

Decision No. C07-1009

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 07R-371G

IN THE MATTER OF THE PROPOSED RULES REGARDING NATURAL GAS DEMAND-SIDE MANAGEMENT, PURSUANT TO HOUSE BILL 07-1037, ENACTED AS §40-3.2-103.

**ORDER REQUESTING ORAL COMMENT
ON QUESTIONS**

Mailed Date: November 29, 2007

Adopted Date: November 28, 2007

I. BY THE COMMISSION

A. Statement

1. In order to gain a better understanding of the written comments filed by various parties regarding the promulgation of rules on Natural Gas Demand Side Management (DSM) requirements for jurisdictional natural gas utilities, the Commission issues additional questions, attached to this Order as Attachment A. We request that the parties provide oral comment to these questions at the hearing scheduled for December 3, 2007 at 9:00 a.m.

2. On June 27, 2007, we issued Decision No. C07-0562 opening Docket No. 07I-251G to investigate issues associated with the natural gas Demand Side Management (DSM) requirements contained in §40-3.2-103, C.R.S. In that decision, we established dates for: (1) an informal workshop, (2) stakeholder comments and proposed rules, and (3) stakeholder reply comments.

3. Commission Staff held an informal workshop on July 18, 2007. Initial comments were filed by Ratepayers United of Colorado (RUC), Energy Outreach Colorado, Colorado Natural Gas, Inc., Atmos Energy Corporation, Southwest Energy Efficiency Project, Colorado

Office of Consumer Counsel (OCC), SourceGas Distribution, LLC, (SourceGas), Public Service Company of Colorado (Public Service), Aquila Networks-PNG, and Energy Science Center. RUC, OCC, Public Service, and SourceGas filed reply comments. The Commission issued proposed rules in Decision No. C07-0830, based in part from input received from the various stakeholders.

4. The basis and purpose of the proposed rules is to implement the recent legislation codified at §40-3.2-103, C.R.S. which directs the Commission to implement rules to establish specific natural gas DSM requirements for jurisdictional natural gas utilities.

5. Section 40-3.2-103 states that, on or before September 30, 2007, the Commission is required to commence a rule-making proceeding to develop expenditure and natural gas savings targets, funding and cost-recovery mechanisms, and a financial bonus structure for DSM programs implemented by investor-owned gas distribution utilities.¹

6. We requested interested persons to file comments before the hearing no later than November 1, 2007. Reply comments were submitted by November 20, 2007. We will consider all submissions, whether oral or written. We will take additional comments at the hearing on December 3, 2007, as well as comment on the questions posed in this Order.

II. ORDER

A. The Commission Orders That:

1. Any party who submitted comments to the Commission is requested to address the questions attached to this Order as Attachment A at the hearing on December 3, 2007.

2. This Order is effective upon its Mailed Date.

¹ See, HB 07-1037, § 40-3.2-103(1) and (2), C.R.S., effective July 1, 2007.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
November 28, 2007.**

(SEAL)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RON BINZ

POLLY PAGE

CARL MILLER

Commissioners

ATTEST: A TRUE COPY

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

Doug Dean,
Director

Hearing December 3, 2007, 9:00 a.m.

Questions for Consideration

What is the purpose of the separate expenditure and savings targets and what is the interplay between these two targets?

Should expenditure targets and savings targets be established for all utilities in this rulemaking or should they be decided individually in each utility's gas DSM plan?

When establishing savings and expenditure targets for gas DSM, what factors should the Commission consider? The statute sets forth a minimum expenditure level and establishes the benefit-to-cost ratio as a criterion. Should other criteria, such as feasibility and rate impact, be taken into consideration? If so, how?

Once an expenditure target is established, what should be the implications, if any, of a utility exceeding its target? (For example, should this be encouraged within specific parameters, allowed only with specific Commission approval, or discouraged?)

Section 40-3.2-103(2)(d), C.R.S. sets forth the maximum values for annual bonuses. Should the maximum value correspond to the case of a utility attaining 100 percent of its target, or should the bonus serve as an incentive to exceed the targets?

If a utility includes programs for low-income customers in its DSM activities, should rules allow, pursuant to SB 07-022 and section 40-3-106, C.R.S., low-income programs(s) to have a benefit-to-cost ratio less than 1.0? If yes, should a portfolio of DSM programs that includes one or more low-income programs still be required to have a ratio of at least 1.0? In the alternative, should low-income DSM programs be separate for purposes of calculating a benefit-to-cost ratio?

The statute permits the Commission to consider "non-energy benefits" of DSM in its analysis. Should non-energy benefits be identified in a rule or should they be addressed in each gas DSM application?