

Decision No. C20-0410

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20AL-0191E

IN THE MATTER OF ADVICE LETTER NO. 1825 – ELECTRIC FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO P.U.C. NO. 8 – ELECTRIC TARIFF TO IMPLEMENT A COLORADO ENERGY PLAN ADJUSTMENT AND REDUCE THE RENEWABLE ENERGY STANDARD ADJUSTMENT TO BECOME EFFECTIVE JUNE 1, 2020.

**DECISION SETTING THIS MATTER FOR HEARING
BEFORE THE COMMISSION *EN BANC*,
SUSPENDING EFFECTIVE DATE OF TARIFFS, AND
SETTING NOTICE AND INTERVENTION PERIOD**

Mailed Date: May 29, 2020

Adopted Date: May 27, 2020

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY APPEARING AT THE HEARING. IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS MATTER, YOU MUST REQUEST PERMISSION FROM THE COMMISSION TO BE AN INTERVENOR (EVEN IF YOU HAVE ALREADY FILED AN OBJECTION). ANYONE DESIRING TO INTERVENE MUST CAREFULLY FOLLOW THE LAW AND COMMISSION RULES FOR BECOMING AN INTERVENOR. FOR FURTHER INFORMATION ON HOW TO INTERVENE, CALL (303) 894-2070 (PUC EXTERNAL AFFAIRS OFFICE).

I. BY THE COMMISSION

A. Statement

1. This Decision sets for hearing before the Commission *en banc*, the tariffs filed by Public Service Company of Colorado (Public Service or the Company) with Advice Letter No. 1825 and suspends their effective date for 120 days pursuant to § 40-6-111(1), C.R.S.

2. A pleading to intervene in this matter may be filed by any person, firm, or corporation desiring to be a party and fully participate in this proceeding no later than June 26, 2020.

B. Discussion

3. On May 1, 2020, Public Service filed Advice Letter No. 1825 with tariff sheets to implement a new rate adjustment mechanism called the Colorado Energy Plan Adjustment (CEPA) and to reduce the Renewable Energy Standard Adjustment (RESA) from 2 percent to 1 percent. The proposed effective date of the tariffs filed with Advice Letter No. 1825 (Attachment A to this Decision) is June 1, 2020.

4. Public Service proposes to put into effect the CEPA to recover the regulatory asset established as a result of early retirement of two of the coal-fired generation units at the Comanche Generating Station. Public Service states that the early retirements of Comanche 1 (by the end of 2022) and Comanche 2 (by the end of 2025) are components of the Colorado Energy Plan Portfolio (CEPP) approved by the Commission in Decision No. C18-0761 in Proceeding No. 16A-0396E,¹ Public Service's most recent Electric Resource Plan proceeding.

5. Public Service further explains that in a related case, Proceeding No. 17A-0797E, the Company sought Commission approval to: (1) modify the depreciation schedules for Comanche 1 and Comanche 2 and establish a regulatory asset to account for the costs of the accelerated depreciation; and (2) reduce the RESA from 2 percent to 1 percent and implement the CEPA at 1 percent of retail revenue coincident with the RESA reduction.

¹ Decision No. C18-0761 was issued in Proceeding No. 16A-0396E on September 10, 2018.

6. Public Service acknowledges that the proposed June 1, 2020 effective date is earlier than the January 1, 2021 contemplated in Decision No. C18-0762 issued in Proceeding No. 17A-0797E.² In support of the significantly earlier June 1, 2020 date, the Company provides two tables. One table shows the forecasted RESA deferred balance for the years 2020 through 2029. The second table presents the “build-up” and amortization of the CEPP-related regulatory asset, including: (1) the annual and cumulative costs; (2) the annual CEPA collections; and (3) the annual return on the regulatory asset, net of tax benefits, calculated at the Company’s weighted average cost of capital.

C. Conclusions and Findings

7. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set the tariff pages filed with Advice Letter No. 1825 for hearing, which will suspend the effective date of the tariff pages for 120 days from the proposed effective date. If the Commission does not establish new tariffs before the expiration of the suspension period of 120 days, or does not issue a separate decision further suspending the effective date of the tariff pages pursuant to § 40-6-111(1), C.R.S., the tariff pages filed by Public Service may become effective.

8. Before approving the proposed reduction to the RESA, we find it necessary to examine further the proposed reduction in the RESA surcharge.

9. First, the Company’s request to reduce the RESA to 1 percent comes before the Commission has completed its review and possible modifications to Commission rules and policies regarding the RESA through rulemaking. Consideration of additional information in this Proceeding will serve to support a finding that the proposed RESA reduction applicable to Public

² Decision No. C18-0762 was issued in Proceeding No. 17A-0797E on September 10, 2018.

Service at this time, is in the public interest notwithstanding the potential modifications in RESA-related general policies and rule revisions under review in Proceeding No. 19R-0096E.

10. Second, new statutory provisions in § 40-2-125, C.R.S., implicate the RESA and the Commission's future determinations of another concurrent cap on the retail rate impact with respect to Public Service's forthcoming Clean Energy Plan filing expected in March 2021. For example, § 40-2-125(4)(a)(VIII), C.R.S., states:

If the minimum amounts of electricity from eligible energy resources set forth in section 40-2-124 (1)(c) are satisfied, a qualifying retail utility may propose to use up to one-half of the funds collected annually under section 40-2-124 (1)(g), as well as any accrued funds, to recover the incremental cost of clean energy resources and their directly related interconnection facilities. The utility may account for these funds in calculating the cost of the plan.

We conclude that it is necessary to understand Public Service's expected need to use funds collected through the RESA, funds to be collected through the Company's Electric Commodity Adjustment in conjunction with the RESA, and the funds collected through any new rate riders as offered to Public Service pursuant to § 40-2-125, C.R.S., during the time when the proposed RESA reduction will be in effect and when the Company's new Clean Energy Plan will be implemented to achieve carbon reductions by 2030 likely through the acquisition of additional eligible energy resources.

11. Third, we seek support for continuing the RESA at 1 percent. For instance, no explanation is provided for the absence of "Total RESA Costs" starting in 2023 as shown in the table attached to Advice Letter No. 1825 describing the projected RESA deferred balance. The continued implementation of a RESA surcharge at the proposed 1 percent level was not thoroughly addressed in Proceeding No. 17A-0797E.

12. Based on the foregoing, we find good cause to set for hearing the tariff sheets submitted with Advice Letter No. 1825 filed by Public Service on May 1, 2020. Pursuant to § 40-6-111(1), C.R.S., the initial 120-day suspension period for the tariff pages submitted with Advice Letter No. 1825 shall extend through September 29, 2020.

13. We will hear this matter *en banc*.

14. We clarify that the purpose of initiating a hearing is not to reconsider the merits of the proposed CEPA. We are also mindful that stakeholder support for the presentation and adoption of the CEPP rested on the premise that the amortization of the regulatory asset created for the early retirement of Comanche 1 and 2 using a bill surcharge of 1 percent (*i.e.*, the CEPA) would be simultaneously offset with a reduction of the RESA of the same amount.

15. We will issue a separate decision posing specific questions to Public Service regarding the proposed reduction of the RESA from 2 percent to 1 percent consistent with the discussion above.

16. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this consolidated proceeding, as ordered below. The filing of any other document protesting the tariff pages shall not allow participation as an intervenor in this matter. Intervention filings shall be submitted no later than June 26, 2020.

II. ORDER

A. The Commission Orders That:

1. The proposed effective date, June 1, 2020, of the tariff pages filed by Public Service Company of Colorado (Public Service) on May 1, 2020, with Advice Letter No. 1825 in Proceeding No. 20AL-0191E is suspended for 120 days until September 29, 2020, or until further order of the Commission.

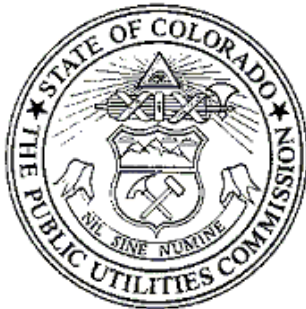
2. The Commission shall hear this matter *en banc*.

3. Any person, firm, or corporation, including any who have previously filed a document protesting the proposed tariff pages, who desire to intervene and participate as a party in this proceeding shall file a motion to intervene with the Commission no later than June 26, 2020 and shall serve a copy of the notice or motion on Public Service’s attorney of record.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS’ WEEKLY MEETING
May 27, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners