



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

July 17, 2020

Advice No. 1828 – Electric

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. 8 - ELECTRIC

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>
Fifth Revised 4	Table of Contents	Fourth Revised 4
Second Revised 17A	Reserved for Future Filing Index	2 nd Sub. First Revised 17A
First Revised 147	Advanced Grid Rider	Original 147
Original 147A	Advanced Grid Rider	---
Original 147B	Advanced Grid Rider	---
Original 147C	Advanced Grid Rider	---
Original 147D	Advanced Grid Rider	---

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The Company is filing this Advice Letter for approval to implement an Advanced Grid Rider (“AGR”) to recover capital and operations and maintenance (“O&M”) costs associated with the Advanced Grid Intelligence and Security (“AGIS”) Initiative as previously presented within the Company’s AGIS Certificate of Public Convenience and Necessity (“CPCN”) Application in Proceeding No. 16A-0588E, as well as associated AGIS projects that were undertaken in the ordinary course of business. The time period for which the Company is seeking cost recovery is calendar years 2021 through 2025 to include costs previously deferred or assets placed in service since the Company’s 2019 Phase I Electric Rate Case in Proceeding No. 19AL-0268E (“2019 Phase I Electric Rate Case”), as well as in-service capital and O&M costs for calendar years 2021 through 2025 to the extent such costs were not previously recovered in base rates. As such, the primary purpose of this tariff filing is to place into effect a rider that will be effective for all electric rate schedules in the Company’s Colorado P.U.C. No. 8 – Electric Tariff, and to implement tariff terms, conditions, and text accordingly.

Specifically, within this proceeding, the Company is seeking the following:

- 1) Authorization to implement an AGR as explained by Company witness Mr. Steven P. Berman;
- 2) Authorization to integrate the Company’s current reporting requirements pursuant to the settlement agreement in Proceeding No. 16A-0588E into the AGR reporting requirements explained by Mr. Berman;
- 3) Authorization of the 2021 forecasted AGR provided by Company witness Ms. Deborah A. Blair for implementation at the conclusion of this proceeding, but no later than May 1, 2021;
- 4) Authorization to use a five percent depreciation rate to be applied to Advanced Metering Infrastructure (“AMI”) meters;
- 5) Authorization to create a regulatory asset to recover the undepreciated balance of legacy meters that will be replaced by AMI meters; and
- 6) Authorization to defer the costs to prepare and prosecute this case.

The projects for which the Company is seeking recovery include the projects associated with implementation of the AGIS initiative, including AMI, Advanced Distribution Management System (“ADMS”), Geospatial Information Systems (“GIS”), Integrated Volt-Var Optimization (“IVVO”), Fault Location Isolation System Restoration (“FLISR”), the Field Area Network (“FAN”), the Advanced Planning Tool (“APT”), and other costs associated with substation communications, program management, and administration. These projects provide many benefits to Public Service’s electric customers, including near real-time usage data access for customers, optimized distribution controls, energy and instantaneous demand reductions, and quicker recovery time for outages. Further benefits are detailed in the Direct Testimonies of Company witnesses Mr. Berman and Mr. Chad S. Nickell.

The Company is requesting a multi-year rider that will require filing of an Advice Letter by November 15 of each year, beginning in 2021 since the Direct Testimony of Company witness Ms.

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Blair contains the 2021 forecasted revenue requirement. The November 15 Advice Letter will contain the following calendar year's projected revenue requirement; the prior full calendar year's true-up to adjust for any variance between the forecasted and actual revenue requirement; the amortized portion of the requested regulatory asset for undepreciated legacy meters; and the amortized portion of uncollected amounts that are not incorporated in base rates, from the last approved Test Year through the date this rider is approved. The rider also requires a true-up filing by April 15 of each year, beginning in 2022, which will report on actual costs from the prior calendar year and true-up both the revenue requirement and actual revenue collected on an annual basis. These annual filings will encompass all compliance reporting currently set forth in Proceeding No. 16A-0588E and reporting on additional projects for which the Company is seeking recovery.¹ Additional details regarding the Company's proposed reporting and annual filings are included in Mr. Berman's Direct Testimony.

Public Service is seeking approval of the projected 2021 revenue requirements and revenue requirements from August 2019 through December 2020, including all deferred AGIS costs that were not recovered in the 2019 Electric Rate Case, to be amortized and recovered through the AGR over a three-year period, the following describes the requirements for those years only. Public Service is seeking a revenue increase of \$52,711,089, using a return on equity of 9.30 percent, a long-term cost of debt of 3.92 percent, and a capital structure of 56.64 percent equity and 43.36 percent long-term debt, as authorized in the 2019 Phase I Electric Rate Case. This results in an overall return on rate base of 6.97 percent. The Direct Testimony of Company witnesses in this Proceeding provides additional information regarding potential revenue requirements for the periods from January 1, 2022 through December 31, 2025, but for illustrative purposes only.

Table 1 provides a breakdown of the 2021 forecasted revenue requirement for each AGIS initiative project, which will have the effect of increasing customer rates.

¹ As required by the AGIS CPCN Settlement, the Company will use the April 15 true-up filing to include the full-term business plan, including the scope of work for the CPCN Projects; parent project numbers including details of additions and closings of parent project numbers; and planning and implementation of customer education surrounding the CPCN projects. This information will no longer be included in the November 15th rider Advice Letter filing.

Table 1. 2021 AGIS Projects Revenue Requirement

Project	Total Revenue Requirement
AMI	\$30,706,237
ADMS	\$9,147,902
IVVO	\$6,430,834
FLISR	\$2,329,008
FAN	\$293,150
Other (including APT)	\$3,803,959
Total	\$52,711,089

Table 2 provides the annualized rate impact of the Company’s 2021 revenue requirement on the five major customer classes: Residential, Commercial, Secondary General, Primary General, and Transmission General.

Table 2. Annualized Bill Impacts of 2021 AGIS Projects Revenue Requirement

	Total Change in Annualized Bill		
	Proposed Rates	Proposed Bill versus Current Bill	
RESIDENTIAL (R)	\$0.00302/kWh	\$69.04	\$70.94
COMMERCIAL (C)	\$0.00348/kWh	\$102.99	\$106.34
SECONDARY GENERAL (SG)	\$0.460/kW-Mo	\$2,163.35	\$2,193.31
PRIMARY GENERAL (PG)	\$0.440/kW-Mo	\$35,438.82	\$35,874.23
TRANSMISSION GENERAL (TG)	\$0.240/kW-Mo	\$565,029.97	\$569,716.40

Consistent with Commission rules and Colorado statute, the effective date for the rates and tariffs accompanying this Advice Letter is August 17, 2020. If the Commission chooses to suspend the tariffs and set a hearing on the proposed rider and tariff changes, the Company requests that the Commission issue a decision and tariffs to allow a rider effective date on or before May 1, 2021, after suspension.

The Company is filing a Motion for Alternative Form of Notice contemporaneously, seeking to provide notice to affected customers by posting the legal 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.

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In addition, the Company will provide notice by publishing the legal notice in *The Denver Post* for two consecutive weeks, including one Sunday; posting a copy of the filing (Advice Letter, tariffs, testimony and attachments) on the Company's website; providing a customer bill insert (Attachment B to the Motion) with all of the Company's electric bills; providing an email (Attachment C to the Motion) to all residential electric customers for whom the Company has an email address and who have elected to receive email notifications from the Company; and sending an electronic notification to parties that participated in Proceeding No. 16A-0588E.

Contemporaneously filed with this Advice Letter are the testimony and attachments of five 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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/s/ Steven P. Berman

Steven P. Berman
Director, Regulatory Administration

SPB:csk
Enclosures