

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 22L-0558G

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 JANUARY 1, 2023, ON LESS THAN STATUTORY NOTICE.

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

Mailed Date: December 21, 2022
Adopted Date: December 21, 2022

I. BY THE COMMISSION

A. Statements, Findings, and Conclusions

1. On December 15, 2022, 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 January 1, 2023, tariffs resulting in an increase to its existing natural gas rates now on file with the Commission. The application contains all materials required by the Commission's rules and is complete.

2. Pursuant to Rules 1100 and 1101(b), 4 CCR 723-1 and Rule 4603(b), 4 CCR 723-4, Public Service filed Attachment Nos. 1, 2, 3, 5 and 6 under seal which Public Service states it contains confidential and market-sensitive data. Public Service stated that disclosing the information to the public would adversely impact the cost of gas to Public Service's gas customers. Public Service filed Attachment Nos. 1, 3, 5 and 6 under seal which Public Service states are confidential as they contain usage volumes of customer classes with

fewer than 15 customers. Pursuant to Rule 1101(a)(I) of the Commission Rules, a public version of Confidential GCA Attachment Nos. 1, 2, 3, 5 and 6 excluding the confidential information, was filed as well.

3. This application constitutes Public Service's Quarterly GCA filing, under the Quarterly GCA mechanism provided for in the Stipulation and Agreement (S&A) reached by the Staff of the Public Utilities Commission, the Office of Consumer Counsel, and Public Service (Parties) pursuant to Decision No. C09-0596 in Docket No. 08A-095G issued June 9, 2009. Accordingly, this application was filed under both the Commission's Gas Rules and the Quarterly GCA mechanism.

4. The proposed tariffs are attached to the application and affect Applicant's customers in its Colorado certificated areas on file with the Commission.

5. This application for authority to increase 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, Front Range, 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 Docket No. 06M-525EG as required pursuant to Rule 4002(c).

12. The proposed tariffs are attached to this order as Appendix A. Due to the changes in the Gas Commodity Cost and Deferred Gas Cost, the net effect of the revision in the GCA for the first quarter 2023 is estimated to increase GCA revenues by \$22,170,987 which is approximately a 4.64 percent increase above the December 2022 revenues.

13. The natural gas costs reflected in this filing are based on the New York Mercantile Exchange (NYMEX) January, February, and March 2023 daily Settlement Price for natural gas on the first business day of the month or December 1, 2022. The NYMEX price for each of those three months was adjusted for the basis differentials applicable to regional indices used by the Company for its gas purchases. The resulting Gas Commodity Cost and Deferred Gas Cost are \$7.207 and \$.139 per Dth, as compared to the current \$6.372 per Dth and \$.568 per Dth contained in the currently effective tariff.

14. This filing includes an additional component to the Deferred Gas Costs. The additional component to the Deferred Gas Cost is the true-up of the Rate Deferral Surcharge (“RDS”). The incremental revenue recovery period of the RDS was April 1, 2021 through October 31, 2022. Decision No. R20-0673, Paragraph 86(e) at page 31 (mailed on September 22, 2020), in Proceeding No. 20AL-0049G approved an Amended Settlement Agreement which stated that, “After conclusion of the Incremental Revenue Recovery Period, the amount of Deferred Incremental Revenue will be trued-up by customer class based on actual billing determinants in the Incremental Revenue Recovery Period, and will be applied by customer class to the GCA deferred balance, beginning with the GCA to become effective on January 1, 2023.

15. In addition to the changes to the Gas Commodity Cost and Deferred Gas Cost rate components, the Company proposed to update its Gas Storage Inventory Cost (“GSIC”) rate

component. In accordance with the GCA tariff revisions approved by the Commission pursuant to Decision No. C11-0946 in Public Service's gas rate case in Proceeding No. 10AL-963G, the Company updates the GSIC only in the Q4 Annual GCA September filing. The GSIC is being updated in this filing as a result of the gas rate case Decision C22-0647 in Proceeding No. 22AL-0046G that requires the Company to apply a return of only short-term debt to the GSIC, not the historical methodology of applying the return on equity and long-term debt to the GSIC. The proposed GSIC is calculated based on a reduced revenue requirement associated with Public Service's investment in gas storage inventory for the period October 1, 2022 through September 30, 2023. The reduction in the revenue requirement is caused by the application of short-term debt to the GSIC as opposed to the prior method of applying equity and long-term debt.

16. Public Service affirms that the GCA is currently not impacted by gas transportation commodity discounts on its system as all discounted transportation commodity rates are in excess of the Current Gas Cost portion of the transportation charge (i.e., gas balancing costs).

17. Pursuant to the Quarterly GCA Stipulation reached by the Parties in compliance with Decision No. C09-0596 in Docket No. 08A-095G, the filing of this application has been or will be 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 advertisement. 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.

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

19. The Commission finds good cause to allow the proposed increase 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 application filed by Public Service for authority to change tariffs on less-than-statutory notice is granted.

3. Public Service is authorized to file, on two-day notice; the tariffs attached as Appendix A and made a part of this Order, to be effective on or after their effective date of January 1, 2023.

4. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 21, 2022.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script, appearing to read "G. Harris Adams".

G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

MEGAN M. GILMAN

Commissioners