

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19AL-0063ST

IN THE MATTER OF ADVICE LETTER NO. 150 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO PLACE INTO EFFECT NEW BASE RATES FOR ALL STEAM SERVICE CUSTOMERS TO BECOME EFFECTIVE FEBRUARY 25, 2019.

**DECISION CONSTRUING PLEADING AS EXCEPTIONS,
AND GRANTING IN PART, AND DENYING IN PART**

Mailed Date: September 5, 2019
Adopted Date: August 21, 2019

I. BY THE COMMISSION

A. Statement

1. On July 12, 2019, an Administrative Law judge (ALJ) for the Commission issued Recommended Decision No. R19-0591 approving a settlement in this matter. On July 31, 2019, Public Service Company of Colorado (Public Service or the Company) filed an Unopposed Request for Clarification of Decision No. R19-0591 (Exceptions)¹ which requests that the Commission clarify or revise certain details of the Company's required filings to implement tariffs on October 1, 2019 and October 1, 2020.

2. As discussed below, we grant the request in part and deny in part.

B. Background

3. On January 25, 2019, Public Service filed Advice Letter No. 150-Steam, accompanying tariff sheets, and supporting testimony and attachments of seven witnesses, largely to implement rates to recover costs for the installation of a new unit 3 boiler and a new

¹ Though Public Service improperly filed this pleading as a request for clarification, we will nonetheless construe it as a filing for exceptions pursuant to § 40-6-109(2), C.R.S.

Reverse Osmosis (RO) Water Treatment System at the Denver Steam Plant (DSP), as well as other general rate case costs. On April 11, 2019, Commission Staff (Staff) filed answer testimony and attachments of four witnesses.

4. On May 20, 2019, Public Service, the City of Denver, and Staff (Settling Parties) jointly filed a comprehensive Settlement Agreement (Settlement). Colorado Energy Consumers, the only other party to the proceeding, did not join the Settlement but does not oppose it. Public Service filed written Settlement Testimony of two witnesses in support for the Settlement.

5. On July 12, 2019, an ALJ for the Commission issued Recommended Decision No. R19-0591 approving a Settlement in this matter. The Recommended Decision presents a thorough background of this proceeding as well as the Settlement.

C. Exceptions

6. The Settling Parties present concerns and request clarification on three areas of the decision.

7. The first area requests clarification regarding compliance tariffs to be in effect on October 1, 2019 to implement actual rate case expenses, as required in Paragraph 66 and Ordering Paragraph 7 of the Recommended Decision. The Settling Parties request clarification that the filing should include the amount of *actual* rate case expenses and should include a reference to the September Steam Cost Adjustment (SCA) application filing through which the remaining Tax Cuts and Jobs Act (TCJA) savings will be returned to customers (after accounting for the Zuni balance and actual rate case expenses).

8. We agree with the requested clarification. In the Settlement the parties agree that the remaining TCJA savings will be returned to customers through the September SCA filing, after reimbursing the Company for actual rate expenses and the remaining Zuni balance.

9. The second area requests clarification regarding the true-up of water treatment facility costs as addressed in Paragraphs 51 and 68 and ordering paragraph 8 of the Recommended Decision. The Settling Parties request clarification that only the final actual costs of the DSP Unit 3 Boiler are subject to the required true-up, including the portion of the Reverse RO Water Treatment facility costs allocated to the DSP Unit 3. The portion of the RO facility costs associated with the Denver Steam Plant's other boilers are not subject to true-up.

10. We agree with the requested clarification, as the Settlement intends that only DSP Unit 3 costs are subject to true-up.

11. The third area addresses concerns about the process that will be used if the DSP Unit 3 Boiler true-up costs are contested and the Commission sets the matter for hearing, as addressed in paragraphs 51 and 68 and Ordering Paragraph 8 of the Recommended Decision. The Settling Parties request that the Commission adopt a streamlined true-up process where only parties to the Settlement can protest the costs in excess of the current \$22,031,740 level of facilities that is included in base rates, instead of the Recommended Decision procedures that allow entities who did not intervene in this proceeding to protest the excess boiler costs.

12. We disagree with the Settling Parties' request on this issue. We uphold the ALJ's requirement to allow additional parties to contest the future true-up proceeding and intervene if it is set for hearing, since we do not currently know the level of the true-up costs or other details that may be included in the true-up filing.

13. In addition, we clarify: a) that the DSP Unit 3 Boiler true-up cost filing shall be made as a new advice letter proceeding and shall comply with all applicable rules; b) only the

incremental costs above the \$22,031,740² base amount will be at issue in the DSP Unit 3 Boiler true-up proceeding; and c) Public Service may need to adjust filing dates or make additional filing(s) to address these DSP 3 true-up requirements.

II. ORDER

A. The Commission Orders That:

1. The Unopposed Request for Clarification of Decision No. R19-0591 filed by Public Service Company of Colorado (Public Service) on July 31, 2019 is construed as exceptions. The exceptions are granted in part and denied in part, consistent with the above discussion.

2. Decision No. R19-0591 shall become the decision of the Commission as clarified by this Decision.

3. Public Service shall file, in a separate proceeding, new advice letters and tariffs in compliance with Decision No. R19-0591 as clarified by this Decision.

4. The 20-day time period provided pursuant to § 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.

5. This Decision is effective upon its Mailed Date.

² Hearing Exhibit 501 Applegate Settlement Testimony, page 36 line 17.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 21, 2019.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners