

NOTICE OF CONFIDENTIALITY:
A PORTION OF THIS DOCUMENT HAS BEEN FILED UNDER SEAL

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

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO)
FOR AN ORDER AUTHORIZING IT TO REVISE)
ITS GAS COST ADJUSTMENT TO BE) PROCEEDING NO. 23L-XXXXG
EFFECTIVE FEBRUARY 1, 2023, ON LESS)
THAN STATUTORY NOTICE.)

**VERIFIED APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR
APPROVAL TO REVISE ITS GAS COST ADJUSTMENT ON LESS THAN STATUTORY
NOTICE AND ASSOCIATED REQUEST FOR VARIANCE**

Pursuant to § 40-3-104(2), C.R.S.; Rules 1207(a) and 1303 of the Colorado Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (“CCR”) 723-1; and Rule 4603(a) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 CCR 723-4 (“Commission Rules”), Public Service Company of Colorado (“Public Service” or the “Company”) hereby respectfully requests, on less than thirty days’ notice, that the Commission issue a decision approving the Company’s February 2023 Interim Gas Cost Adjustment (“GCA”) as set forth herein, to become effective on February 1, 2023, and remain effective through the first quarter of 2023. As explained in detail below, this filing results in a decrease in Public Service’s currently effective GCA, as authorized by the Commission in Decision No. C22-0827 (mailed on December 21, 2022) in Proceeding No. 22L-0558G.

Motion for Variance Relating to Deferred Gas Costs

1. In accordance with Rule 1003 of the Rules of Practice and Procedure, 4 CCR 723-1, Public Service is seeking in this proceeding a variance from the currently effective GCA tariff provision that makes the Gas Commodity Cost rate component the **only** cost element subject to revision by the Company when filing an interim GCA application. Therefore, the currently effective GCA tariff does not allow an update to the Deferred Gas Costs to be included in interim GCA filings. The Company is here seeking a variance to this provision in the GCA tariff, because this Interim GCA Application includes an updated Deferred Gas Costs amount in its interim rate calculations.

2. Per the Company's GCA tariff, the Gas Commodity Cost rate component is the only cost element subject to revision by the Company filing an interim GCA application, and therefore it does not include an update to the Deferred Gas Costs. The Company is seeking a variance to this provision and has included an updated Deferred Gas Costs amount in its interim rate calculations. The Company is requesting a variance to reflect the \$11,887,340 decrease in the under-collected balance as compared to the \$18,023,202 under-collected Deferred Gas Costs incorporated in rates with the currently effective GCA that was authorized by the Commission in Decision No. C22-0827 in Proceeding No. 22L-0558G. Incorporating the updated Deferred Gas Costs *reduces* the overall target level of collections from customers. The Deferred Gas Costs shown on Line 1 of Page 1 of GCA Confidential Attachment 3, as of December 31, 2022, the Company's Account No. 191 Cumulative Deferred Gas Cost Balance before adjustment for unbilled revenue reflects an under-collection of \$128,506,429. This under-collection was then decreased by the estimated unbilled GCA revenue amount of

\$122,370,567, resulting in a net under-collected Cumulative Deferred Gas Cost Amount of \$6,135,862. Specifically, Public Service seeks a variance from Sheet No. 50E of the current gas tariff includes the statement, “The four GCA rate components (Gas Commodity Cost, Upstream Service Cost, Gas Storage Inventory Cost and Deferred Gas Cost) shall be subject to regularly scheduled revision each quarter by the Company filing an annual GCA application or quarterly GCA application, *while only the Gas Commodity Cost rate component shall be subject to revision by the Company filing an interim GCA application.*” (Emphasis added.) The variance from Sheet 50E will allow Public Service to include Deferred Gas Costs in this Interim GCA Application filing.

3. The discussion in this Verified Application contains the facts and circumstances relied upon to demonstrate why the Commission should grant the requested variance.

4. The requested variance is temporary because its duration will be through March 31, 2023.

5. The requested variance is partial because it seeks a variance from only Sheet No. 50E of the GCA tariff.

I. INFORMATION PERTAINING TO THIS VERIFIED APPLICATION

6. By this verified Interim GCA Application, the Company requests authorization to revise its current GCA pursuant to Sheet Nos. 50 through 50I of its Colorado P.U.C. No. 6 - Gas Tariff (“GCA Tariff”) and Commission Rule 4603. Public Service is filing this Verified Application pursuant to Decision No. C23-0059, Paragraph No. 25 page 9 (issued on January 26, 2023) in Proceeding No. 23L-0040G, which states, “In order for the reduced GCA rates to

take effect on February 1, 2023, it is necessary for the new application to be filed by the close of business on Friday, January 27, 2023.”

7. This verified Interim GCA Application is filed under the quarterly GCA mechanism directed to be placed into effect by the Commission in Decision No. C09-0596, mailed June 9, 2009, in Proceeding No. 08A-095G.

8. Public Service purchases natural gas supplies for subsequent sale to its residential, commercial, industrial, and gas transportation customers from numerous producers, marketers, and other supplier sources located inside and outside the State of Colorado. The commodity prices paid for these gas supplies are established through contracts between Public Service and its various producers and suppliers. These gas supplies are delivered into the Company’s natural gas pipeline system in Colorado, either directly from wellhead, gathering system, or gas processing plant interconnections, or after being transported through any of several interstate pipeline systems with which the Company is directly connected. A significant portion of these gas supplies is transported pursuant to service agreements between Public Service and upstream pipeline service providers based on the Company’s system requirements for the various pipeline services. These upstream pipeline service providers include: Colorado Interstate Gas Company (“CIG”), Front Range Pipeline (“FRP”), Tallgrass Interstate Gas Transmission (“TIGT”), Southern Star Central Gas Pipeline, Inc. (“Southern Star”), Red Cedar Gathering Company (“Red Cedar”), and TransColorado Gas Transmission Company (“TCGT”). CIG, TIGT, Southern Star, and TCGT are interstate natural gas suppliers under the provisions of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717, *et seq.*, and the rates and charges for the various pipeline storage,

transportation and other services to the Company are regulated by the Federal Energy Regulatory Commission (“FERC”).

9. By this verified Interim GCA Application, Public Service requests authorization to revise its present GCA pursuant to (1) its GCA Tariff as set forth in Sheet Nos. 50 through 50I, (2) Rule 4603 of the Commission Rules, and (3) the Stipulation and Agreement on Procedures and Operation of the Quarterly GCA filed on September 4, 2009, in compliance with Decision No. C09-0596, as modified by the Stipulation and Agreement filed on November 23, 2010, in Proceeding No. 08A-095G (“Quarterly GCA Stipulation”). The purpose of this proposed February 2023 interim GCA revision is to reflect the adjusted level of the Gas Commodity Cost and the decrease in Deferred Gas Cost. The Upstream Service Cost and the Gas Storage Inventory Cost will remain unchanged. The GCA components proposed in this filing are as follows:

- a. the Gas Commodity Cost, reflecting natural gas costs to be charged to Public Service by its numerous producers and suppliers during the period February 1, 2023 through March 31, 2023, based on forecasted sales quantities, producer/supplier contract pricing terms, and market indices; and
- b. the Deferred Gas Cost, reflecting the Company’s Account No. 191 balance adjusted for unbilled revenue as of December 31, 2022, net of the costs associated with the extreme weather event from February 13 through 19.

10. If approved, the proposed GCA would modify Public Service’s currently effective GCA for the months of February and March 2023, as authorized by the Commission in Decision No. C22-0827 in Proceeding No. 22L-0558G. The change in revenue resulting from

the proposed February and March interim 2023 GCA rates is a decrease of \$70,879,012 when compared to revenue that would be collected under the currently effective GCA rates, based on forecasted February 2023 and March 2023 sales quantities. The annual revenue resulting from the proposed February 2023 and March 2023 interim 2023 GCA rates would be \$279,331,427 less than the annual revenue that would have been collected assuming the currently effective GCA rates for the period October 2022 through September 2023.

11. As provided on Sheet No. 50B of the Company's GCA tariff, projected gas costs included in this filing and used to derive the index-priced portion of the Gas Commodity Cost are based on the New York Mercantile Exchange ("NYMEX") February 2023 daily Settlement Price for natural gas on the first business day of the month of this Application, which was January 3, 2022. The NYMEX price for February and March 2023 was adjusted for the basis differentials applicable to regional indices used by the Company for its gas purchases. The projected gas costs include the Company's projection of net gas injections and withdrawals from underground storage during the quarter, based on the average cost of the gas in storage. The resulting Gas Commodity Cost proposed in this GCA is \$5.391 per dekatherm ("Dth"), as compared to the Gas Commodity Cost in effect for the first quarter 2023 of \$7.207 per Dth, which is a decrease of 25.20 percent. Residential natural gas bills would decrease by \$11.92 per month to \$75.03, or by 13.71 percent, based on an annualized average monthly usage of 62.9 therms. Typical small-business natural gas bills would decrease by \$54.86 per month to \$316.79, or by 14.76 percent, based on an annualized average monthly usage of 289.5 therms.

12. As stated above, the proposed Gas Commodity Cost is based upon the February

and March 2023 NYMEX natural gas futures contract Settlement Prices at the end of trading on January 3, 2022, with adjustment for basis differentials. Public Service provides the following discussion of the contributing market factors existing as of January 3, 2022, that affected natural gas market prices. In early December 2022, first quarter 2023 NYMEX contracts averaged \$6.46 per MMBtu, reflecting the prevailing perception of a tightening supply market which developed in late 2021. During the ensuing month of December 2022, first quarter 2023 NYMEX prices rose to about \$7.00 per MMBtu in reaction to sharply lower temperatures brought by winter storm Eliot but fell to below \$4.00 per MMBtu by the beginning of 2023 as weather warmed. On January 12, 2023, EIA reported an un-seasonal net injection of 11 billion cubic feet ("Bcf") for the week ending January 6, 2023, leaving the aggregate U.S. storage inventory at 2,902 Bcf, which is 140 Bcf (4.6 percent) below last year's 3,042 Bcf level but only 40 Bcf (1.4 percent) below the previous five-year average for the same week (2,942 Bcf). On the day when prices were obtained for this filing, January 3, 2023, the NYMEX February contract settled at \$3.9880 per Dth and March settled at \$3.6410 per Dth. February Rocky Mountain gas prices continued to trade at a premium to NYMEX contract quotes as the basis for gas delivered into Colorado Interstate Gas Company's Rocky Mountain (CIG RM) pipeline system was quoted at positive \$1.1750 per Dth. March basis was negative \$0.3250 per Dth. Accordingly, after adjustments for basis differentials, forward price estimates for the CIG RM price index are \$5.1630 per Dth for February, and \$3.3160 per Dth for March. The straight average price of the remaining two first-quarter 2023 quotes (\$4.24 per Dth) is 35 percent lower than the CIG RM price estimates used to determine the February and March 2023 CIG RM prices in the original

Quarterly Gas Cost Adjustment filed on December 15, 2022

13. For cross-reference purposes, the GCA effective period to which this Interim GCA applies is covered by the Gas Purchase Plan (“GPP”) filed by Public Service on June 1, 2022, in Proceeding No. 22P-0243G.

14. Public Service has included in the instant filing projections of costs for upstream pipeline transportation and storage services from CIG, Front Range, TIGT, Red Cedar, TCGT, and Southern Star, based upon existing service agreements and currently effective rates under each interstate company’s FERC gas tariff. Upstream costs are reflected on Attachment 6, Page 6.

15. The GCA is currently not impacted by gas transportation commodity discounts on its system. As all discounted transportation commodity rates exceed the Current Gas Cost portion of the transportation charge (*i.e.*, gas balancing costs), as set forth on GCA Confidential Attachment 6 hereto, all gas transportation customers will be paying their allocated gas costs. Accordingly, the GCA applicable to sales customers will not be affected by transportation discounts.

16. In accordance with the requirements of Rule 4603(b) of the Commission Rules, attached hereto and made a part hereof by this reference are GCA Attachments 1 through 14 in support of this Verified Application. Rule 4603 requires that GCA Attachments 1 through 9 be included in every GCA application and Attachments 10 through 12 be included only in the annual filings. Public Service has also included a GCA Attachment 13 with each filing. Thus, the GCA Attachments included with this filing are as follows:

GCA Attachment 1 (Confidential) contains the summary of the GCA, including illustrations of impacts on present and

proposed revenues on each applicable customer class attached in accordance with Rule 4604(b) of the Commission Rules.

GCA Attachment 2 (Confidential) is the Current Gas Cost Calculation attached in accordance with Rule 4604(c) of the Commission Rules and contains the calculation of the current gas cost and month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted gas sales quantity.

GCA Attachment 3 (Confidential) is the Deferred Gas Cost Calculation attached in accordance with Rule 4604(d) of the Commission Rules.

GCA Attachment 4 is the Company's current Gas Tariff Sheet No. 50H, showing the GCA components of its currently effective rates, attached in accordance with Rule 4604(e) of the Commission Rules.

GCA Attachment 5 (Confidential) is the Forecasted Gas Transportation and Sales Demand attached in accordance with Rule 4604(f) of the Commission Rules.

GCA Attachment 6 (Confidential) summarizes the Current Gas Cost Allocators used to calculate the current gas cost by class by dekatherm attached in accordance with Rule 4604(g) of the Commission Rules.

GCA Attachment 7 is a copy of the Notice of Revisions to the Gas Cost Adjustment on Less Than Statutory Notice of Public Service Company of Colorado, which is to be published contemporaneously herewith in accordance with Rule 1207(a) of the Rules of Practice and Procedure and is attached in accordance with Rule 4604(h) of the Commission Rules.

GCA Attachment 8 lists the Components of Delivered Gas Costs by rate class attached in accordance with Rule 4604(i) of the Commission Rules.

GCA Attachment 9 contains the proposed tariff sheet that reflects the changes to the quarterly GCA rates, attached in accordance with Rule 4604(j) of the Commission Rules.

GCA Attachment 13 is a copy of the display advertisement to be published on Xcel Energy's website on the first of the month, attached in accordance with the Quarterly GCA Stipulation filed in compliance with Commission Decision No. C09-0596 in Proceeding No. 08A-095G. This reflects changes in both increased average seasonal usage and the increased GCA price component from third quarter 2021 to fourth quarter 2021.

17. Public Service will notify customers of this Verified Application and the proposed revisions to the GCA Factors in accordance with Rule 1207 of the Rules of Practice and Procedure, 4 CCR 723-1, and Commission Rule 4109(b)(II), by publishing the Customer Notice in the Legal Classified section of *The Denver Post* once within a week after filing this Verified Application. A copy of the Customer Notice is set forth as Attachment 7 to this Application and will also be posted on the Company's public website within 24 hours of the Verified Application being filed.

II. CONFIDENTIALITY & MACHINE-READABLE FORMATTING

18. Pursuant to Rule 1100 of the Rules of Practice and Procedure, 4 CCR 723-1, and Commission Rules 4603(b) and 4604, 4 CCR 723-4, Public Service is providing Confidential Attachments 1, 2, 3, 5, and 6. For GCA Confidential Attachment 2, disclosing this information to the public would adversely impact the cost of gas to Public Service's gas customers. In addition, pursuant to Commission Rule 4033, portions of GCA Confidential Attachments 1, 3, 5, and 6 are confidential as they contain usage volumes of customer classes with fewer than 15 customers. Because these attachments contain confidential information, they are being filed under seal. Pursuant to Rule 1101(a)(I) of the Rules of Practice and Procedure, 4 CCR 723-1, public versions of these attachments, excluding the confidential information, are being filed as well.

19. Pursuant to Commission Rule 4603(b)(II), included with and submitted as part of this Verified Application are GCA Confidential Attachments 2, 3, 5, and 6, inclusive of cross-referenced and footnoted work-papers, all in Microsoft Excel®, version 9.0 format.

III. GOOD CAUSE EXISTS TO APPROVE THIS APPLICATION ON LESS THAN STATUTORY NOTICE (“LSN”)

20. Pursuant to §§ 40-3-104(1)(c)(III), C.R.S., and 40-3-104(2), C.R.S., and pursuant to Commission Rule 4109(b)(II), the Commission, for good cause shown, may allow changes to the gas utility adjustment clauses on less than thirty days’ notice. As demonstrated by this verified Interim GCA Application, there is good cause to grant this verified Interim GCA Application on less than thirty days’ statutory notice.

21. As the GCA is a forward-looking adjustment clause, obtaining pricing close to the effective date is most beneficial to the customers to ensure an accurate price signal.

22. As provided on Sheet No. 50B of the Company’s GCA Tariff, projected gas costs included in this filing and used to derive the index-priced portion of the Gas Commodity Cost component of the GCA are based on the New York Mercantile Exchange (“NYMEX”) January, February, and March 2023 daily settlement price for natural gas futures on the first business day of the month prior to this verified Interim GCA Application, or February 1, 2023. Due to the current volatile gas prices, filing an application at least 30 days prior to February 1, 2023, can result in a large impact to customers (positive or negative) due to constant changes of the future NYMEX gas pricing.

23. As the Commission is aware, the GCA is the fuel adjustment clause mechanism by which Public Service reflects increases or decreases in gas costs and refunds or collects the difference between what customers were billed for the natural gas

commodity and what was actually paid for the gas. The cost of gas is passed on from Public Service to its customers without mark up. As a result, the GCA may either increase or decrease, depending on actual gas supply cost and the amount billed for the period reviewed.

24. Delaying approval of this verified Interim GCA Application and continuing the higher pricing currently in effect would not provide a timely price signal to customers that accurately reflects the costs of service addressed by the GCA.

25. Public Service respectfully requests that the Commission approve the revisions to the GCA, without hearing, and allow the Company to place its proposed GCA tariff into effect for the period February 1, 2023 through March 31, 2023, on less than thirty days' notice, and to allow said revisions to become effective on February 1, 2023.

IV. INFORMATION REQUIRED BY COMMISSION RULE 4002

In support hereof and in accordance with Commission Rule 4002(b), Public Service respectfully states as follows:

26. Public Service Company of Colorado is a first-tier subsidiary of Xcel Energy Inc. The name and address of Public Service is:

Public Service Company of Colorado
1800 Larimer Street, Suite 1100
Denver, CO 80202-5533

27. In the State of Colorado, Xcel Energy Inc. provides gas service under the name Public Service Company of Colorado.

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

Steven P. Berman
Regional Vice President, Regulatory and Pricing

Public Service Company of Colorado
1800 Larimer Street, Suite 1100
Denver, CO 80202-5533
Phone: 303-294-2124
Facsimile: 303-294-2329
E-mail: steven.p.berman@xcelenergy.com

and

Steven H. Denman
Assistant General Counsel
Xcel Energy Services Inc.
1800 Larimer Street, Suite 1400
Denver, CO 80202-5533
Telephone: (303) 294-2220
Facsimile: (303) 294-2988
Email: Steven.H.Denman@xcelenergy.com

29. Public Service has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) of the Commission's Rules Regulating Gas Utilities, 4 CCR 723-4.

30. Public Service is a Colorado corporation and is an operating public utility engaged, *inter alia*, in the purchase, distribution, sale and transportation of natural gas in various areas in the State of Colorado. Public Service provides natural gas and electric service to more than 1.4 million residential, commercial, and industrial customers in Colorado. Public Service is a public utility as defined in § 40-1-103, C.R.S., and is subject to the jurisdiction of this Commission. Public Service is a wholly-owned subsidiary of Xcel Energy Inc., which is a holding company under the federal Public Utility Company Holding Act of 2005.

31. Pursuant to Rules 4002(b)(IX) and 4002(c) of the Commission Rules, Public Service hereby incorporates by reference the following information, which is on file with the Commission in Proceeding No. 06M-525EG:

- a. A copy of Public Service's Amended Articles of Incorporation, which was last filed on October 3, 2006;
- b. The name, business address and title of each of Public Service's officers and directors, which was last updated on March 28, 2022;
- c. The names and addresses of affiliated companies that conduct business with Public Service, which was last updated on March 28, 2022;
- d. The name and address of Public Service's agent for service of process, which was last filed on March 28, 2022; and
- e. A copy of Public Service's most recent audited balance sheet, income statement and statement of retained earnings which was last updated on March 28, 2022.

32. In the event a hearing is held, Public Service requests that it be held in Denver, Colorado or remotely.

33. Public Service hereby states that it has read and agrees to abide by the provisions of Commission Rules 4002(b)(XI)(A) through (C).

34. An attestation signed by an officer, partner, owner, employee, agent, or attorney who is authorized to act on behalf of Public Service, stating that the contents of the application are true, accurate and correct, is attached to this verified Interim GCA Application.

V. CONCLUSION

WHEREFORE, Public Service Company of Colorado respectfully requests that the Commission, without formal hearing and based on this verified Interim GCA Application

and GCA Attachments, enter an order authorizing it to file the tariff sheets set forth as Attachment 9 on not less than two business days' notice, decreasing the GCA effective February 1, 2023, in accordance with this verified Interim GCA Application.

Dated at Denver, Colorado this 26th day of January 2023.

Respectfully submitted,

By: /s/ Steven H. Denman

Steven H. Denman, Reg. No. 7857

Assistant General Counsel

Xcel Energy Services Inc.

1800 Larimer Street, Suite 1400

Denver, CO 80202-5533

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Email: Steven.H.Denman@xcelenergy.com

**ATTORNEY FOR PUBLIC SERVICE
COMPANY OF COLORADO**

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO)
FOR AN ORDER AUTHORIZING IT TO REVISE) PROCEEDING NO. 23L-XXXXG
ITS GAS COST ADJUSTMENT TO BE)
EFFECTIVE FEBRUARY 1, 2023, ON LESS)
THAN STATUTORY NOTICE.)

STATE OF COLORADO)
CITY AND) SS: VERIFICATION
COUNTY OF DENVER)

I, Alexander G. Trowbridge, being duly sworn, do hereby depose and state that I am Manager, Regulatory Administration for Public Service Company of Colorado, Applicant in the foregoing Verified Application; that I am appointed alternate Attorney in fact and Agent; that I have read the foregoing Verified Application; and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.

Alexander G. Trowbridge

Alexander G. Trowbridge
Manager, Regulatory Administration

Subscribed and sworn to before me this 27th day of January 2023.

GINA GARGANO-AMARI
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20164028888
MY COMMISSION EXPIRES 07/29/2024

My Commission expires:

07-29-2024
Gina Gargano-Amari
Notary Public