

Decision No. C23-0178

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

PROCEEDING NO. 23A-0039E

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IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC GAS PRICE VOLATILITY MITIGATION PLAN FOR THE PERIOD MAY 1, 2023, THROUGH APRIL 30, 2024.

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**COMMISSION DECISION  
GRANTING AMENDED APPLICATION**

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Mailed Date: March 15, 2023  
Adopted Date: February 8, 2023

**I. BY THE COMMISSION**

**A. Statement**

1. On January 17, 2023, Public Service Company of Colorado (Public Service or Company) filed an Application for Approval of an Electric 2022-2023 Annual Gas Price Volatility Mitigation Plan (Application).
2. On January 17, 2023, the Commission issued a public notice allowing for a ten-day intervention period for parties to raise concerns related to the Application. No interventions were filed.
3. On January 19, 2023, filed a revised version of the Application (Amended Application) and corrected versions of Confidential and Public Attachment A to the Application.
4. This decision grants the Revised Application.

**B. Discussion**

5. The general parameters for Public Service's Gas Price Volatility Mitigation (GVPM) Plans for its electric utility operations were established approximately 20 years ago pursuant to a Settlement Agreement in Proceeding No. 02S-315EG. That agreement allows Public Service to use financial hedging to reduce the exposure of electric sales customers to fluctuations in gas prices with net gas hedging costs to be passed through to retail customers capped at \$15 million for each gas purchase year.

6. In the Application, Public Service seeks Commission review and approval of the following for the hedging period May 1, 2023 through April 30, 2024: (1) the proposed quantity of gas to be hedged; (2) the timing of the hedges; (3) the types of hedging instruments to be used; (4) the floor price for the calculation of the costs and benefits of the plan; (5) the cap on the costs; (6) the "overall hedging plan concept;" and (7) the proposed implementation plan. The plan details the circumstances under which the Company intends to use fixed price contracts, natural gas storage, and Commission-authorized financial instruments in hedging prices for natural gas acquired for the electric generation facilities owned by the Company and for certain other electric generation facilities owned by third parties for which the Company is responsible for supplying natural gas fuel.

7. The specific GPVM activities for which Public Service seeks Commission approval is set forth in revised Confidential Attachment A to the Application under the title "Price Volatility Mitigation Plan Approval Form."

8. Concurrently with the filing of this Application, the Company filed an Unopposed Motion for Variances requesting that the Commission grant, to the extent necessary, temporary, and partial variances from the \$15 Million budget cap established by the Settlement Agreement

approved in Decision No. C03- 0670 in Proceeding No. 02S-315EG and from GPVM procedures established by that Settlement Agreement. Public Service requested these variances in order to implement certain provisions regarding the hedging practices set forth in the Company's proposed Electric 2023-2024 Annual GPVM Plan.

9. Public Service is proposing a reduction in the total heating season volume hedged while maintaining 50 percent of the Company's normal winter purchase requirements for the central three winter months of December to February. In addition, the Company proposes a target financial hedge budget of \$5.250 million with 1.5 times threshold making the proposed financial hedge budget cap of \$7.875 million for the 2023-2024 Plan.

10. In addition to the detailed plan for the upcoming heating season, Public Service requests continuation of its "Long-Term Strategy" that authorizes the Company to implement financial hedging to cover up to 25 percent of seasonal gas requirements for five years beyond the upcoming season.<sup>1</sup> Any gas volumes and hedging costs incurred in implementing the long-term hedging strategy will be netted against the hedge goal and associated budget for the applicable GPVM year.

11. The Application is unopposed and will be determined without a hearing under Rule 1402 of the Commission's Rules of Practice and Procedure and 4 *Code of Colorado Regulations* (CCR) 723-1.

12. We find good cause to grant the Revised Application and approve the modified Electric 2023-2024 GPVM Plan.

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<sup>1</sup> This five year period covers the 2023-2024 heating season to the 2028-2029 season.

**II. ORDER**

**A. The Commission Orders That:**

1. The Application for Approval of an Electric 2023-2024 Annual Gas Price Volatility Mitigation Plan, filed by Public Service Company of Colorado on January 17, 2023, and as revised on January 19, 2023, is granted consistent with the discussion above.

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

3. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
February 8, 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