

168 FERC ¶ 61,116  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 26, 2019

In Reply Refer To:  
Public Service Company of Colorado  
Docket No. ER19-2272-000

Xcel Energy Services Inc.  
1800 Larimer Street  
Suite 1200  
Denver, CO 80202

Attention: Diane Watkins

Dear Ms. Watkins:

1. On June 27, 2019, Public Service Company of Colorado (PSCo) filed revisions to its Assured Power and Energy Requirements Service Tariff (Tariff) to establish regulatory assets in the PSCo production formula rate template (Production Template) for costs associated with the early retirement of PSCo's Comanche Units 1 and 2 coal-fired generating units, and associated Comanche Common assets.<sup>1</sup>
2. PSCo states that Comanche Units 1 and 2 currently serve retail native load customers in Colorado and wholesale requirements service customers under the Tariff. PSCo further states that Comanche Units 1 and 2 had scheduled retirement dates of 2033 and 2035, respectively. PSCo explains that the Colorado Public Utilities Commission (Colorado Commission) approved early retirement dates for Comanche Unit 1 (retiring in 2022), and Comanche Unit 2 and Comanche Common assets (retiring in 2025), finding that customers would benefit from retiring the units early. PSCo states that the Colorado Commission also approved PSCo's proposed retail regulatory asset, effective September 1, 2018.

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<sup>1</sup> PSCo states that the Comanche Common assets are generally made up of facilities and other similar assets that support all generating units on the site. Transmittal at 7 n.20.

3. PSCo states that the Production Template was originally established through a settlement approved by the Commission and provides a cost-based formula rate for calculating the rates for sales and services to wholesale requirements customers.<sup>2</sup> PSCo further states that the settlement agreement provided that PSCo may file from time to time to seek Commission approval to bring the production formula's depreciation rates in line with the production depreciation rates approved by the Colorado Commission for PSCo's retail jurisdiction.<sup>3</sup>

4. PSCo states that it is revising the Production Template and Formula Rate Implementation Protocols (Protocols) of the Tariff to establish Comanche Units 1 and 2 and Comanche Common assets in a manner consistent with the regulatory assets applicable to Colorado retail electric customers, and to establish the regulatory asset amortizations consistent with the seven year amortizations for other PSCo early retirement plants as provided in its Production Template. PSCo states that due to the early retirements of Comanche Units 1 and 2, PSCo will not be able to recover its investment through the current Production Template depreciation rates, which were based on a calculation of longer service lives. PSCo represents that Generally Accepted Accounting Principles require PSCo to accelerate depreciation associated with Comanche Units 1 and 2 such that these assets have a net book value of zero at retirement, in light of the Colorado Commission's approval. To comply with this requirement, PSCo proposes to establish a regulatory asset for accounting purposes and then, upon retirement of the units, recover the unamortized balance of Comanche Units 1 and 2 and Comanche Common assets in production rates over a period of seven years. PSCo requests Commission approval to include the increased accumulated depreciation reserve balance in rates, as the adjustment is a change to depreciation that requires prior Commission authorization. PSCo states that there will be no rate impact until amortization of the regulatory assets begins in the year following each unit retirement (2023 and 2026, respectively).<sup>4</sup>

5. PSCo states that its proposed revisions to the Production Template reflect the addition of regulatory assets for Comanche Units 1 and 2 and Comanche Common assets, and provide for a seven year amortization starting when the units will be retired. PSCo

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<sup>2</sup> See *Pub. Serv. Co. of Colo.*, 139 FERC ¶ 61,250 (2012) (*PSCo*).

<sup>3</sup> Transmittal at 3.

<sup>4</sup> *Id.* at 6-7.

further states that its proposed revisions to the Protocols add procedures for including the Comanche regulatory assets in rate base in the Production Template.<sup>5</sup>

6. PSCo requests waiver of the Commission's notice requirements to allow the tariff revisions to go into effect September 1, 2018. PSCo states that good cause exists to grant the waiver because PSCo's proposal will not have a retroactive rate impact and will not cause a change in production rates until 2023 and 2026, when the amortizations commence. PSCo represents that a September 1, 2018 effective date would allow the regulatory assets to be incorporated into the Production Template on the same day as the Colorado Commission's regulatory asset effective date.<sup>6</sup> PSCo also requests, to the extent necessary, waiver of the Protocols to allow PSCo to use the revised Production Template to calculate its 2018 Annual True-Up.<sup>7</sup>

7. Notice of PSCo's filing was published in the *Federal Register*, 84 Fed. Reg. 31,865 (2019), with interventions and protests due on or before July 18, 2019. Intermountain Rural Electric Association submitted a motion to intervene. No comments or protests were filed.

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motion to intervene serves to make Intermountain Rural Electric Association a party to this proceeding.

9. We accept PSCo's proposed Tariff revisions to establish a regulatory asset. We find that PSCo has demonstrated that the Tariff revisions are just and reasonable and are necessary to establish the proposed regulatory assets for the costs associated with the early retirement of PSCo's Comanche Unit 1 and Unit 2 coal-fired generating units, and associated common utility plant. Additionally, we find that the proposed Tariff revisions are consistent with the settlement agreement approved by the Commission in Docket No. ER11-2853, which permits PSCo to make filings to align the depreciation rates used

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<sup>5</sup> *Id.* at 7-8.

<sup>6</sup> *Id.* at 10-11.

<sup>7</sup> *Id.* at 11. We find that the requested waiver is not necessary because we grant PSCo's request for waiver of prior notice to allow an effective date of September 1, 2018.

in its Production Template with those approved by the CPUC.<sup>8</sup> Accordingly, we accept PSCo's proposed Tariff revisions, effective September 1, 2018, as requested.<sup>9</sup>

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>8</sup> *PSCo*, 139 FERC ¶ 61,250.

<sup>9</sup> *See Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992).