

Decision No. C21-0032-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20A-0345E

IN THE MATTER OF THE VERIFIED APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF AN ECONOMIC DEVELOPMENT RATE (EDR) PROPOSAL PURSUANT TO COLORADO HB 18-1271.

**INTERIM COMMISSION DECISION REQUIRING
SECOND SET OF SUPPLEMENTAL DIRECT TESTIMONY**

Mailed Date: January 14, 2021
Adopted Date: January 13, 2021

I. BY THE COMMISSION

A. Statement

1. By this Decision, the Commission directs Public Service Company of Colorado (Public Service or Company) to file a second set of Supplemental Direct Testimony by January 25, 2021.

B. Procedural History

2. Through its application in this Proceeding, Public Service requests Commission approval of an economic development rate (EDR) tariff pursuant to § 40-3-104.3, C.R.S. Public Service states that its EDR proposal is consistent with statutory requirements, is competitive with the EDR programs of comparable utilities, and is an important component of economic recovery in the wake of the COVID-19 pandemic.

3. By Decision No. C20-0702-I, issued October 6, 2020, the Commission deemed Public Service's Application complete and set the matter for hearing *en banc*.

4. By Decision No. C20-0726-I, issued October 9, 2020, the Commission required the Company to file Supplemental Direct Testimony in response to the following seven questions, which the Commission found to be outstanding given the issues raised by parties in their interventions:

- i. The anticipated size of the EDR program, number of participants, and some sense as to industries participants may come from and geographies they may be locating from and to (*e.g.*, urban, rural);
- ii. How the flexibility of new loads, and their anticipated timing, could impact the calculation of marginal costs;
- iii. How Public Service intends to conduct due diligence to assess the legitimacy of new customer load, and the type(s) of financial security used to ensure the contract term is completed;
- iv. How Public Service intends to measure and report on the effectiveness of the EDR program, which could include a variety of factors such as job creation, net economic benefit, cross-subsidization, and targeted investment in enterprise zones or opportunity zones;
- v. How the addition of new loads could help or hinder Public Service's ability to meet the requirements for decarbonization of the electric utility sector as contained in HB 19-1261 and HB 19-236;
- vi. How Public Service proposes to acquire additional renewable energy generation to meet EDR customer needs, and to what extent it anticipates EDR customers would participate in customer programs such as demand-side management and electric vehicle initiatives; and
- vii. Whether Public Service anticipates other load growth initiatives, such as vehicle electrification, having an impact on the marginal costs associated with EDR customers.

5. On December 11, 2020, the Company provided Supplemental Direct Testimony from three witnesses responding to the Commission's inquiry. In response to question i., the Company noted it is currently in discussion with 14 entities, all of which are in the Denver Metro region, but that the Company cannot accurately project program participation or geographic

dispersion of program participants. With respect to question ii., the Company responded that EDR customers are eligible to participate in one of two Demand Response (DR) initiatives, either the Interruptible Service Option Credit (ISOC) or the Peak Partners Reward Program (PPRP), but not both. Public Service also provided brief descriptions of both DR programs. In response to item vii., the Company stated that neither the Transportation Electrification Program (TEP) nor the EDR initiatives are expected to have significant impact on marginal costs.

6. We find the Company's Direct Testimony, as modified by its Supplemental Direct Testimony, raises further outstanding questions. In order to complete the record and facilitate thorough evaluation of the Company's application, we direct the Company to file additional Supplemental Direct Testimony, by January 25, 2021, responding to the following questions:

- i. Under the Company's proposal to evaluate the EDR discount in subsequent ratemaking proceedings, by what mechanism or process would that occur?
- ii. Does the Company anticipate analyzing the EDR requirement to prevent cross-subsidization against the marginal costs to serve individual commercial or industrial customers?
- iii. How would the proposed EDR discount interact with the discounts available under the Company's demand response programs, including the ISOC and the PPRP? How many participants are currently in the ISOC and PPRP programs? What steps does the Company intend to take to ensure load flexibility opportunities are pursued by EDR customers?
- iv. Does the Company intend to make the EDR available to existing customers who electrify current energy consumption to meet the 3 MW load threshold?
- v. How can the EDR be used to advance geographic diversity of new loads across the Company's service territory, including by encouraging investment in opportunity zones and supporting a just transition of employment and investment for regions affected by retiring power plants?

II. ORDER

A. It Is Ordered That:

1. Public Service is directed to file a second set of Supplemental Direct Testimony by January 25, 2021, in response to the questions raised herein.

2. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 13, 2021.**

(S E A L)



ATTEST: A TRUE COPY

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

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

MEGAN M. GILMAN

Commissioners