

139 FERC ¶ 61,263  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
and Cheryl A. LaFleur.

Public Service Company of Colorado

Docket No. ER12-1682-000

ORDER ACCEPTING AND SUSPENDING PROPOSED TARIFF REVISIONS  
AND ESTABLISHING HEARING PROCEDURES

(Issued June 29, 2012)

1. On May 1, 2012, Xcel Energy Services, Inc. (Xcel Services) filed revisions<sup>1</sup> to the Xcel Energy Operating Companies' Joint Open Access Transmission Tariff (Joint OATT) pursuant to section 205 of the Federal Power Act.<sup>2</sup> The filing, made on behalf of Southwestern Public Service Company (Southwestern), would update the transmission loss factors and distribution loss factors for service on the Southwestern transmission system. The filing also proposes to eliminate Schedule 11 (which specifies Southwestern's charges for the use of its Generator Step-Up Transformers in providing transmission service) from the Joint OATT. We will accept Xcel Services' filing, allow the elimination of Schedule 11 to become effective July 1, 2012, as requested, and suspend the proposed transmission loss factors and distribution loss factors for five months, to become effective December 1, 2012, subject to refund, and establish hearing procedures.

**I. Background**

2. Xcel Energy, Inc. is a public utility holding company under the Public Utility Holding Company Act of 2005 with a service company (Xcel Services) and four wholly

---

<sup>1</sup> Xcel Energy Operating Companies, FERC FPA Electric Tariff, Transmission Tariffs, [15, Service Availability, 0.1.0](#); [28, Nature of Network Integration Transmission Service, 0.1.0](#); [11, Generator Step-Up Transformer Charges, 0.1.0](#).

<sup>2</sup> 16 U.S.C. § 824d (2006).

owned operating companies: Southwestern, Public Service Company of Colorado (PSC Colorado), Northern States Power Company of Minnesota, and Northern States Power Company of Wisconsin.<sup>3</sup> Southwestern is a New Mexico corporation and an operating utility engaged in the generation, purchase, transmission, distribution, and sale of electricity. Southwestern also is a transmission-owning member of the Southwest Power Pool (SPP). Transmission service over Southwestern's transmission system is provided pursuant to the SPP OATT.<sup>4</sup> The Joint OATT covers ancillary services and service under various grandfathered transmission service agreements and selected items in the Joint OATT have been incorporated into the SPP OATT, when they involve transmission service over Southwestern's transmission system.

3. Xcel Services states that the line loss factors for service on Southwestern's transmission system are included in sections 15.7 and 28.5 of the Joint OATT and are incorporated into Attachment M of the SPP OATT. Xcel Services explains that the distribution loss factors for Southwestern's wholesale customers who also take service at the distribution level are stated in various Commission-approved power service agreements. Xcel Services states that a single transmission system loss factor (approved as part of a settlement in Docket No. ER00-536-000) currently is applied to both transmission energy and demand; for distribution service, separate loss factors are applied to energy and demand.<sup>5</sup>

4. Xcel Services states that the primary reason for its filing is to ensure that the transmission and distribution loss factors charged to Southwestern's wholesale customers accurately reflect the losses that Southwestern experiences in providing service. Xcel Services states that the Commission approved the current transmission system loss factor in a settlement in 2000 and that, prior to the settlement, Southwestern used separate transmission demand and energy loss factors. The settlement included a hybrid transmission loss factor that still is in use that Xcel Services' filing proposes to revise.<sup>6</sup>

---

<sup>3</sup> This case is docketed as a tariff filing by PSC Colorado because the Xcel companies have designated PSC Colorado as the entity to make all e-Tariff filings related to the Joint OATT. However, all the proposed tariff revisions concern provisions of the Joint OATT that relate solely to Southwestern.

<sup>4</sup> Xcel Services Transmittal at 2.

<sup>5</sup> *Id.* at 2-3.

<sup>6</sup> *Id.* at 3.

5. Xcel Services proposes to return to separate transmission loss factors for demand and energy. Xcel Services claims that separate charges better ensure accurate cost recovery and therefore are consistent with cost causation principles. In addition, Xcel Services states that the current hybrid transmission loss factor is applied to types of transactions that did not exist back in 2000, such as energy purchased in the SPP Energy Imbalance Service market. Xcel Services states that transmission costs are allocated among users of the transmission system using a demand allocator and it is appropriate that the demand loss factor be applied to the monthly peak loads. It argues that an energy loss factor should be applied to the hourly energy flows in the SPP Energy Imbalance Service market.<sup>7</sup>

6. For transmission, Xcel Services proposes to increase the demand loss factor from 3.1 percent to 3.45 percent and to decrease the energy loss factor from 3.1 percent to 2.72 percent. For distribution, it proposes to increase the demand loss factor from 7.4 percent to 11.17 percent and to increase the energy loss factor from 3.2 percent to 7.74 percent.<sup>8</sup>

7. Xcel Services states that the proposed transmission and distribution loss factors are based on the most recent line loss study accepted by Southwestern's retail regulators. The study covers the period from October 1, 2008 to September 30, 2009. The transmission loss factors affect Southwestern's point-to-point transmission service customers and network transmission service customers that purchase transmission service under the SPP OATT, as well as production service customers who purchase power from Southwestern under various grandfathered wholesale requirements power sale agreements at the transmission level.<sup>9</sup>

8. Xcel Services further states that, in addition to updating the Joint OATT, Southwestern will also update the power sales agreements with its wholesale customers that take service at the distribution level to include the revised distribution loss factors after the Commission issues a final order on the distribution loss factors.<sup>10</sup> Xcel Services

---

<sup>7</sup> *Id.* at 3-4.

<sup>8</sup> *Id.* at 3. We note that slightly different numbers appear in the proposed tariff pages.

<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.* Xcel Services lists five customers: Central Valley Electric Cooperative, Inc.; Farmers' Electric Cooperative, Inc.; Lea County Electric Cooperative, Inc.; Sharyland Utilities, L.P.; and West Texas Municipal Power Agency.

estimates that the updated loss factors together will result in an increase in the overall annual costs to its customers of \$157,300.<sup>11</sup>

9. Xcel Services also proposes to eliminate Schedule 11—Generator Step-Up Transformer Charges from the Joint OATT. Xcel Services states that the Commission has determined that such charges are production-related but that, in 2000, at the time of the settlement in Docket No. ER00-536-000, Southwestern had not incorporated the Generator Step-Up Transformer costs into its production rates. Schedule 11 was created to allow Southwestern to recover the Generator Step-Up Transformer costs until those costs could be reflected in production rates. Xcel Services states that Southwestern has been collecting the Generator Step-Up Transformer costs in production rates for several years and, thus, there is no need to retain Schedule 11.<sup>12</sup>

10. Xcel Services requests that the Commission allow the proposed tariff provisions to become effective July 1, 2012 without suspension as the overall increase is minimal and the losses reflect the most current available Southwestern system loss data. Alternatively, if the Commission decides to suspend the rates, Xcel Services requests an effective date of July 1, 2012, subject to refund after a nominal suspension.<sup>13</sup>

## **II. Notice of Filing and Responsive Pleadings**

11. Notice of Xcel Services' filing was published in the *Federal Register*, 77 Fed. Reg. 27,223 (2012), with interventions and protests due on or before May 22, 2012. West Texas Municipal Power Agency and Golden Spread Electric Cooperative, Inc. filed timely motions to intervene. No protests were filed.

## **III. Discussion**

### **A. Procedural Matters**

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

---

<sup>11</sup> *Id.* at 4.

<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.*

**B. Substantive Matters**

13. We will accept Xcel Services' proposal to delete Schedule 11—Generator Step-Up Transformer Charges from the Joint OATT. The Commission has determined that such costs are production-related<sup>14</sup> and we accept Xcel Services' explanation of the original purpose of and the lack of continued need for Schedule 11 and will allow this provision to become effective July 1, 2012.

14. Xcel Services' proposal to update Southwestern's transmission loss factors and distribution loss factors raises issues of material fact that cannot be resolved based on the record before us and that are more appropriately addressed in the hearing and settlement judge procedures ordered below.

15. Our preliminary analysis indicates that Southwestern's proposed transmission loss factors and distribution loss factors have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Accordingly, we will accept them for filing, suspend their effectiveness, and set them for hearing and settlement judge procedures, as discussed below. In *West Texas Utilities Co.*,<sup>15</sup> the Commission explained that when its preliminary analysis indicates that the proposed rates may be unjust and unreasonable, and may be substantially excessive, as defined in *West Texas*, the Commission will generally impose a five-month suspension. In the instant proceeding, our preliminary analysis indicates that Southwestern's proposed transmission loss factors and distribution loss factors may be substantially excessive, as defined in *West Texas*, and therefore we will accept those rates, suspend them for the maximum five-month statutory period, subject to refund, and set them for hearing.

**The Commission orders:**

(A) Xcel Services' proposal to update Southwestern's transmission and distribution loss factors is hereby accepted for filing and is suspended for the maximum five-month statutory period to become effective December 1, 2012, subject to refund, and set for hearing, as discussed in the body of this order.

---

<sup>14</sup> *Kentucky Utilities Company*, 85 FERC ¶ 61,274 (1998).

<sup>15</sup> In *West Texas Utilities Co.*, 18 FERC ¶ 61,189 (1982) (*West Texas*), the Commission found that it generally would suspend proposed rates for a five-month period when its preliminary analysis indicates that a proposed rate increase may be more than 10 percent excessive.

(B) Xcel Services' proposal to eliminate Schedule 11—Generator Step-Up Transformer Charges from the Joint OATT is hereby accepted for filing, to become effective July 1, 2012, as discussed in the body of this order.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning Xcel Services' proposal to update Southwestern's transmission loss factors and distribution loss factors.

(D) A presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in this proceeding in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission. Commissioner Clark is not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.