

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19AL-0268E

IN THE MATTER OF ADVICE LETTER NO. 1797 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO RESET THE CURRENTLY EFFECTIVE GENERAL RATE SCHEDULE ADJUSTMENT (“GRSA”) AS APPLIED TO BASE RATES FOR ALL ELECTRIC RATE SCHEDULES AS WELL AS IMPLEMENT A BASE RATE KWH CHARGE, GENERAL RATE SCHEDULE ADJUSTMENT-ENERGY (“GRSA-E”) TO BECOME EFFECTIVE JUNE 20, 2019.

**INTERIM DECISION ESTABLISHING
PROCEDURAL SCHEDULE AND FURTHER
SUSPENDING THE EFFECTIVE DATE OF TARIFFS**

Mailed Date: August 23, 2019

Adopted Date: August 7, 2019

I. BY THE COMMISSION

A. Statement

1. This Decision establishes a procedural schedule for this this Phase I electric rate case. An evidentiary hearing is scheduled for November 4 through 8 and November 12 and 13, 2019.

2. Pursuant to § 40-6-111(1), C.R.S, the effective date of the tariff sheets filed with Advice Letter No. 1797 is further suspended an additional 130 days, or through February 25, 2020.

B. Discussion

3. On May 20, 2019, Public Service Company of Colorado (Public Service or the Company) filed Advice Letter No. 1797 with supporting attachments and pre-filed testimony as a Phase I rate proceeding. The proposed effective date of the tariffs filed with Advice Letter No. 1797 is June 20, 2019.

4. Public Service is seeking a total increase in its base rate revenues of approximately \$408 million, or 26.4 percent. However, approximately \$249 million of that amount is the result of transfers from three ongoing riders: (1) approximately \$79 million would move to base rates from the Clean Air-Clean Jobs Act Rider, which would be eliminated upon certain final reconciliations; (2) approximately \$40 million would move to base rates from the Transmission Cost Adjustment; and approximately \$131 million would be recovered through a General Rate Schedule Adjustment-Energy (GRSA-E) to collect costs associated with the Rush Creek Wind Project that are presently recovered through the Company's Electric Commodity Adjustment. In addition to the GRSA-E, Public Service would implement a standard General Rate Schedule Adjustment of 13 percent. The proposed net increase in total revenues is about \$158.3 million, or an overall bill impact of 5.7 percent.

5. The proposed rate increase is supported by Public Service's cost of service study that generates a total annual base rate revenue requirement of \$1.95 billion. This amount is based on a proposed return on equity of 10.35 percent, a cost of long-term debt of 4.18 percent, and a capital structure composed of 56.46 percent equity and 43.54 percent debt. These financing components combine into an overall weighted average cost of capital of 7.66 percent.

6. Also on May 20, 2019, Public Service filed an "Omnibus Motion" with three parts: a Motion for Extraordinary Protection; a Motion for Rates Effective January 1, 2020; and a Motion for an *En Banc* Hearing.

7. With respect to the Motion for Rates Effective January 1, 2020, Public Service argues that a January 1, 2020 effective date will conserve customer, Commission, and Company resources by eliminating the need for multiple true-ups. The Company also states that a January 1, 2020 effective date will also help to eliminate customer confusion that often ensues as

a result of such true-ups. Public Service further explains that the Company's rates have been reduced to reflect the impact of the TCJA from January 1, 2018 through December 31, 2019, as approved in Proceeding No. 18M-0074EG. The Company suggests that having new base rates effective January 1, 2020 corresponds with the conclusion of that initial TCJA rate reduction. In sum, Public Service concludes that authorizing a January 1, 2020 effective date for rates will provide the most seamless and efficient path to providing customers the financial benefits provided under the TCJA-related settlements.

8. On May 31, 2019, by Decision No. C19-0462, the Commission set for hearing the tariffs filed by Public Service before the Commission *en banc* and suspended their effective date for 120 days pursuant to § 40-6-111(1), C.R.S.

9. On June 26, 2019 the Colorado Energy Office (CEO) filed a notice of intervention of right in this matter. CEO also filed two motion regarding the scope of the rate proceeding. In its Motion to Sever, CEO requested that the Commission sever Public Service's request for approval of a new Certified Renewable Percentage (CRP) program from the rate proceeding. Pursuant to the proposed CRP, the Company would retire renewable energy credits (RECs) above its Renewable Energy Standard compliance requirements, so that the total RECs retired in each calendar year will be equal to the total renewable energy delivered to retail customers from the Company's system. In its Motion to Strike, CEO requested the Commission "strike from this Proceeding" the portion of Direct Testimony of Public Service witness Brooke Trammell that addresses the issue of decoupling. According to CEO, the Commission did not require the Company to raise the issue of decoupling in a subsequent Phase I rate case, nor did it require that the Company seek any further approvals before implementing the approved form of decoupling.

CEO concludes that Public Service can implement its decoupling mechanism after the conclusion of the instant Phase I rate case without any additional approval from the Commission.

10. On July 2, 2019, Public Service filed a proposed consensus procedural schedule in accordance with Decision No. C19-0462. Public Service reported that the potential parties had worked through filing deadlines and provisions for discovery. The consensus procedural schedule and provisions for discovery included:

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| Answer Testimony (last day to serve discovery on Direct Testimony) | September 6, 2019 |
| Rebuttal and Cross-Answer Testimony (last day to serve discovery on Answer Testimony) | October 8, 2019 |
| Prehearing Motions | October 18, 2019 |
| Corrections to Testimony | October 25, 2019 |
| Settlements | October 30, 2019 |
| Evidentiary Hearing | November 4-8, 2019 (and 12-13 if needed) |
| Statements of Position | November 22, 2019 |

The July 2, 2019 filing also detailed various provisions for discovery that have been agreed upon by the parties. Specifically, the parties proposed that the discovery timelines in Rule 1405(b) and 1405(d) of the Commission’s Rules of Practice and Procedure 4 *Code of Colorado Regulations* 723-1 would control, provided that for purposes of calculating due dates, any discovery served on a party after 3:00 p.m. on a Friday would be deemed to be submitted the following Monday. In addition, state holidays would be excluded for the purpose of calculating due dates. The Company and the potential parties also agreed to provide all responses to an individual set of

discovery in a single, combined document following the completion of all responses in the set, with the exception of any supplemental or corrected responses that may be subsequently filed. Finally, all discovery requests and responses would be served upon each party to the proceeding.

11. On July 10, 2019, the Commission convened a prehearing conference to discuss with the parties CEO's two motions, proposals for the conduct of the evidentiary hearing as offered by Staff of the Colorado Public Utilities Commission (Staff), and other preliminary matters related to this Phase I electric rate case. The Commission took CEO's motions under advisement and instructed the parties that it intended to address specific procedures for the evidentiary hearing later in the proceeding, most likely after the filing of Answer and Rebuttal Testimony. The Commission also indicated that it would likely adopt the suggestion that seven days be reserved for the hearing (*i.e.*, November 4 through 8 and 12 and 13, 2019).

12. On July 23, 2019, by Decision No. C19-0620-I, the Commission denied the CEO's Motion to Strike and its Motion to Sever.

13. Also on July 23, 2019, by Decision No. C19-0621-I, the Commission granted the Motion for Extraordinary Protection filed by Public Service on May 20, 2019 and granted the requests for intervention in this matter, formally establishing the parties to this proceeding.

C. Conclusions and Findings

14. We find good cause to adopt the procedural schedule filed by Public Service on July 2, 2019. Testimony and pleadings shall be submitted no later than the deadlines set forth in paragraph 10 above. We also adopt the provisions for discovery set forth in the July 2, 2019 filing.

15. In light of the hearing dates in November 2019, we find it necessary to further extend the suspension period of the effective date for the rates for the full 250 days pursuant to

§ 40-6-111(1), C.R.S. Nevertheless, the procedural schedule established by this Decision will accommodate a final decision establishing electric rates for Public Service in time for new rates to take effect January 1, 2020.

II. ORDER

A. It Is Ordered That:

1. The proposed procedural schedule and provisions for discovery set forth in the filing submitted by Public Service Company of Colorado (Public Service) on July 2, 2019 is adopted, consistent with the discussion above.

2. A hearing is scheduled as follows:

DATES: November 4 through 8 and 12 through 13, 2019

TIMES: 9:00 a.m. to 5:00 p.m. November 4, 5, 7, 8, and 12, 2019
1:00 p.m. to 5:00 p.m. November 6 and 13, 2019

PLACE: Commission Hearing Room
1560 Broadway, Suite 250
Denver, Colorado

3. The proposed effective date, June 20, 2019, of the tariff pages filed by Public Service with Advice Letter No. 1797 in Proceeding No. 19AL-0268E is suspended for an additional 130 days until February 25, 2020, pursuant to § 40-6-111(1), C.R.S.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 7, 2019.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners