

**Appendix B to Decision No. R19-0565**  
**Proceeding No. 18A-0918G**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

\* \* \* \* \*

IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF )  
COLORADO FOR APPROVAL TO REPLACE ) PROCEEDING NO. 18A-0918G  
THE COMPANY'S GAS QUALITY OF )  
SERVICE PLAN TO BE EFFECTIVE )  
THROUGH DECEMBER 31, 2021. )

**REVISED SETTLEMENT AGREEMENT ON THE GAS QUALITY OF SERVICE PLAN**

**Introduction and Identification of Parties**

This Revised Settlement Agreement is a full and complete resolution of Public Service Company of Colorado's ("Public Service" or the "Company") Application for Approval to Replace the Company's Gas Quality of Service Plan ("QSP") to be effective through December 31, 2021 ("Application"). Through this Application, Public Service requested a three-year Gas QSP (the "New QSP") to replace the current Gas QSP ("Current QSP"), most recently extended by Decision No. R15-1247 in Proceeding No. 15A-0662EG, and that expired December 31, 2018. The Company requested an order to implement the New QSP from January 1, 2019 through December 31, 2021.<sup>1</sup>

Along with Public Service, this Revised Settlement Agreement is joined by Commission Trial Staff ("Staff").

<sup>1</sup> Upon Commission approval of this Revised Settlement Agreement, Public Service will file a final QSP tariff consistent with the terms herein. The Company will track and adhere to two of the three categories of metrics (Safety metrics, which has two parts, and a Reliability metric) and other provisions included in the New QSP tariff retroactive to January 1, 2019.

**Colorado PUC E-Filings System**

## **Background**

Public Service's Current QSP was established by Decision No. C01-1330 in Proceeding No. 99A-377EG, and went into effect on January 1, 2002. It contains two annual performance measures and a threshold for acceptable performance. If the Company does not meet the threshold, a customer refund is issued for a specified amount. The first performance measure is Leak Permanent Repair Time, which has a two-tier test to be satisfied. In the first tier, the Company must permanently repair all reported leaks with an average time of 9.77 days. In the second tier, the Company must resolve the top ten percent of repairs, measured as the time the leak was reported to when it was repaired, within 78.67 days. The penalty for not meeting the tiers within this area is a \$900,000 refund due to customers. The second performance area is Meter Reading Errors. For all customer-reported meter-reading errors, the percentage of errors found must stay below 0.007484 percent. The penalty for not meeting this measure is a customer refund of \$100,000. The Current QSP has been extended four times without significant revisions.<sup>2</sup>

In Proceeding No. 17AL-0363G, the Company's most recent Phase I Gas Rate Case (the "2017 Gas Rate Case"), Company witness Mr. Scott Brockett requested to extend the Current QSP for another two years, to expire in 2020<sup>3</sup>. Staff witness Ms. Marianne Ramos opposed the extension of the Company's Current QSP, instead requesting that Public Service file an application by the end of 2018 to replace the

<sup>2</sup> See Decision C06-1303 in Proceeding No. 05A-288E; Decision No. C09-1159 in Proceeding No. 09A-497EG; Decision No. R13-0734 in Proceeding No. 12A-778EG; and Decision No. R15-1247 in Proceeding No. 15A-0662EG.

<sup>3</sup> Proceeding No. 17AL-0363G, Direct Testimony and Attachments of Scott B. Brockett, at 47-50.

Current QSP with an updated QSP that reflected current technology and challenges in the industry.<sup>4</sup> The Company did just that, and the New QSP reflects current technology and challenges in the industry and incorporates metrics that will provide meaningful information to Staff, other stakeholders, and the Commission. The New QSP should either result in modest – but quantifiable – improvements to Public Service’s safety, reliability, and adequacy of service, including customer service, over the next several years, or maintain performance within a certain range. In Decision Nos. R18-0318-I and C18-0736-I, the Company was ordered to work with Staff to modify the Current QSP and develop performance metrics that would be presented to the Commission in an Application filed by December 31, 2018.<sup>5</sup> The Company complied with this directive through the filing of its Application, and with the Revised Settlement Agreement, it provides a New QSP that is supported by Staff.

In recognition of the fact that its Application would not be approved by the time the Current QSP expired on December 31, 2018, the Company proposed to implement the New QSP as of January 1, 2019, subject to a final order by the Commission in this Proceeding. As discussed below, the Company proposed to report on two of the three categories of metrics (Safety and Reliability) identified in its Application as if they are valid for the full calendar year of 2019. The third category (Adequate Service) includes new metrics, and the tracking process is currently in development. The Settling Parties agree that it is important to approve the New QSP Safety and Reliability metrics

<sup>4</sup> Proceeding No. 17AL-0363G, Answer Testimony and Attachments of Marianne Ramos, at 15.

<sup>5</sup> Decision No. R18-0318-I, ¶ 264 and Decision No. C18-0736-I ¶ 94.

retroactive to January 1, 2019, and Public Service is committed to providing a status report on the Adequate Service metrics beginning on or before December 31, 2019.

### **Current Gas QSP Application**

The QSP quantitatively measures the Company's success in delivering quality gas service to its customers. The Current QSP has not been updated in several years, and technological advances have made some of the metrics described in the Current QSP obsolete. As a result of the order in Decision No. C18-0736-I, in its Application, Public Service proposed to replace the Current QSP with updated metrics that will help evaluate the Company's quality of gas service.<sup>6</sup>

The Company met with Staff on multiple occasions in 2018 to discuss the proposed New QSP for the Gas utility that will be mutually beneficial to both the Company and its customers. Staff requested that the Company address three categories within the New QSP that align with the PUC mission: to ensure safety, reliability and adequate service. Within these three categories, the Company proposed the specific metrics outlined below.

In support of its Application for the New QSP, the Company provided information through a combination of its Application and the Direct Testimony and Attachments of Ms. Michelle Moorman Applegate. Ms. Applegate supported the Application by providing policy and support for the New QSP. She discussed why these metrics are valuable for the customers served by Public Service to enhance the customer experience and preserve alignment with the mission statement of the Commission.

<sup>6</sup> See also page 7 of the Settlement Agreement in Proceeding No. 18A-0422G.

Additionally, Ms. Applegate sponsored an example tariff for the New QSP with proposed performance bands for each metric and calculations.<sup>7</sup>

After the filing of the Application and Direct Testimony in this Proceeding, the Settling Parties engaged in negotiations that culminated in this Revised Settlement Agreement. In summary, this Agreement:

- provides for the implementation of the New QSP from January 1, 2019 through December 31, 2021;
- specifies the Safety, Reliability, and Adequate Service metrics that the Company will track and report to the Commission on an annual basis; and
- specifies the potential financial components – penalties and incentives – that the Company is subject to when failing to perform within the established performance band (penalty) or exceeding the performance band (incentive) for each of the approved reporting metrics.

### **Settlement Terms**

#### **I. Safety Metrics**

Within the Safety metrics category, the Settling Parties agree to track and report two metrics to measure the safety of the Public Service Gas System: Damage Prevention and Gas Emergency Response.

Third-party damages are the highest threat to gas distribution systems within the United States. The Company's Damage Prevention program works with contractors, builders and homeowners who call Colorado 811 to locate underground gas

<sup>7</sup> Attachment MMA-2 to the Direct Testimony and Attachment of Michelle Moorman Applegate.

infrastructure in order to prevent accidental damage from excavation projects. Therefore, the timeliness and accuracy of locating pipelines is a large portion of the safety and quality of service that the Company provides to customers. In 2018, performance in Damage Prevention was an average of 1.76 hits per 1,000 locates on the gas system.

Gas Emergency Response has been a focus area for incremental improvement and funding within the last two Phase I Public Service gas rate proceedings (Proceeding Nos. 17AL-0363G and 15AL-0135G, respectively). Timeliness of responding to gas emergencies plays a large role in public safety, including prevention of accidents that can be caused by a leaking gas pipeline. Through December 31, 2018, the Company responded to 84.5 percent of emergency calls within sixty minutes.

## **II. Reliability Metrics**

Within the Reliability metrics category, the Settling Parties agree to track and report one metric to evaluate the reliability of the Gas System: Grade 2 Leak Repair Time. Currently Grade 2 leak repairs are identified through normal operations, primarily through routine pipeline right-of-way patrols and leak surveys. Grade 2 leaks, by definition, are non-hazardous at the time of detection, but require scheduled repair based on probable future hazard. Grade 2 leaks are required in the Company's Pipeline Compliance and Standards Manual to be repaired within 365 days. The average Grade 2 leak repair time over the last three years (calendar years 2016-2018) is 57.5 days.

### III. Adequate Service Metrics

The Settling Parties agree that new metrics may be tracked and reported in the Adequate Service category, but the details of such metrics are still under development. In December 2018, the Company filed Advice Letter No. 938 in Proceeding No. 18AL-0862G to propose a new Gas Distribution Extension Policy.<sup>8</sup> The Settling Parties agree that the new Adequate Service metrics will focus on providing adequate service in conjunction with improvements to Public Service's new Gas Distribution Extension Policy. Under these performance metrics, the Company will focus on two areas related to ensuring adequate service:

a) Estimation Scheduling:

- i. Preliminary plat – A measure of the time from completed submission of a preliminary plat from an Applicant to the time a preliminary drawing and Construction Cost estimate is delivered to the Applicant within ninety (90) days. Success in this section will be determined by calculating the average number of days it takes the Company to complete the request. The Settling Parties agree that this metric is a new process and that actual numbers are not currently known. The Company is in process of building the reporting tool that will track this information and will meet with Staff and OCC at the end of the year to review the results of the data and establish an informed baseline for 2020.

<sup>8</sup> The new Gas Distribution Extension Policy and Electric Distribution Extension Policies have been consolidated in Proceeding No. 18AL-0852E.



- ii. Final plat estimate – A measure of the time from completed submission of a final plat from an Applicant to the time a final design and Construction Cost estimate is delivered to the Applicant within sixty (60) days. Success in this section will be determined by calculating the average number of days it takes the Company to complete the request. The Settling Parties agree that this metric is a new process and that actual numbers are not currently known. The Company is in process of building the reporting tool that will track this information and will meet with Staff and the OCC at the end of the year to review the results of the data and establish an informed baseline for 2020.
  
- b) Extension Completion Date – The Company is building the reporting tools to track the instances where the Company does not meet the construction deadline, identified as the Extension Completion Date. This date is subject to the Facilities Extension Agreement for the project. The initial metric for purposes of tracking all extensions likely will be completion of 90 percent of extensions on or before the Extension Completion Date.

Consolidated Proceeding 18AL-0852E is pending before the Commission, and the Company's Advice Letters have been suspended and assigned to an Administrative Law Judge, with a final Commission decision not expected until July 2019 and tariffs effective no earlier than August 2019. The Settling Parties agree that the Company will need time to gather more data and develop tracking mechanisms before final targets can be derived. Tracking mechanisms for these metrics are under development, and the Company proposes to meet with Staff and OCC quarterly throughout 2019 to share

what has been learned, captured and resolved. The Company will meet with Staff by October 31, 2019 in order to share the data collected beginning July 1, 2019.

#### **IV. Financial Component and Performance Bands of the New QSP**

The Settling Parties agree to a \$250,000 incentive or penalty to correspond with each of the Safety and Reliability metrics: Damage Prevention, Gas Emergency Response, and Grade 2 Leak Repair Time.

First, if the Company performs within the performance band, the Settling Parties agree that no penalty or incentive will be provided pursuant to the tariff.

Second, the Settling Parties agree that yearly performance by the Company that falls short of the performance band metrics will result in a \$250,000 (per metric) penalty that will be placed in a regulatory liability account and deferred and credited to customers in the next filed gas rate case. Yearly performance by the Company that exceeds the performance band metrics will result in a \$250,000 (per metric) incentive that will be placed into a regulatory asset account and deferred to be recovered from customers in the next filed gas rate case. All data used to determine performance penalty(s) or incentive(s) will be reported in at least three significant figures.

Performance that falls short or exceeds the performance band metrics, thereby resulting in a penalty recorded in a regulatory liability account, or an incentive recorded in a regulatory asset account, shall not be considered evidence of imprudence or prudence on behalf of the Company, specifically as to any other costs associated with Damage Prevention, Gas Emergency Response, or Grade 2 Leak Repairs, in a subsequent gas rate case proceeding. However, the Settling Parties agree that deferred penalty or incentive amounts are not subject to further review or challenge in

the subsequent gas rate case. Rather, consideration of the penalty or incentive amounts in the gas rate case is limited to the Commission's determination of an appropriate amortization period during which the penalty or incentive amounts will be returned to or recovered from the Company's customers.

With respect to the specific performance metric categories, the Settling Parties agree that Damage Prevention performance will establish a performance band around the three-year average annual performance. Currently, the three-year average performance is 1.83 damages per 1,000 locates on the gas system. The objective of this metric is to decrease the annual damages per 1,000 locates. For reporting purposes, the Company utilizes its Department of Transportation ("DOT") Annual Reports for the Gas Distribution System as a baseline and makes further adjustments specific to the metric for which the performance bands is being determined. Although the Company proposed a symmetrical performance band of ten percent better or worse in its Application, the Settling Parties agree to establish an asymmetrical performance band of a 15 percent decrease (increased performance) or 10 percent increase (decreased performance), which equates to 1.55 to 2.02 damages per 1,000 locates, respectively, in this category for 2019. Performance bands will not be adjusted in response to decreases in actual quality of service.

Gas Emergency Response will establish a performance band around the 2018 percentage of emergency calls responded to by the Company within 60 minutes. This performance metric does not use a multi-year average because 2018 was the first full year that includes the addition and training of personnel resulting from implementation of the Gas Emergency Response program in Proceeding No. 15AL-0135G, the

Company's 2015 Phase I Gas Rate Case. Through December 31, 2018, the Company responded to 84.5 percent of all reported gas emergencies within 60 minutes. The objective of this metric is to increase in the percentage of emergency calls the Company responds to within sixty minutes. For reporting purposes, the Company uses data provided to the American Gas Association ("AGA") as part of its Benchmarking Program and preparation of Benchmarking Studies, which are Confidential and Proprietary to the AGA. Although the Company proposed a symmetrical performance band of ten percent better or worse in its Application, the Settling Parties agree to establish an asymmetrical performance band of 13.3 percent increase (increased performance)<sup>9</sup> or 10 percent decrease (decreased performance), which establishes an acceptable performance band of 76.1 to 95.7 percent, respectively, of all reported gas emergencies responded to within 60 minutes for 2019. For future years within this metric, Public Service will update the performance band based on a multi-year average performance level as more data becomes available, e.g., the performance band will be updated to reflect a two-year average for 2018-2019 in the 2020 report and Advice Letter. Once the three year average is established, the performance band will not be adjusted in response to decreases in actual quality of service.

Grade 2 Leak Repair Time will also be based on a performance band around the annual three-year average performance in each category, recalculated on an annual basis. The objective of this metric is to reduce the Grade 2 leak repair time. For reporting purposes, the Company utilizes its DOT Annual Reports for the Gas

<sup>9</sup> A 13.3 percent improvement would move the Company's current performance into the third quartile based on 2017 AGA benchmarking data.

Distribution System as a baseline and makes further adjustments specific to the metric for which the performance bands is being determined. Although the Company proposed a symmetrical performance band of ten percent better or worse in its Application, the Settling Parties agree to establish an asymmetrical performance band of 15 percent decrease (increased performance) or 10 percent increase (decreased performance), which equates to an average of 48.9 days to 63.3 days, respectively, before a Grade 2 leak is repaired. As with Damage Prevention and Gas Emergency Response performance bands will not be adjusted in response to decreases in actual quality of service.

All Performance Year metric data will be recorded with no exclusions absent a notification by the Company for an exclusion. The Company may claim an exclusion of certain data associated with events that are outside the control of the Company when calculating certain performance metrics. The process for notification and exclusions is outlined in the QSP tariff.

Graphical illustrations of each of the three performance bands associated with Damage Prevention, Gas Emergency Response, and Grade 2 leak Repair Time are attached as Exhibit A to this Revised Settlement Agreement. The source used to compile the data and calculations contained within Exhibit A will remain consistent throughout the duration of the QSP.

Finally, the Settling Parties agree that the Adequate Service metrics related to the proposed Gas Distribution Extension Policy are new and lacking the comprehensive historical data available that is necessary to establish final performance targets. As a result, the Settling Parties agree to exclude any financial component in the initial

implementation of these metrics, which the Settling Parties agree is three years, however, a performance band width will be established two years after the start of data gathering in the June 30, 2022 filing.

## **V. FILINGS AND RENEWAL**

Due to the changing dynamics and potential improvement in each of these categories, the Settling Parties agree that the Company will update the performance goals and band metrics, excluding the Adequacy of Service (Distribution Extension Policy) category, on an annual basis.<sup>10</sup> Public Service will present the previous year's performance in each category to Staff no later than May 31 of each year. New goals and performance band metrics subsequently will be calculated using the historical data and criteria described above, and Public Service will file an Advice Letter establishing the new performance bands in the Company's Gas Tariff that applies to the next calendar year no later than June 30 of the current year.<sup>11</sup> The June 30 filing also will identify any deferrals resulting from the previous year's performance in each category.

On or before June 30, 2021, the Company will file an Application with the Commission seeking approval for the continuation of an appropriately updated QSP for future years. The QSP will be in effect for the entire QSP Approval Period. Before the end date of the last Performance Year, the Company must either file to continue the QSP that may include new or additional performance metrics, performance goals

<sup>10</sup> The Adequate Service metrics are anticipated to remain the same in order to establish a historical record.

<sup>11</sup> These bands will take into account up to three previous years' actual information in each category. If Public Service improves in any category, the performance band will be adjusted accordingly. If there is a decline in performance, the performance band from the previous year will remain the same.

and performance bands; or, in the alternative, to modify or discontinue the QSP and explain its basis for doing so.

### **General Provisions**

1. This Agreement is made for settlement purposes only. No Settling Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Agreement. Furthermore, this Agreement does not constitute agreement, by any Settling Party, that any principle or methodology contained within or used to reach this Agreement may be applied to any situation other than the above-captioned proceeding, except as expressly set forth herein. No binding precedential effect or other significance, except as may be necessary to enforce this Agreement or a Commission order concerning the Agreement, shall attach to any principle or methodology contained in or used to reach this Agreement, except as expressly set forth herein.
2. Each Settling Party understands and agrees that this Agreement represents a negotiated resolution of all issues the Settling Party either raised or could have raised in this proceeding. The Settling Parties agree the Agreement, as well as the negotiation process undertaken to reach this Agreement, are just, reasonable, and consistent with and not contrary to the public interest and should be approved and authorized by the Commission.
3. The discussions among the Settling Parties that produced this Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence (“CRE”).

4. Nothing in this Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Agreement. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, it, as well as the negotiations or discussions undertaken in conjunction with the Agreement, shall remain inadmissible into evidence in these or any other proceedings in accordance with CRE Rule 408.
5. The Settling Parties will support all aspects of the Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Agreement or the implementation or enforcement of its terms and conditions. Each Settling Party also agrees that, except as expressly provided in this Agreement, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Agreement. However, each Settling Party expressly reserves the right to advocate positions different from those stated in this Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Agreement or its terms and conditions.
6. The Settling Parties do not believe any waiver or variance of Commission rules is required to effectuate this Agreement, but agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's Rules and Regulations if necessary to permit all provisions of this Agreement to be approved, carried out and effectuated.

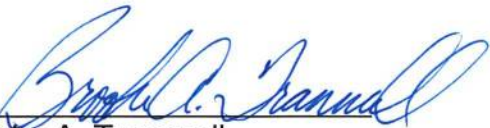


7. This Agreement is an integrated agreement that may not be altered by the unilateral determination of any Settling Party. There are no terms, representations or agreements among the parties which are not set forth in this Agreement (including attachments).
8. This Agreement shall not become effective until the Commission issues a final decision addressing the Agreement. In the event the Commission modifies this Agreement in a manner unacceptable to any Settling Party, that Settling Party may withdraw from the Agreement and shall so notify the Commission and the other Settling Parties in writing within ten (10) days of the date of the Commission order. In the event a Settling Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect in this or any other proceeding.
9. There shall be no legal presumption that any specific Settling Party was the drafter of this Agreement.
10. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement. This Agreement may be executed and delivered electronically and the Settling Parties agree that such electronic execution and delivery, whether executed in counterparts or collectively, shall have the same force and effect as delivery of an original document with original signatures, and that each Settling Party may use such facsimile signatures as evidence of the execution and delivery of this Agreement by the Settling Parties to the same extent that an original signature could be used.

Dated this 28th day of May, 2019.

Agreed on behalf of:

**PUBLIC SERVICE COMPANY OF COLORADO**

By:   
Brooke A. Trammell  
Regional Vice President,  
Rates and Regulatory Affairs  
Xcel Energy Services Inc.

Approved as to form:

**ATTORNEY FOR PUBLIC SERVICE  
COMPANY OF COLORADO**

By: /s/ N. Wesley Hunt  
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PUBLIC UTILITIES COMMISSION

APPROVED AS TO FORM

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**Attorney** for Trial Staff of the  
Public Utilities Commission

## Public Service Company of Colorado 2019 – 2021 Quality of Service Plan (QSP) Proceeding No. 18A-0918G

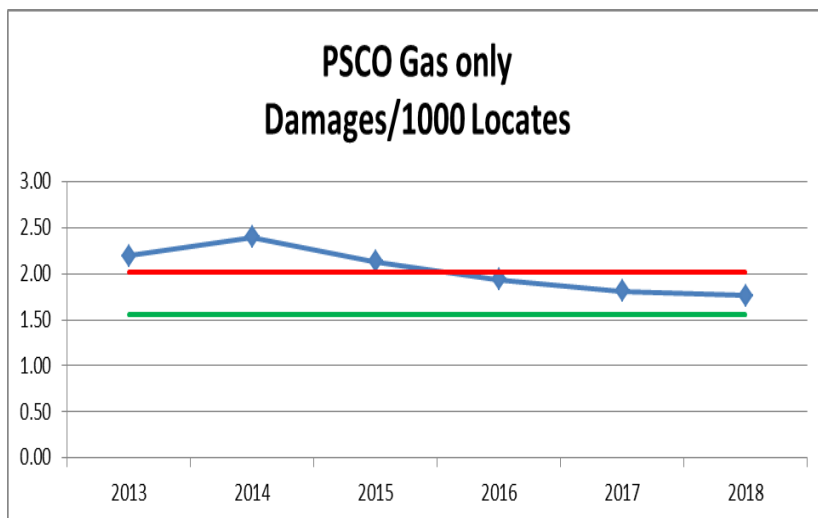
### Damage Prevention

	<u>Settlement</u>
<b>Historic</b>	3 year avg 1.83 damages/1000*
<b>Performance Band</b>	+15%/ - 10% 1.55 – 2.02 damages/1000

**Penalty Performance band:  $1.83 \times 1.1 = 2.02$**

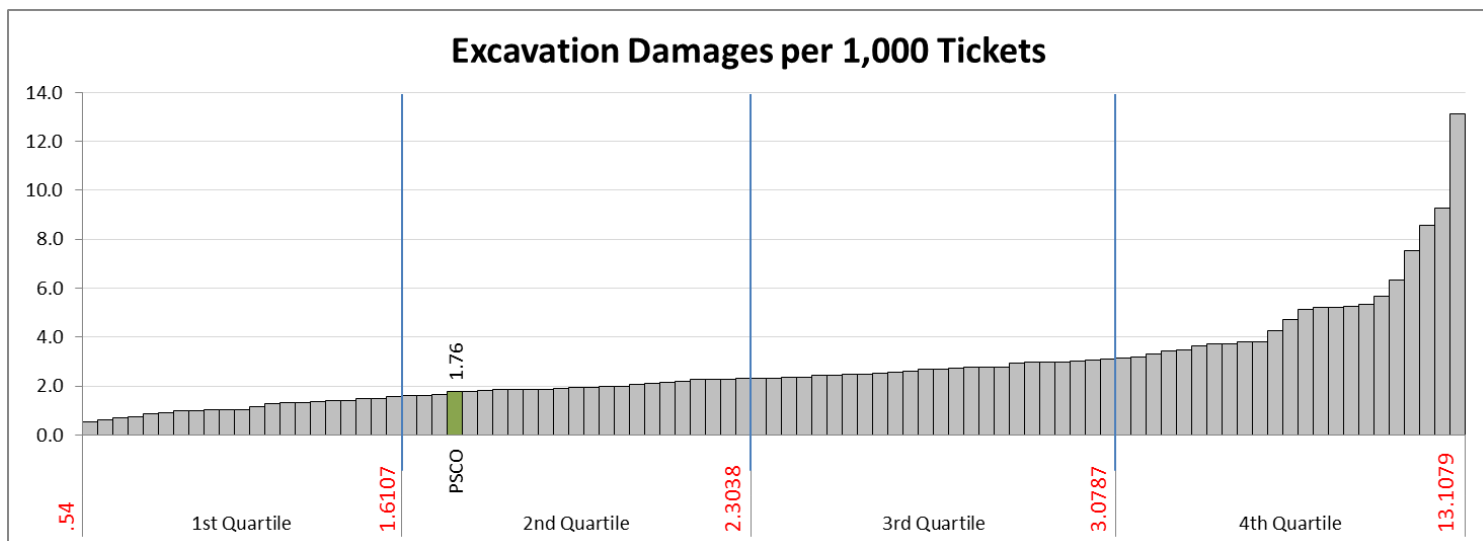
**Incentive Performance band:  $1.83 \times 0.85 = 1.55$**

\*For reporting purposes, the Company utilizes its Department of Transportation (“DOT”) Annual Reports for the Gas Distribution System as a baseline and makes further adjustments specific to the metric for which the performance bands is being determined.



Year	Damages/1000 Locates
2013	2.19
2014	2.40
2015	2.13
2016	1.94
2017	1.81
2018	1.76
3 Year Avg	1.83

**Colorado PUC E-Filings System**



AGA benchmarking data from 2017

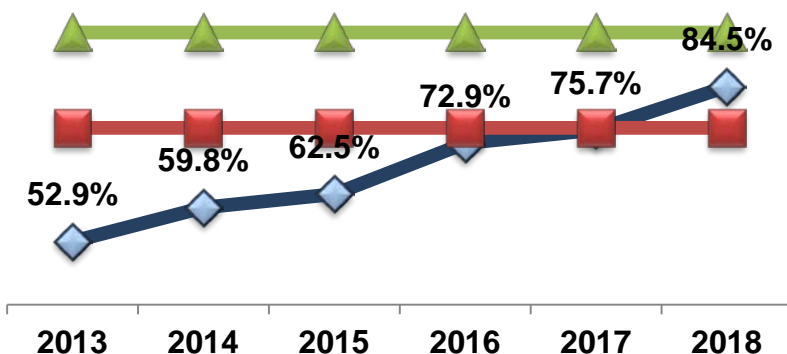
**Gas Emergency Response**

	<b>Settlement</b>
<b>Historic</b>	2018 actual 84.5%
<b>Performance Band</b>	-10% / +13.3% <b>76.1% – 95.7%</b>

\*For reporting purposes, the Company uses data provided to the American Gas Association as part of its Benchmarking Program and preparation of Benchmarking Studies, which are Confidential and Proprietary to the AGA. The 13.3 percent improvement would move the Company’s current performance into the third quartile based on 2017 AGA benchmarking data.

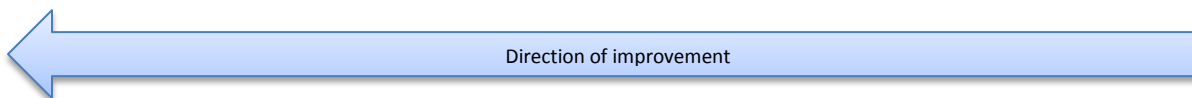
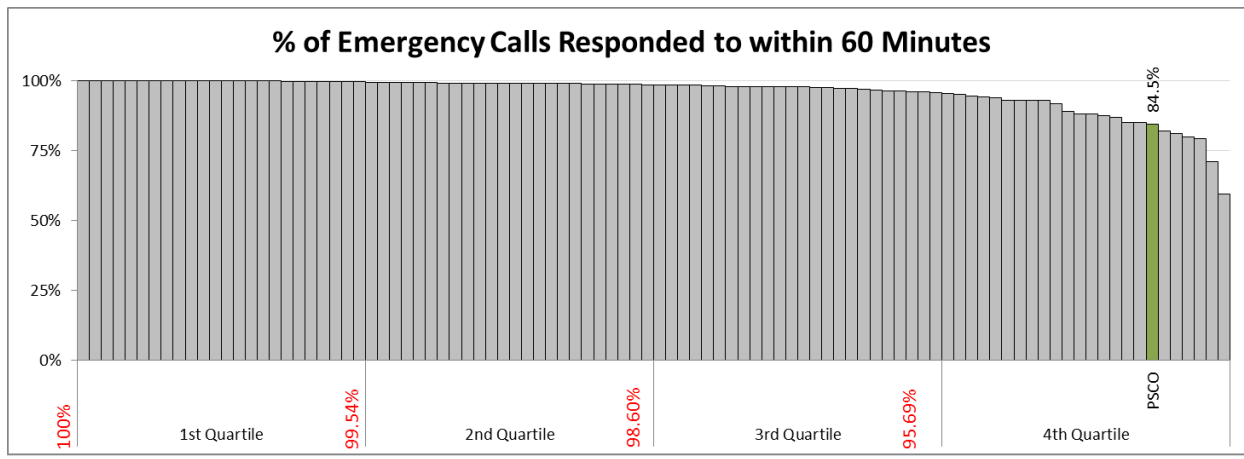
**Penalty Performance band:**  $84.5\% \times 0.9 = 76.1\%$   
**Incentive Performance band:**  $84.5\% \times 1.133 = 95.7\%$

**% GER Times < 60 Mins**



Year	% GER Times < 60 Minutes
2012	59.2%
2013	52.9%
2014	59.8%
2015	62.5%
2016	72.9%
2017	75.7%
2018	84.5%

**% of Emergency Calls Responded to within 60 Minutes**



AGA benchmarking data from 2017

**Grade 2 Leak Repair**

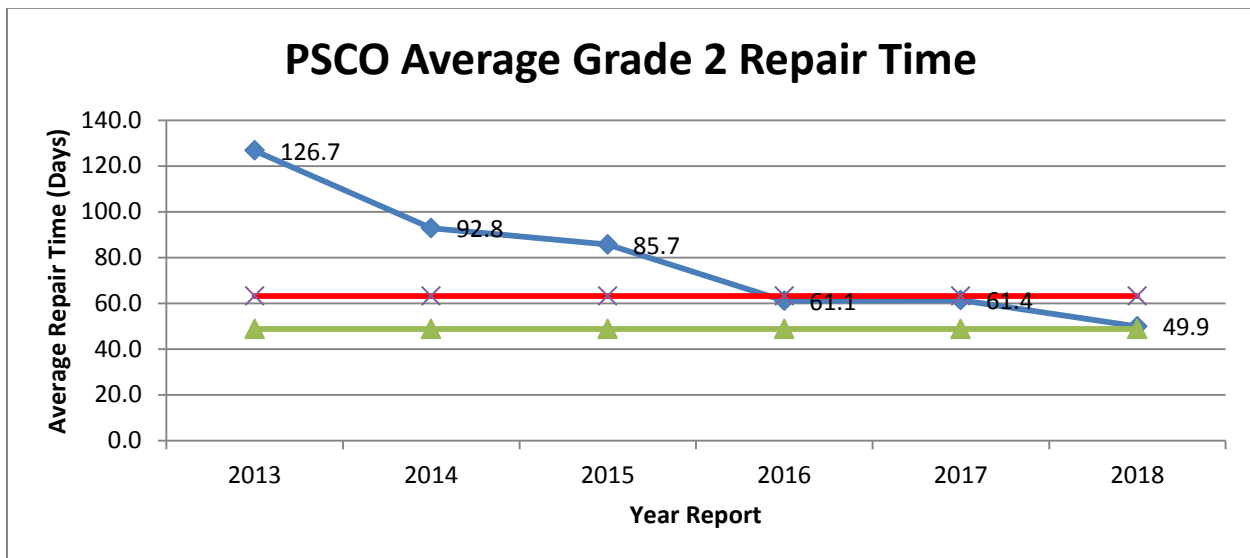
	<u>Settlement</u>
<b>Historic</b>	3 year avg 69.4 days
<b>Performance Band</b>	-10% / +15% 63.3 days – 48.9 days

Penalty Performance band:  $57.5 \times 1.1 = 63.3$  days

Incentive Performance band:  $57.5 \times 0.85 = 48.9$  days

\*For reporting purposes, the Company utilizes its Department of Transportation (“DOT”) Annual Reports for the Gas Distribution System as a baseline and makes further adjustments specific to the metric for which the performance bands is being determined.

Year	Average Repair Time
2012	110.8
2013	126.7
2014	92.8
2015	85.7
2016	61.1
2017	61.4
2018	49.9
3 Year Avg	57.5



## Line Extension

- New language regarding Estimation Scheduling and Extension Completion Dates for new line extension requests has been proposed for consideration in Proceeding No. 18AL-0862G.
- The QSP Tariff will be updated independently when a final decision has been made.
- **Estimation Scheduling**
  - *Preliminary plat estimate* – A measure of the time from completed submission of a preliminary plat from an Applicant to the time a preliminary drawing and Construction Cost estimate is delivered to the Applicant. Success in this section will be determined by calculating the average number of days it takes the Company to complete the request. The Settling Parties agree that this metric is a new process and that actual numbers are not currently known. The Company is in process of building the reporting tool that will track this information and will meet with Staff and OCC at the end of the year to review the results of the data and establish an informed baseline for 2020.
  - *Final plat estimate* – A measure of the time from completed submission of a final plat from an Applicant to the time a final design and Construction Cost estimate is delivered to the Applicant. Success in this section will be determined by calculating the average number of days it takes the Company to complete the request. The Settling Parties agree that this metric is a new process and that actual numbers are not currently known. The Company is in process of building the reporting tool that will track this information and will meet with Staff and the OCC at the end of the year to review the results of the data and establish an informed baseline for 2020.
- **Extension Completion Date** - The Company is building the reporting tools to track the instances where the Company does not meet the construction deadline, identified as the Extension Completion Date. This date is subject to the Facilities Extension Agreement for the project.

P.O. Box 840  
Denver, CO 80201-0840

Cancels  
Sheet No.

NATURAL GAS RATES  
QUALITY OF SERVICE PLAN (QSP)

APPLICABILITY

All rate schedules may be subject to a Quality of Service Plan (QSP) Adjustment reflective of penalties or incentives associated with annual performance outcomes related to the Company's most recent QSP. Under the plan, Performance Bands are established for three key operating areas: 1) Safety 2) Reliability, and 3) Adequacy of Service (including Customer Service) which align with the Colorado Public Utilities Commission's mission.

Periodically, the Company will present, with Stakeholder input, well-defined performance metrics for each of these three operating areas. The Performance Metrics should be activities in which incremental improvements result in improved safety, reliability, and adequacy of service. Each Performance Metric should be quantitative and based on historical data.

DEFINITIONS

General Definitions

Damage

Any impact, exposure, or excavation activity that results in the need to repair a Company facility or replace a pipeline due to a weakening, or the partial or complete destruction, of the facility or pipeline, including, but not limited to, the pipe, appurtenances to the pipe, protective coating, support, cathodic protection or housing for the line device or facility.

Gas Emergency

A situation where natural gas may pose an immediate danger to life, property or the public well-being.

Gas Leak

An unintentional escape of natural gas from any Company-operated equipment and pipeline, except for a non-hazardous release of gas eliminated by lubrication, adjustment or tightening.

Grade 2 Leak

A gas leak that is recognized as being non-hazardous at the time of detection, but ultimately requires a scheduled permanent repair.

Incentive

An amount recorded and ultimately recovered from customers as a result of performance outcomes in any metric that exceeds an established Performance Band.

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Colorado PUC E-Filings System

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DEFINITIONS - Cont'd

Locate

Determining the location of and marking a service line, pipeline, or other natural gas facility through the use of stakes, paint, flagging, whiskers, or some other manner that determines the location of that line or facility.

Penalty

An amount recorded and ultimately credited to customers as a result of annual performance outcomes in any metric that falls short of an established Performance Band. This penalty will be non-recoverable.

Performance Band

A subset of acceptable performance outcomes, based on historical, quantitative data for a specific Performance Metric.

Performance Metric

Activities in which incremental improvements should result in improved safety, reliability, and adequacy of service. Each Performance Metric should be quantitative and based on historical data.

Performance Year

A calendar year, January 1 through December 31. Period over which metric performance data is collected.

QSP Approval Period

Three consecutive Performance Years.

QSP Stakeholders

Commission Staff, Company personnel, and any approved intervenors in the proceeding authorizing the QSP.

Repair or Permanent Repair

A maintenance or construction activity recognized by the Company's Gas Standards Manual as a "permanent repair" that restores a facility to full operating ability without further work.

Repair Time

Duration between when a leak is identified and when the leak is corrected by a permanent repair.

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NATURAL GAS RATES  
QUALITY OF SERVICE PLAN (QSP)

DEFINITIONS - Cont'd

Reporting Date

May 31<sup>st</sup> of each Performance Year

Response Time

Duration from the time an emergency call is received in the call center to the time Company personnel arrives on scene.

ANNUAL REVIEW PROCESS AND SCOPE

The QSP will be in effect through the QSP Approval Period set by the Commission. At the end of each Performance Year, QSP stakeholders will meet and review the Company's previous year's performance outcomes to determine if penalty or incentives are appropriate. The amount of penalty recorded and credited to customers or incentive recorded and recovered from customers will be determined by the actual result for the Performance Year as compared to the Performance Band established in the QSP Performance Band section of this Tariff. Financial treatment of penalties and incentives is discussed in the Deferred Accounts and Disbursements Section below.

To begin a new Performance Year, the Company with input from the QSP Stakeholders will recalculate Performance Bands for each metric based on historic outcomes. Performance Bands will not be adjusted if there is a decrease in the previous year's quality of service. However, if the Company was successful in moving toward improved service quality, the range of the Performance Bands for subsequent years should be adjusted to reflect higher performance expectations for determination of incentives and penalties. Each applicable Performance Band will be recorded in the Performance Band section of this tariff.

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NATURAL GAS RATES  
QUALITY OF SERVICE PLAN (QSP)

PENALTY OR INCENTIVE ADJUSTMENT

For each metric, if the Company's annual performance outcome falls within the established Performance Band, no penalty or incentive will be recorded. If the Company's annual performance outcome falls short of the Performance Band, the Company will record a penalty amount as a regulatory liability. If the Company's annual performance outcome exceeds the Performance Band's limit, the Company will record an incentive amount as a regulatory asset. The maximum total penalty or incentive the Company may incur as a regulatory liability or asset during a single Performance Year is \$750,000.

During the QSP's Annual Review Process, the potential penalty or incentive amounts for succeeding Performance Years will stay the same. Performance Metrics may change yearly depending on the previous year's performance outcomes, as described previously in the Annual Review Process and Scope Section of this tariff.

DEFERRED ACCOUNTS AND DISBURSEMENT

Any penalty or incentive amounts will be placed in a regulatory liability or regulatory asset account and will be credited or recovered, respectively, from customers in the next filed gas rate review. The Commission shall determine an appropriate amortization period for these regulatory assets.

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QUALITY OF SERVICE PLAN (QSP)

EXCLUSION PROCESS

Performance Year metric data will be recorded with no exclusions absent the notification for exclusion as described in this section. The Company may claim exclusion of certain data associated with events that are outside the control of the Company when calculating certain Performance Metrics. Potentially excludable events may include periods of emergency, catastrophe, natural disaster, catastrophic storm, civil unrest, product/manufacturing defects (e.g., D.O.T. Alert Notice), vendor material recall or other similar events. The Company reserves the option to claim exclusions for events required as reportable through Rules 4910-4914 of the Commission Rules of Practice and Procedure. The Company shall bear the burden of proving that the proposed excludable event was an unforeseeable, extraordinary and outside of the Company's control.

In its notification, the Company must separately document and report the timeframe and impact of each event for which it claims exclusion and the rationale for excluding it. Notifications for exclusion should be made throughout the Performance Year within 30 days of the triggering event. Notifications for exclusion will be directed to the Deputy Director of Fixed Utilities of the Colorado Public Utilities Commission, and filed in the proceeding authorizing the QSP, and if applicable, will reference the event which the Company initially reported through the mechanism provided in Rules 4910-4914 of the Commission Rules of Practice and Procedure. In the event of a dispute, misunderstanding, or controversy related to any exclusion claim, any party may file a motion asking the Commission or an assigned Administrative Law Judge to resolve the dispute.

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C

QSP PERFORMANCE BANDS

QSP APPROVAL PERIOD: January 1, 2019 through December 31, 2021

PERFORMANCE PERIOD: January 1, 2019-December 31, 2019

SAFETY:

a) Damage Prevention

Objective: Lower the annual damage/1000 locates

Penalty/Incentive: \$250,000/\$250,000

Performance Calculation: Three-year historic average; 1.830 damages per 1000 locates

Performance Band: Penalty above 2.02 damages/1000 locates (-10%)  
Incentive below 1.55 damages/1000 locates (+15%)

b) Emergency Response

Objective: Improve responsiveness in potential emergency situations

Penalty/Incentive: \$250,000/\$250,000

Performance Calculation: One-year historic average; 84.5% response in 60 minutes

Performance Band: Penalty below 76.1% response in 60 min(-10%)  
Incentive above 95.7% response in 60 min(+13.3%)

2019 Performance Band based on 2018 actual data

2020 Performance Band based on 2018-2019 two-year average

2021 Performance Band based on 2018-2020 three-year average

RELIABILITY:

a) Grade 2 Leak Repair Time-

Objective: Decrease the amount of methane released into environment

Penalty/Incentive: \$250,000/\$250,000

Performance Calculation: Three-year historic average; 57.5 days

Performance Band: Penalty above 63.3 days (-10%)  
Incentive below 48.9 (+15%)

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