

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 18M-0074EG

IN THE MATTER OF THE COMMISSION'S CONSIDERATION OF THE IMPACT OF THE
FEDERAL TAX CUTS AND JOBS ACT OF 2017 ON THE RATES OF COLORADO
INVESTOR-OWNED ELECTRIC AND NATURAL GAS UTILITIES.

**COMMISSION DECISION GRANTING
PUBLIC SERVICE COMPANY OF COLORADO'S
MOTION FOR ITS GAS AND STEAM UTILITIES
TO BE EXCUSED FROM PROCEEDING**

Mailed Date: December 16, 2020

Adopted Date: December 16, 2020

I. BY THE COMMISSION

A. Statement

1. On February 1, 2018, in response to the federal Tax Cut and Jobs Act (TCJA) enacted on December 22, 2017, the Commission issued Decision No. C18-0075 opening this proceeding. The TCJA reduced the corporate income tax rate from 35 percent to 21 percent and required the re-evaluation of federal deferred tax assets and liabilities. Accordingly, Decision No. C18-0075 directed all Colorado investor-owned electric and natural gas utilities to submit a filing that detailed how the utility would track the TCJA-related deferred regulatory liability, refund to customers any over collection resulting from the deferred regulatory liability, and update the utility's revenue requirements and resulting rates reflecting the prospective impacts of the TCJA.

2. On May 11, 2018, the Commission issued Decision No. C18-0326-I, adopting a uniform process for determining whether each utility has properly addressed the TCJA impacts on rates. That Decision directed each utility to implement necessary rate changes through advice

letter filings pursuant to Rule 4 *Code of Colorado Regulations* (CCR) 723-1-1210 of the Commission's Rules of Practice and Procedure and §§ 40-3-104(1)(a) and 40-6-111(2)(a)(III), C.R.S. Each utility was also required to file quarterly status reports until the utility is excused from further participation in this proceeding. After the necessary advice letter tariff filings are made to account for TCJA impacts on rates, each utility is allowed to file a motion to be excused from this proceeding. Any such motion is subject to a response period during which any party to this proceeding may challenge the utility's request for relief.

3. On November 24, 2020, Public Service Company of Colorado (Public Service) filed a Motion Seeking an Order Excusing Its Gas and Steam Utilities From Further Participation in This Proceeding (Motion to be Excused). Public Service states that it has completed all required steps and implemented the necessary processes to ensure that the full benefits of the TCJA related to its Gas and Steam Departments have been returned to their respective customers. Public Service further states that it filed quarterly status reports in this proceeding, beginning with a status report filed on June 29, 2018.

4. Public Service states that pursuant to 4 *Code of Colorado Regulation* (CCR) 723-1-1400, it conferred with the parties to this Proceeding and that Trial Staff of the Commission (Staff); the Office of Consumer Counsel; Atmos Energy Corporation; and International Brotherhood of Electrical Workers, Local No. 111 do not object to or oppose the Motion; the City of Pueblo; Black Hills Colorado Electric, LLC; Black Hills Gas Distribution, LLC; and Black Hills/Colorado Gas Utility Company, Inc.; the Board of Water Works of Pueblo; Climax Molybdenum Company; Colorado Natural Gas, Inc.; Energy Outreach Colorado; and Western Resource Advocates take no position on the Motion. Public Service further states that Colorado Springs Utilities/Southern Delivery System; Cripple Creek & Victor Gold Mining Company LLC; Fountain Valley Authority; and Wal-Mart Stores, Inc. and Sam's West, Inc. did not respond.

B. Discussion**1. Public Service Gas Utility**

5. On January 19, 2018, Public Service and Staff filed a Settlement in Proceeding No. 17AL-0363G, outlining the steps that Public Service Gas Utility would complete in order to meet its obligations to ensure customers received the full benefit of the tax rate change of the TCJA. The Settlement was approved on February 14, 2018 through Decision No. R18-0114-I. The four required steps were:

- 1) Rates effective on January 1, 2018 would be reduced by \$20 million. Public Service had originally estimated that the revenue requirement impact of the TCJA would be \$29 million, but in the Settlement, Public Service and Staff agreed to a reduction of \$20 million to avoid an over-refunding amounts that would later have to be recovered from customers.
- 2) The provisional rates would be adjusted based on the evidentiary record of Proceeding No. 17AL-0363G, then reduced a further \$20 million to account for the TCJA;
- 3) Public Service would file its proposed calculation of TCJA net impacts and allow for true ups to rates effective in 2018 so that customers would receive the full benefit of the reduced tax rate from 1 January 2018; and
- 4) Final rates would be put into effect reflecting the full TCJA benefit to customers.

6. On February 26, 2018, Public Service filed AL No. 924-Gas in Proceeding No. 18AL-0125G, reducing rates effective on January 1, 2018 by \$20 million, effective March 1, 2018.

7. On August 30, 2018, Public Service filed AL No. 932-Gas in Proceeding No. 18AL-0601G, establishing rates based on the evidentiary record of Proceeding No. 17AL-0363G, reduced by \$20 million.

8. On December 21, 2018 the Commission issued Decision No. C18-1158 in Proceeding No. 18AL-0363G, accepting Public Service's revised calculation of TCJA as \$24,472,533. Decision No. C18-1158 also approved a general rate schedule adjustment (GRSA)

of 24.19 percent and allowed a portion of the TCJA benefit to be applied to the Gas Department Legacy Prepaid Pension Asset.

9. On April 29, 2019, Public Service filed AL 946-Gas in Proceeding No. 19AL-0215G in order to true-up the provisional rates through a GRSA reduction from 24.19 percent to 16.04 percent, effective June 1, 2019 to December 31, 2019. On January 1, 2020, through AL-959-Gas in Proceeding No. 19AL-0669G, the GRSA returned to 24.19 percent.

10. On May 31, 2019, Public Service filed AL 949-Gas in Proceeding No. 19AL-0309E, proposing to set the GRSA to zero, thereby rolling the TCJA refund into base rates. A settlement in Proceeding No. 19AL-0309E was approved on January 22, 2020 through Decision No. R20-0046. The rates were effective March 1, 2020.

11. Additionally, in Proceeding No. 18AL-0900G Public Service revised rates for its customers taking service under the Front Range Pipeline Gas Transportation Service (TF-FRP) and Front Range Pipeline Interruptible Gas Transportation Service (TI-FRP), refunding \$341,220 to these customers over twelve months beginning in May 2019. Through AL 966-Gas in Proceeding No. 20AL-0180G, TF-FRP and TI-FRP were revised to account for the completion of the TCJA refund; those tariffs were effective on May 26, 2020.

2. Public Service Steam Utility

12. When the Commission opened this TCJA Proceeding, the tariffs in effect for Public Service Steam Utility's customers were those approved in Proceeding No. 15AL-0938ST, reflecting a 2012 test year. In its Initial Filing Responding to Commission filed on February 21, 2018, Public Service stated that it would file a rate case for its Steam Utility within the year.

13. On January 25, 2019, Public Service filed AL 150-Steam in Proceeding No. 19AL-0063ST. On July 12, 2019, through Decision No. R19-0591 the Commission approved a settlement that proposed to refund \$896,643 as:

- \$333,522 applied to the unrecovered net book balance of the Zuni Station, which was scheduled to be retired in 2019;
- \$215,758 applied to Public Service's rate case expenses; and
- \$347,263 returned to customers through the Steam Cost Adjustment (SCA).

14. Additionally, the settlement provided for new base rates and a negative 10.61 percent GRSA effective October 1, 2019. Those rates would be in effect for 12 months, at which time the negative GRSA would be removed.

15. Decision No. R19-0591, issued on July 12, 2019 approved the Steam Rate Case Settlement and Decision No. C19-0734 issued on September 5, 2019 clarified the terms of the SCA and allowed the terms of the Settlement to go into effect. In its 2nd quarter 2020 SCA filing, Proceeding No. 20L-0103ST, Public Service stated that its Steam Utility customers had received a refund of \$347,263.

16. On October 1, 2020, the GRSA was modified from negative 10.61 percent to negative 0.33 percent.

C. Findings and Conclusions

17. In compliance with Decision No. C18-0326-I, Public Service has consistently filed quarterly status reports for its Gas, and Steam utilities, beginning with its first status report filed on June 29, 2018.

18. Public Service has filed appropriate advice letters to effectuate the refund of funds due its Gas and Steam customers as a result of the 2017 TCJA and in accordance with the Plans filed by Public Service and accepted by the Commission in Decision No. C18-0326-I.

19. Public Service's request for its Gas and Steam Utilities to be excused from further participation in this proceeding is granted.

II. ORDER

A. The Commission Orders That:

1. Public Service Company of Colorado's Motion Seeking an Order Excusing Its Gas and Steam Utilities From Further Participation in This Proceeding filed on November 24, 2020 is granted.

2. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the Commission mails this Decision.

B. **ADOPTED IN COMMISSIONERS' WEEKLY MEETING December 16, 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 GILMAN

Commissioners