

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04A-214E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF
COLORADO FOR APPROVAL OF ITS 2003 LEAST COST RESOURCE PLAN.

**COMMISSION ORDER SETTING PREHEARING
CONFERENCE, DIRECTING PUBLIC SERVICE
COMPANY OF COLORADO TO FILE SUPPLEMENTAL
INFORMATION, AND ALLOWING PARTY RESPONSES**

Mailed Date: May 26, 2004
Adopted Date: May 26, 2004

I. BY THE COMMISSION

A. Statement

1. On April 30, 2004, Public Service Company of Colorado (Public Service) filed an application for approval of its Least-Cost Resource Plan (LCP Docket). On this same date, Public Service initiated Docket Nos. 04A-216E and 04A-215E, applications for a certificate of public convenience and necessity for Comanche 3 and for approval of a regulatory plan to support the LCP.

2. On May 25, 2004, Public Service filed a motion for expedited approval of the Renewable Energy Request for Proposals (RFP). In this motion Public Service proposes a due date of June 4, 2004, for it to file testimony in support of the motion; answer testimony due date of June 25, 2004; a hearing date in the week of July 5, 2004; and Commission oral determination at an open meeting no later than July 14, 2004. Public Service also requested that the Commission limit response time to ten days.

3. In its application for approval of the LCP, and in the May 25, 2004 motion, Public Service requests that the Commission approve the Renewable Energy RFP by July 15, 2004. Further, Public Service requests that the Commission authorize the issuance of a possible bifurcated All-Source RFP by October 1, 2004.¹ These apparent requests for an expedited Commission ruling on one or two aspects of a docket, while the remainder of the case proceeds on a non-expedited schedule, is unusual. The Commission requires more information regarding Public Service's request for early approval of the renewable or all source RFPs to fully consider them in a timely manner (assuming the Commission can rule on portions of an application prior to a final decision on the entire case). Further, it is not clear if Public Service's request to expedite the approval of the RFPs meets the requirements of the Commission's Least Cost Planning Rules 4 *Code of Colorado Regulations* 723-3600 through 3699 (LCP Rules). Public Service did not request any rule waivers related to the expedited RFP approval.

4. Public Service also has asked that we consolidate the LCP Docket with Docket Nos. 04A-215E and 04A-216E, even though Public Service did not prefile testimony in the LCP Docket while it did prefile testimony in the other two dockets. This difference in filing status could delay resolution of the other two dockets if they are consolidated with this case. Further, it is not clear what procedural schedule Public Service proposes if the three dockets are consolidated.

5. Because the intervention period has not yet expired, we are not, at this time, ruling on the consolidation request, nor are we ruling on Public Service's May 25, 2004 motion.

¹ Public Service seeks permission to issue an All-Source RFP in October 2004 covering the time period 2007 to 2013. If it appears that the Commission will not have a final decision by October, then Public Service seeks permission to issue an All-Source RFP on October 1, 2004, covering the time period of 2007 to 2009, and to issue a second All-Source RFP covering the time period 2010 to 2013 following the Commission's decision.

Given that Public Service seeks to expedite select aspects of this docket, we find it necessary to require Public Service to clarify its request for expedited rulings. Public Service also shall provide this additional information to any parties who have requested intervention. The Commission will allow interested parties to file responses to Public Service's request.² We will schedule a prehearing conference on June 18, 2004, at 1:30 p.m., and tentatively schedule a hearing on July 7, 2004, to expedite consideration of this matter.³

6. Public Service shall address the legality of the Commission entering a ruling upon portions of an application prior to a ruling on the entire application. In addition, we find that Public Service's proposal for an expedited decision on selected portions of the LCP Docket, in conjunction with the lack of pre-filed testimony, necessitates that Public Service provide answers to the following questions so that the Commission can better understand its proposal:

- a) As it relates to the request for the early approval of the Renewable and All-Source RFPs: please explain what aspects of the RFP the Commission is being asked to approve, how will Public Service evaluate the bids, and how an early bid evaluation could be impacted by the final Commission decision in the LCP Docket?
- b) Please explain how the early evaluation of renewable bids meets the overarching intent of the LCP Rules to compare all resources in order to obtain the least-cost portfolio? Please explain how this procedure meets rule requirements, or, alternately, what rule waivers are required?
- c) Under the Renewable RFP, does Public Service intend to contract for 500 MW regardless of cost, or will it contract for up to 500 MW of resources only on the condition that total system costs are lowered?
- d) With respect to Volume 2 of 4, page 17, please explain the two statements "reduce the system's total cost" and "cost effective" and how they will be determined. Is this determination based on the net present value of rate impact as established in Rule 3610 (f), or, alternately, what rule waivers are required? When evaluating a renewable resource, what other resources will be included in the analysis?

² The Commission will consider whether to expedite consideration of portions of the application after the company and parties submit comments in accordance with this order.

³ Depending on whether Public Service's RFP request is opposed, the number of opponents, and the scope of issues to be addressed, the July 7, 2004 hearing date may prove overly ambitious. This matter and other procedural matters will be addressed at the June 18, 2004 prehearing conference.

- e) How will the General Planning Assumptions in Volume 2 of 4, Appendix C, be established and incorporated into the RFP process? Will parties have the opportunity to propose alternative assumptions through the Commission's hearing process? How will the final set of Commission approved assumptions be reflected in any renewable energy contracts resulting from the RFP process? Does Public Service propose to establish the natural gas cost through the LCP process that will be used to model and select the bids?
- f) Please explain how Public Service will address wind resource capacity additions. For the purposes of bid evaluation, will capacity credits for wind resources be given 15 percent of nameplate capacity as discussed in Volume 2 of 4, Appendix C, or will capacity credits be excluded from economic screening as discussed in Volume 2 of 4, page 17, paragraph 2?
- g) Please propose a procedural schedule which will address the expedited approval process for the renewable RFP and the All-Source RFP, as well as the remainder of the LCP Docket. Also, please provide a proposed procedural schedule should the Commission consolidate the three dockets.
- h) Is it feasible to sever (*i.e.*, establish a separate docket) the portions of this docket for which expedited rulings are requested from the remainder of the application?

II. ORDER

A. The Commission Orders That:

1. On or before June 4, 2004, Public Service Company of Colorado shall file with the Commission testimony and/or a supplement to its application to address the procedural issues and questions identified above.

2. On or before June 11, 2004, Public Service Company of Colorado shall deliver, by hand or electronically, a copy of its supplemental filing and testimony; a copy of its May 25, 2004 Motion; and a copy of this Decision to all parties who requested intervention.

3. On or before June 15, 2004, Intervenors may respond to Public Service Company of Colorado's May 25, 2004 motion and respond to Public Service Company of Colorado's proposed procedural schedule.

4. The Commission plans to hold a prehearing conference on Friday, June 18, 2004, at 1:30 p.m., to determine an appropriate procedural schedule in this limited matter for the

renewable Request for Proposal. Intervening parties who wish to participate in this limited matter should be present at the prehearing conference.

5. The Commission will tentatively schedule, subject to the June 18, 2004 prehearing conference, a hearing at the following time and date:

DATE : July 7, 2004

TIME: 1:30 p.m.

PLACE: Commission Hearing Room
1580 Logan Street, OL-2
Denver, Colorado

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 26, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners