

(Decision No. C92-189)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE MATTER OF THE JOINT)
APPLICATION OF PUBLIC SERVICE)
COMPANY; THE OFFICE OF)
CONSUMER COUNSEL; THE OFFICE)
OF ENERGY CONSERVATION; AND) DOCKET NO. 91A-481EG
THE LAND AND WATER FUND OF)
THE ROCKIES TO OPEN A DEMAND)
SIDE MANAGEMENT)
COLLABORATIVE PROCESS DOCKET.)

**COMMISSION ORDER: (1) APPROVING BUDGET AND AMENDING
DECISION NO. C91-1549-I; (2) APPROVING MILESTONE II REPORT AND
EXTENDING DUE DATE FOR MILESTONE III REPORT TO MAY 22, 1992.**

Mailing date: February 10, 1992
Adopted date: January 29, 1992

I. Factual and Procedural Background.

This matter came on for a Prehearing Conference on Wednesday January 29, 1992 at 1:30 p.m. This docket is called the "collaborative" because it is intended, by the parties¹ to the settlement of the 1991 Public Service Rate case, Docket No.

¹. The five parties to Revised Settlement Agreement II were: (1) Public Service Company of Colorado; (2) the Colorado Office of Consumer Counsel; (3) the Colorado Office of Energy Conservation; (4) the Land and Water Fund of the Rockies; and (5) the Staff of the Colorado PUC.

In addition to the 5 original parties, several other groups are participating in the collaborative process, including the Multiple Intervenor Group (represented by the law firm of Holland & Hart), CF& I Steel Corporation; Climax Molybdenum Company; the Home Builders Association of Metropolitan Denver; Colorado Interstate Gas Company; the City and County of Denver; K N Energy, Inc.; the Colorado Business Alliance Against Unfair Utility Practices; the Colorado Rural Electric Association; Tri-

91S-091EG, that the collaborative process will identify optimal demand-side management programs² for the Public Service Company of Colorado, in a spirit of cooperation and compromise. See Decision No. C91-918 in Docket No. 91S-091EG (July 23, 1991 Final Corrected Version approving Settlement, upon Clarification, Composite Exhibit C, "Revised Settlement Agreement II" at 7.)

In Revised Settlement Agreement II, the parties to the Public Service 1991 rate case settlement agreed to develop a detailed workplan for the collaborative process, including an organizational structure, a plan for recovery of the planning and collaborative process expenses, a budget and a detailed statement of objectives and milestones for achieving these objectives. The parties also agreed, in Revised Settlement Agreement II, to submit a detailed workplan to the Commission on or before October 1, 1991, for the Commission's review and approval. Decision No. C91-918 Composite Exhibit C at 9. The Commission held a special open meeting on October 15, 1991 after the workplan was filed. The special open meeting was part of the Commission's intention to hold frequent hearings in the 4 dockets, including this one, which have been started as part of the 1991 Public Service rate case settlement. See Decision No. C91-918 at 12. The Commission held another special open meeting on October 31, 1991, to hear from collaborative participants in other states (California and Massachusetts among others), for their views on the structure and progress of the Colorado demand side management collaborative process.

State Generation and Transmission Association, Inc., the Energy Conservation Association, Centel Corporation\Centel Electric-Colorado, Colorado-Ute Electric Association, Inc., and About Saving Heat Co.

2. "Demand-side management programs" are energy efficiency programs, which may replace the need for investment in new sources of energy supply, thereby saving money and the environment without sacrificing living standards.

The prehearing conference on January 29, 1992 was held to: (1) consider final approval of the Workplan budget filed on October 1, 1991; (2) to review the summary of fourth quarter 1991 activity filed on January 15, 1992; (3) to consider the January 10, 1992 Response of the parties to Decision No. C91-1549-I (November 27, 1991); (4) to approve the Milestone II Report filed on January 22, 1992; and finally, (5) to rule on a motion for revision to milestone schedule, filed on January 28, 1992.

II. Budget Issues.

On January 15, 1992, the parties filed a summary of activity for the fourth quarter of 1991, detailing their meetings and other activities, including expenditures to date. (The parties budgeted \$20,000 for the collaborative process planning phase, and have spent \$8,522.) At the October 15, 1991 special open meeting, the Commission expressed concern that it had insufficient documentation before it to approve the budget for the collaborative process. (The Workplan estimated a total expenditure of between \$362,500 - \$400,000 for the collaborative process.)

On January 10, 1992, the parties filed a Response to Decision No. C91-1549-I, and included a "contract for consulting services," with attachments, as appendix "A." Based on the documentation, and the assurances of the parties that they will come back to the Commission for modification of the budget if needed, the Commission hereby approves the collaborative process budget.

Given the assurances that the parties will seek Commission approval should the collaborative process budget need to be changed, the Commission will modify Decision No. C91-1549-I. In the decision, the Commission mentioned at one point that it agreed with the principal that non-utility parties in the collaborative process would need technical assistance, then agreed with the principal that the Company might also need

increased staffing for technical assistance, but qualified the agreement in principal for increased Company staffing by stating that the cost implications would be addressed on a "case-by-case basis." See Decision No. C91-1549-I at 6, Item H & I. Given that all collaborative process budget matters can be reviewed and modified, the "case-by-case basis" reference is unnecessary, and will be deleted.

With these adjustments, the Commission hereby approves the budget for the collaborative process contained in the Workplan filed by the parties on October 1, 1991.

III. Milestone reports.

On January 22, 1992, the Colorado Office of Consumer Counsel filed the Milestone II Report, as required by the Workplan filed October 1, 1991. The Milestone II Report describes the consensus the parties have reached in the second stage of the collaborative process on two important prerequisites for specific demand side management program opportunities: (1) an initial screening process, and (2) the identification of markets and technologies for demand side management opportunities specific to Public Service Company of Colorado's service territory. The Commission has reviewed the Milestone II Report, and is encouraged at the progress the parties are making. We hereby approve the Milestone II Report.

On January 28, 1992, the parties filed a Motion for Revision to Milestone Schedule. The original Workplan proposal had suggested a Milestone III Report due date of April 15, 1992. (The third phase of the collaborative process involves a technical review and cost-benefit analysis of a variety of demand side management programs for possible implementation by the Company.) The motion suggested extending the date for the Milestone III Report to May 22, 1992, on the advice of the parties' consultants, who believe more time is needed to complete the analyses

necessary for Milestone III. In the motion, the parties made it clear that they do not request an extension of the collaborative process itself, which shall conclude on October 1, 1992. The extension of time for Milestone III would mean the Milestone IV phase would be somewhat condensed, but not extended. The Commission will grant the motion. The Milestone III Report shall be filed on or before May 22, 1992.

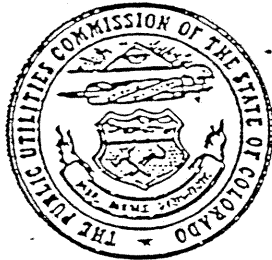
THEREFORE THE COMMISSION ORDERS THAT:

1. The proposed budget in the Workplan filed by the parties on October 1, 1991, is hereby approved.
2. Decision No. C91-1549-I is modified by deleting the last sentence on page six reading, "Cost implications will be addressed on a case-by-case basis."
3. The Milestone II Report, filed on January 22, 1992, is hereby approved.
4. The Motion for Revision to Milestone Schedule, filed on January 28, 1992 by the parties, is hereby granted. The deadline for filing the Milestone III Report is extended to May 22, 1992.

5. This Order is effective on its date of mailing.

ADOPTED IN PREHEARING CONFERENCE ON January 29, 1992.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO



ATTEST: A TRUE COPY

Robert E. Temmer
Robert E. Temmer
Acting Director

ARNOLD H. COOK

GARY L. NAKARADO

CHRISTINE E. M. ALVAREZ

Commissioners