

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

\* \* \* \*

IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF COLORADO ) DOCKET NO. 11A-869E  
FOR APPROVAL OF ITS 2011 ELECTRIC )  
RESOURCE PLAN )

IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF COLORADO )  
FOR APPROVAL OF THE ACQUISITION OF )  
THE BRUSH 1, 3, AND 4 GENERATION )  
FACILITIES AND IN CONNECTION ) DOCKET NO. 12A-782E  
THERewith THE GRANT OF A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY )  
IF REQUIRED AND THE APPROVAL OF COST )  
RECOVERY THROUGH A GENERAL RATE )  
SCHEDULE ADJUSTMENT )

IN THE MATTER OF THE APPLICATION OF )  
PUBLIC SERVICE COMPANY OF COLORADO )  
FOR APPROVAL OF THE POWER PURCHASE )  
AGREEMENT FOR 118.8 MW OF NATURAL ) DOCKET NO. 12A-785E  
GAS GENERATION, EARLY RETIREMENT OF )  
ARAPAHOE UNIT 4, AND A GAS SALES )  
AGREEMENT. )

SUPPLEMENTAL REBUTTAL TESTIMONY OF KURTIS J. HAEGER

ON BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

October 5, 2012

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**SUPPLEMENTAL REBUTTAL TESTIMONY OF KURTIS J. HAEGER**

1 I. **INTRODUCTION AND BACKGROUND**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Kurtis J. Haeger. My business address is 1800 Larimer  
4 Street, Denver, Colorado 80202.

1 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

2 A. I am employed by Xcel Energy Services, Inc., a wholly-owned  
3 subsidiary of Xcel Energy Inc., the parent company of Public Service  
4 Company of Colorado. My job title is Managing Director, Wholesale  
5 Planning.

6 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE**  
7 **PROCEEDING?**

8 A. I am testifying on behalf of Public Service Company of Colorado  
9 (“Public Service” or the “Company”).

10 **Q. DID YOU FILE TESTIMONY EARLIER IN THIS DOCKET?**

11 A. Yes. My credentials are provided with my Direct Testimony.

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL**  
13 **TESTIMONY?**

14 A. The purpose of my Supplemental Rebuttal Testimony is to address: 1)  
15 the recommendations put forth by Staff witness Ms. Podein, Western  
16 Resource Advocates (“WRA”) witness Ms. Farnsworth and Interwest  
17 witness Mr. Cox regarding the retirement of Arapahoe 4 and the  
18 approval of a new Power Purchase Agreement with Southwest  
19 Generation for the output from its Arapahoe Units 5, 6 and 7  
20 (“Southwest Gen PPA”) and the accompanying Gas Supply Agreement  
21 (“GSA”); 2) the recommendation by Ms. Farnsworth and Mr. Cox to set  
22 aside or establish a soft target for additional renewable energy or  
23 Section 123 Resources in Phase 2; and 3) the suggestion put forth by

1 Boulder witness Mr. Koehn that Public Service should not plan in this  
2 docket to continue to serve Boulder's entire energy needs in the  
3 future.

4 In addition to my testimony, the following Public Service  
5 witnesses will also be providing Supplemental Rebuttal Testimony:

- 6 • Ms. Karen Hyde will address Commission Staff's concerns  
7 regarding the Brush acquisition and the OCC's assertions  
8 regarding discussion of future prudence review of the  
9 acquisition. She also addresses OCC and CEC/CIEA/Thermo  
10 Power contentions regarding cost recovery of the Brush  
11 facilities. Finally, Ms. Hyde addresses Staff's proposals  
12 regarding rate treatment of the Arapahoe application.
- 13 • Mr. Jim Hill will address the Company's cost/benefit analysis of  
14 the Brush acquisition, an estimate of the relative value of the  
15 Brush acquisition under the "useful life" scenarios posed by  
16 Commission Staff in its testimony, Intervener requests that the  
17 Company use STRATEGIST modeling to compare bids against  
18 operating Cherokee 4 on natural gas, the implications of the  
19 Arapahoe 4 application on Cherokee 4; Staff's concerns  
20 regarding the STRATEGIST modeling used to analyze the  
21 Southwest Gen PPA, the appropriate comparisons for the  
22 Commission to use in analyzing Phase 2 bids and address Mr.  
23 Cox's criticisms of the Company's Arapahoe analysis.

- 1           • Mr. George Hess will address the Company’s due diligence  
2           efforts regarding the Brush assets and response to Commission  
3           Staff’s concerns over the age, quality and projected useful life of  
4           the Brush assets.
- 5           • Mr. Curt Dallinger addresses the concern expressed by Staff  
6           witness Ms. Podein about whether it is appropriate to consider  
7           savings from the Gas Supply Agreement with Southwest  
8           Generation, because of her concern about Public Service  
9           extending the Colorado Interstate Gas Company (“CIG”)   
10          transport agreement that facilitates the gas sales to Southwest  
11          Generation; Mr. Dallinger also rebuts Mr. Rhodes’ argument that  
12          it is not appropriate to assign different gas transportation costs  
13          to bidders based upon where the bidder’s generation plant is  
14          located.
- 15          • Ms. Lisa Perkett addresses the valuation of the Brush assets  
16          and the book life of the assets.

17          A. Recommendation to Retire Arapahoe 4 Without Knowing the  
18          Replacement Generation

19      **Q. PLEASE SUMMARIZE THE RECOMMENDATIONS OF THE**  
20      **VARIOUS PARTIES AS IT RELATES TO THE RETIRMENT OF**  
21      **ARAPAHOE 4 AND THE APPROVAL OF THE SOUTHWEST GEN**  
22      **PPA AND THE ACCOMPANYING GAS SUPPLY AGREEMENT.**

23      A. The OCC recommends approval of the Southwest Gen PPA, the GSA  
24      and the retirement of Arapahoe 4. The Staff and WRA do not provide

1 a direct recommendation on the Southwest Gen PPA or the GSA,  
2 although Staff does raise a few policy issues, which I address later in  
3 the testimony. Both Staff and WRA recommend that Arapahoe 4 be  
4 retired at the end of 2013 regardless of the Commission's decision on  
5 the Southwest Gen PPA.

6 **Q. ALTHOUGH STAFF DOES NOT PROVIDE A RECOMMENDATION**  
7 **REGARDING THE APPROVAL OF THE SOUTHWEST GEN PPA,**  
8 **WHAT POLICY ISSUES DOES MS. PODEIN RAISE IN HER**  
9 **ANSWER TESTIMONY REGARDING THE PPA AND THE GSA?**

10 A. Ms. Podein questions whether it is appropriate for Public Service to  
11 consider a bid from an Independent Power Producer that includes  
12 additional consideration beyond the sale of electric power. She also  
13 questions whether Public Service gave Thermo UNC, the other bidder,  
14 the opportunity to offer such consideration in addition to its PPA bid.  
15 She also claims that if the Southwest Gen PPA is considered without  
16 the additional consideration of the GSA, it may not be the best  
17 alternative.

18 Ms. Podein also testifies that Staff has not yet reviewed Public  
19 Service's gas transportation agreement with CIG that facilitates the gas  
20 sale under the GSA. Even though Staff has not yet conducted this  
21 review, she asserts that if after Staff reviews this contract Staff  
22 believes that Public Service was imprudent in entering into this gas  
23 transportation contract, and that if the Commission agrees with Staff's

1 assessment, then it would not be appropriate to consider the revenues  
2 received from the GSA in reviewing Public Service's application for  
3 approval in this Consolidated Docket. Mr. Dallinger explains that  
4 Public Service extended the gas transportation contract referenced by  
5 Ms. Podein in order to preserve rate discounts in connection with a  
6 comprehensive settlement of CIG's rates. In our view, Staff had  
7 adequate opportunity to investigate this matter in this docket. It would  
8 be inappropriate and unfortunate for the Commission to hold up  
9 approval of the Southwest Gen PPA and the GSA, foregoing the  
10 immediate customer savings resulting from these agreements, under  
11 an expectation that Staff might find something wrong in the future with  
12 the CIG rate settlement. Mr. Dallinger's rebuttal testimony should give  
13 the Commission comfort that it is not likely that Staff will be able to  
14 demonstrate at some unknown future date that there is a problem with  
15 Public Service extending this CIG transport contract.

16 **Q. WHAT IS YOUR OVERALL RESPONSE TO MS. PODEIN'S**  
17 **CONCERNS?**

18 A. In general I have a concern that Staff is viewing too narrowly the  
19 benefits that Public Service has achieved for our customers by  
20 successfully negotiating these two contracts with Southwest  
21 Generation. I believe that at all times Public Service acted in a prudent  
22 manner for the benefit of our customers and that there are no  
23 overarching policy issues that should stand in the way of the

1 Commission approving this transaction. As the Company described in  
2 our Direct Testimony in support of our application to approve these two  
3 contracts, there are real world public policy reasons why it was better  
4 to seek replacement for the Arapahoe 4 generation in advance of the  
5 Phase 2 All-Source solicitation that we will run next year. Our resource  
6 acquisition opportunities do not always fit nicely within a rigid once-  
7 every-four-year ERP schedule.

8 The issue for the Commission to consider is whether the results  
9 of the Company's actions are in the public interest. As the Company  
10 discussed in our Direct Testimony, there are only two Independent  
11 Power Producers in the Colorado Front Range who have generation,  
12 not under contract, who are in a position to offer Public Service electric  
13 power that can compete against Arapahoe 4. Whether we ran the  
14 solicitation when we did in spring of 2012 or whether we run the  
15 solicitation next year, the facts are that an almost fully depreciated, low  
16 cost Arapahoe 4 can only be economically displaced by existing  
17 natural gas facilities that are connected to the Public Service  
18 transmission system and who have the potential to offer an equally low  
19 price bid.

20 **Q. DO YOU AGREE WITH MS. PODEIN'S CONCERN ABOUT PUBLIC**  
21 **SERVICE ASKING THE TWO POTENTIAL COMPETITORS TO**  
22 **ARAPAHOE 4 IF THEY COULD FIND WAYS TO PROVIDE**  
23 **ADDITIONAL VALUE FOR PUBLIC SERVICE'S CUSTOMERS?**



1 A. No. As Mr. Hill described in his Direct Testimony, our solicitation  
2 request to these two bidders specifically encouraged each of them to  
3 include in their proposals “any other consideration that you wish to  
4 bring to the Company’s attention that could provide cost savings for  
5 Public Service and our customers...”<sup>1</sup> We gave both Southwest  
6 Generation and Thermo UNC the same opportunity to propose value,  
7 in addition to a new PPA.

8 I will admit that Public Service has not made a specific request  
9 for value in addition to a proposed PPA in past All-Source solicitations,  
10 but we have asked bidders for best and final offers and bidders have  
11 always been free to customize their proposals. In this case we were  
12 dealing with only two owners of existing facilities that we felt could  
13 potentially compete with the operation of Arapahoe 4 on natural gas.  
14 Because we had seen previous offers from these generators, we knew  
15 that each of these bidders would have a difficult time beating the cost  
16 of production from our almost fully depreciated Arapahoe 4 facility. As  
17 a result of this past bidding history, we wanted to give each of the two  
18 existing generators every opportunity available to compete against the  
19 continued operation of Arapahoe 4. That is why we asked each of  
20 them to consider whether they could provide us with other cost savings  
21 for our customers.

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<sup>1</sup> See page 2 of Exhibit No. JFH-1 and Exhibit No. JFH-2 of James Hill July 5, 2012 Direct Testimony regarding Arapahoe 4.

1           We were pleased when Southwest Generation proposed to  
2 purchase gas from us for its Fountain Valley facility, a contract that  
3 when considered in conjunction with a new PPA would save our  
4 customers \$15 Million over the next 10 years. I believe that at all times  
5 we gave *both* IPPs the same opportunity to be creative to find ways to  
6 provide savings for our customers.

7 **Q. HOW DO YOU RESPOND TO MS. PODEIN'S CONCERN THAT**  
8 **PUBLIC SERVICE DID NOT OFFER THE GSA TO THE OTHER**  
9 **BIDDER?**

10 A. I think she is off base in her criticism. The Company's solicitation was  
11 open-ended. For example, we did not restrict the bidders to offering a  
12 GSA versus offering a reduction in the PPA at another facility.  
13 Southwest Generation is uniquely situated given it has a second  
14 generation facility that is not under contract to Public Service from  
15 2013 to 2016, and therefore could benefit from a firm gas supply  
16 agreement during this period of time. While the owner of Thermo UNC  
17 does own a second plant, the Manchief facility, this plant is under  
18 contract to the Company through the period of 2013 to 2016 and  
19 therefore is not in a position to benefit from an alternate gas supply  
20 arrangement at this second plant. While the two existing generators  
21 may not be similarly situated, the point is that we made the same  
22 request of both bidders and one brought a creative idea that  
23 significantly benefited our customers and the other did not. Ignoring the

1 \$15 million of real customer savings that results from Southwest  
2 Generation's bid makes no sense to the Company.

3 **Q. WHAT DO INTERWEST AND WRA RECOMMEND RELATIVE TO**  
4 **ARAPAHOE 4 AND THE SOUTHWEST GEN PPA AND GSA?**

5 A. Although their logic may differ, both Interwest witness Mr. Cox and  
6 WRA witness Ms. Farnsworth urge the Commission to approve the  
7 early retirement of Arapahoe 4 but delay the decision on replacement  
8 resources until the ERP Phase 2 process to allow an evaluation of all  
9 types of generation alternatives.

10 **Q. WHAT DOES STAFF RECOMMEND?**

11 A. In Ms. Podein's Answer Testimony, she suggests the Commission  
12 should consider accelerating the retirement of Arapahoe 4, regardless  
13 of whether the Commission approves the Southwest Gen PPA and  
14 GSA. She bases her recommendation on the fact that Public Service  
15 does not need replacement capacity until 2017 and that the  
16 Company's modeling suggests the accelerated retirement of Arapahoe  
17 4 could save customers \$5 million over the scenario where Arapahoe 4  
18 continues to operate as a peaking plant on natural gas.

1 Q. DO YOU AGREE WITH ANY OF THE RECOMMENDATIONS TO  
2 ACCELERATE THE RETIREMENT OF ARAPAHOE 4 WITHOUT  
3 IDENTIFYING A REPLACEMENT RESOURCE AND DELAYING THE  
4 REPLACEMENT DECISION TO PHASE 2 SO THAT OTHER  
5 GENERATION RESOURCES SUCH AS WIND AND SOLAR CAN BE  
6 CONSIDERED?

7 A. No, we strongly oppose decoupling the Arapahoe retirement decision  
8 from the replacement decision. As I described earlier, the almost fully  
9 depreciated Arapahoe 4 is a very low cost generation resource for our  
10 customers. We need to keep Arapahoe 4 running on natural gas in  
11 order to ensure that bidders are bidding against that low cost option  
12 and not just each other in order to get the most competitive bids for  
13 replacement generation. If we make the decision to retire Arapahoe 4  
14 prior to knowing the cost of the replacement unit, we lose a substantial  
15 amount of price discipline. This will allow IPPs to offer *higher* bids, not  
16 lower bids, to replace this capacity. Obviously this is not in our  
17 customers' best interests.

18 Mr. Rhodes of Southwest Generation essentially confirmed the  
19 Company's working assumption in his Supplemental Answer  
20 Testimony when he suggested, beginning on page 8 line 15 through  
21 page 9 line 2, that he expects bids to be priced higher in the Phase 2  
22 solicitation.

1 **Q. DO YOU BELIEVE THAT REQUIRING A NEW BID PROCESS IN**  
2 **PHASE 2 OF THE ERP WOULD RESULT IN LOWER BIDS?**

3 A. No, waiting until Phase 2 will not guarantee additional or lower bids. It  
4 is critical to consider how low Southwest Generation's bid for the  
5 Arapahoe PPA had to be in order to beat the fixed and operating costs  
6 of an almost fully depreciated Arapahoe 4 operated only for capacity  
7 (as the Company assumed). I cannot imagine scenarios in which  
8 Southwest Generation or others could offer significantly lower prices  
9 and still recover fixed and variable costs. However, there are many  
10 variables (including interest rates, inflation and increased regional  
11 load) that could change in a way that would *increase* the bids to  
12 replace Arapahoe 4, rather than lowering them.

13 **Q. BUT DIDN'T THE COMPANY PROVIDE AN ANALYSIS, RELIED**  
14 **UPON BY THE INTERVENORS THAT SHOWED THAT IT IS COST-**  
15 **EFFECTIVE TO RETIRE ARAPAHOE 4 AT THE END OF 2013?**

16 A. Yes we did. In that analysis, we used our best efforts to estimate the  
17 cost of generation that will be offered in the All Source solicitation.  
18 That analysis resulted in our estimate that we expect \$5 Million of  
19 present value savings by retiring Arapahoe 4 at the end of 2013. But  
20 the fact is that until the Phase 2 bids are known, the Company will not  
21 be able to identify the true cost of retiring Arapahoe 4. Also, by giving  
22 up the SWG PPA and GSA, our customers would forgo the  
23 incremental savings over our assumed replacement of \$15 million. As

1 I indicated earlier, if there is no low cost Arapahoe 4 to compete  
2 against these bids, IPPs will be free to bid higher prices. We need to  
3 retain Arapahoe 4 until the bids are known, or on the hope that  
4 something lower will be bid in Phase 2.

5 **Q. WHAT IS YOUR RESPONSE TO WRA AND INTERWEST THAT THE**  
6 **COMPANY SHOULD WAIT UNTIL PHASE 2 SO THAT ARAPAHOE**  
7 **REPLACEMENT OPTIONS CAN BE COMPARED TO WIND AND**  
8 **SOLAR RESOURCES?**

9 A. Mr. Cox and Ms Farnsworth are not being realistic. Because the  
10 continued operation of Arapahoe 4 on gas or the Southwest Gen PPA  
11 are very low cost forms of generation **capacity**, and neither of these  
12 alternatives will be required to provide much **energy** to our system,  
13 wind and solar cannot realistically compete against them. Intermittent  
14 wind facilities are chiefly energy resources; their capacity value is  
15 greatly reduced by their intermittent nature. They are not a good fit to  
16 replacing the operation of Arapahoe 4 on the Public Service system.  
17 Similarly solar facilities tend to be more energy intensive resources  
18 and less of a capacity resource; and solar facilities are much more  
19 expensive than operating Arapahoe 4 on gas or the Southwest Gen  
20 PPA. For either wind or solar to compete against Arapahoe 4 or the  
21 Southwest Gen PPA, the cost of those renewable resources would  
22 need to be substantially less than what is available in the market today.  
23 Mr. Hill provides additional information on the expected economics of

1 wind and solar as potential alternatives to Arapahoe 4 operating on  
2 gas in his rebuttal testimony.

3 *B. Set-Aside for Renewable and 123 Resources*

4 **Q. WHAT ARE THE RECOMMENDATIONS IN REGARDS TO A SET-  
5 ASIDE FOR CLEAN ENERGY AND SECTION 123 RESOURCES?**

6 A. Both WRA and Interwest suggest the Commission should set aside a  
7 portion of the resource need for only clean energy or section 123  
8 resources. Ms. Farnsworth recommends the Commission set aside  
9 the increased demand of 114 MW for clean energy generation  
10 resources while Mr. Cox recommends soft targets be set that favor  
11 renewable energy and section 123 resources.

12 **Q. DO YOU AGREE WITH THESE RECOMMENDATIONS?**

13 A. No. Based on our current negative balance in the Renewable Energy  
14 Standard Adjustment (“RESA”) deferred account, the surplus of RECs  
15 Public Service has available for compliance with the Renewable  
16 Energy Standard, and the low natural gas price environment, it is the  
17 Company’s recommendation to let all resources compete head-to-head  
18 and that we not create a separate set-aside for any specific  
19 technology. The Company has already provided our explanation of our  
20 position in our Electric Resource Plan document and in our earlier filed  
21 testimony.

22 I would remind the Commission and the parties that the  
23 Company is *not* stating that we want to acquire only fossil resources. In

1 this environment where the economy is still somewhat depressed and  
2 where the future costs of regulation and generation are uncertain and  
3 in a state of flux, it is our view that we should be concentrating on  
4 acquiring shorter term resources that are the most cost-effective for  
5 our customers. But we also have requested that the Commission grant  
6 us the opportunity to acquire, prior to our next resource plan,  
7 renewable resources that are “good deals” for our customer. As the  
8 Commission noted in its Decision No. C11-1291 at ¶ 21 approving our  
9 Limon II PPA:

10 Finally, while we are cognizant that Public Service could  
11 possibly find a better deal on a renewable resource in the future,  
12 we find that low wind component prices, the Federal Production  
13 Tax Credits, and low interest rates will not likely coincide as they  
14 have today. Further, we expect utilities to seek out the best  
15 deals for its ratepayers, and Public Service filed this expedited  
16 case to capture what it perceives to be an exceptional  
17 opportunity. Public Service has significant experience in working  
18 with wind developers to integrate such resources into its  
19 system. We therefore also find it to be appropriate to afford the  
20 Company a degree of deference in this situation.

21 It is unknown at this time whether Congress will extend the federal  
22 Production Tax Credits or provide any other incentive for wind or other  
23 renewable resources. When tax incentives have been provided, they  
24 have often been short-lived incentives. Public Service intends to follow  
25 closely developments in the renewable energy arena and, if permitted,  
26 bring back to the Commission from time to time renewable resource  
27 acquisitions that make good sense.



1 C. Response to Jonathan Koehn and the Impact of the Proposed  
2 Boulder Municipalization

3 **Q. DO YOU HAVE ANY COMMENT WITH RESPECT TO BOULDER**  
4 **WITNESS MR. KOEHN'S STATEMENT THAT "PUBLIC SERVICE**  
5 **SHOULD NOT BE BUILDING OR ACQUIRING NEW GENERATION**  
6 **TO SERVE CUSTOMERS IN BOULDER"?**

7 A. I find it strange that Boulder is arguing in this Docket that Public  
8 Service should not be acquiring new generation to serve customers in  
9 Boulder, because Boulder took the contrary position in Docket No.  
10 12A-155E. In that Docket, Boulder explained that it has made no  
11 decisions yet as to whether the City will form a municipal utility.  
12 Boulder argued that this fact meant that Public Service was *obligated*  
13 to continue to enter into 20 year contracts with Boulder residents who  
14 wish to install solar panels on their homes or businesses.

15 That being said, the fact remains that we are required by state  
16 law to plan to meet the electric needs of all of our customers. We  
17 cannot ignore the electric loads of our Boulder customers.

18 **Q. DO YOU AGREE WITH MR. KOEHN'S CONTENTION THAT**  
19 **BOULDER'S FORMATION OF A MUNICIPAL UTILITY "HELPS"**  
20 **PUBLIC SERVICE'S CUSTOMERS OUTSIDE BOULDER?**

21 A. No. The loss of our Boulder customers will not "help" our other  
22 customers in any way. Depending upon the position that Boulder  
23 takes in litigation that may follow a decision to municipalize, our non-  
24 Boulder customers could be significantly disadvantaged.

1 **Q. PLEASE EXPLAIN.**

2 A. To meet our legal obligation to serve our Boulder customers, Public  
3 Service has made, and continues to make, significant investments in  
4 generation, transmission and distribution facilities. We have also  
5 provided to our Boulder customers substantial incentives to invest in  
6 demand-side management and solar facilities on customer premises.  
7 To the extent that Public Service is not adequately compensated for  
8 the loss of our business in Boulder and the benefits provided by these  
9 incentives, our non-Boulder customers will be hurt by a Boulder  
10 municipalization.

11 **Q. MR. KOEHN CLAIMS THAT A BOULDER MUNICIPAL UTILITY**  
12 **WILL HELP PUBLIC SERVICE'S NON-BOULDER CUSTOMERS BY**  
13 **DEFERRING PUBLIC SERVICE'S ACQUISITIONS OF NEW**  
14 **GENERATION. DO YOU AGREE?**

15 A. That question cannot be answered in a vacuum. While it is true that  
16 Public Service may need fewer new generation resources if we no  
17 longer serve Boulder, we will also have less electric load paying for  
18 those resources. The utility industry benefits from substantial  
19 economies of scale. Without doing a study, I cannot comment on  
20 whether the resources that we would acquire with Boulder *vis-à-vis* the  
21 resources that we would acquire without Boulder result in any savings  
22 to our non-Boulder customers. Moreover, as stated above, unless and  
23 until Boulder successfully forms a municipal utility and departs our

1 system, Public Service is obligated to plan for and acquire generation  
2 to serve its Boulder customers.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 A. Yes it does.