

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0281G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS GAS PERFORMANCE INCENTIVE MECHANISM ("GPIM") FOR THE GAS UTILITY.

**RECOMMENDED DECISION
APPROVING SETTLEMENT AGREEMENT,
GRANTING APPLICATION, AS MODIFIED BY
SETTLEMENT AGREEMENT, AND
CLOSING PROCEEDING**

Issued Date: December 9, 2025

I. STATEMENT

1. On June 30, 2025, Public Service Company of Colorado ("Public Service" or the "Company") filed a Verified Application for Approval of its Gas Performance Incentive Mechanism ("GPIM"). Public Service filed the application pursuant to Rules 4602(h) and 4607(b) of the Colorado Public Utilities Commission's Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* ("CCR"), 723-4. Those rules implement provisions in Senate Bill ("SB") 23-291, which directed the Commission "to establish mechanisms to align the financial incentives of an investor-owned electric or gas utility with the interests of the utility's customers regarding incurred fuel costs," codified at § 40-3-120 (2)(a), C.R.S.

2. In addition to the overall approval of its proposed GPIM, the Company seeks specific approval of certain costs and gas purchase quantities to be included or specifically excluded from the GPIM sharing calculations as set forth in its application. Additionally, the Company seeks approval of the mechanical use of the costs and quantities within its proposed

GPIM framework. Public Service also requests that the Commission issue an order in this proceeding that authorizes Public Service to implement tariff changes for the GPIM through a compliance advice letter on not less than two business days' notice, with the financial application of the GPIM being effectuated through quarterly Gas Cost Adjustment ("GCA") filings.

3. On July 14, 2025, the Colorado Office of the Utility Consumer Advocate ("UCA") filed an Intervention as of Right and Request for Hearing. As grounds for its intervention, UCA lists a series of requests and plans to inquire into whether the proposed cost and quantity exclusions are in the public interest and whether use of interest payable to ratepayers from the Gas Price Risk Management Plan used to offset any penalty due from the Company is in the public interest.

4. On August 1, 2025, Trial Staff of the Colorado Public Utilities Commission ("Staff") filed an Intervention as of Right and Request for Hearing. Staff lists in its intervention some areas of inquiry it intends to examine.

5. On August 27, 2025, Public Service filed its Unopposed Motion to Approve Consensus Procedural Schedule and Request Waiver of Response Time ("Unopposed Motion").

6. On September 5, 2025, by Decision No. R25-0647-I, the Unopposed Motion was granted. The adopted procedural schedule established November 10, 2025 as the deadline for the filing of stipulations and settlement agreements.

7. On November 10, 2025, Public Service filed its Motion for an Extension of Time of the Date to File Stipulations or a Settlement Agreement and Request a Waiver of Time ("Motion for Extension").

8. On November 13, 2025, by Decision No. R25-0814-I, the Motion for Extension was granted.

9. On November 17, 2025, Public Service filed a Joint Motion to Approve Settlement Agreement and Vacate Hearing (“Joint Motion”). The Settlement Agreement is joined by Public Service, UCA, and Staff (“Settling Parties”). Testimony in support of the Commission’s approval of the Settlement Agreement was also filed by witnesses for Public Service and UCA.

10. On November 18, 2025, by Decision No. R25-0823-I, the evidentiary hearing in the above-captioned proceeding was vacated.

II. SETTLEMENT AGREEMENT

A. Terms of the Settlement Agreement

11. The Settling Parties agree that the Commission should approve Public Service’s GPIM application as filed June 30, 2025, with one exception. Instead of the Company’s proposal for GPIM penalties to be offset by accrued interest of the reserve fund associated with its Gas Price Risk Management Plan (“GPRMP”), the Settling Parties agree to the following as set forth in the settlement and the modified tariff sheets for the Company’s GCA attached to the settlement (*i.e.*, the “Settled GPIM Tariffs”):

1. The quarterly Final Sharing Amount GPIM penalty (after calculation of rolling 12-month annual cap) may be reduced by incremental accrued interest amount calculated on GPRMP reserve funds (over-recoveries) in excess of \$40 million for the same quarter.
2. The quarterly Final Sharing Amount GPIM penalty may not be reduced by the accrued interest amounts on GPRMP reserve funds (over-recoveries) between \$0 and \$40 million for the same quarter.

The Settling Parties agree that this approach will not impact or modify any GPRMP terms and conditions but shall only be considered for purposes of GPIM sharing amounts.

B. Settlement Testimony of Public Service

12. Public Service filed the Settlement Testimony of Matthew J. Christofferson in support of the Settlement Agreement.

13. Mr. Christofferson states that there were two interrelated issues concerning the Company's proposal to offset or reduce GPIM penalties: (1) by accrued interest on the GPRMP reserve balance, and (2) the implementation of tariffs allowing for such based upon the pre-filed testimony of UCA.

14. Mr. Christofferson reviews the details of the Settlement Agreement and explains that Staff does not object to the Settlement Agreement reached between the Company and UCA.

15. Mr. Christofferson concludes by providing a table with the impact of the GPRMP reserve fund interest offset to GPIM penalties.

16. Mr. Christofferson believes that the Settlement Agreement represents a reasonable, balanced outcome that reflects a negotiation and consensus between the parties' prior testimonies with respect to the contested issue in this proceeding.

17. Mr. Christofferson concludes by stating the Settlement Agreement is just, reasonable, and consistent with the public interest, and should be approved.

18. Likewise, UCA filed the Settlement Testimony of Dr. Scott England in support of the Settlement Agreement. Dr. England states that UCA is supportive of the terms and conditions resolving the issue of offsetting penalties in the GPIM with use of only a portion of the interest payments made within the GPRMP.

III. DISCUSSION

19. All pre-filed testimony, attachments, and pre-marked hearing exhibits are admitted into the record of this proceeding.

20. The parties have the burden of proving by a preponderance of the evidence that the Settlement Agreement is just and reasonable. In reviewing the terms of the Settlement Agreement, the ALJ applied the Commission's direction and policy with respect to review of settlement agreements as found in, *e.g.*, Decision No. C06-0259 in Proceeding No. 05S-264G on March 20, 2006.

21. The Commission has an independent duty to determine matters that are within the public interest. *Caldwell v. Pub. Utils Comm'n*, 692 P.2d 1085, 1089 (Colo. 1984).

22. The undersigned ALJ has reviewed the testimony and pleadings filed in this Proceeding. The ALJ has duly considered the positions of all parties in this matter.

23. The ALJ has also considered the Company's application and the Settlement Agreement in relation to the Commission's recently promulgated rules addressing the GPIM framework within the Rules Regulating Gas Utilities, 4 CCR 723-4, in accordance with SB 23-291.

24. Finally, the ALJ has considered the recitations of the Settling Parties made in the Unopposed and Comprehensive Settlement Agreement, Joint Motion to Approve Settlement Agreement, and all testimony and exhibits filed in this proceeding.

IV. CONCLUSION

25. The Settlement Agreement should be accepted by the Commission. The ALJ further finds that the parties have established by a preponderance of the evidence that the Settlement Agreement is just, reasonable and in the public interest.

V. ORDER

A. The Commission Orders That:

1. The Joint Motion to Approve Settlement Agreement filed by Public Service Company of Colorado (“Public Service”) on November 17, 2025, is granted.

2. The Settlement Agreement, attached to and incorporated in this Decision as Attachment A, is approved.

3. The Application for Approval of its Gas Performance Incentive Mechanism, as amended by the Settlement Agreement, is granted.

4. No more than five business days after this Recommended Decision becomes a Commission Decision, if that is the case, Public Service must file a compliance advice letter and tariff sheets in substantially the same form as the Tariff Sheets in Hearing Exhibit 104, Attachment MJC-5, on not less than two business days’ notice. The compliance filings must be made in a new advice letter proceeding and comply with all applicable rules. In calculating the proposed effective date, the date the filing is received at the Commission is not included in the notice period and the entire notice period must expire before the effective date. The advice letter and tariff sheets must comply in all substantive respects to this Recommended Decision to be filed as a compliance filing on shortened notice.

5. This Proceeding is closed.

6. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

7. As provided by § 40-6-106, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

8. If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the Recommended Decision is stayed by the Commission upon its own motion, the Recommended Decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

9. If exceptions to this Recommended Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ROBERT I. GARVEY

Administrative Law Judge

ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Rebecca E. White".

Rebecca E. White,
Director