

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24AL-0282E

IN THE MATTER OF ADVICE LETTER NO. 1953 - ELECTRIC FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO P.U.C. NO. 8 ELECTRIC TARIFF TO INCREASE THE TRANSMISSION COST ADJUSTMENT RIDER, TO BECOME EFFECTIVE JULY 21, 2024.

**COMMISSION DECISION ALLOWING
ADVICE LETTER AND TARIFF TO GO INTO
EFFECT BY OPERATION OF LAW**

Issued Date: July 17, 2024

Adopted Date: July 17, 2024

I. BY THE COMMISSION

A. Statement

1. On June 20, 2024, Public Service Company of Colorado (“Public Service” or “the Company”) filed Advice Letter No. 1953-Electric and tariff filings to revise its Transmission Cost Adjustment (“TCA”) in its Colorado P.U.C. No. 8-Electric Tariff, effective July 21, 2024.

2. Public Service includes that the principal change proposed through Advice Letter No. 1953-Electric is to update the TCA applicable to all electric base rate schedules in the Company’s electric tariff taking distribution service in order to recover costs associated with 2024 electric distribution system-related activities and investments from the effective date of Senate Bill (“SB”) 24-218 through December 31, 2024, that are not currently being recovered through the Company’s base rates. Public Service states that, consistent with the legislation, it is also proposing tariff revisions to incorporate the requirements of SB 24-218 to enable cost recovery associated

with Distribution Activities and Equipment to Advanced Distribution Activities through the TCA, subject to true-up, as set forth in tariff redlines filed with the advice letter.¹

3. As updated in SB 24-218, prescriptive requirements in § 40-2-123.5(4)(d), C.R.S. require the Company to file within 30 days of the statutory effective date to recover costs associated with 2024 electric distribution system-related activities and investments from the effective date of the statute, or May 22, 2024, through December 31, 2024. By statute the Company is subsequently required to file in November of 2024 a separate advice letter that addresses 2025 activities and investments.

4. The legislation includes that it is intended to ensure that there is sufficient capacity to affordably and reliably meet Colorado's decarbonization goals and support consumer demand, including for beneficial electrification measures.² The Company includes that it anticipates over 300 distribution projects and programs as well as numerous public policy goals that are advanced by the filing, including to facilitate customer interconnection and distributed energy resources like solar and electric vehicle charging, lowering the cost of infill and affordable housing, and to support state climate and air quality goals.

5. Section 40-2-123.5(4)(d) further includes that recovery through this filing is limited to 0.5 percent of retail revenue, and that any amounts recovered are ultimately subject to prudence review and true-up through future process. Therefore, despite the significant number of projects proposed, the filing caps recovery here at approximately \$17.1 million, with anticipated TCA rate

¹ The Company's filing also moved, pursuant to § 40-3-104(1)(c)(I)(E), C.R.S., to provide alternative forms of notice of the proposed tariff changes, which was granted through Decision No. C24-0490-I, issued July 9, 2024.

² § 40-2-123.5(1)(a)(II), C.R.S.

impacts on average customer bills of \$1.12 per month and, for commercial customers, \$1.36 per month, subject to true-up through future process.³

6. The Company includes that SB 24-218 recognizes a balance of proactive investment in the distribution system and timely cost recovery as critical to support the clean energy transmission. Public Service requests that the proposed rates be put into effect by July 21, 2024, and argues this implementation date is required by statute. However, the Company also recognizes the Commission has broad authority to continually ensure that the rates are just and reasonable, particularly given the cap and true-up reconciliation contemplated by law.

7. On July 10, 2024, Staff of the Colorado Public Utilities Commission (“Staff”) filed a protest and argues that the advice letter should be suspended and set for hearing. Staff raises concerns with a number of items including the sufficiency of support given the lack of testimony; apparent disconnect between capital additions and rate base; questions on the Company’s calculation of the rate cap; questions regarding the revenue effect and total annual revenues collected; and concerns given that no rate calculations or billing determinations were provided concurrent with the filing.⁴

8. The Company subsequently filed a response on July 12, 2024. The Company reiterates its discussion regarding the rigidity of the statutory directives and claims that it provided sufficient information, including in communication with Staff prior to filing. It continues to argue that suspension is not appropriate given the balance and timing provided by legislation.

³ For customers taking distribution service, the Company includes that the impact of the charge in the TCA rates on the typical residential customer will be an increase of \$0.00183 per kilowatt-hour (“kWh”), from \$0.00287 per kWh to \$0.00470 per kWh. The calculated \$1.12 per month is based on typical customer usage of 600 kWh. The Company includes that the impact of the change in the TCA rates on the typical small customer will be an increase of \$0.00147 per kWh, from \$0.00240 per kWh to \$0.00387 per kWh, or \$1.36 per month based on typical customer usage of 910 kWh. Advice Letter No. 1953 – Electric dated June 20, 2024, at 4.

⁴ Staff Protest, filed July 10, 2024, at 2.

The Company maintains that no further process is necessary but proposes an alternative path, *i.e.*, to allow the advice letter and tariff to go into effect, concurrently being a hearing process. The Company also includes further detail, attachments, information regarding and clarifying the filing, and its calculations in response to Staff's concerns.

9. Staff filed a reply on July 16, 2024. Staff emphasizes its claim that it did not have sufficient information from the Company prior to the filing and that the Company providing further information underscores its position that the initial filing is inadequate. Staff also disagrees that the statutes absolutely prohibit the Commission from suspension, but the filing does not go further to analyze the balance of interests raised in SB 24-218 regarding policy goals, timing concerns, and ratepayer protection backstops including the true-up process contemplated in statute. Staff further opines that it is concerned that allowing this filing to go into effect based on the filings here could set inappropriate precedence for future TCA filings.

B. Conclusion

10. First and foremost, we emphasize that this is not a typical advice letter filing. SB 24-218 provides for unique circumstances, including prescribing specifically timed tariff filing dates with capped rate impact percentages subject to later true-up and review. Our determinations here are in no way precedential for future or typical TCA advice letter filing considerations.

11. Under typical process, we would likely agree with Staff that the Company's proposed investment filing is inadequate and raises far more questions than answers, such that suspension and hearing would be appropriate.

12. Here, however, § 40-2-123.5(4)(d), C.R.S., implemented through SB 24-218, moves away from our standard practice and towards a statutory approach that quickly moves forward with expanded distribution system investment. Considering the applicable statutes, we

agree that suspension and hearing is not appropriate here. As even the Company notes, the Commission maintains authority to ensure rates are just and reasonable. Particularly given the cap and true-up process contemplated in statute, balanced with the timing in statute to enable expenditures through the end of 2024, we find that suspension and hearing on this particular advice letter is not warranted.⁵

13. Advice Letter No. 1953-Electric and tariff filings to revise its TCA in its Colorado P.U.C. No. 8-Electric Tariff, effective July 21, 2024, are therefore permitted to go into effect by operation of law.

II. ORDER

A. The Commission Orders That:

1. Advice Letter No. 1953-Electric and tariff filings to revise its Transmission Cost Adjustment (“TCA”) in its Colorado P.U.C. No. 8-Electric Tariff, effective July 21, 2024, shall be allowed to go into effect by operation of law.

2. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the Commission mails this Decision.

⁵ Not only is our determination here not precedential for future TCA or other advice letter filings given the unique directives in SB24-218, but we note that the anticipated November advice letter filing governing 2025 investments may also warrant further consideration.

3. This Decision is effective on its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
July 17, 2024.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners