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STATE OF COLORADO  
PUBLIC UTILITIES COMM.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF )  
COLORADO FOR APPROVAL OF ITS 2010 )  
RENEWABLE ENERGY STANDARD )  
COMPLIANCE PLAN )

DOCKET NO. 09A-772E

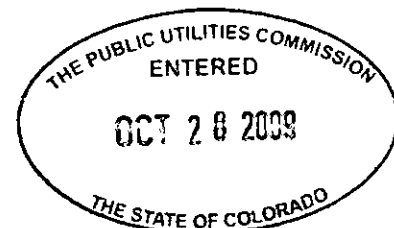
*Agenda*  
*12-9-09*  
*C3*  
*CC*  
*Adv.*  
*ECV)*

VERIFIED APPLICATION FOR APPROVAL OF  
2010 RENEWABLE ENERGY COMPLIANCE PLAN  
AND MOTION FOR WAIVERS

Public Service Company of Colorado hereby applies to the Commission for approval of the Company's 2010 Renewable Energy Standard Compliance Plan. Accompanying this Application are three volumes of this Plan and the Company's Direct Testimony and Exhibits in support of the Plan. The Plan shows how Public Service proposes to meet the requirements of the Renewable Energy Standard for 2010. The Plan meets all requirements of Commission Rule 3657.

Even though the Commission's rulemaking in Docket No. 08R-424E is not yet complete, Public Service's Plan conforms to the rules proposed by the Commission in that docket by Decision No. C09-0990 (September 9, 2009). Should the Commission change any of these proposed rules prior to their enactment, Public Service reserves the right to consider changes to this Plan.

Even though the Commission's final decision in Docket No. 07A-447E has not yet been issued, Public Service has conformed this Plan to the Commission's stated preferred portfolio of resources articulated in the Commission's Deliberations Meeting on October 16, 2009. Should the Commission's final order in Docket No. 07A-447E



differ from the oral decisions reached on October 16, Public Service reserves the right to consider changes to this Plan.

## **WAIVERS**

Public Service further moves the Commission to grant two waivers from the Commission's Renewable Energy Standard Rules, both as currently enacted and as they are proposed in Docket No. 08R-424E. These waivers are necessary for the Company to implement the Plan.

### ***Interest Rate on RESA Deferred Balance***

The first waiver is a temporary waiver of Rule 3660(b)(I). We request the Commission to authorize Public Service to accrue on the RESA deferred balance interest at the Company's after tax weighted average cost of capital. Public Service requires a compensatory interest rate to cover our financing costs because we plan in 2010 and for several years thereafter to pay amounts for SO RECs from on-site solar facilities at greater levels than the amounts that we can collect through the RESA under the two percent retail rate impact limit set by law. The Company is willing to carry these amounts and recoup them in later years of the RES Planning Period only if our costs of financing these sums are covered. Public Service's after tax weighted average cost of capital is a fairer measure of the Company's financing costs than either the rate in the current RES Rule (the customer deposit rate) or the proposed RES Rule (the average of the customer deposit rate and the after tax weighted average cost of capital).

As shown on Table 7.3 in Volume 2 of the Plan, Public Service currently predicts that the Company will have a shortfall in the RESA deferred balance by the end of 2009 of over \$44 million. This shortfall results from the exceptional success of the Company's

Solar\*Rewards program. This shortfall (or negative balance) in the RESA deferred account is predicted to grow as high as \$48.6 million and then reduce; the Company's plan shows a positive RESA balance by the end of 2013.

Public Service is unwilling to carry these large negative balances under its Solar\*Rewards program if we are not "made whole" for our cost of doing so. We are willing to defer return of our capital until later years in the RES Planning Period, so long as we are compensated at our weighted average cost of capital for carrying these balances.

As set forth in the Plan, the Company is proposing a reasonable ramp to the Solar\*Rewards program, while at the same time reducing in a organized and transparent way the prices that we pay for incremental SO-RECs over time. We believe that this "ramp-up the volume while ramping down the prices" will serve to keep the solar industry in Colorado sustainable and flourishing. But the interest rate in the Commission's rules discourages us from advancing our funds to achieve these worthwhile objectives. We respectfully request that the Commission temporarily waive Rule 3660(b)(1) until Public Service achieves a positive balance in the RESA deferred account. Alternatively, Public Service would find acceptable a permanent waiver of this rule (or a change in the rule) to have interest accrue and be paid on the basis of the utility's weighted average cost of capital, irrespective of whether the balance is positive or negative.

***Spreading out rebate and REC payments made to Governmental Entities***

The second waiver that the Company requests is a permanent waiver of Rule 3658 (c)(III) for all contracts with governmental entities that are restricted from signing

contracts that contain refund obligations in subsequent years. Public Service would like to offer governmental entities the option to accept either our standard contract provisions or alternative contract provisions governing the payment of the standard rebate and the SO-RECs.

Rule 3658(c)(III) requires utilities to pay the SRO rebate within 30 days of substantial completion of the on-site solar facility. This rule also requires that the full 20 years of SO-REC payments be made for customer-owned facilities of 10 kW and under within that same time period. These payments are made to customers under contracts that require the customer to maintain the solar facilities in good working order to generate solar energy for 20 years. The standard contracts contain provisions that require a pro-rata refund of both the rebate and prepaid REC payments in the event the contract is terminated prior to its full term.

In Colorado, many governmental entities are legally precluded from signing contracts that contain refund obligations in future years. Commission proposed Rule 3658 (d) requires investor-owned utilities to modify standard contracts to enable governmental entities to participate in our solar programs. Public Service proposes to give governmental entities the option to either 1) accept the standard contract provisions to be paid the full rebate and REC payment<sup>1</sup> up front and agree to the refund obligations or 2) be paid both the rebate and RECs over the contract term, so as to avoid the need for a refund obligation term in the contract. In order to provide governmental entities this option, Public Service requires a waiver of Rule 3658 (c)(III). Public Service respectfully requests a permanent waiver of this rule for contracts offered

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<sup>1</sup> The only REC payments that are made up front are REC payments to customer-owned solar facilities of 10 kw or less. All facilities, on the other hand, are entitled to an up front rebate at \$2.00 per watt for the first 100 kW.

to governmental entities or to any other entity that is legally restricted from signing a contract with the refund obligation.

**ADDITIONAL INFORMATION REQUIRED BY COMMISSION RULE 3002**

Name and Address of the Applicant:

Public Service Company of Colorado  
1225 17th Street, Suite 1000  
Denver, CO 80202-5533

Name Under Which Applicant Provides Service in Colorado. All operations conducted by the Company in Colorado are conducted under the name of Public Service Company of Colorado, under the trade name of Xcel Energy.

Representatives to Whom Inquiries Concerning the Application Should be Made.

Please send copies of all inquiries, notices, pleadings, correspondence, and other documents regarding this filing to:

Robin Kittel  
Director, Regulatory Administration  
Xcel Energy Services Inc.  
1225 17th Street, Suite 1000  
Denver, CO 80202-5533  
Tel: 303-294-2242  
Fax: 303-294-2194  
Email: [robin.kittel@xcelenergy.com](mailto:robin.kittel@xcelenergy.com)

and

Paula M. Connelly  
Managing Attorney  
Xcel Energy Services Inc.  
1225 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202-5533  
Telephone: (303) 294-2222  
Fax: (303) 294-2988  
Email: [paula.connelly@xcelenergy.com](mailto:paula.connelly@xcelenergy.com)

Agreement to Comply with 4 CCR 723-3002(b)(IV)-(VI). Public Service has read and agrees to abide by the provisions of subparagraphs (b)(IV) through (VI) of Commission Rule 4 CCR 723-3-3002.

Description of Existing Operations and General Colorado Service Area. Public Service provides electric and gas public utility service in numerous areas throughout the State of Colorado. The Company also provides steam utility service within the downtown area of Denver. A full listing of Public Service's existing operations and service area is set forth in Public Service's tariffs on file with the Commission.

Location of Hearing. Public Service requests that a hearing on this Verified Application be held at the Commission's offices in Denver, Colorado.

Acknowledgment. Public Service acknowledges that the Company has read and agrees to abide by the provisions of Rule 3002 (b) (XI) (A) through (C).

Statement Under Oath. Ms. Robin Kittel, Director, Regulatory Administration, states under penalty of perjury that the contents of the Application are true, accurate, and correct to the best of her knowledge. Her affidavit is attached to this Application.

Information Required by Rule 3002(c). Pursuant to Rule 3002(c) of the Commission's Electric Rules, Public Service hereby incorporates by reference the following information, which is on file with the Commission in Docket No. 06M-525EG:

- a. A copy of Public Service's Amended Articles of Incorporation, which was last filed on October 3, 2006;
- b. The name, business address and title of each of Public Service's officers and directors, which was last filed on November 9, 2007;
- c. The names and addresses of affiliated companies that conduct

business with Public Service, which was last filed on September 4, 2008;

d. The name and address of Public Service's agent for service of process, which was last filed on October 3, 2006.

e. A copy of Public Service's most recent audited balance sheet, income statement, and statement of retained earnings was last filed on April 2, 2009.

### **CONCLUSION**

WHEREFORE, Public Service Company of Colorado respectfully requests that the Commission enter an order approving the Company's 2010 Renewable Energy Standard Compliance Plan and granting the two rule waivers requested by this Application.

Dated this 27th day of October, 2009.

Respectfully submitted,

By: 

Paula M. Connelly, #14451  
Managing Attorney  
Xcel Energy Services Inc.  
1225 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202-5533  
Telephone: (303) 294-2222  
Fax: (303) 294-2988  
Email: [paula.connelly@xcelenergy.com](mailto:paula.connelly@xcelenergy.com)

**Attorney for Public Service Company  
of Colorado**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

\* \* \* \* \*

IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF )  
COLORADO FOR AN ORDER APPROVING )  
ITS 2010 RENEWABLE ENERGY )  
STANDARD COMPLIANCE PLAN )

Docket No. 09A- \_\_\_\_ E

VERIFICATION

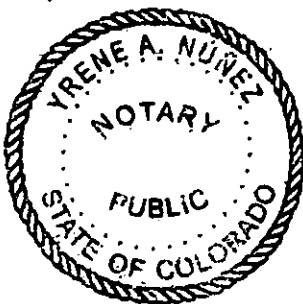
STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

The undersigned, being under oath, says that she is Director, Regulatory Administration for Xcel Energy Services, Inc. The undersigned further says that she has reviewed the Application and the supporting testimony and exhibits and has knowledge of the factual matters set forth therein. Under penalty of perjury the undersigned declares that all statements made in the Application and supporting testimony and exhibits are true and complete to the best of her knowledge. The undersigned understands that any statement made in violation of this oath shall constitute grounds for dismissal of the Application or revocation of any authority granted.

Dated this 27th day of October, 2009.



Robin L. Kittel  
Director, Regulatory Administration  
Xcel Energy Services, Inc.  
1225 17<sup>th</sup> Street, 10<sup>th</sup> Floor  
Denver, CO 80202



Subscribed and sworn to before me this 27th day of  
October, 2009.

  
Notary Public

My commission expires: September 2, 2012.



**CERTIFICATE OF SERVICE**  
**2010 RES COMPLIANCE PLAN**

I hereby certify that on this 27th day of October 2009, the original and ten (10) copies of the foregoing:

- **VERIFIED APPLICATION FOR APPROVAL OF 2010 RENEWABLE ENERGY COMPLIANCE PLAN AND MOTION FOR WAIVERS;**
- **DIRECT TESTIMONY AND EXHIBITS; AND**
- **2010 RENEWABLE ENERGY COMPLIANCE PLAN**

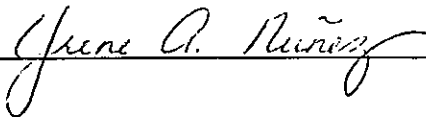
were hand delivered on:

Doug Dean  
Director  
Colorado Public Utilities Commission  
1560 Broadway, Suite 250  
Denver, CO 80202

and a copy was hand-delivered and/or placed in the U.S. mail, postage prepaid to the following:

William Levis, Director  
Colorado Office of Consumer Counsel  
1560 Broadway, Suite 200  
Denver, CO 80202

Tom Plant, Director  
Colorado Governor's Energy Office  
1580 Logan Street, Suite 100  
Denver Co, 80203

  
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