

Decision No. C21-0211

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 18M-0074EG

IN THE MATTER OF THE COMMISSION'S CONSIDERATION OF THE IMPACT OF THE FEDERAL TAX CUTS AND JOBS ACT OF 2017 ON THE RATES OF COLORADO INVESTOR-OWNED ELECTRIC AND NATURAL GAS UTILITIES.

**DECISION GRANTING THE MOTION OF PUBLIC
SERVICE COMPANY OF COLORADO
FOR ITS ELECTRIC UTILITY TO BE
EXCUSED FROM THIS PROCEEDING**

Mailed Date: April 12, 2021

Adopted Date: April 7, 2021

BY THE COMMISSION

A. Statement

1. On February 1, 2018, in response to the federal Tax Cut and Jobs Act (TCJA) enacted on December 22, 2017, the Commission issued Decision No. C18-0075 opening this Proceeding. The TCJA reduced the corporate income tax rate from 35 percent to 21 percent and required the re-evaluation of federal deferred tax assets and liabilities. Accordingly, Decision No. C18-0075 directed all Colorado investor-owned electric and natural gas utilities to submit a filing that detailed how the utility would track the TCJA-related deferred regulatory liability, refund to customers any over collection resulting from the deferred regulatory liability, and update the utility's revenue requirements and resulting rates reflecting the prospective impacts of the TCJA.

2. On May 11, 2018, the Commission issued Decision No. C18-0326-I, adopting a uniform process for determining whether each utility has properly addressed the TCJA impacts on rates. That Decision directed each utility to implement necessary rate changes through

advice letter filings pursuant to Rule 4 *Code of Colorado Regulations* (CCR) 723-1-1210 of the Commission's Rules of Practice and Procedure and §§ 40-3-104(1)(a) and 40-6-111(2)(a)(III), C.R.S. Each utility was also required to file quarterly status reports until the utility is excused from further participation in this Proceeding. After the necessary advice letter tariff filings are made to account for TCJA impacts on rates, each utility is allowed to file a motion to be excused from this Proceeding. Any such motion is subject to a response period during which any party to this Proceeding may challenge the utility's request for relief.

3. On March 12, 2021, Public Service Company of Colorado (Public Service) filed a Motion Seeking an Order for Its Electric Utility to be Excused from Further Participation in this Proceeding (Motion to Be Excused). Public Service states that it has completed all required steps and implemented the necessary processes to ensure that the full benefits of the TCJA have been returned to its customers. Public Service further states that it filed quarterly status reports required in this Proceeding, beginning with a status report filed on June 29, 2018.

4. Public Service states that pursuant to 4 CCR 723- 1-1400, it conferred with the parties to this Proceeding. Commission Trial Staff; Atmos Energy Corporation; Colorado Natural Gas, Inc.; International Brotherhood of Electrical Workers, Local No. 111; and the City of Pueblo, Colorado do not object to or oppose the Motion to Be Excused. Colorado Office of Consumer Counsel (OCC); Black Hills Colorado Electric, LLC; Black Hills Gas Distribution, LLC; Black Hills/Colorado Gas Utility, Inc.; Climax Molybdenum Company; Energy Outreach Colorado; and Western Resource Advocates take no position. Colorado Springs Utilities/Southern Delivery System; Cripple Creek & Victor Gold Mining Company LLC; Wal-Mart Stores, Inc. and Sam's West, Inc.; the Board of Water Works of Pueblo; and the Fountain Valley Authority did not respond to the conferral.

B. Discussion

5. On April 27, 2018, Public Service filed a Revised Settlement Agreement in this Proceeding, proposing to incorporate TCJA impacts into its rates. The Commission bifurcated the consideration of the Revised Settlement Agreement into Proceeding No. 18M-0401E and referred it to an Administrative Law Judge (ALJ). On September 17, 2018, the ALJ issued Recommended Decision No. R18-0817 in Proceeding No. 18M-0401E approving the Revised Settlement Agreement.

6. In the Revised Settlement Agreement, Public Service, Commission Staff (Staff), and the OCC agreed that Public Service's Electric Department's TCJA-related deferred regulatory liability for base rates would be \$101.2 million for each of calendar years 2018 and 2019. Public Service agreed to provide TCJA benefits to customers through a combined reduction to base rates through a General Rate Schedule Adjustment (GRSA) of negative 4.19 percent and an offset to the previously approved Legacy Prepaid Pension Asset. The negative GRSA refunded \$42 million to customers in 2018 and \$67.5 million in 2019. The Legacy Prepaid Pension Asset offset resulted in \$59.2 million in customer benefits in 2018 and \$33.7 million in 2019.

7. Additionally, on May 1, 2018, the Transmission Cost Adjustment (TCA) revenue requirement was decreased by \$2.6 million and the Clean Air Clean Jobs Act adjustment was reduced by \$9 million.

8. On May 20, 2019, Public Service filed a Phase I Rate Case, Proceeding No. 19AL-0268E, proposing that rates incorporating all TCJA impacts become effective

January 1, 2020.¹ The Commission issued Decision No. C20-0096 in Proceeding No. 19AL-0268E on February 11, 2020, with rates allowed to become effective on February 25, 2020.

9. On May 26, 2020, Public Service made a true-up filing in this Proceeding pursuant to the Revised Settlement Agreement. In the true-up filing, Public Service stated that it had over-refunded a total of \$3.1 million in 2019 and 2020. Public Service collected the over-refunds through its fourth quarter 2020 Electric Commodity Adjustment.

C. Findings, Conclusions, and Directives

10. Public Service has filed appropriate advice letters to effectuate the refund of funds due its customers as a result of the 2017 TCJA, in accordance with Decision No. C18-0326-I.

11. In Compliance with Decision No. C18-0326-I, Public Service has consistently filed quarterly status reports, beginning with its first status report filed on June 29, 2018.

12. The request of Public Service for its Electric Utility to be excused from further participation in this Proceeding is granted.

II. ORDER

A. The Commission Orders That:

1. The Motion Seeking an Order for Its Electric Utility to be Excused from Further Participation in this Proceeding filed by Public Service Company of Colorado on March 12, 2021 is granted.

¹ The TCJA also affected Public Service's deferred income tax expense, resulting in excess Accumulated Deferred Income Tax (ADIT). Public Service accounted for approximately \$817 million of excess ADIT in the Test Year used in Proceeding No. 19AL-0268E.

2. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the Commission mails this Decision.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 7, 2021.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads 'Doug Dean'.

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

MEGAN M. GILMAN

Commissioners