Decision No. R25-0316-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24M-0493G

IN THE MATTER OF THE COMMISSION'S INVESTIGATION INTO THE COSTS OF PUBLIC SERVICE COMPANY OF COLORADO'S GAS UTILITY INFRASTRUCTURE PURSUANT TO SENATE BILL 23-291.

INTERIM DECISION ORDERING FILING OF INFORMATION BY PUBLIC SERVICE COMPANY OF COLORADO

Redline of Decision No. R25-0316-I Paragraph 18 to provide clarification on data request directives:

a. For Discrete New Business Projects described in line numbers one (1) through seven (7), ~~sixteen (16), seventeen (17) and line twenty-three (23)~~ of Hearing Exhibit 105, Attachment ARG-4, submitted in Proceeding No. 24AL-0049G; the ~~four (4)~~ two (2) projects described in line numbers one (1) and three (3) of Hearing Exhibit 106, Attachment JHZ-9 submitted in Proceeding No. 22AL-0046G~~; and line numbers 32 and 42 of Hearing Exhibit 106, Attachment JHZ-10, submitted in Proceeding No. 22AL-0046G~~:

   i. For residential projects: provide the number of new residential units the infrastructure investment intended to serve, including, individually, the number of homes, townhomes, and apartments served ~~and their respective average square footages.~~ Provide the anticipated peak demand and annual usage expectations per residential unit type and the source of the assumption used for planning the project. Provide the estimated design day peak hour demand based on observed monthly meter reads ~~observed actual peak demand~~ and annual usage data associated with residential projects on both an average and aggregate basis for the new residential units within the project area. The Company shall provide any available information it can provide regarding standardized data for home size as correlated to demand used in the design process.

ii. For commercial projects: provide the combined square footage of commercial units the project intended to serve, as available. Provide the anticipated peak demand and annual usage expectations per commercial unit or per commercial square foot, as available, and the source of the assumption used for planning the project. Provide the estimated design day peak hour demand based on observed monthly meter reads ~~observed actual peak demand~~ and annual usage data associated with commercial projects on both an average ~~per square foot~~ and aggregate basis for the new commercial units within the project area.

iii. Design day peak hour demand: provide the planned design day peak demand of the project in mscf.

iv. Average day load: provide the planned annual average daily gas load served by the project in Mcf.

v. Annual addition to revenue requirement: provide the annual dollar amount this project added to the Company's revenue requirement

vi. Amortization period: provide the number of years over which the project will be amortized by project components.

vii. Annual operations and maintenance: provide an estimate of annual operations and maintenance costs associated with this project and its components for the duration of its estimated useful time in service.

viii. Estimated annual revenue excluding supply: provide the planned annual additional revenue the project will generate for the Company, excluding commodity costs on both an annual usage and per customer basis.

ix. Customer requesting the project: indicate whether the request for new service served an individual or a developer, as available.

x. Identify upstream connecting line and change in its spare line capacity: identity the upstream connecting line from the project and provide the spare line capacity of the connecting line before construction and after construction of the project. Please narratively identify any upstream capacity constrained areas. Identify any upgrades to the upstream components for capacity or reliability purposes completed in the five (5) years prior to the new business work.

xi. Non~~e~~-pipeline Alternative ("NPA") evaluated: Indicate whether or not the Company conducted a non-pipelines alternative analysis for the project. If yes, please provide the analysis and any supporting workbooks or documents.

xii. Hydraulic analysis results showing impact of new load: describe the scope and key assumptions of the hydraulic analysis conducted in association with this new project. Give the line numbers, the upstream interconnect or system segment, identify the nearest regulator station, the model criterion used to establish an expansion was needed, the value of that model criterion (*e.g.*, operating pressure) with and without the expansion. Identify what pressure threshold caused the Company to conclude new facilities were needed and by what timeframe. Indicate if the hydraulic analysis demonstrated any impacts upstream of the project and describe them. ~~Describe all scenarios analyzed~~. If available, describe alternative gas infrastructure projects that were evaluated as part of the project. Provide a written justification of the hydraulic analysis showing the impact of new load which necessitated project development, including any risks of over- or under-pressurization.

xiii. ~~Could the technical requirements of the load have be served solely with electricity or is dual fuel required, based on any known commercial application type? Provide a written justification of whether the project could be served solely by electricity or whether dual fuel is required.~~ Is the Company aware of any specific loads to be served by the project that could not be served, from a technical standpoint, by solely electricity?

~~xiv. Conferred with electric utility on adequate capacity to serve: did the Company confer with the local electric distribution company(ies) on whether there was adequate electric capacity to serve the customer if they fully electrified? If so, identify the local electric distribution company and indicate their response.~~

xv. Disproportionately impacted community analysis: Did the project provide new service for customers in a disproportionately impacted (DI) community? Please provide a graphical overlay of the area served by the project and any DI communities. ~~If so, how many customers of disproportionately impacted communities did the Company estimate that the project would serve?~~ Provide total number of income-qualified customers on the system.

~~xvi. Ancillary benefits: provide an estimate of ancillary benefits the Company evaluated as a part of its decision to construct the project. Describe the methodology by which the company derived these estimates. Provide the following data for each project:~~

~~1. Lower energy bill~~

~~2. Home amenity~~

~~3. Quantified benefits to other customers in form of lower rates~~

~~4. Customer preference~~

~~5. Home builder preference~~

~~6. Lower cost of new home~~

xvii. Ancillary costs: ~~provide an estimate of ancillary costs the Company evaluated as a part of its decision to construct the project. Describe the methodology by which the company derived these estimates.~~ Provide the following data for each project:

1. Revenue requirement of new business project, including negative net salvage value
2. Unrealized upstream costs (including negative net salvage value of upstream gas infrastructure)
3. Administrative costs

xviii. Cost of Service/Rates Model: provide a copy of the Company's cost of service and rates model used when planning these projects, preferably in Excel with formulas intact. Provide a project-specific revenue requirement for each project identified reflecting the approved WACC and capital criteria in the applicable rate case. ~~Please identify and explain how the 2022 and 2024 rate case projects changed the revenue requirement in each case.~~ Is the expected amortization and depreciation for each of these projects the same? ~~If not, please provide for each.~~

xix. Indicate if there are additional interrelated discrete ~~discreate~~ new business or capacity projects that address a common risk to this project. If so, describe the interrelated project(s) and indicate the line item(s) that reflect(s) work orders meant to address the common risk shared with this project.

xx. Costs and benefits of alternatives: Provide an executable Cost Benefit Analysis tool of each project that includes the assumptions necessary to provide responsive data by the deadlines herein. ~~provide the costs and benefits of potential alternatives feasible at the time, including beneficial electrification, demand response, alternative infrastructure, and other utility actions. For each cost and benefit requested, provide a dollar value. Please align the alternative costs and benefit categories as closely as possible with the EMTRC categories defined in the Company's Cost Benefit Analysis Handbook, with the modifications identified in Recommended Decision R25-0083 issued in Proceeding No. 24M-0261G~~. ~~using the following cost and benefit categories:~~

~~1. New equipment cost: electric appliances (list the appliances and their assumed cost); any electrical panel upgrade; and any electricity distribution line upgrade~~

~~2. Existing equipment replacement cost, appropriately discounting based on average age of existing equipment in homes located in the area of the project~~

~~3. Administrative costs, considering expected change in costs over time as the Company gains experience with the NPA implementation.~~

4. Marginal generation capacity cost from peak hour demand gas reduction converted to electricity use accounting for a diversity of equipment operating at the peak hour (electric resistance backup and heat pumps) and load controllability in the peak hour. The NPA electricity use incorporated into this cost should only consider demand in excess of what is already needed for Company electrification plans and should be based on Xcel Encompass modeling and the most recent available price information and should consider the timing of this expense.

5. Marginal transmission capacity cost from peak hour demand gas reduction converted to electricity use accounting for a diversity of equipment operating at the peak hour (electric resistance backup and heat pumps) and load controllability in the peak hour. Costs should also consider the location of the NPA, equipment capacity temperature impacts depending on whether the peak hour is in the summer or winter, timing of this expense, and to what extent the NPA electricity demand necessitates transmission needs in excess of what is already planned by the Company in other proceedings.

6. Marginal distribution capacity cost from winter peak hour demand gas reduction converted to electricity use accounting for a diversity of equipment operating at the peak hour (electric resistance backup and heat pumps) and load controllability in the peak hour. Costs should also consider the location of the NPA, equipment capacity temperature impacts depending on whether the peak hour is in the summer or winter, timing of this expense, and to what extent the NPA electricity demand necessitates distribution needs in excess of what is already planned by the Company in other proceedings.

7. Ancillary service cost from peak hour demand gas reduction converted to electricity use accounting for a diversity of equipment operating at the peak hour (electric resistance backup and heat pumps) and load controllability in the peak hour.

8. Energy cost

9. Incremental line losses cost

10. Incremental generation long-run marginal emissions cost

11. Incremental generation methane leakage cost, considering the generation mix in hours of additional electric load

12. Winter mitigation cost (if applicable)

13. Incremental gas infrastructure cost (if applicable)

14. Federal, state, local, and other utility incentive benefits

15. Avoided gas commodity benefits accounting for avoided leakage

~~16. Avoided electric commodity benefits (*e.g.*, from improved efficiency of summer heat pump operation vs air conditioning in the summer)~~

~~17. Avoided methane leakage benefit~~

~~18. Avoided CO2 benefit, considering the combustion efficiency of a range of housing age and building code in the area of the NPA~~

~~19. Indoor air pollution reduction benefits~~

b. For Discrete Capacity Expansion Projects described in line numbers one (1) through four (4), seven (7),~~,~~nine (9),~~, 18, and 20~~ of Hearing Exhibit 105, Attachment ARG-6, submitted in Proceeding No. 24AL-0049G ~~and line number five (5) of Hearing Exhibit 106 Attachment JHZ-5 submitted in Proceeding No. 22AL-0046G~~, provide:

i. Residential units: provide the number of firm residential customers (or equivalents), separately: a. downstream of the identified project at the time the project was completed; b. added downstream of the identified project in the five (5) years prior to the time the project was completed; and c. at risk of an outage that necessitated the project and their aggregate peak day load.

ii. Commercial units: provide the number of firm commercial customers (or equivalents) at risk of an outage that necessitated the project. Provide the square footage and aggregate peak day load of these customers.

iii. Design day projected shortfall; provide the design day projected shortfall in Dth/day if the project was not completed.

iv. Quantified outage risk percentage: provide the quantified outage risk percentage used to conduct the needs analysis for the project.

v. Expected average daily throughput: provide the average daily throughput of the existing line prior to the capacity expansion project as well as the expected average daily throughput after construction.

vi. Other benefits: provide a list of other benefits the Company evaluated as a part of its decision to construct the project. For each other benefit evaluated, provide a dollar value ascribed to that benefit.

vii. Indicate if there are inter-related discrete new business or capacity projects completed within five (5) years of completion of this project addressing a common risk as this project. If so, describe the interrelated project and indicate the line item that reflects the work orders meant to address the common risk shared with this project.

viii. Please indicate if any new business project was built downstream of this capacity expansion project in the last five years and identify that new business project, including its projected and actual loads on both an average and peak day basis.

ix. Please provide, for each year back to 2020:

1. The average day and peak day capacity that the Company holds on individual upstream interstate pipelines and the associated interconnection locations;
2. Whether the Company held any discussions with any upstream interstate pipeline about subscribing to additional (a) firm capacity; (b) interruptible capacity; and (c) storage capacity, and if so, specify by how much for each category; and
3. The sum of all Company physical interconnection capacity with interstate pipelines.

x. Please provide, for each year back to 2020 for each of the Company's 12 Service Areas:[1]

1. The average day and peak day capacity that the Company holds on individual upstream interstate pipelines within the Service Area and the associated interconnection locations; and
2. Whether the Company held any discussions with any upstream interstate pipeline about subscribing to additional (a) firm capacity; (b) interruptible capacity; or (c) storage capacity within each Service Territory, and if so, specify by how much for each category.

xi. Actual throughput of completed projects: provide the estimated design day peak hour throughput of the project in mscf ~~observed peak throughput of the project in Dth/day~~ for each full heating season the project was in service.

xii. Costs and benefits of alternatives: Provide an evaluation of alternatives ~~please provide information on potential alternatives to the capacity expansion project feasible at the time, including beneficial electrification, demand response, alternative infrastructure, and other utility actions~~ using the same assumptions, cost and benefit categories as the new business project alternatives described in paragraph 18(a)(xx) above.

xiii. Cost of Service/Rates Model: provide a copy of the Company's cost of service and rates model used when planning these projects, preferably in Excel with formulas intact. Provide a project-specific revenue requirement for each project identified reflecting the approved WACC and capital criteria in the applicable rate case. Is the expected amortization and depreciation for each of these projects the same?

[1] In "Public Service Company of Colorado's Supplemental Response to Commission Questions Posed in Decision No. C23-0566-I" filed September 22, 2023, in Proceeding No. 23M-0234G, the Company provided a map "that displays a state-wide view of the Company's twelve separate natural gas systems," at 15.

Redline of Decision No. R25-0316-I Paragraph 19(a)-(c) to provide clarification on due dates to provide data:

a. The Company shall provide data unrelated to the costs and benefits of alternatives to a project (defined in paragraph 18(a)(i)-(xix) and paragraph 18(b)(i)-(xi) of this Decision) on a rolling basis as information is complete and available for submittal, with the Company exercising commercial reasonable efforts to complete its responses by July 18, 2025~~May 27, 2025~~. ~~This aligns with the Company's suggestion in its reply to the Workplan Order to allow five weeks to provide data and comports with the Commission's anticipated receipt of the gas infrastructure plan filing in May 2025.~~

b. Recognizing the challenges with conducting a cost-benefit analysis for hypothetical alternatives to a project outlined in paragraphs 18(a)(xx) and 18(b)(xii) of this Decision, the Hearing Commissioner requires that the Company to exercise commercial reasonable efforts to comply with the data requests and first provide a portfolio of non-pipeline alternatives, alternative gas infrastructure, service investments, or other utility actions for each project identified in paragraph 18(a) and paragraph 18(b) of this Decision to the Commission by August 29~~June 9~~, 2025.

c. Upon review and approval of the alternative portfolios to be evaluated for each project by the Hearing Commissioner, by future decision, the Company should expect to be requested to submit the data required by paragraph 18(a)(xx) and paragraph 18(b)(xii) of this Decision.