



# **PUBLIC SERVICE COMPANY OF COLORADO**

## **2022 NATURAL GAS RATE CASE**

PROCEEDING NO. 22AL-0046G

JANUARY 24, 2022

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

\* \* \* \* \*

IN THE MATTER OF ADVICE NO. 993- )  
GAS OF PUBLIC SERVICE )  
COMPANY OF COLORADO TO )  
REVISE ITS COLORADO PUC NO. 6- )  
GAS TARIFF TO INCREASE )  
JURISDICTIONAL BASE RATE )  
REVENUES, IMPLEMENT NEW BASE ) PROCEEDING NO. 22AL-\_\_\_\_G  
RATES FOR ALL GAS RATE )  
SCHEDULES, AND MAKE OTHER )  
PROPOSED TARIFF CHANGES )  
EFFECTIVE FEBRUARY 24, 2022 )

**DIRECT TESTIMONY AND ATTACHMENT OF BROOKE A. TRAMMELL**

**ON**

**BEHALF OF**

**PUBLIC SERVICE COMPANY OF COLORADO**

**January 24, 2022**

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## EXECUTIVE SUMMARY

Safety, reliability, and affordability are the top focuses of Xcel Energy when it comes to our natural gas business. Consistent with Colorado energy policy, we are providing the critical energy services our customers depend on from an increasingly clean system. Xcel Energy, working in partnership with state policy makers, regulators, stakeholders, and advocates over the past decade plus, has helped Colorado become a national leader in advancing renewable energy and a clean energy economy. Our electric system journey began in 2004 with the passage of the first renewable energy standard in the nation, followed by many other pieces of legislation focused on clean energy and direct actions as a result. Under this Commission's watchful eye, Xcel Energy has pressed forward and led on energy efficiency standards, wind and renewable development, residential solar, community solar gardens, and more.

As our journey progressed, in December of 2018 Xcel Energy announced a first in the nation electric goal of an 80 percent reduction of carbon by 2030 and a goal of 100 percent reduction by 2050 – exceeding Colorado's own renewable

1 energy standards. Over 70 utilities across the country, including over 30 investor-  
2 owned utilities, now have emissions reduction goals, changing the trajectory of the  
3 industry.<sup>1</sup> In 2020, we further announced our vision to help bring 1.5 million electric  
4 vehicles onto the road in our eight-state territory, which will help support Colorado's  
5 drive towards its transportation targets.

6 Demonstrating our leadership as a natural gas utility provider, in 2020 and  
7 2021 we worked with bill sponsors and supported the Clean Heat Standard in  
8 Senate Bill ("SB") 21-264, which establishes a comprehensive strategy for  
9 transitioning natural gas for a low-carbon future with equitable cost protections for  
10 customers. In our Pipeline System Integrity Adjustment Extension proceeding filed  
11 in 2021,<sup>2</sup> the Company discussed its multi-faceted approach to reducing  
12 greenhouse gas ("GHG") emissions from the natural gas delivery business,  
13 including our distribution network and transmission, storage and processing  
14 operations, the natural gas that we purchase, and by working with customers to  
15 encourage choices that reduce their own carbon dioxide emissions. Finally, on  
16 November 1, 2021 Xcel Energy announced its Net-Zero Vision for Natural Gas,<sup>3</sup>  
17 making Xcel Energy the only major U.S. energy provider to announce a  
18 comprehensive vision with aggressive goals for reducing GHG emissions across  
19 three large sectors of the economy: electricity, transportation, and natural gas use  
20 in buildings.

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<sup>1</sup> See *SEPA Utility Carbon Reduction Tracker* at <https://sepapower.org/utility-transformation-challenge/utility-carbon-reduction-tracker/>

<sup>2</sup> Proceeding No. 21A-0071G.

<sup>3</sup> Xcel Energy's Net-Zero Vision for Natural Gas report is available at [Net-Zero-Vision-for-Natural-Gas.pdf \(xcelenergy.com\)](https://www.xcelenergy.com/Net-Zero-Vision-for-Natural-Gas.pdf).

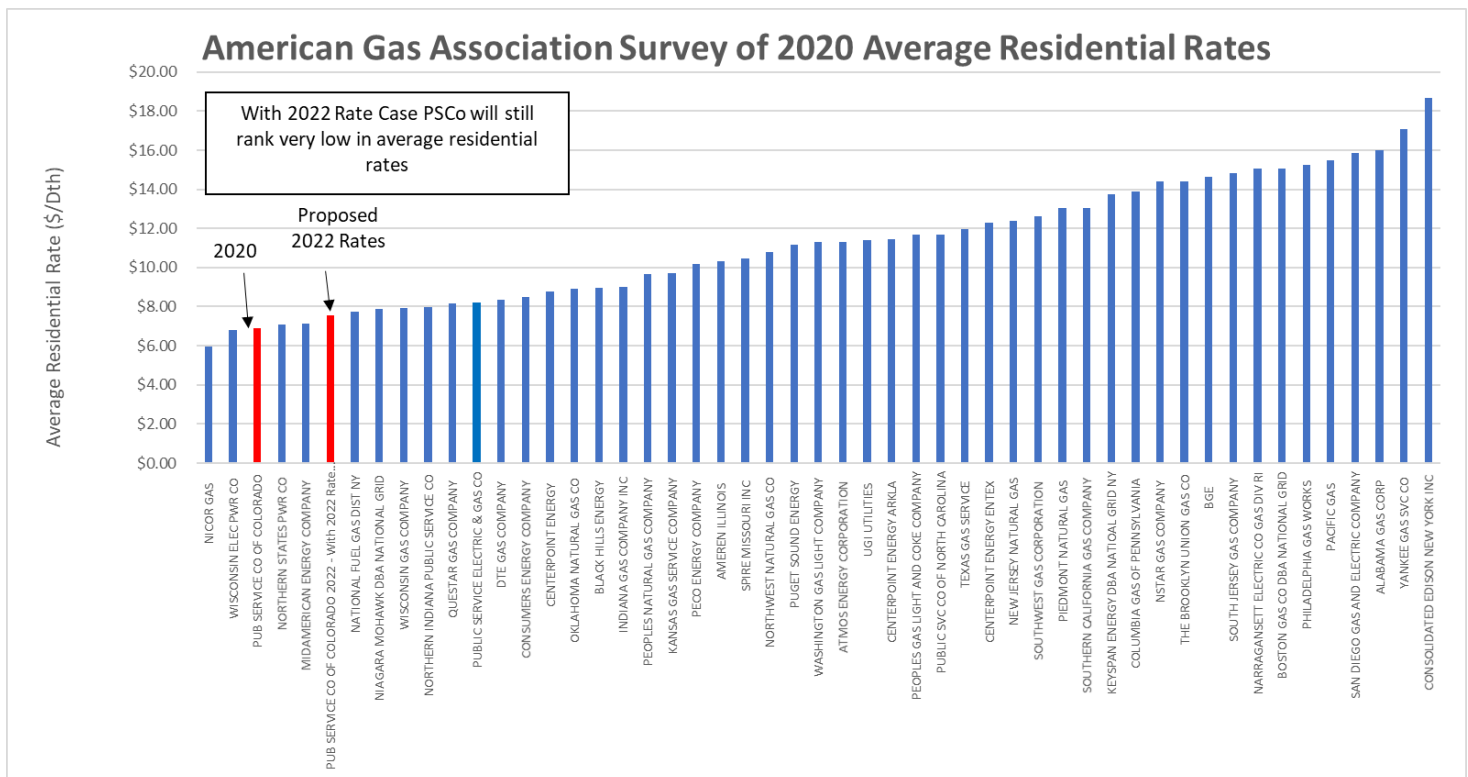
1           The new clean natural gas commitment builds on Xcel Energy's 2018 vision  
2           to deliver carbon-free electricity by 2050 and our 2020 pledge to power 1.5 million  
3           electric vehicles in our service area by 2030. These prior Xcel Energy  
4           commitments and goals have been recently supported by the Commission through  
5           the approval of the Colorado Energy Plan in September 2018, approval of our  
6           inaugural Transportation Electrification Plan in December 2020, and consideration  
7           of our 2021 Electric Resource Plan & Clean Energy Plan and associated Power  
8           Pathway transmission project.

9           As a net-zero utility provider and under our clean energy vision for our  
10          natural gas service, we are at the forefront of implementing and evaluating plans  
11          for reducing methane emissions, including purchasing natural gas from suppliers  
12          with certified low emissions and continuing to improve our natural gas delivery  
13          system to achieve net-zero methane emissions by 2030. We also plan to offer  
14          customers new and expanded programs to reduce carbon emissions from their  
15          own natural gas use. In Colorado, we are launching a series of pilot programs to  
16          test renewable natural gas, smart electric water heaters, and air source heat  
17          pumps with customers, as well as testing the blending of hydrogen in our Local  
18          Distribution Company ("LDC") gas system. Altogether, across Xcel Energy's  
19          natural gas utility footprint, we have a net goal to reduce all GHG emissions  
20          associated with the supply, delivery, and use of natural gas 25 percent by 2030  
21          (from 2020 levels), an important milestone toward the vision of delivering net-zero  
22          gas service by 2050.



Xcel Energy is leading the clean energy transition while keeping bills low. Based on information assembled by the American Gas Association for 2020, Public Service gas customers enjoy the 3rd lowest average rates in the country. Gas customers in Xcel Energy's Northern States Power service area enjoy the 4th lowest average rates in the country. And, as shown in the Figure below, Public Service's average Residential gas rates will remain very low among average residential rates across the country if our proposals in this rate case are approved. The affordability of our rates is significant, given that Public Service is one of the largest LDCs in the country by sales volume and by number of customers.

#### Residential Average Rate Comparison of Gas Utilities



This rate case sets the financial foundation upon which we will pursue near-term LDC clean energy actions, which will be reviewed by the Commission in our

1 first Clean Heat Plan filing in 2023. In advance of our first Clean Heat Plan, it is  
2 important for the Commission to understand the nature of current investment  
3 needs on our LDC system, to ensure base rates appropriately reflect the cost of  
4 providing natural gas service to our customers, and to determine appropriate  
5 ratemaking authorizations in consideration of our changing risk profile.

6 Evaluating our costs of providing reliable, increasingly clean, and affordable  
7 natural gas service not only requires evaluating capital invested and costs incurred  
8 since the Company's last gas rate case<sup>4</sup> but also, and importantly for the  
9 advancement of Colorado's clean energy goals, the activities and costs incurred  
10 during the rate effective period (i.e., the period from the effective date of rates  
11 established in this proceeding until Public Service's next Phase I gas rate case).  
12 Simply put, our *forward-looking* plans for clean energy on our natural gas system  
13 need to be supported by current and *forward-looking* cost recovery and ratemaking  
14 policy that enables the robust clean heat activities contemplated by statute.

15 This is particularly important because recent Colorado environmental  
16 legislation does not contemplate the natural gas system going away; rather, the  
17 legislation speaks to a series of additional actions, including expanding energy  
18 efficiency investments from gas utilities; setting emissions reduction targets for gas  
19 utilities; exploring new investments to support the development of renewable  
20 natural gas, hydrogen, and other technologies on the natural gas system; and  
21 encouraging beneficial electrification, among others.

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<sup>4</sup> Proceeding No. 20AL-0049G, a combined Phase I and Phase II gas rate case.

1           At this time, there are no viable, at-scale, alternatives to natural gas use  
2           that both reduce emissions and still provide customers with the energy they require  
3           to stay safe and comfortable in their homes and reliably operate their businesses.  
4           In particular, home and space heating in our cold climates is a critical service  
5           delivered by our gas supply. With a vast amount of energy delivered to homes  
6           and businesses throughout the State, and demand for gas continuing, it is very  
7           difficult to replace natural gas altogether. Existing technologies are still challenged  
8           by many limitations without current solutions, and it is also important to recognize  
9           that full electrification would require significant build out of the electric system,  
10          which is likely to be a costly transition for customers. Maintaining the safety and  
11          reliability of the system while proactively piloting new technology and implementing  
12          customer programs is a leading climate strategy for the State and for Public  
13          Service.

14



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**LIST OF ATTACHMENTS**

Attachment BAT-1	Introduction of Company Witnesses
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**BEFORE THE PUBLIC UTILITIES COMMISSION  
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**DIRECT TESTIMONY AND ATTACHMENT OF BROOKE A. TRAMMELL**

**I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Brooke A. Trammell. My business address is 1800 Larimer Street,  
Denver, Colorado 80202.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

A. I am employed by Xcel Energy Services Inc. ("XES") as Regional Vice President,  
Rates and Regulatory Affairs. XES, which is a wholly owned subsidiary of Xcel  
Energy Inc. ("Xcel Energy"), provides an array of support services to Public Service  
Company of Colorado ("Public Service" or the "Company") and the other utility  
operating company subsidiaries of Xcel Energy on a coordinated basis.

1    **Q.    ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

2    A.    I am testifying on behalf of Public Service.

3    **Q.    PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.**

4    A.    As Regional Vice President, Rates and Regulatory Affairs, I am responsible for  
5       providing leadership, direction, and technical expertise related to regulatory  
6       processes and functions for Public Service. My duties include the design and  
7       implementation of Public Service's regulatory strategy and programs, as well as  
8       the direction and supervision of Public Service's regulatory activities, including  
9       oversight of rate filings, administration of regulatory tariffs, rules and forms,  
10      regulatory case direction and administration, compliance reporting, and complaint  
11      responses. I have previously testified as a policy witness on behalf of Public  
12      Service in numerous proceedings before the Colorado Public Utilities Commission  
13      ("Commission"). A more detailed description of my qualifications, duties, and  
14      responsibilities is set forth in my Statement of Qualifications at the conclusion of  
15      my Direct Testimony.

16   **Q.    ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT**  
17   **TESTIMONY?**

18   A.    Yes, I am sponsoring Attachment BAT-1: Introduction of Company Witnesses.

19   **Q.    PLEASE INTRODUCE THE OTHER PUBLIC SERVICE WITNESSES**  
20   **SUPPORTING THE COMPANY'S REQUESTS IN THIS PROCEEDING AND**  
21   **DESCRIBE THEIR AREAS OF TESTIMONY.**

22   A.    In addition to my Direct Testimony, Public Service is presenting the Direct  
23   Testimonies of 22 other witnesses in support of the Phase I and Phase II proposals

1 in this case. A listing of our witnesses, along with a description of their areas of  
2 testimony, is contained in Attachment BAT-1 to my Direct Testimony.

3 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

4 A. In support of our combined Phase I (revenue requirement) and Phase II (rate  
5 design) gas rate case filing and requests of the Commission, I provide an overall  
6 policy discussion of Xcel Energy's clean energy leadership and net-zero  
7 greenhouse gas emissions ("GHG") vision, as well as a discussion of the evolving  
8 state of our local distribution company ("LDC"), both of which necessitate the filing  
9 of this case and support the framework of our requests. In that regard, I also  
10 provide a brief overview of Public Service and its gas business, discuss the  
11 transition of cost recovery related to our natural gas department and Public  
12 Service's changing risk profile, and address why we are filing a combined gas rate  
13 case at this time. In this case, Company witness Mr. Steven P. Berman is the lead  
14 Phase I policy witness and Company witness Mr. Steven W. Wishart is the lead  
15 Phase II policy witness. Together, they detail the overall framework of this  
16 combined Phase I and Phase II gas rate case, further support the Company's  
17 requests in this case, and provide the Phase I and Phase II recommendations of  
18 the Company.

19

## **II. THE RELATIONSHIP BETWEEN A CLEAN HEAT FUTURE AND THE COMPANY'S RATE REQUEST**

**Q. AT A HIGH LEVEL, WHAT IS THE RELATIONSHIP BETWEEN A CLEAN HEAT FUTURE AND THE COMPANY'S RATE REQUEST?**

A. With Clean Heat activities comes a new cadence of regulatory reviews and – likely – a new cadence of rate cases. Public Service is one of the nation’s largest LDC systems yet has the third lowest average rates in the country, based on information assembled by the American Gas Association for 2020. We are therefore well-positioned to accomplish important clean heat activities while ensuring affordability for our customers. However, it is also important to ensure the overall financial health of our Company is supported before and through the multi-year clean heat transition that lies before us. Our existing rates do not cover our current cost of providing service, and Public Service continues to earn far below our authorized return, largely because today’s rates reflect the cost and investments on our system from three years ago. The requests in this proceeding will enable us to arrive at the starting line of the Clean Heat transition on appropriate footing.

But the Clean Heat transition does not amount to a complete a transition away from the natural gas system. Indeed, recent Colorado environmental legislation does not provide for the natural gas system to go away; rather, the legislation speaks to a series of other actions by gas utilities to accomplish clean heat targets on our systems. To support these clean heat actions, new regulatory processes related to gas infrastructure planning will likely be established to

1 facilitate review of our gas system, customer demand, and infrastructure  
2 investments on defined schedules.

3 Our successful Clean Heat future will be one that is supported in partnership  
4 by our customers, communities, intervenors, and the Commission. This rate case  
5 and the establishment of current cost recovery is important now, and will continue  
6 to be essential in order to enable our overall Net-Zero Vision.

7 **Q. WHAT IS XCEL ENERGY'S NET-ZERO VISION?**

8 A. The Net-Zero Vision is the most recent illustration of Xcel Energy's leadership in  
9 the clean energy transition over the last 15+ years. In addition to our vision to  
10 provide 100 percent carbon-free electricity to customers by 2050, Xcel Energy has  
11 committed to becoming an overall net-zero energy company by 2050, while  
12 keeping service reliable and customer bills low. This makes Xcel Energy the only  
13 major U.S. energy provider to announce a comprehensive vision with aggressive  
14 goals for reducing GHG emissions across three large sectors of the economy:  
15 electricity, transportation, and natural gas use in buildings.

16 This Vision focuses on achieving a net 25 percent reduction in greenhouse  
17 gas emissions across the natural gas supply chain by 2030 (compared to 2020  
18 levels). This goal envisions changes across the natural gas supply chain, including  
19 100 percent certified natural gas from our suppliers and net-zero methane  
20 emissions from our delivery system by 2030. Mr. Lyng outlines our Net-Zero Vision  
21 in more detail in his Direct Testimony.



1 **Q. DOES XCEL ENERGY'S NET-ZERO VISION BUILD ON PRIOR CLEAN**  
2 **ENERGY COMMITMENTS AND COMMISSION-APPROVED PROGRAMS?**

3 A. Yes. The new clean natural gas commitment builds on Xcel Energy's 2018 vision  
4 to deliver 100 percent carbon-free electricity to customers by 2050, with an interim  
5 goal of reducing emissions 80 percent by 2030, as well as our 2020 pledge to  
6 power 1.5 million electric vehicles in our service area by 2030. These prior Xcel  
7 Energy commitments and goals have largely been supported by the Commission  
8 through the approval of the Colorado Energy Plan in September 2018,<sup>5</sup> our  
9 inaugural Transportation Electrification Plan in December 2020,<sup>6</sup> and  
10 consideration of our Clean Energy Plan filed in March 2021.<sup>7</sup>

11 **Q. WITH RESPECT TO NATURAL GAS SERVICE, HOW WILL XCEL ENERGY**  
12 **ACCOMPLISH BECOMING AN OVERALL NET-ZERO COMPANY?**

13 A. The goal envisions changes across the natural gas supply chain. Under our clean  
14 energy vision for natural gas, we will accelerate plans for reducing methane  
15 emissions, including purchasing natural gas only from suppliers with certified low  
16 emissions and continuing to improve our natural gas delivery system to achieve  
17 net-zero methane emissions by 2030. We also plan to offer customers new and  
18 expanded programs to reduce carbon emissions from their own natural gas use.<sup>8</sup>  
19 We are also launching a series of pilot programs to test renewable natural gas,

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<sup>5</sup> Decision No. C18-0761 in Proceeding No. 16A-0396E.

<sup>6</sup> Decision No. C21-0017 in Proceeding No. 20A-0204E.

<sup>7</sup> Proceeding No. 21A-0141E.

<sup>8</sup> As discussed in more detail by Mr. Lyng, those programs will include support for both conserving natural gas and others that will encourage electric heating and low-carbon gas alternatives, including hydrogen and renewable natural gas.

1 smart electric water heaters, and air source heat pumps with customers, as well  
2 as testing the blending of hydrogen in our LDC system. Altogether, we expect to  
3 reduce all GHG emissions associated with the supply, delivery, and use of natural  
4 gas 25 percent by 2030 from 2020 levels, an important milestone towards the  
5 vision of delivering net-zero gas service by 2050.

6 **Q. IS XCEL ENERGY'S NET-ZERO COMMITMENT ALIGNED WITH STATE**  
7 **POLICY REGARDING EMISSIONS REDUCTIONS IN BUILDINGS?**

8 A. Yes. Xcel Energy's Net-Zero commitment is aligned with Colorado's Clean Heat  
9 legislation,<sup>9</sup> as further discussed below and by Mr. Lyng in his Direct Testimony.  
10 We also received positive feedback from Colorado Governor Jared Polis, who  
11 stated the following regarding our November 1, 2021 net-zero announcement:<sup>10</sup>

12 This exciting new commitment by Xcel Energy represents a major  
13 step forward that will support Colorado in achieving our state's  
14 climate goals and illustrates how Colorado is encouraging the  
15 innovation and collaboration needed to foster a clean economy. Xcel  
16 Energy's aggressive, forward looking plans for clean energy are  
17 welcomed news.

18 We received similar feedback from the Rocky Mountain Institute ("RMI"),<sup>11</sup>  
19 which noted that "RMI supports Xcel Energy's desire to reduce its methane  
20 intensity by sourcing certified natural gas from transparent, independent  
21 certification programs such as MiQ, and carefully monitoring methane emissions  
22 in its distribution system. RMI will continue to work with regulators to ensure that  
23

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<sup>9</sup> Senate Bill ("SB") 21-264.

<sup>10</sup> [Xcel Energy Commits to Net-Zero Carbon Goal By 2050 | Xcel Energy](#)

<sup>11</sup> Lara Owens, Manager, Climate Intelligence, <https://www.power-eng.com/gas/xcel-unveils-plan-for-net-zero-natural-gas-by-2050/#gref>

1 utilities can appropriately recover costs for delivering gas with a lower climate  
2 impact to their consumers.”

3 Additionally, the International Brotherhood of Electrical Workers Local 111<sup>12</sup>  
4 provided the labor perspective, stating that “Xcel Energy’s announcement offers a  
5 realistic long-term vision to achieving a clean energy future, while creating new  
6 opportunities to modernize clean infrastructure and unlock new technologies that  
7 will maintain and create high quality jobs.”

8 **Q. PLEASE DISCUSS HOW XCEL ENERGY’S NET-ZERO COMMITMENT IS**  
9 **ALIGNED WITH COLORADO’S CLEAN HEAT LEGISLATION.**

10 A. Senate Bill 21-264, also known as Clean Heat, is first-of-its-kind legislation  
11 designed to provide a comprehensive yet flexible framework to begin the process  
12 of reducing emissions from gas utility transmission and distribution operations as  
13 well as customer emissions. Under Clean Heat, each utility is required to file a  
14 Clean Heat Plan, outlining the measures that will be undertaken to meet the Clean  
15 Heat emissions reductions, or clean heat targets. SB 21-264 requires the  
16 Commission to adopt rules relating directly to Clean Heat Plans themselves, while  
17 House Bill (“HB”) 21-1238 requires the Commission to revise its Demand-Side  
18 Management (“DSM”) rules.<sup>13</sup> As discussed in more detail by Mr. Lyng in his Direct  
19 Testimony, our Net-Zero Vision aligns with the Clean Heat framework and expands

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<sup>12</sup> Rich Meisinger, Jr., Business Manager, IBEW Local 111,  
<https://www.businesswire.com/news/home/20211101005347/en/>

<sup>13</sup> On October 1, 2021, the Commission issued Decision No. C21-0610, which opened Proceeding No. 21R-0449G, the Notice of Proposed Rulemaking relating to gas utility planning and implementing SB 21-264 regarding Clean Heat Plans and HB 21-1238 regarding DSM (the “CHP NOPR”). Public Service is actively participating in this docket and supported both the underlying legislation and the development of Clean Heat Plans.

1 upon it by: (1) including targets on methane emissions reductions; (2) setting net  
2 reduction targets beyond 2030; and (3) pursuing net-zero GHG emissions  
3 throughout Xcel Energy's multi-state gas utility footprint in the Upper Midwest, as  
4 well as Colorado.

5 **Q. DO EITHER THE CLEAN HEAT STANDARD OR XCEL-ENERGY'S NET-ZERO**  
6 **VISION INCLUDE A FUTURE WITHOUT THE INFRASTRUCTURE THAT**  
7 **CURRENTLY SUPPORTS NATURAL GAS SERVICE?**

8 A. No. As I've discussed above, neither Clean Heat standards nor Xcel Energy's Net-  
9 Zero Vision contemplate the natural gas system going away; rather, both are  
10 dependent upon the continued availability of the Company's natural gas system.<sup>14</sup>  
11 Rather, they speak to a series of actions including expanding energy efficiency  
12 investments from gas utilities; setting emissions reduction targets for gas utilities;  
13 exploring new investments to support the development of renewable natural gas,  
14 hydrogen, and other technologies on the natural gas system; and encouraging  
15 beneficial electrification, among others.

16 Furthermore, at this time, there are no viable, at-scale, alternatives to  
17 natural gas use that both reduce emissions and still provide customers with the  
18 energy they require to stay safe and comfortable in their homes and reliably  
19 operate their businesses. In particular, home and space heating in our cold  
20 climates is a critical service delivered by our gas supply. With a vast amount of  
21 energy delivered to homes and businesses throughout the State, and demand for

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<sup>14</sup> Mr. Lyng and Company witness Mr. Luke A. Litteken also discuss the continued need for our natural gas system in their Direct Testimonies.

1 gas continuing, it is very difficult to replace natural gas altogether. While existing  
2 technologies are still challenged by many limitations without current solutions, it is  
3 also important to recognize that full electrification will require significant build out  
4 of the electric system, which may be a costly transition for customers. Maintaining  
5 the safety and reliability of the system while piloting new technology and  
6 implementing customer programs is a leading climate strategy for the State and  
7 for Public Service.

8 In summary, we do not believe it is either required or appropriate to change  
9 the pace of investment in the LDC, which is needed to meet the demands of our  
10 customers and deliver safe and reliable service. To the contrary, as long as  
11 customers continue to use and request natural gas, we have the responsibility to  
12 invest in the reliability, resiliency, and safety of the system, while at the same time  
13 transitioning to a clean heat future.

14 **Q. IS THIS RATE CASE INTENDED TO ADDRESS PURSUIT OF CLEAN HEAT**  
15 **TARGETS AND XCEL ENERGY'S NET-ZERO VISION?**

16 A. No; this case is intended to set the financial foundation upon which we will pursue  
17 important, near-term LDC clean energy actions, which will be reviewed by the  
18 Commission in our first Clean Heat Plan filing in 2023.<sup>15</sup> In advance of our first  
19 Clean Heat Plan, we need to ensure base rates appropriately reflect the cost of  
20 providing natural gas service to our customers and that ratemaking authorizations

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<sup>15</sup> Senate Bill 21-264 established requirements for gas distribution utilities to file "clean heat plans" outlining how tools like energy efficiency, leak reduction, methane recovery and development of biomethane and hydrogen resources will reduce emissions. Public Service's first Clean Heat Plan is to be filed by August 1, 2023 and must outline how the statutory GHG emissions reduction of four percent (from a 2015 baseline) will be accomplished by 2025.

1 appropriately consider our changing risk profile. The main driver of the requested  
2 change in base rate revenue requested in this proceeding is our gas department's  
3 base annual capital spend of approximately \$400 to \$450 million per year. Each  
4 year, we spend approximately this amount for safety, reliability, new business, and  
5 mandatory relocations. Since current rates reflect investment levels from  
6 September 2019, over three years will pass by the time new rates from this  
7 proceeding take effect.<sup>16</sup>

8 Evaluating our costs of providing reliable, increasingly clean, and affordable  
9 natural gas service not only includes evaluating capital invested and costs incurred  
10 since the Company's last Phase I gas rate case but also, and importantly for the  
11 advancement of Colorado's clean energy goals, the activities and costs incurred  
12 during the rate effective period (i.e., the period from the effective date of rates  
13 established in this proceeding until Public Service's next Phase I gas rate case).  
14 Simply put, it is reasonable for Public Service to recover the capital invested over  
15 the course of three years, and our forward-looking plans for clean energy on our  
16 natural gas system need to be supported by forward-looking cost recovery and  
17 ratemaking policy that enables the robust clean heat activities contemplated by  
18 statute.<sup>17</sup>

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<sup>16</sup> The test year established in the Company's 2020 gas rate case, Proceeding No. 20AL-0049G ("2020 Combined Gas Rate Case") included capital balances as of December 31, 2019, with a known and measurable post-test year adjustment for the annualized revenue requirement associated with the Tungsten-to-Blackhawk capital gas pipeline project investment as of April 30, 2020 ("2019 HTY"). See Decision No. R20-0673 (mailed Sept. 22, 2020) at ¶51.

<sup>17</sup> See, e.g., HB 21-1238 (DSM generally). See also § 40-3.2-108(5)(a), C.R.S. (removal of fuel-switching incentive prohibition from DSM rules); and § 40-3.2-103(5)(b), C.R.S. (gas decoupling).

1   **Q.   HOW HAS THE RISK PROFILE OF PUBLIC SERVICE CHANGED?**

2   A.   Our risk profile has changed in multiple ways. The elimination of the Pipeline  
3       System Integrity Adjustment (“PSIA”) rider mechanism formerly available to  
4       support our safety and integrity investments places Public Service in a position of  
5       increased risk as integrity investments, which are critical to the continued safe and  
6       reliable operation of our system, will now be recovered in the normal course of  
7       business.<sup>18</sup> Between 2019 and 2021, the PSIA represented between  
8       approximately 34 percent and 38 percent of the Company’s total annual Gas  
9       capital investments. Absent the use of more forward-looking test years and  
10      ratemaking authorizations like those proposed in this case, that change in our  
11      Company’s risk profile will generally not be mitigated and likely result in an  
12      increase in the frequency of Public Service’s gas rate cases.

13           Further, clean heat activities will include programs to assist customers to  
14      reduce their emissions through energy efficiency, conservation, fuel switching, and  
15      beneficial electrification. Given the size of our gas business, Public Service’s risk  
16      profile increases as these activities, while important to accomplish the State’s  
17      clean energy goals, may result in revenue erosion and pressure on the Company’s  
18      financial metrics. Additionally, as natural gas usage is converted to electric usage,  
19      Public Service’s existing electric revenue decoupling mechanism would return

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<sup>18</sup> See Decision No. C21-0715 (“PSIA Decision”) in Proceeding No. 21A-0071G (“PSIA Extension Proceeding”) which approved the Comprehensive Settlement Agreement submitted in that case (“2021 PSIA Settlement”). As further discussed by both Mr. Freitas and Mr. Berman, as a result of the PSIA Decision and the 2021 PSIA Settlement, the PSIA rider was closed to new investment as of December 31, 2021, and 2022 PSIA costs are included in a separate PSIA Deferral mechanism. The PSIA rider was terminated effective December 31, 2021, and PSIA investment through December 31, 2021 is now reflected in the GRSA-P established effective January 1, 2022.



1 additional revenue to electric customers without a corresponding consideration of  
2 the cost impact of transferring that natural gas load to the electric system. These  
3 pressures can reasonably be expected, so it is important for the Commission to  
4 consider their implications in this proceeding, as the evaluation of the Company's  
5 appropriate return on equity is a forward-looking exercise.

6 **Q. DO YOU VIEW THIS RATE CASE AS FACILITATING A TRANSITION TO THE**  
7 **COMPANY'S FIRST CLEAN HEAT PLAN FILING?**

8 A. Yes. Between now and our first Clean Heat Plan filing in 2023, the Commission is  
9 on an aggressive timeline to develop gas planning rules and, as directed by state  
10 statute, adopt Clean Heat Plan rules by December 1, 2022. There are a number  
11 of additional activities that will be undertaken in compliance with SB 21-264 and  
12 other recent environmental legislation in the meantime, including the filing of  
13 strategic issues proceedings with the Commission,<sup>19</sup> and an Air Quality Control  
14 Commission ("AQCC") rulemaking to establish recovered methane protocols and  
15 a crediting and tracking system for recovered methane in Colorado.<sup>20</sup>  
16 Furthermore, at least as proposed by the Commission in the Clean Heat NOPR,  
17 shortly after the promulgation of new Clean Heat rules, Public Service must  
18 prepare and submit our first gas plan and potentially subsequently our first Clean  
19 Heat Plan. The Company's proposals in that proceeding may provide all parties

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<sup>19</sup> House Bill 21-1238 (DSM Strategic Issues proceeding required to be filed by March 1, 2022) and SB 21-246 (Beneficial Electrification Strategic Issues proceeding required to be filed on or before April 1, 2024). The Company, as stated in its recently filed Unopposed Motion for a Variance and Extension of Time to File its Next DSM Strategic Issues Application filed in Proceeding No. 17A-0462EG, seeks to file a combined Beneficial Electrification and DSM Strategic Issues application on or before July 1, 2022.

<sup>20</sup> §25-7-105(1)(e)(X.4). The AQCC is required to adopt the rules no later than February 1, 2023.

1 the ability to focus resources on developing and implementing new regulatory  
2 structures, rather than potentially prosecuting one or more additional rates cases  
3 alongside those activities. Just as we believe the Commission desires to establish  
4 a cadence of gas planning and Clean Heat Plan filings, we emphasize that  
5 reasonable recovery frameworks and a reasonable recovery cadence need to co-  
6 exist and proceed on reasonable timelines as well.

7 **Q. HOW DO THE COMPANY'S PROPOSALS IN THIS COMBINED GAS RATE**  
8 **CASE SUPPORT ESTABLISHMENT OF REASONABLE RECOVERY**  
9 **FRAMEWORKS AND A REASONABLE RECOVERY CADENCE?**

10 A. As I mentioned earlier in my Direct Testimony, the Company's proposals in this  
11 combined gas rate case are presented by Mr. Berman (Phase I) and Mr. Wishart  
12 (Phase II). Mr. Berman explains that we are proposing a 2022 Current Test Year  
13 ("2022 CTY"), with cost recovery and revenue considerations proposed to be  
14 incorporated into our rebuttal case, combined with a 2022 capital true-up and a  
15 gas Phase I rate case stay-out into 2024.<sup>21</sup> With respect to the Phase II portion of  
16 the case, Mr. Wishart explains that the Company is proposing certain tariff and rate  
17 design changes. Mr. Wishart also supports a proposal to decouple certain gas  
18 sales customer classes as authorized by statute,<sup>22</sup> an important ratemaking policy  
19 to consider as fuel switching and beneficial electrification have been expressly  
20 encouraged by State law and Public Service faces a significant disincentive to

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<sup>21</sup> Mr. Berman presents the framework of the Company's Phase I request in his Direct Testimony, including the structure and policy basis for the proposed 2022 CTY and 2023 and 2024 capital step increases.

<sup>22</sup> The Company's decoupling proposal is addressed by Mr. Wishart in his Direct Testimony.

1 transfer gas load to decoupled electric residential and small commercial customer  
2 classes.

3 This overall framework establishes reasonable recovery for the core natural  
4 gas system investments that will be reviewed by the Commission and intervenors  
5 in this proceeding and will more appropriately reflect our cost of providing gas  
6 service in the rate effective period as compared to setting rates on a single  
7 historical test year period. Approval of the Company's 2022 CTY and 2023 and  
8 2024 capital step increase proposal, along with the stay-out provision, will provide  
9 Public Service a reasonable opportunity to recover its costs while potentially  
10 avoiding the filing of a gas rate case in 2023. This enables the opportunity for the  
11 Commission in the ongoing Clean Heat Plan NOPR to evaluate recovery proposals  
12 and determine an appropriate cadence for rate cases as gas utilities structure their  
13 gas planning and Clean Heat Plan filings.

1                   **III.    THE NEED FOR PUBLIC SERVICE’S GAS RATE CASE**

2   **Q.    WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?**

3   A.    In this section of my Direct Testimony, I discuss why Public Service is filing this  
4       rate case at this time, focusing on obligations set forth in recent Commission  
5       decisions; our capital investments and operations and maintenance (“O&M”)  
6       expenses incurred since the 2019 HTY in our 2020 Combined Gas Rate Case,  
7       that are necessary to deliver safe and reliable gas service, ensure a resilient  
8       system, and to align with Colorado’s GHG reduction goals; the conclusion of the  
9       PSIA rider and deferral; and other risks facing our Company.

10           I begin by providing a brief overview of Xcel Energy, as well as Public  
11       Service. With respect to Public Service, I also provide customer characteristics  
12       and information specific to our natural gas business. Mr. Litteken provides  
13       additional information specific to our natural gas business, including detail on our  
14       natural gas operational priorities.

15           I then turn to our obligations to file both a Phase I and a Phase II gas rate  
16       case or cases in the first quarter of 2022, which relates to other considerations  
17       such as the conclusion of the PSIA and the outcomes of our last stand-alone Gas  
18       Phase II proceeding, Proceeding No. 19AL-0309G (“2019 Gas Phase II”).

19           Finally, I discuss the need for this rate case. In addition to the financial  
20       need, this rate case is ultimately about the current costs needed to ensure the  
21       reliability, safety, and on-going affordability of the gas system, with a large majority

1 of the costs in the case tied to system investments made in the past few years and  
2 in the near-term future.

3 **A. Overview of Public Service and its Gas Business**

4 **Q. PLEASE PROVIDE AN OVERVIEW OF XCEL ENERGY.**

5 A. Xcel Energy is the parent holding company of four utility operating companies:  
6 Public Service; Northern States Power Company, a Minnesota corporation;  
7 Northern States Power Company, a Wisconsin corporation; and Southwestern  
8 Public Service Company, a New Mexico corporation.<sup>23</sup>

9 In total, through its four utility operating companies, which include Public  
10 Service, Xcel Energy provides retail service in portions of eight states: Colorado,  
11 Minnesota, Wisconsin, North Dakota, South Dakota, Michigan, Texas, and New  
12 Mexico. For many years now, the core utility business has represented about 99  
13 percent of Xcel Energy's total operating revenue. Xcel Energy has achieved  
14 efficiencies among the operations of its utility subsidiaries through XES, which is a  
15 centralized services company that provides and coordinates services and activities  
16 across Xcel Energy's four utility operating companies on an "at-cost" basis.

17 **Q. WHERE DOES PUBLIC SERVICE PROVIDE RETAIL GAS SERVICES WITHIN**  
18 **COLORADO?**

19 A. The Company's natural gas service territory is reflected on the map below. As  
20 discussed in more detail by Mr. Litteken, the Company operates facilities in 33 of

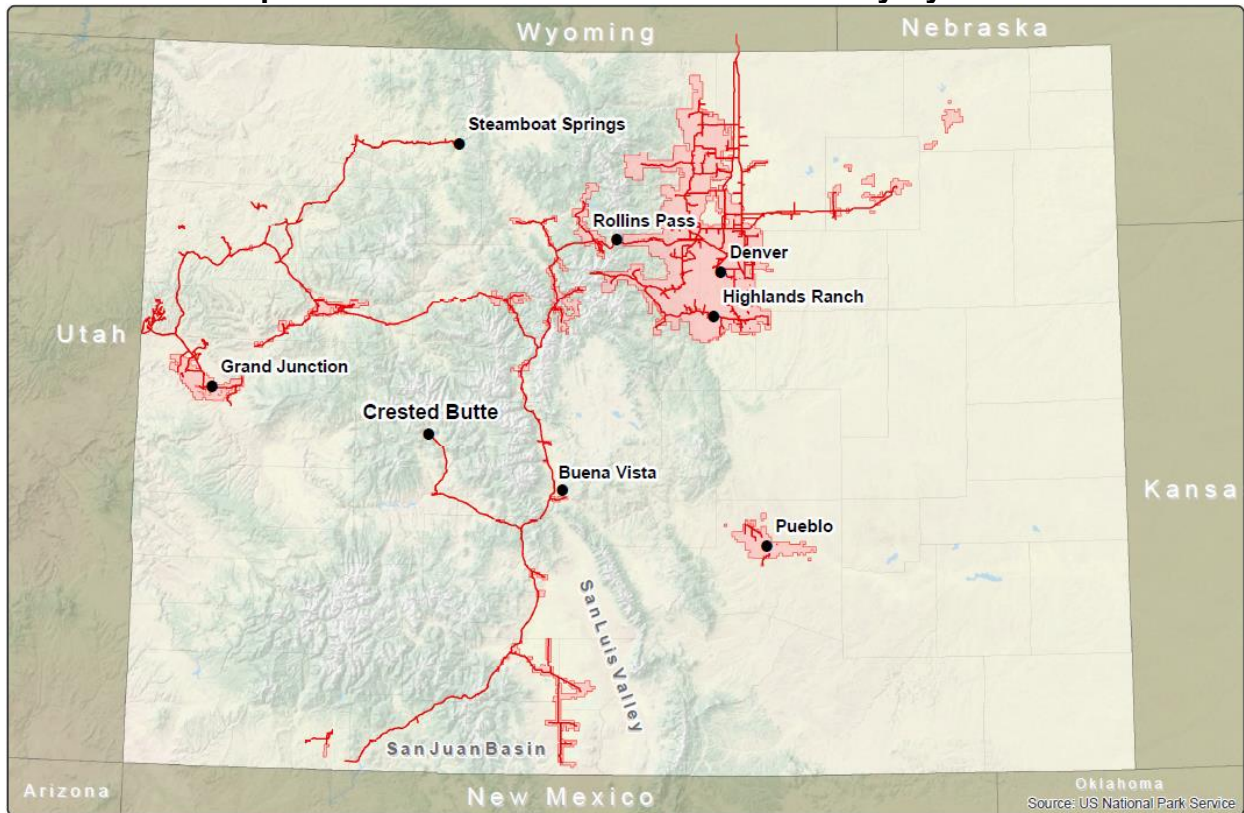
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<sup>23</sup> Xcel Energy also owns a small interstate pipeline company, WestGas Interstate, Inc. Through a subsidiary, Xcel Energy Transmission Holding Company, LLC, Xcel Energy also owns three transmission-only operating companies: Xcel Energy Southwest Transmission Company, LLC; Xcel Energy Transmission Development Company, LLC; and Xcel Energy West Transmission Company, LLC, all of which are regulated by the Federal Energy Regulatory Commission ("FERC").

the 64 counties within the State of Colorado. It is a diverse system, spanning rural, suburban, urban, and mountainous environments.

**Figure BAT-D-1**

**Map of Public Service's Natural Gas Delivery System**



**Q. PLEASE GENERALLY DESCRIBE PUBLIC SERVICE'S RETAIL NATURAL GAS SERVICE.**

A. Public Service is a combination electric, gas, and steam utility. Today, Public Service's gas operations distribute natural gas to approximately 1.4 million retail customers in the State of Colorado and also provide gas transportation services to

1 larger retail customers on the Company's natural gas system.<sup>24</sup> Sales service is  
2 the more traditional utility offering in that the Company both procures natural gas  
3 for customers and delivers, or distributes, this natural gas over its distribution  
4 system. Transportation customers acquire their own natural gas supplies from  
5 unregulated suppliers of their choice and arrange for the transportation of this  
6 product across Public Service's system within the State of Colorado. The  
7 Company then delivers the transportation customer's natural gas over its  
8 distribution system to the end-use customer.

9 **Q. PLEASE GENERALLY DESCRIBE THE CUSTOMER BASE FOR PUBLIC**  
10 **SERVICE'S GAS DEPARTMENT.**

11 **A.** Public Service's natural gas customer base is composed of residential customers,  
12 small and large commercial customers, customers using interruptible natural gas  
13 service, and a small group of customers using natural gas for decorative lighting.  
14 Residential customers are the largest group of customers in Public Service's  
15 natural gas system, accounting for over 92 percent of total customers in the 2022  
16 CTY. Residential usage accounts for nearly 45 percent of total gas  
17 volumes. Large Commercial gas sales and transportation customers account for  
18 over 27 percent of total usage, including fixed price contracts, while small  
19 Commercial gas sales and transportation customers account for over 20 percent  
20 of total usage. Customers accepting interruptible service account for about 8.63

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<sup>24</sup> Public Service also provides a small amount of gas transportation that is delivered at interconnections with interstate pipelines for subsequent delivery outside of Colorado. This activity is subject to the jurisdiction of FERC. Consequently, the Company's testimony and requests in this proceeding only address the Public Service retail natural gas, or intrastate, business, which is subject to the Commission's jurisdiction.



1 percent of total volumes. These customers are subject to curtailment of service  
2 during periods of high demand. The smallest customer group consists of a small  
3 number of customers with decorative natural gas lighting. This rate option is  
4 effectively closed to new customers.

5 **Q. IS PUBLIC SERVICE A LARGE EMPLOYER AND TAXPAYER IN THE STATE**  
6 **OF COLORADO?**

7 A. Yes. The Company's Gas Department employs approximately 624 employees to  
8 operate and manage the system, of which about 81 percent are bargaining  
9 employees. The Gas Department has also invested heavily in Colorado. As of  
10 December 31, 2022, the Company's gross gas plant is forecasted to be about \$7  
11 billion, and our net plant is forecasted to be about \$4.9 billion.<sup>25</sup> These numbers  
12 are inclusive of PSIA investment, as all property tax is collected through base  
13 rates. In addition, the Company also pays the most property tax of any business  
14 in Colorado. Public Service's property tax expense for calendar year 2022 is  
15 forecasted at approximately \$257.1 million, of which about \$64.3 million is  
16 attributable to the Gas Department.

17 **B. Phase I and Phase II Rate Case Filing Obligations**

18 **Q. PLEASE DISCUSS THE COMPANY'S OBLIGATIONS TO FILE A GAS PHASE**  
19 **I RATE CASE IN THE FIRST QUARTER OF 2022.**

20 A. The obligation to file a Phase I rate case arises from the 2021 Commission  
21 proceeding in which the Company sought to extend its PSIA rider for a final three-

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<sup>25</sup> Inclusive of unallocated common plant. The Gas Department portion of the unallocated common plant is approximately 29 percent of \$676 million net plant.

1 year term. Specifically, in 2021, the Company's PSIA rider was due to expire but  
2 was eligible for a final three-year extension. The PSIA rider was an important tool  
3 for the Company for a decade, as it provided for concurrent cost recovery of  
4 significant capital investments related to the safety and integrity of the Company's  
5 natural gas system, which were and continue to be mandated by the Pipeline  
6 Hazardous Materials Safety Administration of the United States Department of  
7 Transportation. Between 2012 and 2021, as the scope of the PSIA Rider changed,  
8 the PSIA Rider continued to provide concurrent cost recovery outside of rate  
9 cases.

10 On February 9, 2021, Public Service filed a Verified Application in  
11 Proceeding No. 21A-0071G, seeking to extend the PSIA rider, with the same  
12 previously-approved scope, for an additional and final three-year period from  
13 January 1, 2022 through December 31, 2024 ("PSIA Extension Proceeding"). The  
14 parties to that proceeding submitted Direct, Answer, and Rebuttal Testimony. Trial  
15 Staff of the Commission, the Colorado Energy Office and the Company ultimately  
16 entered into the 2021 PSIA Settlement by which the PSIA rider was ended on  
17 December 31, 2021.<sup>26</sup> The Company was permitted to defer costs that would  
18 otherwise have been within the scope of the PSIA rider solely for the period  
19 January 1, 2021 through December 31, 2021, for potential recovery in a Phase I  
20 rate case.

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<sup>26</sup> The Colorado Office of the Utility Consumer Advocate opposed the 2021 PSIA Settlement.

1           Particularly relevant to the timing of this Gas Phase I rate case, the parties  
2           to the PSIA Extension Proceeding also agreed in the 2021 PSIA Settlement that  
3           the Company would be required to file a Phase I rate case no later than March 31,  
4           2022.<sup>27</sup> The Commission accepted the comprehensive 2021 PSIA Settlement,  
5           including the obligation to file a Phase I rate case on or before March 31, 2022,  
6           through the PSIA Decision. Additionally, in accepting the 2021 PSIA Settlement  
7           Agreement the Commission also required the Company to address in its next  
8           Phase I rate case certain issues the Commission considered important to  
9           evaluating system integrity investments.<sup>28</sup> Below are the requests of the  
10          Commission, which Mr. Berman addresses in more detail, along with identification  
11          of responding Company witnesses:

- 12           a. An evaluation of “useful life,” and associated depreciation schedules,  
13           for various plant investment, which may differ significantly from  
14           material engineering life. The evaluation should include  
15           consideration of SB 21-264 and other recently-enacted state  
16           environmental laws, and the impact they may have on the  
17           Company’s ability to recover its investment in gas distribution and  
18           transmission infrastructure over time. These topics are addressed  
19           by Company witnesses Mr. Berman, Ms. Laurie J. Wold, and Mr.  
20           Litteken.
- 21           b. A 15-year projection of overall revenue requirements (*i.e.*, all  
22           revenues collected through rates, including base rates, riders, and  
23           rate adjustment mechanisms) and average residential rates under  
24           base case forecast assumptions delineated by the Company,  
25           submitted as a spreadsheet in MS Excel format to allow for different  
26           input assumptions to be applied by the spreadsheet user. This topic  
27           is addressed by Mr. Wishart.
- 28           c. An evaluation of the Company’s line extension policy, including  
29           appropriate construction cost allowances, to fully assess whether  
30           existing customers subsidize, or bear the risk of stranded costs

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<sup>27</sup> 2021 PSIA Settlement at §III.C.18.

<sup>28</sup> PSIA Decision, at p. 12.

1 associated with, new customer attachments. This topic is addressed  
2 by Mr. Berman and Mr. Wishart.

3 **Q. PLEASE DISCUSS THE COMPANY'S OBLIGATION TO FILE A GAS PHASE II**  
4 **RATE CASE IN THE FIRST QUARTER OF 2022.**

5 A. This obligation arises from the Settlement Agreement in the Company's 2019 Gas  
6 Phase II. As part of the Stipulation and Settlement Agreement in that proceeding  
7 ("2019 Gas Phase II Settlement"), the parties set forth a number of areas for future  
8 consideration in stakeholder processes, and further agreed that Public Service  
9 would be obligated to file its next Phase II gas rate case no later than August 1,  
10 2021.<sup>29</sup> The Commission approved the 2019 Gas Phase II Settlement by Decision  
11 No. R20-0046. Public Service subsequently filed an Unopposed Motion seeking  
12 a waiver from the Phase II rate case filing deadline, allowing the filing by December  
13 31, 2021. The Commission granted that request through Decision No. C21-0369.

14 However, in Decision No. C21-0716 (mailed date Nov. 12, 2021) in that  
15 same proceeding, the Commission subsequently amended Decision No. C21-  
16 0369 by its own motion, extending the deadline for Public Service to file a Phase  
17 II gas rate case to March 31, 2022, in order to harmonize the Phase I and Phase  
18 II gas rate case filing deadlines. The Commission further stated that "[i]n  
19 conjunction with the requirement in the [2021] PSIA Settlement Agreement to file  
20 a Phase I gas rate case by March 31, 2022, we direct Public Service to file a  
21 combined Phase I and Phase II gas rate case by March 31, 2022."<sup>30</sup> This rate

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<sup>29</sup> 2019 Gas Phase II Settlement at Paragraph E.15 at page 14. The parties also agreed to an LDC Stakeholder Process, which is discussed by Mr. Wishart in his Direct Testimony, and a Shipper Stakeholder Process, which is discussed by Company witness Ms. Susan L. Bailey in her Direct Testimony.

<sup>30</sup> Decision No. C21-0716 at p. 2, ¶5.

1 case filing satisfies the Commission's orders regarding a future combined gas rate  
2 case filing before March 31, 2022.

3 **C. The Need for this Case**

4 **Q. WHY IS THE COMPANY FILING THIS RATE CASE IN JANUARY RATHER**  
5 **THAN MARCH 2022?**

6 A. We recognize that while the Commission gave the Company the opportunity to file  
7 this rate case any time before March 31, 2022, there may be a preference that we  
8 file the case close to the end of the first quarter of the year due to other matters  
9 before the Commission and to delay rate increases to the extent possible.  
10 However, this rate case is necessary to maintain the financial health of the gas  
11 utility, enabling us to continue to be leaders of the clean energy transition and  
12 partner with the Commission to achieve clean heat goals for the State of Colorado.

13 **Q. PLEASE EXPLAIN THE FINANCIAL NEED FOR THE CASE.**

14 A. Public Service's last gas rate case, the 2020 Combined Gas Rate Case, was  
15 based on a test year comprised of the 12 months ended September 30, 2019, with  
16 a known and measurable post-test year adjustment for the Tungsten-to-Blackhawk  
17 gas pipeline project. Since that time, and as discussed in more detail by Mr.  
18 Berman and the other Company witnesses, it has been necessary for Public  
19 Service to continue making fundamental infrastructure investments to serve  
20 customers, consistent with our obligation to provide safe, reliable service while  
21 working to advance our vision for the future of the gas system. At the same time,  
22 the PSIA rider has expired and the PSIA deferral is only available for 2022 eligible

1 projects, meaning that we will not have a continuing recovery mechanism for  
2 mandated system integrity costs outside of base rates.<sup>31</sup>

3 As a result, we are experiencing a net base rate revenue deficiency of  
4 approximately \$107.1 million when comparing our 2022 CTY base rate revenue  
5 requirement to the revenue requirement from our 2019 HTY, not including the  
6 transfer of certain costs currently recovered through the GRSA-P to base rates.  
7 This deficiency derives largely from distribution and transmission plant  
8 investments. But at a high level, Public Service seeks rate relief to support its  
9 financial integrity and support the investments that are necessary now and in the  
10 next few years to serve our customers.

11 **Q. HOW DO PUBLIC SERVICE'S GAS DEPARTMENT'S REGULATED RETURNS**  
12 **COMPARE TO ITS AUTHORIZED RETURNS?**

13 A. Despite leading the nation in the clean energy transition and maintaining some of  
14 the lowest gas rates in the country, the Company has been unable to earn its  
15 authorized return on equity ("ROE") in the last decade. As shown on Table BAT-  
16 D-1 below, the Company last earned its authorized ROE in 2009:

---

<sup>31</sup> See the PSIA Decision and the 2021 PSIA Settlement.

1

**TABLE BAT-D-1:  
AUTHORIZED VS. EARNED RETURN COMPARISON**

<b>Year</b>	<b>PSCo Gas Authorized ROE</b>	<b>PSCo Gas Appendix A Earned ROE</b>
2009	10.25%	10.77%
2010	10.25%	9.16%
2011	10.10%	8.78%
2012	10.10%	7.23%
2013	9.72%	9.01%
2014	9.72%	7.59%
2015	9.50%	6.04%
2016	9.50%	7.34%
2017	9.50%	6.64%
2018	9.35%	8.49%
2019	9.35%	6.81%
2020	9.20%	8.78%

2

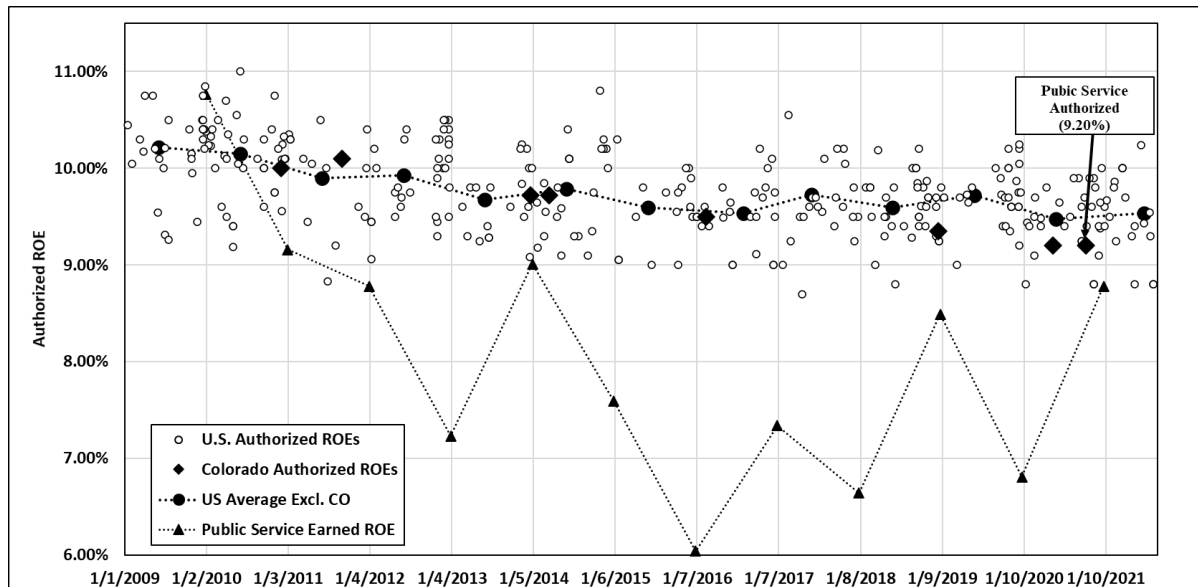
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5

Further, Chart BAT-D-1 shows the relationship among authorized returns for gas utilities across the country, authorized returns in Colorado, and the Company's earned return since 2009.

1 **Chart BAT-D-1:**  
**Comparison of Public Service Earned ROEs to Authorized and Average ROEs<sup>32</sup>**



2 **Q. IN ADDITION TO FUNDAMENTAL GAS SYSTEM SAFETY AND RELIABILITY**  
3 **INVESTMENTS, AND ENVIRONMENTAL EFFORTS, WHAT ADDITIONAL**  
4 **UTILITY OBLIGATIONS ARE DRIVING THE INVESTMENT NEEDS IN THIS**  
5 **CASE?**

6 **A.** As a vertically integrated natural gas utility provider, we are responsible for  
7 ensuring the safe, reliable and increasingly clean natural gas service our  
8 communities and customers need in their homes and businesses. To that end,  
9 much of this case pertains to fundamental investments to maintain a safe, reliable,  
10 and sound natural gas system that continues to heat our customers' homes and  
11 businesses. These include everyday gas system safety and reliability work, new  
12 customer connections, and mandated relocations as described by Company

<sup>32</sup> See Direct Testimony of Ms. Ann Bulkley at Figure AEB-D-2, with Public Service's earned ROE's added here.



1 witness Ms. Joni H. Zich; O&M investments in activities like Damage Prevention,  
2 leak identification and repair, integrity management, Gas Emergency Response,  
3 and other maintenance activities described by Company witness Ms. Lauren  
4 Gilliland; and other capital and O&M investments that are critical to run our  
5 business, compensate our employees, and maintain our infrastructure.

6 Additionally, our gas transmission infrastructure also serves other LDCs  
7 across the state. We have the ongoing obligation to meet the needs of our  
8 customers, plan for growth on the system, address changes in demand on the  
9 system that we may experience and, increasingly, evaluate and ensure the  
10 resiliency of our system. This includes both attending to aging infrastructure on  
11 our system, and working to ensure that our system provides adequate alternative  
12 paths for natural gas to reach our customers' homes and businesses in the event  
13 of destructive events such as wildfires and winter storms. As recent extreme  
14 weather-related events have shown, resiliency on the natural gas system is critical  
15 and remains an important focus area for our gas planning efforts as discussed in  
16 more detail by Mr. Litteken.

17 **Q. WHAT DOES THIS MEAN ABOUT THE NEED FOR THIS RATE CASE?**

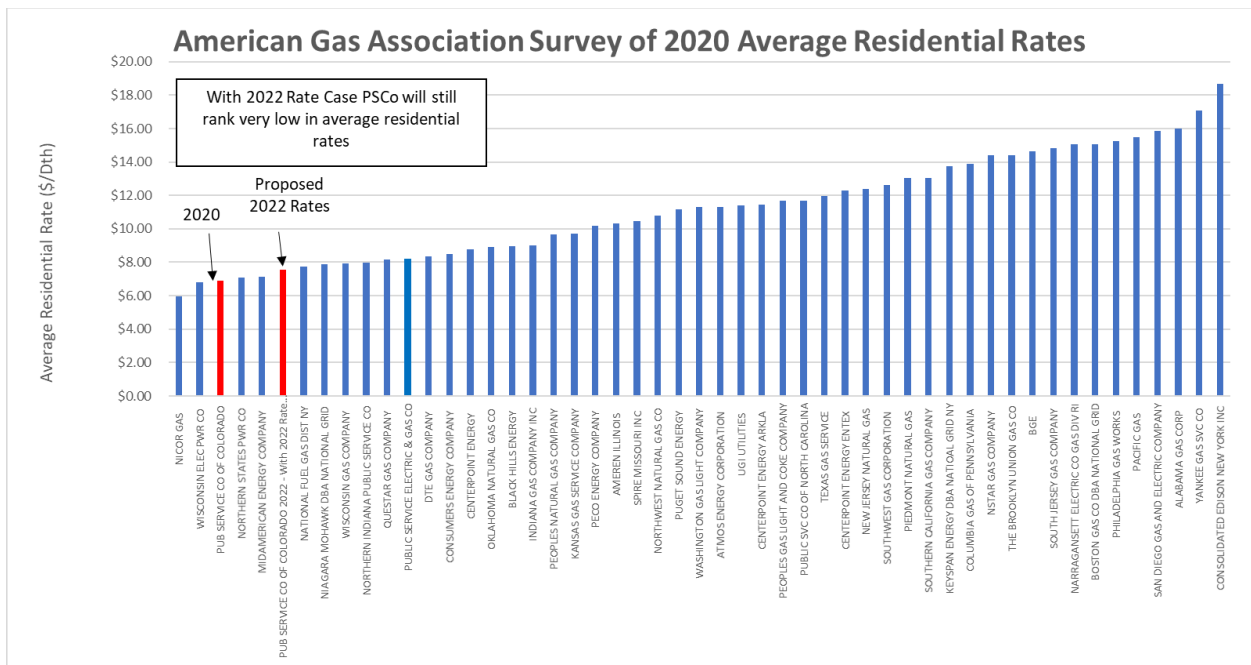
18 A. This rate case is ultimately about the current costs needed to ensure the reliability,  
19 safety, and on-going affordability of the gas system, with a large majority of the  
20 costs in the case tied to system investments made in the past few years and in the  
21 near-term future. They illustrate that our investments in this rate case are  
22 consistent with the future we envision, as they are helping to make our gas system  
23 even safer and more resilient and ready to support new heating technologies.

They are also helping to keep natural gas in the pipes where it belongs, reducing and avoiding methane emissions consistent with a key function of our natural gas business. Mr. Lyng and Mr. Litteken discuss our efforts in more detail in their Direct Testimonies.

**Q. ARE PUBLIC SERVICE'S NATURAL GAS RATES AFFORDABLE?**

A. Yes. Our residential natural gas rates are among the lowest in the nation. Even with the increases the Company seeks in this case, Public Service's residential rates will remain low compared to comparable utilities across the nation, as set forth in Figure BAT-D-2 below:

**Figure BAT-D-2:  
Residential Average Rate Comparison of Gas Utilities**



These below-average rates do not happen by accident – Public Service continuously searches for ways to control costs, as evidenced by the fact that our overall O&M expense levels have remained largely flat over the last decade while

1 capital investment has grown exponentially.<sup>33</sup> Maintaining affordable rates for  
2 customers is a high priority for the Company.

3 Overall, we have demonstrated for years, and continue to demonstrate, that  
4 it is appropriate and achievable for the utility to both recover its reasonable costs  
5 of providing clean, safe, reliable gas service and to keep bills low. In this case, we  
6 also seek a reasonable opportunity to earn our authorized return as we transition  
7 to a clean heat future.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 **A.** Yes, it does.

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<sup>33</sup> As evidenced by Company witness Mr. Arthur P. Freitas's Attachments APF-5 and APF-6 to his Direct Testimony, Public Service's capital investments have grown at approximately a 9 percent Compound Annual Growth Rate ("CAGR") over the past ten years, whereas the Company's O&M expense has grown by a 3.45 percent CAGR over that same time period.

**Statement of Qualifications**

**BROOKE A. TRAMMELL**

As the Regional Vice President of Rates and Regulatory Affairs, I am responsible for providing leadership, direction, and technical expertise related to regulatory processes and functions for Public Service. My duties include the design and implementation of Public Service's regulatory strategy and programs, and directing and supervising Public Service's regulatory activities, including oversight of rate cases and other related filings. Those duties include: administration of regulatory tariffs, rules, and forms; regulatory case direction and administration; compliance reporting; complaint response; and working with regulatory staffs and agencies. Additionally, I oversee the rate implementation procedures for all of Xcel Energy's utility operating companies.<sup>45</sup>

I accepted the Regional Vice President position with Public Service in June 2018 after holding the Director of Customer and Community Relations position in another Xcel Energy Inc. subsidiary, Southwestern Public Service Company, since June 2016. From January 2014 to June 2016, I was Manager, Rate Cases and was responsible for the strategic oversight of SPS's regulatory activity in Texas after being promoted from Case Specialist, the position in which I started with Xcel Energy in September 2012. As a Case Specialist, I supported SPS's proceedings before regulatory authorities in Texas and New Mexico as well as the Federal Energy Regulatory Commission and led SPS's participation and policy analysis in administrative rulemaking proceedings in all jurisdictions.

Prior to Xcel Energy, I was employed with PNMR Services Company, a wholly-owned subsidiary of PNM Resources, Inc., the parent holding company of Public Service Company of New Mexico and Texas-New Mexico Power Company. I held various roles

in the Pricing and Regulatory Services department including Rates Analyst II, Senior Rates Analyst and Project Manager, Federal Regulatory Affairs. In those positions, I provided cost of service, cost allocation, pricing, and rate design analysis to support general rate cases, audited rate calculations and filing packages, and managed regulatory filings and proceedings in the company's retail jurisdictions before managing PNM's regulatory proceedings before FERC and leading strategic regulatory and transmission policy initiatives.

I hold a Master of Business Administration degree from West Texas A&M University along with a Master of Arts degree in Economics with a specialization in Public Utility Regulation and a Bachelor of Science degree in Agricultural Economics and Agricultural Business from New Mexico State University.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

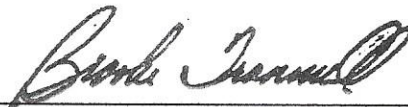
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IN THE MATTER OF ADVICE NO. 993-GAS )  
OF PUBLIC SERVICE COMPANY OF )  
COLORADO TO REVISE ITS COLORADO )  
PUC NO. 6-GAS TARIFF TO INCREASE )  
JURISDICTIONAL BASE RATE )  
REVENUES, IMPLEMENT NEW BASE ) PROCEEDING NO. 22AL-\_\_\_\_G  
RATES FOR ALL GAS RATE SCHEDULES, )  
AND MAKE OTHER PROPOSED TARIFF )  
CHANGES EFFECTIVE FEBRUARY 24, )  
2022 )

AFFIDAVIT OF BROOKE A. TRAMMELL  
ON BEHALF OF  
PUBLIC SERVICE COMPANY OF COLORADO

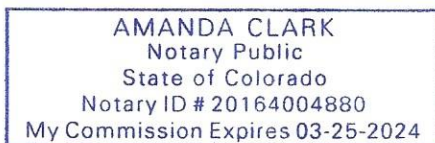
I, Brooke A. Trammell, being duly sworn, state that the Direct Testimony and attachments were prepared by me or under my supervision, control, and direction; that the Direct Testimony and attachments are true and correct to the best of my information, knowledge and belief; and that I would give the same testimony orally and would present the same attachments if asked under oath.

Dated at Denver, Colorado, this 24<sup>th</sup> day of January, 2022.



Brooke A. Trammell  
Regional Vice President, Rates and Regulatory  
Affairs

Subscribed and sworn to before me this 24<sup>th</sup> day of January, 2022.



  
Notary Public

My Commission expires 3/25/2024