

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20AL-0049G

IN THE MATTER OF ADVICE LETTER NO. 961 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO INCREASE RATES FOR ALL NATURAL GAS SALES AND TRANSPORTATION SERVICES TO BECOME EFFECTIVE MARCH 7, 2020.

**DECISION SUSPENDING EFFECTIVE DATE OF
TARIFFS, REFERRING MATTER TO AN
ADMINISTRATIVE LAW JUDGE, AND SETTING
NOTICE AND INTERVENTION PERIOD**

Mailed Date: February 20, 2020

Adopted Date: February 19, 2020

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY APPEARING AT THE HEARING. IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS MATTER, YOU MUST REQUEST PERMISSION FROM THE COMMISSION TO BE AN INTERVENOR (EVEN IF YOU HAVE ALREADY FILED AN OBJECTION). ANYONE DESIRING TO INTERVENE MUST CAREFULLY FOLLOW THE LAW AND COMMISSION RULES FOR BECOMING AN INTERVENOR. FOR FURTHER INFORMATION ON HOW TO INTERVENE, CALL (303) 894-2070 (PUC EXTERNAL AFFAIRS OFFICE).

I. BY THE COMMISSION

A. Statement

1. This Decision sets for hearing the tariffs filed by Public Service Company of Colorado (Public Service or the Company) with Advice Letter No. 961 and suspends their effective date for 120 days pursuant to § 40-6-111(1), C.R.S.

2. We refer the matter to an Administrative Law Judge (ALJ).

3. A pleading to intervene in this matter may be filed by any person, firm, or corporation desiring to be a party and fully participate in this proceeding no later than 30 days after the mailing date of this Decision.

B. Discussion

4. On February 5, 2020, Pubic Service filed Advice Letter No. 961 with supporting attachments and pre-filed testimony as a Phase I and Phase II rate proceeding. The proposed effective date of the tariffs filed with Advice Letter No. 961 (Attachment A to this Decision) is March 7, 2020.

5. Public Service claims its present base rates are deficient as a result of investments and changes to costs incurred since 2016. Public Service seeks a total increase in base rate revenues of approximately \$144.5 million premised on a test year ending September 30, 2020. Excluding the \$17.7 million revenue requirement effects of costs currently being recovered through the Company's Pipeline System Integrity Adjustment (PSIA), the net increase in revenues is approximately \$126.7 million.

6. The average monthly bill impacts of the Company's proposed rate increase amount to a 15.9 percent increase for residential customers, or \$6.44 per month; and an 11.7 percent increase for small commercial customers, or \$19.51 per month.

7. Public Service explains that its proposed test year for establishing new rates starts with the historical 12 months ending September 30, 2019. That historic test year is then adjusted for known and measurable cost changes through September 30, 2020. Public Service states that, in recognition that the Company has based its rate request on some forecasted information, the Company is prepared to provide actual plant closing, cost of debt, capital structure, revenue, and

potentially other information in discovery to demonstrate the reasonableness of the estimates provided.

8. The cost of service study for the test year reflects Public Service's proposal to recover and amortize property taxes, pension expense, manufactured gas plant costs, rate case expenses, and damage prevention expenses over a 36-month period and to earn a return on the unamortized balances. The rate case expenses include \$1.6 million of projected expenses associated with this Proceeding and \$226,000 associated with the Company's 2019 Phase II rate case (settled in Proceeding No. 19AL-0309G). The proposed revenue requirement also includes the Company's proposal to amortize a second legacy prepaid pension asset over a ten-year period. The cost of service study further implements updated depreciation rates resulting from the Company's depreciation study.

9. Public Service seeks an authorized return on equity of 9.95 percent and a rate of return on rate base (*i.e.*, the Weighted Average Cost of Capital or WACC) of 7.33 percent.

10. Additional requests by the Company include:

- Changing the word "customer" to "service meter" in the sales rate schedules, so that the same terminology is used in both the sales and transport rate schedules;
- Revising the PSIA rates to reflect the transfer of PSIA projects completed as of December 31, 2018 into base rates and the transfer of the current PSIA in base amount into the PSIA rider; and
- Continuing certain existing deferrals and trackers.

11. The effective date of the tariff sheets filed under Advice Letter No. 961 is March 7, 2020. Public Service requests that the Commission suspend the effective date of the tariffs and set a hearing on the proposed rates. The 250-day statutory suspension period pursuant to § 40-6-111(1), C.R.S., would extend through November 12, 2020. However, Public Service

seeks a final decision stabilizing new base rates prior to that date for rates effective November 1, 2020.

12. On February 13, 2020, the Colorado Office of Consumer Counsel filed a protest, requesting a formal evidentiary hearing in order to determine if the Company's requested rate increases and Phase II rate design proposal are just and reasonable and in the public interest.

C. Conclusions and Findings

13. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set the tariff pages filed with Advice Letter 961 for hearing, which will suspend the effective date of the tariff pages for 120 days from the proposed effective date. If the Commission does not establish new tariffs before the expiration of the suspension period of 120 days, or does not issue a separate decision further suspending the effective date of the tariff pages pursuant to § 40-6-111(1), C.R.S., the tariff pages filed by Public Service may become effective.

14. The Commission finds good cause to set for hearing the tariff sheets submitted with Advice Letter No. 961 filed by Public Service on February 5, 2020. Pursuant to § 40-6-111(1), C.R.S., the initial 120-day suspension period for the tariff pages submitted with Advice Letter No. 961 shall extend through July 5, 2020.

15. We refer this matter to an ALJ for a recommended decision.

16. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this consolidated proceeding, as ordered below. The filing of any other document protesting the tariff pages shall not allow participation as an intervenor in this matter. Intervention filings shall be submitted no later than 30 days after the mailing date of this Decision.

II. ORDER

A. The Commission Orders That:

1. The proposed effective date of the tariff pages filed by Public Service Company of Colorado with Advice Letter No. 961 of March 7, 2020 is suspended for 120 days until July 5, 2020, or until further order of the Commission.

2. This matter is referred to an Administrative Law Judge for a recommended decision. The Administrative Law Judge shall set a hearing date, rule on interventions, and establish other procedures by separate decision(s).

3. Any person, firm, or corporation, including any who have previously filed a document protesting the proposed tariff pages, who desire to intervene and participate as a party in this proceeding shall file a motion to intervene with the Commission no later than 30 days after the Mailed Date of this Decision.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 19, 2020.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners