

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04A-052E

IN THE MATTER OF THE APPLICATION OF AQUILA, INC., DOING BUSINESS AS
AQUILA NETWORKS-WPC, FOR APPROVAL OF ITS 2003 LEAST-COST RESOURCES
PLAN.

**ORDER APPROVING AQUILA'S
2003 LEAST-COST RESOURCE PLAN**

Mailed Date: May 7, 2004
Adopted Date: April 28, 2004

I. BY THE COMMISSION

A. Statement

1. On February 2, 2004, Aquila, Inc., doing business as Aquila Networks-WPC (Aquila) filed an application for approval of its 2003 Least-Cost Resources Plan (LCRP). Commission Staff (Staff), and the Colorado Office of Consumer Counsel (OCC) each filed a notice of intervention on March 2, 2004, and both asked that this application be set for a hearing before an administrative law judge. Cripple Creek & Victor Gold mining Company and Holcim, Inc., filed a petition for intervention, but did not request that the matter be set for hearing. Aquila then filed its Opposition to Intervenor's Request for a Hearing on March 12, 2004.

2. By order adopted at our March 17, 2004 Weekly Meeting (Decision No C04-0294), we determined that we did not have enough information to decide whether the matter should be set for hearing. We allowed the parties 30 days to file discovery requests and gather information to present to the Commission on whether a hearing would be necessary. Within the 30-day period, Staff and the OCC would file a response to Aquila's contention that a hearing is not necessary, and then Aquila would have 10 days to reply. Response time to discovery requests

was shortened, and the parties exchanged information. Staff and the OCC filed a motion to extend their reply deadline by two days, and filed their replies on April 23, 2004. Subsequently, Aquila, pursuant to agreements with Staff and the OCC, filed a supplement to its 2003 LCRP on April 26, 2004. The supplement asserts:

WPC plans to acquire smaller quantities of capacity and energy from 2004 through 2011 to meet the shortfall, following the requirements of the Colorado Electric Least-Cost Resource Planning Rules. WPC expects to acquire a portion of this short-term need by renewing several of its existing non-utility customer owned capacity contracts, estimated at 7 megawatts (MW). The remainder of the shortfall will come from other regional utilities or merchant generators. For example, beginning in 2007, WPC has flexibility in the Public Service contract to increase the capacity up to 10 MW each year with one year's notice.

WPC expects to use a competitive acquisition process to acquire the smaller quantities of capacity and energy to meet the short-term need discussed above. To the extent that the acquisition of individual resources to satisfy this short-term need for the period 2004 through 2011, currently forecast to be between 7 MW and 60 MW per year, would not meet the exemptions set forth in Rule 3611 of the Commission's Electric Least-Cost Planning Rules, WPC would issue an RFP to acquire those individual resources and otherwise comply with the requirements of the Colorado Electric Least-Cost Planning Rules.

To meet the larger resource need starting in 2012, WPC will issue an RFP following the requirements of the Colorado Electric Least-Cost Planning Rules. Attached as Appendix 3A is a typical Request for Proposal that shows the format that would be utilized in the bidding process.

In their replies to Aquila's opposition to holding a hearing, Staff and the OCC assert that the exchange of information during discovery negates the need for a hearing. Specifically, the OCC's concerns on how Aquila would meet identified resource need, and Staff's concerns on load forecasting methodology, near-term resource adequacy, and resource acquisition plans have been allayed, if not eradicated, through the exchange of discovery and the filing of the supplement. Aquila has also committed to work with Staff to improve its models.

3. Because Aquila and intervenors are now in agreement that no hearing is required, this matter may be determined without a hearing pursuant to § 40-6-109(5), C.R.S. The

Commission appreciates Aquila's and Intervenors' willingness to settle their differences in this case, and thus avoid a hearing.

II. ORDER

A. The Commission Orders That:

1. Aquila, Inc., doing business as Aquila Networks-WPC's supplement to its 2003 Least Cost Resource Plan, filed April 26, 2004, shall be a part of its filed 2003 Least Cost Resource Plan.

2. Aquila, Inc., doing business as Aquila Networks-WPC's motion for approval of its 2003 Least Cost Resource Plan, as supplemented, is granted.

3. Cripple Creek & Victor Gold Mining Company and Holcim, Inc.'s petition for intervention is granted.

4. Commission Staff's and Office of Consumer Counsel's motion for an extension of time to file their response to Aquila, Inc., doing business as Aquila Networks-WPC's motion in opposition to a hearing is granted.

5. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 28, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners