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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

REPORTER'S TRANSCRIPT Volume III

Docket No. 08A-532E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2009 RENEWABLE ENERGY STANDARD COMPLIANCE PLAN

Pursuant to notice to all parties of interest, the above-entitled matter came on for hearing before Commissioner Matt D. Baker, commencing at 1:30 p.m., on April 8, 2009, at 1560 Broadway, Denver, Colorado 80203, said proceedings having been reported in shorthand by James L. Midyett and Harriet Weisenthal, Certified Shorthand Reporters.

Whereupon, the following proceedings were had:

BY MR. IRBY:

Q How would you summarize the trade-offs between Public Service's lockdown proposal and what staff is proposing?

A My understanding is that the trade-offs would be between trying to make a more accurate prediction or actual -- try to make a more accurate calculation of ongoing net benefit or net costs versus the trade-off of having more certainty in the spending levels over time.

Q And, Mr. Shafer, does the OCC have concerns with this associated trade-off; and if so, could you explain those concerns?

A Yes. We do have concerns with that. Our concerns center upon a couple concepts. First, I think the result, if the Commission were to adopt the staff proposal, is that it would magnify the impact the price of natural gas would have on the future selection of renewable resources. We think this could create a situation where Public Service would actually spend money in excess of what they could collect through the RESA.

Staff also floated the concept that there could be a new rider, or through the ECA, for the collection of this excess collection. And we view that as a way to effectively circumvent the retail rate cap. And as I read the staff proposal in Exhibit 44, staff acknowledges that under its proposal we could actually have a situation where the company is in a shortfall position and no acquisition could occur in a given compliance year.

In contrast, if the Commission were to adopt a lockdown proposal with a fixed time fence as opposed to a moving time fence as I've categorized the staff position, I don't think you would have that magnitude -- you wouldn't have the natural gas driving the acquisition process for renewable resources.

If I may give an example of Public Service acquiring five different wind projects over five different years, it's been my understanding that Public Service intends to acquire approximately 8 megawatts of wind and that they want to do that in a staggard approach. So I'm assuming for a simple example, five wind farms at a hundred megawatts each over five years.

In a lockdown proposal, where we would lock in the natural gas prices instead of having them fluctuate as staff would have, what I think you will get is a trending of gas price forecasts that's forecast -- forecasted prices for year one, year two, year three, year four, and year five of each of those respective wind farms. I think what that has -- the outcome of that would smooth the natural gas price forecasting so that it's not so volatile in the acquisition process.

Q Thank you, Mr. Shafer.

Do you have any further oral cross-answer testimony you would like to provide?

A If I may, this is working from Exhibit 44, item 3-A, I was not under the impression, based on the oral testimony yesterday, that there would be this rerunning of the RES/No-RES models. And what staff outlines in 3-A is that the company shall rerun the RES and No-RES models for the prior year, replacing only the projected cost of fuel and CO-2 with actual costs. This analysis shall be used to determine the incremental cost to be assessed to the RESA.

I think this rerunning was an issue that we attempted to -- that we addressed in the 2008 compliance plan with Public Service. My recollection of the Commission ruling was the rerunning is only necessary if the utility is not able to achieve compliance with the standard due to the retail rate impact.

I would consider what staff is proposing in this process through 3-A to circumvent that rule and puts a little risk into the process of the collection versus the spending. And I don't view that to be a positive outcome.

Q Thank you, Mr. Shafer.

MR. IRBY: That's all.

COMMISSIONER BAKER: Okay, Public Service is up?

MS. CONNELLY: Commissioner Baker, I wonder if staff wants to revisit whether they want to cross Mr. Shafer and they go up before we do.

COMMISSIONER BAKER: I was going to ask after you --

MS. BOTTERUD: I would like to check with my client; and unfortunately Mr. Camp is not in the hearing room. If we could take a brief break --

COMMISSIONER BAKER: Could we do Public Service's cross first or is that not quite --

MS. CONNELLY: Well, we can.

We'll go.

CROSS-EXAMINATION

BY MS. CONNELLY:

Q Good afternoon, Mr. Shafer.

A Good afternoon, Ms. Connelly.

Q As I understand your additional -- your additional testimony that you just gave, you favor Public Service Company's lockdown proposal over Mr. Camp's proposal.

A With the caveat that the OCC has advocated regarding carbon costs, correct.

Q And I want to -- I want to get to the differences between the OCC and us on that, but I have some other issues I want to discuss with you first.

~~A Certainly.~~

~~Q Okay, the first was in your cross-answer testimony --~~

~~A I have it.~~

~~Q -- where you believe -- let's see if I can find a page here. Page 5, where I believe you were suggesting that we should afford a preference to schools, libraries, public buildings.~~

~~A Yes, that starts at the bottom of this page 5 and rolls over to the top of page 6.~~

~~Q Okay. And were you suggesting that that preference be given to folks who apply for the standard offer dollars.~~

~~A That's correct, the Solar Rewards Program.~~

~~Q The Solar Rewards Program.~~

~~Now, Mr. Shafer, are you asking the~~

~~that one,~~ I guess, and we'll move on to your next issue with us. And I believe that is the carbon lockdown.

A Okay.

Q Okay, so you are agreeing -- and I think you went through this at length with WRA's counsel yesterday, you are agreeing that we should be locking down the projected incremental costs of the resources we've already acquired as set forth in Column J on Table 6-3, except for whatever portion of that incremental cost is reflecting carbon cost avoidance, correct?

A Correct, because at this time carbon costs are not included on customers' bills.

Q Okay. And I believe when you discussed this yesterday with Mr. Michel, you were suggesting that there is really no-harm-no-foul in doing this because all that will happen once we know carbon regulation is that we will be adding additional headroom to the RESA.

A I believe I said something to the effect if we set the carbon cost at zero, today, that when we know carbon costs in the future that value will create additional headroom so we will of have positive headroom to work with -- or additional.

Q In your view, adopting the OCC's

position, we won't be taking dollars away from the RESA, we'll be adding dollars to the RESA if we wait -- if we adopt your wait-and-see attitude.

A Correct.

Q Okay, can you turn to 6-3?

A May I amend what I just agreed to?

Q Sure.

A I'm not taking away dollars from the RESA. They are not dollars that are actually being collected through customer rates.

Q Say that again, please.

A The OCC position is not taking away dollars from the RESA that are not dollars -- excuse me. We're not taking away dollars from the RESA through putting a carbon cost at zero because those carbon costs aren't costs that are factored into rates today.

Q Okay, I understand your position.

Now, again, if you could turn to Table 6-3.

A I have it in front of me.

Q Now, when you had your discussion yesterday with Mr. Michel, you are talking about the costs that are in Column J, the SunE Alamosa and the on-site solar contracts that we've already -- that are already in service.

A For 2007 and 2008.

Q And -- '8, correct.

A Yes.

Q Now, you are aware, are you not, Mr. Shafer, that on Friday of this week Public Service hopes we're going to get a lot of bids to build additional resources in Colorado to serve our resource needs?

A I understand that's the bid deadline for the company's ERP proposal.

Q And we're hoping to add an additional -- total 850 megawatts of wind, but 700 megawatts through that bid and a lot of additional solar.

A I believe the soft targets were up to 600 megawatts of solar, with 200 being set aside as concentrating solar with thermal storage.

Q And you are also aware that the company has projected out what those costs might be of acquiring the targets that are in the Resource Plan and that those are the costs that show up on Table 6-3?

A I believe so.

Q Now, when we evaluate those resources, we have been directed by the Commission to assume in the evaluation the carbon costs that you are suggesting not be locked down, correct?

A For retail rate purposes.

Q Correct. But we have been asked -- but we will be evaluating those resources assuming that they are avoiding a cost of carbon from a nonrenewable of $20 per ton, escalating at 7 percent.

A Correct, for bid evaluation purposes.

Q So when we select those resources, we also are going to be selecting resources and subjecting them to a RES/No-RES analysis to make sure we stay within the 2 percent, correct?

A I believe that's one of the analyses that the Commission has requested.

Q And so through 2015, as shown on this -- on this chart, we are expecting to acquire resources in which the carbon costs avoidance is assumed, correct; we're acquiring resources through 2015?

A For ERP purposes?

Q Yes.

A Thank you.

Q And those are the resources that show up in this chart. That's the new wind, the new central solar, et cetera?

A Thank you, yes.

Q Now, let's say we go and acquire those resources and we don't lock down the carbon as you are saying and carbon regulation is delayed. We have assumed that we had money under the retail rate-impact cap when we acquired them -- a lot of these resources; but now if the Commission were to follow the OCC proposal, we can -- when he run the RES/No-RES plan, we would have to assume that those resources were not avoiding carbon, correct, because you are not including the carbon in the lockdown.

A Okay, in the ERP process --

Q No, I'm talking about subsequent -- let me do the hypothetical a little more clearly. Okay?

Let's suppose that what you are concerned about with the legislation happens and that we don't have carbon regulation until 2012. Okay. Although we don't know if that will occur, but let's assume, hypothetically, that occurs. Under your proposal, you are saying the company can lockdown the cost of the resources when we acquire them, but we can't lockdown the carbon price, the carbon avoidance. That's your proposal, right?

A Until carbon is known, correct.

Q Until it's known, okay. So let's say we run this bid and we evaluate the resources in 2009 and we enter into contracts in the first or second quarter of 2010 and we still have no carbon legislation. We're going to be signing all of these contracts assuming they are avoiding carbon; but under your proposal, when we do the lockdown, we have to assume they are not avoiding carbon, correct?

A Correct.

Q So couldn't we run into a very bad situation where we've contracted for resources and then when we file the next renewable energy standard plan we're way out, either over the 2 percent or we've used up significant headroom in the 2 percent, and we just have to shut down all of our additional acquisitions?

A I don't think so. And if I may explain, in the resource selection process, you would run modeling as it relates to the RESA to determine whether there's -- how much could be accommodated under the 2 percent cap. And if carbon is going in that at zero value, then what that says is that you would be able to acquire probably less renewable resources -- less -- correct, you would be able to acquire fewer renewable resources at that point in time, because the carbon savings which gives you the headroom is not there.

Then in subsequent years, when the carbon appears -- because now it's known and measurable, the headroom gives you that extra spending that's enabled by the carbon savings.

Q My point here, Mr. Shafer, is we're going to be, in the next 18 months, contracting for a boat-load of renewables; and the Commission has been -- has ordered us to assume carbon avoidance when we make that resource selection. So since those are the factors that we have to assume when we make the resource selection, should not those also be the factors that we lockdown for purposes of future RES/No-RES analyses; and then the corollary to what I just said, if we don't, couldn't we end up with a significant diminishment in the dollars that we have available for additional renewable resources, including the on-site program, including everything else, because we've used -- we've used up everything in acquiring the resources in the all-source RFP?

A I don't believe so. I believe the carbon -- by not including the carbon today, because it's not being billed to customers, you are taking a conservative approach as to which resources you could acquire under a 2 percent cap.

Q When we run the original cap, the Commission has ordered us in the ERP docket to assume the carbon is being avoided.

A Correct.

Q We're not assuming zero carbon.

A Correct.

Q So we're assuming the carbon is being avoided and therefore creating the headroom to acquire the resources that we're going to acquire under the ERP, correct?

A Correct.

Q But then you are saying for future RES/No-RES plans, if there has been no carbon legislation, we have to in effect remove that headroom, thereby affecting our ability for future acquisitions; isn't that correct?

A I would have to say yes, that's correct.

Q Okay. With respect to the wind forecasting tool, are you okay with us putting it in base rates? You had a quibble as to whether it should go in RESA or ECA. Are you okay with us putting it in base rates?

A Yes, because I think we can address our issues that we had in terms of the allocation through the base rate process or rate case process?

~~Q Okay. Okay, and then I had a question, I think, on your final comment on page 16~~.

~~COMMISSIONER BAKER: Still the answer testimony?~~

(Whereupon Eugene Camp was sworn.)

MS. BOTTERUD: Mr. Camp is available for cross examination.

COMMISSIONER BAKER: Since we didn't have Mr. Camp down, I don't have a list for Mr. Camp, and I think we'll just go across the top. CF&I?

MS. KING: Thank you.

CROSS EXAMINATION

BY MS. KING:

Q Mr. Camp, do you have a copy of what has been marked Exhibit 44 before you?

A I do.

Q I would like to draw your attention to No. 4 there, where you suggest that if the RESA account is determined to be insufficient to cover the ongoing costs of renewable resources, that were already approved by Commission through previous RES plans, electric resource plans or specific contract approval applications, then the company shall be allowed to seek recovery of the shortfall in other cost mechanisms such as the ECA. Do you have that in mind?

A I do.

Q And so, what -- is it staff's proposal that the company, for resources that have already been approved, in those manners that you suggested, that the company should be able to borrow RESA funds or borrow ECA funds in this example against the RESA?

A I guess it could be characterized that way. You are basically borrowing from the ECA and pretty much putting a debit on the RESA, until those funds are recovered back again from ratepayers.

Q And is it staff's position that that would require a rule change? Let me back up and ask you a question.

A Yeah.

