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September 30, 2011

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**RE: Public Service Company of Colorado
Revision to Statement of Rates
Statement of Operating Conditions for Gas Transportation Service
Provided Pursuant to 18 C.F.R. § 284.224
Docket No. PR11-___-000**

Dear Ms. Bose:

Pursuant to 18 C.F.R. § 284.123(e) of the regulations of the Federal Energy Regulatory Commission (“Commission”), Public Service Company of Colorado (“PSCo”) hereby submits for filing its revised Statement of Rates included as part of its Statement of Operating Conditions applicable to firm and interruptible gas transportation services performed by PSCo pursuant to its limited-jurisdiction blanket certificate issued by the Commission in accordance with 18 C.F.R. § 284.224 in Docket No. CP92-633-000.¹

The enclosed revised Statement of Rates, which is being filed electronically herewith via eTariff in accordance with 18 C.F.R. § 284.123(f), supersedes the Statement of Rates filed by PSCo on August 29, 2011 in Docket No. PR11-124-000.

In addition to the electronic version of the revised Statement of Rates being filed via eTariff, also enclosed herewith as Appendix A is a PDF version of the revised Statement of Rates for posting in the Commission’s eLibrary.

Consistent with PSCo’s original rate election pursuant to 18 C.F.R. § 284.123(b)(1)(ii) in Docket No. CP92-633-000, and Section 3.2 of its Statement of Operating Conditions on file with the Commission, the rates reflected in PSCo’s Statement of Rates are to be the same as

¹ Public Service Company of Colorado, 61 FERC ¶ 62,102 (1992).

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those contained in PSCo's transportation rate schedules for comparable intrastate service on file with the Colorado Public Utilities Commission ("Colorado PUC").

On December 17, 2010, PSCo filed a comprehensive gas rate case with the Colorado PUC proposing to implement a General Rate Schedule Adjustment ("GRSA") rider that would increase the base rates (*i.e.*, excluding purchased gas costs) that it charges for retail gas sales services and intrastate gas transportation services to recover an overall revenue deficiency of \$27.5 million, based on revenue requirements calculated using a future test year of calendar year 2011. By Decision No. C11-0040, mailed January 11, 2011, the Colorado PUC suspended the Company's tariff sheets and set the matter for hearing before a hearing commissioner in Docket No. 10AL-963G. On May 25, 2011, PSCo, the Staff of the Colorado PUC and the Colorado Office of Consumer Counsel ("OCC") entered into and filed a Settlement Agreement in Docket No. 10AL-963G comprehensively resolving all issues in the PSCo rate case among those parties. On July 8, 2011, the hearing commissioner issued Decision No. R11-0743 in Docket No. 10AL-963G, "Recommended Decision Granting Stipulation and Settlement Agreement In Part" ("Recommended Decision"), approving the Settlement Agreement with certain modifications. In Decision No. C11-0946, mailed September 1, 2011, "Order On Exceptions and Request for Clarification," the Colorado PUC granted the exceptions filed by PSCo and the OCC to the Recommended Decision, which were in the nature of clarifications, and otherwise adopted the hearing commissioner's findings and conclusions in the Recommended Decision. Accordingly, the Colorado PUC approved an annual revenue increase of \$12,762,448 and a resulting GRSA increase of 3.65 % and other tariff changes in Docket No. 10AL-963G, to become effective September 5, 2011. On September 1, 2011, PSCo filed revised tariff sheets with the Colorado PUC implementing the GRSA of 3.65 percent and other approved tariff modifications in compliance with Decision No. C11-0946. A copy of both the hearing commissioner's Recommended Decision No. R11-0743 and the Colorado PUC's Decision No. C11-0946 are attached hereto as Appendix B.

A marked text version of PSCo's revised Statement of Rates showing the specific changes resulting from the recent rate change approved by the Colorado PUC, as discussed above, is provided in redline/strikeout format in Appendix C attached hereto. The rates and charges for firm and interruptible transportation service reflected in the revised Statement of Rates filed herewith reflect the implementation of the 3.65 percent GRSA increase approved by the Colorado PUC in Docket No. 10AL-963G.

PSCo requests that the Commission accept the tendered Statement of Rates as part of its currently-effective Statement of Operating Conditions effective September 5, 2011, in order to coincide with the effective date of the corresponding rate change to the transportation rate schedules for comparable intrastate service approved by the Colorado PUC in Docket No. 10AL-963G. The proposed September 5, 2011, effective date is reflected in the text of the

APPENDIX A

(Hard Copy Version of Revised Statement of Rates)

APPENDIX B

**(COLORADO PUBLIC UTILITIES COMMISSION
DECISION NO. R11-0743, ISSUED JULY 8, 2011 AND
DECISION NO. C11-0946, ISSUED AUGUST 24, 2011)**

APPENDIX C

**(Marked Text Version of Revised Statement of Rates
in Redline/Strikeout Format)**

Statement of Rates Version: 0.4.0 Effective: 9/5/2011**STATEMENT OF RATES**

Transporter's Maximum and Minimum Rates for transportation service pursuant to 18 C.F.R. Section 284.224* are as follows:

	<u>Maximum</u>	<u>Minimum</u>
<u>Firm Transportation Service:</u>		
Firm Capacity Reservation Charge: (per Dth per Month of MDCQ)	\$6.3848	\$0.680
Commodity Charge: (per Dth)	\$0.1866	\$0.010
Authorized Overrun Charge: (per Dth)	\$0.1866	\$0.010
<u>Interruptible Transportation Service:</u>		
Commodity Charge: (per Dth)	\$0.4301	\$0.010
Authorized Overrun Charge: (per Dth)	\$0.4301	\$0.010
<u>Fuel Reimbursement Percentage:</u> (% of Receipts)	1.23%	0.00%

* Consistent with Transporter's rate election made pursuant to 18 C.F.R. § 284.123(b)(1)(ii), the Maximum and Minimum rates reflected in this Statement of Rates are the same as those contained in Transporter's transportation rate schedules for comparable intrastate service on file with the Colorado Public Utilities Commission effective as of September 5, 2011.

Decision No. R11-0743

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 10AL-963G

IN THE MATTER OF ADVICE LETTER NO. 791 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO INCREASE THE RATES FOR ALL NATURAL GAS SALES AND TRANSPORTATION SERVICES BY IMPLEMENTING A GENERAL RATE SCHEDULE ADJUSTMENT (“GRSA”) IN THE COMPANY’S COLORADO P.U.C. NO. 6 GAS TARIFF TO BECOME EFFECTIVE JANUARY 17, 2011.

**RECOMMENDED DECISION
OF HEARING COMMISSIONER
MATT BAKER
GRANTING STIPULATION AND
SETTLEMENT AGREEMENT IN PART**

Mailed Date: July 8, 2011

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A. It Is Ordered That:21

I. STATEMENT

1. On December 17, 2010, Public Service Company of Colorado (Public Service or Company) filed Advice Letter No. 791-Gas. The Advice Letter sought a Phase I Revenue Requirement increase of \$27.5 million in base rates. In percentages, the effect of this filing upon the Company’s customers would be an increase from the effective General Rate Schedule Adjustment (GRSA) rate from a negative 0.45 percent to 7.77 percent. If approved, this rate increase would have raised the average monthly residential bill \$1.34, or 2.5 percent and would raise the average small commercial monthly bill \$4.78 or 2.24 percent.

2. As part of a Stipulation and Agreement reached with Commission Staff in Docket No. 10F-011G, the Company agreed to file this Phase I rate case before the end of 2010. That Stipulation and Agreement was approved by the Commission pursuant to Decision No. R10-0599, mailed June 14, 2010.

3. In addition, Public Service proposed to shift the recovery of the return on its natural gas inventory in underground storage facilities from base rates to the Gas Cost Adjustment (GCA) through a new component, the Gas Storage Inventory Cost (GSIC).

4. Public Service also proposed to institute a new adjustment clause to capture the costs of certain pipeline system integrity initiatives. Public Service contends an adjustment clause is appropriate because these initiatives will entail significant and increasing levels of capital and operation and maintenance costs over the next few years. While Public Service is only seeking approval of the method to calculate its proposed Pipeline System Integrity Adjustment (PSIA), Public Service estimates that, based on PSIA costs ending December 31, 2012, the revenue collected under the PSIA would be \$12.8 million.

5. By Decision No. C11-0040 issued January 13, 2011, the advice letter was set for hearing and suspended for 120 days. The matter was assigned to Commissioner Matt Baker to preside as the Hearing Commissioner.

6. By Decision No. R11-0240-I issued March 7, 2011, interventions of the following parties were granted: Climax Molybdenum Company (Climax); Energy Outreach Colorado (EOC); Seminole Energy Services, LLC; Atmos Energy Corporation (Atmos); Colorado Natural Gas Inc.; SourceGas Distribution LLC (SourceGas); the Colorado Office of Consumer Counsel (OCC); and Trial Staff of the Commission (Staff). The same decision set this matter for hearing starting on May 23, 2011.

7. On May 23, 2011, the evidentiary hearing was convened. At the hearing, Public Service and Staff indicated that they had reached a settlement in principle and requested a recess in the hearings and leave to file a Stipulation and Settlement by May 24, 2011. Based upon the

need for additional negotiations with the other parties in the case, the Settlement was filed on May 25, 2011.¹

8. On May 26, 2011, the hearings in this matter were re-convened for the purposes of hearing testimony from the parties on the Settlement. Public Service introduced the Settlement, indicating that Staff and the OCC supported the Settlement and were signatories. All other parties except Climax did not oppose the Settlement. Climax indicated that it would oppose the Settlement and indicate its opposition in a filing opposing the motion to approve the Settlement. The Hearing Commissioner shortened response time to the motion to approve the Settlement to June 3, 2011 and set the deadline for statements of position on June 10, 2011.

A. Motion of Public Service for Confidentiality

9. On April 1, 2011 Staff filed *Staff's Notice of Challenge to Public Service's Claim of Confidentiality*, seeking resolution of a discovery dispute. Staff requested that the listing of passengers on the Corporate Aircraft Passenger Listing be made non-confidential for all employees of Public Service at the level of Director and above. Public Service previously provided the listing in a non-confidential manner for those employees at the level of executive employees whose titles are Vice President and above.

10. Public Service filed a *Motion of Public Service Company of Colorado for an Order Designating as Confidential the Names of Director-Level Passengers on Corporate Aircraft* on April 8, 2011. Public Service explains both it and Staff agree that, at some level, a line needs to be drawn separating the confidentiality of the passengers, and that the dispute is as to where to draw the line. Public Service argues employees at the level of director and below

¹ Joint Motion to Approve Stipulation and Settlement Agreement, Settlement Agreement, Exhibits A through F (*Settlement*), Docket No. 10AL-963G, filed May 25, 2011.

have an expectation of privacy and confidentiality relating to their employment and the manner in which they perform their functions. Public Service cites certain Colorado Supreme Court decisions that have dealt with the right of confidentiality in matters of employment.

11. Staff filed a response to Public Service's motion on April 18, 2011. In that response, Staff argues that Public Service routinely identifies director-level employees as such, and as a public utility is required to explain how ratepayer funds are used in the course of business. Staff argues that a mere listing of names does not violate the bounds of confidentiality, as Staff is not interested in any other aspects of the personal identifying information. Staff further argues that employees of Public Service at the director level have no legitimate expectation of the privacy that Public Service is requesting in this dispute.

12. In its rebuttal testimony filed on May 9, 2011, and more importantly in the Settlement Agreement, Public Service no longer requests in this rate case reimbursement of expenses for its corporate aircraft. This Hearing Commissioner finds the dispute is moot. Therefore, the motion of Public Service for confidentiality is denied as moot.

II. CASES OF THE PARTIES

A. Public Service

13. On December 17, 2010, Public Service Company of Colorado filed Advice Letter 791-Gas along with direct testimony. The Advice Letter sought a Phase I Revenue Requirement increase of \$27.5 million in base rates. A 7.77 percent GRSA was to be applied to base rates and would raise the average monthly residential bill \$1.34, or 2.5 percent. Small commercial average bills would increase by \$4.78 or 2.14 percent. The Company asked for an effective date of January 17, 2011.

14. As part of the Settlement with Staff in Docket No. 10F-011G, the Company agreed to file a Phase I rate case by the end of 2010. The Company proposed a 10.9 percent return on equity (ROE) as compared with the current 10.25 percent. This increase in ROE contributed \$7.5 million to the revenue requirement increase. A higher debt to equity ratio along with lower cost of debt mitigated some of the increase from the ROE. The Company also proposed to use a future test year (FTY) based on 12 months ending December 31, 2011.

15. The filing contained a number of key components. It proposed to move the recovery of the return component on underground storage gas from base rates to the GCA, via the inclusion of the GSIC as an additional factor in the GCA calculation. Revenue requirements will fall, along with base rates. This proposed change would increase the GCA.

16. The filing proposed eliminating the Partial Decoupling Rate Adjustment with no proposed replacement. It increased non-recurring charges to account for increased cost levels. Significantly, it proposed establishing a new rider that would allow recovery of PSIA costs such as the following programs: Transmission Integrity Management Program (TIMP); Distribution Integrity Management Program (DIMP); Cellulose Acetate Butyrate Replacement Program (CAB); and Accelerated Main Services Replacement Program (AMRP). The PSIA in the direct case was set to recover \$12.8 million over the 2012 period.

17. In its Rebuttal Case filed on May 9, 2011, the Company updated its 2011 FTY and 2010 historic test year (HTY) to reflect corrections, additional information, and concessions in response to issues raised by the parties in Answer Testimony. Based on these corrections Public Service, on rebuttal, calculated a revenue deficiency of \$20.3 million based on the FTY and \$20.7 million based on the HTY.

B. Staff of the Commission

18. On April 11, 2011, Staff filed its answer testimony in response to Public Service's direct case. The combined effect of Staff's adjustments to the Public Service case resulted in a proposed reduction in the revenue requirement of \$21.8 million.

19. Among the areas that provoked the largest proposed disallowances to the advice letter filing of Public Service were the following:

- A reduction in the proposed ROE to 9.375 percent;
- A reduction in the equity share of the capital structure to 52 percent;
- Elimination of Construction Work in Progress, TAMP amortization from previous years, depreciation adjustments, and removal of some pension expense; and
- Various other markets, including incentive pay, rate case expense, aircraft costs, and other income statement items.

20. Staff also reiterated its arguments regarding the use of a FTY by Public Service, contending that it was impossible to judge the merits of the forecasted items and that it violated such regulatory concepts as "used and useful" and "known and measurable."

C. The Office of Consumer Counsel

21. The OCC, in its answer testimony, proposed modifications to both the HTY and the FTY. The OCC raised the following concerns in its answer testimony, among others:

- Reduction in the ROE to 9.0 percent;
- Change in the FTY capital structure;
- Elimination of some of the TAMP amortized costs;
- Removal of all Incentive Pay programs;
- Modification to the calculation of lead-lag studies for cash working capital; and
- Leaving gas storage costs in base rates rather than moving them to the GCA.

D. Atmos and SourceGas

22. Atmos and SourceGas offered the cross-answer testimony of Ms. Karen P. Wilkes and Mr. Douglas D. Whitefoot, respectively. Both use the cross-answer testimony to support the general work effort that Public Service plans to undertake in the course of ensuring pipeline integrity. In addition, both criticize the positions taken by Staff and the OCC regarding the cost recovery mechanism of these costs. Atmos and SourceGas criticize the proposal offered by Staff and the OCC that such costs are routine maintenance costs and should be imbedded in base rates rather than subject to a recovery through Public Service's proposed rider mechanism.

23. On May 16, 2011, Staff filed *Staff's Motion in Limine to Exclude New Evidence Rebuttal and Request for Shortened Response Time*. Oral responses to this motion were heard at a pre-hearing conference in this docket on May 19, 2011. This Hearing Commissioner issued Decision No. R11-0653-I on June 14, 2011, addressing this motion. Based upon the motion and the arguments presented, it was determined that portions of cross-answer testimony would be stricken as requested by Staff.

E. Climax

24. At the close of the hearing where the case of the Settlement was presented, Climax indicated that it would be objecting to the Settlement. Climax did not present any witnesses, nor did Climax question the witnesses proffered by the Company and Staff that supported the testimony.

III. PROPOSED SETTLEMENT OF THE CASE**A. Summary of the Settlement**

25. As discussed above, Public Service and Staff indicated at the start of hearings in this matter that they reached an agreement in principle in this case. This settlement resolved all

contested issues in this case, other than the issue raised by EOC regarding the treatment of residential late payment revenues, which Staff and the Company agreed should be decided by the Commission based on the record evidence. Subsequently, the OCC joined the settlement in principle. Public Service, Staff, and the OCC were the Settling Parties, although the OCC does not support or oppose the agreement.

26. The Settling Parties state that reaching agreement by means of a negotiated settlement rather than through a formal adversarial process is in the public interest and consistent with Commission Rule 1408, Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1, encouraging settlements and that the compromises and settlements reflected in this Settlement Agreement are in the public interest. The Settling Parties further state that the results of the compromises and settlements reflected by this Agreement are just, reasonable, and in the public interest.

27. In the proffered agreement, the Settling Parties agree that the Company shall be authorized to put into effect, beginning September 5, 2011, a GRSA equal to 3.12 percent representing an annual base rate revenue increase of \$10.9 million over the rates that are currently in effect.

28. The rate base used in the calculation of the return component underlying the \$10.9 million revenue increase is a test year consisting of the Company's 2010 HTY adjusted to reflect an approximation of the 13-month average plant-in-service and Construction Work in Progress (CWIP) balances for the period June 30, 2010 through June 30, 2011 rather than the year end balances originally used by the Company to determine rate base.

29. The Settling Parties have agreed that the rate case principles discussed below shall be incorporated into the test year cost of service (COS), and used to calculate the \$10.9 million base rate revenue increase:

1. Authorized Return on Equity, Cost of Debt, Capital Structure, and Return on Rate Base.

30. For purposes of settlement, the Settling Parties agreed that the test year would incorporate a weighted average cost of debt equal to 5.86 percent. The Settling Parties also agreed to use an authorized ROE of 10.10 percent resulting in an overall return on rate base of 8.24 percent. For the Settlement, the Settling Parties agreed that Public Service would use a capital structure consisting of 56 percent equity and 44 percent debt which is consistent with what the Company has forecasted for its 2012 capital structure.

2. Deferred Transmission Integrity Management Programs Costs

31. The Settling Parties agreed that the Company shall amortize the regulatory asset created by the deferral of Operation and Maintenance (O&M) expenses incurred in implementing its federally-mandated TIMP as of December 31, 2010, in the amount of approximately \$27.1 million over a five-year period commencing September 5, 2011. Public Service has agreed to implement a negative rider or to reduce its GRSA, as necessary, to reflect the expiration of this five-year amortization period.

3. Construction Work in Progress and Plant Held for Future Use.

32. The Company, Staff, and the OCC have agreed that the Company shall include in rate base an estimate of the 13-month average CWIP balance for the period June 30, 2010 through June 30, 2011 and Plant Held for Future Use as of June 30, 2011. The Company shall

also include an offset to earnings equal to the estimate of the Allowance for Funds Used During Construction for the 12 months ending June 30, 2011.

4. Tax Normalization and Allowance for Net Operating Losses

33. The Settling Parties agreed that the Company shall calculate the revenue deficiency using full tax normalization, including the Company's proposed offset to accumulated deferred income taxes (ADIT) for the net operating loss carry forward applicable to the Company's gas department for income tax purposes for calendar year 2010. The Company agrees to file on each April 30, as necessary, a GRSA (or to modify its then-current GRSA, if applicable) to reflect the revenue requirement effect of any reduction or elimination of the Net Operating Loss (NOL) carry forward offset to ADIT included in the test year. This change in rates shall be made in a manner that is consistent with the income tax normalization requirements for public utilities under the Internal Revenue Code. The NOL carry forward offset to ADIT included in the test year is equal to \$9.0 million and the revenue requirement associated with this offset is equal to \$1.06 million.

5. Rate Case Expenses

34. With respect to rate case expenses, the Settling Parties agreed that the Company shall be permitted to amortize \$1.2 million in rate case expenses over a three-year period beginning September 5, 2011. The level of rate case expenses has been reduced by \$75,000 from the level initially requested by the Company, which is equal to the Company's estimate of its expenses associated with hiring one of its outside consultants. The Company further agrees that the rolling balance method of treating amortizations of rate case expenses as described in the Company's Rebuttal Testimony shall not apply with respect to the rate case expenses being amortized pursuant to this Settlement Agreement.

6. Treatment of Gain on Sale of the Technical Services Building.

35. The Settling Parties established that the gain on the sale of the Technical Services Building shall be amortized over two years as set forth in the Company's Rebuttal Testimony. The Company shall be permitted to increase its GRSA or implement an alternative positive rider to reverse the effect of this amortization effective September 5, 2013.

7. Other Cost of Service Adjustments.

36. Staff's 2010 HTY included a number of adjustments to expenses included in the Company's 2010 HTY that have been accepted by the Company in arriving at the Settlement Agreement. These include Staff's recommended adjustments to incentive compensation, alcohol expense, and aviation costs, and the shift in regulatory and resource planning labor. The Company has also accepted the OCC's recommendation to revise the revenue lag associated with residential late payment revenues to 33 days for purposes of calculating cash working capital to reflect the change in the billing of late payment fees to non-residential customers beginning June 2010.

37. In addition to these adjustments, the Company has corrected the common plant allocator used in its HTY COS as filed on February 28, 2011 and has updated the out-of period adjustment it made initially to reflect the known and measurable 2011 increases in pension and benefits cost. The Company also accepted Staff's recommended change to remove the unamortized TIMP balance from rate base. Lastly, the Company has made a minor reduction in the test year to incorporate recently received Internal Revenue Service guidance regarding the 2010 tax law changes on bonus depreciation.

38. The Settling Parties agree that the Settlement's adjustments to the test year shall have no precedential effect going forward and shall not limit or affect the positions that the Settling Parties may take on such issues in any subsequent Phase I rate proceeding.

8. Treatment of Residential Late Payments

39. Within the Settlement Agreement, Staff and the OCC take no position regarding the issues raised by EOC in its Answer Testimony relating to the treatment of residential late payments and the proposal made by Public Service witness Ms. Hyde to address EOC's concerns in her Rebuttal Testimony. The Settling Parties agree that the test year COS shall be adjusted, as necessary, to reflect the Commission's ruling on the disposition of the residential late payment revenues and resulting credits to the COS.

40. The rate case principles to be used in calculating gas utility earnings in the Annual Appendix A filing were attached to the filed Settlement Agreement as Exhibit B.

9. Pipeline System Integrity Adjustment Clause

41. The Settling Parties agreed that the Company should be permitted to implement a PSIA mechanism, providing for an initial PSIA rate, effective January 1, 2012, for the purposes of recovering costs that are incremental, either positive or negative, to those O&M and capital costs associated with the Company's TIMP, AMRP, CAB, and DIMP programs, and the Edwards to Meadow Mountain and West Main Pipeline Projects. The parties have included a further defined mechanism in the PSIA tariff attached to the filed Settlement Agreement as Exhibit C.

42. For purposes of applying the incremental tariff formula for the PSIA Adjustment Calculation, the "Projects Base Amount" shall be \$14.2 million that is included in the Settlement Agreement in Exhibit D to that agreement. According to the Settlement, this amount will be the Projects Base Amount in effect until the Commission issues a final order in the Company's next

Phase I rate case that establishes a new Projects Base Amount. The revenue requirement impact of the 2012 PSIA shall also include the deferred TIMP and DIMP O&M costs incurred by the Company from January 1, 2011 through September 4, 2011.

43. The Settling Parties agreed that the only portion of the Edwards to Meadow Mountain Pipeline Project cost that may be recovered through the PSIA is the cost corresponding to replacement of the pipeline with like size. The Company, as stated in the Settlement Agreement, may seek to recover the balance of the Edwards to Meadow Mountain Pipeline cost in a future Phase I ratemaking proceeding. The Settling Parties have also established that the only portion of the West Main Pipeline Project cost that may be recovered through the PSIA is the cost corresponding to replacement of the pipeline with like size. The Company may also seek to recover the balance of the West Main Pipeline Project cost in a future Phase I ratemaking proceeding. Other points with respect to the PSIA are detailed in the Settlement Agreement and attachments.

44. The Company agreed to submit a report each year by April 1 detailing the costs incurred during the previous year. This report will explain how the project costs were managed and any deviations between budgeted and actual costs. To the extent parties wish to challenge any of the activities or their respective costs, they can request that the Commission convene a hearing within 90 days of the date the Company files its report. The Company would file the first such report on April 1, 2013.

45. The Company also agreed to file a Phase I rate case within three years of December 17, 2010 and at least every three years thereafter for so long as the PSIA remains in effect.

10. Recovery of Costs Associated with Gas Stored Underground Inventory Through the GCA.

46. Staff and the Company agree that, following the Company's annual GCA filing, expected in mid-September 2011 for rates to be effective October 1, 2011, the Company will start recovering its GSICs through the GCA clause, as proposed in the Company's Direct Testimony and Exhibits of Company witness John Kundert.

11. Other Issues

47. The Settling Parties agreed to the Company's proposal to eliminate the Partial Decoupling Rate Adjustment. The Settling Parties also agreed to use the depreciation rates proposed by the Company.

48. Consistent with the ratemaking treatment provided for in the Settlement Agreement, Public Service is authorized to defer ongoing expenses and credits related to remaining work associated with the environmental cleanup of the Fort Collins manufactured gas plant site, and the decommissioning of the Leyden Gas Storage Facility site.

49. Consistent with the PSIA treatment of TIMP O&M costs incurred after January 1, 2011, the Company shall be authorized to defer the O&M expenses incurred under the Company's TIMP program in excess of the base allowance included in current rates for the period January 1, 2011 through September 4, 2011.

50. The Settlement Agreement is intended by the parties to be a comprehensive settlement resolving all issues raised by Staff and the OCC with respect to the Company's Phase I rate case filing. To the extent that an issue has not been addressed specifically in this settlement, the Settling Parties agreed that the Company's position as set forth in its Rebuttal Testimony and Exhibits would govern for purposes of cost recovery.

B. Discussion of Settlement and Decision of the Hearing Commissioner

51. Generally this Settlement's various principles fall within the bounds defined by the various positions of the Settling Parties espoused in the three rounds of testimony. As is typical in many settlements, the parties, Public Service, Staff, and the OCC state that the settlement resolves all disputed issues among those parties.² The Settling Parties state that reaching agreement by means of a negotiated settlement rather than through a formal adversarial process is in the public interest, consistent with Commission Rule 1408, and the compromises and settlements reflected in this Settlement Agreement are in the public interest. The Settling Parties further agree that the results of the compromises and settlements reflected by this Agreement are just, reasonable, and in the public interest. Except as discussed below, we agree with the parties that this settlement will result in rates that are just and reasonable. The results in this settlement are within the bounds of what this Hearing Commissioner would have ruled absent a settlement.

52. Having stated this, the Hearing Commissioner is ordering a modification to the settlement regarding the PSIA clause. The parties have appeared to have crafted a reasonable approach to a rider that attempts to ensure immediate cost recovery for the incremental costs of pipeline integrity. As proposed, the rider is designed in a manner that is analogous to new growth paying its own way, where increases in pipeline capacity are removed from the automatic recovery mechanism. Routine pipeline capital expenditures and maintenance are included in base rates, but the prudent additional costs due only to the additional cost burdens imposed by the federally mandated rules could be captured in the rider. The use of the concept of the "Projects Base Amount" and the conditions on the West Main Pipeline capture this issue.

² Excluding the issues raised by EOC.

53. Adopting a new rider raises significant policy concerns, and additional conditions are needed before approving this aspect of the settlement. For instance, the Hearing Commissioner recognizes the points raised by Climax in its Statement of Position filed on June 10, 2011. Climax has carefully examined the general principles that argue for the use of an adjustment mechanism in utility ratemaking. It discusses the three classic conditions on using riders: when the costs to be recovered are volatile, are outside of the utility's control, and that those costs be significant in size. Climax argues that the PSIA violates those principles to a certain degree and argues that the PSIA portion of the settlement should be rejected.

54. However, Climax has not fully discussed the role that governmental statutes and regulations can have on the rate structures for cost recovery. In this case, we have pipeline safety inspection and repair directives mandated by the federal government. Additionally, the recent high profile pipeline accidents have focused public attention on the need to improve safety and inspection protocols on an industry wide basis. No party argued Public Service should not invest in maintaining the integrity of the transmission and distribution system. The Settling Parties argue the PSIA represents a fair balance that does not penalize the Company for making needed safety investments, brings transparency to those improvements, and protects ratepayers by not setting a baseline for improvements, that will stay in ratebase. Climax asserts traditional regulatory tools are up to the task of ensuring safe reliable service while not penalizing the utility.

55. The Hearing Commissioner also considered an outcome that recognized the impending expenditures for this project, but delayed instituting the PSIA. The uncertainty of the projected expenses and the large increase in the estimated cost of the West Main replacement project, increasing from \$30 million in Public Service's direct case to \$130 million in the rebuttal

portion of its case, raises concerns that the instant approval of the PSIA rider may be premature. This is balanced against the Hearing Commissioner's concern the industry is experiencing a "phase change" in the area of pipeline safety. Federal directives and public concern for safety are moving the industry from a "detect and repair" orientation to a more preventative stance. It may take a few years for this fundamental change of direction to settle into a more predictable routine. The large increases in the West Main project support this contention.

56. Most importantly, the Hearing Commissioner is concerned that, under the terms of the Settlement, the PSIA appears to continue without a Sunset or formal review process for its continued need.

57. In order to adequately protect the ratepayers of Colorado, but still accept the basic tenets of the Settlement, the PSIA rider shall have an initial term of three calendar years, and shall expire on December 31, 2014. Prior to that expiration, Public Service shall file an Application by October 1, 2014 seeking re-instatement of the rider for a period of an additional three years if such an extension is warranted. The Hearing Commissioner expects expenses recovered through the rider to revert to a more traditional regime in three years as this will give Public Service time to develop a greater understanding of the needs and implementation timelines for the various regulations and replacement programs. Should the Company wish to make the case to continue the extraordinary cost recovery program granted here, the application shall demonstrate the continued need for another three-year extension of the rider. With this modification, the Hearings Commissioner finds that the PSIA rider, as proposed in the Settlement, is in the public interest.

58. In Section 5 of the Settlement Agreement, the parties agree that the new GCA rider that includes the recovery of the GSICs should be filed in mid-September for an effective

date of October 1, 2011. Since this filing is the first GCA with the added component from this Settlement, the Hearing Commissioner finds that, for this first filing only, Public Service shall make its GCA filing on September 1, 2011 in order to provide parties with additional time to review the filing.

59. The Hearing Commissioner makes the following comments regarding the use of a FTY. In this docket, Public Service filed its preferred alternative, the 2011 FTY, and by direction from this Commission, also filed an HTY for 2010. While the OCC proposed modifications to both the HTY and the FTY, Staff did not specifically propose modifications to the FTY. Staff did, however, criticize the FTY on theoretical grounds based on ratemaking principles, but at the same time Staff pointed out numerous issues with the appropriateness of certain HTY items.

60. Within the proposed Settlement, there was an attempt by the parties to “look forward” to a small degree, utilizing a rate base calculation utilizing six months of historical rate base and six months of forecasted rate base. While the main thrust of the Settlement utilized the 2010 HTY, this use of forward looking rate base from six months of forecast provides an interesting concept that could be developed in an upcoming rate case.

61. As somewhat of a compromise approach, the filing utility could file its advice letter with testimony and a test year that spans both a historical period and a future period. A filing that includes 12 months of history and 6 months of forecast could provide Staff and other intervenors with the historical actual with which to base the reasonableness of a modest forecasted period. The historical period could be used to develop the analysis of the forecasted period and provide some judgment as to the reasonableness of the forecasted period.

62. The Hearing Commissioner is cognizant that the possibility of such a blended or hybrid test period is only tangentially addressed in this docket, and obviously the record is

sparse. Also, generally the applicant of a rate case has the ability to define the case it wishes to present. Therefore, the Hearing Commissioner simply wishes to point out a potential solution to an ongoing debate among the parties that has resulted in added complexity and work to recent Public Service rate cases.

C. Contributions of Late Payment Penalties

63. Currently, Public Service contributes residential late payment penalties to EOC. In response to Public Service's direct case, EOC argues for a continuation of that arrangement. EOC has historically argued that since the imposition of late payment fees for the residential class in 2007, the bulk of these fees have come from low income customers. EOC has also historically argued that late payment fees do not necessarily incent higher income customers to pay in a timely manner.

64. Within the Settlement, Staff and the OCC did not take a position on this issue.

65. The Hearing Commissioner is aware of the progress of Docket No. 11R-110EG which is developing rules based upon recent revisions to § 40-3-106(1), C.R.S., which address low income assistance programs.

66. Given the progress in that case, the Hearing Commissioner has decided that continuing the status quo with respect to this issue is appropriate. Therefore, Public Service shall continue to remit the residential late payment fees to EOC as a charitable contribution, and for the purposes of calculating a GRSA, shall include an amount of \$1,861,565 to reflect a COS credit for these contributions.

IV. ORDER**A. It Is Ordered That:**

1. The Joint Motion to Approve Stipulation and Settlement Agreement filed by Public Service Company of Colorado, Staff of the Public Utilities Commission, and the Colorado Office of Consumer Counsel is approved in part subject to the discussion above.

2. Public Service Company of Colorado shall file its next gas rate case no later than December 17, 2013.

3. The *Motion of Public Service Company of Colorado for an Order Designating as Confidential the Names of Director-Level Passengers on Corporate Aircraft* filed on April 8, 2011 is denied as moot.

4. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

5. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

a) If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

b) If a party seeks to amend, modify, annul, or reverse basic findings of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the

Before the Public Utilities Commission of the State of Colorado

Decision No. R11-0743

DOCKET NO. 10AL-963G

administrative law judge and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

6. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

MATT BAKER

Hearing Commissioner

ATTEST: A TRUE COPY

Doug Dean,
Director

Colorado PUC E-Filings System

Decision No. C11-0946

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 10AL-963G

IN THE MATTER OF ADVICE LETTER NO. 791 FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO INCREASE THE RATES FOR ALL NATURAL GAS SALES AND TRANSPORTATION SERVICES BY IMPLEMENTING A GENERAL RATE SCHEDULE ADJUSTMENT (“GRSA”) IN THE COMPANY’S COLORADO P.U.C. NO. 6 GAS TARIFF TO BECOME EFFECTIVE JANUARY 17, 2011.

**ORDER ON EXCEPTIONS AND
REQUEST FOR CLARIFICATION**

Mailed Date: September 1, 2011

Mailed Date: August 24, 2011

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B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING August 24, 2011.11

I. BY THE COMMISSION**A. Statement and Background**

1. On December 17, 2010, Public Service Company of Colorado (Public Service or Company) filed Advice Letter No. 791-Gas. The advice letter sought a Phase I Revenue Requirement increase of \$27.5 million in base rates.

2. By Decision No. C11-0040, issued January 13, 2011, the advice letter was set for hearing and suspended for 120 days.

3. By Decision No. R11-0240-I, issued March 7, 2011, interventions of the following parties were granted: Climax Molybdenum Company (Climax); Energy Outreach Colorado (EOC); Seminole Energy Services, LLC (Seminole); Atmos Energy Corporation (Atmos); Colorado Natural Gas Inc. (CNG); SourceGas Distribution LLC (SourceGas); the Colorado Office of Consumer Counsel (OCC); and Trial Staff of the Commission (Staff).

4. On March 1, 2011, Public Service filed Advice Letter No. 791-Gas Amended, which advice letter asked for an effective date of February 7, 2011.

5. By Decision No. R11-0403-I, issued April 15, 2011, the Hearing Commissioner reset the 120-day suspension period.

6. By Decision No. R11-0412-I, issued April 19, 2011, the Hearing Commissioner extended the suspension period by an additional 90 days or through September 5, 2011.

7. By its rebuttal testimony filed on May 9, 2011, Public Service updated its 2010 historic test year and 2011 future test year to reflect corrections, additional information, and concessions in response to issues raised during the pre-hearing phase of this proceeding. Based on these corrections, Public Service, on rebuttal, calculated a revenue deficiency of \$20.7 million based on a 2010 historic test year and \$20.3 million based on a 2011 future test year.

8. Subsequently, Public Service, Staff, and the OCC entered into a Settlement Agreement.¹ The Settlement Agreement was filed on May 25, 2011. Atmos, Seminole, CNG, SourceGas, and EOC did not oppose the Settlement Agreement. On the other hand, Climax did oppose the Settlement Agreement.

9. Following an evidentiary hearing, the Hearing Commissioner entered Recommended Decision No. R11-0743 (issued July 8, 2011). The Recommended Decision granted, in part, the Settlement Agreement.

10. Based on the approvals granted by Decision No. R11-0743, the Company is authorized to put into effect, beginning September 5, 2011, a General Rate Schedule Adjustment (GRSA) equal to 3.12 percent, representing an annual base rate revenue increase of \$10.9 million over the rates that are currently in effect. Among other items agreed to and approved were a number of rate case principles supporting the settled base rate revenue increase, a 10.1 percent Return on Equity, and the authority of Public Service to recover its pipeline system integrity costs via a rider. The Hearing Commissioner ordered one significant modification to the Settlement Agreement; namely, that the pipeline system integrity adjustment (PSIA) rider shall be limited to an initial term of three calendar years, and shall expire on December 31, 2014, unless the rider is reinstated upon Commission consideration of an application filed no later than October 1, 2014.

11. The Hearing Commissioner also ordered one procedural modification to the Settlement Agreement. By the Settlement Agreement, the parties agreed that the new Gas Cost Adjustment (GCA) rider that includes the recovery of the Gas Storage Inventory Cost (GSIC)

¹ The Settlement Agreement, with its exhibits, is appended to this Order as Attachment 1 and made a part of this Order.

should be filed in mid-September for an effective date of October 1, 2011. Since this filing is the first GCA with the added component, the Hearing Commissioner found that, for this first filing only, Public Service shall make its GCA filing on September 1, 2011 in order to provide the Commission and interested persons additional time to review the filing.

12. The Recommended Decision also determined the only issue not resolved by the Settlement Agreement. This issue concerns the contribution to EOC by Public Service of residential late payment penalties. The Hearing Commissioner allowed the status quo to continue and, therefore, ruled that “Public Service shall continue to remit the residential late payment fees to EOC as a charitable contribution, and for the purpose of calculating a GRSA, shall include an amount of \$1,861,565 to reflect a Cost of Service credit for these contributions.” Recommend Decision at ¶ 66.

13. On July 26, 2011, Public Service filed a Motion for Clarification of certain aspects of Decision No. R11-0743. No party filed a response.

14. On July 26, 2011, the OCC filed exceptions to Decision No. R11-0743. On August 1, 2011, the OCC filed an erratum to its exceptions. No party filed a response.

B. The Office of Consumer Counsel Exceptions and Errata

15. The OCC filed exceptions for the limited purpose of clarifying its position with regard to the Settlement Agreement. The OCC does not challenge the revenue requirement increase granted to Public Service.

16. As clarified by its errata filing, the OCC requests the Commission to modify paragraph 25 of the Recommended Decision. The OCC requests a change because the Recommended Decision does not precisely capture the OCC’s position on the Settlement Agreement. The OCC states that the Recommended Decision suggests that the OCC does not

support or oppose the Settlement Agreement as a whole. However, the OCC points out that it has joined and signed the Settlement Agreement. The OCC neither supports nor opposes only Section 5 of the Agreement.

17. Specifically, the OCC requests that the Commission amend the Recommended Decision such that in paragraph 25 of Decision No. R11-0743 is rewritten as follows:

25. As discussed above, Public Service and Staff indicated at the start of hearings in this matter that they reached an agreement in principle in this case. This settlement resolved all contested issues in this case, other than the issue raised by EOC regarding the treatment of residential late payment revenues, which Staff and the Company agreed should be decided by the Commission based on the record evidence. Subsequently, the OCC joined the settlement. Public Service, **Staff and the OCC were the Settling Parties and signatories, although the OCC supported only Sections 1-4 and 6-9, and neither supported nor opposed Section 5.** ~~Subsequently, the OCC joined the settlement in principle. Public Service, Staff, and the OCC were the Settling Parties, although the OCC does not support or oppose the agreement.~~ [Bold and strikeout represent the revisions to the Recommended Decision].

18. The Commission finds that these changes clarify the intent of the OCC's position and therefore, grant the OCC's exceptions. The above language replaces paragraph 25 of the Recommended Decision.

C. Motion for Clarification of Public Service Company of Colorado

19. Public Service requests that the Commission clarify two separate directives set forth in the Recommended Decision. Public Service does not challenge the revenue requirement increase authorized by Decision No. R11-0743 as long as the Commission accepts its clarifications.

20. The first directive, set forth at paragraph 58 of the Recommended Decision, concerns the timing of Public Service's first GCA filing that would include the new GCA

component designed to allow Public Service to commence recovering its GSIC through the GCA. The Company requests clarification that it may comply with this directive by submitting an informational GCA filing on September 1, 2011, that calculates and supports in detail the new GSIC component that will be included in the GCA rates to be proposed in the Company's annual GCA application scheduled to be filed in mid-September to become effective October 1, 2011.

21. Public Service seeks clarification that it may comply by filing an informational GCA calculation detailing the derivation of the new GSIC component on September 1, 2011, rather than filing an actual GCA application on that date proposing to change the Company's GCA rates. Because of the technical requirements of Public Service's GCA tariff, a September 1 filing cannot include the necessary changes to the GCA rate components required by its GCA tariff to become effective on October 1, 2011. The Company points out that its GCA tariff requires that two major components of the GCA rate, the Gas Commodity Cost and the Deferred Gas Cost, be revised in each quarterly GCA application based on information that is only available, at the earliest, several business days after the first day of the calendar month preceding the proposed effective date of the GCA rate. The Gas Commodity Cost is priced at the NYMEX Settlement Price as of the seventh business day of the month prior to the GCA Effective Period. The seventh business day in September 2011 is September 12. Likewise, Deferred Gas Cost is calculated by subtracting Recovered Gas Cost from Actual Gas Cost, as of the end of the month that is one month prior to the effective date of each quarterly GCA. The Public Service accounting data necessary to determine the over or under-recoveries as of August 31 for purposes of the annual GCA are not available until approximately the second week in September.

22. In order to comply with the directive of the Recommended Decision to provide the parties with additional time to review the filing in which the GSIC component is first calculated and implemented, Public Service asks that it be permitted to file an informational and illustrative GCA calculation on September 1, 2011 that shows the detailed derivation of the GSIC component that will be incorporated in the annual GCA application to be filed mid-September and proposed to go into effect October 1, 2011. This proposed informational GCA filing would include the same GCA rate components approved in the Company's last quarterly GCA application in Docket No. 11L-508G, including all of the exhibits typically required in a quarterly GCA application, in addition to the new GSIC component derivation. Public Service proposes that this informational filing be a compliance filing in this rate case docket. Public Service would then file its regularly-scheduled annual GCA application, including the new GSIC component, in mid-September in accordance with its GCA tariff.

23. Public Service represents that it has discussed this approach with counsel for the Commission's Trial Staff and the OCC. Staff supports the proposal, and the OCC neither supports nor opposes the proposal.

24. We find that this proposed approach reaches a reasonable compromise, allowing parties to review the conceptual approach of the new structure of the GCA filing and recognizes the reality of the availability of necessary data. We therefore grant the request for clarification on this issue.

25. Regarding the second directive, Public Service seeks clarification concerning the exact calculation of the cost of service and resulting GRSA resulting from the Hearing Commissioner's ruling, set forth at paragraph 66 of the Recommended Decision, concerning the

Company's commitment to continue to remit as a donation to EOC, the late payment fees it collects from residential gas customers.

26. Public Service asks that we clarify that the requested adjustment to the settled cost of service would reverse a revenue credit in the amount of \$1,861,565, and correspondingly increase the revenue deficiency and the resulting GRSA. Public Service requests clarification that the above-described adjustment is what was intended by the phrase in paragraph 66 of the Recommended Decision "for purposes of calculating a GRSA, [Public Service] shall include an amount of \$1,861,565 to reflect a C[ost]O[f]S[ervice] credit for these contributions." Accordingly, Public Service requests clarification that the approved adjustment to the cost of service is to reverse the \$1,861,565 credit.

27. We grant the clarification requested by Public Service with respect to the directive of the Recommended Decision. The intent of the Recommended Decision was to allow an increase in the revenue requirement and GRSA to reflect the contribution of residential late payment fees by Public Service to EOC.

28. We wish to take this opportunity to note the progress of the Commission's attempt to address issues related to low income electric and gas customers in Docket No. 11R-110EG. That docket resulted in Decision No. R11-0606 issued June 3, 2011. Exceptions were filed, and we deliberated those exceptions at the Commissioners' Deliberations Meeting on August 11, 2011. A Commission decision on the exceptions is pending. At our deliberations on the new rules, we gave verbal approval to the concept of a "Safe Harbor" program, including such areas as program participation rules and cost recovery. Thus, we may decide to take a different approach to the provision of late payment fees to EOC should Public Service and/or EOC make a similar request in a future rate case.

D. Modification of Pipeline Safety Integrity Adjustment Re-Instatement Application Deadline

29. Paragraph 57 of Decision No. R11-0743 provides that the PSIA rider shall be limited to an initial term of three calendar years, and shall expire on December 31, 2014, unless the rider is reinstated upon Commission consideration of an application filed no later than October 1, 2014.

30. The Commission finds that three months is insufficient time to review and conduct proceedings on a reinstatement application in the event Public Service believes the PSIA rider should be extended.

31. We find, therefore, that an application to extend the PSIA rider beyond December 31, 2014 shall be filed on or before July 1, 2014.

II. ORDER

A. The Commission Orders That:

1. Advice Letter No. 791-Gas and Advice Letter No. 791-Gas Amended are permanently suspended.

2. The Exceptions and Errata to Exceptions of the Colorado Office of Consumer Counsel are granted. Paragraph 25 of Decision No. R11-0743 is revised to read:

As discussed above, Public Service and Staff indicated at the start of hearings in this matter that they reached an agreement in principle in this case. This settlement resolved all contested issues in this case, other than the issue raised by EOC regarding the treatment of residential late payment revenues, which Staff and the Company agreed should be decided by the Commission based on the record evidence. Subsequently, the OCC joined the settlement. Public Service, Staff and the OCC were the Settling Parties and signatories, although the OCC supported only Sections 1-4 and 6-9, and neither supported nor opposed Section 5.

3. The Motion for Clarification of Public Service Company of Colorado (Public Service) is granted subject to the discussion above.

4. Decision No. R11-0743 is modified at paragraph 57 by striking “by October 1, 2014” and replacing it with “on or before July 1, 2014”.

5. Paragraph 58 of Decision No. R11-0743 is revised to permit, as stated in the Settlement Agreement, the filing of Public Service’s annual Gas Cost Adjustment filing in mid-September 2011. However, prior to that and consistent with the intent of paragraph 58 of Decision No. R11-0743, Public Service shall make an informational and illustrative compliance filing in this rate case docket on or before September 1, 2011 that sets forth a template of its anticipated mid-September 2011 Gas Cost Adjustment filing, which template calculates and sets forth in detail the new Gas Storage Inventory Costs component.

6. The Settlement Agreement is adopted subject to the modifications set forth in Decision No. R11-0743 and as further modified and clarified in this Order.

7. Public Service is authorized to file a General Rate Schedule Adjustment consistent with Decision No. R11-0743 and this Order on not less than one business day’s notice, with rates to be effective on or after September 5, 2011.

8. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this Order.

9. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 24, 2011.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

JAMES K. TARPEY

MATT BAKER

Commissioners

**Statement of Rates Version: 0.34.0 Effective:
7/30/2011**

STATEMENT OF RATES

Transporter's Maximum and Minimum Rates for transportation service pursuant to 18 C.F.R. Section 284.224* are as follows:

	<u>Maximum</u>	<u>Minimum</u>
<u>Firm Transportation Service:</u>		
Firm Capacity Reservation Charge: (per Dth per Month of MDCQ)	\$6. 1064 <u>3848</u>	\$0.680
Commodity Charge: (per Dth)	\$0. 1784 <u>1866</u>	\$0.010
Authorized Overrun Charge: (per Dth)	\$0. 1784 <u>1866</u>	\$0.010
<u>Interruptible Transportation Service:</u>		
Commodity Charge: (per Dth)	\$0. 4114 <u>4301</u>	\$0.010
Authorized Overrun Charge: (per Dth)	\$0. 4114 <u>4301</u>	\$0.010
<u>Fuel Reimbursement Percentage:</u> (% of Receipts)	1.23%	0.00%

* Consistent with Transporter's rate election made pursuant to 18 C.F.R. § 284.123(b)(1)(ii), the Maximum and Minimum rates reflected in this Statement of Rates are the same as those contained in Transporter's transportation rate schedules for comparable intrastate service on file with the Colorado Public Utilities Commission effective as of July 30/September 5, 2011.

FERC rendition of the electronically filed tariff records in Docket No. PR11-00131-000
 Filing Data:
 CID: C000821
 Filing Title: 2011_09_30 PSCo Rate Filing Change
 Company Filing Identifier: 181
 Type of Filing Code: 980
 Associated Filing Identifier:
 Tariff Title: PSCo Gas Tariffs
 Tariff ID: 1000
 Payment Confirmation:
 Suspension Motion: N

Tariff Record Data:
 Record Content Description, Tariff Record Title, Record Version Number, Option Code:
 , Statement of Rates, 0.4.0, A
 Record Narrative Name:
 Tariff Record ID: 2000002
 Tariff Record Collation Value: 12000001 Tariff Record Parent Identifier: 2000000
 Proposed Date: 2011-09-05
 Priority Order: 500
 Record Change Type: CHANGE
 Record Content Type: 1
 Associated Filing Identifier:

STATEMENT OF RATES

Transporter's Maximum and Minimum Rates for transportation service pursuant to 18 C.F.R. Section 284.224* are as follows:

	<u>Maximum</u>	<u>Minimum</u>
<u>Firm Transportation Service:</u>		
Firm Capacity Reservation Charge: (per Dth per Month of MDCQ)	\$6.3848	\$0.680
Commodity Charge: (per Dth)	\$0.1866	\$0.010
Authorized Overrun Charge: (per Dth)	\$0.1866	\$0.010
<u>Interruptible Transportation Service:</u>		
Commodity Charge: (per Dth)	\$0.4301	\$0.010
Authorized Overrun Charge: (per Dth)	\$0.4301	\$0.010

Fuel Reimbursement Percentage:	1.23%	0.00%
(% of Receipts)		

- * Consistent with Transporter's rate election made pursuant to 18 C.F.R. § 284.123(b)(1)(ii), the Maximum and Minimum rates reflected in this Statement of Rates are the same as those contained in Transporter's transportation rate schedules for comparable intrastate service on file with the Colorado Public Utilities Commission effective as of September 5, 2011.

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