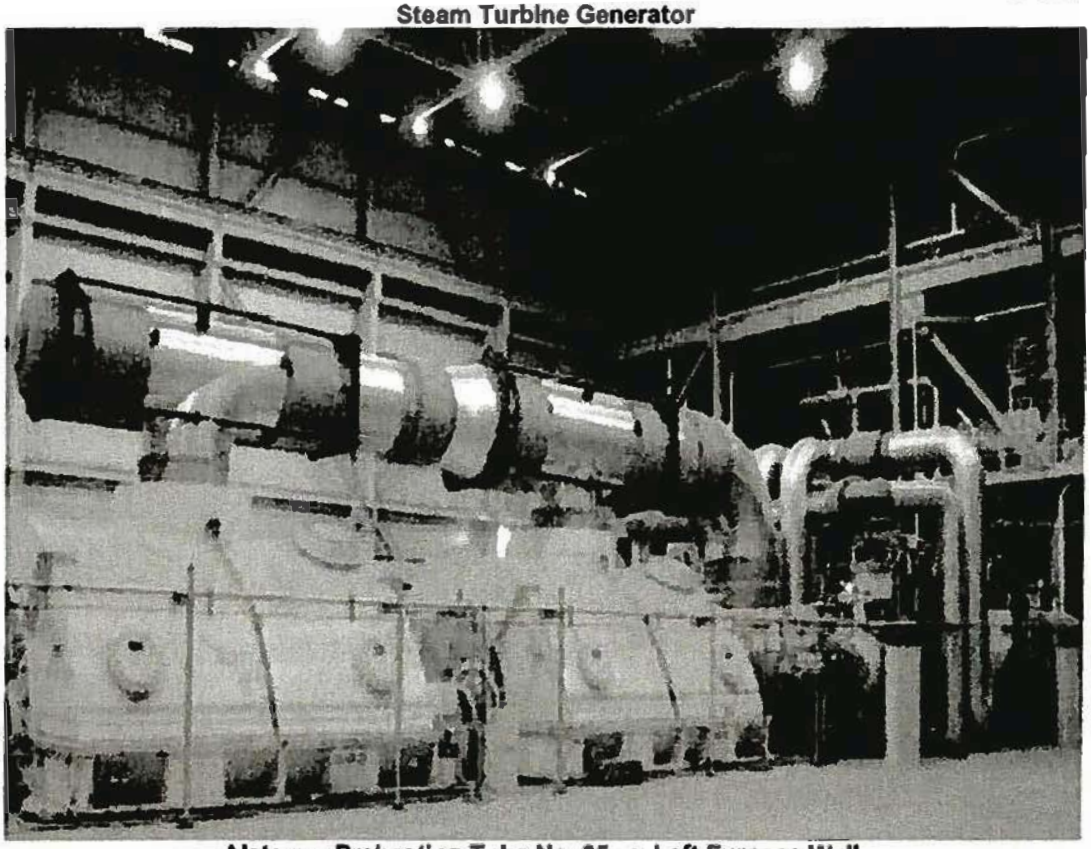
Progress Photos

Unit 3, Boiler Building Center Photo Taken Looking West

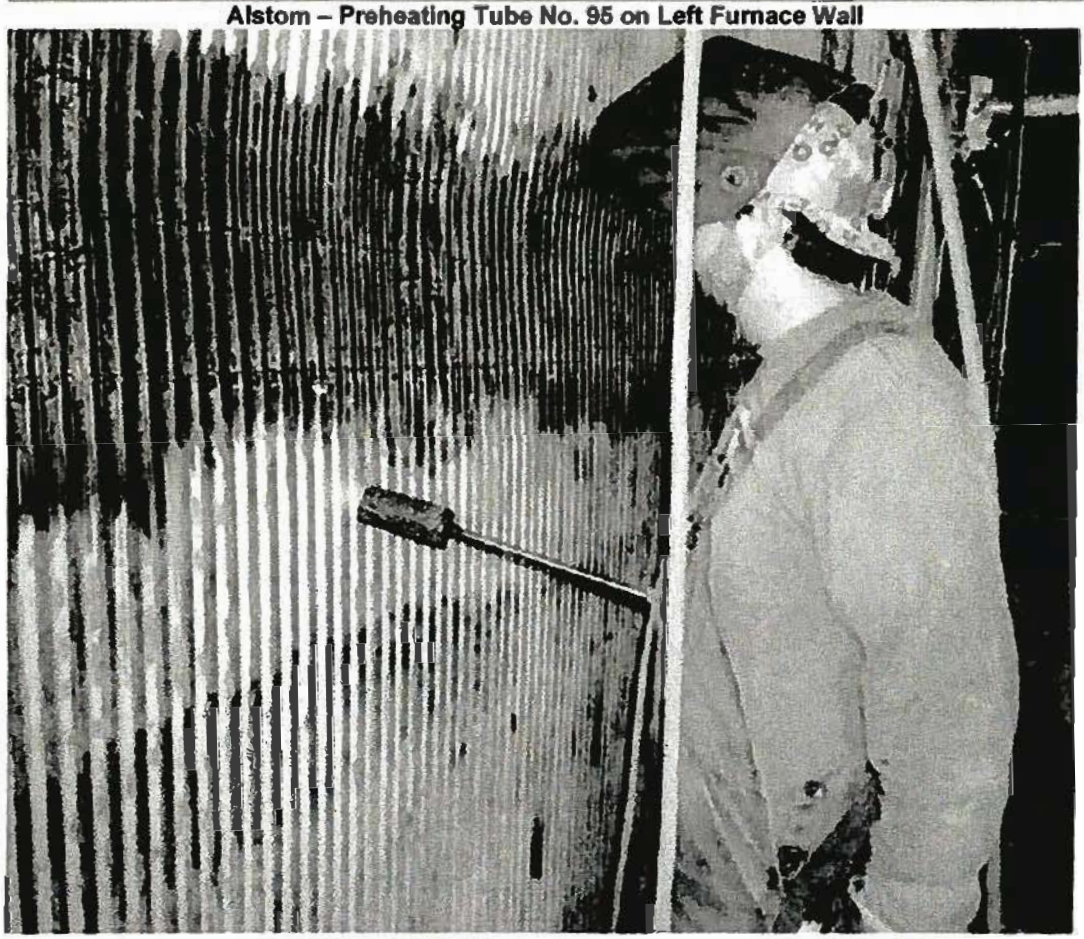


Control Room During Commissioning

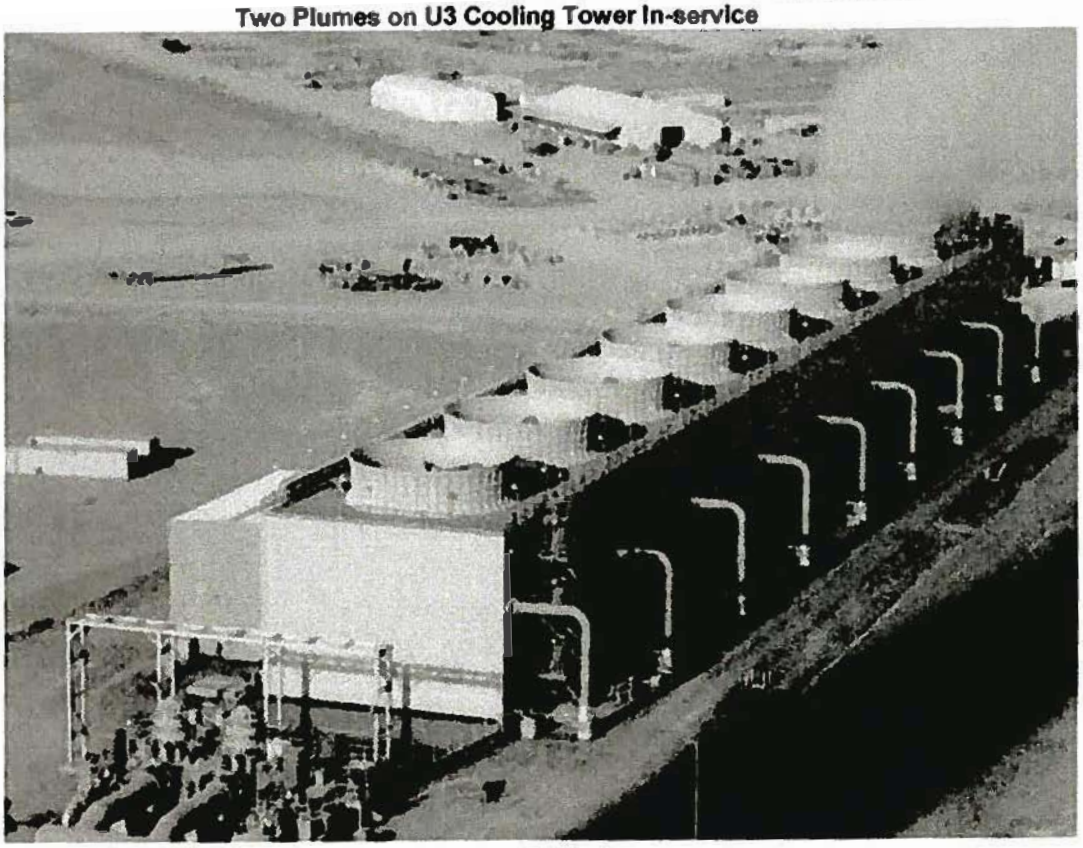
Steam Turbine Generator



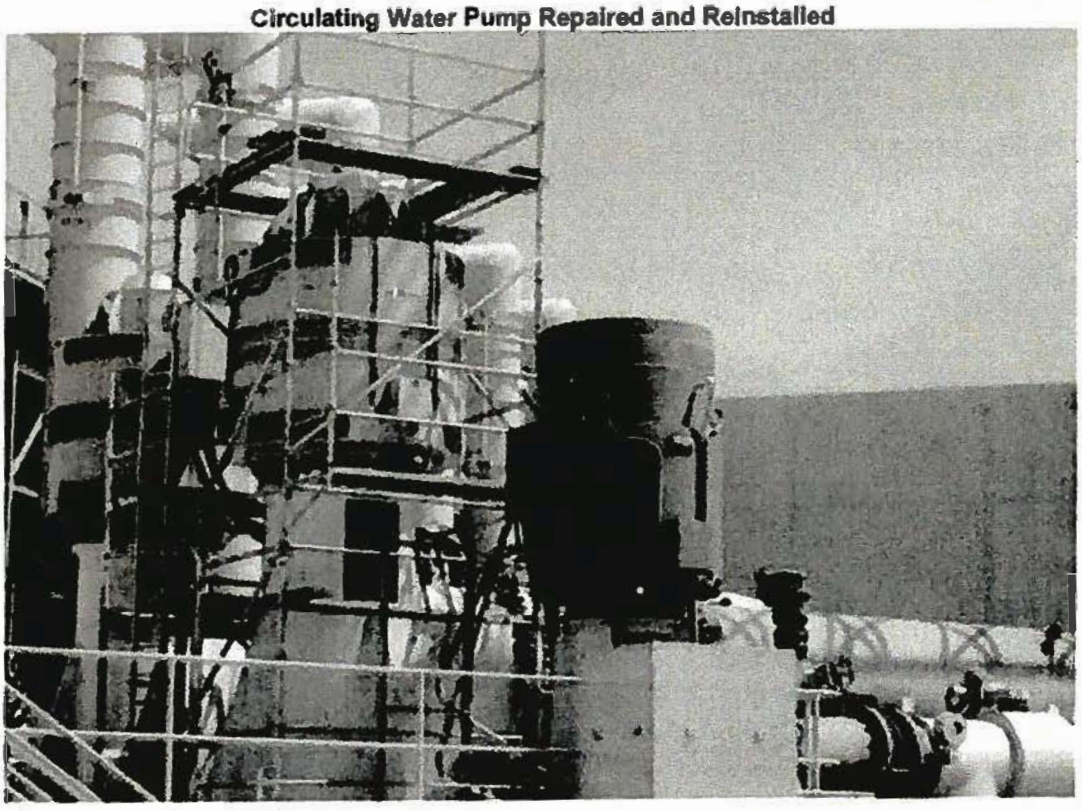
Alstom – Preheating Tube No. 95 on Left Furnace Wall



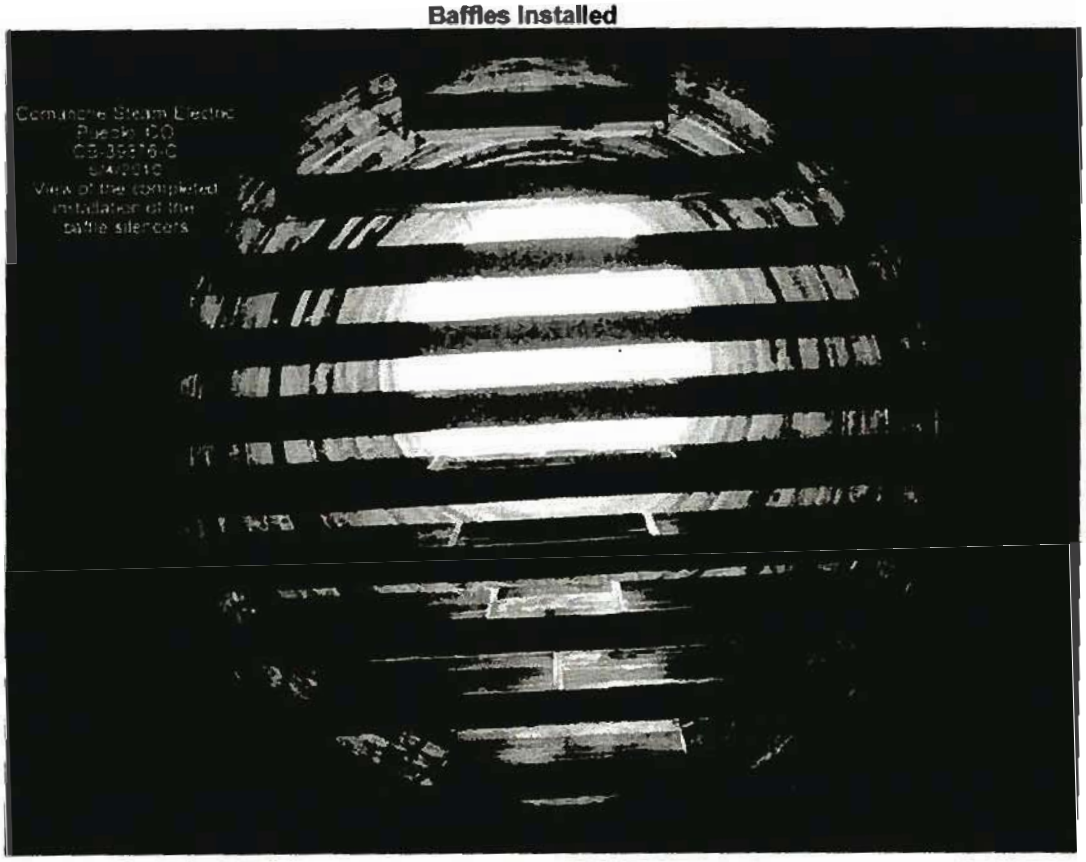
Two Plumes on U3 Cooling Tower In-service



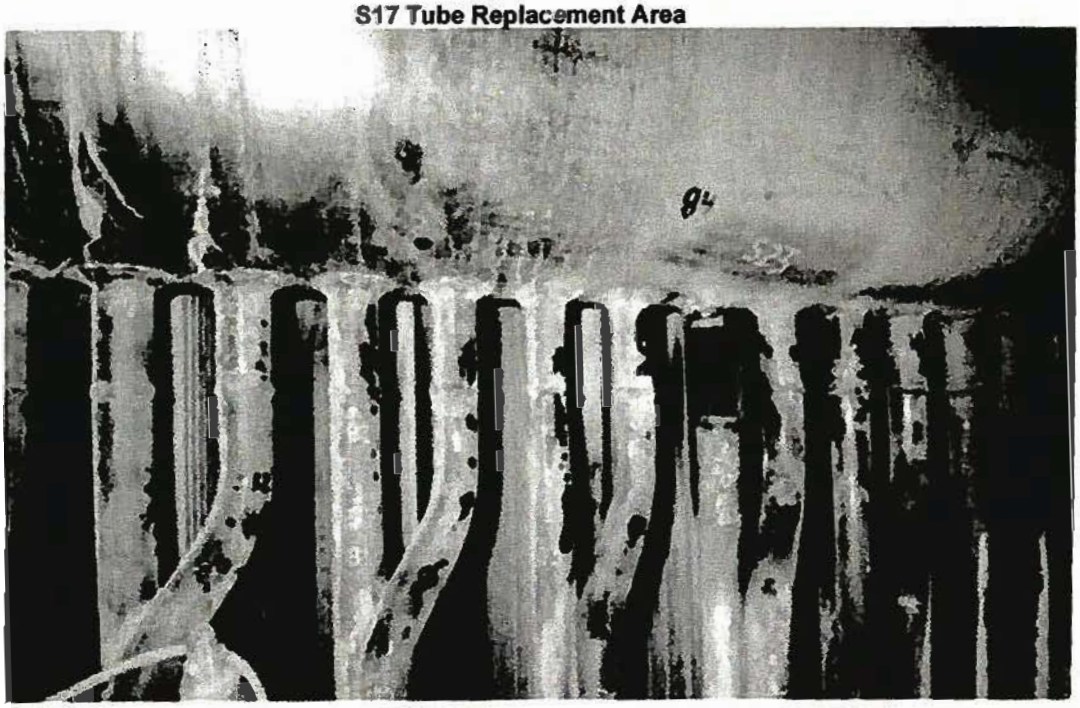
Circulating Water Pump Repaired and Reinstalled



Baffles Installed



S17 Tube Replacement Area



CERTIFICATE OF SERVICE
Docket No. 05M-511E

I hereby certify that on this, 1st day of June, 2010, the original and seven (7) copies of the **Public Version of the Semi-Annual Progress Report – Comanche 3, dated June 1, 2010** along with the original and seven (7) copies of the **Highly Confidential Version of the Semi-Annual Progress Report – Comanche 3, dated June 1, 2010** were served via hand delivery on:

Doug Dean, Director
Colorado Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202

Copies of the **Public Version of the Semi-Annual Progress Report – Comanche 3, dated June 1, 2010** were hand delivered and/or placed in the U. S. Mail postage pre-paid, addressed to all Parties on this service list.

Copies of the **Highly Confidential Version of the Semi-Annual Progress Report – Comanche 3, dated June 1, 2010** were hand delivered to those persons on this service list with a "#" beside their name:

#*Stephen W. Southwick
First Assistant Attorney General
Office of the Attorney General
1525 Sherman Street, 5th Floor
Denver, CO 80203
Stephen.southwick@state.co.us

#*P. B. Schechter
Rate/Financial Analyst
Office of Consumer Counsel
1560 Broadway, Suite 250
Denver, CO 80202
Pb.schechter@dora.state.co.us

#*Sharon Podein
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Sharon.podein@dora.state.co.us

#*Ronald Davis
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Ronald.davis@dora.state.co.us

*Karl Kunzie
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Karl.kunzie@dora.state.co.us

#*Eugene Camp
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Eugene.camp@dora.state.co.us

#*Robert Bergman
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Bob.bergman@dora.state.co.us

#*David Nocera
Assistant Attorney General
Business and Licensing Section
1525 Sherman Street, 5th Floor
Denver, CO 80203
Dave.nocera@state.co.us

*John L. Kemp
605 West 9th Place
Glenwood Springs, CO 81601
jjakemp@comcast.net

Kathleen D. Wyatt

* Denotes persons who have signed non-disclosure agreements

Print This Page

Date: Dec. 21, 2009
Company: We Energies

We Power and Bechtel Power Corporation announce settlement of claims

Settlement keeps focus on completion of the largest construction project in Wisconsin history

MILWAUKEE – We Power LLC, a subsidiary of Wisconsin Energy Corporation (WEC) that builds and owns electric generating units, and Bechtel Power Corporation today announced an agreement that settles all pending claims between them regarding the new coal-fueled units that have been under construction in Oak Creek, Wis.

Bechtel filed a formal claim in December 2008 seeking schedule and cost relief under the lump sum, turnkey contract. Through an amended claim, Bechtel had been seeking a contract price adjustment of approximately $515 million and schedule relief of seven months and four months, respectively, for the completion of Unit 1 and Unit 2.

The settlement includes the following elements:

1. We Power will make a series of payments to Bechtel totaling $72 million between now and the final completion of both units.
2. Bechtel will receive 120 days and 60 days of schedule relief from the original guaranteed turnover dates for Unit 1 and Unit 2, respectively. The original guaranteed turnover date for Unit 1 was Sept. 29, 2009. For Unit 2, the original guaranteed turnover date was Sept. 29, 2010.
3. We Power and Bechtel have resolved all pending claims against each other.

"Over the past 12 months, both We Power and Bechtel have devoted a significant amount of time and resources to analyzing the numerous issues involved," said Rick Kuester, executive vice president of Wisconsin Energy. "We have reached this agreement, in large part, because we recognize the severe weather issues Bechtel faced over the past three years - and in particular, the winter of 2007-08 when the Milwaukee area was hit with nearly 100 inches of snow."

Kuester added that he is pleased with the progress Bechtel is making on the project. "We appreciate their dedication in continuing the work through what has been a difficult dispute process."

"At Bechtel, we recognize this settlement as a positive step forward for both organizations," said Jack Futcher, president, Bechtel Power. "Bechtel is proud of our accomplishments at the Oak Creek site. We look forward to delivering a successful project," Futcher added.

Construction of the Oak Creek expansion project began on June 29, 2005. Bechtel is now conducting performance tests on Unit 1. The revised guaranteed turnover date for Unit 1 is Jan. 27, 2010. However, Bechtel is now targeting turnover of the unit by mid-January 2010. The second unit at Oak Creek is targeted for turnover at the end of August 2010.

Currently, there are approximately 1,900 workers on site. The overall project is approximately 91 percent complete. The plant expansion includes two 615-megawatt coal-fueled generating units. These units are being equipped with state-of-the-art emission-control technology, making the Oak Creek facility one of the cleanest plants of its type in the world.

We Power is a Milwaukee-based subsidiary of Wisconsin Energy Corporation (NYSE: WEC) established as part of the company's Power the Future plan to help address Wisconsin's need for electrical energy in an environmentally responsible manner. Under the Power the Future plan, We Power will own approximately 2120 megawatts of new gas- and coal-fueled electric generation to help ensure a reliable and affordable electric supply for the next decade.

ABOUT BECHTEL

Bechtel is one of the world's premier engineering, construction, and project management companies. Since its founding in 1898, Bechtel has worked on more than 22,000 projects in 140 countries on all seven continents. For well over half a century, Bechtel has been a leader in designing, building, and modernizing power plants and advancing innovative power generation technologies. Today, Bechtel's 44,000 employees are teamed with customers, partners, and suppliers on hundreds of projects in nearly 50 countries.

Forward-Looking Statements

Certain statements contained herein are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in the statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements include, among other things, statements concerning management's expectations and projections regarding the timing of the turnover of the Units. Factors that could cause actual results to differ materially from those contemplated in these forward-looking statements include, but are not limited to, (i) construction delays caused by, among other things, shortages of or the inability to obtain labor or materials, the inability of contractors to perform under their contracts, strikes or adverse weather conditions, (ii) legal challenges, (iii) changes in applicable laws or regulations and (iv) adverse interpretation or enforcement of permit conditions, laws and regulations by permitting agencies, as well as other factors described under the heading "Factors Affecting Results, Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and under the headings "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" contained in Wisconsin Energy Corporation's Form 10-K for the year ended Dec. 31, 2008 and other factors described in Wisconsin Energy's subsequent reports filed with the Securities and Exchange Commission. In some cases, forward-looking statements may be identified by reference to a future period or periods or by the use of forward-looking terminology such as "anticipates," "believes," "estimates," "expects," "forecasts," "guidance," "intends," "may," "objectives," "plans," "possible," "potential," "projects," "targets" or similar terms or variations of these terms. We expressly disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Power & Coal - Infrastructure Development

SNL EXTRA

Bechtel seeks nearly $500 million related to delays in Wisconsin plant construction

Tuesday, December 30, 2008 1:03 PM ET

By Wayne Barber

Bechtel Power Corp., the turnkey contractor developing two new coal-fired units for some Wisconsin utilities, has asked for nearly $500 million in "schedule and cost relief" because of weather delays and labor shortages.

Bechtel's claims, which had been anticipated, were described in 8-K filings with the SEC from Wisconsin Energy Corp. and MGE Energy Inc. subsidiary Madison Gas and Electric Co.

Two supercritical pulverized coal units with 615 MW each are being built alongside Wisconsin Energy subsidiary Wisconsin Electric Power Co.'s existing Oak Creek plant. The new units are referred to as the Oak Creek expansion and the Elm Road Generating Station. Bechtel is the engineering, procurement and construction contractor for the project.

Wisconsin Energy owns more than 83% of the Oak Creek expansion, and MG&E and WPPI Energy each owns an 8.33% share.

Wisconsin Energy in its 8-K filing, dated Dec. 22, said Bechtel continues to target an in-service date for unit 1 three months beyond the guaranteed contract date of Sept. 29, 2009, and an in-service date for unit 2 one month earlier than the guaranteed contract date of Sept. 29, 2010.

According to the utility company filings, Bechtel is making two claims for cost relief. The larger, for $413 million, is for additional costs based on the impact of severe weather and labor-related matters. The second, for $72 million, is related to effects of changes ordered by Elm Road Services LLC, or ERS, the project manager.

MG&E said in its 8-K filing, submitted Dec. 23, that its share for the two claims would be about $40.4 million.

The larger of Bechtel's claims includes $45 million of projected future costs in addition to those already incurred, Wisconsin Energy said in its 8-K.

Bechtel cites extreme winds from September 2006 through April 2007 as well as snowstorms from December 2007 through April 2008 and rainstorms in June 2008.

Bechtel contends that these weather events constituted events of force majeure. "We will conduct a detailed analysis of Bechtel's force majeure claim to determine whether Bechtel is entitled to any schedule relief as a result of these weather events," Wisconsin Energy said.

Wisconsin Energy disputes Bechtel claim for increased costs

"We believe Bechtel's request for cost relief related to its claim of force majeure is without merit," Wisconsin Energy said in the 8-K. "Bechtel also claims that these same weather events constituted changed local conditions that it could not have reasonably foreseen and that caused it to incur additional costs. We believe that the claim for additional costs and schedule relief based on a change in local conditions is without merit."

The labor issue, Wisconsin Energy said, is that Bechtel claims there was a significant shortage in the availability of craft labor as well as significant increases in competing projects that drove up the overtime and per diems allegedly necessary to attract workers. Bechtel also cites "alleged restrictions that our Project Labor Agreement placed on Bechtel's ability to attract and retain craft labor. Bechtel describes these as changed local conditions for which it believes we should bear the risk," Wisconsin Energy said. "Under the terms of the Contract, we agreed to accept labor-related risk only as to wage escalation in excess of 4% annually as measured by published wage bulletins. Therefore, we believe that this claim is without merit."

The second claim for relief is based on several actions related to delays in the issuance of a "full notice to proceed" with construction, which came in July 2005.

"We believe that this claim is without merit," Wisconsin Energy said in the 8-K. "We believe Bechtel was fully compensated for any and all impacts of the delayed start as indicated in certain change orders entered into between ERS and Bechtel prior to the start of construction of the Oak Creek expansion. Further, we do not believe that the Contract provides for relief based upon the cumulative impact of change orders."

The only circumstances for which the utilities retain price adjustment risk "are force majeure, wage escalation in excess of 4% annually as measured by published wage bulletins, delays caused by ERS, changes in scope or performance requested by ERS and unforeseen sub-surface ground conditions," MG&E said in its filing.

Wisconsin Energy also said the Bechtel claim should have no impact on a planned dividend increase in January 2009.

Users who read this story also read:

- Ameren tests Illinois Basin coal at Coffeen station - *Friday, September 11, 2009 8:41 AM ET*
- CMS Energy confident it can win approval for Bay City coal plant - *Friday, September 11, 2009 3:32 PM ET*
- Syracuse Energy adding scrubber to New York coal plant - *Thursday, September 17, 2009 9:41 AM ET*
- NRG to shut 2 Indian River coal units, retrofit 2 others under Delaware order - *Thursday, October 15, 2009 9:53 AM ET*

- FirstEnergy, PennFuture reach consent decree on Mansfield coal plant - *Thursday, October 15, 2009 5:10 PM ET*

Article Feedback | Email this story | Add to Library | Printable View

PSC REF#:131969

we energies

231 W. Michigan Street
Milwaukee, WI 53203
www.we-energies.com

May 21, 2010

Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
Post Office Box 7854
Madison, WI 53707-7854

Dear Ms. Paske:

Application for Approval of Affiliated Interest Agreements Between Wisconsin Electric Power Company and Elm Road Generating Station **05-AE-118**

Article 5.2 of Schedule 3.1(a) to the Elm Road I and II Facility Lease Agreement between Elm Road Generating Station Supercritical, LLC, as Lessor, and Wisconsin Electric Power Company, as Lessee, requires a written report from the Independent Evaluator (R. W. Beck) after each Milestone has been achieved. The Independent Evaluator must opine as to whether the Lessor has achieved each Milestone and whether Aggregate Construction Costs incurred by the Lessor as of the date of the achievement of the Milestone appear to predict that the Aggregate Construction Costs will not exceed the Approved Amount. Attached is the report from R. W. Beck in response to the third Milestone, the date on which the boiler first fires, having been achieved April 20, 2010.

If you have any questions concerning this project, please contact Paul Farron at (414) 221-3958.

Very truly yours,

Roman A. Draba
Vice President, Regulatory Affairs and Policy

cc: Mr. Jeff Kitsembel - PSCW
Mr. Robert Norcross – PSCW

Elm Road Generating Station Unit 2 Third Milestone Report – First Fire

Prepared for
Public Service Commission
of Wisconsin

May 18, 2010

RW BECK
An SAIC Company

0087

Schedule KMR2010-19

ELM ROAD GENERATING STATION UNIT 2
THIRD MILESTONE REPORT – FIRST FIRE

Table of Contents

Elm Road Generating Station Unit 2
Third Milestone Report –
First Fire

1.1 Introduction

Wisconsin Electric Power Company ("WEPCO") has entered into contractual agreements with Elm Road Generating Station Supercritical, LLC ("ERGS") whereby ERGS will construct and subsequently lease the two units of the Elm Road Generating Station to WEPCO. ERGS is a wholly-owned subsidiary of W.E. Power, LLC, an affiliate of WEPCO. The Public Service Commission of Wisconsin ("PSCW") approved the lease agreements entered into by WEPCO and ERGS.

Pursuant to terms of the lease agreements, WEPCO retained R. W. Beck, Inc. ("R. W. Beck") to serve as Independent Evaluator to review the development and construction of the Elm Road Generating Station Units 1 and 2 (the "Units"). ERGS, is a co-owner of each of the Units, with MGE Power Elm Road, LLC ("MGE POWER") and Wisconsin Public Power, Inc. ("WPPI"), together the "Owners". MGE Power and WPPI have each acquired minority interest in the Project. The Owners have retained ERGS' affiliate, Elm Road Services, LLC ("ERS"), as their agent to provide construction management services for the Project. ERS has managed the development and design of the Project in collaboration with WEPCO who will ultimately lease ERGS' interest in each of the Units and operate the Facility.

As described in Article 5 of Schedule 3.2(a) of the Elm Road Unit 2 Facility Lease, the Independent Evaluator shall:

> "within thirty (30) days of receipt of each written notice required by Section 3.2(b) of the Facility Lease, deliver a written report (each a "Milestone Report") to Lessor and Lessee, with a copy to the PSCW, in which the Independent Evaluator opines as to whether Lessor has achieved each Milestone and whether Aggregate Construction Costs incurred by Lessor as of the date of achievement of the Milestone appear to predict that the Aggregate Construction Costs will not exceed the Approved Amount. The Independent Auditor shall also report any adjustments which need to be made in order for the Project to be completed consistent with the CPCN Approval, Good Utility Practice, commercial reasonableness and with Aggregate Construction Costs equal to or less than the Approved Amount."

The four Construction Milestones for each Unit listed in Schedule 3.2(a) to the Elm Road Facility Lease are: the Decommissioning Completion Date, the date the steam turbine has been delivered to Parcel 1; the date on which the boiler first fires; and the Scheduled Commercial Operation Date.

1.2 Unit 2 First Fire Milestone

R. W. Beck has periodically attended Contractor ("Bechtel Power Corporation") Monthly meetings at the ERGS Unit 1 and 2 Construction site. The meetings cover construction issues and progress, engineering, procurement, schedule, and contractor administration. During recent meetings, walk through site tours were conducted with the ERS construction manager to view construction activities, dock, coal handling, switchyard, power block, and common facilities. On April 22, 2010, R. W. Beck was notified that the Unit 2 First Fire milestone was successfully achieved. Subsequently R.W. Beck reviewed documentation of the Unit 2 First Fire activities, and it is R. W. Beck's opinion that the third milestone, First Fire on natural gas, was successfully achieved on April 20, 2010.

1.3 Aggregate Construction Costs

The Approved Amount is defined in each of the Facility Leases as:

> "....the total amount of actual Construction Costs incurred by or on behalf of Lessor as of the Lease Effective Date but in any case not to exceed an amount equal to:
>
> (a) $1,453,352,800 [Unit 1 Facility Lease] $737,673,260 [Unit 2 Facility Lease], plus
>
> (b) any Construction Costs in excess of (a), but in any case not to exceed five percent (5%) of (a), which are prudently incurred and approved by the PSCW (c) any Construction Costs in excess of (a), which are incurred by or on behalf of Lessor due to an Excused Event, an event of Force Majeure or Event of Loss, which Construction Costs are prudently incurred and approved by the PSCW in advance of being recovered in the Rent payments,
>
> (d) provided, however, the Approved Amount shall not exceed actual Construction Costs incurred by or on behalf of Lessor."

Therefore, the total Approved Amount for Unit 2 is $737,673,260 plus 5 percent (subject to PSCW approval), or $774,556,923, plus costs resulting from Excused Events, events of Force Majeure, or Events of Loss provided such costs are prudently incurred and approved by the PSCW.

ERS' Aggregate Construction Costs upon completion of Unit 2 contains a number of cost uncertainties which has decreased the likelihood that the Aggregate Construction Costs as completed will be within the Approved Amount. Major cost increases include the settlement of Force Majeure claims from ERS' Contractor related primarily to adverse weather impacts. ERGS may be entitled to recover such costs related to the settlement pursuant to the terms of the Lease as they resulted from events of Force Majeure. Although Force Majeure costs are included in the Approved Amount, they are subject to the approval of the PSCW, such that final Aggregate Construction Costs may not be resolved until after the completion of Unit 2. With this

uncertainty, and based on information provided by ERS, it is R. W. Beck's opinion that the final Aggregate Construction Costs for Unit 2 may exceed the $737,673,260 plus 5% ($774,556,923) amount by approximately three percent.

PSC REF#:128266

we energies

231 W. Michigan Street
Milwaukee, WI 53203
www.we-energies.com

March 12, 2010

Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
Post Office Box 7854
Madison, WI 53707-7854

Dear Ms. Paske:

Application for Approval of Affiliated Interest Agreements Between Wisconsin Electric Power Company and Elm Road Generating Station **05-AE-118**

Article 5.2 of Schedule 3.1(a) to the Elm Road I and II Facility Lease Agreement between Elm Road Generating Station Supercritical, LLC, as Lessor, and Wisconsin Electric Power Company, as Lessee, requires a written report from the Independent Evaluator (R. W. Beck) after each Milestone has been achieved. The Independent Evaluator must opine as to whether the Lessor has achieved each Milestone and whether Aggregate Construction Costs incurred by the Lessor as of the date of the achievement of the Milestone appear to predict that the Aggregate Construction Costs will not exceed the Approved Amount. Attached is the report from R. W. Beck in response to the fourth Milestone, the scheduled commercial operation date, having been achieved February 2, 2010.

If you have any questions concerning this project, please contact Paul Farron at (414) 221-3958.

Very truly yours,

Roman A. Draba
Vice President, Regulatory Affairs and Policy

cc: Mr. Jeff Kitsembel - PSCW
Mr. Robert Norcross – PSCW

FINAL REPORT

Elm Road Generating Station Unit 1
Fourth Milestone Report –
Commercial Operation

Prepared for
Wisconsin Electric Power Company

March 11, 2010

R·W·BECK

An SAIC Company

ELM ROAD GENERATING STATION UNIT 1
FOURTH MILESTONE REPORT – COMMERCIAL OPERATION

Table of Contents

Elm Road Generating Station Unit 1
Fourth Milestone Report – Commercial Operation

1.1 Introduction

Wisconsin Electric Power Company ("WEPCO") has entered into contractual agreements with Elm Road Generating Station Supercritical, LLC ("ERGS") whereby ERGS will construct and subsequently lease the two units of the Elm Road Generating Station to WEPCO. ERGS is a wholly-owned subsidiary of W.E. Power, LLC, an affiliate of WEPCO. The Public Service Commission of Wisconsin ("PSCW") approved the lease agreements entered into by WEPCO and ERGS.

Pursuant to terms of the lease agreements, WEPCO retained R. W. Beck, Inc. ("R. W. Beck") to serve as Independent Evaluator to review the development and construction of the Elm Road Generating Station Units 1 and 2 (the "Units"). ERGS, is a co-owner of each of the Units, with MGE Power Elm Road, LLC ("MGE POWER") and Wisconsin Public Power, Inc. ("WPPI"), together the "Owners". MGE Power and WPPI have each acquired minority interest in the Project. The Owners have retained ERGS' affiliate, Elm Road Services, LLC ("ERS"), as their agent to provide construction management services for the Project. ERS has managed the development and design of the Project in collaboration with WEPCO who will ultimately lease ERGS' interest in each of the Units and operate the Facility.

As described in Article 5 of Schedule 3.2(a) of the Elm Road Unit 1 Facility Lease, the Independent Evaluator shall:

> "within thirty (30) days of receipt of each written notice required by Section 3.2(b) of the Facility Lease, deliver a written report (each a "Milestone Report") to Lessor and Lessee, with a copy to the PSCW, in which the Independent Evaluator opines as to whether Lessor has achieved each Milestone and whether Aggregate Construction Costs incurred by Lessor as of the date of achievement of the Milestone appear to predict that the Aggregate Construction Costs will not exceed the Approved Amount. The Independent Auditor shall also report any adjustments which need to be made in order for the Project to be completed consistent with the CPCN Approval, Good Utility Practice, commercial reasonableness and with Aggregate Construction Costs equal to or less than the Approved Amount."

The four Construction Milestones for each Unit listed in Schedule 3.2(a) to the Elm Road Facility Lease are: the Decommissioning Completion Date, the date the steam

turbine has been delivered to Parcel 1; the date on which the boiler first fires; and the Scheduled Commercial Operation Date.

1.2 Unit 1 – Commercial Operation

R. W. Beck has periodically attended Contractor ("Bechtel Power Corporation") Monthly meetings at the ERGS Unit 1 and 2 Construction site. The meetings cover construction issues and progress, engineering, procurement, schedule, and contractor administration. During recent meetings, walk through site tours were conducted with the ERS construction manager to view construction activities, dock, coal handling, switchyard, power block, and common facilities. On December 23, 2009 R. W. Beck was notified that the Commercial Operation milestone date was moved by mutual agreement between ERGS and WEPCO. R.W. Beck was further notified that the Contractor and ERS had settled the Force Majeure claims on December 16, 2009. On February 10, 2010 R. W. Beck was notified of the milestone completion, and it is R. W. Beck's opinion that the fourth milestone, Commercial Operation, was successfully achieved on February 2, 2010.

1.3 Unit 1 - Performance and Emissions Testing

R. W. Beck reviewed the "Performance and Emissions Testing – Final Test Report" dated January 25, 2010. The testing was conducted on January 19, and 20, 2010 and based on the reported final results of those tests Unit 1 has successfully demonstrated the guaranteed Net Unit Power and Net Unit Heat Rate. The test results also satisfy the Air Permit Limits (for the listed pollutants) for Unit 1. The Performance and Emissions Testing Report was provided by ERGS. R. W. Beck did not independently verify any of the methods, information or data contained within the report. R. W. Beck also reviewed the Operability Test report and is satisfied that Unit 1 Facility successfully passed the 15 day Operability Test.

1.4 Aggregate Construction Costs

The Approved Amount is defined in each of the Facility Leases as:

> "....the total amount of actual Construction Costs incurred by or on behalf of Lessor as of the Lease Effective Date but in any case not to exceed an amount equal to:
>
> (a) $1,453,352,800 [Unit 1 Facility Lease] $737,673,260 [Unit 2 Facility Lease], plus
>
> (b) any Construction Costs in excess of (a), but in any case not to exceed five percent (5%) of (a), which are prudently incurred and approved by the PSCW
> (c) any Construction Costs in excess of (a), which are incurred by or on behalf of Lessor due to an Excused Event, an event of Force Majeure or Event of

Loss, which Construction Costs are prudently incurred and approved by the PSCW in advance of being recovered in the Rent payments,

(d) provided, however, the Approved Amount shall not exceed actual Construction Costs incurred by or on behalf of Lessor."

Therefore, the total Approved Amount for the Unit 1 Facility (including the New Common Facilities) is $1,453,800,060 plus 5 percent (subject to PSCW approval), or $1,526,020,440, plus costs resulting from Excused Events, events of Force Majeure, or Events of Loss provided such costs are prudently incurred and approved by the PSCW.

While the Unit 1 Facility has achieved Commercial Operation, ERS continues to incur costs associated with the completion of certain Punchlist activities. Also, in December 2009, ERS incurred a significant cost in settling a dispute with its Contractor over certain Force Majeure claims, including costs associated with, among other things, the harsh winter conditions of 2007/2008. These costs have decreased the likelihood that the Aggregate Construction Costs for the Unit 1 Facility will be within the $1,526,020,440 amount. ERGS may be entitled to recover costs related to the settlement pursuant to the terms of the Lease as costs resulting from events of Force Majeure. Although Force Majeure costs are included in the definition of Approved Amount, they are subject to the approval of the PSCW, such that the final Aggregate Construction Costs for the Unit 1 Facility may not be resolved until after the completion of Unit 2. Based on information provided by ERS, it is R. W. Beck's opinion that the final Aggregate Construction Costs for the Unit 1 Facility, excluding the settlement amount of $72,000,000 (of which 61,200,000 will be allocated to unit 1), will be less than the $1,526,020,440 amount (105% amount). If the settlement amount is approved by the PSCW as a Force Majeure cost, then it is R. W. Beck's opinion that the final Aggregate Construction Costs will exceed the $1,526,020,440 amount by approximately three percent.

Power Plant Units - Details

J.K. Spruce

	J K Spruce ST 1	J K Spruce ST 2
Generator Information		
Current Status	Operating	Under Construction
In-Service Month/Year	12/1992	6/2010
Retirement Month/Year	-	-
Nameplate Capacity (MW)	566.0	820.0
Summer Net Capacity (MW)	555.0	750.0
Winter Net Capacity (MW)	565.0	760.0
Expected Availability (%)	-	-
Station Energy Use (%)	-	-
Energy Pricing Node/Zone	-	-
Construction Costs ($/kW)	-	2,550.00
Turbine Information		
Turbine Manufacturer	-	-
Turbine Type	-	-
Boiler Information		
Earliest Boiler In-Service Date	12/1/1992	-
Boiler Retirement Date	-	-
Shared Unit at Boiler?	No	No

Schedule KMR-2018-19

J.K. Spruce

Boiler Manufacturer	Combustion Engineering	-
Fuel Data		
Efficient Heat Rate (Btu/kWh)	-	-
Incremental Heat Rate (Btu/kWh)	-	-
Primary Fuel Type	Subbituminous coal	-
Secondary Fuel Type	-	-
Tertiary Fuel Type	-	-
Commitment & Dispatch		
Minimum Capacity (MW)	-	-
Minimum Uptime (Hours)	-	-
Minimum Downtime (Hours)	-	-
Ramp Up Rate (MW/hour)	-	-
Ramp Down Rate (MW/hour)	-	-

Schedule KMR2010-19

0099

Power Generation
Coal-Fired Generation
Gas Turbine & Combined Cycle
Integrated Gasification Combined Cycle
Engineer-Procure-Construct
Owner's Engineer
Plant Improvements
Combustion Byproduct Management
Nuclear Plant Engineering
Energy Plant Services
Project Development
Controls Upgrade
Combined Heat & Power
Renewable Energy

PROJECT DESCRIPTIONS

Jimah Power Project
Assessment, review, consulting and auditing services for a 2x700-MW coal-fired power plant and high-voltage interconnection facilities in Johore, Malaysia

Rodemacher Unit 3
Owner's engineer services for Cleco Power's Rodemacher Unit 3 a single steam turbine and two circulating fluidized bed (CFB) scrubbers

JK Spruce Unit 2
Owner's engineer services for

JK Spruce Unit 2

San Antonio

Client

CPS Energy

Completion Date

August 2009

Services Provided

- Project definition
- Contract development
- Contract enforcement
- Owner's engineer
- Resident services

Project Summary

Burns & McDonnell is providing owner's engineer services to build JK Spruce Unit 2 for CPS Energy. Burns & McDonnell's scope includes project definition, contract development, contract enforcement and on-site resident services.

Project Features

- 100 percent Powder River Basin (PRB) fuel
- Low emissions
- New fabric filter
- New limestone wet absorber
- New selective catalytic reduction (SCR)

Project Background and Description

City Public Service (CPS) is implementing a project to engineer, procure, construct, own and operate a new nominally rated 750-MW coal-fired electric power generating unit at its existing Calaveras Lake site in San Antonio. The project is known as JK Spruce Unit 2.

The project is being completed on a total design-build basis as defined by Texas regulations. The bid documents were issued in summer 2004.

Burns & McDonnell's scope of services includes initial planning, design-build contract development, design-build contract enforcement and construction monitoring. As part of the initial planning phase, Burns & McDonnell prepared studies to evaluate the existing facilities and to assess the feasibility of CPS directives. Scope of the studies included mechanical assessments of flue gas desulfurization (FGD) technologies, FGD auxiliaries, fire water pumps, service water pumps, condensate polisher and demineralizer. Electrical assessments included the medium voltage system and utilization of variable frequency drives (VFDs). Material handling assessments included the coal handling system and limestone unloading system. Information gathered during the initial planning phase was used in developing the design-build contract.

The new 750-MW coal fired generating facility will be engineered and constructed by others. Burns & McDonnell is defining the design and construction criteria within the design-build contract. This multiple-volume document will include the technical and commercial terms of the contract. Enforcement of the contract will include review of the design-build design and monitoring of construction activities.

0100

Schedule KMR2010-19