

Decision No. C04-0217

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04A-038G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER APPROVING ITS REFUND PLAN, AUTHORIZING IT TO CREDIT THE COST OF GAS FOR SUPPLIERS' REFUNDS RECEIVED, THE FURTHER DISTRIBUTION OF SAID REFUNDS.

**COMMISSION ORDER APPROVING
PROPOSED GAS REFUND PLAN**

Mailed Date: March 3, 2004

Adopted Date: March 3, 2004

I. BY THE COMMISSION

A. Statement

1. On January 21, 2004, Public Service Company of Colorado (Public Service or Applicant) filed an Application for a Commission Order approving a proposed gas refund plan. Notice of the Application was given to all interested persons, firms, and corporations on January 23, 2004, by the Commission.

~~4.2.~~ No protests or motions to intervene in opposition have been filed in connection with this Application for a proposed gas refund plan. Accordingly, because the Application is uncontested, it may be decided without hearing in accordance with § 40-6-109(5), C.R.S., and Rule 24 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (CCR) 723-1.

Formatted: Bullets and Numbering

B. Findings of Fact

~~5.3.~~ Applicant is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, the purchase, transmission, distribution, transportation, and resale of natural gas in various certificated areas within the State of Colorado.

~~6.4.~~ Applicant's natural gas supplies for sale to its residential, commercial, industrial, and resale customers, are purchased from numerous producer/suppliers located inside and outside of the State of Colorado. The rates and charges incident to these purchases are established through contracts between Applicant and the various producer/suppliers.

~~7.5.~~ These gas supplies are either delivered directly into Applicant's natural gas pipeline system or through several interstate pipeline and/or storage facilities with which Applicant is directly connected. The transportation of these gas supplies is made pursuant to service agreements between Applicant and upstream pipeline service providers based upon Applicant'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); Wyoming Interstate Company, Ltd. (WIC); Kinder Morgan Interstate Gas Transmission Company (KMI); Southern Star Central Gas Pipeline, Inc. (Southern Star) (formerly known as Williams Gas Pipelines Central, Inc.); and Young Gas Storage Company, Ltd. (Young).

~~8.6.~~ CIG, WIC, KMI, Southern Star, and Young are natural gas companies under the provisions of the Natural Gas Act, as amended, and the rates and charges incident to the provision of the various pipeline delivery services to Applicant are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). This Commission has no jurisdiction over

Formatted: Bullets and Numbering

the pipeline delivery rates of CIG, KMI, Southern Star, and Young, but it expects Applicant 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 (Public Law 95-621) and applicable federal regulations (or determinations made under applicable federal regulations).

~~9.7.~~ By its Application, Public Service proposes: (1) to credit the Deferred Gas Cost account (Account No. 191) by \$293,493.59, reflecting refunds received from various suppliers plus accrued interest through February 27, 2004;¹ (2) to “carve-out” a contribution of \$97,831.21 to Energy Outreach Colorado (EOC) (formerly known as Colorado Energy Assistance Foundation), equal to 25 percent of the sales customers’ portion of the Kansas *ad valorem* tax refunds received by Applicant since its last distribution of Kansas *ad valorem* tax refunds pursuant to Decision No. C03-0248 in Docket No. 02A-588G, and to remit payment of such amount directly to EOC; and (3) to directly remit to the former sales for resale customers of Western Gas Supply Company (WestGas), the former intrastate pipeline subsidiary of Public Service, their allocable share of Kansas *ad valorem* refund proceeds equal to \$9,610.00.

~~10.8.~~ Public Service has calculated interest only through February 27, 2004 to coincide with the anticipated date, following Commission approval of this application, that the proposed credit to the Deferred Gas Cost account to sales customers and disbursement of funds to EOC and its WestGas sales for resale customers will be made. Based on the Commission’s decision approving this Refund Plan, Public Service will recalculate the accrued interest to coincide with the actual date of the credit and disbursement. The interest that Applicant will apply to each

¹ Public Service has calculated interest through February 27, 2004 and represented that it will recalculate the accrued interest to coincide with the actual date of the credit and disbursement upon receipt of the Commission’s decision approving this Refund Plan. (See paragraph 8.)

refund shall be the interest rate the Commission authorizes for customer deposits and will be recalculated from February 27, 2004 to the mid-point of the refund distribution period or to the effective date of its annual gas cost adjustment (GCA) on October 1 for the retail customers' portion of the refund.

9. Public Service proposes to reduce the Deferred Gas Cost account (Account No. 191) balance by crediting an amount attributable to certain refunds received by Public Service since its last refund application, from various interstate pipeline suppliers, as discussed in more detail below, along with accumulated interest thereon. Public Service's general body of gas sales customers will be credited with these refunds in the most efficient and expeditious manner, consistent with that approved by the Commission for related supplier refunds in Public Service's GCA Application in Docket No. 00L-697G, which was approved by the Commission in Decision No. C01-20, mailed January 5, 2001. The principal amounts to be refunded are described below:

- A. Through wire transfers dated May 14, 2003, Public Service received a refund of \$368,095.18 from CIG associated with overcharges attributable to Kansas *ad valorem* taxes pursuant to the settlement approved by the FERC in Docket No. RP98-53-024.
- B. On December 12, 2003, Public Service received a further refund of \$18,366.86 from KMITG associated with overcharges attributable to Kansas *ad valorem* taxes.
- C. On September 10, 2001, Public Service received \$120.00 from Williams for overcharges attributable to Kansas *ad valorem* taxes. Public Service received an additional \$8,164.57 in Kansas *ad valorem* tax refund from Williams on November 4, 2002. On November 28, 2003, Public Service received an additional \$43.11 in Kansas *ad valorem* tax refunds from Williams.

~~16.10.~~ The refund plan includes all of the Applicant's service areas and all of Applicant's sales customers. Other than WestGas, Public Service is not affiliated with any other company involved in the refund plan.

Formatted: Bullets and Numbering

~~21.11.~~ The Commission deemed the application complete by minute entry on March 3, 2004.

~~22.12.~~ Applicant states that as the amounts set forth above were received, Account 130-Cash was debited and Account 242-Gas Refund Liability was credited. In order to reflect monthly interest subsequent to receiving these amounts, Account 431-Interest Expense will be debited and Account 242-Gas Refund Liability will be credited. When the amounts are finally refunded, Account 242-Gas Refund Liability will be debited, and Account 191-Deferred Gas Cost will be credited. For refunds to the former WestGas sales for sale customers, the same accounting entries will be made with the exception of the last entry, where Account 142 – Customer Accounts Receivable will be credited instead of Account 191.

~~23.13.~~ Public Service recognizes that its proposal regarding eligibility for refunds will result in there being no unclaimed refund amount, a portion of up to 90 percent of which would otherwise be paid to EOC pursuant to § 40-8-101(2), C.R.S. In order that EOC will not be adversely impacted by this proposal, Applicant requests that it be authorized to reduce the amount of the available refund monies by 25 percent consistent with prior Public Service refund proposals on the Kansas *ad valorem* tax. In Docket Nos. 98L-409G, 00L-697G, 01A-360G, 02A-588G, and 03A-286G, Public Service proposed and the Commission approved a 25 percent carve out and payment to EOC of the total Kansas *ad valorem* tax refunds. Applicant again proposes 25 percent due to the staleness of the time period applicable for the Kansas *ad valorem* tax which is September 1983 through June 1988. The same percentage is proposed here since the majority of refund monies in the instant application is a result of the Kansas *ad valorem* tax refund.

~~24.14.~~ Public Service proposes to issue payment of the allocated portion of Kansas *ad valorem* tax refunds to the former WestGas sales for resale customers, including accrued interest and the aforementioned adjustments, either by wire transfer or by check, whichever is desired by said customers.

~~25.15.~~ In accordance with Rule 58 of the Commission’s Rules of Practice and Procedure, 4 CCR 723-1, Applicant will submit an affidavit establishing the refund has been made in accordance with the Commission’s decision.

16. The Commission concludes, based upon the foregoing findings of fact, that Public Service’s application for a proposed gas refund plan is in the public interest and should be granted.

II. ORDER

A. The Commission Orders That:

1. The proposed refund plan is approved.

~~3.2.~~ Applicant Public Service Company of Colorado is authorized to effect refunds, to its customers in accordance with the above Findings of Fact above, with interest. Specifically, Public Service Company of Colorado is authorized to: (1) credit the Deferred Gas Cost account (Account No. 191) by \$293,493.59, reflecting refunds received from various suppliers plus accrued interest through February 27, 2004, and additional interest to be calculated consistent with the discussion herein; (2) “carve-out” a contribution of \$97,831.21 to Energy Outreach Colorado (formerly known as Colorado Energy Assistance Foundation), equal to 25 percent of the sales customers’ portion of the Kansas *ad valorem* tax refunds received by Applicant since its last distribution of Kansas *ad valorem* tax refunds pursuant to Decision No. C03-0248 in Docket

Formatted: Bullets and Numbering

No. 02A-588G, and to remit payment of such amount directly to Energy Outreach Colorado; and (3) directly remit to the former sales for resale customers of Western Gas Supply Company, the former intrastate pipeline subsidiary of Public Service Company of Colorado, their allocable share of Kansas *ad valorem* refund proceeds equal to \$9,610.00.

4.3. Public Service Company of Colorado shall submit an affidavit establishing that the total amount of refund monies has been recalculated with additional interest, and that that refund has been made in accordance with the Commission's decision.

5.4. The Commission's acceptance of the proposed refund plan (including the use of 25 percent as a reasonable proxy of 90 percent of what might otherwise have been expected to have gone unclaimed be paid to Energy Outreach Colorado pursuant to § 40-8-101(2), C.R.S.) of refund monies received to date from various Federal Energy Regulatory Commission dockets does not constitute approval of, or precedent regarding, any principle or issue in any gas cost adjustment, refund, or rate case dockets.

6.5. This Order is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
March 3, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners

COMMISSIONER POLLY PAGE ABSENT.