

Decision No. C08-0539

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 07A-447E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF
COLORADO FOR APPROVAL OF ITS 2007 COLORADO RESOURCE PLAN.

**DECISION IDENTIFYING ISSUES TO ADDRESS IN
REBUTTAL TESTIMONY AND LIMITED
SUPPLEMENTAL ANSWER TESTIMONY**

Mailed Date: May 30, 2008
Adopted Date: May 21, 2008

I. BY THE COMMISSION

A. Statement

1. On May 21, 2008, we convened a pre-hearing conference, as provided for in the procedural schedule established in Decision No. C08-0083. The purpose of this pre-hearing conference was to allow us to provide input to the parties to improve efficiency in the upcoming hearings and allow a better understanding of the issues we deem important in deciding the matters before the Commission in this docket.

2. On April 14, 2008, we held a pre-hearing conference to provide input earlier in the proceeding. This second pre-hearing conference, was designed to provide further input after answer testimony had been filed, but before the rebuttal and cross-answer testimony filing date. We will allow parties to file supplemental answer testimony on the narrow issues identified as a result of the second conference. Any such supplemental testimony shall be filed on or before June 9, 2008. We also direct Public Service Company of Colorado (Public Service) to address applicable issues as a part of its rebuttal testimony due on June 9, 2008. If necessary, at the

commencement of hearings on June 23, 2008, we may entertain requests for oral responses to the supplemental testimony.

B. Hearing Location

3. Hearings scheduled for June 23, 2008 through July 11, 2008 will commence at Public Service's Technical Services Building at 550 15th Street in Denver, Colorado 80202. We intend to hold at least the first portion of the hearing at the Technical Services Building, because of the large number of intervenors in this case. Webcasting will be available, in a form similar to the webcasting at the Commission's hearing rooms. A link to the internet site for the webcast of the hearing at the Technical Services Building will be provided on the Commission's website.¹ If, after the first week of hearing, attendance at the hearing drops to a level that can reasonably be accommodated in the Commission's facilities, the hearing may be moved to Commission Hearing Room A, at 1560 Broadway Suite 250. We will announce any switch in hearing location well in advance of that date.

C. Issues for Public Service and Intervenors to Address in Rebuttal and Supplemental Answer Testimony:

4. **Outcome of RES and DSM Dockets** -- As discussed in detail in Decision No. C08-0108, we established the scope of Docket No. 07A-447E (Electric Resource Planning -- ERP) to use the outcome of Docket Nos. 07A-420E (Demand Side Management -- DSM) and 07A-462E (Renewable Energy Standard -- RES) as inputs. However, we recognize that a Commission determination in DSM and RES dockets was not complete at the time parties were required to file answer testimony in this ERP docket. Therefore, in order to obtain a well-integrated set of dockets, all parties to this docket will have the opportunity to address the

¹ http://www.dora.state.co.us/puc/broadcast_streams/index.htm

impact of the RES and DSM Decisions on the ERP docket in each party's respective Rebuttal and Supplemental Answer testimony. Decision No. C08-0108 established the scope of all three dockets so that specific information would feed into the ERP docket, but it is likely that many details remain to be worked out between the dockets. For example, the difference between §§ 40-2-123 and 40-2-124, C.R.S., resources were discussed in detail in the RES docket, but we anticipate that parties will wish to address the definition of "section 123 resources" as a part of this ERP docket. The 2 percent retail rate impact limit was addressed in the RES docket, and the Commission determination on this issue may have practical implications in this ERP docket. Finally, our decision in the DSM docket may impact a party's position, in the ERP docket, so we anticipate additions or modifications to testimony. However, we will not allow parties to reargue unsuccessful DSM and RES positions in the ERP docket; instead, parties may alter positions in response to the outcome of the previous dockets.

5. **Modeling Inputs** – As discussed in Decision No. C08-0108, the Phase II ERP process is intended to allow us to compare all resources simultaneously in order to optimize the resource mix. We expect the modeling performed by the Independent Evaluator (IE) and Public Service to be an integral part of this determination. In the Phase I Decision in this case, we will set out the framework for how we expect the IE and Public Service to model the various resources. We will also decide the level of guidance that is appropriate for the IE and Public Service. For example, we will determine what input parameters will be specified, such as the cost of carbon, natural gas, coal, externalities, and other inputs. Further, we will decide how to direct the IE and Public Service to model the various ranges of inputs, such as high and low gas costs, high and low demand growth, or ranges of other variables that we expect to have a large impact on resource selection. We do not expect the modeling to produce a single recommended

output; rather, we anticipate modeling a range of scenarios to better understand the sensitivities of the selection of resources to possible future inputs. We will also decide how DSM, non-dispatchable renewables that may provide near-peak power (*e.g.*, solar), renewables with storage, or other unique resources should be modeled in conjunction with conventional resources. To the extent that the current testimonial record on these details of modeling is insufficient, we invite parties to expand on these topics in cross-answer or rebuttal testimony.

6. **HB08-1164** –This new bill may be signed into law within the course of this docket. If enacted, this bill expands the scope of § 40-2-123, C.R.S. We request additional party input regarding the implications of this new statute.

7. **Transmission** – We appreciate receiving Public Service’s supplemental testimony on transmission, as well as answer testimony addressing this issue. We recognize that our ERP Rules do not directly address long-term transmission planning horizons, so we are interested in comments on long-term planning scenarios, as well as on the Commission’s role in transmission planning and coordinating the ERP plan with the long-term generation plan, either within this docket or otherwise. Finally, the Commission requests parties’ input on how the costing of transmission expansion affects generation resource selection.

D. Issues for Public Service to Address in Rebuttal Testimony:

8. **Early Wind RFP** -- Public Service recently filed a report indicating that 2,785 MW of bids were received for the 150 MW early wind Request for Proposal (RFP). Because Public Service has requested that the Commission consider the resulting resources to fall under the presumption of prudence afforded under the ERP rules for an approved resource plan, we direct Public Service to provide a status update of these potential resources. We do not intend for Public Service to file all bid information, but a summary of the bids. We are interested

in such bidding details such as capacity, general location, bid price, ability to meet the current PTC extension, and any preliminary evaluations.²

9. **All-source Bid Evaluation Option** – In Decision No. C08-0108 we discussed in detail how the new ERP rules are intended to allow us to compare all resources simultaneously in Phase II to best optimize the resource mix. In that Decision we also noted that, if it is warranted, resources may be solicited outside of the all-source bidding process. Because we have not yet made a determination as to which conditions warrant a solicitation outside of a simultaneous all-source bid comparison, and in order to preserve the Commission's options for doing so, we require Public Service to state how it would fashion the RFPs and Power Purchase Agreements for a simultaneous all-source bid evaluation.

II. ORDER

A. The Commission Orders That:

1. Hearings scheduled for June 23, 2008 through July 11, 2008 will commence at the Public Service Company of Colorado (Public Service) Technical Services Building at 550 15th Street in Denver, Colorado 80202, consistent with the above discussion.

2. On or before June 9, 2008, Public Service may file additional testimony, as a part of its Rebuttal Testimony, regarding the issues addressed in Paragraph Nos. 4 through 7 above.

3. On or before June 9, 2008, intervenors may file Supplemental Answer Testimony regarding the issues addressed in Paragraph Nos. 4 through 7 above.

² Consistent with past treatment, we anticipate that Public Service will request extraordinary confidentiality for this information. Even though we have granted extraordinary confidentiality for such information in the past, we direct Public Service to file an appropriate motion detailing the basis for such treatment, consistent with the Rules of Practice and Procedure.

4. On or before June 9, 2008, Public Service shall file additional testimony, as a part of its Rebuttal Testimony, regarding the issues addressed in Paragraph Nos. 8 and 9 above.

5. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' PREHEARING CONFERENCE
May 21, 2008.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RON BINZ

MATT BAKER

Commissioners

COMMISSIONER JAMES K. TARPEY
ABSENT.