

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 08I-113EG

**IN THE MATTER OF THE INVESTIGATION OF REGULATORY AND RATE
INCENTIVES FOR GAS AND ELECTRIC UTILITIES**

**COLORADO ENERGY CONSUMERS'
PRELIMINARY COMMENTS**

The intervention group collectively referred to as the Colorado Energy Consumers (“CEC”), an unincorporated association comprised of electric consumers, by and through its undersigned counsel, respectfully submits the following preliminary comments as solicited by the Public Utilities Commission of the State of Colorado’s Decision No. C08-0903. CEC states as follows:

1. On April 29, 2008, the Commission issued Decision No. C08-0448 through which the Commission opened this investigatory docket concerning regulatory structures and incentives that influence electric and gas utility actions under existing regulatory structures in Colorado and concerning alternative incentives and alternate regulatory and rate structures that may alter or influence utility actions. *See* Commission Decision No. C08-0448 at ¶II, A. 1, p. 4.

2. In Decision No. C08-0903, the Commission invited interested persons to submit by September 22, 2008 comments on the “Revised Scoping Questions” set forth in Appendix A to the Order.

3. At this time, CEC’s comments on these questions are going to be very limited. CEC’s comments are limited for two reasons. First, CEC intends to only participate in this investigation with respect to electric issues. Second, and more importantly, CEC does not intend to propose specific changes to the current regulatory system. As such, CEC expects that the vast majority of its comments will be responsive to any proposals made by others through the course

of this investigation.

4. Historically, electric consumers have wanted two things – reliable electric service and reasonable electric rates. Happily, for many decades now, electric utilities in Colorado have, with a few exceptions, successfully provided both. Further, utilities have provided reliable service at reasonable rates while operating under the traditional regulatory system known as rate of return regulation. More recently, many electric consumers have become increasingly concerned with ensuring that electric service does not unreasonably harm the environment. As a result, citizen initiatives and legislation have been enacted to promote and encourage ways to reduce the negative impacts on our environment from the generation and consumption of electricity.

5. Given the extensive and, in CEC’s view, generally successful track-record of traditional regulatory systems in Colorado, CEC strongly supports their continued application. These traditional systems have functioned reasonably well over time during periods when demand was growing and utilities were in build-cycles, during times of stable activity, and during times when economic pressures caused electric usage to decline. Of course, the Commission has from time to time ordered modest deviations from traditional rate of return regulation and CEC understands the necessity of flexibility. However, the traditional form of regulation is traditional for a very good reason – by and large and over time it works very, very well. Therefore, CEC would urge the Commission to maintain traditional regulatory mechanisms including rate of return regulation for electric utilities.

6. CEC also generally supports the principle that the legislature, not the Commission, should make the initial policy decisions about balancing environmental goals with the goals of reliable and reasonably priced utility service. Certainly, the Commission clearly has a critical role to play in implementing the policy directives of the legislature. However, the

Commission should, in CEC's view, look to the legislature to set the State's environmental goals. Therefore, CEC would also urge the Commission not to adopt regulatory incentives that unreasonably reward or encourage utilities to raise rates to meet environmental goals above and beyond those set by the legislature.

7. The Commission's Order in the present docket notes that, given the investigatory nature of this proceeding, the Commission "can be somewhat flexible" in its procedures, and states that "we will allow parties to supplement their first round comments after" the September 22 deadline. *See* Commission Decision No. C08-0903 at ¶I, C. 14-15, pp. 5-6. Under the circumstances, CEC wishes to take advantage of that flexibility and reserves here the right to analyze fully the comments and proposals submitted by other parties before responding in full on any proposed alternatives. Given CEC's position is largely to maintain the status quo it is difficult to know what more to say until and unless other parties put their proposals on the table.

8. Notwithstanding these limited initial comments, CEC looks forward to active participation in this proceeding. That participation may include the submission of supplemental written comments, participation in workshops, sponsorship of oral presentations, or conducting ex parte discussions with the Commission. CEC very much appreciates the Commission's attention to the critical issues it has brought forward in the present docket.

DATED: September 22, 2008.

Respectfully submitted,
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**ATTORNEYS FOR COLORADO
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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of September, 2008, an original and three (3) copies and a CD of the foregoing **COLORADO ENERGY CONSUMERS' PRELIMINARY COMMENTS** were served via electronic mail and hand delivery on:

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