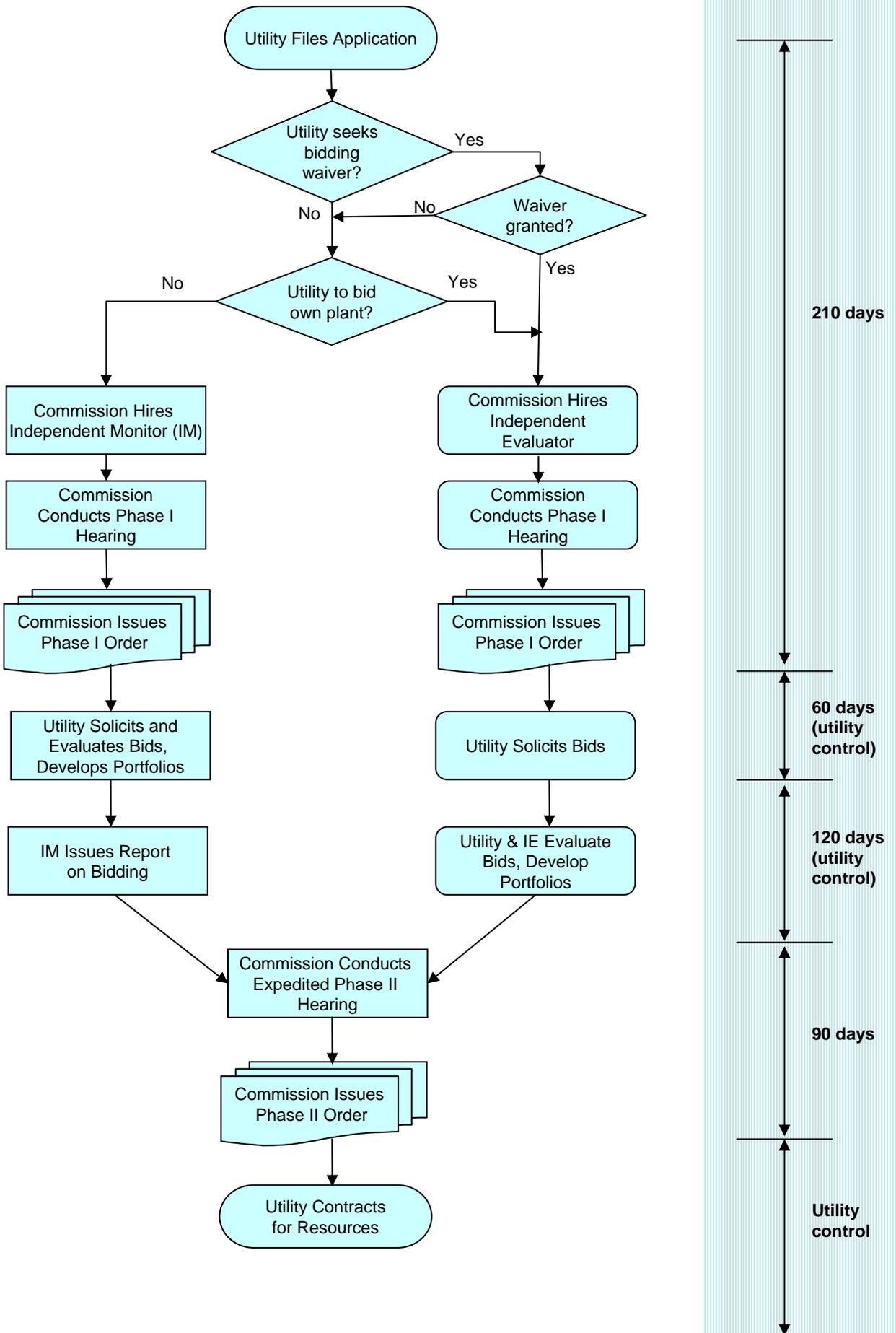


Outline of Binz Proposal (Option 2B)

- The Commission will conduct a 210-day proceeding on the utility's application for approval of its Resource Plan that is very similar to the proceedings conducted in the 2003 LCP cycle. The Commission's final order in the Phase I proceeding will approve the resource need, amount of DSM, model inputs and assumptions, among other findings.
- In its Phase I order, the Commission will describe three alternate scenarios for potential Section 123 resource acquisition: Low, Medium and High cases. These scenarios will be described by ranges of capacity or energy in the final plan.

Example:

- Low Case: 0 to 50 MW of §123 resources
 - Medium Case 50 to 200 MW of §123 resources
 - High Case: 200 to 400 MW of §123 resources
- The utility will conduct an all-source bid solicitation, including solicitation of Section 123 resources and solicitation of resources required to comply with HB 07-1281.
 - If the utility proposes either 1) to bid a utility-owned resource into the competitive bid; or 2) to request a waiver of the competitive bidding rules for a utility-owned project (other than a resource described in §40-2-124(f)(I), C.R.S.), then the Commission will employ an independent evaluator (IE) in the case. The IE will prepare a parallel analysis to that of the utility.
 - If the utility does not propose a utility-owned plant, the Commission will not use an independent evaluator. Instead, the Commission will employ a consultant to monitor the bid process conducted by the utility, similar to the proposal made by WRA in its comments. The consultant will monitor the solicitation and bid evaluation process and report to the Commission on its fairness and regularity. The IM will receive special cooperation from the utility, including access to its modeling software.
 - The IE or IM will file a report with the Commission to complete its assignment and will be subject to cross-examination in hearings concerning the report.
 - As part of its bid analysis, the utility will prepare four resource acquisition scenarios, each of which will minimize NPV of revenue requirements subject to constraints. These four scenarios will be: 1) the utility's preferred option; 2) the Low Section 123 case; 3) the Medium Section 123 case; and 4) the High Section 123 case. The utility's preferred option may coincide with one of the other three cases.
 - The Commission will conduct an expedited proceeding to approve a resource plan with specific findings concerning Section 123 resources. The approval may or may not include selection of specific resources, and may or may not adopt any of the scenarios presented by the utility.
 - Following the Commission's final order in the Phase II hearings, the utility will negotiate contracts for resources in conformance with the approved resource plan.
 - Compliance with the resource plan approved by the Commission in the Phase II proceeding means the utility's consistent acquisition will be presumed to be prudent.



Issue	Initial Proposal (Option1)	Option 2	Binz Option 2B
Title of Rules	Least Cost Planning Rules	Resource Planning Rules	Resource Planning Rules
Role of Independent Evaluator (IE)	Prepares recommended resource selection based on modeling	Prepares resource selection proposal in parallel with utility, based on modeling	If employed, prepares resource selection proposal in parallel with utility, based on modeling
Role of the Independent Monitor (IM)	None	None	If employed, prepares a report as to the fairness and regularity of the bid process
Role of Utility	Cooperates with IE	Prepares resource selection proposal in parallel with IE	Prepares preferred resource selection proposal plus three additional resource scenarios; cooperates with IM or IE
Role of Commission, Phase I	Standard LCP approvals	Standard LCP approvals	Standard approvals plus guidance to utility on §123 resource scenarios
Role of Commission, Phase II	Approves final portfolio	Approves final portfolio	Approves resource plan, which <u>may or may not</u> include approval of specific resources
Bid Process	All-source	All-source	All-source
Selection of IE or IM	Utility nominates, Commission selects	Utility/Staff/OCC nominates, Commission selects	Utility/Staff/OCC nominates, Commission selects