

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20AL-0301E

IN THE MATTER OF ADVICE LETTER NO. 1828 – ELECTRIC OF PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO P.U.C. NO. 8 – ELECTRIC TARIFF TO IMPLEMENT AN ADVANCED GRID RIDER TO BE EFFECTIVE ON AUGUST 17, 2020.

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

Mailed Date: August 14, 2020
Adopted Date: August 12, 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 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 before an Administrative Law Judge (ALJ) the tariffs filed by Public Service Company of Colorado (Public Service or the Company) with Advice Letter No. 1828 and suspends their effective date for 120 days, or through December 15, 2020, pursuant to § 40-6-111(1), C.R.S.

2. 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 September 11, 2020.

B. Discussion

3. On July 17, 2020, Public Service filed Advice Letter No. 1828 with tariff sheets to implement an Advanced Grid Rider (AGR), which is designed to recover certain costs associated with implementation of Public Service's Advanced Grid Intelligence and Security (AGIS) Initiative. The proposed effective date of the tariffs filed with Advice Letter No. 1828 (Attachment A to this Decision) is August 17, 2020.

4. Also on July 17, 2020, Public Service filed a Motion for Approval of Alternative Form of Notice (Motion on Notice) to apply to Public Service's Advice Letter No. 1828 and tariff filing to implement an AGR. In Interim Decision No. C20-0539-I, issued on July 24, 2020, the Commission found the alternative forms of notice proposed by Public Service in its Motion on Notice reasonable with respect to the Company's stakeholders and its general body of electric ratepayers, and found good cause to approve the alternative forms of notice requested by Public Service.

5. Public Service further filed a Motion for Extraordinary Protection of Highly Confidential Information (Motion for Extraordinary Protection) on July 17, 2020. Public Service stated that it seeks to restrict access to documents it considers highly confidential related to request for proposals (RFPs) for AGIS projects. These RFPs relate to Advanced Metering Infrastructure (AMI), AMI head-end software, the Field Area Network (FAN), and the Advanced Distribution Management System (ADMS). Public Service represents that these documents include commercially sensitive and proprietary vendor information, including pricing and

technical specifications, and that release of that information would be harmful to customers and to its own relationships with vendors.

6. In the Advice Letter, Public Service proposes to implement a time-limited AGR in order to recover costs associated with the deployment of its AGIS Initiative, an effort to enhance the distribution system related to security, efficiency, reliability, and customer access. Proceeding No. 16A-0588E resulted in approval of a Settlement Agreement and a Certificate of Public Convenience and Necessity (CPCN) for foundational components of the AGIS Initiative, including AMI, Integrated Volt-Var Optimization, and portions of the FAN communications network. Other aspects of the AGIS Initiative are being undertaken in the ordinary course of business, including the ADMS and Geospatial Information System, a spatial load forecasting tool, Fault Location Isolation and Service Restoration, and private network portions of the FAN. Public Service provides testimony describing distribution system and information technology integration work related to AGIS Initiative activities.

7. Public Service proposes that the AGR would recover capital and operations and maintenance (O&M) costs incurred through 2025 associated with AGIS Initiative projects, including those approved under the CPCN and those conducted in the ordinary course of business. Public Service states that a portion of these costs are currently being recovered in base rates per Decision Nos. C20-0096¹ and C20-0505² in Proceeding No. 19AL-0268E, Public Service's 2019 electric rate case, and would therefore be subtracted from the revenue requirement in the AGR. Public Service forecasts the 2021 revenue requirement for the AGR to be \$52.71 million, including capital and O&M costs, net of costs recovered in base rates. The

¹ Decision No. C20-0096 was issued on February 11, 2020.

² Decision No. C20-0505 was issued on July 14, 2020.

AGR would also recover the costs of early retirement of legacy meters that are being replaced by AMI meters, which Public Service proposes to treat as a regulatory asset.

8. Public Service further adds that it files semi-annual reports covering forecasts and business plans associated with the CPCN projects of the AGIS Initiative as a result of the Settlement Agreement in Proceeding No. 16A-0588E. The Company proposes to integrate those reporting requirements with future AGR filings.

9. Public Service contends that the Commission has never codified the rationales for approving a rider for cost recovery through a standard of general applicability. The Company asserts that prior decisions demonstrate that rider treatment is no longer limited to instances of volatile and uncontrollable costs. Public Service states that rider treatment is appropriate for AGIS costs in order to quickly address the replacement of obsolete facilities, reduce regulatory lag, diminish the frequency of rate cases, and smooth impacts to customer bills.

10. On July 29, 2020, the Colorado Office of Consumer Counsel (OCC) filed a protest and requests that the tariffs filed with Advice Letter No. 1828 be suspended and set for an evidentiary hearing. The OCC states that the proposed AGR would impact its constituencies and therefore the public interest. The OCC provides a variety of rationales for protesting Advice Letter No. 1828, including but not limited to whether the AGR is more appropriately considered in a Phase I rate proceeding; whether the AGR is consistent with the terms and conditions of the Settlement Agreement in Proceeding No. 16A-0588E; whether the costs proposed to be recovered through the AGR warrant cost recovery through a rider, both from a policy perspective and based on whether Public Service has met its burden of proof; whether the forecasted revenue requirement for 2021 is just and reasonable; the coordination between cost recovery under the AGR and cost recovery in Proceeding No. 19AL-0268E; whether a 5 percent depreciation rate

for AMI meters is just and reasonable; accounting for benefits associated with the AGIS Initiative; and coordination with the contemporaneously filed Wildlife Mitigation Plan in Proceeding No. 20A-0300E.

11. The OCC also requests that the Commission hear this proceeding *en banc*, stating its concern that Public Service is increasingly seeking to shift cost recovery from base rates determined in a Phase I rate case into riders, therefore reducing its financial risk without concomitant risk reduction for ratepayers.

C. Conclusions and Findings

12. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set the tariff pages filed with Advice Letter No. 1828 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.

13. Section 40-6-111(1), C.R.S., also provides that the Commission may, by a separate decision, suspend the effective date of the tariff page(s) for an additional 130 days. Thus, the Commission has the power and authority to suspend the effective date of the tariff pages for a maximum of 250 days. If the Commission further suspends the effective date of the tariff pages for an additional 130 days, and if no new tariffs are established by the Commission before the end of the suspension period, the tariff pages filed by Public Service may become effective.

14. As the OCC states in its protest, Advice Letter No. 1828 and its attached tariff sheets raise questions regarding the reasonableness of costs, creation of a regulatory asset, and

coordination of cost recovery provisions in prior proceedings, among other issues. Furthermore, the AGR represents a significant potential bill increase of approximately \$1.90 per month for residential customers and \$3.35 per month for small commercial customers.

15. We find good cause to set for hearing the tariff sheets submitted with Advice Letter No. 1828 filed by Public Service on July 17, 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. 1828 shall extend through December 15, 2020.

16. This matter is referred to an ALJ, who will also rule upon the Motion for Extraordinary Protection by a separate decision.

17. 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 September 11, 2020.

II. ORDER

A. The Commission Orders That:

1. The proposed effective date, August 17, 2020, of the tariff pages filed by Public Service Company of Colorado (Public Service) on July 17, 2020, with Advice Letter No. 1828 in Proceeding No. 20AL-0301E is suspended for 120 days until December 15, 2020, or until further order of the Commission.

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

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 September 11, 2020, and shall serve a copy of the notice or motion on Public Service's attorney of record.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 12, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners