

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20A-0140G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF
COLORADO FOR APPROVAL OF ITS 2019 GAS DEMAND-SIDE MANAGEMENT
BONUS.

**COMMISSION DECISION GRANTING
APPLICATION FOR PUBLIC SERVICE'S
2019 GAS DEMAND-SIDE MANAGEMENT BONUS**

Mailed Date: May 21, 2020
Adopted Date: May 20, 2020

I. BY THE COMMISSION

A. Statement

1. On April 1, 2020, pursuant to Colorado Public Utilities Commission (Commission) Rules 1303 and 1403, 4 *Code of Colorado Regulations* (CCR) 723-1 of the Rules of Practice and Procedure and Rules 4752(b), 4752(c), 4754(f)-(j) and 4760, 4 CCR 723-4 of the Rules Regulating Gas Utilities and Pipeline Operators, Public Service Company of Colorado (Public Service or Company) filed an Application seeking Commission approval of its Gas Demand-Side Management (Gas DSM Bonus) for 2019.

2. In Proceeding No. 18A-0606EG, the Commission approved a DSM Plan for Public Service for the years 2019 and 2020. In 2019, the Company achieved natural gas energy savings of 649,298 Dth (102 percent of the 2019 target) at 105 percent of the gas DSM budget (\$14,471,991). Spending over the approved gas DSM budget is allowed under Commission Rule 4753(k), which states that “[a] utility may spend more than the annual expenditure target established by the Commission up to 25 percent over the target, without being required to submit

a proposed DSM plan amendment.” The Company’s natural gas DSM portfolio achieved a cost-effective Modified Total Resource Cost (MTRC) value of 1.78, which is roughly 20 percent greater than the targeted MTRC of 1.48. The net economic benefits achieved as a result of the Company’s 2019 natural gas DSM performance total \$26,254,810.

3. Rule 4753(h)(I) states that “the utility’s annual expenditure target for DSM programs shall be, at a minimum, two percent of a natural gas utility’s base rate revenues, (exclusive of commodity costs), from its sales customers in the 12-month calendar period prior to setting the targets, or one-half of one percent of total revenues from its sales customers in the 12-month calendar period prior to setting the targets, whichever is greater[.]” Pursuant to Rule 4754(g)(II), “as a threshold matter, the utility must expend at least the minimum amount set forth in subparagraph 4753(h)(I), in order to receive a bonus.” The Company’s 2019 Gas DSM expenditures of \$14,471,991 meet these criteria.

4. The Gas DSM Bonus is a percentage of the net economic benefits (\$26,254,810 in 2019) resulting from the DSM Plan and is calculated using the methodology outlined in Rule 4754(g)(III). Further, pursuant to Rule 4760(a), the Gas DSM Bonus is capped at 25 percent of expenditures, or 20 percent of net benefits, whichever is less. For 2019, as set forth in Rule 4760(a), the Gas DSM Bonus is capped at 25 percent of expenditures, or 20 percent of net benefits, whichever is less. For 2019, the Gas DSM Bonus is calculated to be \$3,235,509. In addition, pursuant to Rule 4754(g)(I), the Company is filing for an acknowledgement of lost revenues (ALR) associated with gas DSM programs of \$682,209. This brings the total award to \$3,917,718 for the Company’s 2019 gas DSM Plan year.

5. As the Company states in Advice Letter No. 965-Gas, also filed on April 1, 2020, the Gas DSM Bonus and ALR are to be collected through the Gas Demand-Side Management

Cost Adjustment over a 12-month period beginning July 1, 2020. Advice Letter No. 965-Gas will be addressed in a separate Commission decision in Proceeding No. 20AL-0143G.

6. No parties intervened in this proceeding.
7. The Application was auto-deemed complete on May 18, 2020.
8. We find good cause to grant the Application.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Public Service Company of Colorado on April 1, 2020 for approval of its 2019 Gas Demand-Side Management Bonus, totaling \$3,917,718, is granted.
2. This Decision is effective on its Mailed Date.

B. **ADOPTED IN COMMISSIONERS' WEEKLY MEETING May 20, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners