

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14A-0065G

APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS GAS PRICE VOLATILITY MITIGATION PLAN FOR ITS GAS UTILITY OPERATIONS FOR THE GAS PURCHASE YEAR JULY 1, 2014 THROUGH JUNE 30, 2015.

**DECISION GRANTING MOTION TO WITHDRAW
INTERVENTION, AND 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 gas department Gas Price Volatility Mitigation (GPVM) Plan for the Gas Purchase Year July 1, 2014 through June 30, 2014 (Application). Public Service filed this Application on January 15, 2014. Pursuant to settlements which were adopted by the Commission in Decision No. C04-1112 in Proceeding No. 02A-267G on September 22, 2004 and in Decision No. C05-0333 in Proceeding No. 05A-024G on March 22, 2005, which established the 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 natural gas retail service for the period July 1, 2014 through June 30, 2015.

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 response and objection to the motion to intervene on January 31, 2014. On February 4, 2014, ECGS filed 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 gas department fuel GPVM Plan. In addition, we grant the Motion for Extraordinary Protection.

B. Discussion

6. Public Service purchases natural gas supplies for its Colorado gas utility operations. The GPVM Plan at issue in this proceeding addresses the acquisition of natural gas used for this purpose.

7. Public Service filed the Application pursuant to the Amended Stipulation and Agreement in Resolution of Proceeding (02A-267G Stipulation), which was approved by the Commission in Decision No. C04-1112, Proceeding No. 02A-267G.¹ In approving the 02A-267G Stipulation, the Commission approved Public Service's monthly Gas Cost Adjustment (GCA) proposal, which included GPVM Plan procedures designed to reduce the impact of

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.

market price swings on consumers. This monthly GCA was changed to a quarterly GCA by Decision No. C09-0596 in Proceeding No. 08A-095G on June 9, 2009, but procedures approved in the 02A-267G Stipulation are continued and require Public Service to submit its GPVM Plan to the Commission for pre-approval under a highly expedited procedural schedule.

8. As stated in its Application, and consistent with the 02A-267G Stipulation, Public Service is not requesting that the Commission approve specific hedging actions. Rather, it requests approval of a general hedging strategy with overall bounds. Specifically, the GPVM Plan includes: (a) the hedging strategy and implementation plan for the 2014-15 Gas Purchase Year July 1, 2014 through June 30, 2015; (b) the proposed quantity of natural gas to be hedged; (c) the timing of the hedges; (d) descriptions of the types of hedging instruments that Public Service intends to use in implementing the proposed hedging plan; and (e) the hedging budget. The precise hedging strategy and its terms are highly confidential and are explained in detail in the GPVM Plan as set forth in Highly Confidential Appendix A and Highly Confidential Appendix B to the Application.

9. Commission Staff (Staff) and Public Service entered into a Stipulation and Agreement regarding the GPVM Plan in Proceeding No. 12A-240G. Recommended Decision No. R13-0121, issued January 25, 2013, supported the Stipulation and Agreement between Staff and Public Service. Given that the GPVM Plan filed here with this application complied with this Stipulation and Agreement, Staff did not contest the GPVM Plan as filed.

10. Based on our review of the record in this matter, and that Staff did not file testimony contesting 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 for Public Service's GPVM Plan for the Gas Purchase Year July 1, 2014 through June 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 gas department Gas Price Volatility Mitigation Plan for the Gas Purchase Year July 1, 2014 through June 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