

Decision No. C23-0106

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21A-0275G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR A THREE-YEAR RENEWAL OF THE PROCEDURES FOR OBTAINING APPROVAL TO IMPLEMENT GAS PRICE VOLATILITY MITIGATION PLANS FOR ITS GAS UTILITY, AND APPROVAL OF A THREE-YEAR MASTER GAS PRICE VOLATILITY MITIGATION PLAN.

**COMMISSION DECISION GRANTING
MOTION FOR VARIANCES**

Mailed Date: February 16, 2022

Adopted Date: February 8, 2022

I. BY THE COMMISSION

A. Statement

1. On January 17, 2023, Public Service Company of Colorado (Public Service or Company) filed an Unopposed Motion for Variances from Decision No. C21-0764 and Approved Master GPVM Plan and GPVM Procedures (Motion). The requested variances are necessary to implement the application filed as Proceeding No. 23A-0038G related to Public Service's 2023-2024 Annual Gas Price Volatility Mitigation (GPVM) Plan. The requested variances address the applicable time period for financial hedging and the associated calculation of the Company's annual gas hedging budget.

2. This Decision grants the Motion and denies as moot the request for shortened response time.

B. Discussion

3. On January 17, 2023, Public Service filed an Application for Approval of a 2023-2024 Annual GPVM Plan in Proceeding No. 23A-0038G (23A-0038G Application). Concurrent with that application, on January 17, 2023, the Company filed this Motion for Variance from Decision C21-0764 and request for waiver of response time.

4. Public Service explains in the 23A-0038G Application that the Company implements a yearly GPVM Plan in order to protect its gas sales customers from price spikes due to volatility in the natural gas market. By the 23A-0038G Application, Public Service sought Commission approval of: (1) the proposed quantity of gas to be hedged; (2) the timing of the hedges; (3) the annual hedging budget; and (4) the amount of hedging costs that the Company may incur before being subject to what is called “incremental prudence risk.” These four items are to be considered in the context of a Master GPVM Plan that sets forth Public Service’s approved overall gas price hedging strategy as approved in Proceeding No. 18A-0334G and renewed last year in this Proceeding. The Master GPVM Plan summarizes the goals for the GPVM, the general strategies for seasonal and long-term hedging, and certain unchanging contractual requirements. The purpose of the Master GPVM Plan is to allow for a streamlined annual GPVM review process for specific gas purchase years, such as the plan for the 2023 through 2024 gas purchase year addressed by the Application.

5. In this Proceeding, the Commission issued Decision No. C21-0764 on December 3, 2021, granting the Company’s Application for a Three-Year Renewal of the Procedures for Obtaining Approval to Implement GPVM Plans for its Gas Utility, and for Approval of a Three-Year Master GPVM Plan initially filed by Public Service on June 15, 2021. The Master GPVM Plan included a hedging target of 50 percent of projected winter volumes for

the five-month heating season from November to March with an accompanying budget based on that hedge volumes and the premium for an at the money call option for the same period of time.

6. Through this Motion the Company seeks temporary and partial variances from Decision No. C21-0764 and from relevant portions of the Master GPVM Plan and GPVM Procedures in order to implement the 2023-2024 GPVM Plan in accordance with the 23A-0038G Application.

7. By this Motion, Public Service specifically seeks variances from paragraph 19 and ordering paragraph 1 of Decision No. C21-0764 approving the Company's Master GPVM Plan and GPVM Procedures, as well as pages 1 through 2 and 4 of the approved Master GPVM Plan and page 4 of the approved GPVM Procedures to the extent they address the applicable time period for financial hedging and associated calculation of the Company's annual gas hedging budget. These variances are necessary as part of the Application in Proceeding No. 23A-0038G to reflect the Company's proposal to engage in financial hedging for only the months of December through February with a budget that is reflective of this shorter hedging period.

8. Because the Motion is unopposed, the Company requests that the Commission waive response time to the Motion.

C. Conclusions and Findings

9. At its March 9, 2022 weekly business meeting, the Commission granted the Joint Motion to Approve Unopposed and Comprehensive Settlement Agreement in Proceeding No. 22A-0033G, denied as moot the request for a waiver of the response time to the Motion and accordingly granted the 22A-0033G Application as modified by the approved Settlement Agreement.

10. Because the requested variances from the GPVM procedures and the Master GPVM approved by Decision No. C21-0764 are necessary to implement the terms of the Settlement Agreement in Proceeding No. 22A-0033G and to implement the 2022-2023 GPVM Plan as modified by that Settlement Agreement, we find good cause to grant the Motion.

II. ORDER

A. The Commission Orders That:

1. The Unopposed Motion for Variances from Decision No. C21-0764 and Approved Master GPVM Plan and GPVM Procedures filed on January 17, 2023, by Public Service Company of Colorado 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

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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MEGAN M. GILMAN

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Commissioners