

(Decision No. C93-116)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

INVESTIGATION INTO THE DEVELOPMENT)
OF GAS RULES CONCERNING INTEGRATED)
RESOURCE PLANNING)

Docket No. 92R-287G

**COMMISSION DECISION TO ESTABLISH
A GAS INDUSTRY SEMINAR PLANNING GROUP**

Mailed Date: January 29, 1993
Adopted Date: January 27, 1993

Background

This docket developed from the Colorado Public Utilities Commission's ("commission") approval of a settlement agreement between parties in the 1991 Public Service Company of Colorado (PSCo) general rate case. Several dockets, including Integrated Resource Planning (IRP) were established as part of the agreement to dismiss the rate case. In Decision No. C92-550, mailed April 30, 1992, we issued an order that granted a motion by the Staff of the commission to bifurcate the IRP docket (No. 91R-642EG) into electric and gas portions. The commission reopened discovery on gas IRP issues and established a procedural schedule which was subsequently amended to allow initial testimony to be filed by August 17, 1992. Extensive testimony was filed by a number of parties on August 14, 1992.

Rebuttal testimony was scheduled to be filed by September 4, 1992; a prehearing conference was scheduled for September 10, 1992; and hearing was scheduled to be held on September 21, 22, and 24, 1992. The commission planned to file a notice of proposed rules with the Colorado Secretary of State by September 30, 1992. A second round of hearings was

scheduled to be held on November 6 and 9, 1992, and final rules were planned to be filed with the Secretary of State's Office by the end of November 1992, so that the rules would become effective by the end of 1992.

The commission granted a motion by Colorado Interstate Gas Company that deferred the gas IRP proceeding (see Decision No. C92-1107-I which was adopted on August 26, 1992). In PSCo's pleading in response to the motion to defer by Colorado Interstate Gas, PSCo requested that the entire procedural schedule established in this docket be deferred, rather than just the hearing dates. In addition, PSCo suggested that the existing procedural schedule be vacated to be reestablished at a prehearing conference held in early 1993. PSCo's pleading committed to coordinate informal discussions among the parties in an attempt to identify, and perhaps resolve, certain issues regarding gas IRP rules. We agreed with this approach and asked PSCo to take the leadership role that they suggested.

In our Decision No. C92-1107-I, we committed to consider IRP rules for jurisdictional gas utilities in Colorado in the near future and committed to issue further procedural orders in this docket. We stated that a combination of circumstances made it prudent to continue the procedural schedule. These circumstances included: a very full schedule for the parties and the commission, the necessity of several parties' participation in the Federal Energy Regulatory Commission's Rule 636 proceedings, and the need for a more thorough approach to the development of proposed rules.

We are currently aware of an approach informally suggested by PSCo to attempt to develop a consensus rule among many parties. It is our understanding that PSCo is interested in having one month to attempt to determine whether it is possible to develop the consensus rules.

Discussion at the January 20, 1993 Open Meeting

The commission reiterates our commitment to a thorough investigation into the issues relevant to this matter. This commitment arises out of the many changes that have been occurring in the industry as a result of federal regulations, the lack of a comprehensive look at the industry by the commission for a number of years, and the need for education of commissioners and the staff. In addition we feel that such a procedure will allow us to make an informed decision when we deliberate on gas issues.

It appears that the alternative approach communicated by PSCo would delay educating the commission about the gas industry until a time when the commission reviews the gas IRP plans filed by the jurisdictional local distribution companies. We disagree with this approach, as we prefer to have this educational activity take place prior to the adoption of gas IRP rules.

We encourage PSCo's efforts to develop a consensus gas IRP rule. However, it should be understood that even if PSCo and the parties are successful in achieving a consensus rule, we are committed to conduct the gas industry seminars prior to considering gas IRP rules. Because we do not want to dilute PSCo's efforts to reach a proposed consensus rule during the next 30-day period, we will delay the initiation of the seminar planning group until 30 days after the effective date of this order to ensure that parties considering a consensus rule may proceed unimpeded.

As a result of our discussion, we affirm our statement from Decision No. C92-1107-I that it is necessary to take a more thorough approach to the development of proposed gas IRP rules. We therefore ask staff to form a seminar planning group led by staff, with representation from jurisdictional local distribution companies, interstate pipeline companies, Independent Petroleum Association of the Mountain States, Colorado Oil and Gas Association, the Colorado Office of

Energy Conservation, the Land and Water Fund of the Rockies, the Colorado Office of Consumer Counsel, and other interested parties. The purpose of this planning group would be to design a series of special open meetings to discuss a variety of gas issues that range from the wellhead to the burner tip. These issues would include, but not be limited to, the following:

- Gas resource availability issues;
- demand forecasting methods;
- gas transportation issues;
- construction of gas supply portfolios by local distribution companies;
- determination of proper reserve margins;
- prudence of gas acquisition;
- a review of gas IRP rules from other jurisdictions;
- the potential for gas demand side management; and
- FERC Rule 636.

We ask staff to report to the commission on the results of a work plan developed by the planning group within one month after the commencement of the planning group.

THEREFORE, THE COMMISSION ORDERS THAT:

1. Thirty days after the Mailed Date of this order, Staff of the Commission will form and lead a seminar planning group. Representation in the planning group will consist of jurisdictional local distribution companies, interstate pipeline companies, Independent Petroleum Association of the Mountain States, Colorado Oil and Gas Association, the Colorado Office of Energy Conservation, the Land and Water Fund of the Rockies, the Colorado Office of Consumer

Counsel, and other interested parties.

2. Staff of the Commission shall prepare a report to the commission on the results of a work plan developed by the seminar planning group within one month after the commencement of the seminar planning group.

This Decision is effective on its Mailed Date.

ADOPTED IN OPEN MEETING January 27, 1993.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners