

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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IN THE MATTER OF ADVICE NO. 1886-)
ELECTRIC FILED BY PUBLIC SERVICE)
COMPANY OF COLORADO TO REVISE)
ITS REVENUE DECOUPLING) PROCEEDING NO. 22AL-0187E
ADJUSTMENT ("RDA") PILOT TARIFF)
EFFECTIVE JUNE 1, 2022)

SETTLEMENT AGREEMENT

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INTRODUCTION AND IDENTIFICATION OF PARTIES

This Settlement Agreement (“Settlement Agreement” or “Agreement”) is entered into by Public Service Company of Colorado (“Public Service” or the “Company”), Trial Staff (“Staff”) of the Colorado Public Utilities Commission (“Commission”), and the Office of the Utility Consumer Advocate (“UCA”) (collectively the “Settling Parties”) pursuant to Rule 1408 of the Commission’s Rules of Practice and Procedure, 4 CCR 723-1. This Settlement Agreement is intended to resolve all issues with respect to the Company’s Advice Letter No. 1886-Electric.

BACKGROUND

On April 29, 2022, the Company filed Advice Letter No. 1886 - Electric, to revise the Company’s Revenue Decoupling Adjustment (“RDA”) Pilot tariff (“RDA Pilot Tariff”), in the Company’s Colorado P.U.C. No. 8 - Electric tariff, and place into effect updated RDA rates for Residential and Small Commercial customers, effective June 1, 2022.¹ On May 19, 2022, UCA filed a Letter of Protest, seeking a hearing in this matter and requesting that the Commission suspend the effective date of the RDA filed with Advice Letter No. 1886-Electric.

The Commission issued Decision No. C22-0331-I on May 27, 2022, setting the tariffs filed under Advice Letter No. 1886-Electric for hearing, suspending their effective date and referring the proceeding to an Administrative Law Judge (“ALJ”). On May 31, 2022 and June 16, 2022, UCA and Staff of the Colorado Public Utilities Commission (Staff) filed Notices of Intervention as of Right, respectively.

¹ On July 20, 2022, Public Service filed an Amended Advice Letter No. 1886-Electric to revise the proposed effective date of the tariffs filed with Amended Advice Letter No. 1886-Electric to be August 15, 2022 for purposes of accommodating certain scheduling issues. See Decision No. R22-0434-I at 4-5, ¶¶13-14.

The Company filed its Direct Testimony on September 28, 2022.² Witnesses testifying on behalf of Staff and UCA filed Answer Testimony on October 28, 2022.³ Following the filing of Answer Testimony, the Settling Parties commenced settlement negotiations, which have resulted in the Settlement Agreement.

This Settlement Agreement represents the comprehensive agreement of the Settling Parties to resolve the issues associated with the tariff sheets submitted with Advice Letter No. 1886-Electric. Additional issues are reserved for future proceedings, as discussed below.

SETTLEMENT TERMS

The following terms comprise the Settlement Agreement reached by the Settling Parties:⁴

I. RDA Pilot Rates for 2022 Recovery Period

A. The Settling Parties agree that:

1. The Residential RDA rate shall be \$0.00 per kilowatt-hour (“kWh”) through May 31, 2023.
2. The Small Commercial RDA rate shall be \$0.00267 per kWh effective January 1, 2023 through May 31, 2023.⁵

² Hrg. Ex. 102 (Wishart Direct). On October 21, 2022, the Company filed a Notice of Filing Revisions to Testimony and simultaneously submitted revisions to the Direct Testimony of Company witness Mr. Steven W. Wishart to remove testimony regarding application of the soft cap component of the RDA Pilot Tariff.

³ Hrg. Ex. 300 (O’Neill Answer); Hrg. Ex. 400 (England Answer).

⁴ Unless otherwise defined herein, capitalized terms have the meaning provided in Hrg. Ex. 102 (Wishart Direct).

⁵ See Hrg. Ex. 102 at 11:9-12:2 (Wishart Direct) (explaining that due to the delay in implementation, Small Commercial RDA Rate would need to be set at \$0.00453 per kWh in order to recover the 2021 Current Year Decoupling Amount plus the 2020 Current Year Small Commercial RDA Deferral, but that amount exceeds the Soft Cap, resulting in a Small Commercial RDA Rate of \$0.00267 per kWh).

II. 2023 and 2024 Recovery Period RDA Pilot Residential Rates

- A. The Company, Staff and the Colorado Energy Office entered into a Non-Uniform Comprehensive Settlement Agreement in Proceeding No. 21A-0192EG (the “Winter Storm Uri Settlement”).⁶ UCA opposed the Winter Storm Uri Settlement. The Commission approved the Winter Storm Uri Settlement with certain modifications in Decision Nos. C22-0413 and C22-0512. Decision No. C22-0512 is currently on appeal to the Denver District Court in Case No. 2022CV32823.
- B. As part of the agreements in the Winter Storm Uri Settlement, the Company agreed to return the entire \$41.5 million Residential RDA Deferral associated with the 2020 Current Year on an accelerated basis through the Company’s Extraordinary Gas Cost Recovery Rider. The parties to the Winter Storm Uri Settlement also agreed that the accelerated refund is to be included in the Soft Cap calculation as if returned over a prorated two-year period.
- C. The Settling Parties agree that:
1. The approximately \$41.5 million associated with the 2020 Residential RDA Deferral is to be included in the RDA Pilot Soft Cap calculations for Residential customers (approximately \$20.75 million for each of the 2022 and 2023 Recovery Periods). Based on current projections of the soft cap applicable to the Residential class,⁷ it is

⁶ A copy of the Winter Storm Uri Settlement is provided as Hrg. Ex. 102, Attachment SWW-2.

⁷ Hrg. Ex. 102 (Wishart Direct), Attachment SWW-3 at 1.

anticipated the Residential RDA Rate will be \$0.00 per kWh for the 2023 Recovery Period.

2. The 2021 Residential RDA Deferral of approximately \$49.9 million shall be available for inclusion for the first time in calculation of RDA Rates for the 2024 Recovery Period.

III. Petition for Declaratory Order

A. The Settling Parties agree that:

1. This Settlement Agreement does not resolve any dispute regarding treatment of RDA balances remaining after the two-year deferral period provided for under the RDA Pilot Tariff, including balances associated with the 2021 Current Year.
2. The Commission can establish RDA Pilot rates for the 2022 Recovery Period in this Proceeding without resolving any issue relating to any remaining RDA balances.
3. The Company will file a petition for declaratory order on or before April 3, 2023 requesting a decision on or before December 31, 2023 regarding treatment of RDA balances remaining after the two-year deferral period provided for under the RDA Pilot Tariff, including the approximately \$49.9 million Residential RDA Deferral associated with the 2021 Current Year (less any amounts refunded under the Soft Cap).⁸ The Settling Parties may take whatever positions they

⁸ See Hrg. Ex. 102 (Wishart Direct), Attachment SWW-3 at 1.

deem to be appropriate with regard to issues relating to remaining RDA balances in that future proceeding.

IV. General Provisions

- A. This agreement is made for settlement purposes only. No Settling Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Settlement Agreement. Furthermore, this Settlement Agreement does not constitute agreement, by any Settling Party, that any principle or methodology contained within or used to reach this Settlement Agreement may be applied to any situation other than the above-captioned Proceeding, except as expressly set forth herein. No binding precedential effect or other significance, except as may be necessary to enforce this Settlement Agreement or a Commission order concerning the Settlement Agreement, shall attach to any principle or methodology contained in or used to reach this Agreement, except as expressly set forth herein.
- B. The Settling Parties agree the provisions of this Settlement Agreement, as well as the negotiation process undertaken to reach this Settlement Agreement, are just, reasonable, and consistent with and not contrary to the public interest, and should be approved and authorized by the Commission.
- C. The discussions among the Settling Parties that produced this Settlement Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence.

- D. Nothing in this Settlement Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Settlement Agreement.
- E. The Settling Parties agree to use good faith efforts to support all aspects of the Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Settlement Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Settlement Agreement or the implementation or enforcement of its terms and conditions. Each Settling Party also agrees that, except as expressly provided in this Settlement Agreement, it will take no formal action in any administrative or judicial proceeding that would have the effect, directly or indirectly, of contravening the provisions or purposes of this Settlement Agreement. Except as expressly provided herein, each Settling Party expressly reserves the right to advocate positions different from those stated in this Settlement Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Settlement Agreement or its terms and conditions.
- F. The Settling Parties do not believe any waiver or variance of Commission rules is required to effectuate this Settlement Agreement but agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's Rules and Regulations if necessary to permit all provisions of this Settlement Agreement to be approved, carried out, and effectuated.

- G. This Settlement Agreement is an integrated agreement that may not be altered by the unilateral determination of any Settling Party. There are no terms, representations, or agreements among the parties which are not set forth in this Settlement Agreement.
- H. This Settlement Agreement shall not become effective until the Commission issues a final decision addressing the Settlement Agreement. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Settling Party, that Settling Party may withdraw from the Settlement Agreement and shall so notify the Commission and the other Settling Parties in writing within 10 days of the date of the Commission order. In the event a Settling Party exercises its right to withdraw from the Settlement Agreement, this Settlement Agreement shall be null and void and of no effect in this or any other proceeding.
- I. There shall be no legal presumption that any specific Settling Party was the drafter of this Settlement Agreement.
- J. This Settlement Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Settlement Agreement. This Settlement Agreement may be executed and delivered electronically and the Settling Parties agree that such electronic execution and delivery, whether executed in counterparts or collectively, shall have the same force and effect as delivery of an original document with original signatures, and that each Settling Party may use such facsimile signatures as evidence of the

execution and delivery of this Settlement Agreement by the Settling Parties to the same extent that an original signature could be used.

Dated as of November 29, 2022.

[Signature Page Follows]

Agreed on behalf of:

PUBLIC SERVICE COMPANY OF COLORADO

By: /s/ Steven P. Berman
Steven P. Berman
Regional Vice President,
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Approved as to form:

By: /s/ Anne Sherwood

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