

# STATE OF COLORADO

## PUBLIC UTILITIES COMMISSION

Ronald J. Binz, Chairman  
James A. Tarpey, Commissioner  
Matt D. Baker, Commissioner  
Doug Dean, Director

## Department of Regulatory Agencies

D. Rico Munn  
Executive Director



Bill Ritter, Jr.  
Governor

### UPDATED

### COMMISSIONERS' DELIBERATIONS MEETING AGENDA

**August 18, 2008 10:00 a.m.**

**August 19, 2008 1:00 p.m.**

**August 20, 2008 9:00 a.m.**

### **Hearing Room A**

### ENERGY AND WATER MATTER

**Docket No. 07A-447E** IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS 2007 COLORADO RESOURCE PLAN..

- a. Public Service Company of Colorado's 2007 Colorado Resource Plan application filed on November 15, 2007.

### **RECOMMENDATION: Grant/Deny the application**

- b. Opening Statement of Position filed by Public Service Company of Colorado filed on July 21, 2008.
- c. Statement of Position of Colorado Public Utilities Commission Staff filed on July 21, 2008.
- d. Statement of Position of Colorado Office of Consumer Counsel filed on July 21, 2008.
- e. Statement of Position of Sol Shapiro filed on July 18, 2008.
- f. Statement of Position of Colorado Solar Energy Industries Association ("CoSEIA") filed on July 21, 2008.
- g. Statement of Position of Holy Cross Electric Association, Inc. filed on July 21, 2008.
- h. Statement of Position of Western Resource Advocates filed on July 21, 2008.
- i. Statement of Position of Interwest Energy Alliance filed on July 21, 2008.
- j. Statement of Position of Colorado Independent Energy Association filed on July 21, 2008.
- k. Statement of Position of Trans-Elect Development Company, LLC & Wyoming Infrastructure filed on July 21, 2008.
- l. Statement of Position of Colorado Mining Association filed on July 21, 2008.
- m. Statement of Position of Colorado Department of Public Health and Environment filed on July 21, 2008.

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- n. Statement of Position of Governor's Energy Office filed on July 21, 2008.
- o. Statement of Position of Black Hills Energy, Inc. Black Hills/Colorado Electric filed on July 21, 2008.
- p. Statement of Position of CF&I Steel, L.P. and Climax Molybdenum Company filed on July 21, 2008.
- q. Statement of Position of American Clean Skies Foundation filed on July 21, 2008.
- r. Statement of Position of Ratepayers United of Colorado (RUC) filed on July 21, 2008.
- s. Statement of Position of Nancy LaPlaca filed on July 21, 2008.
- t. Statement of Position of Rocky Mountain Farmers Union Colorado Working Landscapes filed on July 21, 2008.
- u. Statement of Position of Leslie Glustrom filed on July 21, 2008.
- v. Reply Statement of Position of Public Service Company of Colorado filed on August 5, 2008.
- w. Reply Statement of Position of Colorado Public Utilities Commission Staff filed on August 5, 2008.
- x. Post-hearing Reply Statement of Position of Colorado Office of Consumer Counsel filed on August 5, 2008.
- y. Reply Statement of Position of Western Resource Advocates filed on August 5, 2008.
- z. Reply Statement of Position of Colorado Mining Association filed on August 5, 2008.
- aa. Reply Statement of Position of Ratepayers United of Colorado (RUC) filed on August 5, 2008.
- bb. Joint Reply Statement of Position of Colorado Department of Public Health and Environment and The Governor's Energy Office filed on August 5, 2008.
- cc. Reply Statement of Position of CF&I Steel, L.P. and Climax Molybdenum Company filed on August 5, 2008.
- dd. Reply Statement of Position of Trans-Elect Development Company, LLC & Wyoming Infrastructure filed on August 5, 2008.
- ee. Reply Statement of Position of Interwest Energy Alliance filed on August 5, 2008.
- ff. Reply Statement of Position of Colorado Independent Energy Association and Colorado Energy Consumer filed on August 5, 2008.
- gg. Reply Statement of Position of Nancy LaPlaca filed on August 5, 2008.
- hh. Statement of Position of Leslie Glustrom filed on August 6, 2008.

**RECOMMENDATION: Discuss the items.**

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- ii. Steve King and Joshua Penry's Motion for Leave to Intervene Out of Time filed on August 15, 2008.
- jj. Motion Requesting Acceptance of the Late Filed Reply Statement of Position of Leslie Glustrom filed on August 18, 2008.

**RECOMMENDATION: Discuss the item.**

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## Agenda

### PSCo ERP Deliberations 8/18-20/08

#### Monday, 8/18/08

1. High level discussion of issues, deliberations approach, and sequence of issues.
  - Climate Change, Energy Efficiency, Prices, General impacts
  - ERP fundamentals
  - Proposed sequence of discussion
  - Iterative nature of discussion
2. Timing, Carbon Reduction (Group A)
  - Role of 2009/2010 filing
  - Emissions accounting, wholesale load, Aquila
  - CO<sub>2</sub> reduction strategy
  - Arapahoe/Cameo retirement proposal
3. Resource Acquisition, Utility Ownership (Group B)
  - Utility ownership (229 MW, 40-60% issues)
  - Capital lease/Consolidation issues
  - Imputed debt
  - Resource solicitation approach
  - Renewables, utility-owned section 124 (25/50% issue)
  - Requirements for utility proposals (fixed price, cap, other)
4. Modeling inputs and evaluation parameters (Group C)
  - Load and Resource Forecasts
  - Valuation and treatment of externalities

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## Tuesday, 8/19/08

5. Remaining details of Group B
  - Design of RFPs, Terms and Conditions for PPAs
6. Modeling scenarios
  - Input variables
  - Likely scenarios
  - Additional tests for constraints and other variables
7. Remaining details of Group C
  - Economics of climate change, economic development
  - Fuel costs and fuel price volatility
  - CO<sub>2</sub> costs
  - Other modeling inputs
  - Modeling Scenarios
  - Phase 2 evaluation process
8. Transmission, Reserves, DSM, Renewables, Other (Group D)
  - Transmission
  - Reserve margin
  - DSM – Modeling parameters
  - Renewables – Def of 123, hand-off from 462E, other
  - BLEB/EPB
  - CO<sub>2</sub> info on bills
9. Other
  - Other remaining decision points

## Wednesday 8/20/08

Complete outstanding issues; reserve time for contingency

**Please note that the proposed timing for discussion of these issues is an estimate, and the actual dates and sequence of discussions may vary.**

# Variables

Level of Section 123 Resources	(optimize)
DSM	(optimize)
Gas Prices	(sensitivity)
CO <sub>2</sub> Cost	(fix)
Retire Arapahoe & Cameo	(fix)
Forecast	(fix)
RESA (not 123, not economic)	(fix)
Ownership	(sub-optimum)
Externalities	(sub-optimum)

## Likely Scenarios

Assumptions:  
 -Base Forecast  
 -RESA at 850 MW  
 -CO<sub>2</sub> \$20/ton + 7%  
 -Base gas cost (PSCo rebuttal position)  
 -Arapahoe/Cam. retired

## Gas Price Sensitivity Runs

Re-price at:  
 - High (7% real increase)  
 - Low (0% real increase)

Resulting “Stacks” of portfolios, in order of NPVRR

## Information PSCo and IE Provide to the Commission:

# Scenario Analysis

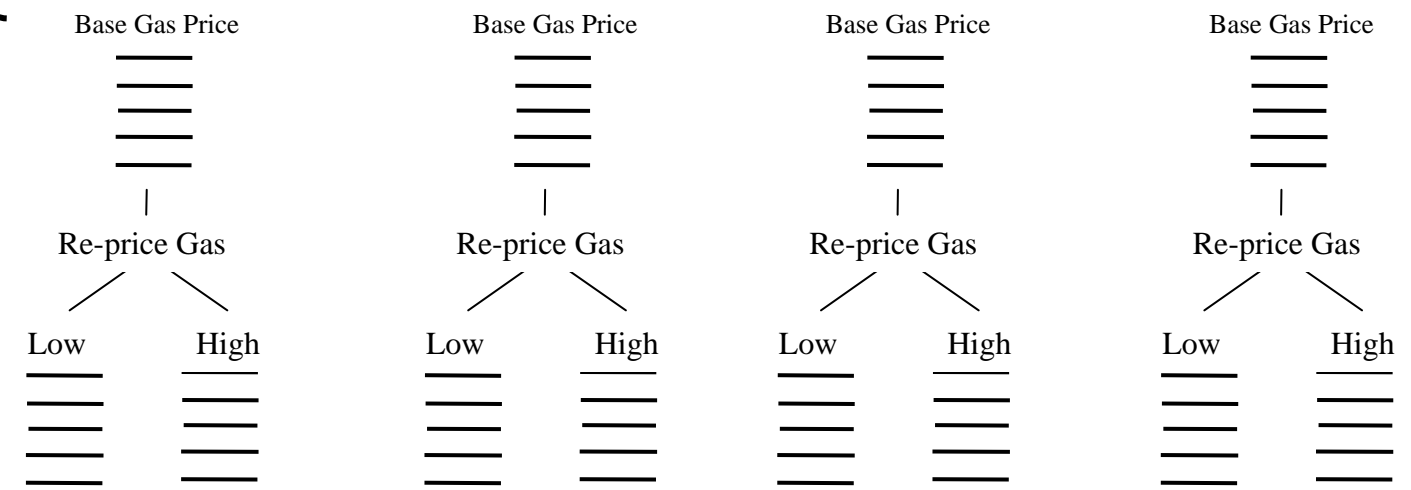
## Advisor Recommendation

**Primary**  
**High DSM**  
**Medium 123**  
 ~200 MW

**Standard DSM**  
**Medium 123**  
 ~200 MW

**High DSM**  
**High 123**  
 ~600 MW

**Standard DSM**  
**High 123**  
 ~600 MW



- Summary of portfolios for the top 3 – 5 positions in the stack (and results for these portfolios as they appear further down in the stack in other sensitivity runs for that scenario). Note – we want qualitative differences for these 3-5 positions, not just minor differences such as resource timing.
- Any cases containing Section 123 resources (claimed by bidders), if not included in summary to see portfolios of alternate 123 resources if more than 200/600 MW are bid.
- Any cases containing exceptional externality benefits, if not included in summary.
- [229MW + ~40% and ~60% incremental] ownership cases, regardless of where they appear in the stack (provided in sub-optimum portfolios if not economic).
- PSCo and IE to provide their preferred cases.
- Include discussion of externality benefits for each of these cases, based on bidder’s claims.
- Assess level of gas price increase above base, where portfolios change significantly.