Decision No. C24-0579

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0356E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER AUTHORIZING IT TO MODIFY AND EXTEND ITS ELECTRIC QUALITY OF SERVICE PLAN THROUGH 2026.

COMMISSION DECISION ADDRESSING EXCEPTIONS TO RECOMMENDED DECISION NO. R24-0396

Issued Date: August 13, 2024
Adopted Date: July 31, 2024

I. BY THE COMMISSION

A. Statement

1. Through this Decision, the Commission grants the exceptions to Recommended Decision No. R24-0396 ("Recommended Decision" or "Decision") filed on July 1, 2024, by the Office of the Utility Consumer Advocate ("UCA") and denies the exceptions to the Recommended Decision filed on July 1, 2024, by Public Service Company of Colorado ("Public Service" or the "Company").

B. Background

2. On June 30, 2023, Public Service filed an application for approval of the continuation of and modifications to its electric Quality of Service Plan ("QSP").

3. On June 11, 2024, through the Recommended Decision, Administrative Law Judge ("ALJ") Melody Mirbaba approved, with modifications, the Settlement Agreement addressing the Company's application.

4. On July 1, 2024, UCA and Public Service each filed exceptions to the Recommended Decision.

5. Consistent with the discussion below, this Decision grants the UCA's exceptions and increases the overall penalty caps that apply to Public Service's QSP. This decision also denies Public Service's exceptions to delay implementation of the bill credits established in the Recommended Decision.

C. Settlement Agreement and Recommended Decision

6. As explained in the Recommended Decision, Public Service's electric QSP establishes minimum performance standards for its service, which if not met, require the Company to provide bill credits to customers.

7. The Settlement Agreement proposes an increase to $55 for individual bill credits for the Census Block Group System Average Interruption Duration Index ("CBG-SAIDI") metric, the Customer Complaint metric, the Telephone Response Time metric, the Customers Experiencing Multiple Interruptions ("CEMI") metric, and the Customers Experiencing Long Interruption Durations ("CELI") metric to be credited to customers who experience failure of these metrics.[1] The Settlement Agreement also provides that customers who are entitled to an individual bill credits under the CBG-SAIDI, CEMI, and CELI performance metrics who reside in a census block group within a disproportionately impacted ("DI") community will receive an enhanced individual bill credit of $75.[2]

8. The Settlement Agreement further proposes the following maximum annual bill credit amounts: (1) $7.73 million for the CBG-SAIDI metric, (2) $1.1 million for the Customer

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[1] Hearing Exhibit 105, Attachment JJP-4 pp. 3-4.
[2] Hearing Exhibit 105, Attachment JJP-4 p. 5.

Complaint metric, (3) $1.1 million for the Telephone Response Time metric, (4) $1.1 million for the CEMI metric; and (5) $1.1 million for the CELI metric. These amount to ten percent increases from the current QSP maximum annual bill credits.[3]

9. The Recommended Decision concludes that the Agreement's proposed individual $55 and $75 bill credits are unjust and unreasonable from a customer perspective and rejects the Settlement Agreement's proposed bill credit values.[4] Instead, the Recommended Decision increases each proposed bill credit by $15, resulting in a $70 standard bill credit and a $90 bill credit for customers in DI communities. The Recommended Decision states a $70 standard bill credit provides a more meaningful credit for customers who experience service that fails to meet minimum performance thresholds, particularly in light of the increased prices that customers pay for electric utility service and the specific performance thresholds. The Recommended Decision finds that for customers in DI communities, a $90 bill credit is necessary to effectuate the General Assembly's expressed intent in § 40-2-108(3), C.R.S., to provide equity, minimize impacts, prioritize benefits to DI communities and address historical inequities, as possible.[5]

10. The Recommended Decision further concludes that increasing the maximum annual bill credit amounts as proposed in the Settlement Agreement is not necessary to incent the Company to provide adequate, just, and reasonable service that promotes the public health, safety, comfort and convenience, as measured by the QSP's metrics.[6]

[3] Hearing Exhibit 105, Attachment JJP-4 pp. 3-4.
[4] Recommended Decision No R24-0396, p. 27 and p. 35.
[5] Recommended Decision No R24-0396, p. 27 and p. 35.
[6] Recommended Decision No R24-0396, pp. 29-30.

D. UCA Exceptions Addressing Maximum Annual Bill Credit Amounts

11. In its exceptions, the UCA objects to the ALJ's decision not to increase the overall penalty caps in accordance with the full amount of inflation that has occurred since the bill credit penalty caps were first established. The UCA recommends that the overall penalty caps be increased to reflect the full amount of inflation that has occurred since their implementation.

12. Using the Denver consumer price index ("CPI") to adjust for inflation, the UCA calculates that consumer prices in 2023 had increased 67.42 percent from inflation since 2005 and 57.39 percent since 2007, when the original penalty caps were set.[7] Thus, the UCA requests increasing the individual metric caps from $1 million to $1,674,197, and the overall reliability metric from $7.064 million to $11,117,961. Using the same method to adjust for inflation, UCA also requested the overall combined penalty cap be increased from $11.06 million to $17,814,749.[8]

13. In its response to the UCA's exceptions, Public Service argues the UCA's request should be rejected for multiple reasons. Public Service contends that in addition to lacking support by substantial evidence in the record, the UCA's exceptions improperly disregard the ample evidence in the record supporting the sufficiency of the QSP Settlement penalty caps, the potential for unintended consequences that could result from the unduly punitive outcome advanced by the UCA, and the broader context of the QSP Settlement as a whole and how its various provisions work together to benefit customers.

14. We grant the UCA's exceptions on this point. We find good cause to accept the UCA's request to increase the overall penalty caps in accordance with the full amount of inflation that has occurred since the bill credit penalty caps were first established. The impacts of inflation

[7] Hearing Exhibit 800, Answer Testimony of Dr. Scott England, Table SEE-4.
[8] Hearing Exhibit 800, Answer Testimony of Dr. Scott England, Table SEE-5.

have been significant since the penalty caps were first established, and raising the caps by only ten percent – when inflation has been closer to 60 percent – is inadequate. Further, we want to ensure there is sufficient headroom for the individual customer credits to be fully applied. We therefore increase the individual metric caps to $1,674,197, and the overall reliability metric to $11,117,961. The Commission also increases the overall combined penalty cap to $17,814,749.

E. Public Service's Exceptions Addressing Bill Credit Implementation

15. In its exceptions, Public Service requests the Commission modify Recommended Decision paragraphs 76 and 90 to: (1) reflect that the $70 standard bill credit and $90 DI community bill credit will apply from January 1, 2025 through December 31, 2026, and (2) authorize the Company to apply the $55 standard and $75 DI Community bill credits, as reflected in the Settlement Agreement, for the 2024 performance year. The Company states that a gradual transition will help ensure sufficient time to prepare and account for the substantially increased Recommended Decision's bill credits in advance of the 2025 performance year. Public Services contends multiple teams and departments throughout the Company will need to coordinate to implement the updated QSP, and the Company will need to develop implementation strategies to adapt its operations to account for this materially altered incentive structure.

16. We deny Public Service's exceptions on this point. We are unpersuaded the Company is not prepared to implement the bill credits established by the Recommended Decision and therefore deny both of Public Service's requests. The $70 standard bill credit and $90 DI community bill credit shall be placed into effect for the 2024 performance year and for the entirety of this QSP period. Public Service had already committed to increasing the standard QSP bill credit to $55 and to extend an enhanced $75 bill credit for customers residing in DI communities to

account for inflation since the Commission last approved an extension of the QSP. As such, it appears the Company has already been preparing to adapt its operations.[9] Further, based on statements made by the Company's witness at the April 2, 2024, evidentiary hearing, we understand that most QSP metrics are assessed on an annual basis, so the Company should already have a sufficient runway to adjust to the new credit amounts.[10]

II. ORDER

A. The Commission Orders That:

1. The Exceptions to Decision No. R24-0396 filed on July 1, 2024, by the Office of the Utility Consumer Advocate are granted, consistent with the discussion above.

2. The Exceptions to Decision No. R24-0396 filed on July 1, 2024, by Public Service Company of Colorado are denied, consistent with the discussion above.

3. Decision No. R24-0396, as modified by this Decision, is adopted as the decision of the Commission pursuant to § 40-6-109, C.R.S.

4. The 20-day 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.

[9] Hearing Exhibit 105, Settlement Testimony of Jason J. Peuquet, page 22, line 8 to page 23, line 16.
[10] Hearing Transcript 4/2/2024, p. 14 at 8-23.

5. This Decision is effective immediately on its Issued Date.

B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING July 31, 2024.

(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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Commissioners