Q You're not rendering a legal opinion here as to whether that proposal, that you're offering here, comports or would violate 40-2-124?

A No, I am not.

Q Okay. And so it's staff's position that, in order for the Commission to adopt your proposal set forth in No. 4, that a rule change would be necessary?

A You know, I probably have to look closely at the rule. I'm not even sure that the rule is real clear when it talks about RES/No-RES, and how you evaluate the rate impact, and what you do in the case where you have overspent. It talks about the case where you have underspent, and haven't acquired enough resources.

So it's almost, I think, maybe silent but

I probably would need to stare at the rule a little bit to see whether that would require a rule change. Actually, I would probably recommend, if we could, to actually do rule changes, though, to make sure there is some certainty for all parties out there.

Q Can you just repeat that last part?

A I think it would probably still be suggested, just because the rules are unclear, for some of these circumstances, that we do try to move these into the rules at some point.

Q Okay. And, so, recognizing that this is not a rulemaking docket, do you agree that a rule of general application cannot be set forth in this as a result of this proceeding?

A I agree. But a lot of decisions that have been made on the RES, and how we comply, are really been done by Commission decisions, and in the individual dockets. They may inform rulemaking in the future, though.

MS. KING: Fair enough. I have nothing further. Thank you.

COMMISSIONER BAKER: Okay. Thank you, CoSEIA.

MR. COLCLASURE: CoSEIA has no questions.

COMMISSIONER BAKER: Interwest.

MS. HICKEY: None, thank you.

COMMISSIONER BAKER: WRA?

CROSS EXAMINATION

BY MS. MANDELL:

Q Thank you. Good afternoon, Mr. Camp.

A Good afternoon.

Q A couple of clarifying questions on staff's proposal as set forth in Exhibit 44. So, first, is it correct that staff is proposing that, with a RES compliance filing by the company, there would be two separate Strategist run calculations, the first one to true-up incremental costs of past years acquisitions, and the second one to estimate future incremental costs going-forward?

A Not being a Strategist expert, but that's my understanding, is how we would do it. It would actually require a run or reevaluation of the prior year, only to see what the actuals were coming out of that, as far as cost and benefits. And then roll that differential of the RESA into consideration for what you do in the future.

Q I didn't hear the last part.

A And take that difference that you determine -- I shouldn't say, "the difference." Take the, either the, I guess, any available unused RESA type of dollars that you have identified, or overused, and basically account for those in your RESA balance going-forward.

Q In paragraph 1, the last sentence, it states, "The RESA balance should not be based on, quote, unquote, locked-in savings and costs determined based on previous projections." Is it your understanding that what becomes -- that incremental costs are only locked in at the time of the resource acquisition, based on actual costs for the -- I'm sorry -- for large resources?

A Well, I think, for your small resources, like your on-site solar, those are paid on the front end anyway. There is no uncertainty about what those costs and benefits are. Well, I should say the costs. Maybe I'll -- slightly different equation or question.

What I'm trying to describe here is that the RESA balance shouldn't be based -- and I am going to back up to an example that you -- someone brought up -- for large resources in particular. If you are looking at an Alamosa, that has a 20-year life, and you are trying to determine what the benefit of that resource is, and in this case, it may be up in the year 2018, based on today's projections, I think that's not what we want to see done. We actually would like to really back into that each year, and see what -- the actual benefit that was derived, and then provide new projections as the company provides the plan, looking forward each year. The idea is what -- almost the -- treat it like there's a deferred -- treat this like a deferred account, in that you are really truing up for ratepayers, what's the RESA, that they are actually getting what they are paying for.

Q Okay. So, you're recommending now, as I understand it, that the benefits would be reevaluated every year for large resource acquisitions; is that right?

A Well, I think you just do it on a portfolio basis. You are going to fix what you did in the past. And what we're suggesting is to rerun the RES/No-RES. Can I use -- what I would suggest, let's use 2010 as an example, looking back into 2009, because that's the only one that would affect in the near future.

You would take the 2009 RES/no-RES plan, that was run this year, and then 2010, rerun that, putting in actual gas costs, and I would say carbon costs, but there's no carbon costs in this particular year, and -- let me make one correction. What we're suggesting is that, input actual fuel costs, because I think there may even be some displaced coal, or there's that possibility, and see what the actual, really, funds or dollars that should be associated with the RESA were, and then carry that forward into your plan into the future.

Q Okay. And, so, I think, my last question wasn't very clear, but I appreciate your response.

What I am trying to see is whether your plan, or this -- the sentence that I just asked you to look at, whether -- to what extent that conflicts with the company proposal that incremental costs are only locked in at the time of the large resource acquisition, based on the projections of those costs.

And it appears, based on the sentence at the end of paragraph one, that you're talking about -- that the concept of locking in your understanding of that is different than what the company is actually proposing. Do you understand what I am saying?

A I understand what you are saying. I don't believe I'm misunderstanding the company, though. I believe the company wants to take a resource like Alamosa, use a projection of what they believe fuel costs are over the next 18 years, the life of that facility, project what they believe the effect that has on both the RESA and ECA, and then lock that in.

I'm suggesting that that's not what I would recommend to the Commission. Instead, look at this -- each year, based on one -- two things. First, look backwards a year, to see what the actual benefit was of that resource, adjust your RESA account going-forward, accordingly, and then use your best projections of gas costs, coal costs, and your -- if you have new retail sales projections for the upcoming years, use those as well. And then use that, from a planning standpoint, to decide what you are going to do, as far as RES compliance.

Q So, a clarifying question with regard to this proposal. Can we go to Table 6-3 in Exhibit -- the company plan, Part 2, Volume 2. Do you have that in front of you?

COMMISSIONER BAKER: Before you answer that --

(Discussion off the record.)

COMMISSIONER BAKER: Go ahead.

BY MS. MANDELL:

Q Are you there, Mr. Camp?

A I am there, but I will acknowledge too, I am not as familiar with all of these tables in the back, because I was just addressing this issue, but if we can -- I will try to answer your question how it relates to what I propose, though.

Q Okay. Okay. Do you understand the relationship between Column H and Column J?

A Actually, no, I don't. I'm not sure what they are referring to as, "ongoing incremental costs," in this case.

Q So, you don't -- you don't -- okay. Let me represent to you, that it's my understanding that Column J represents what would be locked in, the costs that would be locked in. So, my question is, Mr. Camp, that as time goes on, the amount, this Column J, would grow, according to the company's proposals, would grow with resource acquisitions, because they are proposing to lock in incremental costs of actual acquisitions. Do you understand -- I guess, if you don't --

A Okay. Go ahead with your question.

Q I guess my question is, do you understand that the modeled incremental costs, in Column L, would be transferred over to Column J, over time, and that Column J would become significantly larger, and would actually start to, you know, that the costs in Column L would go over to Column J, over time, as resources were acquired?

A Actually, I don't understand where you're going with that.

Q Okay. I'm just trying to sort of lay foundation for some such -- the impact of your proposal, but --

A Can I suggest, though, that the statute allows the company to, you know, basically charge customers 2%, you know, up to 2% of their retail bill. I think what we're talking about is what really belongs in the RESA account, that should be charged to the RESA account, versus what should belong -- or what belongs in the ECA account.

And my understanding of what the company has proposed is what's going to be billed to the RESA account, really, in the case of these large resources, is going to be based on a projection that's been made several years in advance, doesn't necessarily reflect the reality of what ratepayers got out of it. And if you push funds one way or the other, I don't know whether ratepayers are getting the incremental benefit of their 2%, because I think -- I am not saying that the company would game this. It seems like it could be subject to gaming, but I'm not sure if we know what freezing these, based on today's projections, will really do in the future. I'm just suggesting we should base things on actual, where we know actual.

Q Yes, I understand, Mr. Camp. I am trying to ask you about sort of a more narrow issue here. Can you agree with me that, with the recalculation of these estimated costs and benefits, that you are proposing, that that increases the company risk of overspending in -- compared to the company proposal?

A Well, I guess you could characterize that from a company perspective. But, I think you could also characterize it, that would put customers and ratepayers at risk that the company is going to overspend for renewables, over and above what was mandated by statute.

Q And your focus on -- okay. So, if the company is more at-risk, from the company's perspective, with the proposal that you have here in Exhibit 44, in comparison with the company proposal, would you agree that that would tend to make the company more conservative or cautious about their spending, when they get up close to the 2% rate cap?

A Well, first I take exception to the company really is at risk. I think what I have indicated here, even -- this is staff's position -- is that I believe the company has the right of recovery of all their expenses. I think, what we're talking about is how you account for the dollars you are spending for renewables. Do they belong in the RESA account such that they are limited or do you push these things over to the ECA, which in some ways loses a little bit of transparency to the customer out there. In either case, the company is going to recover 100% of their spending that they have for renewable resources. So, I don't think they are at risk at all.

In fact, what we have suggested here, which is, you know, somewhat, it would require a decision of the Commission to go this direction. But to able to carry forward, you know, overspending of the RESA, or underspending, even from an actual standpoint, and then basically reconcile that on an annual basis, to make sure, in the long run, that customers are paying 2% for the actual incremental costs.

Q So, according to staff proposal, that risk of overspending is --

A Uh-huh.

Q I think you're acknowledging that it's increased, with staff's proposal, but you're just saying that it would be recovered anyway?

A Let me try one more time. To me, risk gets defined -- I am assuming what you were talking about, is there a risk that the company won't be able to recover their costs, and I would say no. There is no risk. The company will recover their costs, either through RESA or through the ECA. Or in the case that we have suggested, I mean, it may be temporary, by borrowing from the ECA. But I am not suggesting that the company not recover cost associated with RES type of resources. So, maybe you could explain what other risk we're talking about, because it's not a risk of recovery.

Q The risk of being in violation of the 2% retail rate impact cap, because the calculation is so much more uncertain and less stable, because of this backcasting of the estimates.

A Well, could the company possibly be -- and I won't even say that you are in violation of RESA. I think, I mean, that's what -- because what we have suggested here is you adjust the following years RESA, to account for any overspending or underspending. That's why I say the Commission would have to make that interpretation of its own rules and statutes to do that.

Again, this isn't something that's detailed in the rules as we're looking at them currently. So, I'm still a little puzzled on your question there. I believe that the statute and the retail rate impact was really intended as some type of governor, or, you know, regulation to make sure that we don't overspend. And when you do overspend, it corrects the following year, and that's what we're suggesting.

Q Does your explanation of staff's proposal, in Exhibit 44, and the explanation you are giving right now, do you believe that that conflicts with the interpretation that Mr. Dalton is providing with regard to the year by year limitation?

A Okay. I think we have to look at this from two different perspectives. Mr. Dalton has looked at it from the perspective of the rule and the decisions we have to date. I am suggesting -- I won't say it's a compromise, but a different way of approaching RESA, that's not authorized today by this Commission.

And we're trying to come up with a solution that still would provide some true-up for customers out there, to make sure, again, that they are receiving, you know, costs of no higher than incremental -- the actual incremental costs of these resources.

And I am modifying previous, you know, interpretations of the Commission. And I think the Commission has that authority to do that. I think what Mr. Dalton has done is looked at the specific rules, as they are stated today, and looked at, you know, whether the company is planning to overspend. I mean, that's a little different issue than what I am suggesting here. That's a completely different topic. We still expect the company to manage their portfolio, such that they, at least, try to stay within their -- the limits of their plan, not under or overspend it.

Q Assuming that this compliance plan will be filed according to the rules that are in existence today, do you think that the staff proposal, as outlined in Exhibit 44, provides less incentive or any more incentive for the company to invest in renewables?

A Actually, I believe, since the company should be confident that they are going to get rate recovery, it should be indifferent.

Q Okay.

MS. MANDELL: Okay. No further questions. Thank you.

COMMISSIONER BAKER: Office of Consumer Counsel.

MR. IRBY: No questions. Thank you.

COMMISSIONER BAKER: Public Service.

CROSS EXAMINATION

BY MS. CONNELLY:

Q Good afternoon, Mr. Camp.

A Good afternoon.

Q With respect to that very last question that Ms. Mandell asked you, of whether the company might want to avoid overspending or going over a limit set by the General Assembly. I think you are suggesting we are indifferent if we get cost recovery. And I want to suggest to you that the company certainly doesn't want to see headlines in the Denver Post, that we're violating a law or that we've overspent money.

Would you agree that the company would have a public relations concern about any characterization of spending more than allowed by law?

A Well, I would hope that the company doesn't intentionally overspend. I think there's things beyond your control, like the price of gas, that may result in you overspending the RESA, just based on things beyond your control, price of gas. And as a result, you may be in a situation where you have overspent relative to the RESA. And it could be true that even sales forecasts could even do that to you somewhat. I don't know -- I think it's a explanation that can be provided. But have you ever overspent it? I believe you have. I think that's a fact.

Q Well, again, that all goes to Commission interpretation of the existing Commission rules as to the leeway we have to incur costs in advance of recovering the money through the RESA.

A I would agree. But you have proposed changes here as well, as far as the time fence and how you want that treated. So, I mean, we're looking at alternatives, and I guess maybe things that haven't specifically been addressed in the Commission rules that you are asking for.

Q Okay. And you would agree with me that the statute does give the Commission the leeway to establish, by rule and by order, how to interpret the retail rate impact limit?

A I would agree. That's why we're -- I mean, the company has provided a recommendation to the Commission as well as staff.

Q Okay. And you would also agree with me that it's important for the Commission to make a policy call on this issue, sooner rather than later, so that we all know what the rules are when we're planning to acquire renewable resources?

A I would say sooner rather than later. I am a little concerned whether we're going to run into a conflict, really, with -- I'm not sure what the timing of the decisions are going to be here. I mean, that is a concern to me. We have this proceeding going on right now, where we may decide certain ways that, for example, this time fence issue may be handled, at the same time, with a concurrent rulemaking, where this same issue has been raised.

I would hope that they come to the same conclusion. I'm not sure there's a guaranty of that. And that's -- it does concern me. And I'm not sure how we resolve that. I think it's something we're going to have to address in the near future, once we have both decisions.

Q And so if Commissioner Baker and Judge Kirkpatrick have a disagreement, they, ultimately, they all end up at the full Commission?

A They do.

Q And the full Commission decides?

A Absolutely.

Q Okay. Okay. Now, yesterday, I thought you told me -- we weren't requesting to do any retrospective look at the RES/No-RES, and that we were only going to be looking forward with the RES/No-RES. Did you not tell me that yesterday?

A You know what, in fact, when you raised the question, you thought I was presenting something different. I went back and read the transcript, and in my office. And I think I gave a partial answer that could be interpreted that way. If you read the full answer, then I don't believe that's true. I actually have the transcript here in front of me.

Q Irrespective of what you said yesterday, or today, we don't have to get into that. Is it your position that we're going to do, every year, a retrospective look of the prior year?

A Yes, that's what we are recommending.

Q And didn't staff take the exact opposite position last year, and didn't we have this whole debate last year, when the company sought a waiver of Rule 3662(a)(11).

A You know, I'm not sure. I was not responsible, and chief of the staff at the time, when that docket was before the Commission. So, I actually am in a position, now, to help shape what policies we want to put forward to the Commission. So, could it be different? Yes.

Q Okay. Now, last year, in Decision No. C08-0559, in Docket No. 07A-462E, we asked the Commission for a waiver of the rule that would require, every year, with the compliance plan, that we recalculate the RES/No-RES plan with the actual fuel costs, because you were concerned, if the fuel costs went down, then the resources that we would have acquired actually had a greater incremental cost than we thought they were going to have at the time we acquired it. The staff recommended that the rule be interrupted only to apply in a situation where the utility had not complied with the Renewable Energy Standard. So, it would only apply in a situation where the retrospective look could create more potential of more headroom instead of less under RESA.

A Uh-hum.

Q Is that jogging your recollection at all?

A Oh, yes.

Q And the staff said, no, Commission you should interpret it to only apply in the situation where it might create more headroom and the utility has not complied with their renewable standard?

A I agree. And I'm not sure -- I am not even sure -- this is an absolutely different issue than what we're addressing right here. What we are really addressing is your proposal of using a time fence, locking in for the, basically, the life of a resource -- and I'm going to keep using in as an example, because it's a good example -- SunE Alamosa. You are wanting to lock in the costs and benefits of that, and charge that to the RESA, based on today's projections. That was not a part of what the

Commission decided back then.

Q Well, that's correct. There was no --

A These are, to me, these interplay with each other, so we have actually tried to come up with a different way of approaching this, such that we believe that the RESA is closer -- that the dollars that are in the RESA, or the way you spend the RESA, is closer to the actual benefit that the customers are getting.

Q As I understand your proposal, you are, in effect, asking the company, after it does this relook --

A Uh-hum.

Q -- every year, repricing everything, to drain down the RESA funds, and then potentially borrow money from the ECA. Is that what you are proposing?

A No.

Q If there's not enough money in the RESA to pay for the renewable energy?

A Okay. With that clarifying comment, yeah. If you spend more than the RESA fund -- than is in the RESA fund, yes, there has to be some way of accounting for that, but, at the same time, that's why -- and part of this, I think, are some things we thought about last night, as far as just how to account for, since you were overspending the RESA fund, and you are going to put it this ECA till you need to make the RESA fund good in the long-run, which I guess I mentioned in an answer yesterday, without specifically saying you would put a debit on the RESA. We actually said, if the RESA, as long as it's negative, you cannot -- you would have to cease acquiring the new resources, which is the same thing, so. . .

Q So, all right. Now, when we have had this debit to the RESA, because we in effect borrowed monies from the ECA, do we have to pay the ECA back? Do we have to commit future RESA funds to make up that shortfall?

A Yes.

Q I mean that's --

A To me, that's why I said it. As long as you are in a negative position, yes, and until you go positive, but --

Q I mean, let's just say, for example, so my question is clear, let's say, in 2010, we didn't have enough money in the RESA, so, we have to debit the RESA with monies from the ECA, for resources that have already all been approved?

A Okay.

Q Correct? So now we're in 2011, and we're acquiring more RESA money, but we still have those same resources.

A Yes.

Q So, those resources still -- there's an ongoing cost.

A Okay.

Q Right. So, do we have to not only pay for the incremental cost of those ongoing resources, plus pay back the funds for the ECA that we borrowed in 2009?

A Well, you are asking someone that's not an accountant, so I'm trying to think through what the transaction would look like, so I'm not sure.

Q Thereby committing even more RESA funds to pay for that shortfall?

A You only pay for it once.

Q Okay.

A But that's where I think the accounting -- I need an accountant to tell me what's on the debit side versus what's on the credit side, to understand how you balance between those accounts.

Q Okay. How does what you are proposing relate to what Mr. Dalton is proposing? Are you saying that in any -- in addition to the limits that would be put on by this remodeling, such that we might have to stop acquiring renewable resources until we build up the kitty again, are you also endorsing this idea that we can never acquire more than the RESA funds that we get in any one year?

A I don't think you should plan to acquire more than your RESA funds would permit in a year, from a planning standpoint. I think that's what Mr. Dalton was explaining. You shouldn't put something in a plan -- and I think the example we're coming back to is your on-site solar. Should you curtail taking the orders? I'm not sure, but, to me, it makes sense to budget that. I mean to say, you are going to do so much a year, because you budget for everything else that -- on all of the rest of the spending you do for RESA funds. You budget for large projects, you budget for the intermediate size solars, why you don't budget for on-site solar, I'm not sure.

And but, again, you are the ones that do the plan. And I think you should be planning for something that's reasonable, looking forward.

Q Yes. That's what we're trying to do, we're trying to plan. Okay.

A No --

Q Okay. If we have a year in which we can't -- we don't have enough money, because the incremental costs have been recalculated after the fact, after we already contracted for all of the resources, would you agree with me that most of these resources that we acquired have contractual payments that are either the same each year or potentially escalate each year?

A For your large resources, yes.

Q Okay. If we get in a situation where we believe we have enough money in the RESA to pay, because we used one calculation of incremental cost, and, then, it's recalculated. Gas prices go lower and now we've recalculated, now they all have larger incremental costs, and we're over, wouldn't you think we would stay over for quite a substantial period of time?

A No.

Q Because we have these same payments or even more payments each year?

A I guess the only situation I can envision that would cause that is, for example, like we're thinking that gas prices are around $8 a BTU right now, and they drop to 4 and stay there for the next 10 years.

Q What --

A I think the other case is more likely to occur. I think there's going to be much higher and higher demand on gas, as a lot of utilities and others move away from coal. And the price of gas, if anything, we may be understating, and this may create additional headroom. It seems like we keep dealing with the side of the equation that is going to limit renewable resources being put into effect. I think this could quite likely produce additional dollars that could be spent for renewable resources.

So, I think, again, we just keep looking at one side. And, I think you're wanting to present this as staff is trying to stop renewable development. That's not the case.

Q You do understand that the company is taking the position that we should use updated forecasts for future acquisition, if there were an increase in the gas price, that would be taken into account in how we acquire future resources, correct?

A Oh, I would hope so, yes.

Q Now, you have indicated that you agree that the company has the right to recover, through -- under the ECA, if we don't get it through the RESA, and any dollars for the contracts that we've already -- have already signed. But what you say in Exhibit 44 is, then, the company shall be allowed to seek recovery of the shortfall. Did you mean to suggest that we

would have to file an application and that that
application could be subject to debate?
A No. That's not what I was intending. In fact maybe, "seek," is not the proper word. I think you would actually, again, if the Commission rules that this is an acceptable plan going-forward, I think it would be correct to just say that company has the right to recover it through the ECA. I mean, if that's the mechanism that we decide on.
Q Okay. Thanks.
MS. CONNELLY: That's all I have for this witness, but we would reserve, again, the opportunity to present our rebuttal from Mr. Ahrens.
COMMISSIONER BAKER: Okay.
MR. BECKETT: Nothing.
COMMISSIONER BAKER: Nothing from the advisory staff.

EXAMINATION

BY COMMISSIONER BAKER:
Q I just have one question, and I think you answered this with Ms. Connelly. And, yesterday, or was it this morning, yesterday, it must have been, you presented this proposal or, you know, the staff's position on the lockdown. And you made the distinction between resources that the Commission had previously

ruled sunk, and ones that the company are proposing to rule sunk. And you said, policywise, it's a -- I understand the matter, so, we don't need to go there.

But why wouldn't it be good policy, if you were following your logic, to try to get the most accurate set of benefits, to use all of the resources that were -- that are counted toward compliance of Section 124?

A This may be why I am afraid to answer, because, I think, you are starting to move into another -- that may be a legal question, because my understanding is, we can't necessarily back away from a decision that was already made in the past, by this Commission. That's why I wouldn't necessarily recommend that we treat those differently.

Again, I think that's more of a legal issue that I'm not probably qualified to answer, but that's the reason I didn't suggest we change anything the Commission has already ruled on.

Q I understand that. I was just asking. It seems to me, that if you separate the issue of recovery, which your proposal has done, from the issue of how much headroom you are going to have, in the 2%, it doesn't seem like there is necessarily any harm to anyone in that, and that that does give, just following the logic of your proposal, a more accurate picture of what the costs and benefits of Section 124 are for ratepayers?

A Okay. And that may be the case. I'm not sure what the reasoning was initially when they froze those, and didn't include them in the RES, whether there was a concern that these were very early models of wind turbines, in some cases, that aren't as efficient. They didn't really want to kind of dampen out what they are trying to do with the RES. If they produce benefit -- I'm not sure why they wouldn't, especially like a wind resource which shows that there is a benefit to the program, but --

Q So, there is --

A I think that's a decision from the Commission that could be -- that's an option to look at.

Q So, is it the advice of the staff -- trial staff to the Commission, that if you could unsink them, and do them all, that that would be more in keeping with the logic of your proposal or is it really our proposal stands on its own, because it really has to do with there wasn't a RESA then.

A I don't think it's -- actually, I think it's actually worth looking at. I just don't know whether that impacts -- whether that has a negative impact on moving forward or positive impact. I'm not sure if even a Public Service witness could answer that. I'm not sure what all of those resources are that are in that group.

Q Public Service presented a witness that explained how complicated it would be to model that, et cetera. I was just asking from a --

A All right.

Q And, as such, does it disturb you at all that there would be kind of two standards in your proposal, you know, old standard and new standard?

A No, really, because these resources were put in under the LCP. I mean, these were really prior to Amendment 37. So, I mean they were treated like any resource that out there. I don't see it necessarily as being, you know, a problem or a conflict with what we're doing there.

COMMISSIONER BAKER: Okay. I have no further questions. Any cross examination or re-redirect, whatever that word is?

MS. BOTTERUD: Just actually one.

REDIRECT EXAMINATION

BY MS. BOTTERUD:

Q Mr. Camp, Ms. Connelly was talking to you about the proposal, that if the RESA account is overspent, then the company should be permitted to recover the excess, I guess through the ECA. Isn't -- it's staff's position, though, that even while that recovery for the ECA is going on, the company still needs to be within the 2% retail rate impact in the RESA account?

A The question is a little confusing, because I think the RESA account -- the situation she's describing actually would go in a position where it's negative, or they have determined that it's going negative, and in a particular year. So, I am not -- I mean, it's acquiring funds as we move forward. I think they should be planning -- maybe that's what you are asking -- regardless, into the future, to stay within that 2% window, accounting for that overspending issue they may have in the prior year.

Q Yes. Thank you.

A Okay.

MS. BOTTERUD: Nothing further.

COMMISSIONER BAKER: You are dismissed. Have a great evening. We have a witness from Public Service?

MR. BECKETT: I know. I suggest perhaps, before we proceed with the Public Service witness, we would deal with the last bit of Answer Testimony of Ms. Leslie Glustrom, which I don't believe, given that she's not returned, I don't know. Did the parties have a position on what to do with her prefiled testimony? It was not stricken. So, I think we should determine, on the record, whether or not we're going to admit that as evidence or not.

COMMISSIONER BAKER: Any objections?

MS. CONNELLY: Yes, Public Service objects. It's the obligation of the witness who wants to support testimony to actually show up, and be ready to stand cross examination on her testimony. We do not agree to stipulate it into the record.

COMMISSIONER BAKER: Okay. Any other opinions? Okay. We are not going to stipulate that into the record. Now, Public Service, would you like to --

MS. CONNELLY: Yes, Public Service recalls Mr. Ahrens.

COMMISSIONER BAKER: Mr. Ahrens, I would remind you, you are still under oath.

THE WITNESS: Thank you.

(Discussion off the record.)

DIRECT EXAMINATION

BY MS. CONNELLY:

Q Mr. Ahrens, I would like you to go to the board, and draw a picture, so that we can have a good visual idea of the differences between the company's position, and the staff's position, and some of the suggestions being made by Commissioner Baker, if you would.

A Certainly.

Q And while you are drawing that, I have an exhibit that I am going to have marked and pass out.

(Whereupon Exhibit No. 48 was marked for identification.)

BY MS. CONNELLY:

Q All right. Mr. Ahrens.

A Let me walk through this first and --

Q Okay.

A And first it's probably important to point out, this is not intended to be to scale. But what I have done is I have tried to draw the stack of what goes under the RES plan. It starts off with the nonRES, the traditional jibberish, nonrenewables.

Q These are the nonrenewables that are currently on the company's system?

A That's correct. The next one would be those renewables that were put in place prior to Amendment 37. Above that is the renewables that would be put in place prior to December 31st of any one year. Those are essentially what the company is proposing be the lockdown. And going-forward every year, we're going to add to that, so that that number goes up and future renewables would go down. And then, above that is the future renewable amount.

Q I think there's one more category there. And that is the resources that were acquired after Amendment 37, but were part of the All Source RFP, so, I think, for purposes of our discussion, we could consider them in the preAmendment 37 renewables box.

A That would work well.

Q As currently they are treated the same; is that correct?

A That's correct.

Q Okay. Now, Mr. Ahrens, would you please just demonstrate what the company is proposing -- well, what the company is proposing to replace in the nonRES plan with nonrenewable resources? Which of those resources get taken out, that are in the RES plan, get taken out, when we do the No-RES plan, under the company proposal? Did I ask that in the way you understand it?

A No.

Q Okay. Why don't you go on. You go

forward, then.

A I think it would be helpful to explain that under the company proposal, we would look at that, if it's renewables, we would rerun those renewables, to update it for all variables, fuel, sales forecast, et cetera. But those renewables that were either contracted, or for the smaller ones, actually put in place prior to December 31st, we would lock down those net benefits, the cost and benefits, for purposes of doing future RES and No-RES. This number would be in both scenarios, the RES and the No-RES. So there would be no incremental impact, and we would essentially lock down what that benefit is, and carry it in what is called, "J," of Table 6-3.

Q Okay. That's the company proposal. And staff's proposal, as we understand it?

A As I understand it, they would essentially update the same amount. However, instead of locking down these benefits, we would go back and rerun it and update it for the actual fuel and CO_2, to the extent there's no CO_2 in 2009, but, going-forward, that's what I understand to be their proposal.

Q Okay. And the suggestions that have been made by Commissioner Baker in questioning witnesses. What do we understand of his proposal or I don't know if it's a proposal.

COMMISSIONER BAKER: Right. It's a proposal.

BY MS. CONNELLY:

Q I wouldn't describe it as a proposal, but suggestion he was making.

A If I understand correctly, then, as part of looking at the RES, we would include not only those future renewables but also those renewables that were put in place prior to Amendment 37.

Q And I think you need to draw your line a little bit lower for that to --

A I'm not sure if we include all of that.

Q For purposes of this discussion, let's take it all of the way out.

A Let's do that.

Q And, now, to indicate that. Now, the way we determine the incremental costs, that we run a RES plan that has all of the proposed build-out for the renewables.

A Correct.

Q And then a No-RES plan, where we take out some of the renewables and replace them with nonrenewables, correct?

A That's correct.

Q Okay. So, in each of these scenarios when we run the No-RES plan, do you agree with me that we're taking out all of the renewable resources that fall in your update column, and we're putting in nonrenewables?

A Correct.

Q Okay. So, that we're basically getting the incremental costs between two different portfolios?

A That's correct.

Q Okay. Now, you can take a seat. Thank you.

Which of these proposals, now that we have heard them all, does the company ask the Commission to adopt?

A The company prefers to recommend its original proposal; that we have the lockdown.

Q And will you explain why?

A The other provides uncertainty for the company for planning purposes. What would happen with the running of the lockdown, is it could be higher or it could be lower. That would cause us to have to change our plan to accommodate whatever variables cause that to change.

That causes us uncertainty from the planning perspective, and I think that uncertainty would trickle down to vendors, because if we have -- if we don't have certainty on our plans, they can't have certainty on what the build-out is.

Q Now, Mr. Ahrens, is the company trying to plan, in the long-run, to reduce our carbon footprint and to meet the governor's carbon reduction goals?

A Absolutely.

Q And how does the uncertainty you are talking about in the other plans affect that?

A It makes it much more difficult for us to achieve those carbon reductions, because, again, we have difficulty with our plan, we have uncertainty with our plan because of this.

Q Because we never know how much money we have left to spend on new additions?

A It will change every year.

Q Now, you talked about the market being adversely affected by this uncertainty. Which is the market that would be most affected if we got into a situation where an update of the incremental costs available to us show we had fewer dollars left than we thought?

A I suspect it would be the on-site solar.

Q And why is that?

A Because most of the other resources are acquired through a resource planning process. And right now, I think the on-site solar would be the swing source that we would use to either back down or increase our planning.

Q Okay. Now, to give some indication of how large this swing could be, we've marked for identification, as Exhibit No. 48, a document, okay? Please identify this document.

A Yes. What we're trying to do is provide a ballpark illustration of what a change in $1 per million BTU gas price would have, as far as changing what the avoided costs are. I can walk through --

Q Yes, if you would, please.

A Certainly. Under Column A, that's the $1 change. We then multiply that times our average heat rate for fossil fuel. That is essentially the conversion factor of the input fuel to electricity. And then we end up with a $1 change per million BTU for gas, equates to an $8 change in dollars per megawatt-hour generated.

Under Column D, we provided an installed nameplate ratings of wind and solar. We multiply that times an expected capacity factor for those resources, to identify how much energy we're really talking about as being avoided. Multiplying that times the $8 difference, we get between a 35 and $36 million impact of a $1 per million BTU change in gas price.

Q Now, Mr. Ahrens, is $1 change in the forecasted gas price a usual or an unusual change from forecast to forecast?

A Oh, certainly. In recent times, that's not been uncommon.

Q So, given this example, the company could potentially think that we had headroom under the RESA, to buy the resources that we're buying, and in the All Source RFP, and if the gas prices were to drop by $1, we're talking about something in the range of 35 million, or even greater, swing in the funds available for the RESA; is that correct?

A That's correct.

Q Okay. Now, could you turn to 6-3, Table 6-3.

A I have that before me.

Q And could you look at the Column H model incremental costs?

A I have that.

Q How does a swing in the range of $35 million compare with what we're projecting as the modeled incremental costs for each -- for a lot of the years in this plan?

A As an example, in 2010, the modeled incremental costs represent about $32 million, so this swing is greater than the amount of modeled incremental costs.

In some of the outer years, it's not near so much, but it's still a very significant change in what funds are available to procure renewable energy.

Q Okay. Let's suppose, as staff has been arguing, that gas prices actually go up in a future forecast. They go up a $1, they don't go down, thereby creating additional headroom of about $36 million. Isn't that a good thing?

A It could lead to boom and bust, in which one year you have a very large increase in the funds that are available, and then the next year, very large decrease. So again, that causes some instability in our ability to plan and presumably instability for the vendors supplying the renewables.

Q What's been the company's experience to date? We've -- this is our third renewable energy compliance plan that we filed. Have the gas prices turned out to be higher or lower than what has been projected at this time that we filed the plan?

A I believe that the gas prices that we have used have turned out to be higher than what would

be projected later on.
Q Than the actuals that have occurred?
A Yes.
Q So, at least our experience today, we've suffered the downside and haven't seen the upside?
A That's correct.
Q Does the company believe that the -- well, why is the company comfortable in potentially giving up the upside in order to avoid the downside?
A Again, the uncertainty for planning purposes. It makes it very difficult.
Q And market stability?
A And market stability, correct.
Q Now, what steps has the company taken -- all of this we're talking about here, staff's proposal, the scenario that was being discussed by Commissioner Baker, are really all attempts to try to increase the headroom under the RESA. What steps has the company taken to try to increase the headroom of the RESA?
A I can think of two examples. And the first one is by changing the way we have done resource -- or we've done WindSource. Sorry about that. If you look at Table 6-4, it demonstrates that by crediting the premiums that we give for the resource program --

MS. BOTTERUD: Commissioner Baker, I am going to object because I think the question is eliciting a response from the witness that is beyond the scope of what Mr. Camp was testifying to.

MS. CONNELLY: We would like the opportunity to explain that there are alternative ways to create headroom in the RESA other than what we view to be the risky proposal that staff has set forth.

MS. BOTTERUD: But Public Service has already presented its own recommended plan as part of this docket.

MS. MANDELL: If I might, looking at my notes, I think Mr. Camp did address the question of headroom.

MS. CONNELLY: I think it's clear that he was talking about his program as being beneficial, because it could create headroom.

(Discussion off the record.)

COMMISSIONER BAKER: I am going to allow the question but please try to keep it tight.

MS. CONNELLY: Okay.

BY MS. CONNELLY:

Q What has the company done to -- what proposal has the company made to create more headroom?

A Again, I think WindSource is one example.

And I think that's demonstrated in Table 6-4, where you can see that the rolling deferred balance has got much more headroom to allow us to procure additional eligible renewable energy.

The second thing that I can think of that the company has proposed, is in the RES rulemaking, in which we have asked to have the ability to market excess RECs. And there is a margin-sharing proposal that would generate additional revenues, that would be credited to the RESA, that would allow us to go out and procure even more renewables. Under both of those scenarios, there's only upside with no downside of risk.

Q And by that you mean both of those proposals can only increase the headroom, but neither would decrease the headroom?

A That's correct.

Q Okay.

MS. CONNELLY: I think that's all I have. And Mr. Ahrens is available for cross examination.

COMMISSIONER BAKER: CF&I?

MS. KING: I just have three questions, that you identified -- you know, I am going to strike that, and I am going to refrain. Thank you.

MS. CONNELLY: Excuse me. Commissioner

Baker, I probably should have asked for that illustration to be marked, as an exhibit, so that the record will make some sense.

COMMISSIONER BAKER: Okay.

MS. CONNELLY: So we could reserve the next number for that.

COMMISSIONER BAKER: Which, I think, is 49.

MS. CONNELLY: We need to give that one to the reporter to be marked.

THE WITNESS: I am going to draw in some lines a little bit better.

MS. CONNELLY: Okay.

COMMISSIONER BAKER: Did we formally move 48?

MS. CONNELLY: I think Mr. Beckett just reminded me that I hadn't, so I would move that at this time.

COMMISSIONER BAKER: Any objections to Exhibit 48? It's okay if we move 49, yeah 49?

MS. CONNELLY: And Public Service moves the admission of Exhibit 49, the blackboard exhibit.

COMMISSIONER BAKER: Any objections to 49?

MS. HICKEY: No. I just had some

question --

COMMISSIONER BAKER: Okay. Can we wait until it will come to you?

MS. HICKEY: Absolutely.

COMMISSIONER BAKER: 49 is admitted.

(Whereupon Exhibit No. 49 was admitted.)

COMMISSIONER BAKER: Okay. And we did CF&I. CoSEIA.

MR. COLCLASURE: No questions for CoSEIA.

COMMISSIONER BAKER: Interwest?

CROSS EXAMINATION

BY MS. HICKEY:

Q I just -- does the PSCo and staff and Scenario 3, include pre1937 renewables? Is that --

A PreAmendment 37 renewables.

Q It does.

COMMISSIONER BAKER: Scenario 3 did.

THE WITNESS: Yes.

MS. HICKEY: All right. I think that's fine.

COMMISSIONER BAKER: Okay. WRA.

MS. MANDELL: No questions. Thank you.

COMMISSIONER BAKER: OCC.

MR. IRBY: No questions. Thank you.

COMMISSIONER BAKER: Staff of the

Commission.

MS. BOTTERUD: A couple, several.

CROSS EXAMINATION

BY MS. BOTTERUD:

Q Mr. Ahrens, would you take a look at what I believe has been entered as Exhibit 48, the illustration of gas price impact on RESA costs.

A Yes.

Q And the column marked, "F times C."

A Yes.

Q Does that column reflect the incremental costs as charged to RESA?

A No. That is intended to reflect the total dollars that may be impacted. I'm not sure I would know how to break down how much of that $35 million would be split between ECA and the RESA.

MS. BOTTERUD: Okay. Thank you. We're done.

COMMISSIONER BAKER: Okay. Commission staff.

MR. BECKETT: No.

COMMISSIONER BAKER: Any redirect?

MS. CONNELLY: You don't have any questions?

COMMISSIONER BAKER: No questions.