Colorado Energy Consumers' Presentation to the Joint Select Committee on Rising Utility Rates

MICHELLE BRANDT KING

MARCH 20, 2023

Holland & Hart

Who is CEC?

- Unincorporated association of economic engines in the state, all take electric service from Public Service Company of Colorado (PSCo)/Xcel
  - Jobs/tax revenues in aerospace, tech, recycling, gas, and tourism industries and surrounding communities
  - Environmental, Social, Governance (ESG) goals
  - Reasonable rates and reliable service

Holland & Hart

Who is CEC?

- Since the 1990s, participate in all major PUC proceedings
  - UCA doesn't represent CEC interests; alignment where possible
  - Self-fund participation through attorneys and experts
  - Enhances record and saves millions for ratepayers
- CEC supports our state's energy transition and urge that, for there to be sustainable change, this transition must be inclusive, and made _**as affordable as possible...**_

Holland & Hart

Balancing of Interests

Regulatory Compact:

Obligation to serve customers within certificated service territory

&

Recovery of prudently incurred costs, with *opportunity* to earn a fair and reasonable return

- Return "of" and "on" investment
- Cost-based vs. Performance based rates

Holland & Hart

Inherent Tensions → Imbalance

PUBLIC INTEREST

- Affordable, reliable service
- Modern, efficient infrastructure and technology
- Economic prosperity
- Social equity
- Emissions reduced future

UTILITY INTEREST

- Ownership of infrastructure
- Grow rate base
- Maximize earnings
- Minimize risk
- Current cost recovery
- Attract capital to invest
- Environmental leadership
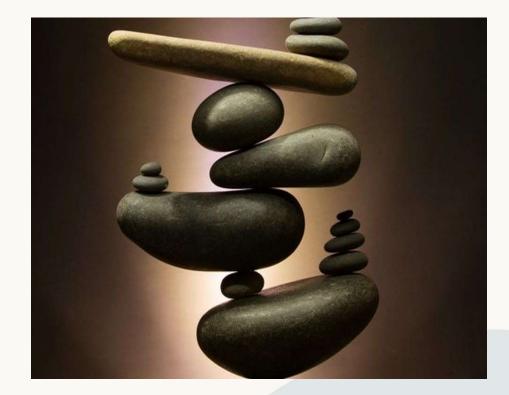- Customer satisfaction

Holland & Hart

Rebalancing of Interests

- Avoid automatic ownership

- Promote competitive bidding

- Sharing of risks/rewards
  - Recognition of rate riders
    - ~35% of revenue stream recovered on current basis from customers
  - No automatic multi-year rate plans
  - Fuel sharing (for electric utilities)

Rebalancing of Interests

- Cost predictability
- Accountability in forecasts and provided estimates
  - Information symmetry
  - Transparent analytics
- Discernment with PIMs
  - E.g., DSM, TEP, BE, CEP
  - Criteria for earning
  - Sunset when appropriate

Holland & Hart

Questions?

http://www.hollandhart.com/mbking

MBKing@hollandhart.com

Holland & Hart