Re: The Application of Public Service Company of Colorado for Approval of its 2009 Renewable Energy Standard Compliance Plan Docket No. 08A-532E	**Second Set of Discovery Requests Of the Office of Consumer Counsel Served On Public Service Company February 6, 2009**

DISCOVERY REQUEST NO. OCC2-1:

In this docket, Public Service is proposing to be allowed to "lock down" the incremental costs of a new Eligible Energy Resources.

a) Under Public Service's proposal, will this lock down calculation include a value for the "carbon savings" of the Eligible Energy Resource?

b) Under Public Service's proposal, will this lock down calculation include a value for the "carbon costs" of the fossil fuel equivalent resource used in the No-RES scenario?

c) Under Public Service's proposal, which Eligible Energy Resources will use the carbon prices approved in the Company 2007 Colorado Resource Plan case, Docket No. 07A-447E for the lock down calculation?

d) Mr. Warren explains on page 5 of his Direct Testimony, lines 3 to 5 that in the last column of Table 6-1 is the on-going costs of the SunE Alamosa and all On-Site solar installed as of the as of the end of 2008. Please break out by year this column into two sets—one attributable to SunE Alamosa and one attributable to all On-Site solar resources. Please provide the spreadsheet, with cell references intact, which performs these lock down calculations.

e) Please provide the on-going costs shown in the last column of Table 6-1, but without including any carbon costs being included in the analysis. Please break out by year the values into two sets—one attributable to SunE Alamosa and one attributable to all On-Site solar resources. Please provide the spreadsheet, with cell references intact, which performs these lock down calculations.

f) Should future carbon costs/taxes legislation be approved which establishes known costs for carbon, would Public Service agree to recalculate the prior years' lock down amounts based on actual carbon costs/taxes and true-up the RESA account for the difference between estimated carbon costs and known costs for carbon?

g) Does Public Service agree with the following statements. As a result of the settlement reached in its 2003 LCP, it agreed to impute a Renewable Energy Credit value of $8.75 per MWh in the resource selection process for renewable resources. This imputed REC value was used in the selection process for the 2005 All-Source RFP. The use of the imputed REC value contributed in part to the selection of four wind resources because they were shown to be cost effective, due in part to the $8.75 per MWh imputed REC value. Contracts were signed for four wind resources and the facilities went into service. However, when their actual costs were included in the RES/No-RES modeling in Docket No. 06A-478E, they had the unintentional consequence of increasing the incremental energy costs recovered through the RESA. If the Public Service disagrees with any of the above statement, please identify which statements the Company disagrees with and why.

RESPONSE:

a) Yes.
b) Yes.
c) All eligible renewable resources are compared to thermal resources in the No RES model and therefore include the carbon prices when considering the lock down calculation.
d) See Attachment OCC2-1.
e) Unavailable. The RES and No RES modeling, and Ongoing Costs calculations were not performed without Carbon Costs.
f) No. The purpose of the lock-down provision is to lock in expected incremental costs (or incremental savings) at the time that the resource is procured. Therefore, Public Service does not agree that the RESA balance should be changed if carbon costs are different in the future from the Commission-approved carbon estimates that are used at the time of resource procurement. The same is true for all other cost estimates in the STRATEGIST model.
g) Public Service agrees with all of these statements.

Sponsor: Art Warren (a – e)
Dan Ahrens (f & g)

Response Date: February 12, 2009

Re: The Application of Public Service Company of Colorado for Approval of its 2009 Renewable Energy Standard Compliance Plan Docket No. 08A-532E	**First Set of Discovery Requests Of the Office of Consumer Counsel Served On Public Service Company January 15, 2009**

DISCOVERY REQUEST NO. OCC1-12:

On page 7 lines 1 to 12 of Mr. Warren's Direct Testimony, he indicates that Public Service has included the cost of carbon emissions above the 20% reduction for purposes of calculating the RESA beginning in the year 2010. Please identify the yearly amount of carbon costs above the 20% level for the years 2010 to 2020 included in the RESA calculations.

RESPONSE:

See Attachment OCC1-12.

Sponsor: Art Warren **Response Date:** February 9, 2009

Attachment OCC1-12

Year	Wholesale LRS	Retail	CO2 $000 above 20%	CO2 $000 added to Retail Revenue Forecast	CO2 RESA $000 @ 2% RESA
2010	14%	86%	$152,464	$131,042	$2,621
2011	14%	86%	$158,786	$136,221	$2,724
2012	9%	91%	$133,884	$122,202	$2,444
2013	9%	91%	$126,158	$114,753	$2,295
2014	9%	91%	$133,365	$121,003	$2,420
2015	9%	91%	$154,213	$139,582	$2,792
2016	10%	90%	$154,013	$139,094	$2,782
2017	10%	90%	$145,915	$131,580	$2,632
2018	10%	90%	$166,613	$150,037	$3,001
2019	10%	90%	$179,283	$161,228	$3,225
2020	10%	90%	$189,136	$169,880	$3,398

Re: The Application of Public Service Company of Colorado for Approval of its 2009 Renewable Energy Standard Compliance Plan Docket No. 08A-532E	))))	**First Set of Discovery Requests Of the Office of Consumer Counsel Served On Public Service Company January 15, 2009**

DISCOVERY REQUEST NO. OCC1-7:

On page 5, lines 8 to 10 of Mr. Parks' Direct Testimony, he discusses costs aspects of the WiP forecasting tool.

a) He mentions that not all of the projected WiP forecasting tool costs are included in the 2009 budget. Why were not all costs included?

b) What costs were excluded from the 2009 budget?

c) Please itemize the $113,077 of costs which are included in the 2009 budget.

d) What depreciation/amortization life will be used for the WiP forecasting tool for Public Service?

e) What is the depreciation/amortization life of similar assets for Public Service?

f) Please provide the depreciation/amortization lives to be used in the other two Xcel Energy operating companies for the WiP forecasting tool.

g) Please provide the allocation percentages of the WiP forecasting tool total costs among the three Xcel Energy operating companies.

h) Will these WiP allocation percentages change over time? If so, what could cause a change in the allocation percentages?

i) Please provide the mathematical derivation of the $35,343 of revenue requirement associated with the 2009 capital investment.

j) Please provide an estimated cost figures (both capital and operating) for how much it will cost to add a new wind farm into the WiP forecasting tool.

k) Will each Xcel operating company solely bear the costs of adding new wind farms used to serve their own customers into the WiP forecasting tool?

RESPONSE:

a) Not all the investments were made during the budget period.

b) No costs were excluded from the budget. Rather, not all costs have been yet incurred.

c) $113,077 is the 13-month average on $210K in assets. This $210K is comprised of 7 servers at $30K each.

d) The software is expected to amortize over the approved 5-year life.

e) Public Service uses a 5-year life for all standard software for any software that is not a workstation operating system (Windows XP) or large base operating systems (JD Edwards general ledger).

f) The other operating companies will use the life authorized by their respective state commissions.

g) The software is allocated based on the 2008 installed wind capacity.

h) No.

i) Please refer to Attachment OCC1-7 for the derivation of the revenue requirement.

j) New wind farms will be required by contract to supply necessary data to the Company for integration in the WiP. New Company owned farms will provide this information as part of the cost of building and maintaining the wind farm. Based on our experience with integrating existing wind farms and depending on the preferred IT solution, incremental capital costs are expected to be $5,000 - $20,000. Updating the WiP to incorporate a new wind farm is unknown, though is expected to be nominally more costly than updating the existing wind forecasting system. There are no incremental impacts expected to WiP hardware and software for forecasting new wind farms.

k) Since the brunt of the incremental costs are borne by the new wind farms themselves (see answer (j)), then the incremental WiP capital costs will burden the individual operating companies.

Sponsor: Lisa Perkett; Keith Parks; Tim Willemsen **Response Date:** February 11, 2009

Public Service Company of Colorado **Attachment OCC1-7**
Calculation of Wind Software Servers Revenue Requirements

	Wind Software Servers		
Total Steam Production	113,077	89.12158%	100,776
Total Transmission Plant			
Total Plant in Service	113,077		100,776
Total Reserve for Depreciation & Amortization	7,795	89.12158%	6,947
Total Net Plant in Service	105,282		93,829
Total Plant	105,282		93,829
ADIT - Prefunded AFUDC			0
			0
ADIT - Comanche 3	(2,868)	89.12158%	(2,556)
Total Accumulated Deferred Income Taxes	(2,868)		(2,556)
Net Original Cost Rate Base	102,414		91,273
Total Depreciation & Amortization Expense	26,884	89.12158%	23,959

Income Tax Expense:

Rate Base	91,273
Return on Rate Base	8.74%
Earnings before Interest	7,977
Rate Base	91,273
Cost of Debt	2.65%
Interest Expense	2,419
State Taxable Amount	5,558
State Income Tax Rate	4.63%
State Income Tax Amount	257
Net Federal Taxable Amount	5,301
Federal Income Tax Rate	35.00%
Federal Income Tax Amount	1,855
Total Deferred Income Taxes	
Sub-Total	2,112
Gross-up	1.6131634
Total Income Tax Expense	3,407
Total Deductions	27,366