

Decision No. C14-0141

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14A-0064E

APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS ELECTRIC DEPARTMENT GAS PRICE VOLATILITY MITIGATION PLAN FOR THE PERIOD MAY 1, 2014 THROUGH APRIL 30, 2015.

DECISION GRANTING APPLICATION

Mailed Date: February 7, 2014
Adopted Date: February 5, 2014

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of an application filed by Public Service Company of Colorado (Public Service or Company) for approval of its electric department 2014-2015 fuel Gas Price Volatility Mitigation (GPVM) Plan (Application). Public Service filed this Application on January 15, 2014. Pursuant to settlements which were adopted by the Commission with modifications in Decision No. C03-0670 in Proceeding No. 02S-315EG (Rate Case Stipulation) issued June 26, 2003, which established the fuel GPVM Plan requirements and specific procedural requirements, Public Service filed this Application with a proposed expedited procedural schedule.

2. On January 16, 2014, we issued notice of the application. Consistent with the ruling in the Rate Case Stipulation, we shortened the notice period to ten days.

3. Public Service filed both public and highly confidential exhibits with the Application. Public Service filed a Motion for Extraordinary Protection with respect to certain information in these documents relating to the Company's planned timing and quantity of gas hedges for its electric generation fuel portfolio for the period May 1, 2014 through April 30, 2015, as well as projected electric generation fuel requirements and prices.

4. Eastern Cheyenne Gas Storage (ECGS) timely filed a motion requesting permissive intervention on January 27, 2014, but took no specific position and did not request a hearing. Public Service filed a response and objection to the motion to intervene on January 31, 2014. On February 4, 2014, ECGS filed a Notice of Withdrawal of its motion to intervene. The notice is accepted and, therefore, the motion to intervene and Public Service's response are moot.

5. Now being duly advised in the matter, we grant Public Service's Application for approval of its electric department fuel GPVM Plan. In addition, we grant the Motion for Extraordinary Protection.

B. Discussion

6. Public Service purchases natural gas to fuel electric generation facilities which it owns. In addition, Public Service has entered into tolling contracts which require Public Service to supply natural gas to electric generation facilities which are owned by third parties and which are used to supply electricity to Public Service. The GPVM Plan at issue in this proceeding addresses the purchase of natural gas used to fuel electric generation.

7. Public Service filed the Application pursuant to the Rate Case Stipulation.¹ In approving the Rate Case Stipulation, the Commission approved Public Service's Energy Cost Adjustment proposal, which included fuel GPVM Plan procedures designed to reduce the impact of market price swings on consumers. The approved procedures contained in the Rate Case Stipulation require Public Service to submit its fuel GPVM Plan to the Commission for pre-approval under a highly expedited procedural schedule.

8. As stated in its Application, and consistent with the Rate Case Stipulation, Public Service is not requesting that we approve specific hedging actions. Rather, it requests approval of a general hedging strategy with overall bounds. For the electric department's Gas Purchase Year May 1, 2014 through April 30, 2015, the GPVM Plan includes: (a) the hedging strategy and implementation plan; (b) the volume of natural gas to be hedged; (c) the timing of the hedges; (d) descriptions of the types of hedging instruments that Public Service may use in implementing the proposed hedging plan; and (e) the hedging budget. The hedging strategy and its terms are highly confidential and are explained in detail in the GPVM Plan as set forth in the two Highly Confidential Exhibits appended to the Application.

9. As explained in the testimony of Public Service it is not planning to engage in any additional hedging for its electric department during the 2014 to 2015 plan year as the amount hedged by storage and fixed long term contracts exceeds the reduced 50 percent level agreed to in the Stipulation and Agreement from Proceeding No. 12A-240G. Public Service is choosing to reduce the volume for the electric department to mirror the gas department and as such does not need to implement any financial hedges to attain the 50 percent level.

¹ The procedures approved by the Commission require Public Service to file its annual GPVM Plan application on or before January 15th and therefore Public Service timely filed its Application on January 15, 2014.

The filing of this application is in order to remain in good standing with Commission Decision No. C03-0670.

10. Based on our review of the record, and considering that no party opposes the Application, we find that the GPVM Plan and overall bounds contained in the Application represent a reasonable strategy to mitigate gas price volatility. Therefore, we grant the Application of Public Service for approval of its fuel Gas Price Volatility Mitigation Plan for its electric department for the period May 1, 2014 through April 30, 2015.

11. In support of its Motion for Extraordinary Protection filed concurrently with the Application, Public Service contends that the information provided is extremely competitively sensitive and highly confidential; if the information were disclosed to persons participating in the gas hedging market, the Company's ability to pay reasonable prices for the hedging strategy could be jeopardized. Public Service includes the specific form of nondisclosure agreement that it proposes be used pursuant to the protective order requested as Exhibit A to the Motion for Extraordinary Protection. Exhibit B to the Motion for Extraordinary Protection is the affidavit of Timothy J. Carter, Director, Gas Supply, for Xcel Energy Services Inc., and provides the names of all persons with access to the highly confidential information and the period of time for which the information must remain subject to highly confidential protection.

12. We find good cause to grant Public Service's Motion for Extraordinary Protection. We agree that disclosure of the information identified in the motion could jeopardize Public Service's ability to pay reasonable prices for the hedging strategy and, therefore, cause harm to its customers. The nondisclosure agreement proposed by Public Service is approved and attached hereto as Attachment A.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Public Service Company of Colorado (Public Service) on January 15, 2014, for approval of its fuel Gas Price Volatility Mitigation Plan for its electric department for the period May 1, 2014, through April 30, 2015, is granted.

2. The Motion for Extraordinary Protection filed January 15, 2014 (Motion), is granted.

3. The types of information and documents described in the Motion, and described above in this Decision, are granted the extraordinary protections sought by Public Service.

4. Commissioners, Commission Administrative Law Judges, Commission Staff, the Colorado Office of Consumer Counsel, and their respective attorneys shall be granted access to the confidential material, subject to the extraordinary protections granted herein, including use of the nondisclosure agreement proposed by Public Service as applicable, which is approved and attached as Attachment A.

5. All persons who have access to the types of documents and information protected by this Decision shall maintain and shall treat the documents and information in accordance with the extraordinary protections granted herein.

6. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

7. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 5, 2014.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners