

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19AL-0268E

IN THE MATTER OF ADVICE LETTER NO. 1797 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO RESET THE CURRENTLY EFFECTIVE GENERAL RATE SCHEDULE ADJUSTMENT (“GRSA”) AS APPLIED TO BASE RATES FOR ALL ELECTRIC RATE SCHEDULES AS WELL AS IMPLEMENT A BASE RATE KWH CHARGE, GENERAL RATE SCHEDULE ADJUSTMENT-ENERGY (“GRSA-E”) TO BECOME EFFECTIVE JUNE 20, 2019.

INTERIM DECISION SCHEDULING PUBLIC COMMENT HEARINGS, ESTABLISHING PROCEDURES FOR THE EVIDENTIARY HEARING, AND SETTING RESPONSE TIME TO PREHEARING MOTIONS

Mailed Date: September 19, 2019
Adopted Date: September 11, 2019

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I. BY THE COMMISSION**A. Statement**

1. An evidentiary hearing in this matter is scheduled for November 4 through 13, 2019. This Decision schedules two additional hearings for the purpose of receiving public comment—the first on September 26, 2019 in Grand Junction, Colorado, and the second on November 6, 2019 in Denver, Colorado.¹ We also establish procedures for the evidentiary hearing and set a deadline for responses to prehearing motions in accordance with the procedural schedule set forth in Decision No. C19-0709-I as modified by Decision No. C19-0720-I.

2. We direct Public Service Company of Colorado (Public Service or Company) to confer with the parties and to file a proposed order of witnesses with estimated cross-examination times no later than October 25, 2019. We also direct Public Service to confer with the parties to develop an initial list of hearing exhibits to be filed no later than noon on November 1, 2019.

3. Responses to prehearing motions shall be filed no later than October 25, 2019.

B. Discussion

4. On May 20, 2019, Public Service filed Advice Letter No. 1797 with supporting attachments and pre-filed testimony as a Phase I rate proceeding. The proposed effective date of the tariffs filed with Advice Letter No. 1797 is June 20, 2019.

5. Public Service is seeking a total increase in its base rate revenues of approximately \$408 million, or 26.4 percent. However, approximately \$249 million of that

¹ Upon advanced request, the Commission can prepare accommodations to provide auxiliary services for members of the public who are deaf, hard-of-hearing, or speech disabled. Members of the public requesting auxiliary services should/shall provide a written request at <https://www.colorado.gov/pacific/dora/puc> via the accommodation requests link. For more information, contact Holly Bise at holly.bise@state.co.us, (303) 894-2024 (voice-only phone) or (720) 583-9878 (video phone).

amount is the result of transfers from three ongoing riders: (1) approximately \$79 million would move to base rates from the Clean Air-Clean Jobs Act Rider, which would be eliminated upon certain final reconciliations; (2) approximately \$40 million would move to base rates from the Transmission Cost Adjustment; and approximately \$131 million would be recovered through a General Rate Schedule Adjustment-Energy (GRSA-E) to collect costs associated with the Rush Creek Wind Project that are presently recovered through the Company's Electric Commodity Adjustment (ECA). In addition to the GRSA-E, Public Service would implement a standard General Rate Schedule Adjustment of 13 percent. The proposed net increase in total revenues is about \$158.3 million, or an overall bill impact of 5.7 percent.

6. The proposed rate increase is supported by Public Service's cost of service study that generates a total annual base rate revenue requirement of \$1.95 billion. This amount is based on a proposed return on equity of 10.35 percent, a cost of long-term debt of 4.18 percent, and a capital structure composed of 56.46 percent equity and 43.54 percent debt. These financing components combine into an overall weighted average cost of capital of 7.66 percent.

7. A major driver of the proposed rate increase is \$4.1 billion of investment that Public Service has made in the last five years. In addition, Public Service seeks what it calls a "capital reach" of about \$593 million for the plant additions that will be in service by the end of 2019.

8. The tariff sheets filed with Advice Letter No. 1797 also would continue the Company's Quality of Service Plan (QSP) for its electric operations. According to the pre-filed testimony submitted on May 20, 2019, Public Service proposes "minimal adjustments" to the electric QSP, such as an extension through 2021 and a reduction in the required reporting from the current monthly, quarterly, and annual reporting to only annual reporting. However, Public

Service also explains certain additional adjustments are likely to be made to the electric QSP related to the structure of the overall QSP under Commission consideration for the Company's gas operations (Proceeding No. 18A-0918G) and the outcome of the consolidated electric and gas proceedings in which the Commission is currently examining the Company's distribution line extension policies (Proceeding Nos. 18AL-0852E and 18AL-0862G).

9. Public Service also seeks to modify its ECA tariff to include provisions to facilitate the future recovery of costs associated with the Cheyenne Ridge Wind Project. Public Service explains that these changes conform to the Cheyenne Ridge Wind Project Settlement Agreement recently approved by the Commission in Proceeding No. 18A-0905E.

10. Advice Letter No. 1797 also explains that Public Service seeks to:

- Update tariff sheets to incorporate new rates for the Charges for Rendering Service and Maintenance Charges for Street Lighting Service;
- Eliminate the Transmission Time-of-Use (Schedule TTOU) as of January 1, 2017;
- Correct the wattage in the Parking Lot Lighting Service (Schedule PLL) tariff;
- Remove the tariff for the Earnings Sharing Adjustment (ESA);
- Update the Short-Term Sales Margins in the ECA for Generation and Proprietary Books from calendar year 2015 to 2018;
- Remove the Equivalent Availability Factor Performance Mechanism (EAFPM) from the ECA;
- Revise Data Privacy in the Requests for Customer Data section of the General section of the Company's Rules and Regulations to more clearly reflect the reports available to customers and third parties;
- Clarify and simplify the tariff language in Other Meter Tests and Billing for Errors sections of the Standards in the Company's Rules and Regulations to better align with Commission Rules; and
- Include tariff provisions addressing customer credit and payment plan options that apply in the event billing adjustments are made.

11. On May 20, 2019, Public Service filed a Motion for Rates Effective January 1, 2020. Public Service argues that a January 1, 2020 effective date will conserve customer, Commission, and Company resources by eliminating the need for multiple true-ups. The Company also states that a January 1, 2020 effective date will also help to eliminate customer confusion that often ensues as a result of such true-ups. Public Service further explains that the Company's rates have been reduced to reflect the impact of the Tax Cuts and Jobs Act (TCJA) from January 1, 2018 through December 31, 2019, as approved in Proceeding No. 18M-0074EG. The Company suggests that having new base rates effective January 1, 2020 corresponds with the conclusion of that initial TCJA rate reduction. In sum, Public Service concludes that authorizing a January 1, 2020 effective date for rates will provide the most seamless and efficient path to providing customers the financial benefits provided under the TCJA-related settlements.

12. On May 31, 2019, by Decision No. C19-0462, the Commission set for hearing the tariffs filed by Public Service before the Commission *en banc* and suspended their effective date for 120 days pursuant to § 40-6-111(1), C.R.S.

13. By Decision No. C19-0621-I, issued on July 23, 2019, the Commission addressed the requests for intervention in this Proceeding and established the parties in this Proceeding.

14. On August 23, 2019, by Decision No. C19-0709-I, the Commission established a procedural schedule with filing deadlines, hearing dates, and provisions governing discovery. The Commission adopted, without modification, the proposed schedule filed by Public Service on July 2, 2019 upon conferral with the parties. Decision No. C19-0709-I established the dates for the evidentiary hearing from November 4 through 13, 2019, as proposed in the July 2, 2019 filing.

15. On August 30, 2019, by Decision No. C19-0720-I, the Commission extended the deadline for the filing of Answer Testimony by two weeks, such that Answer Testimony was due no later than September 20, 2019. The Commission also modified the deadline for the filing of Rebuttal Testimony and Cross-Answer Testimony to October 11, 2019. All other deadlines and dates established by Decision No. C19-0709-I were retained.

C. Public Comment Hearings

16. Given the significant increase in electric rates sought by Public Service in this Proceeding and the various other requests the Company has made in its Advice Letter No. 1797 filing, we find it useful to conduct two public comment hearings.

17. The first public comment hearing shall take place on September 26, 2019 and will be held on September 26, 2019 in Grand Junction, Colorado. This public comment hearing shall commence at 4:00 p.m. and will continue until concluded (but in no event later than 6:00 p.m.).

18. We find good cause to assign Commissioner John Gavan as Hearing Commissioner for the sole purpose of conducting the public comment hearing on September 26, 2019.

19. The second public comment hearing shall take place on November 6, 2019 and will be held at the Commission's offices in Denver, Colorado. This public comment hearing shall commence at 4:00 p.m. and will continue until concluded (but in no event later than 7:00 p.m.).

D. Hearing Procedures

20. We direct Public Service to confer with the parties for the purpose of developing a proposed order of witnesses for the evidentiary hearing beginning on November 4, 2019 with estimated cross-examination times. Public Service likewise shall identify the witnesses whom the

parties do not intend to cross-examine, so that the Commissioners can be prepared to discuss whether the witness may be excused from the hearing. In addition, Public Service shall confer with the parties to propose the order that parties will conduct cross-examination. Public Service shall file the witness order and estimated cross-examination times no later than October 25, 2019.

21. We direct Public Service to confer with the parties for the purpose of developing an initial hearing exhibit list that includes the witnesses' pre-filed testimony and exhibits. The Company shall file a copy of this list no later than noon on November 1, 2019.

22. Except as modified by this Decision, the presentation of evidence at the hearing shall be done through the furnishing of a paper copy for the record in accordance with Rule 4 *Code of Colorado Regulations* (CCR) 723-1-1501 of the Commission's Rules of Practice and Procedure.

23. With respect to Public Service's Advice Letter No. 1797 and the pre-filed testimony and attachments, the parties are advised and on notice that, when offered as an exhibit at hearing, the paper copy of the hearing exhibit for the record must be identical to the pre-filed version, including corrections. The sponsoring party may provide only one paper copy of the pre-filed testimony and attachments to be marked as a hearing exhibit. The sponsoring party need not provide a paper copy of the pre-filed testimony and attachments either for the Commissioners or for the other parties.

24. Parties shall mark the hearing exhibits numerically and sequentially. The pre-filed testimony shall be grouped together by party (*e.g.*, Public Service's witnesses shall be grouped together) and witness (*e.g.*, the Direct Testimony and Attachments and the Rebuttal Testimony of Public Service witness Brooke Trammell shall be grouped together). Confidential

and highly confidential hearing exhibits should be marked as such (*e.g.*, Confidential Hearing Exhibit No. XXA, Highly Confidential Hearing Exhibit No. XXB) and provided in separate and sealed envelopes.

25. A party wishing to admit a document used for impeachment or rebuttal may do so by presenting a paper copy of the document at the time of the hearing. The sponsoring party must have sufficient paper copies of each document to provide one copy for the record, one copy to each Commissioner, at least one copy to Commission counsel and advisors, and at least one copy to each of the other parties.

26. Rule 4 CCR 723-1-1501(c) shall govern administrative notice in this matter. A party shall not request that the Commission take administrative notice of a document simply because the document is in the Commission's files, unless a party indicates with specificity, every fact of which it wishes to request administrative notice. A party that requests administrative notice of a document should be required to provide a complete copy of the document so that the document can be marked as a hearing exhibit for identification.

27. If counsel intends to examine a witness about a statutory provision, a Commission rule, or a Commission decision, then, at the evidentiary hearing, counsel must have a copy of the statute, rule, or decision to provide to the witness, a copy for each Commissioner, at least one copy to Commission counsel and advisors, and a copy to provide to counsel for the party sponsoring the witness.

28. Parties shall pre-mark their hearing exhibits corresponding to the pre-filed testimony and exhibits prior to the start of hearings. A court reporter will be available on November 4, 2019 starting at 8:30 a.m.

29. Parties shall confer regarding the admissibility of their witnesses' pre-filed testimony and exhibits and be prepared to address, as a preliminary matter at the start of the hearings on November 4, 2019, whether these hearing exhibits may be stipulated into the evidentiary record.

30. We direct the parties to review the Commission's rules governing the treatment of confidential and highly confidential information. We expect the cross-examination of witnesses to be structured in a manner that minimizes the instances when the hearing room must be cleared for purposes of protecting confidential and highly confidential information.

E. Responses to Prehearing Motions

31. As explained above, Decision No. C19-0709-I initially established the procedural schedule for this Phase I rate case by approving the consensus procedural schedule filed by Public Service on July 2, 2019. The approved schedule requires prehearing motions to be filed no later than October 18, 2019.

32. Because the evidentiary hearing is scheduled to begin on November 4, 2019, we require responses to prehearing motions be filed no later than October 25, 2019. This will allow for us to address the merits of the motions, if possible and as necessary, prior to the start of the hearings, such as at our October 30, 2019 weekly business meeting.

II. ORDER

A. It Is Ordered That:

1. All parties shall comply with the filing deadlines and hearing procedures as detailed above.

2. Consistent with the discussion above, Public Service Company of Colorado (Public Service) shall confer with the parties and file a proposed order of witnesses with

estimated cross-examination times no later than October 25, 2019. Public Service also shall confer with the parties to develop an initial list of hearing exhibits to be filed no later than noon on November 1, 2019.

3. Responses to prehearing motions, that are due on November 18, 2019 pursuant to Decision No. C19-0709-I, shall be filed no later than November 25, 2019.

4. An initial hearing to accept public comments shall be conducted as follows:

DATE: September 26, 2019

TIME: 4:00 p.m. to no later than 6:00 p.m.

PLACE: Mesa County Commissioners Public Hearing Room
544 Rood Avenue
Grand Junction, Colorado

5. Commissioner John Gavan is assigned as Hearing Commissioner for the sole purpose of conducting the public comment hearing on September 26, 2019.

6. A second hearing to accept public comments shall be conducted as follows:

DATE: November 6, 2019

TIME: 4:00 p.m. to no later than 7:00 p.m.

PLACE: Commission Hearing Room
1560 Broadway, Suite 250
Denver, Colorado

7. The public comment hearing will end no later than the times set forth above. The time available for comment will be managed and allocated based upon the number of persons interested in commenting.

8. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
September 11, 2019.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners