

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14L-1181G

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER AUTHORIZING IT TO REVISE ITS GAS COST ADJUSTMENT UPON LESS THAN STATUTORY NOTICE.

**COMMISSION DECISION AUTHORIZING
DOWNWARD REVISIONS OF GAS RATES**

Mailed Date: December 23, 2014

Adopted Date: December 22, 2014

I. BY THE COMMISSION

A. Statements, Findings, and Conclusions

1. On December 15, 2014, Public Service Company of Colorado (Public Service or Applicant) filed a verified application requesting a Commission order authorizing it, without a formal hearing and on less-than-statutory notice, to place into effect on January 1, 2015, tariffs resulting in a decrease to its existing natural gas rates now on file with the Commission. The application contains all materials required by the Commission's rules, and is complete.

2. Public Service amended its application on December 18, 2014 to correct errors.

3. Pursuant to Rule 1100(c) of the Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (CCR) 723-1, Public Service has filed under seal an original and seven copies of Gas Cost Adjustment (GCA) Exhibit No. 2 containing material that it claims is highly confidential, proprietary, and market-sensitive, as well as a public version of the exhibit with the confidential material redacted.

4. This application constitutes Public Service's Quarterly GCA filing, under the Quarterly GCA mechanism provided for in the Stipulation and Agreement reached by the Staff of

the Public Utilities Commission, the Office of Consumer Counsel, and Public Service (Parties) pursuant to Decision No. C09-0596 in Proceeding No. 08A-095G issued June 9, 2009. Accordingly, this application was filed under both the Commission's Gas Rules and the Quarterly GCA mechanism.

5. The proposed tariffs are attached to the application, and affect Applicant's customers in its Colorado certificated areas on file with the Commission.

6. This application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rule 4 CCR 723-1-4109(b)(II).

B. Findings of Fact

7. Public Service is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, in the purchase, transmission, distribution, transportation, and resale of natural gas in various certificated areas within the State of Colorado.

8. Applicant's natural gas supplies for sale to its residential, commercial, industrial, and resale customers, are purchased from numerous producer/suppliers located inside and outside of the State of Colorado. The rates and charges incident to these purchases are established through contracts between Applicant and the various producer/suppliers.

9. These gas supplies are either delivered directly into Applicant's natural gas pipeline system from wellhead, gathering system, gas processing plant interconnections, or through several interstate pipeline and/or storage facilities with which Applicant is directly connected. The transportation of these gas supplies is made pursuant to service agreements between Applicant and upstream pipeline service providers based upon Applicant's system requirements for the various pipeline services, such as gathering, storage, and transportation. These upstream pipeline service providers include: Colorado Interstate Gas Company (CIG);

Wyoming Interstate Company, Ltd. (WIC); Kinder Morgan Interstate Gas Transmission Company (KMI); Southern Star Central Gas Pipeline, Inc. (Southern Star); Red Cedar Gathering Company (Red Cedar); and Young Gas Storage Company, Ltd. (Young).

10. CIG, WIC, KMI, Southern Star, and Young are natural gas companies under the provisions of the Natural Gas Act, as amended, and the rates and charges incidental to the provision of the various pipeline delivery services to Applicant are subject to the jurisdiction of the Federal Energy Regulatory Commission. This Commission has no jurisdiction over the pipeline delivery rates of CIG, WIC, KMI, Southern Star, Red Cedar, and Young, but it expects Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of the Natural Gas Policy Act of 1978, 15 U.S.C. §§ 3301-3432 and applicable federal regulations, or determinations made under applicable federal regulations.

11. Public Service acknowledges that the company has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) and Rules 4002(b)(XI)(A) through (C) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 CCR 723-4.

12. Public Service incorporates by reference information on file with the Commission in Proceeding No. 06M-525EG as required pursuant to Rule 4002(c).

13. The proposed tariffs are attached to this Decision as Appendix A. Due to the changes in the Gas Commodity Cost and Deferred Gas Cost, the net effect of the revision in the GCA for the first quarter 2015 is estimated to decrease GCA revenues by \$16,694,097, which is approximately a 5.7 percent decrease below the fourth quarter 2014 revenues.

14. The natural gas costs reflected in this filing are based on the New York Mercantile Exchange (NYMEX) January, February, and March 2015 daily Settlement Price for natural gas on the seventh business day of the month or December 9, 2014. The NYMEX price for each of

those three months was adjusted for the basis differentials applicable to regional indices used by the company for its gas purchases. The resulting Gas Commodity Cost and Deferred Gas Cost are \$3.858 and \$0.099 per Dth, as compared to the current \$4.103 per Dth and \$.147 per Dth contained in the currently effective tariff.

15. Public Service affirms that the GCA is currently not impacted by gas transportation commodity discounts on its system as all discounted transportation commodity rates are in excess of the Current Gas Cost portion of the transportation charge (*i.e.*, gas balancing costs).

16. Pursuant to the Quarterly GCA Stipulation reached by the Parties in compliance with Decision No. C09-0596 in Proceeding No. 08A-095G, the filing of this application has been or will be brought to the attention of Applicant's affected customers by means of a legal notice in a newspaper of general circulation, and a first of the month display advertisement. In addition, Public Service, at its option, may continue press releases call center voice activation messaging, and timely postings to its internet website, as long as such forms of notice and communication reasonably and effectively continue to provide information to customers.

17. Applicant anticipates that the adjustment in the GCA requested herein will bring future gas cost recovery amounts more closely in line with the predicted future price of gas.

18. The Commission finds good cause to allow the proposed decreases on less-than-statutory notice.

II. ORDER

A. The Commission Orders That:

1. The application filed by Public Service Company of Colorado (Public Service) is deemed complete.

2. The application filed by Public Service for authority to change tariffs on less-than-statutory notice is granted.

3. Public Service is authorized to file, on less than two days' notice, the tariffs attached as Appendix A and made a part of this Decision, to be effective on or after their effective date of January 1, 2015.

4. 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.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 22, 2014.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners