

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23L-0051G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER AUTHORIZING IT TO REVISE ITS GAS COST ADJUSTMENT TO BE EFFECTIVE FEBRUARY 1, 2023, ON LESS THAN STATUTORY NOTICE.

**COMMISSION DECISION AUTHORIZING
DOWNWARD REVISIONS OF GAS RATES**

Mailed Date: January 30, 2023

Adopted Date: January 30, 2023

I. BY THE COMMISSION

A. Statements, Findings, and Conclusions

1. On January 27, 2023, Public Service Company of Colorado (Public Service or Applicant) filed a verified application requesting a Commission order authorizing it, without a formal hearing and on less-than-statutory notice, to place into effect on February 1, 2023, tariffs resulting in a decrease to its existing natural gas rates now on file with the Commission. In addition, Public Service is seeking a variance from the currently effective GCA tariff provision that makes the Gas Commodity Cost rate component the only cost element subject to revision by the Company when filing an interim GCA application. The application contains all materials required by the Commission's rules and is complete. In addition, pursuant to Rules 1100 and 1101(b), 4 *Code of Colorado Regulations* (CCR) 723-1 of the Rules of Practice and Procedure and Rule 4603(b) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 CCR 723-4, certain materials were designated as confidential.

2. This Verified Application is filed under the interim GCA mechanism directed to be placed into effect by the Commission in Decision No. C09-0596, mailed June 9, 2009, in Proceeding No. 08A-095G.

3. The proposed tariffs are attached to the application and affect Applicant's customers in its Colorado certificated areas on file with the Commission. The filing constitutes a decrease of \$70,879,012 when compared to revenue that would be collected under the currently effective GCA rates, based on forecasted February and March sales quantities. The annual revenue resulting from the February to March interim 2023 GCA rates would be \$279,331,427 less than the annual revenue that would have been collected assuming the currently effective GCA rates for the period October 2022 through September 2023.

4. The Public Service requests a variance from the Company's tariff Sheet No. 50E which states: "The four GCA rate components (Gas Commodity Cost, Upstream Service Cost, Gas Storage Cost and Deferred Gas Cost) shall be subject to regularly scheduled revision each quarter by the Company filing an annual GCA application or quarterly application, while only the Gas Commodity Cost rate component shall be subject to revision by the Company filing an interim application" (emphasis added). The variance would allow Public Service to include the current Deferred Gas Cost balance in this application reflecting a decrease of \$11,887,340 in the under-collected balance and reflecting a deferred balance of \$6,135,862 under-collected. The requested variance is temporary through March 31, 2023.

5. This application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rule 4 CCR 723-1-4109(b)(II).

B. Findings of Fact

6. Public Service is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, in the purchase, transmission, distribution, transportation, and resale of natural gas in various certificated areas within the State of Colorado.

7. Applicant's natural gas supplies for sale to its residential, commercial, industrial, and resale customers, are purchased from numerous producer/suppliers located inside and outside of the State of Colorado. The rates and charges incident to these purchases are established through contracts between Applicant and the various producer/suppliers.

8. These gas supplies are either delivered directly into Applicant's natural gas pipeline system from wellhead, gathering system, gas processing plant interconnections, or through several interstate pipeline and/or storage facilities with which Applicant is directly connected. The transportation of these gas supplies is made pursuant to service agreements between Applicant and upstream pipeline service providers based upon Applicant's system requirements for the various pipeline services, such as gathering, storage, and transportation. These upstream pipeline service providers include Colorado Interstate Gas Company (CIG); Front Range Pipeline (Front Range), Tallgrass Interstate Gas Transmission (TIGT), Southern Star Central Gas Pipeline, Inc. (Southern Star), and Red Cedar Gathering Company (Red Cedar).

9. CIG, TIGT, Southern Star, and Red Cedar are natural gas companies under the provisions of the Natural Gas Act, as amended, and the rates and charges incidental to the provision of the various pipeline delivery services to Applicant are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). This Commission has no jurisdiction over the pipeline delivery rates of CIG, TIGT, Southern Star, and Red Cedar, but it expects Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of

the Natural Gas Policy Act of 1978, 15 U.S.C. §§ 3301-3432 and applicable federal regulations, or determinations made under applicable federal regulations.

10. Public Service acknowledges that the company has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) and Rules 4002(b)(XI)(A) through (C) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 CCR 723-4.

11. Public Service incorporates by reference information on file with the Commission in Proceeding No. 06M-525EG as required pursuant to Rule 4002(c).

12. The natural gas costs reflected in this filing are based on the New York Mercantile Exchange (NYMEX) January 2023 daily Settlement Price for natural gas on the first business day of the month of this Application, or January 3, 2023. The NYMEX price for January was adjusted for the basis differentials applicable to regional indices used by the Applicant for its gas purchases. The resulting Gas Commodity Cost is \$5.391 per Dth, as compared to the Gas Commodity Cost in effect for the first quarter 2023 of \$7.207 per Dth, which is a decrease of 25.20 percent.

13. Applicant states that the GCA is currently not impacted by transportation commodity discounts, as all discounted transportation commodity rates are in excess of the current gas cost portion of the transportation charge (balancing costs). Accordingly, Applicant represents that the GCA applicable to sales customers will not be affected by transportation discounts.

14. Applicant anticipates that the adjustment in the interim GCA requested herein will bring future gas cost recovery amounts more closely in line with the predicted future price of gas.

15. Pursuant to the Quarterly GCA S&A reached by the Parties pursuant to Decision No. C09-0596 in Proceeding No. 08A-095G, the filing of this application has been brought to the attention of Applicant's affected customers by means of a legal notice in a newspaper of general circulation, and a first of the month display ad. In addition, Public Service, at its option, may continue press releases, call center voice activation messaging, and timely postings to its internet website, as long as such forms of notice and communication reasonably and effectively continue to provide information to customers.

16. The Commission finds good cause to allow the proposed decrease on less-than-statutory notice.

II. ORDER

A. The Commission Orders That:

1. The application filed by Public Service Company of Colorado (Public Service) is deemed complete.

2. The variance from Public Service tariff Sheet 50E requested by Public Service in order to incorporate the current deferred cost balance is granted.

3. The application filed by Public Service for authority to change tariffs on less-than-statutory notice is granted.

4. Public Service is authorized to file, a one-day notice, the tariffs attached as Appendix A and made a part of this Decision, to be effective on or after their effective date of February 1, 2023.

5. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

6. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' DELIBERATION MEETING
January 30, 2023.**

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THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

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Commissioners

ATTEST: A TRUE COPY

G. Harris Adams,
Interim Director