

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

**Docket No. 08I-113EG**

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

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**COLORADO INDEPENDENT ENERGY ASSOCIATION'S INTRODUCTORY  
COMMENTS REGARDING SCOPE OF INVESTIGATORY DOCKET**

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The intervention group collectively referred to as the Colorado Independent Energy Association ("CIEA"), a non-profit corporation and trade association of independent power producers ("IPPs"), by and through its undersigned counsel, respectfully submits the following introductory comments regarding the scope of this proceeding as solicited by the Public Utilities Commission of the State of Colorado's (Commission") in Decision No. C08-0448, ("Order Opening Investigatory Docket and Notice of Inquiry" or "Order") adopted by the Commission on March 26, 2008. CIEA 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. C08-0448, the Commission invited interested persons to submit comments on the scope of the proceeding within 30 days of the mailed date of its order. (See, Commission Decision No. C08-0448 at ¶II, A. 4, p. 5). In its Order, the Commission stated: "An initial list of questions and issues were identified to assist in defining the scope of the proceeding. The questions include:

- i. What basic incentives does today’s regulatory structure (e.g., rate-of-return regulatory structure, adjustment clauses, test year determination, depreciation policies) provide to Colorado electric and gas utilities?
- ii. What are the alternatives to the Rate Base-Rate of Return model?
- iii. How do adjustment clauses affect utility incentives?
- iv. What are the alternatives to adjustment clauses?
- v. Can the regulatory incentive structure be changed to align a utility’s financial incentives with energy efficiency investment?
- vi. Can the incentive structure be modified to heighten the utility’s incentives for management efficiency?
- vii. Should the Commission consider an electric “decoupling” mechanism?
- viii. Can the regulatory incentive structure be altered to change the stakes for a utility making a build-or-buy decision?**
- ix. What impact does the current regulatory structure regarding the buy-or-build scenario have on competitive bidding as a tool in resource selection?**
- x. What is the state of the art across the nation?”**

See, Commission Decision No. C08-0448 at ¶I, A. 5, pp. 2-3 (emphasis added).

3. CIEA appreciates the opportunity to submit comments on the scope of this very important docket and looks forward to actively participating in this proceeding. In particular, CIEA urges the Commission to retain within the scope of this proceeding the final three questions (highlighted in bold above) noted in its Order, which are critical to its members.

4. CIEA also urges the Commission add within the scope of this proceeding one further issue beyond the above-quoted questions listed in the Commission’s Order. At present, it does not appear that new transmission investment is occurring at a sufficient pace to encourage new generation resources to be sited at optimal locations in Colorado and also to enable Colorado to export greater quantities of power to serve growing loads outside the State. Accordingly, CIEA believes the Commission should include the following question within the scope of the present proceeding:

**xi. What, if any, changes to the status quo should be considered to create incentives for investment in additional transmission facilities to support both in-state**

**generation and interstate export of power, and to what extent could more appropriate transmission investment incentives be provided by some form of Performance-Based Ratemaking or other alternative regulatory structures?**

5. CIEA requests that notice of matters relating to this proceeding and copies of orders, prefiled testimony, exhibits and all pleadings, discovery and other communications be served upon the following :

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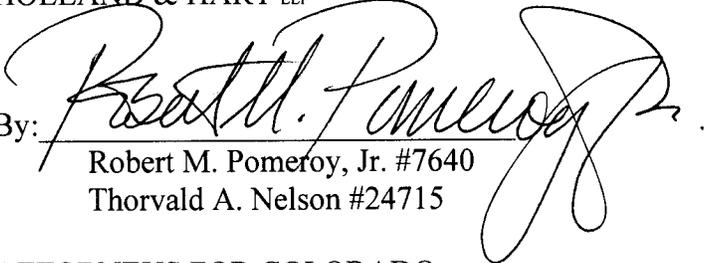
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WHEREFORE, CIEA respectfully requests that the Commission (1) retain within the scope of this proceeding the final three questions in its order (highlighted in bold above), and (2) to add within the scope of the present proceeding the additional question offered above by CIEA in Paragraph 4 of its Introductory Comments.

DATED: May 29, 2008.

Respectfully submitted,  
HOLLAND & HART <sup>LLP</sup>

By:



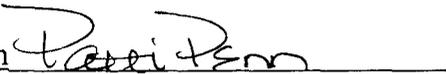
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ATTORNEYS FOR COLORADO  
INDEPENDENT ENERGY ASSOCIATION

**CERTIFICATE OF SERVICE**

I hereby certify that on this 29th day of May, 2008, an original and seven (7) copies and a CD of the foregoing **COLORADO INDEPENDENT ENERGY ASSOCIATION'S INTRODUCTORY COMMENTS REGARDING SCOPE OF INVESTIGATORY DOCKET** were served via hand delivery on:

Doug Dean, Director  
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s/ Patti Penn 

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