

Decision No. C03-1079

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 02S-574G

RE: THE INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY PUBLIC SERVICE COMPANY OF COLORADO WITH ADVICE LETTER NO. 598-GAS.

ORDER REJECTING ADVICE LETTER NO. 614-GAS

Mailed Date: September 22, 2003
Adopted Date: September 17, 2003

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of Advice Letter No. 614-Gas filed by Public Service Company of Colorado (Public Service or Company) on September 12, 2003. The purpose of this Advice Letter was to revise the Company's Service Lateral Extension and Distribution Main Extension Policy found in its P.U.C. No. 6 - Gas Tariff consistent with our orders in Decision No. C03-0899 in Docket No. 02S-574G.

2. On August 13, 2003, we issued Decision No. C03-0899 granting Public Service's proposed gas line extension policy with certain modifications. In ordering paragraph 2, we stated:

Within 30 days of the effective date of the Order, Public Service Company of Colorado shall file an advice letter with accompanying tariffs modifying its rates for construction allowances, consistent with the [discussion in the order]. These tariffs shall be filed to become effective on not less than one day's notice to the Commission.

Pursuant to this order, Public Service filed Advice Letter No. 614-Gas late in the day of September 12, 2003, with attached Tariff Sheets R34 and R43 to go into effect the morning of September 15, 2003.

3. However, upon review of the filing, we find that Advice Letter No. 614-Gas and the attached Tariff Sheets do not comport with Decision No. C03-0899. First, Public Service failed to file the Advice Letter on not less than one day's notice as required in our Decision. Rather, Public Service filed the Advice Letter at the close of business on September 12, 2003, while the effective date of the accompanying tariffs was to be September 15, 2003. This late filing failed to provide the Commission at least one day's notice before the tariffs were to go into effect.

4. Further, the filing does not incorporate many of the Commission findings in Decision No. C03-0899. By way of example, some of the omissions include the following:

- A. In rebuttal testimony submitted on behalf of Public Service on May 7, 2003, Timothy J. Sheesley proposed that Public Service's initial application be amended to include longer book lives for both distribution mains and service laterals; a mid-year discounting procedure; and the incorporation of relevant results from Public Service's recent Phase I rate case (Docket No. 02S-315EG). All three of these proposals were subsequently adopted in Decision No. C03-0899. Sheesley maintained that incorporating these changes would lower the residential construction allowance (CA) from \$432, found in the initial Advice Letter No. 598-Gas filed by Public Service on September 30, 2002, to \$419. When comparing this Advice Letter 598-Gas to the recently filed Advice Letter No. 614-Gas, however, we find that the CAs for all rates classes, including residential, are identical. Therefore, it does not appear that Public Service adjusted its calculations to account for our findings in Decision No. C03-0899 that the proposals offered by Public Service should be adopted and made a part of its Advice Letter No. 614-Gas filing.
- B. We agreed with Public Service that its CA should be revised 30 days after a final order in either a Phase I or Phase II rate case. We also found, however, in favor of the recommendation made by the Staff of the Commission (Staff) to include language in the tariff to provide flexibility

in the event the 30-day window is not practical for whatever reason. Specifically, we ordered the language "... or within such period of time as ordered by the Commission" to be inserted, which qualifies the 30-day time frame as it appears on Tariff Sheet R-34. Public Service failed to comply with this finding from Decision No. C03-0899 in its Advice Letter No. 614-Gas.

5. These examples are meant to be merely illustrative. We are not suggesting that they are an exhaustive list of the deficiencies found in Advice Letter No. 614-Gas. These examples are, however, sufficient to establish the Advice Letter's lack of conformity with Decision No. C03-0899.

6. Due to this lack of conformity, we reject Advice Letter No. 614-Gas. Moreover, we require that Public Service file another Advice Letter with accompanying tariffs modifying its rates for Construction Allowances (CAs) consistent with all Commission findings in Decision No. C03-0899. At the same time, we require Public Service to file: (1) complete work papers showing all the calculations which support its new CAs; and (2) an affidavit indicating whether or not any CAs have been granted using the rates in Advice Letter No. 614-Gas and, if so, the number granted in each rate class. The new Advice Letter with accompanying tariffs, the work papers, and the affidavit should all be filed on or before the close of business on September 25, 2003, with an effective date for the tariffs of October 2, 2003. Public Service's existing CA tariffs will remain in effect until October 2, 2003.

II. ORDER

A. The Commission Orders That:

1. Advice Letter No. 614-Gas, filed by Public Service Company of Colorado is rejected.

2. Public Service Company of Colorado shall file a new Advice Letter with accompanying tariffs modifying the rates for its Construction Allowance consistent with all findings in Decision No. C03-0899.

3. Public Service Company of Colorado shall file, in addition to the new Advice Letter and accompanying tariffs, complete work papers indicating all calculations which support its new Construction Allowances.

4. Public Service Company of Colorado shall file an affidavit indicating whether or not any Construction Allowances have been provided utilizing the rates found in the accompanying tariffs to Advice Letter No. 614-Gas and, if so, the number of Construction Allowances provided in each rate class.

5. The new Advice Letter with accompanying tariffs, work papers, and affidavits shall all be filed on or before the close of business on September 25, 2003, with an effective date for the tariffs of October 2, 2003.

6. Public Service Company of Colorado's existing Construction Allowance tariffs shall remain in effect until October 2, 2003.

7. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
September 17, 2003.**

(S E A L)



ATTEST: A TRUE COPY

Bruce N. Smith

**Bruce N. Smith
Director**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

GREGORY E. SOPKIN

POLLY PAGE

JIM DYER

Commissioners