

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20M-0012E

IN THE MATTER OF THE YEAR 2020 FILINGS BY COLORADO ELECTRIC UTILITIES IN ACCORDANCE WITH RULE 4 CCR 723-3-3205 FOR THE DETERMINATION OF WHETHER NEW OR EXPANDED GENERATION FACILITIES ARE IN THE NORMAL COURSE OF BUSINESS OR AN APPLICATION TO OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY IS REQUIRED.

**DECISION FINDING THAT THE PUBLIC SERVICE
COMPANY OF COLORADO ROCKY MOUNTAIN
FLEXIBILITY AND INSPECTION INTERVAL
EXTENSION PROJECT IS IN THE ORDINARY COURSE
OF BUSINESS AND THAT A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY IS NOT REQUIRED**

Mailed Date: September 1, 2020

Adopted Date: August 26, 2020

I. BY THE COMMISSION

A. Statement

1. Rule 3205(c) of the Colorado Public Utilities Commission's (Commission) Rules

Regulating Electric Utilities, 4 *Code of Colorado Regulations* 723-3, requires:

[f]or each new construction or expansion of existing generation that will result in an increase in generating capacity of ten megawatts or more, the electric utility shall submit to the Commission, no later than April 30 of each year, a filing for a determination of which of the utility's proposed new construction or expansions for the next three calendar years, commencing with the year following the filing, are necessary in the ordinary course of business and which require a certificate of public convenience and necessity prior to construction.

2. Public Service Company of Colorado (Public Service) on April 30, 2020, filed information on what is referred to as the "Rocky Mountain Flexibility and Inspection Interval Extension Project" (the RKM Project) which would replace certain turbine parts for the combustion turbine units 1 and 2 at the Rocky Mountain Generating Station during scheduled

inspection/maintenance intervals within the next three to four years (2023 to 2024) resulting in an estimated 40 MW of increased capacity.

3. Public Service states that the RKM Project “is an opportunity [...] to install improved parts that offer superior materials, better cooling, and improved design. Replacing components with the best available technology is a best practice that will provide the Company increased flexibility to operate its current and future renewable fleet, reduce emissions, and save customers significant costs” and “[t]he RKM Project will result in significant cost savings for customers by extending maintenance inspection intervals, improving reliability, and improving unit efficiency and performance benefits.”¹

4. Public Service also states that “[t]he RKM Project is essentially identical to the Fort St. Vrain Flexibility and Inspection Interval Extension Project (‘FSV Project’) that the Company included in its 3205 Report filed in 2019 and for which the Commission determined is in the ordinary course of business and that a CPCN is not required (Decision No. C19-0723 in Proceeding No. 19M-0012E).”²

5. Public Service asserts that “[t]he installation of this new technology also maximizes the gas turbine flexibility to meet operational needs as more renewables are added to the grid.”³

6. Public Service asserts that “the new technology parts require maintenance less often, which allows for inspection / maintenance intervals to be increased from every 3 to 4 years

¹ Public Service Filing at p. 5.

² *Id.* at p. 6.

³ *Id.* at p. 8.

to every 4.5 to 6 years depending on the number of fired hours and starts; thus reducing the number of capital inspection and maintenance outages over the life of the turbines.”⁴

7. Public Service also asserts that “installation of the upgraded parts would result in a potential total capacity increase of approximately 40 MW (approximately 13 MW each for Unit 1, Unit 2 and Unit 3). The capacity increase is merely a secondary result of installing the new technology parts in the two turbines. A capacity increase is also realized on Unit 3, the steam turbine, as a result of more exhaust recovered in the heat recovery steam generators.”⁵

8. Public Service “anticipates the RKM Project will result in NOx emission rate reduction at each of the units, possibly up to 16 parts per million (‘ppm’) per unit (i.e., from 25 ppm per unit to 9 ppm per unit), which will also reduce chemical costs associated with running the selective catalytic reduction equipment. Some CO₂ emissions reductions are also expected due to improved efficiency and the offset of simple cycle starts.”⁶

9. Public Service has estimated the incremental cost of the RKM Project to be roughly \$9.3 million for each of the two units and further “projects Production Cost Benefits⁷ will result in approximately \$38.2 million in savings, Improved Cycling Capability⁸ will result in approximately \$11 million in savings, and Reduced O&M expenditures will result in approximately \$2.8 million in savings. In addition, the Company also anticipates approximately

⁴ *Id.* at p. 9.

⁵ *Ibid.*

⁶ *Id.* at p. 12.

⁷ *Id.* at footnote 3, “[p]rimarily fuel cost benefit of heat rate, turn-down, and more ancillary services as well as base rate benefit of incremental parts life.”

⁸ *Id.* at footnote 4, “[i]mproved cycling capability benefits are derived from reduced false starts when cycling the unit harder due to advanced tuning and more dynamic control systems.”

\$35.8 million dollars in customer benefits will be realized from the increased capacity value from these units.”⁹

10. Public Service has requested that the Commission find that the FSV Project is in the ordinary course of business and that a certificate of public convenience and necessity is not required.

11. Black Hills Colorado Electric, LLC (Black Hills), made a filing on April 13, 2020 stating that it “does not have new or expanded generation projects, greater than 10 MW and planned for the next three years (2021-2023), for which the Company: 1) needs a Commission determination whether such projects are normal course of business; or, 2) will require a certificate of public convenience and necessity (‘CPCN’) prior to construction.”¹⁰

12. The Commission provided notice of the filings through Decision No. C20-0378-I mailed May 21, 2020 stating “[o]n or before June 30, 2020, any interested party may file comments about the projects identified by the information now filed with the Commission.”¹¹

13. No comments were received.

B. Discussion

14. The Commission finds that Public Service’s arguments are sound. The replacement of the turbine components with current technology is good engineering practice.

15. The asserted benefits gained as a result of implementing good engineering practice include: increased flexibility to operate its current and future renewable fleet, reduced

⁹ Public Service Filing at pp. 13-14.

¹⁰ Black Hills Filing at p. 1.

¹¹ Decision No. C20-0378-I at Ordering Paragraph 3.

emissions, significant customer savings, improved reliability, and improved unit efficiency and performance.

16. The Commission further clarifies that it is not approving the acquisition of new natural gas-fired generation, but instead is specifically approving the activities described by the Company as included in the RKM Project.

II. ORDER

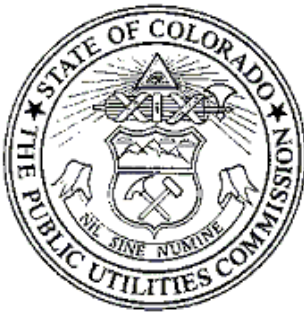
A. The Commission Orders That:

1. The Commission finds that the Rocky Mountain Flexibility and Inspection Interval Extension Project is in the ordinary course of business for the reasons stated herein and that a certificate of public convenience and necessity is not required.

2. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 26, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners