



P.O. Box 840  
 Denver, Colorado  
 80201-0840

November 13, 2020

Advice No. 976 - Gas

Public Utilities Commission  
 of the State of Colorado  
 1560 Broadway, Suite 250  
 Denver, Colorado 80202

The accompanying tariff sheet issued by Public Service Company of Colorado ("Public Service" or the "Company") is sent to you for filing in accordance with the requirements of the Public Utilities Law:

COLORADO P.U.C. NO. 6 - GAS

and the following sheet is attached:

<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado P.U.C. Sheet No.</u>
Twelfth Revised 47C	Pipeline System Integrity Adjustment	Eleventh Revised 47C

The principal proposed change is to increase the Company's Pipeline System Integrity Adjustment ("PSIA") rider, applicable to all gas sales and gas transportation rate schedules in the Company's Colorado P.U.C. No. 6 - Gas tariff, as reflected in the attached tariff sheet, to become effective January 1, 2021. This revision is made pursuant to the terms and conditions described on Sheet Nos. 47 through 47B of the Company's PSIA tariff and consistent with the Unopposed and Comprehensive Stipulation and Settlement Agreement ("Settlement") approved by the Commission through Decision No. R20-0673 ("2020 GRC Decision") in Proceeding No. 20AL-0049G ("2020 Gas Rate Case").

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On February 5, 2020, the Company filed the 2020 Gas Rate Case. That case was resolved through the Settlement, which contained several provisions affecting the PSIA, as well as this particular filing. Pursuant to the Settlement, the rider calculation in this filing does not include the approved transfer of certain PSIA projects in base rates to the PSIA ("PSIA Projects Base Amount")<sup>1</sup> or the transfer of certain PSIA project costs to base rates. These adjustments will be made to the PSIA as part of the March 15, 2021 filing required under the Settlement, to be effective April 1, 2021. As agreed by the settling parties:<sup>2</sup>

The Company will adjust the PSIA and base rates simultaneously to transfer the aforementioned PSIA projects from the PSIA to base rates and move the PSIA Projects Base Amount to the PSIA, to ensure no double-recovery in the PSIA or base rates. These adjustments to the PSIA and base rates will occur at the time the base rate change is implemented on customer bills on April 1, 2021 under the agreed alternative rate implementation.

The revised PSIA in this filing reflects an increase of \$0.00567 from \$0.04601 to \$0.05168, on a per therm basis, and a \$0.05669 increase, from \$0.46011 to \$0.51680, on a per dekatherm ("Dth") basis.

The PSIA rate is designed to allow the Company to recover a total 2021 PSIA Revenue Requirement of \$104,344,872 from its gas customers during 2021 ("2021 PSIA Revenue Requirement"). The 2021 PSIA Revenue Requirement reflects the difference between the total projected 2021 Pipeline System Integrity Costs of \$120,016,557 ("2021 PSIA Costs") and net adjustments in the amount of (\$11,407,705), less the amount collected through base rates, all of which are further detailed in this advice letter and the accompanying exhibits.

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<sup>1</sup> The PSIA Projects Base Amount is \$4,263,980.

<sup>2</sup> 2020 Gas Rate Case Settlement at p. 11, Section III.D.

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Since the PSIA is a cumulative rider, the 2021 PSIA Revenue Requirement includes the projection of investment to be made in 2021, as well as the actual revenue requirements from prior years, to the extent investment has not been rolled-in to base rates. As a result, the 2021 PSIA Revenue Requirement is associated with the following four initiatives:

- Transmission Integrity Management Program ("TIMP");
- Distribution Integrity Management Program ("DIMP");
- DIMP - Accelerated Main Renewal Program ("AMRP");<sup>3</sup> and
- West Main Replacement Project.<sup>4</sup>

As provided for in the PSIA tariff, the 2021 PSIA Revenue Requirement includes: (1) a return, at a percentage equal to the Company's projected weighted average cost of capital, on the projected increase in the retail jurisdictional portion of the thirteen-month average net rate base associated with the above initiatives exclusive of all plant in-service included in the final base rate revenue requirement;<sup>5</sup> and (2) the plant-related ownership costs associated with such incremental plant investment, including depreciation, accumulated deferred income taxes, and income taxes.

For purposes of the return calculation, consistent with the PSIA tariff, the Company used the return on equity of 9.20 percent approved by the 2020 GRC Decision; a cost of long-term debt of 3.86 percent; and a capital structure consisting of 43.85 percent long-term debt and 56.15 percent equity.

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<sup>3</sup> AMRP actually pre-dates the DIMP rules (2008), but it has been rolled into distribution integrity programs since the new DIMP rules went into effect.

<sup>4</sup> The West Main Replacement Project was completed in 2017.

<sup>5</sup> Pursuant to Tariff Sheet No. 47B, the "WACC is the cost of long-term debt and common equity weighted by the relative proportions of each in the Company's balance sheet at the end of the period being measured. For the purpose of calculating the carrying charge on PSIA over- or under-recoveries, the return on equity shall be the latest equity rate approved by the Commission for the Company's natural gas department."

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The Company is attaching the following exhibits:

- Confidential Exhibit No. 1: Rate Calculation and Bill Impacts<sup>6</sup>
- Exhibit No. 2: 2021 Revenue Requirement Calculation
- Exhibit No. 3: 2019 Revenue Requirement Calculation
- Exhibit No. 4: 2021-2025 Pipeline System Integrity Adjustment Business Plan

Exhibit Nos. 1 and 2 provide the PSIA rate calculation and bill impacts based on the rates that are currently in effect at the time of filing, the 2021 PSIA Revenue Requirement calculation, and the 2021 Forecasted Roll Forward demonstrating the path through which capital expenditures become plant additions.

The derivation of the total 2021 PSIA Revenue Requirement is broken down by component below:

DIMP - AMRP	\$28,843,901
DIMP	\$40,844,191
TIMP	\$39,247,941
West Main Replacement	\$11,080,523
Total 2021 PSIA Costs	\$120,016,557
Plus: 2019 Revenue Requirement True-Up Amount	(\$1,441,845)
Plus: 2019 Revenue True-Up Amount	(\$9,015,527)
Plus: Interest on 2019 Revenue True-Up	(\$950,333)
Total 2021 PSIA Amount	\$108,608,852
Less: PSIA Projects Base Amount	(\$4,263,980)
Net 2021 Revenue Requirements in PSIA	\$104,344,872

<sup>6</sup> The portion of this Exhibit containing a monthly forward-looking sales forecast for Interruptible Sales customers is confidential as there are fewer than fifteen customers in the Interruptible Sales class. A public version of this Exhibit is also being filed.

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Exhibit No. 3 is the 2019 revenue requirement calculation provided as Attachment 2 to the 2019 Annual Actuals Report filed on April 1, 2020 in Proceeding No. 18AL-0803G.

Exhibit No. 4 provides an overview of the 2021 PSIA filing initiatives and projects and the Company's high-level Five Year Business Plan. The Five Year Business Plan includes the following:

- Attachment A - 2021 Project Summaries
- Attachment B - 2021 Quarterly Capital Expenditures Forecast
- Attachment C - 2021-2025 PSIA Capital Expenditures Forecast
- Attachment D - 2021-2025 Preliminary Project List
- Attachment E - Risk Ranking and Prioritization

In accordance with Section 4 (pp. 12-13) of the Settlement Agreement approved by the Commission in Decision No. C11-0946 issued in Proceeding No. 10AL-963G, and the modifications ordered in Decision No. R14-0694 in Proceeding No. 13M-0915G, any issues that interested persons may have concerning the underlying prudence of PSIA-related activities and costs during 2021 are to be raised in the context of the Company's associated annual PSIA report, due on April 1, 2022.

When the proposed PSIA becomes effective on January 1, 2021, the average residential customer's monthly bill will increase by \$0.37 -- from \$46.24 to \$46.61 -- or by 0.80 percent. The average small commercial customer's monthly bill will increase by \$1.62 -- from \$186.06 to \$187.68 -- or by 0.87 percent.

This filing would increase the Company's annual gas revenues by \$10,954,787 based on the twelve-month period ending December 31, 2021.

Pursuant to and as further detailed in the Motion for Alternative Form of Notice ("Motion") filed with the Commission contemporaneously herewith, the Company plans to provide notice of this filing to its retail gas customers by causing the customer notice attached to the Motion to be published in *The*

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*Denver Post*, posting the customer notice and this filing on its website,<sup>7</sup> and including the bill onsert attached to the Motion with customer bills, both mailed and e-billed.

It is requested that the tariff changes accompanying this advice letter become effective on January 1, 2021.

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

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and

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<sup>7</sup> [https://www.xcelenergy.com/company/rates\\_and\\_regulations/filings](https://www.xcelenergy.com/company/rates_and_regulations/filings)

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          /s/Steven P. Berman            
Director

SPB:mcc

Enclosures

PUBLIC SERVICE COMPANY OF COLORADO

Twelfth Revised Sheet No. 47C

P.O. Box 840  
Denver, CO 80201-0840

Eleventh Revised Cancels  
Sheet No. 47C

NATURAL GAS RATES			
PIPELINE SYSTEM INTEGRITY ADJUSTMENT			
RATE TABLE			
<u>Rate Schedule</u>	<u>Billing Units</u>	<u>Type of Charge</u>	<u>PSIA Rate</u>
<u>Residential Service</u>			
RG	Therm	Usage	\$0.05168
RGL	Therm	Usage	\$0.05168
<u>Commercial &amp; Industrial Sales Service</u>			
CSG	Therm	Usage	\$0.05168
CLG	Dekatherm	Usage	\$0.51680
CGL	Therm	Usage	\$0.05168
IG	Dekatherm	Usage	\$0.51680
<u>Gas Transportation Service</u>			
TFS	Dekatherm	Usage	\$0.51680
TFL	Dekatherm	Usage	\$0.51680
TI	Dekatherm	Usage	\$0.51680

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ADVICE LETTER  
NUMBER 976



ISSUE  
DATE November 13, 2020

DECISION  
NUMBER \_\_\_\_\_

VICE PRESIDENT,  
Rates & Regulatory Affairs

EFFECTIVE  
DATE January 1, 2021