

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 10AL-963G

IN THE MATTER OF ADVICE LETTER NO. 791 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO INCREASE THE RATES FOR ALL NATURAL GAS SALES AND TRANSPORTATION SERVICES BY IMPLEMENTING A GENERAL RATE SCHEDULE ADJUSTMENT (“GRSA”) IN THE COMPANY’S COLORADO P.U.C. NO. 6 GAS TARIFF TO BECOME EFFECTIVE JANUARY 17, 2011.

**RECOMMENDED DECISION OF
ADMINISTRATIVE LAW JUDGE
MANA L. JENNINGS-FADER
GRANTING JOINT MOTION; APPROVING
STIPULATION AND AGREEMENT, SUBJECT
TO CONDITIONS; SETTING PUBLIC SERVICE
COMPANY’S 2012 PSIA REVENUE REQUIREMENT;
AND ESTABLISHING FILING REQUIREMENTS
FOR PUBLIC SERVICE COMPANY**

Mailed Date: July 1, 2014

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I. STATEMENT

1. On December 17, 2010, Public Service Company of Colorado (Public Service, PSCo, or the Company) filed Advice Letter No. 791-Gas with proposed tariff sheets. The filing commenced this Proceeding, which was a general rate case for the Company’s natural gas department.

2. In this Proceeding Public Service sought Commission approval of a Pipeline System Integrity Adjustment (PSIA), which is a rate rider. The purpose of the PSIA is to allow Public Service to recover the capital and operations and maintenance costs of (*i.e.*, the Company's revenue requirement for) certain natural gas pipeline system integrity programs or projects.

3. On May 25, 2011, Public Service, the Colorado Office of Consumer Counsel (OCC), and the Trial Staff of the Commission (Staff) filed a Settlement Agreement (2011 Settlement Agreement). The 2011 Settlement Agreement addressed both rate case-related issues and PSIA-related issues.

4. As discussed below, the current matter and this Decision pertain to -- and are limited to -- the PSIA.

5. On July 8, 2011, the Hearing Commissioner issued Decision No. R11-0743 in this Proceeding. Decision No. R11-0743 approved, in part, the 2011 Settlement Agreement; modified the PSIA provisions;¹ and, as modified, approved the PSIA provisions.

6. On September 1, 2011, the Commission issued Decision No. C11-0946, the decision on the exceptions taken to Decision No. R11-0743. In Decision No. C11-0946, the Commission upheld the PSIA provisions and procedures that are relevant here.²

7. The approved 2011 Settlement Agreement allowed the Company to implement the PSIA and required the Company to submit each year, by April 1, a report detailing the PSIA-related costs incurred during the previous calendar year. As described in the

¹ The modifications are not pertinent here.

² The Commission made slight modifications that are not pertinent here.

2011 Settlement Agreement, the annual report “explain[s] how the [PSIA] project costs were managed and any deviations between budgeted and actual costs.” 2011 Settlement Agreement at 12.³

8. Pursuant to the terms of the approved 2011 Settlement Agreement and PSCo’s filed tariffs, the PSIA took effect on January 1, 2012.

9. On April 1, 2013, Public Service filed the PSIA report (April 1 PSIA report) on the Calendar Year (CY) 2012 PSIA-related capital expenditures and Operations and Maintenance (O&M) costs for the following six pipeline system integrity programs or projects: (a) the Accelerated Main Replacement Program (AMRP); (b) the Cellulose Acetate Butyrate (CAB) Services Replacement Program; (c) the Distribution Integrity Management Program (DIMP); (d) the Transmission Integrity Management Program (TIMP); (e) the Edwards to Meadow Mountain Pipeline Replacement program; and (f) the West Main Pipeline Replacement project (collectively, the PSIA Programs). The April 1 PSIA report also includes the TIMP O&M costs and the DIMP O&M costs incurred by PSCo from January 1, 2011 through September 4, 2011.

10. The PSIA procedures permit challenges to the Company’s PSIA Programs, PSIA-related capital expenditures, and PSIA-related O&M costs as stated in an April 1 PSIA report. A person who challenges an April 1 PSIA report must make a filing with the Commission within a specified period after Public Service files its April 1 PSIA report.

11. On April 16, 2013, the OCC timely filed a Motion for Request for Hearing (OCC Motion) on the April 1 PSIA report. In that filing, OCC requested an evidentiary hearing on the Company’s April 1 PSIA report.

³ The Settlement Agreement is Attachment 1 to Decision No. C11-0946.

12. On April 30, 2013, Staff filed a response to the OCC Motion. In that filing, Staff requested an evidentiary hearing on the Company's April 1 PSIA report.

13. On May 20, 2013, by Decision No. C13-0587-I, the Commission requested additional information from Public Service, OCC, and Staff.

14. In response to Decision No. C13-0587-I, on June 10, 2013, Public Service filed its Supplemental Report Regarding Integrity Management Initiatives in Conjunction with the Annual Report of Activities Under the Pipeline System Integrity Adjustment Filed April 1, 2013 in Docket No. 10AL-963G (Supplemental Report). The Supplemental Report is more extensive than the April 1 PSIA report.

15. Unless the context indicates otherwise, this Decision refers to the April 1 PSIA report and the Supplemental Report, collectively, as the 2013 PSIA Report.

16. On June 10, 2013, OCC and Staff each provided the additional information requested by the Commission. Each continued to request a hearing.

17. On August 8, 2013, by Decision No. C13-0964 and as pertinent here, the Commission granted the requests for a prudency review of the CY 2012 PSIA Programs and their costs as described and discussed in the 2013 PSIA Report; stated that the prudency review would occur within the instant Proceeding; and referred the prudency review to an Administrative Law Judge (ALJ). Decision No. C13-0964 at ¶¶ 25-27.

18. In 2011, numerous persons (as person is defined in § 40-1-102(10), C.R.S.) intervened in this Proceeding. By Decision No. C13-0964, those persons received notice of the prudency review of the 2013 PSIA Report. In addition, on September 5, 2013, by Decision No. R13-1094-I, the ALJ scheduled a prehearing conference in this matter. All those who intervened in 2011 received notice of that prehearing conference.

Public Service, Climax Molybdenum Company (Climax), OCC, and Staff appeared at the prehearing conference. Finally, although given a later opportunity to do so,⁴ no other person that intervened in this Proceeding in 2011 indicated that it wished to participate in the prudency review of the CY 2012 PSIA Programs and their costs.

19. Public Service, Climax, OCC, and Staff, collectively, are the Parties in the prudency review of the CY 2012 PSIA Programs and their costs.

20. Pursuant to Decision No. R13-1094-I, the ALJ held a prehearing conference in this matter. The Parties were present, were represented, and participated. On September 30, 2013, by Decision No. R13-1216-I, as pertinent here, the ALJ adopted a procedural schedule and scheduled an evidentiary hearing in this Proceeding. By subsequent Interim Decisions, the ALJ modified the procedural schedule and changed the evidentiary hearing date to March 28, 2014.

21. On November 5, 2013, Public Service filed (in one document) a Notice of Filing of Direct Testimony and Exhibits and Notice of Designation of Portions of Prior Rate Case Record. In that filing, Public Service designated the portions of the evidence presented in 2011 in this Proceeding that Public Service wished the Commission to consider as evidence in the prudency review of the CY 2012 PSIA Programs and their costs. On that date, the Company also filed the Direct Testimony and Exhibits of Deborah A. Blair; of Scott Brockett; of Cheryl F. Campbell; and of John J. Phibbs.

22. On January 7, 2014, OCC filed the Answer Testimony and Exhibits of Cory Skluzak.

⁴ See Decision No. R13-1216-I at ¶¶ 18-19 and Ordering Paragraphs No. 1 and No. 2 (requiring persons to state that they will participate in the prudency review and stating consequences for failure to do so). That Interim Decision was issued in this Proceeding on September 30, 2013.

23. On January 7, 2014, Staff filed the Answer Testimony of Abel L. Moreno. Staff filed Mr. Moreno's Corrected Answer Testimony and, on January 29, 2014, his Second Corrected Answer Testimony.⁵

24. On February 6, 2014, Public Service filed the Rebuttal Testimony and Exhibits of Scott Brockett; of Cheryl F. Campbell; and of John J. Phibbs.

25. On February 25, 2014, the Company, OCC, and Staff (collectively, Settling Parties) filed a Joint Motion to Approve Stipulation and Agreement (Joint Motion). The Stipulation and Agreement (2014 Stipulation)⁶ accompanied the Joint Motion.

26. Although it is not a Settling Party, Climax does not oppose approval of the 2014 Stipulation and does not oppose granting the Joint Motion.

27. The ALJ had questions about the 2014 Stipulation. On February 28, 2014, by electronic mail, the ALJ informed the Parties of her questions and requested that the Parties be prepared to present one or more witnesses to respond to the questions.

28. On March 19, 2014, the Parties filed their Responses to the Questions of the Administrative Law Judge Regarding Stipulation and Agreement (Joint Responses).⁷ This filing clarifies and modifies the 2014 Stipulation.

⁵ Mr. Moreno subsequently left the Commission's employ. On January 29, 2014, Staff filed (in one document) its Notice of Substitution of Staff Witness and Response to Interim Decision No. R14-0102-I. In that filing, as relevant here, Staff identified Ms. Marna Steuart as the individual who would adopt and sponsor Mr. Moreno's testimony in this Proceeding.

⁶ The 2014 Stipulation is attached to this Decision as Appendix 1.

⁷ The Joint Responses are attached to this Decision as Appendix 2.

All Parties signed the Joint Responses. The Parties stated that, "[u]nless the question is directed to an individual party or the context of the responses indicates otherwise, the ... responses reflect the joint responses" of the Settling Parties. Joint Responses at 1.

29. The Joint Responses addressed the ALJ's questions and concerns. As a result, the ALJ vacated the evidentiary hearing.

30. In accordance with § 40-6-109, C.R.S., the ALJ now transmits to the Commission the record in this proceeding along with a written recommended decision.

II. FINDINGS, DISCUSSION, AND CONCLUSION

31. The Commission has jurisdiction over the subject matter of this Proceeding and *in personam* jurisdiction over the Parties.

32. The PSIA allows Public Service to track and to recover the Company's capital investment and O&M costs (*i.e.*, revenue requirement) associated with the PSIA Programs. The PSIA is designed to recover the Company's actual costs (revenue requirement)

that are incremental, either positive or negative, to those O&M and capital costs associated with the Company's TIMP, AMRP, CAB [Services Replacement Program], and DIMP programs, and the Edwards to Meadow Mountain and West Main Pipeline Projects, as further defined in the PSIA tariff[.]

Decision No. C11-0946 at Attachment 1 at 11. The AMRP, the CAB Services Replacement Program, the Edwards to Meadow Mountain Pipeline Project, and the West Main Pipeline Project each consists of one principal project. The DIMP and the TIMP each consists of numerous individual projects.⁸

33. On October 1, 2011, Public Service filed an Advice Letter with proposed tariff sheets that stated the total dollars to be collected through the PSIA for the PSIA Programs, and PSIA rate rider to be in effect, during CY 2012. Public Service based the October 1, 2011 PSIA

⁸ The specific TIMP project and the specific DIMP projects that are at issue in this prudency review of the CY 2012 PSIA Programs and their costs are listed in the Joint Responses at 25-26.

Advice Letter filing on forecasts of the PSIA Programs (*e.g.*, scope of work, completion date, completion rate) for CY 2012 and on the budgeted (forecasted) costs of the forecasted work.

34. The Commission permitted the PSIA tariffs filed on October 1, 2011 to go into effect by operation of law. As a result, there was no proceeding in which the Commission and interested parties examined the prudence of the forecasted PSIA Programs-related work and the budgeted costs on which the PSIA for CY 2012 was based. As a result, to determine the prudence of a particular PSIA project or its costs (or both), it is necessary to conduct an after-the-fact prudence review to examine the actual CY 2012 PSIA Programs-related work and the actual costs, including whether the costs were prudently incurred. That is the purpose of the instant proceeding.

35. The 2011 Settlement Agreement at 11 provides a

mechanism, providing for an initial PSIA rate, effective January 1, 2012[,] for the purposes of recovering costs that are incremental, either positive or negative, to those O&M and capital costs associated with the Company's TIMP, AMRP, CAB, and DIMP programs, and the Edwards to Meadow Mountain and West Main Pipeline Projects, as further defined in the PSIA tariff attached [to the 2011 Settlement Agreement] as Exhibit C.

For purposes of applying the tariff formula for the PSIA Adjustment calculation[,] the "Projects Base Amount" shall be \$ 14,249,527 as reflected in Exhibit D [to the 2011 Settlement Agreement]. This shall be the Projects Base Amount in effect until the Commission issues a final order in the Company's next Phase I rate case that establishes a new Projects Base Amount. The revenue requirement impact of the 2012 PSIA shall also include the deferred TIMP and DIMP O&M costs incurred by the Company from January 1, 2011 through September 4, 2011.

This establishes the types of costs and expenditures and the time periods that are at issue in this prudence review of the CY 2012 PSIA Programs and their related costs.

36. Exhibit No. 17 to the Direct Testimony of Deborah A. Blair shows the Company's actual CY 2012 PSIA revenue requirement. As presented Exhibit No. DAB-17 at 1,

the Company: (a) *estimated* that its total PSIA net revenue requirement (for both the PSIA Programs and the deferred 2011 PSIA-related O&M) in CY 2012 would be \$ 45,746,900, of which \$ 14,249,527 was the Projects Base Amount;⁹ (b) pursuant to the PSIA tariff, *collected* \$ 31,497,373 from its ratepayers through the PSIA in CY 2012; (c) had an *actual* total net PSIA revenue requirement (for both the PSIA Programs and the deferred 2011 PSIA-related O&M) of \$ 28,935,723 in CY 2012; and (d) as a result, *over-collected* \$ 2,561,650 from its ratepayers through the PSIA in CY 2012. The derivation of these numbers is shown in the Direct Testimony of Deborah A. Blair at Exhibit No. DAB-17 at 2-12.

37. The Company proposed to include the over-recovery of its 2012 PSIA revenue requirement in the Company's October 1, 2013 Advice Letter filing containing the PSIA tariff sheets to be in effect during CY 2014. In essence, the Company proposed to apply the CY 2012 over-collection of \$ 2,561,650 dollar-for-dollar to reduce the Company's estimated PSIA revenue requirement for CY 2014. The effect would be to reduce the PSIA in effect in CY 2014, thus refunding the CY 2012 over-collection to PSCo ratepayers. This is consistent with the 2011 Settlement Agreement and the Decisions approving that agreement.

38. The Company applied the CY 2012 PSIA over-collection to reduce its projected CY 2014 PSIA revenue requirement, which is being collected through the PSIA tariff in effect during CY 2014. *See* PSCo's October 1, 2013 PSIA Advice Letter filing. This did not include the CY 2012 revenue requirement adjustment discussed below.

39. As stated above, on February 25, 2014, the Settling Parties filed the 2014 Stipulation. The ALJ incorporates into this Decision by reference the 2014 Stipulation;

⁹ Thus, \$ 31,497,373 (\$ 45,746,900 less the Projects Base Amount of \$ 14,249,527) remained to be collected through the PSIA in CY 2012.

thus, that document is part of this Decision. The ALJ will not restate the terms of the 2014 Stipulation unless it is necessary in order to clarify or to modify a term or provision of that document.

40. As stated above, on March 19, 2014, the Parties filed the Joint Responses, which clarify and modify the 2014 Stipulation. The ALJ incorporates into this Decision by reference the Joint Responses; thus, that document is part of this Decision. The ALJ will not restate the Joint Responses unless it is necessary in order to clarify or to modify a term or provision of that document.

41. For the reasons discussed below, the ALJ will grant the Joint Motion and will approve, as clarified and modified, the 2014 Stipulation. The ALJ will order Public Service to comply with the terms of this Decision and, as clarified and modified, the terms of the 2014 Stipulation.

42. *CY 2012 PSIA Programs.* Based on the record in this Proceeding,¹⁰ the CY 2012 PSIA Programs were prudent.

43. *CY 2012 PSIA revenue requirement.* As presented in the Joint Responses (Appendix 2 to this Decision) at Exhibit No. PSCO-1 at 1, the Company: (a) *estimated* that its total PSIA net revenue requirement (for both the PSIA Programs and the deferred 2011 PSIA-related O&M) in CY 2012 would be \$ 45,746,900, of which \$ 14,249,527 was the Projects Base Amount;¹¹ (b) pursuant to the PSIA tariff, *collected* \$ 31,497,373 from ratepayers

¹⁰ The documents listed in the Joint Responses at 44-45 constitute the evidentiary record on which the ALJ bases this Decision. As shown in the Joint Responses at 44, some of the listed documents are in evidence as a result of the proceedings that occurred in this matter in 2011. The ALJ takes administrative notice of the remaining listed documents solely for the purpose of establishing the evidentiary basis for this Decision.

¹¹ Thus, \$31,497,373 (\$ 45,746,900 less the Projects Base Amount of \$ 14,249,527) remained to be collected through the PSIA in CY 2012.

through the PSIA during CY 2012; (c) had a *settled or adjusted* total net revenue requirement in the PSIA (for both the PSIA Programs and the deferred 2011 PSIA-related O&M) of \$ 28,817,063 in CY 2012;¹² and (d) as a result, *over-collected* \$ 2,680,310 from ratepayers through the PSIA in CY 2012. The derivation of these numbers is shown in the Joint Responses at Exhibit No. PSCO-1 at 2-12.

44. If the 2014 Stipulation is approved, the Company will apply the stipulated, one-time \$ 118,660 expense reduction dollar-for-dollar to reduce the Company's estimated PSIA revenue requirement for CY 2015.¹³ This should reduce the PSIA in effect in CY 2015 by \$ 118,660, thus refunding this amount to PSCo's ratepayers.

45. Based on the record in this Proceeding, the settled and adjusted CY 2012 PSIA revenue requirement of \$ 28,817,063 is reasonable and was prudently incurred. Based on the record in this Proceeding, the collection of this amount through the PSIA, including the reduction of the CY 2014 PSIA revenue requirement and of the CY 2015 PSIA revenue requirement as discussed above, will result in just, reasonable, and not unduly discriminatory rates.

46. *PSCo 2014 Stipulation-based reporting requirements.* On June 25, 2014, Decision No. R14-0694¹⁴ was issued. That Decision established the content of the PSIA filings to be made by Public Service.

47. In the 2014 Stipulation, as clarified and modified, the Company agrees to provide information in addition to that required by a decision issued in Proceeding No. 13M-0915G.

¹² This includes the one-time \$ 118,660 adjustment made pursuant to Section II.D of the 2014 Stipulation.

¹³ As explained in the Joint Responses at 21-22, the November 15, 2013 PSIA Advice Letter and tariff sheets filing is PSCo's next opportunity to change the PSIA revenue requirement and the PSIA tariff rates.

¹⁴ This Decision was issued in Proceeding No. 13M-0915G, *In the Matter of Reporting Requirements for Public Service Company of Colorado for Pipeline Integrity Expenditures*.

Specifically, the Company agrees to provide additional information as described and discussed in: (a) the 2014 Stipulation at ¶ 23 and the Joint Responses at 11-12; (b) the Joint Responses at 13-14; (c) the 2014 Stipulation at ¶ 25 and the Joint Responses at 15; (d) the 2014 Stipulation at ¶ 29 and Joint Responses at 27-36; (e) the 2014 Stipulation at ¶ 31 and the Joint Responses at 41;¹⁵ and (f) the 2014 Stipulation at ¶ 33 and the Joint Responses at 42-43.

48. The additional information that the Company will report will assist the Commission and interested persons to understand the PSIA Programs, including any new or modified projects. The additional information that the Company will report is necessary, is reasonably related to the PSIA Programs and the PSIA, and complements the information that Decision No. R14-0694 requires the Company to file.

49. *ALJ-ordered additional PSCo reporting requirement.* In the 2014 Stipulation at ¶ 29, as relevant here, “the Company agrees to provide factual information demonstrating that its TIMP and DIMP programs and projects and associated costs, for which it seeks recovery through the PSIA, correlate with the elements that are consistent with the federal regulations[.]” The referenced federal regulations are found at 49 *Code of Federal Regulations* (CFR) Part 192, Subpart O (TIMP) and Subpart P (TIMP).¹⁶ PSCo will provide this information in its April 1 PSIA reports.

50. In the Joint Responses at 31, the Settling Parties state that they “do not oppose Public Service being directed to file publicly-available copies of the federal regulations (as may be updated at that time) at the same time it files its updated Appendix A. This would be in the

¹⁵ This pertains to the Company’s internal audit of all CY 2013 PSIA-related costs. PSCo agreed to issue its report on that audit not later than April 30, 2014. The record in this Proceeding contains no specific information about the audit or whether the report was filed.

¹⁶ These are attached to the Direct Testimony of Cheryl Campbell at Exhibit CWC-14 at Appendix B (Subpart O) and Appendix C (Subpart P).

first applicable November 15 PSIA advice letter filing if the proposals filed in Proceeding No. 13M-0915G are adopted[,]” as they have been. The Company states, at *id.*, that it “is willing to provide updated copies of the federal regulations to the Commission if directed to do so by the Commission, but the terms of the Stipulation do not require it.”

51. Having available the 49 CFR Part 192, Subpart O and Subpart P¹⁷ in effect during the relevant Calendar Year will assist the Commission and interested persons during the prudency review of the TIMP programs and projects and of the DIMP programs and projects and during prudency review of their associated costs for which the Company seeks recovery through the PSIA. In addition, the Company has agreed to provide updated versions of 49 CFR Part 192, Subpart O and Subpart P if ordered by the Commission to do so.

52. The ALJ will order the Company to file, with its November 15 PSIA Advice Letter filing, any amendment to 49 CFR Part 192, Subpart O and Subpart P that is dated after October 1, 2012 if the amendment is in effect, or will be in effect, during the calendar year to which the November 15 Advice Letter applies. This filing requirement will begin with the November 15, 2014 PSIA Advice Letter and related filings.

53. *Edwards to Meadow Mountain Pipeline upsizing and West Main Pipeline upsizing.* In the Edwards to Meadow Mountain Pipeline Replacement program and in the West Main Pipeline Replacement project, the Company replaced the existing pipe with larger pipe

¹⁷ The Commission has incorporated by reference 49 CFR Part 192, Subpart O and Subpart P (October 1, 2012). Whether the Commission has incorporated by reference the version of 49 CFR Part 192, Subpart O and Subpart P in effect during all or any part of the Calendar Year to which the November 15 Advice Letter applies, however, is not controlling. The Company has agreed “to provide factual information demonstrating that its TIMP and DIMP programs and projects and associated costs, for which it seeks recovery through the PSIA, correlate with the elements that are consistent with the federal regulations” (2014 Stipulation at ¶ 29). Thus, PSCo has established the 49 CFR Part 192, Subpart O and Subpart P in effect during all or any part of the Calendar Year to which the November 15 Advice Letter applies as one -- but not the only -- standard against which the prudency of those programs and projects and the prudency of their associated costs will be determined.

(i.e., upsized the pipelines). This is the Proceeding in which the prudence of the upsizing and the prudence of the costs of upsizing (over the costs of replacement with the same size pipe) -- at least those costs incurred through CY 2012 -- are examined.

54. In Decision No. C13-1568 at ¶60,¹⁸ the Commission approved base rate treatment for the upsizing costs related to these two pipeline replacement projects. As a condition on that treatment, however, the Commission ordered the Company to make a refund in the event that some or all of the upsizing costs related to these two pipeline replacement projects was disallowed in the instant Proceeding.

55. In the 2014 Stipulation at ¶ 27 and note 1, the Settling Parties state their “intention that this settlement does not and will not trigger the condition established” in Decision No. C13-1568 at ¶ 60. Their rationale is set out in the Joint Comments at 16-18.

56. For the reasons set out in the Joint Comments at 16-18, the ALJ agrees with the Settling Parties that no finding of imprudence with respect to upsizing is made in this CY 2012 prudence review. Consequently, the condition precedent established in Decision No. C13-1568 at ¶ 60 is not satisfied and Public Service need not make a refund.

57. Public Service must comply with the terms of this Decision and with the terms of the Stipulation, as clarified and modified by the Joint Responses.

58. In accordance with § 40-6-109, C.R.S., the Administrative Law Judge recommends that the Commission enter the following order.

¹⁸ This Decision was issued on December 23, 2013 in Proceeding No. 12AL-1268G, *In the Matter of Advice Letter No. 830-Gas of Public Service Company of Colorado, with Accompanying Tariff Sheets Concerning Implementing a General Rate Schedule (GRSA), to Become Effective January 12, 2013.*

III. ORDER

A. The Commission Orders That:

1. The Stipulation and Agreement filed on February 25, 2014, which is attached to this Decision as Appendix 1, is incorporated by reference into this Decision as if set out in full.

2. The Responses of the Parties to the Questions of the Administrative Law Judge Regarding Stipulation and Agreement, which are attached to this Decision as Appendix 2, are incorporated by reference into this Decision as if set out in full.

3. The Responses of the Parties to the Questions of the Administrative Law Judge Regarding Stipulation and Agreement clarify and modify the Stipulation and Agreement.

4. Consistent with the discussion above and subject to the conditions below, the Joint Motion to Approve Stipulation and Agreement is granted.

5. Consistent with the discussion above and subject to the conditions below, the Stipulation and Agreement, as clarified and modified, is approved.

6. Consistent with the discussion above, Public Service Company of Colorado's (Public Service Company) Calendar Year 2012 Pipeline System Integrity Adjustment Programs, as described and discussed in the April 1, 2013 Pipeline System Integrity Adjustment report and as described and discussed in the June 10, 2013 Supplemental Report Regarding Integrity Management Initiatives in Conjunction with the Annual Report of Activities Under the Pipeline System Integrity Adjustment Filed April 1, 2013 in Docket No. 10AL-963G (the PSIA Programs), were prudent.

7. Consistent with the discussion above, Public Service Company's Calendar Year 2012 capital expenditures and Operations and Maintenance (O&M) costs, as adjusted, for the Calendar Year 2012 PSIA Programs were prudent and were prudently incurred.

8. Consistent with the discussion above, Public Service Company's Transmission Integrity Management Program O&M costs incurred from January 1, 2011 through September 4, 2011 were prudent and were prudently incurred.

9. Consistent with the discussion above, Public Service Company's Distribution Integrity Management Program O&M costs incurred from January 1, 2011 through September 4, 2011, were prudent and were prudently incurred.

10. Public Service Company shall make the filings, and shall provide the information, as required by this Decision and as required by the terms of the Stipulation and Agreement, as clarified and modified by the Responses of the Parties to the Questions of the Administrative Law Judge Regarding Stipulation and Agreement.

11. Public Service Company shall comply with the terms of this Decision and with the terms of the Stipulation and Agreement, as clarified and modified by the Responses of the Parties to the Questions of the Administrative Law Judge Regarding Stipulation and Agreement.

12. 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.

13. 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.

a) 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.

b) If a party seeks to amend, modify, annul, or reverse a basic finding of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge; and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

14. 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)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

MANA L. JENNINGS-FADER

Administrative Law Judge

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

Doug Dean,
Director