

Decision No. C23-0853

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23L-0608G

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, 2024, ON LESS THAN STATUTORY NOTICE.

**COMMISSION DECISION GRANTING APPLICATION
AND ADDRESSING PROTEST**

Mailed Date: December 22, 2023

Adopted Date: December 20, 2023

I. BY THE COMMISSION

A. Statement

1. On December 15, 2023, Public Service Company of Colorado (Public Service or the Company) filed a verified application requesting a Commission order authorizing it, without a formal hearing and on less-than-statutory notice (LSN), to revise its Gas Cost Adjustment (GCA) tariff as set forth in Sheet Nos. 50 through 50I of its Colo. PUC No. 6 Gas tariff, resulting in a decrease to its existing GCA rates on file with the Commission.

2. On December 18, 2023, the Colorado Office of the Utility Consumer Advocate (UCA) filed a protest to the LSN application. UCA recognizes that this filing results in a decrease; however, as in their similar protest filed in Proceeding No. 23L-0465G, UCA alleges that the Company continues to use a method to calculate the Gas Storage Inventory Cost (GSIC) component of the GCA that was not authorized by prior Commission decisions.

3. By this Decision, the Commission deems the LSN application complete and grants the application, consistent with the discussion below. Public Service is authorized to place into effect on January 1, 2024, revised GCA rates as set forth on Sheet No. 50H as attached to this Decision as Appendix A.

B. First Quarter 2024 Revision of the Gas Cost Adjustment (GCA)

4. Public Service's LSN application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rule 4 *Code of Colorado Regulations* (CCR) 723-1-4109(b)(II).

5. Public Service requests authorization to revise its present GCA pursuant to its GCA Tariff as set forth in Sheet Nos. 50 through 50I.

6. This application constitutes Public Service's Quarterly GCA filing, under the Quarterly GCA mechanism provided for in the Stipulation and Agreement reached by the Staff of the Colorado Public Utilities Commission, UCA, and Public Service (Parties) pursuant to Decision No. C09-0596 in Proceeding No. 08A-095G issued June 9, 2009.

7. Public Service states in the LSN application that the purpose of this proposed first quarter 2024 revision to the GCA is to reflect the adjusted level of the Gas Commodity Cost, the Deferred Gas Cost, and the Upstream Service Cost, as defined in the GCA Tariff. The Gas Commodity Cost reflects natural gas costs to be charged to Public Service by its numerous producers and suppliers during the period January 1, 2024, through March 31, 2024, based on forecasted sales quantities, producer and supplier contract pricing terms, and market indices. The Deferred Gas Cost reflects the Company's Account No. 191 balance adjusted for unbilled revenue as of November 30, 2023. The Upstream Service Cost reflect costs anticipated to be

charged to Public Service by its pipeline service providers for the period October 1, 2023, through September 30, 2024.

8. In accordance with the Commission's rules governing the GCA, Public Service's Quarterly GCA includes Attachments Nos. 1 through 9. Public Service has filed under seal GCA Attachment Nos. 1, 2, 3, 5, and 6 containing material that it claims is confidential, proprietary, and market-sensitive, as well as a public version of the exhibit with the confidential material redacted, pursuant to Commission Rule 1100(c).

9. The proposed change to Sheet No. 50H is Attachment No. 9 to the application and affects Public Service's customers in its Colorado certificated areas on file with the Commission.

10. As explained in the LSN application, Public Service's natural gas supplies for sale to its residential, commercial, industrial, and resale customers, are purchased from numerous producer and suppliers located inside and outside of Colorado. The rates and charges incident to these purchases are established through contracts between the Company and the various producer and suppliers.

11. Public Service 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. The natural gas costs reflected in this filing are based on the New York Mercantile Exchange (NYMEX) January, February, and March 2024 daily Settlement Price for natural gas on the first business day of each month as of December 1, 2023. 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.

12. Purchased gas supplies are either delivered directly into Public Service's natural gas pipeline system from wellheads, gathering systems, gas processing plant interconnections, or through several interstate pipeline and/or storage facilities with which the Company is directly connected. The transportation of these gas supplies is made pursuant to service agreements between Public Service and upstream pipeline service providers based upon the Company'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; Tallgrass Interstate Gas Transmission (TIGT); Southern Star Central Gas Pipeline, Inc. (Southern Star); Red Cedar Gathering Company and Trans Colorado Gas Transmission Company (TCGT).

13. 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).

14. Pursuant to the Quarterly GCA Stipulation reached by the Parties in compliance with Decision No. C09-0596 in Proceeding 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.

15. Due to the changes in the Gas Commodity Cost and Deferred Gas Cost, the net effect of the revision in the GCA rates for the first quarter of 2024 is an estimated decrease of Public Service's revenues by approximately \$29.1 million.

C. Findings and Conclusions

16. 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.

17. The Commission expects Public Service 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. CIG, TIGT, Southern Star, and TCGT 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 Public Service are subject to the jurisdiction of the Federal Energy Regulatory Commission. This Commission has no jurisdiction over the pipeline delivery rates of CIG, TIGT, Southern Star and TCGT.

18. The application contains all materials required by the Commission's rules and is complete.

19. The Commission finds good cause to allow the proposed increase on less-than-statutory notice. The GCA rates set forth on Sheet No. 50H as presented in Attachment No. 9 to the LSN application have been calculated in accordance with the Company's GCA Tariff in effect at the time of the filing of the application. Approval of the first quarter 2024 revision to the GCA for effect January 1, 2024, is likewise consistent with the Commission's rules governing the GCA. Public Service has further satisfied the requirements of

the Quarterly GCA Stipulation reached by the Parties in compliance with Decision No. C09-0596 in Proceeding No. 08A-095G.

20. Finally, we decline to take up in this Proceeding UCA's allegations and arguments regarding the calculation of the GSIC as set forth on Sheet No. 50C. As we indicated in Decision No. C23-0646 (mailed September 28, 2023), the best venue for this dispute is in a formal complaint proceeding. The same day that UCA filed its protest in this Proceeding (December 18, 2023), it also filed a formal complaint alleging the same issues with Public Service's GSIC calculations (Proceeding No. 23F-0611G). We look forward to resolving the GSIC questions in that proceeding.

II. ORDER

A. The Commission Orders That:

1. The application filed by Public Service Company of Colorado (Public Service) on December 15, 2023, for a Commission order authorizing a revision to Sheet No. 50H of its Colo. PUC No. 6 Gas tariff, without a formal hearing and on less-than-statutory notice, is deemed complete and granted.

2. Public Service is authorized to file, on two days' notice, the tariff sheet setting forth the Gas Cost Adjustment (GCA) as attached to this Decision as Appendix A, to be effective on or after its effective date of January 1, 2024.

3. Consistent with the discussion above, the request from the Colorado Office of the Utility Consumer Advocate for a hearing on certain components of Public Service's GCA in this proceeding is denied.

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
December 20, 2023.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners