

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

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**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF)
COLORADO FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT TWO PACKAGE)
BOILERS FOR ITS STEAM UTILITY AND)
FOR APPROVAL OF A REGULATORY)
PLAN AFFECTING RATES FOR NATURAL)
GAS AND STEAM SERVICES EFFECTIVE)
AFTER THE BOILERS HAVE BEEN)
PLACED IN SERVICE)**

PROCEEDING NO. 12A-1264ST

**APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR
REHEARING, REARGUMENT AND RECONSIDERATION**

Pursuant to C.R.S. § 40-6-114 and Rule 1506 of the Commission's Rules of Practice and Procedure, 4 Code of Colorado Regulations ("C.C.R.") 723-1-1506, Public Service Company of Colorado ("Public Service" or "Company"), through its undersigned attorneys, hereby submits its application for rehearing, reargument, or reconsideration ("ARRR") of the Commission's Decision Denying Application Without Prejudice and Ordering Filing of Needs Assessment, Decision No. C13-1549, mailed December 18, 2013, in the captioned proceeding. In this ARRR, Public Service does not challenge the Commission's basic determination in Decision No. C13-1549 denying its application without prejudice, but rather requests that the Commission provide additional time for the Company to complete the plan and needs assessment that the Commission directed be filed. The Company believes that six months is an insufficient amount of time, and requests a timeline of one year.

In support of this ARRR, Public Service states as follows:

1) At the outset, the Company wishes to note that, notwithstanding the small size of the Downtown Denver steam system, future system planning is difficult given the ability of steam customers to meet their thermal needs by converting to natural gas service. The Company's application was predicated on trying to maintain the existing steam customer base to the extent possible, and we proposed a facility of a size that we believed would result in the maintenance of the status quo to the largest extent possible. In this context, the Company believed that it did analyze feasible alternatives to the proposed Sun Valley Steam Center project and also believed that it provided a great deal of analyses to support the proposed regulatory plan. The Company acknowledged that it was not guaranteeing that the regulatory plan would work, but provided analyses that supported its belief that it would in fact be successful in stabilizing the steam customer base after the installation of the proposed Sun Valley project

2) That said, Public Service understands and accepts the Commission's desire to have additional information regarding the steam system and alternatives to the Sun Valley project. The alternatives the Company considers will include right-sizing the system, which may include adding new resources to serve a smaller customer base. As reflected in the record in this proceeding and recognized by the Commission in its discussion in Decision No. C13-1549, comprehensively assessing the future needs of the Company's downtown steam system is a complex task, given the interplay between the size of our steam load and steam rates.

3) Public Service requests that it be directed to file its proposed steam business plan and associated needs assessment within one year of Decision No. C13-1549, or by December 18, 2014. Six months is an insufficient period of time for the Company to fully explore its alternatives and such a short turnaround could limit the depth and detail that may be necessary to develop and support the Company's future steam system plan. With the recent conclusion of the Company's Phase 1 steam rate case in Proceeding No. 12AL-1269ST, steam customers will be facing a base rate increase of more than 27 percent commencing January 1, 2014.¹ With this significant rate increase, the Company is planning to file a Phase 2 steam rate case in the second quarter of 2014 to reset the Company's steam service base rates in a manner that sends more accurate price signals to its steam customers, possibly with other changes to the Company's steam tariff to provide for more flexible pricing and extension policy arrangements, long-term contract incentives, and the Company's use of customer steam production facilities. These initiatives, to the extent the Company decides to include them in its Phase 2 rate filing, would be proposed independently of the Company's anticipated plan addressing the future needs of the steam system. However, considering the known competitive pressures faced by the Company in providing steam service, such potential rate and tariff initiatives could provide valuable additional information regarding the relationship between steam

¹ In the final week of December 2013, Public Service filed two advice letters pursuant to the terms of the Amended Settlement Agreement approved by the Commission in Proceeding No. 12AL-1269ST. Advice Letter No. 119-Steam Seconded Amended was filed December 27, 2013 in Proceeding No. 12AL-1269ST. This amended advice letter places into effect on an interim basis (i.e., subject to refund conditions), a General Rate Schedule Adjustment ("GRSA") of 29.09 percent, as provided under the Amended Settlement Agreement. Advice Letter No. 123-Steam was filed December 31, 2013 in Proceeding No. 13AL-1402. This advice letter proposes to place into effect, on 30 days' notice, a revised GRSA of 27.24 percent based on the Company's steam revenue requirements calculated in accordance with the Commission's determinations of the litigated issues in the gas rate case, as specified in the Amended Settlement Agreement.

rates and customer decisions and also provide additional flexibility and tools necessary to assist the Company in responding to such competition and retaining such customers on the steam system. In short, the Company believes the Phase 2 rate case will provide insights that will be helpful in its efforts to right-size the steam system.

For the foregoing reasons, Public Service respectfully requests that the Commission grant reconsideration of Decision No. C13-1549 by modifying the date the Company must file a plan for meeting its future steam system needs to one year from the date of Decision No. C13-1549, or December 18, 2014.

DATED this 7th day of January, 2014.

Respectfully submitted,

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**ATTORNEYS FOR PUBLIC SERVICE
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