



414 Nicollet Mall
Minneapolis, MN 55401

April 6, 2018

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Public Service Company of Colorado
Docket No. ER18-482-000
Xcel Energy Open Access Transmission Tariff
Filing to Extend Action Date on Revisions to Attachment O-PSCo

Dear Secretary Bose:

On December 20, 2017, in the above-captioned docket, Xcel Energy Services Inc. (“XES”),¹ on behalf of its public utility operating company affiliate Public Service Company of Colorado (“PSCo”), filed revisions pursuant to Section 205 of the Federal Power Act to modify the transmission-related depreciation rates set forth in Table 25, Workpaper H-1 (Depreciation and Amortization Rates) to Attachment O-PSCo to the Xcel Energy Operating Companies Open Access Transmission Tariff (“Xcel Energy Tariff”), to be effective approximately May 1, 2018.² Attachment O-PSCo is the transmission formula rate used to establish the rates for wholesale Network and Point-to-Point transmission services on the PSCo system. This filing requests that the Commission defer action on the December 20 Filing, and not accept the proposed Tariff revisions effective May 1, 2018, for the reasons stated herein.

Background

At the time of the December 20 Filing, PSCo had recently filed a retail electric rate case with the Colorado Public Utilities Commission (“CoPUC”) in Proceeding No. 17AL-0649E, in which the Company proposed a multi-year rate plan that included four forecasted test years for calendar years 2018 through 2021. The December 20 Filing indicated the CoPUC was expected to make a decision in the retail rate case in second quarter 2018, with final rates to be effective approximately May 1, 2018. Under a 2016 Settlement Agreement approved by the CoPUC in a

¹ XES is the service company subsidiary of Xcel Energy Inc., the holding company parent of PSCo and the other Xcel Energy Operating Companies, namely, Northern States Power Company, a Minnesota corporation, Northern States Power Company, a Wisconsin corporation, and Southwestern Public Service Company. As such, XES makes filings with, and appears in proceedings before, the Commission on behalf of the Xcel Energy Operating Companies.

² *Public Service Company of Colorado*, Filing of Revised Depreciation Rates in Table 25 to Attachment O-PSCo, Docket No. ER18-482-000 (December 20, 2017) (“December 20 Filing”).

separate CoPUC proceeding and described in December 20 Filing, the revised PSCo retail depreciation rates were to be placed into effect on the same date as final retail rates in the next PSCo general rate case.³ The December 20 Filing sought Federal Energy Regulatory Commission (“Commission” or “FERC”) authorization to revise PSCo’s wholesale transmission depreciation rates listed in Table 25, WP_H-1 to Attachment O-PSCo so the wholesale depreciation rates would be identical to the retail depreciation rates filed with and accepted by the CoPUC, to be effective on the same date (i.e., approximately May 1, 2018).⁴ PSCo sought to synchronize the wholesale depreciation rates with the retail rates because PSCo has a long practice of keeping retail and wholesale depreciation rates the same.⁵ PSCo estimated the December 2017 filing would result in a net cost increase for PSCo customers taking wholesale transmission service under the Xcel Energy Tariff of approximately \$0.5 million annually.⁶ Four affected PSCo wholesale customers intervened in the instant docket; no party protested.⁷

On December 22, 2018, the Tax Cuts and Jobs Act (“TCJA”) was enacted into law, changing the federal corporate income tax rate from 35 percent to 21 percent.⁸ The TCJA caused a substantial effect on PSCo’s retail rate case test year cost of service and revenue requirement. As a result, PSCo and the parties to the retail electric rate case agreed that PSCo would update its retail test year revenue requirements to reflect the impact of the TCJA.⁹

As an outgrowth of the discussion on the TCJA impacts, on March 23, 2018, PSCo and the Staff of the CoPUC filed a joint motion to extend the procedural schedule and provisional rate effective date in CoPUC Proceeding No. 17AL-0649E.¹⁰ The March 23 Motion indicated that PSCo and the CoPUC staff had agreed that provisional rates in Proceeding No. 17AL-0649E

³ December 20 Filing at 5.

⁴ December 20 Filing at P 12.

⁵ December 20 Filing at 5.

⁶ December 20 Filing at P 9.

⁷ The parties who filed motions to intervene are Grand Valley Power Lines, Inc., Holy Cross Electric Association, Intermountain Rural Electric Association, and Yampa Valley Electric Association.

⁸ See *Law to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018*, H.R. 1 (2017) (“TCJA”).

⁹ On February 9, 2018, in Docket No. ER18-840-000, PSCo filed a request, *inter alia*, for waiver of the Formula Rate Implementation Procedures (“Protocols”) in Attachment O-PSCo to allow PSCo to calculate its 2018 Annual Transmission Revenue Requirement (“ATRR”) and estimated rates using the new, lower federal corporate income tax rate. The Commission granted the waiver by order dated March 15, 2018. See *Public Service Company of Colorado*, 162 FERC ¶ 61,216 (2018).

¹⁰ *In the Matter of Advice Letter No. 1748 – Electric Filed by Public Service Company of Colorado to Revise Its PUC No. 8-Electric Tariff to Implement a General Rate Schedule Adjustment and other Changes Effective on Thirty Days Notice*, Proceeding No. 17-AL0649E, Joint Motion For Approval of Changes to Procedural Schedule and Other Changes to Procedures and Scope of Electric Rate Case (March 23, 2018) (“March 23 Motion”), available at: https://www.dora.state.co.us/pls/efi/EFI_SEARCH_UI.SEARCH?p_session_id=&p_results=Documents&p_proceeding_number=17AL-649E&p_document_type=Choose%20One&p_docket_status=Choose%20One&p_decision_type=Choose%20One&p_decision_author=Choose%20One&p_auto_search=Y.

would not be placed into effect until January 1, 2019, subject to refund, with the effective date for final retail rates determined by the CoPUC. The CoPUC has not yet acted on the March 23 Motion. Under the proposed revised procedural schedule, the CoPUC would not be expected to make a final ruling in the PSCo retail electric rate case until early 2019, with final rates effective on or after January 1, 2019. The revised PSCo wholesale depreciation rates would thus also provisionally be effective January 1, 2019.

Deferral of Commission Action Requested; Revised Tariff Records

Given the developments in the PSCo retail electric rate case to which the December 20 Filing is linked, the effective date for the revisions to the Attachment O-PSCo transmission depreciation rates will be delayed, likely to at least January 1, 2019.¹¹ The precise effective date is unclear at this time, however, because the CoPUC has not yet acted upon the March 23 Motion in the retail rate case, and the final effective date is now expected to be determined by the CoPUC in early 2019. At a minimum, the effective date will no longer be approximately May 1, 2018. PSCo thus respectfully moves that the Commission defer action on the December 20 Filing and not issue an order before May 1, 2018.

Pursuant to 18 C.F.R. § 35.17(b) (2017) of the Commission's regulations and other FERC guidance,¹² XES, on behalf of PSCo, hereby files a revised Tariff Record for Table 25, WP-H-1 to Attachment O-PSCo with an effective date of "12/31/9998" for the purpose of deferring the need for the Commission to take action on the Tariff Records submitted in PSCo's December 20 Filing. Use of the "12/31/9998" effective date is appropriate in this situation because the necessary effective date is unknown and conditioned upon action by the CoPUC. The depreciation rates contained in the revised Tariff Records are the same as those submitted in the December 20 Filing, but the proposed effective date has been changed to 12/31/9998.

Future Supplemental Filing

PSCo will submit a supplemental filing in the instant docket to modify the requested effective date and to notify the Commission of the CoPUC's final order in Proceeding No. 17AL-0649E. PSCo would identify the effective date for final retail electric rates and retail depreciation rates as determined by the CoPUC, and include further Attachment O-PSCo Tariff Records reflecting this final effective date for the revised wholesale depreciation rates.

¹¹ Given the relatively small impact of the proposed depreciation rate changes on the 2018 ATRR over the remaining months of 2018, PSCo will reflect the impact of the change to the effective date for the depreciation rates in the transmission formula rate true-up for 2018, rather than implementing a rate reduction for the remainder of 2018. Under the PSCo protocols, the 2018 true up would be calculated in mid-2019, with any refunds (or surcharges), plus interest, implemented by customer bill adjustment in 2019.

¹² See *Requirements for Filings by Public Utilities Seeking to Extend the Date for Commission Action on Statutory Filings* (posted at <http://www.ferc.gov/docs-filing/etariff/comm-order/extend-date.pdf>).

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Contents of Filing

In addition to this transmittal letter, this filing includes the following:

- A revised Table 25, WP_H-1 (Deprec and Amort Rates) to Attachment O-PSCo in clean eTariff format, with a proposed effective date of 12/31/9998.

Conclusion

PSCo appreciates the Commission's prompt consideration of this matter. Please direct any questions regarding this filing to the undersigned at (612) 215-4592 or to Ms. Tracee Holte at (612) 330-6206. XES will serve a copy of this filing on the CoPUC and on the designated representatives for all parties to this proceeding.

Sincerely,

/s/ James P. Johnson

James P. Johnson
Assistant General Counsel
Xcel Energy Services Inc.
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Minneapolis, MN 55401
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Email: jamesp.p.johnson@xcelenergy.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day electronically served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Minneapolis, Minnesota this 6th day of April, 2018.

/s/ Tracee Holte

Tracee Holte
Xcel Energy Services Inc.
414 Nicollet Mall – GO6
Minneapolis, MN 55401

Proposed Effective Date: 12/31/9998

**Public Service Company of Colorado
 Transmission Formula Rate Settlement Template
 Twelve Months Ended December 31, 20XX
 Depreciation and Amortization Rates
 Utility Plant, Regulatory Assets, & Regulatory Liabilities**

**Table 25
 WP_H-1**

FERC Account	Name	Depreciation/ Amortization Rate (%)
Electric Plant Acquisition Adjustment- Calpine Acquisition		
114	Transmission Serving Transmission	
	Rocky Mountain Energy Center-Amortization of 55 years ending in 2065.	1.8182
Electric Intangible		
302	Franchises and Consents	N/A ¹
302/303	Licenses	N/A ¹
303	Electric Intangible Software 3 Yr	33.3333
303	Electric Intangible Software 7 Yr	14.2857
303	Electric Intangible Software 10 Yr	10.0000
303	Electric Intangible Software 15 Yr	6.6667
Electric Transmission		
350.2	Land Rights	0.9980
352	Structures & Improvements	1.1916
353	Station Equipment	1.9792
354	Towers & Fixtures	1.4750
355	Poles & Fixtures	2.2547
356	OH Conductors & Devices	1.7817
357	UG Conduit	1.6627
358	UG Conductors & Devices	1.9945
359	Roads & Trails	1.0825
Electric General		
389	General Land Rights	1.6667
390	Structures and Improvements	2.2521
390	Leasehold Improvements	N/A ¹
391	Office, Furniture and Equipment	4.5583
391.2	Computers	16.2260
392.1	Transportation Equipment – Autos	7.1923
392.2	Transportation Equipment – Light Trucks	7.0136
392.3	Transportation Equipment – Trailers	3.1247
392.4	Transportation Equipment – Heavy Trucks	5.8937
393	Stores Equipment	3.1640
394	Tools Shop Equipment	3.8445
395	Laboratory Equipment	10.0000
396	Power Operated Equipment	5.6340

Proposed Effective Date: 12/31/9998

Approved Effective Date:

397	Communications Equipment	6.3007
398	Miscellaneous Equipment	4.5977

Common Intangible

302	Franchises and Consents	N/A ¹
303	Electric Intangible Software 3 Yr	33.3333
303	Electric Intangible Software 7 Yr	14.2857
303	Electric Intangible Software 10 Yr	10.0000
303	Electric Intangible Software 15 Yr	6.6667

Common General

389	General Land Rights	1.6667
390	Structures and Improvements	2.4191
390	1800 Larimer Leasehold Improvements	N/A ¹
390	Leasehold Improvements	N/A ¹
391	Office, Furniture and Equipment	4.9019
391.05	Computers 3 Year	32.6080
391.04	Computers	16.3559
392.1	Transportation Equipment – Auto	7.4233
392.2	Transportation Equipment – Light Trucks	7.3603
392.3	Transportation Equipment – Trailers	3.1677
392.4	Transportation Equipment – Heavy Trucks	6.1716
393	Stores Equipment	3.1640
394	Tools Shop Equipment	3.9186
395	Laboratory Equipment	9.9572
396	Power Operated Equipment	5.8982
397	Communications Equipment	5.4453
398	Miscellaneous Equipment	4.6394

Notes:

The Depreciation Rates were accepted in Docket ER18-XXX and will not change absent a 205 or 206 filing.

1 Amortized over the terms of the agreement or license.