



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

February 5, 2020

Advice No. 961 - Gas

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

The accompanying tariff sheets issued by Public Service Company of Colorado ("Public Service" or the "Company") are sent to you for filing in accordance with the requirements of the Public Utilities Law and the applicable rules of the Public Utilities Commission of the State of Colorado ("Commission"), including Rule 1210, 4 *Colorado Code of Regulations* 723-1:

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

and the following sheets are attached:

<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado P.U.C. Sheet No.</u>
Sub. Thirteenth Revised 14	Residential Gas Service	Twelfth Revised 14
Sub. Tenth Revised 15	Residential Gas Outdoor Lighting Service	Ninth Revised 15
Sub. Tenth Revised 16	Commercial - Small Gas Service	Ninth Revised 16
Sub. Tenth Revised 17	Commercial - Large Gas Service	Ninth Revised 17
Sub. Seventh Revised 18	Commercial Gas Outdoor Lighting Service	Sixth Revised 18
Sub. Fifth Revised 19	Interruptible Industrial Gas Service	Fourth Revised 19
Sub. Fourth Revised 29	Firm Gas Transportation Service - Small	Sub. Third Revised 29
Thirteenth Revised 29A	Firm Gas Transportation Service - Small	Sub. Twelfth Revised 29A
Sub. Ninth Revised 30	Firm Gas Transportation Service - Large	Sub. Eighth Revised 30

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<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado P.U.C. Sheet No.</u>
Sub. Twelfth Revised 30A	Firm Gas Transportation Service - Large	2nd Sub. Eleventh Revised 30A
Sub. Ninth Revised 31	Interruptible Gas Transportation Service	Sub. Eighth Revised 31
Twentieth Revised 31A	Interruptible Gas Transportation Service	Sub. Nineteenth Revised 31A
Tenth Revised 47	Pipeline System Integrity Adjustment	Ninth Revised 47
Sixth Revised 47A	Pipeline System Integrity Adjustment	2nd Sub. Fifth Revised 47A
Fourth Revised 47B	Pipeline System Integrity Adjustment	2nd Sub. Third Revised 47B
Twelfth Revised 47C	Pipeline System Integrity Adjustment	Eleventh Revised 47C
Twenty-seventh Revised 48	General Rate Schedule Adjustment	Twenty-sixth Revised 48
First Revised R72	Rules and Regulations - Distribution Extension Policy	Sub. Original R72

This is a combined Phase I (revenue requirement) and Phase II (cost allocation and rate design) rate case proceeding. The Company is filing this combined rate case because Public Service's current base rates are premised on the cost of providing service in 2016, and since that time investments and changes to costs incurred to provide safe and reliable service to customers, manage system capacity, perform certain mandated activities, and undertake other efforts to serve customers have rendered present revenues deficient. As such, the primary purposes of this tariff filing are to increase rates for all natural gas sales and transportation services and to place into effect revised rates for all gas rate schedules that will replace and supersede the currently-effective base rates in the Company's Colorado P.U.C. No. 6 – Gas Tariff.

Public Service is seeking a total increase in revenues of \$144,464,121, when compared to the Company's present revenue of \$500,019,265, using a test year ending September 30, 2020. The Test Year is built from actual historical costs for the 12 months ended September 30, 2019, adjusted for known and measurable operations and maintenance changes through September 30, 2020; test year revenues based on actual weather-normalized historical data through October 31, 2019, plus 10 months of forecasted data through September 30, 2020; and capital additions expected to close to plant in-service by September 30, 2020. The total revenue requirement, excluding gas costs collected through the Gas Cost Adjustment, costs collected through the Gas

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Demand Side Management Cost Adjustment, and costs that will continue to be collected through the Pipeline System Integrity Adjustment (“PSIA”), is \$644,483,385, based on a revenue requirement study using a return on equity of 9.95 percent, a long-term cost of debt of 4.08 percent, a short-term cost of debt of 2.79 percent, and a capital structure of 55.81 percent equity, 42.97 percent long-term debt, and 1.22 percent short-term debt, which results in an overall return on rate base of 7.33 percent.

This base rate revenue increase, however, includes costs associated with projects completed as of December 31, 2018 that are currently being recovered through the PSIA, and are being transferred to base rates. Excluding the \$17,725,825 base revenue requirement effects of these projects that are currently recovered in the PSIA, the Company is seeking a net increase in revenues of \$126,738,296.

In addition to the requested increase to base rate revenue and transfer of the costs of certain PSIA projects from the PSIA to base rates, and eliminating the PSIA base amount from base rates, the Company requests approval to set the General Rate Schedule Adjustment (“GRSA”) to zero percent (0%) and place into effect new gas base rates and other affected transportation rates and charges that will increase base rates for all customer classes as set forth below, based on the Company’s increased base rate revenue requirement, proposed revenue distribution by customer class and resulting rate design. Additional requests by the Company include, but are not limited to, the following:

- Implement other tariff changes, including changing the word “customer” to “service meter” in the sales rate schedules, so that the same terminology is used in both the sales and transport rate schedules, and making a minor grammatical correction to the Rules and Regulations - Distribution Extension Policy Tariff Sheet No. R72;
- Revise the PSIA tariff language to align with updates to the PSIA, and update the PSIA rates to reflect the transfer of PSIA projects completed as of December 31, 2018 into base rates, and the transfer of the current PSIA in base amount into the PSIA rider;
- Implement updated depreciate rates resulting from the Company’s depreciation study;
- Recover and amortize property taxes, pension expense, manufactured gas plant costs, rate case expenses, and damage prevention expense over a 36-month period; earn a return on the unamortized balances at the Company’s weighted average cost of capital (“WACC”); and, to the extent necessary, continue the associated existing deferrals and trackers; and
- Authorize amortization of a second legacy prepaid pension asset over a ten-year period, and earn a return on the unamortized balance at the Company’s WACC.

Public Service presents projected impacts of the Company’s filing on typical monthly bills in Table 1, below. The Table shows the bill impact differences between the Company’s proposed base rates and the base rates currently in effect as of February 5, 2020 inclusive of the 24.19 percent GRSA, with all riders except for the PSIA held constant at constant levels as of February 5, 2020.

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However, the Company has a Phase II rate case proceeding (Proceeding No. 19AL-0309G) currently pending before the Commission. While that pending proceeding does not change the Company’s overall base rate revenue, it will change the Company’s base rates and tariff provisions effective March 1, 2020, if the unopposed settlement among all parties recommended for approval by an Administrative Law Judge is approved by the Commission. The “Rates Expected March 1st” column on the Table therefore shows bill impacts based on differences between the Company’s proposed base rates and the base rates for all customers that are anticipated to follow from the Company’s pending rate case and take effect on March 1, 2020, absent further action by the Commission.

**Table 1. Average Monthly Bill Impacts of Natural Gas Combined Rate Case
Based on Current Rates**

	Average Monthly Bills			Total Change in Average Monthly Bill	
	Current Rates*	Rates Expected March 1 st **	Proposed Rates	Proposed Rates versus Current Rates	
RESIDENTIAL GAS (RG)	\$40.43/Month	\$40.82/Month	\$46.88/Month	+ \$6.44	15.9%
SMALL COMMERCIAL GAS (CSG)	\$167.26/Month	\$162.72/Month	\$186.78/Month	+ \$19.51	11.7%
LARGE COMMERCIAL GAS (CLG)	\$2,879.78/Month	\$2,931.69/Month	\$3,282.05/Month	+ \$402.27	14.0%
SMALL FIRM TRANSPORTATION (TFS)	\$552.44/Month	\$518.46/Month	\$590.98/Month	+ \$38.54	7.0%
LARGE FIRM TRANSPORTATION (TFL)	\$4,347.59/Month	\$4,420.17/Month	\$4,992.58/Month	+ \$644.99	14.8%
INTERRUPTIBLE TRANSPORTATION (TI)	\$25,324.74/Month	\$25,111.45/Month	\$26,343.09/Month	+ \$1,018.35	4%

* Current Rates include 24.19% GRSA.

** On January 22, 2020, Decision No. R20-0046 was issued in Proceeding No. 19AL-0309G, approving a comprehensive settlement among the parties to establish new base rates. Unless additional action is taken by the Commission, this will become a decision of the Commission on February 12, 2020 and new rates will go into effect on March 1, 2020.

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Consistent with Commission rules and Colorado statutes, the effective date for the rates and tariffs accompanying this Advice Letter is March 7, 2020. However, the Company requests that the tariffs be suspended by the Commission and that the Commission set a hearing on the proposed rates and tariff changes. For the reasons explained by Company witness Ms. Brooke A. Trammell, the Company requests an effective date of November 1, 2020, after suspension.

The Company is filing a Motion for Alternative Form of Notice contemporaneously herewith, seeking to provide notice to affected customers by posting the customer notice (Attachment A to the Motion) on its website and keeping the file open for public inspection as mandated by § 40-3-104 (1)(c)(I), C.R.S. In addition, the Company seeks to provide notice by publishing the legal notice in *The Denver Post* for two consecutive Sundays; posting a copy of the filing (Advice Letter, tariffs, testimony and attachments) on the Company's website; providing a customer bill onsert (Attachment B to the Motion) with all of the Company's gas bills; and providing an email (Attachment C to the Motion) to all residential natural gas customers for whom the Company has an email address and who have elected to receive email notifications from the Company.

Contemporaneously filed with this Advice Letter are the testimony and attachments of 16 witnesses in support of the Company's requests.

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

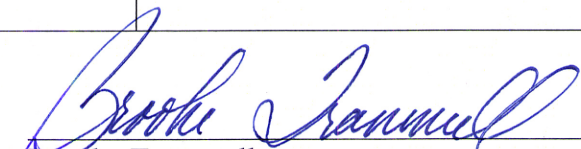
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Enclosures