

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

\* \* \* \* \*

IN THE MATTER OF THE VERIFIED )  
APPLICATION OF PUBLIC SERVICE )  
COMPANY OF COLORADO FOR )  
APPROVAL TO EXTEND THE ) PROCEEDING NO. 21A-XXXXG  
COMPANY'S PIPELINE SYSTEM )  
INTEGRITY ADJUSTMENT ("PSIA") )  
RIDER FOR CERTAIN PROJECTS )  
THROUGH 2024, WITH SUBSEQUENT )  
WIND-DOWN OF THE RIDER. )

**DIRECT TESTIMONY AND ATTACHMENT OF STEVEN W. WISHART**

**ON**

**BEHALF OF**

**PUBLIC SERVICE COMPANY OF COLORADO**

**February 9, 2021**

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**LIST OF ATTACHMENTS**

Attachment SWW-1	PSIA Bill Impact Analysis
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**GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
C&I	Commercial and Industrial
Commission	Colorado Public Utilities Commission
DIMP	Distribution Integrity Management Programs
Public Service or Company	Public Service Company of Colorado
PSIA	Pipeline System Integrity Adjustment
PSIA Extension	Requested Extension from January 1, 2022 through December 31, 2021
TIMP	Transmission Integrity Management Programs
XES	Xcel Energy Services Inc.
Xcel Energy	Xcel Energy Inc.

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**DIRECT TESTIMONY AND ATTACHMENT OF STEVEN W. WISHART**

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

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

3 A. My name is Steven W. Wishart. My business address is 1800 Larimer Street,  
4 Denver, Colorado 80202.

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

6 A. I am employed by Xcel Energy Services Inc. ("XES") as Director of Pricing and  
7 Planning. XES is a wholly owned subsidiary of Xcel Energy Inc. ("Xcel Energy"),  
8 and provides an array of support services to Public Service Company of Colorado  
9 ("Public Service" or the "Company") and the other utility operating company  
10 subsidiaries of Xcel Energy on a coordinated basis.

11 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?**

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

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

2 A. As the Director of Pricing and Planning, I am responsible for financial and policy  
3 analyses associated with the Company's electric, natural gas, and steam rates, in  
4 addition to the regular administration of the Company's electric, natural gas, and  
5 steam tariffs. My duties include quantitative analyses, cost allocation, rate design,  
6 and policy support on a number of state regulatory issues. A description of my  
7 qualifications, duties, and responsibilities is set forth after the conclusion of my  
8 Direct Testimony in my Statement of Qualifications.

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

10 A. The purpose of my Direct Testimony is to explain the cost allocation and rate  
11 design as related to the requested extension of the Pipeline System Integrity  
12 Adjustment ("PSIA") rider to allow for inclusion of incremental investment in the  
13 PSIA for another three calendar years, or from January 1, 2022 through December  
14 31, 2024 (the "PSIA Extension"). I also provide estimated bill impacts for the PSIA  
15 in 2022, 2023, and 2024 based on the Company's requests in this case.

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

18 A. Yes, I am sponsoring Attachment SWW-1, which is the PSIA Bill Impact Analysis.

1                   **II.    PSIA COST ALLOCATION AND RATE DESIGN**

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

3   A.    In this section of my Direct Testimony, I discuss cost allocation and rate design as  
4       related to the PSIA and the PSIA Extension.

5   **Q.    HOW IS THE PSIA CURRENTLY CALCULATED FOR EACH RATE SCHEDULE  
6       AND HOW ARE THE PSIA COSTS ALLOCATED?**

7   A.    Pursuant to the PSIA tariff, the PSIA is calculated for each rate schedule on a  
8       dollar per therm basis. In addition, for purposes of developing the annual PSIA  
9       rates, the PSIA is allocated based on the projected usage of each rate class during  
10      the relevant calendar year.

11 **Q.    IS IT APPROPRIATE THAT ALL RATE CLASSES AND CUSTOMERS ARE  
12       ALLOCATED A PORTION OF PSIA COSTS?**

13 A.    Yes. All customers are benefiting from the safety improvements that are being  
14      implemented through the PSIA, which includes both the Transmission Integrity  
15      Management Program (“TIMP”) and Distribution Integrity Management Program  
16      (“DIMP”). The Company’s natural gas system is fully integrated, with all portions  
17      of the system designed to operate together as a network. Thus, while some  
18      customers may utilize more or less of the distribution or transmission portions of  
19      the system, they still rely on the system as a whole, and conventional ratemaking  
20      tends towards evenly distributing costs to the extent possible.

1 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO THE METHOD OF RATE**  
 2 **DESIGN FOR THE PSIA DURING THE PSIA EXTENSION?**

3 A. No. Consistent with both the method used since inception of the first PSIA rider in  
 4 2012 and the class cost allocation, PSIA rates will continue to be designed as  
 5 simple volumetric charges. Because the rate design is consistent with the class  
 6 cost allocation, the result is PSIA rates that are the same for all customers in all  
 7 classes. I would also note that simple volumetric charges provide additional  
 8 motivation for customers to lower overall natural gas usage.

9 **Q. WHAT ARE THE FORECASTED PSIA RATES FOR THE 2022 THROUGH 2024**  
 10 **EXTENSION PERIOD?**

11 A. Based on the forecasted PSIA revenue requirements presented by Company  
 12 witness Mr. Steven P. Berman, and a forecast of sales volumes for 2022, 2023,  
 13 and 2024, I derived the following rate forecasts. Derivation of these rates is  
 14 included in Attachment SWW-D-1 to my Direct Testimony.

15 **Table SWW-D-1 – PSIA Rate Forecast**

	<b>2022</b>	<b>2023</b>	<b>2024</b>
RG	\$0.06019 /Therm	\$0.06667 /Therm	\$0.07299 /Therm
RGL	\$0.06019 /Therm	\$0.06667 /Therm	\$0.07299 /Therm
CSG	\$0.06019 /Therm	\$0.06667 /Therm	\$0.07299 /Therm
CLG	\$0.60193 /Dth	\$0.66673 /Dth	\$0.72988 /Dth
CGL	\$0.06019 /Therm	\$0.06667 /Therm	\$0.07299 /Therm
TFS	\$0.60193 /Dth	\$0.66673 /Dth	\$0.72988 /Dth
TFL	\$0.60193 /Dth	\$0.66673 /Dth	\$0.72988 /Dth
TI & IG	\$0.60193 /Dth	\$0.66673 /Dth	\$0.72988 /Dth





1 **Q. IF THE COMPANY'S REQUEST TO EXTEND THE PSIA IS APPROVED, WHAT**  
2 **IS THE ESTIMATED TOTAL BILL IMPACT TO CUSTOMERS BASED ON**  
3 **CURRENTLY AVAILABLE INFORMATION?**

4 A. As reflected in Attachment SWW-1, as well as the Table below, extension of the  
5 PSIA is forecasted to add \$0.75 to an average residential bill in 2022; the  
6 forecasted increases in 2023 and 2024 are even lower at \$0.42 and \$0.40,  
7 respectively.

8 **Table SWW-D-2**

**Estimated PSIA Impact On Average Monthly Residential Bill**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Other Bill Elements	\$46.57	\$48.63	\$46.04	\$46.16
<u>PSIA</u>	<u>\$3.10</u>	<u>\$3.85</u>	<u>\$4.27</u>	<u>\$4.67</u>
Total	\$49.67	\$52.48	\$50.31	\$50.83
Change in PSIA		\$0.75	\$0.42	\$0.40
% Bill Impact		1.5%	0.8%	0.8%

9 **Q. WHY IS THE PSIA INCREASE IN 2022 LARGER THAN THE INCREASES IN**  
10 **2023 AND 2024?**

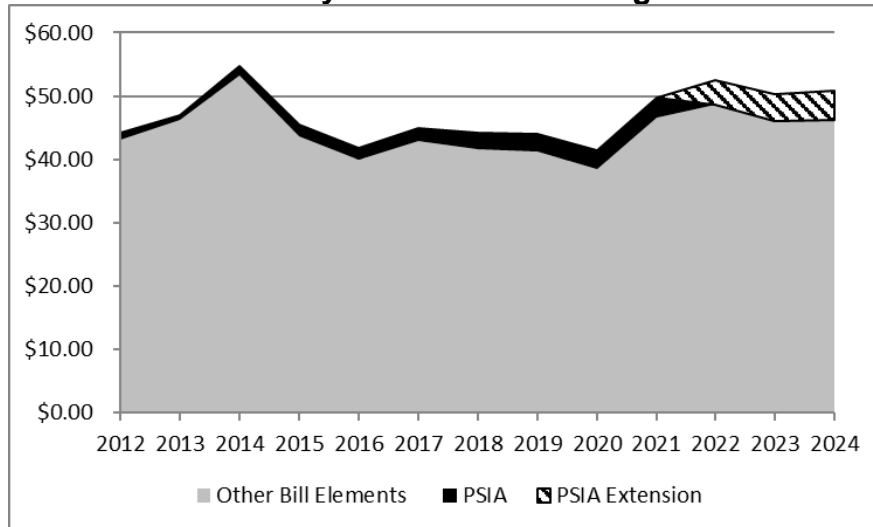
11 A. The larger increase in 2022 is primarily due to a true up adjustment included in the  
12 2021 PSIA rate. In 2019, the PSIA revenue was more than \$9 million more than  
13 forecasted, due to colder weather and associated increased sales. And as I  
14 discuss later, the actual 2019 revenue requirement was about \$1.4 million less  
15 than estimated. These amounts are being refunded to customers through the 2021  
16 PSIA. Without the 2019 true-up included in the 2021 PSIA rate, the impact on  
17 residential bills in 2022 would have been 0.8 percent, similar to 2023 and 2024.

1 **Q. HOW LARGE IS THE PSIA RELATIVE TO OTHER PARTS OF A CUSTOMER'S**  
2 **BILL?**

3 A. All else held equal, the PSIA will remain a small element of Public Service  
4 customers' overall natural gas bill. In 2022, the PSIA would account for an  
5 estimated 7.4 percent of a typical residential customer bill; in 2023 it would  
6 increase to 8.5 percent; and in 2024 it is forecasted to be 9.2 percent. Figure  
7 SWW-D-1 below illustrates the relative residential customer bill impact of the PSIA  
8 from the inception of the PSIA in 2012 through the requested extension period  
9 ending in 2024.

1

**Figure SWW-D-1:  
PSIA History & Extension Through 2024**



2 **Q. HAVE YOU ALSO QUANTIFIED THE ESTIMATED IMPACT TO COMMERCIAL**  
3 **AND INDUSTRIAL (“C&I”) BILLS?**

4 A. Yes. Attachment SWW-1 also includes the forecasted impacts to C&I bills. The  
5 impacts to C&I customers will be similar to the impacts to residential customers,  
6 with year-over-year changes in the PSIA rate resulting in about a one percent  
7 increase in the average customer’s bill, as reflected on Tables SWW-D-3 and  
8 SWW-D-4 below. Again, the bill impacts in 2022 are affected by the 2019 true-up  
9 included in the 2021 PSIA.

1

**Table SWW-D-3  
 Estimated PSIA Impact on Average Monthly  
 Small C&I Bill (Schedule CSG)**

	2021	2022	2023	2024
Other Bill Elements	\$190.74	\$190.10	\$180.42	\$180.99
<u>PSIA</u>	<u>\$13.83</u>	<u>\$17.22</u>	<u>\$19.07</u>	<u>\$20.87</u>
Total	\$204.57	\$207.32	\$199.49	\$201.86
Change in PSIA		\$3.39	\$1.85	\$1.80
% Bill Impact		1.7%	0.9%	0.9%

2

**Table SWW-D-4  
 Estimated PSIA Impact on Average Monthly  
 Large C&I Bill (Schedule CLG)**

	2021	2022	2023	2024
Other Bill Elements	\$3,489.72	\$3,454.67	\$3,294.54	\$3,308.25
<u>PSIA</u>	<u>\$327.82</u>	<u>\$411.12</u>	<u>\$455.38</u>	<u>\$498.50</u>
Total	\$3,817.54	\$3,865.79	\$3,749.92	\$3,806.75
Change in PSIA		\$83.30	\$44.26	\$43.12
% Bill Impact		2.2%	1.1%	1.1%

3

**B. PSIA Revenue Requirement True-Ups and Associated Bill Impacts**

4

**Q. HOW ACCURATE HAS THE COMPANY BEEN WITH RESPECT TO FORECASTING THE REVENUE REQUIREMENT USED TO SET RATES ON AN ANNUAL BASIS FOR THE PSIA?**

5

6

7

**A.** The Company has been very accurate in its revenue requirements forecasts.

8

Table SWW-D-5 below illustrates the revenue requirement true-up amounts and

9

percentage variance since 2016, when the PSIA became a capital-only rider. On

10

average the Company forecast variance over this tenure of the PSIA was -3.8

1 percent, or approximately -1.5 percent excluding 2018 as an outlier year.<sup>2</sup>  
 2 Revenue requirement true-ups are separate from PSIA revenue true-ups, which  
 3 are driven by changes in sales volumes.

4 **Table SWW-D-5**

**Forecast-to-Actual PSIA Revenue Requirement True-Up Summary**

Year	Filed Revenue Requirement Estimate	Filed Revenue Requirement Actual	True-up Amount	True-up %	Proceeding No.
2016	\$57,832,245	\$57,202,130	(\$630,115)	-1.1%	16AL-0125G
2017	\$72,969,641	\$71,737,073	(\$1,232,569)	-1.7%	16AL-0883G
2018	\$83,802,836	\$75,741,446	(\$8,061,390)	-10.6%	17AL-0771G
2019	\$92,432,544	\$90,990,698	(\$1,441,845)	-1.6%	18AL-0803G
<b>Average</b>	<b>\$76,759,316</b>	<b>\$73,917,837</b>	<b>(\$2,841,480)</b>	<b>-3.8%</b>	

5 **Q. WHAT ACCOUNTS FOR THE LARGER TRUE-UP PERCENTAGE FROM 2018?**

6 A. The primary drivers of the 2018 forecast-to-actual PSIA revenue requirement  
 7 variance were set forth in the April Annual Report filed in Proceeding No.  
 8 17AL-0771G. Two major factors in the lower than forecasted revenue requirement  
 9 were 1) decreased investments in the Accelerated Main Replacement Program  
 10 due to increased focus on the renewal of high risk mains under the DIMP  
 11 Programmatic Risk-Based Pipe Replacement Program; and 2) lower than  
 12 forecasted TIMP investments primarily due to project deferrals associated with  
 13 proposed rules, early winter weather, and material sourcing delays. These two

<sup>2</sup> 2020 data is not yet available, but will be filed in April 2021 with the Company's annual PSIA reporting process.

1 drivers impacted the in-service dates of projects, which has the largest impact on  
 2 the annual revenue requirement even when capital spend is not materially different  
 3 than planned.

4 **Q. HAVE CUSTOMERS BEEN MATERIALLY IMPACTED BY THE FORECAST-**  
 5 **TO-ACTUAL TRUE-UP OF THE REVENUE REQUIREMENT OVER THE**  
 6 **REFERENCED TENURE OF THE PSIA?**

7 A. No. From 2016 through 2019, the PSIA revenue requirement true-ups have all  
 8 been negative, which resulted in lower bills for customers. But the impact of the  
 9 revenue requirement deviations has been very small. Table SWW-D-6 below  
 10 compares average monthly residential bills under the actual PSIA rates that were  
 11 in place in 2016 through 2019, to what they would have been using the actual  
 12 revenue requirements instead of as forecasted.

13 **Table SWW-D-6**  
**Residential Forecast-to-Actual Revenue Requirement Variance Impact**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Bills With Actual PSIA Rate</b>	\$41.72	\$44.94	\$44.27	\$44.03
<b>Bills With PSIA Rates Adjusted for Rev. Req. True Up</b>	\$41.70	\$44.91	\$43.98	\$43.99
<b>Difference</b>	(\$0.02)	(\$0.04)	(\$0.28)	(\$0.05)
	0.0%	-0.1%	-0.6%	-0.1%

14 As reflected above, the average monthly bill for the typical residential customer  
 15 has been impacted by the revenue requirement true-up by less than 1 percent in  
 16 each year from 2016 through 2019 – and in most of these years was around 0.1  
 17 percent.

1 **Q. WOULD YOU CHARACTERIZE THE PSIA RIDER PROCESS OF ESTIMATING**  
2 **RATES SUBJECT TO TRUE-UP AS EFFECTIVE?**

3 A. Yes. In order to effectuate recovery of PSIA investment on a timely basis, the rider  
4 must utilize a forecasted revenue requirement with a subsequent true-up to  
5 actuals. As I have discussed above, and due to the structure of the PSIA  
6 mechanism itself, the Company has effectively implemented the PSIA rate without  
7 material impact to customers due to revenue requirement forecast-to-actual  
8 variances.

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

10 A. Yes, it does.



**STATEMENT OF QUALIFICATIONS**

**Steven W. Wishart**

I began my employment with Xcel Energy Services, Inc. in 2005, in the Demand-Side Management department. I am currently a Director in the Pricing and Planning Group. My responsibilities include quantitative analyses, cost allocation, and rate design, and policy support on a number of Colorado regulatory issues.

Prior to taking my current position, I worked for Xcel Energy Services Inc. in Minneapolis, Minnesota, as Director of Resource Planning and Bidding for the Northern States Power region. In that role, I oversaw resource planning and resource acquisition processes for that company.

From 2009 through 2012, I worked for the Company as the Manager of Quantitative Analytics. In that role, I managed a group responsible for conducting long term analyses of the costs and performance of Xcel's electric generating systems.

Prior to joining Xcel Energy in 2005, I was a PhD candidate in the Department of Applied Economics at the University of Minnesota where I studied energy related topics.

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AFFIDAVIT OF STEVEN W. WISHART  
ON BEHALF OF  
PUBLIC SERVICE COMPANY OF COLORADO

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I, Steven W. Wishart, being duly sworn, state that the Direct Testimony and attachment were prepared by me or under my supervision, control, and direction; that the Direct Testimony and attachment 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 9th day of Feb. 2021.

  
\_\_\_\_\_  
Steven W. Wishart  
Director, Pricing and Planning

Subscribed and sworn to before me this 9th day of Feb., 2021.

AMANDA CLARK  
Notary Public  
State of Colorado  
Notary ID # 20164004880  
My Commission Expires 03-25-2024

  
\_\_\_\_\_  
Notary Public

My Commission expires 3/25/2024