

Decision No. C09-0172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08I-420EG

IN THE MATTER OF THE INVESTIGATION OF REGULATORY AND RATE INCENTIVES
FOR CUSTOMERS OF GAS AND ELECTRIC UTILITIES.

**ORDER ENDING THE RECEIPT OF COMMENTS AND
STATING CONCLUSIONS OF INVESTIGATION**

Mailed Date: February 27, 2009
Adopted Date: February 4, 2009

I. BY THE COMMISSION

A. Background

1. On September 17, 2008, the Commission issued Decision No. C08-0988, opening this Docket, establishing a procedural schedule, and seeking comments.

2. Several parties¹ have filed comments in this proceeding. Several parties also have conducted or have scheduled *ex parte* meetings with individual commissioners, following the “Permit-but-Disclose” process described in Decision No. C08-0988, to provide information concerning this docket.

3. As stated in Decision No. C08-1198, we envision this Investigatory Docket as a refinement process. Our anticipated outcome of this Docket is to identify and substantiate specific regulatory and rate incentive policies that encourage desired customer actions. In contrast, it is not the objective of this Docket to adopt new policies. Rather, we desire to:

¹ In a docket such as a rulemaking or this investigatory docket, there are no “parties” in the usual sense of applicants, complainants, respondents, or intervenors. Instead, there are “interested parties,” and it is in this sense that we use the term “party” in this order.

(a) clearly identify specific policies worthy of future consideration; (b) determine specific questions the Commission should examine; and (c) determine criteria the Commission should address if it decides to pursue any such policy.

4. In Decision No. C08-1198 and based upon our review of the comments received, we identified five specific policy areas that will be further investigated in this Docket:

- a) Tiered (inverted block) rate design residential use;
- b) Time-of-Use rate design;
- c) Rate design as a method of providing assistance to low-income customers;
- d) Rate design as a method to encourage on-site renewable generation; and
- e) The content and detail of current billing statements, particularly regarding rate adjustment factors.

5. On December 2, 2008, we convened a Workshop to receive comments on the questions and criteria associated with each of the policy areas that were presented in Decision No. C08-1198.

6. We have received additional written and oral comments, both in response to Decision No. C08-1198 and during the December 2, 2008 Workshop.²

7. On January 26, 2009, we convened an additional Workshop in this Docket. The purpose of this second Workshop was to discuss our proposed conclusions and proposed action steps in each of the identified policy areas.

8. A primary objective for the additional Workshop was to communicate clearly to parties our observations, conclusions, and recommended actions resulting from this Investigation. During the dialogue in the Workshop, we received comments and requests for

² Written comments and a transcript of the Workshop are available via the Commission website, www.dora.state.co.us/puc/DocketsDecisions/HighprofileDockets/081-420EG.htm.

clarification concerning our draft conclusions and recommendations. We have reviewed those comments and modified our conclusions and recommendations as appropriate. A final version of our conclusions and recommendations accompanies this Order as Attachment A, and serves to communicate the status of this Investigatory Docket.

9. Regarding policy areas (a) and (b) above, we conclude that the observations in this Docket provide an appropriate framework for discussing specific actions in subsequent dockets. We observe that the most appropriate subsequent docket would be a Phase II electric rate case proceeding. We anticipate issuing future utility-specific orders in subsequent proceedings as the need or opportunity arises.

10. Because the development of low-income rate assistance (policy area (c)) affects several utilities, both electric and gas, we observe that implementing this policy through Phase II rate case proceedings may not be the most expedient way to proceed. Thus, we conclude that a rulemaking is an appropriate next step concerning this policy area.

11. Regarding policy areas (d) and (e), above, we conclude that subsequent action is best initiated by utility companies, rather than in this Docket. Concerning On-Site Renewable Generation, we conclude that an appropriate next step is for electric utilities to devise and implement pilot projects or other studies that address the issues identified in that section of Attachment A.

12. Concerning Customer Billing, we observe that further investigations into customer information needs, and the development of plans to respond to these needs, are tasks best undertaken by utilities. We conclude that the appropriate next step is for gas and electric utilities to initiate activities necessary to understand the unmet information needs of customers, as identified in that section of Attachment A.

13. During the December 2, 2008 workshop, Mr. Jim Lazar of the Regulatory Assistance Project presented a matrix of possible rate options for various customer classes. Attachment B is a conceptual version of this matrix, using Mr. Lazar's framework and applied to Colorado. We include this matrix to set forth a starting point for future discussion, signifying conceptually how all customer classes could conceivably transition over time to increasingly sophisticated rate design.

II. ORDER

A. The Commission Orders That:

1. The time for receiving public comment into this Docket is closed.
2. That the document labeled "Attachment A" serves to summarize the conclusions, observations, and appropriate next steps resulting from this Investigatory Docket.
3. This Docket shall remain open for the receipt of reports and studies.
4. This Order is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 4, 2009.**

(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

RONALD J. BINZ

JAMES K. TARPEY

MATT BAKER

Commissioners