



1800 Larimer Street
Denver, CO 80202

January 27, 2020

VIA ELECTRONIC FILING

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

Re: *Public Service Company of Colorado*
Docket No. ER20-____-000
Revisions to Section 3 – Billing of the Xcel Energy Operating Companies
Open Access Transmission Tariff

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d (2018), part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations, 18 C.F.R. pt. 35 (2019), and Order No. 714,¹ Public Service Company of Colorado (“PSCo”) submits revisions to the Xcel Energy Operating Companies FERC Electric Tariff, Third Revised Volume No. 1 (“Xcel Energy Tariff” or “Tariff”).² The revisions modify Part I, Section 3 of the Tariff, which describes Ancillary Services. PSCo proposes to clarify that credits associated with Schedule 4 and Schedule 9 revenues will be applied to customer’s bills when hourly pricing is final. The Tariff revisions are applicable to the PSCo Transmission System in the Western Interconnection.

PSCo respectfully requests an effective date for the proposed revisions of January 28, 2020, which is one (1) day after the date of this filing, to effectuate these changes promptly. The proposed revisions are intended to clarify the billing process for distributing

¹ *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2008) (“Order No. 714”).

² PSCo is the designated e-Tariff filing entity for the Open Access Transmission Tariff of Northern States Power Company, Northern States Power Company (Wisconsin), Public Service Company of Colorado, and Southwest Public Service Company (i.e., the Xcel Energy Tariff), consistent with the requirements of Order No. 714.

Schedule 4 and Schedule 9 revenues, but do not impact the distribution of such revenues as required by the Tariff.

I. Background

A. Public Service Company of Colorado

PSCo is a wholly owned utility operating company subsidiary of Xcel Energy Inc. PSCo is a vertically-integrated electric utility and, inter alia, owns and operates transmission facilities in the State of Colorado. PSCo provides wholesale transmission service, inter alia, pursuant to the Xcel Energy Tariff on file with and accepted by the Commission.³

II. Description and Justification of Proposed Tariff Revisions

PSCo is proposing to clarify that it will issue credits for Schedule 4 and Schedule 9 revenues to each non-offending customer when the hourly pricing that determines such revenues is final. The current language in Part I, Section 3 of the Tariff states that such credits shall be applied to customers' bills "in the next billing cycle." Because PSCo issues bills for transmission services the month after the operating month, some transaction costs are not final when bills are initially issued. This means that the hourly determination of the incremental and decremental energy costs that are used to calculate Schedule 4 and Schedule 9 revenues may not be final in the next month after the imbalance occurred when the credit is currently issued. To address this lack of finality with respect to relevant charges, PSCo proposes to estimate the Schedule 4 and Schedule 9 revenues for the immediately following month and then "true-up" the Schedule 4 and Schedule 9 revenues the month after that if the incremental or decremental energy costs change due to, for example, additional energy invoices being received during the interim period. Simply put, PSCo proposes to issue Schedule 4 and 9 credits one month later so that the distribution of revenues is more accurately reflective of the energy cost and associated revenues.

Specifically, PSCo proposes the following edit:

Transmission Provider shall credit any Schedule 4 or Schedule 9 revenues in excess of incremental costs on an hourly basis. Penalty revenues received from offending customers each hour shall be credited to all non-offending customers for that same hour in proportion to each non-offending customer's usage of the transmission system in MW during that hour, including the Transmission Provider's bundled load. Any credits shall be applied to customers' bills in the next billing month after hourly pricing is final.

³ The Xcel Energy OATT was restated in eTariff and accepted for filing in *Public Service Company of Colorado*, Docket No. ER16-1422-000, unpublished letter order (August 16, 2016).

III. Proposed Effective Date and Request for Waiver of Notice

PSCo respectfully requests that the Commission grant waiver of its sixty (60) day prior notice requirement⁴ and allow the proposed revisions to become effective on January 28, 2020, which is one (1) day after filing. The Commission's policy with respect to waivers of the prior notice requirement permits the Commission to grant waiver if good cause is shown.⁵ PSCo submits that good cause exists to grant the requested waiver because it will result in more accurate distribution of Schedule 4 and Schedule 9 revenue as well as decrease the administrative burden in the billing process. Moreover, there is no rate impact associated with the proposed revisions.

IV. Information Related to the Effect of the Rate Change

This filing does not change the rate or distribution of Schedule 4 and Schedule 9 revenue.

V. Additional Information Submitted in Support of Filing

A. Information Required by Section 35.13 of the Commission's Regulations, 18 C.F.R. § 35.13

1. Contents of Filing – Section 35.13(b)(1)

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

- The revised Section 3 of the OATT, in clean eTariff format;
- The revised Section 3 of the OATT, in marked format;

2. Requested Effective Date – Section 35.13(b)(2) Waiver Request

PSCo respectfully requests an effective date of January 28, 2020, one (1) day after filing, without suspension.

3. The Names and Addresses of Persons to Whom a Copy of the Rate Change Has Been Posted – Section 35.13(b)(3)

An electronic notice of this filing will be served on the Colorado Public Utilities

⁴ 18 C.F.R. § 35.3(a).

⁵ 18 C.F.R. § 35.11; *see also Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106 at 61,339, *reh'g denied*, 61 FERC ¶ 61,189 (1992); *see also Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,984 *reh'g granted in part*, 65 FERC ¶ 61,081 (1993).

Commission and all affected PSCo transmission service customers and ancillary service customers taking service under the Xcel Energy Tariff. A courtesy copy will be served on the Commission's Director of the Division of Electric Power Regulation (West). Pursuant to 18 C.F.R. § 35.2(d), a copy of this filing will be posted for public inspection at the offices of Xcel Energy – Transmission Services at 414 Nicollet Mall – 6th Floor, Minneapolis, Minnesota 55401; and at the offices of PSCo – Transmission at 18201 West 10th Avenue, Golden, Colorado 80401. A copy of the filing also will be posted at the OASIS/Open Access Transmission Tariff link at the Transmission page of the Xcel Energy Inc. website (<http://www.transmission.xcelenergy.com>).

4. Brief Description of Rate Change – Section 35.13(b)(4)

See Sections II and III above. The proposed revisions do not constitute a rate change.

5. Statement of Reasons for Rate Change – Section 35.13(b)(5)

See Sections II and III above. The proposed revisions do not constitute a rate change.

6. Requisite Agreement for Rate Change – Section 35.13(b)(6)

See Sections II and III above.

7. Statement Showing Expenses or Costs Included in Cost-of-Service Statements – Section 35.13(b)(7)

None of the costs related to this filing have been alleged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory practices.

I. COMMUNICATIONS AND CORRESPONDENCE

Correspondence and communications with respect to this filing should be sent to, and XES requests the Secretary include on the official service list, the following:

David E. Pettit
Assistant General Counsel
Xcel Energy Services Inc.
1800 Larimer St, Suite 1100
Denver CO, 80202
Telephone: (303) 294-2599
David.E.Pettit@xcelenergy.com

Liam Noailles
Manager, Federal Regulatory Affairs
Xcel Energy Services Inc.
1800 Larimer St., Suite 1200
Denver, CO 80202
Telephone: (303) 571-2794
Liam.D.Noailles@xcelenergy.com

II. CONCLUSION

PSCo sincerely appreciates the Commission's review of this filing. PSCo respectfully requests that the Commission accept the revised eTariff records, to be effective January 28, 2020. Please direct any questions regarding this instant filing to Dr. Liam Noailles at (303) 571-2794.

Respectfully submitted,

/s/ Liam D. Noailles

Dr. Liam D. Noailles

Manager, Federal Regulatory Affairs

Xcel Energy Services Inc.

1800 Larimer St., Suite 1200

Denver, CO 80202

Telephone: (303) 571-2794

Email: Liam.D.Noailles@xcelenergy.com

Cc: PSCo Tariff Customers

Director, Division of Tariffs and Market Development (West)

CERTIFICATE OF SERVICE

I, Tracee J. Holte, hereby certify that I have this day electronically served a notice of the enclosed filing on the state Colorado Public Utilities Commission, on each customer taking transmission service from PSCo or generation interconnection service from PSCo, and all customers in PSCo's interconnection queue under the Xcel Energy Tariff.

Dated at Minneapolis, Minnesota this 27th day of January, 2020.

/s/ Tracee J. Holte

Tracee J. Holte

Xcel Energy/Responsible by Nature
Senior Transmission Business Analyst
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CLEAN TARIFF

Proposed Effective Date: 1/28/2020

Approved Effective Date:

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area: (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, (iv) Operating Reserve – Supplemental and (v) for service provided over the Public Service Company of Colorado system, Flex Reserve Service. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed

Proposed Effective Date: 1/28/2020

Approved Effective Date:

in Schedules 3, 4, 5, 6, 16(applicable to service over the Public Service Company of Colorado system), and 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer. The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows:

(1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system.

Transmission Provider shall credit any Schedule 4 or Schedule 9 revenues in excess of incremental costs on an hourly basis. Penalty revenues received from offending customers each hour shall be credited to all non-offending customers for that same hour in proportion to each non-offending customer's usage of the transmission system in MW during that hour, including the Transmission Provider's bundled load. Any credits shall be applied to customers' bills in the next billing month after hourly pricing is final.

Sections 3.1 through 3.8 below list the eight Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3 and Schedule 3A.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.7 Flex Reserve Service -** Where applicable the rates and/or methodology are described in Schedule 16 for service provided over the Public Service Company

Proposed Effective Date: 1/28/2020

Approved Effective Date:

of Colorado system.

- 3.8 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9.

MARKED TARIFF

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- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
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- 3.7 Flex Reserve Service -** Where applicable the rates and/or methodology are described in Schedule 16 for service provided over the Public Service Company

of Colorado system.

- 3.8 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9.