

Decision No. C23-0139

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23L-0080E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER AUTHORIZING IT TO REVISE ITS ELECTRIC COMMODITY ADJUSTMENT TO BE EFFECTIVE MARCH 1, 2023, ON LESS THAN STATUTORY NOTICE.

**COMMISSION DECISION APPROVING DOWNWARD
ADJUSTMENT AND GRANTING MOTIONS**

Mailed Date: February 24, 2023

Adopted Date: February 22, 2023

I. BY THE COMMISSION

A. Statement

1. On February 15, 2023, Public Service Company of Colorado (Public Service or Applicant) filed an application requesting a Commission order authorizing it, without a formal hearing and on less-than-statutory notice, to place into effect on March 1, 2023, tariffs resulting in a decrease to its existing Electric Commodity Adjustment (ECA) now on file with the Commission. The application contains all materials required by the Commission's rules and is complete. In addition, pursuant to §40-3-104(1)(c)(III) and §40-3-104(2) C.R.S, 4 *Code of Colorado Regulations* (CCR) 723-1 of the Rules of Practice and Procedure and Rule 3109(b)(II) of the Rules Regulating Electric Utilities. As discussed further below, we grant Public Service's motion for waivers and variances, its motion for alternative forms of notice, and this application.

B. Discussion

2. Public Service's application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rule 4 CCR 723-1-3109(b)(II). The proposed tariffs are attached to the application and affect Public Service's customers in its Colorado certificated areas on file with the Commission. The filing constitutes a decrease of \$8,490,869 when compared to revenue that would be collected under the currently effective ECA rates, based on forecasted March sales quantities.

3. Alongside the Application Public Service has filed a motion seeking approval to provide an alternative form of public notice for the Application.

Public Service also filed a motion requesting two partial waivers from the currently effective sheets of the Colo. PUC No. 8 – Electric Tariff and a partial variance of Commission Decision C22-0830-I, Proceeding No. 22AL-0531E in order to effectuate the proposed decrease. It also asks us to waive any remaining response time to the motion.

4. Public Service is requesting two partial waivers in this proceeding pertaining to the Public Service electric tariffs and a partial variance of Commission Decision C22-0830-I, Proceeding No. 22AL-0531E. The first variance is Public Service requests waiver to Tariff Sheets Nos. 143C through 143G to allow for the calculation of ECA factors specific to one month. These tariff sheets outline the procedures for calculating ECA factors to be effective for an entire quarter. In this proceeding, Public Service is intending the calculation of the ECA to be only for the month March 2023, using projected costs and billing determinants for that month. The requested waiver will terminate April 1, 2023.

5. According to the Company, the second variance is for a partial variance from Paragraph 24 of Decision No. C22-0830-I regarding the deferred under-recovery balance not related to coal shortages. In the above decision, the Commission ordered Public Service to remove approximately \$123 million from the ECA Deferred Account balance after its inclusion of this amount in the Q1 2023 ECA after the protest filed by the UCA. This decision also allows Public Service to propose cost recovery in a separate proceeding to mitigate the time-related impacts of the substantial amount of under-recovery. One major concern about the level of under-recovery was about the Public Service handling of coal delivery shortfalls driven by national railroad staffing issues. At that time, Public Service was unable to quantify the financial impact of this issue. Public Service states in the application that the Company has now estimated that the coal supply issues account for approximately \$53 million of the \$123 million under-recovered amount. The remaining \$70 million was primarily driven by the sharp rise in natural gas prices compared to the price forecasts. Public Service is requesting a partial waiver that would return approximately \$70 million of the \$123 million to the ECA Deferred Account Balance. Public Service states that this will reduce carrying costs as authorized in the tariff. The costs will be returned to the ECA at the amortization schedule proposed described below in the third partial waiver. This requested variance will terminate on June 30, 2023.

6. The third partial waiver request is from Tariff Sheet No. 143D that relates to the amortization of the ECA Deferred Account Balance. Public Service proposes to combine the approximated \$70 million non-coal related deferred costs with the deferred balance of \$1.4 million over-recovered balance as of January 31, 2023, and amortize the net balance over four months (through June 30, 2023). Public Service has included one month of this net balance, \$19,317,430, in the calculation of this one-month ECA for March. Public Service states the

amortization should smooth the ECA rate and therefore customers will not experience a larger price drop for March and a subsequent rate spike for Q2 2023. It should be noted that the \$1.4 million over-recovery balance includes the retail share of a \$16 million credit for liquidated damages payment associated with the termination of the Front Range Midway Purchased Power Agreement. This requested waiver will terminate on June 30, 2023.

C. Conclusions and Findings

7. We agree with Public Service that good cause exists to provide an alternative form of notice for the Application. The proposed notice will provide the required information to the general public, including the estimated decrease for average residential and commercial customers, and do so at a lower cost than other forms of statutory notice. It also avoids inundating customers with e-mail and text notifications for regulatory filings as the Company often uses those venues for outage information.

8. We find good cause to approve the request for temporary variance through April 1, 2023, to the tariffs to allow for the calculation of the ECA factors specific to one month.

9. We find good cause to approve the request for partial variance to Paragraph 24 Decision No. C22-0830-I regarding the deferred under-recovery balance not related to coal shortages that would return approximately \$70 million of the \$123 million to the ECA Deferred Account Balance. This requested partial variance will expire on June 30, 2023.

10. We also find good cause to approve partial waiver request is from Tariff Sheet No. 143D that relates to the amortization of the ECA Deferred Account Balance. Public Service shall combine the approximated \$70 million non-coal related deferred costs with the deferred balance

of \$1.4 million over-recovered balances of January 31, 2023, and amortize the net balance over four months through June 30, 2023.

11. Therefore, we will grant Public Service’s motion for waivers and variances. Given the short timeline to implement this decrease we also waive any response time to the motion.

12. Finally, we find good cause to approve the request to reduce the ECA rates due to the revised forecast of commodity costs and the revised level of deferred electric costs as specified in this application. The Application is granted.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Public Service Company of Colorado (Public Service) on February 15, 2023, for an Order Authorizing it to Adjust its Electric Commodity Adjustment to be Effective March 1, 2023, on Less Than Statutory Notice (Application) is deemed complete.

2. The Motion for Commission Approval of an Alternative Form of Notice filed by Public Service on February 15, 2023, is granted.

3. The Application filed by Public Service for authority to change tariffs on less than statutory notice and the motion for waivers are granted, consistent with the discussion above.

4. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 22, 2023.**

(S E A L)



ATTEST: A TRUE COPY



G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners