

(Decision No. C93-1541)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE INVESTIGATION OF ELECTRIC) DOCKET NO. 93I-702E
COST ADJUSTMENT CLAUSES FOR)
REGULATED ELECTRIC UTILITIES.) COMMISSION ORDER

Mailed Date: December 16, 1993
Adopted Date: December 9, 1993

STATEMENT

BY THE COMMISSION:

The Commission recently concluded Docket No. 93S-001EG, Public Service Company of Colorado's ("PSCo") 1993 general rate case by issuing Decision No. C93-1346. In that decision, at pages 91 through 94, we discussed a proposal on the part of one of the parties to eliminate PSCo's Electric Cost Adjustment ("ECA"). Specifically, the Colorado Office of Consumer Counsel ("OCC"), in PSCo's rate case, contended that the conditions which led to implementation of the ECA (e.g., highly volatile fuel prices, fuel costs beyond the utility's control) no longer existed. Furthermore, the OCC suggested that the ECA, with its "automatic" pass-through of fuel and purchased power costs to ratepayers, decreases incentives for utility management to control such costs. The OCC requested that the Commission eliminate PSCo's Electric Cost Adjustment mechanism. According to this proposal, costs which are now recovered through the ECA would be recovered in electric base rates. PSCo opposed this proposal. In part, the Company contended that the conditions which necessitated adoption of the ECA, such as volatility of fuel prices, still existed. The Company maintained that the ECA was still necessary.

In Decision No. C93-1346, we determined that elimination of the Company's ECA was a major policy change, and that the evidence was insufficient to support such a significant shift in regulation. However, we concluded:

(W)e observe that there may be a number of disadvantages with ECAs in general and that current conditions in fuel prices may render ECAs less imperative now than in the 1970s when they were first established. For these reasons, the Commission will open a rulemaking docket in which the ECAs of all Colorado jurisdictional utilities will be re-evaluated. This process should take into account the different characteristics of various utilities and the different circumstances in which they find

themselves. For each utility, the result of the rulemaking process could be: (1) retention of its existing ECA, (2) reconstruction of the ECA, or (3) its complete elimination.

Decision No. C93-1346, page 94.

Consistent with our decision in 93S-001EG, we now open this docket. The purpose of this proceeding is to investigate the issues specified in the above-quoted portion of Decision No. C93-1346 and related matters. Before initiating formal rulemaking, however, we wish to solicit the views of interested parties regarding proposed rules on the relevant issues. See § 24-4-103(2), C.R.S. Therefore, the instant docket is hereby opened.

Interested persons may file entries of appearance or petitions for intervention, in accordance with applicable rules, within 30 days of the date of this order. The Commission also directs that, within 30 days of the effective date of this order, interested parties shall file written comments regarding the manner in which this investigatory docket should be conducted. For example, the Commission could allow the various positions regarding proposed ECA rules to be presented in written comments only. Alternatively, the Commission could conduct informal conferences at which interested parties could present proposed rules concerning ECAs. As a third alternative, the Commission could conduct formal hearings (*i.e.*, prefiled testimony, hearings for the cross-examination of witnesses, a written decision after hearing which would initiate the formal rulemaking process, etc.). After considering these comments, the Commission shall issue further directives regarding this proceeding.

THEREFORE THE COMMISSION ORDERS THAT:

1. Docket No. 93I-702E is hereby opened for the purposes of considering the issues specified above and any related matter.

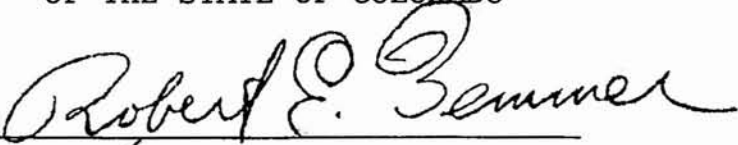
2. Interested persons shall file entries of appearance or petitions for intervention in this proceeding, in accordance with applicable rules, within 30 days of the effective date of this Order.

3. Interested parties shall file written comments setting forth their recommendations for the conduct of this proceeding, consistent with the above discussion within 30 days of the effective date of this Order.

This Order is effective on its Mailed Date.

ADOPTED IN OPEN MEETING December 9, 1993.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO





Commissioners

COMMISSIONER CHRISTINE E. M. ALVAREZ
ABSENT.

TM:srs