Decision No. R25-0217-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0044EG

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF THE MOUNTAIN ENERGY PROJECT AND ASSOCIATED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR SUPPLEMENTAL SUPPLY.

INTERIM DECISION ADDRESSING INFORMATION TO BE PRESENTED IN SUPPLEMENTAL DIRECT TESTIMONY

Issued Date: March 25, 2025

I. STATEMENT

A. Background

1. On January 16, 2025, Public Service Company of Colorado ("Public Service" or the "Company") filed an Application for Approval and Authorization of the Mountain Energy Project ("Application") as well as requests for a Certificate of Public Convenience and Necessity for the compressed and liquefied natural gas supplemental supply components of the project. By this Decision, I order Public Service to address certain questions through supplemental direct testimony.

B. Supplemental Direct Testimony

2. I have reviewed the direct testimony filed by Public Service. There are a number of areas where the testimony should be augmented or clarified. I, therefore, direct Public Service to file Supplemental Direct Testimony addressing the following items:

1. Supplemental Supply

a) In HE 102, Witness Jones provides projections for the peak hour maximum flow, peak day volumes and, ultimately, the calculated storage volumes for both LNG in Breckenridge and CNG in Keystone. For each of the supplemental supply applications, please identify (1) the assumptions and methodology associated with projecting the peak day volume requirements based upon the hourly maximum flow requirement and (2) the Company's assumptions and methodology for doubling the peak day volumes to determine the appropriate storage volumes of LNG and CNG.

b) The executable CBA analyses do not appear to include any O&M costs associated with the LNG and CNG. Please identify the Company's assumptions for O&M costs associated with each of the supplemental supply applications and the extent to which such costs may vary based on the required storage volume for each application.

c) For each of the supplemental supply applications, please provide an executable document with a calculation identifying the revenue requirement associated with the Company-owned equipment.

2. Design Day Assumptions and Other Capacity Constraints

a) Please identify the Company's assumptions and basis for the following within the NPA area: (1) the per residence contribution (in mscfh) to the design day for existing homes; (2) the per residence contribution (in mscfh) to the design day for new homes; (3) the percentage of residential customers presumed to already have efficient gas-fired space heating equipment; (4) the average home size (in sq ft); (5) the average efficiency at the Design Day temperature and loading assumptions for non-upgraded gas-fired space heating equipment; and (6) the average efficiency at the Design Day temperature and loading assumptions for efficient gas-fired space heating equipment underlying the NPA calculations. Identify if each of these assumptions vary in the NPA area compared to other areas of the Company's entire Colorado retail gas system and the basis for the assumptions used.

b) HE102 Att GKJ-2 Table 4-2 identifies the Mountain System Peak Hour Gas Usage per Premise by Customer Type. Please identify the assumptions and curve identifying how peak hour gas usage per premise utilized for space heating works as a function of ambient temperature. Also, please identify if the Company assumes there is any temperature in which the average premise does not continue to increase gas demand for space heating as a function of ambient temperature due to limitations in on-site equipment sizing or other factors.

Provide any available information about the growth of sales and the growth in Design Day Peak Hour and Peak Day to each of the other LDCs served by or through the Eastern Mountain Gas System from 2019 to 2024, broken down annually and with any other additional detail available to provide an understanding of the contribution of LDC growth to the current capacity constraint.

a) The Company identified that the "Gas feed into the Marshall Compressor Station is downstream of the Company's Denver and northern CO gas systems. As a result, on Design day, the gas supply into the Marshall Compressor Station needed to fully supply the Eastern Mountain Gas System is affected by past and ongoing increases in the upstream customer demand." Please identify the extent to which continued growth in the Design Day gas demand in the Denver and northern CO systems may reduce the peak capacity of gas available to the Marshall Compressor Station on Design Day conditions. Does the Company project that the amount of gas currently available through the compressor station will remain constant, increase or decrease over the next 20 years and to what degree?

b) The Company identifies that a connection from the Western Mountain Gas System to the Eastern Mountain Gas System was not a viable solution in large part because "...the Western Mountain Gas System is also limited…" Please identify any projections related to shortfalls or capacity constraints along with associated timelines on all or part of the Western Mountain System that lead to the unavailability of additional available supply in the Western Mountain Gas System.

c) The Company indicates that upon comparing SCADA data to the As-Is model "The results of this verification showed that the system hydraulic model is aligned with the gas pressures observed in the field, and, therefore, is accurate." Please indicate if the data comparison referenced here is in the evidentiary record. If so, please identify its location within the evidentiary record. If not, please provide the supporting results of the data and model and relative comparison referenced in testimony, along with information about the ambient temperature at which these comparisons were completed.

3. NPA Areas

a) The Company identifies all of Summit County, Grand Lake, Minturn, Leadville and Red Cliff as NPA areas. Minturn, Leadville and Red Cliff are located outside of the Eastern Mountain Gas System, but according to the Company's testimony appear to have a hydraulic connection such that reductions in those areas provide a highly correlated benefit to the Breckenridge shortfall.

i. Please indicate if demand reductions in other areas where the Company serves retail gas customers, including Vail, Eagle-Vail and Avon, would also contribute in the same manner as capacity reductions in Minturn. If they would contribute to a different degree, please provide the Ratio of Peak Hour Reduction to Capacity Delivered for those areas, similar to the information provided in HE102 Att. GKJ-2 Table 4-6.

ii. Please indicate the number of each of the following in Vail, Eagle-Vail and Avon, separately: residential retail, commercial retail, transport customers.

iii. Please recreate Tables 4-3, 4-4 and 4-5 in Attachment GKJ-2 with data inclusive of customers in Vail, Eagle-Vail and Avon.

b) Please provide a detailed status update, as well as any data or results collected or compiled by the Company related to its gas demand response pilot, which was conducted in Summit County. Also, indicate any assumptions or analysis included within this application which relied upon or were informed by the gas demand response pilot.

c) Please identify the methodology or source of the multipliers utilized in Jones Direct Attachment GKJ-2 Table 4-9 and how they are applied.

4. PA Consulting Survey

a) The survey refers to respondents from the "Mountains". Please identify more precisely the geographic area that was included within the survey responses identified as the "Mountains".

b) Please identify how many of the respondents of each type (residential, commercial, contractors, etc.) surveyed are located in the NPA area, specifically.

c) The survey only identifies 7 customers utilizing outdoor snowmelt systems, however, it would be helpful to identify the prevalence of this end use more specifically in Breckenridge, which the Company makes clear is the most acute area of concern to reduce peak hour gas consumption. To allow parties to better understand the size of the potential market, please identify if the Company knows or has made any

attempts to identify the amount of usage within Breckenridge that serves snowmelt, including if the Company has available any estimates of the amount of snowmelt in square footage or the sizing of snowmelt boilers serving the town's largest snowmelt systems. Also, please identify the aggregate number of residential gas customers in Breckenridge who utilized over 500 therms in January or February billing cycles in 2024.

5. Electrical Upgrades

a) Please identify the underlying assumptions around the additional electrical demand (in kW) assigned to each NPA measure, including the source of the data and the assumptions around the coincidence of the loads with existing distribution, transmission and generation system peaks.

b) Please identify if any of the discrete electric investments identified in Confidential Tables TJT-D-2 or TJT-D-3 of Mr. Thompson's testimony HE 104C are identified within the Company's filed Distribution System Plan Proceeding 24A-0547E. For any project needs from the aforementioned tables identified in that proceeding, please indicate if the project is proposed to be funded within the Company's 5 year Distribution System Plan.

6. Modified CBA Runs

a) Please run an alternative executable cost benefit analysis to identify the total costs and cost effectiveness of Hybrid Portfolio 1 assuming that the volume of CNG and LNG can be reduced in accordance with the Company's indication that this modular supplemental supply could be relocated to be utilized in another part of the system if no longer needed at the current project site. Please provide the basis of the ongoing cost assumptions used in the updated model related to the CNG and LNG components.

b) Please run an alternative executable cost benefit analysis to identify the total costs and cost effectiveness of Hybrid Portfolio 1 and Hybrid Portfolio 2 out to 2050 utilizing the Company's inflation assumptions, presuming that supplemental supply equipment must be replaced at Year 20, as indicated by the Company's testimony, but that no additional incentives are provided for electrification of equipment at the end of the useful life of customer appliances and equipment initially receiving an incentive.

II. ORDER

A. It Is Ordered That:

1. Public Service shall file Supplemental Direct Testimony in this Proceeding consistent with this Decision and by the deadline ultimately approved in the forthcoming procedural schedule.

2. This Decision is effective immediately upon its Issued Date.

(S E A L)

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

MEGAN M. GILMAN

Hearing Commissioner

ATTEST: A TRUE COPY

Rebecca E. White,
Director