

Decision No. C24-0376

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24M-0261G

IN THE MATTER OF THE COMMISSION'S EXAMINATION OF GAS SYSTEM FORECASTING, MAPPING, AND COST BENEFIT ANALYSIS IN ACCORDANCE WITH DECISION NO. C24-0092 ADDRESSING THE INAUGURAL GAS INFRASTRUCTURE PLAN OF PUBLIC SERVICE COMPANY OF COLORADO.

**COMMISSION DECISION OPENING PROCEEDING AND
DESIGNATING COMMISSIONER
MEGAN M. GILMAN
AS HEARING COMMISSIONER**

Mailed Date: June 4, 2024
Adopted Date: May 29, 2024

I. BY THE COMMISSION

A. Statement

1. The Commission addressed the inaugural Gas Infrastructure Plan (GIP) filed by Public Service Company of Colorado (Public Service or the Company) through Decision No. C24-0092 (Plan Decision), issued on February 23, 2024, in Proceeding No. 23M-0234G. Public Service filed the GIP to comply with the Commission's Gas Infrastructure Planning Rules, 4 *Code of Colorado Regulations* (CCR) 723-4-4550 to 4555 (Gas Planning Rules).

2. Pursuant to Rule 4552(b)(V), the Commission addressed the adequacy of Public Service's initial GIP and the methods and processes the Company used to formulate the GIP, providing guidance for the preparation of Public Service's future GIP filings, including the next GIP which must be filed in 2025. Notably, the Commission determined that it was necessary to open a miscellaneous proceeding prior to the filing of the next GIP to consider and facilitate

stakeholder discussions concerning the Public Service's forecasting for its gas utility system, its mapping practices, and its cost benefit analysis (CBA) to support the consideration of alternatives gas infrastructure projects.

3. By this Decision, the Commission opens this proceeding to examine Public Service's gas system forecasting, mapping, and CBA in accordance with the Plan Decision. We further designate Commissioner Megan M. Gilman as Hearing Commissioner, pursuant to § 40-6-101(2), C.R.S.

B. Discussion

1. Gas System Forecasting

4. Rule 4553(b) of the Gas Planning Rules sets forth the forecast requirements for a gas utility's GIP. The utility is required to present reference, low, and high forecasts of design peak demand, customer count, sales and capacity requirements, gas content including expected mixtures by volume of hydrogen and recovered methane, and system-wide greenhouse gas emissions, consistent with the utility's approved Clean Heat Plan (CHP). The utility must also indicate how its forecast incorporates, to the extent practicable, relevant external factors including, but not limited to: the effect of current or enacted state and local building codes; changes in the utility's line extension policies, and the associated impact on gas customer growth; building electrification programs or incentives offered by the local electric utility or local or federal entities that overlap with the utility's gas service territory; and the price elasticity of demand.

5. In the Plan Decision, the Commission acknowledged the reasons put forward by Public Service regarding why the gas system forecast submitted with its initial GIP differed from the forecast required by the Gas Planning Rules. The Commission further addressed the timing of the Company next GIP filing in relation to the forecasts presented in support of Public Service's

first CHP under review in Proceeding No. 23A-0392EG. The Commission reiterated that it expects to receive a forecast that is fully compliant with the Gas Planning Rules no later than the next GIP. The Commission also required Public Service to include in its next GIP application a forecast that is fully compliant with any guidance provided in Proceeding No. 23A-0392EG regarding the Company's CHP.¹

6. The Plan Decision concludes that a Commission-led miscellaneous proceeding is necessary to ensure significant progress in the Company's system planning forecasting. The Commission stated its intention monitor the discussions, proposals, and progress (or lack thereof) related to the Company's forecasting to ensure that Company and stakeholder involvement is tailored to achieve compliance by the filing of the Company's next GIP. The Plan Decision also states that one purpose of this Proceeding will be to collect information regarding the Company's forecasting methodology and to discuss the parameters, logic, and other relevant facets of a gas system planning tool relevant to Public Service's service territory and customer base.²

2. System Mapping

7. The Plan Decision also concluded that guidance on Public Service's system mapping is necessary prior to the preparation of the Company's next GIP. For instance, the Commission agreed with Public Service's proposal for collaboration with interested stakeholders to ensure that expectations align with the practical limitations of Company's system and mapping abilities, as well as with security and safety requirements.³ The Commission also anticipated that improved mapping would evolve to be interactive and contain the multiple different data sets that come together to show expected system expenditures and their locations. For example, in addition

¹ Plan Decision, ¶¶ 50-51, p. 19.

² Plan Decision, ¶ 56, pp. 21-22.

³ Plan Decision, ¶¶ 147-150, pp. 58-59.

to the pipe age and material, interactive system maps would identify the location of capacity constraints, customer-owned yard lines, failed meter lots and other upcoming expenditures such that a user can identify areas of the system that require significant capital investments that may be pancaking in certain locations or to serve small groups of customers. The Commission further stated that as mapping abilities evolve, they could be critical to identifying opportunities for non-pipeline alternatives (NPAs). The Commission stated that such maps could play a central role in identifying areas of the system in need of significant investment, which is a more strategic way to evaluate cost effective alternatives.

8. Accordingly, mapping issues and concerns will also be addressed in this Proceeding. We encourage full consideration of CEO's proposal to include census tract level mapping and the potential for hydraulic models and other information, because, as discussed in the Plan Decision, this would aid in the identification of areas of the system in which NPAs should be further evaluated to maintain system affordability. We also seek collaboration on the development of a mapping tool that Public Service and others can use to potentially develop new scenarios or alternatives. Mapping efforts should also work towards showing the location of customer-owned yard lines and locations that face multiple safety or capacity related issues. We further encourage participants in this Proceeding to address both short-term and long-term uses of system maps.

3. Cost Benefit Analysis (CBA)

9. In its inaugural GIP proceeding, Public Service presented a CBA for the consideration of alternative to gas system infrastructure investments. The Plan Decision concludes that Public Service's first CBA methodology was "a good first step as experience with alternatives analysis grows." However, the Commission agreed that certain aspects of the CBA should be

further developed and refined to be more accurate and useful. To that end, the Commission encouraged Public Service to move forward with stakeholders on the development of a CBA Handbook and directed that the contemplated CBA Handbook be developed through this Proceeding.⁴

10. The Plan Decision identifies several topics to be addressed in the development of the CBA. For example, the Commission stated that it appears to be appropriate to compare the costs and benefits directly between GIP projects and NPAs, rather than comparison to a “no-action scenario.” The Commission agreed that long-run marginal methane emission rates associated with natural gas leakage should be a part of the CBA and that a CBA should include infrastructure’s negative salvage value with a focus on the actual cost of the infrastructure project paid by ratepayers. The Commission stated that consideration of incentives from the Inflation Reduction Act and state tax credits should also be accounted for in the CBA. Likewise, regarding electric system infrastructure needs resulting from an NPA, the Commission found that sufficient local and system-wide electricity forecasting was required using critical inputs such as the peak loads due to heat pumps. The Commission also anticipated that the CBA would include the evaluation of ways to better involve disproportionately impacted (DI) communities, such as analysis of actual costs and benefits to the DI community associated with the NPA analysis or an adder for benefits intended for the community and community members.⁵

C. Findings and Conclusions

11. We open this Proceeding for the purpose of examining Public Service’s gas system forecasting, mapping, and CBA in accordance with the Plan Decision and the discussion above.

⁴ Plan Decision, ¶111, p. 45.

⁵ Plan Decision, ¶¶112-116, p. 45-47.

12. We designate Commissioner Megan M. Gilman as Hearing Commissioner.

II. ORDER

A. The Commission Orders That:

1. Consistent with the discussion above, the Commission opens this miscellaneous proceeding for the purpose of examining the gas system forecasting, mapping, and cost benefit analysis used by Public Service Company of Colorado for its infrastructure planning.

2. This proceeding is designated as an administrative proceeding under 4 *Code of Colorado Regulations* 723-1-1004(b).

3. Pursuant to § 40-6-101(2), C.R.S., Commissioner Megan M. Gilman is designated as the Hearing Commissioner.

4. This Decision is effective upon its Mailed Date.

B. **ADOPTED IN COMMISSIONERS' WEEKLY MEETING MAY 29, 2024.**

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THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

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Commissioners

Rebecca E. White

Rebecca E. White,
Director