BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION
OF PUBLIC SERVICE COMPANY OF
COLORADO FOR AUTHORITY TO
IMPLEMENT AN ENHANCED DEMAND SIDE MANAGEMENT PROGRAM AND TO REVISE ITS
DEMAND SIDE MANAGEMENT COST
ADJUSTMENT MECHANISM TO INCLUDE CURRENT COST RECOVERY AND INCENTIVES.

DIRECT TESTIMONY AND EXHIBITS OF
SUZANNE DOYLE

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1. INTRODUCTION AND STATEMENT OF PURPOSE

2. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3. A. My name is Suzanne Doyle. My business address is 414 Nicollet Mall,
    Minneapolis, Minnesota, 55401.

5. Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

6. A. I am employed by Xcel Energy Services Inc., the service company subsidiary of
    Xcel Energy Inc., the registered public utility holding company parent of Public
    Service Company of Colorado. My title is Manager, DSM Regulatory Strategy
    & Planning. My primary responsibilities are to manage all demand-side
    management ("DSM") regulatory filings, cost-benefit analyses, and tracking of
    DSM achievements. My team also supports the DSM component of resource
    planning, conducts economic analysis of DSM programs, and provides strategic
    planning and policy guidance.
ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?
A. I am testifying on behalf of Public Service Company of Colorado ("Public Service" or the "Company").

HAVE YOU INCLUDED A STATEMENT OF YOUR QUALIFICATIONS, DUTIES, AND RESPONSIBILITIES?
A. Yes. A description of my qualifications, duties, and responsibilities is provided as Attachment A.

WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?
A. The purpose of my testimony is to describe the cost-effectiveness modeling that will be used in the future for analyzing electric DSM programs, the results of the cost-effectiveness modeling for the statutory minimum DSM plan and the enhanced DSM plan as proposed by the Company in this application, and Public Service's plans for evaluation, measurement, and verification of its DSM programs.

II. GENERAL COST-EFFECTIVENESS MODELING

WHAT IS COST-EFFECTIVENESS MODELING?
A. Cost-effectiveness modeling is the manner in which the benefits and costs of DSM programs are assessed, typically from a variety of perspectives. The general purpose is to determine whether relative to supply-side resources, DSM portfolios and programs are worthwhile investments from the perspectives of program participants, non-participants, and the program administrator (i.e. the utility). Public Service generally presents cost-effectiveness results in the form of a benefit-cost ratio with ratios greater than
one signifying cost effectiveness. It is also possible to present results in terms of the net present dollar value of the stream of avoided costs minus the costs, otherwise known as “net benefits”.

Q. PLEASE EXPLAIN THE COST-EFFECTIVENESS TEST YOU WILL USE TO ANALYZE THE DSM INITIATIVES THE COMPANY WILL UNDERTAKE AS PART OF THE ENHANCED DSM PLAN THAT THE COMPANY IS PROPOSING HERE.

A. Colorado Revised Statutes, § 40-1-102(5), recently enacted in conjunction with DSM legislation codified at C.R.S. § 40-3.2-101 et seq., provides the following definition of cost-effectiveness:

(a) “Cost-effective” with reference to a natural gas or electric demand side management program or related measure means having a benefit-cost ratio greater than one.

(b) In calculating the benefit-cost ratio, the benefits shall include, but are not limited to, the following, as applicable:

(i) The utilities avoided generation, transmission, distribution, capacity and energy costs;

(ii) The valuation of avoided emissions costs; and

(iii) Non-energy benefits as determined by the Commission.

(c) In calculating the benefit-cost ratio, the costs shall include, but are not limited to, utility and participant expenditures for the following, as applicable:

(i) program design, administration, evaluation, advertising, and promotion;

(ii) customer education;
(III) incentives and discounts;

(IV) capital costs; and

(V) operation and maintenance expenses.

The Company will apply these criteria through use of a Total Resource Cost ("TRC") Test as defined in the statute quoted above. Under the proposed TRC Test, the following benefits will be included in the benefit-cost ratio calculation:

- Avoided generation capacity costs – representing the capital and operations & maintenance ("O&M") costs avoided by not having to build a generating plant;

- Avoided marginal energy costs – representing the cost avoided by not having to generate or purchase energy;

- Avoided transmission and distribution capacity costs – representing the capital costs avoided by not having to build transmission and distribution facilities, and

- Avoided emissions - the environmental emissions avoided when electricity is not generated in conjunction with the values used in resource planning.

The following costs will be included in the calculation:

- Program design, administration, evaluation, advertising, and promotion – representing the costs to bring the program to customers;
• Customer education – efforts made by the Company to teach customers about energy efficiency and load management, including market transformation;

• Incentives and discounts – including rebates to customers (or vendors and trade partners) for purchase of efficient equipment, as well as upstream buy-downs at the manufacturer. Note that these dollars are treated as both a cost to the utility and as a benefit to the participant within the TRC Test;

• Customer DSM measure capital costs – the incremental cost of the purchase and installation of efficient equipment or measure;

• DSM measure-related operation and maintenance ("O&M") expenses and savings – ranging from changes in maintenance costs, etc. to reduced water use, labor costs, etc.

The benefits (or avoided costs) that will be used in cost-effectiveness analyses will be updated with each Biennial Plan (as discussed in Witnesses Sundin’s and Brockett’s testimonies) using the most recent company information.

Q. HOW IS THE BENEFIT-COST RATIO CALCULATED FOR A DSM PROGRAM USING THESE DEFINED BENEFITS AND COSTS? (PLEASE SHOW AN EXAMPLE).

A. The benefit-cost ratio is derived from summing the total benefits over the lifetime of the program and dividing this sum by the total first year costs of the program. A simple hypothetical example is shown in Exhibit No. SRD-1.
Q. HOW ARE THE NET ECONOMIC BENEFITS CALCULATED FOR A DSM PROGRAM OR PORTFOLIO? (PLEASE SHOW AN EXAMPLE).

A. Net economic benefits for the DSM portfolio (or program) are calculated by subtracting the current or first year value of program costs (borne by both the utility and the participant) from the present value of benefits (the discounted stream of avoided costs over the project’s life). The example in Exhibit No. SRD-1 also shows the net economic benefits calculation.

Q. WILL YOU USE ANY OTHER COST-EFFECTIVENESS TESTS TO ANALYZE DSM PROGRAMS?

A. Yes. The Company will use a set of additional tests as informal guidelines for evaluating the cost-effectiveness of DSM. These tests show the cost-effectiveness of proposed programs from different perspectives, allowing Public Service to assess how the programs will impact the Company, non-participants, and participants in the DSM programs. The results of these tests will be provided to the Commission for informational purposes as part of the Biennial Plan and in subsequent status reports. The other tests include:

- The Utility Test, which measures the net costs of a DSM program as a resource option based on the costs incurred by the program administrator (including incentive costs) and excluding any net costs incurred by the participant. The Company uses the Utility Test because it provides a fairly pure way of assessing the direct costs the utility directly incurs to produce DSM savings.
• The Ratepayer Impact Measure ("RIM") Test, which indicates the direction and magnitude a DSM proposal, has on customer bills or rates. Public Service uses this test to show how the proposed DSM programs will impact non-participants.

• The Participant Test, which assesses the quantifiable benefits and costs from the perspective of the customers who directly participate in DSM programs. Public Service uses this test to ensure that DSM programs will appeal to potential program participants.

Q. WHAT ARE NON-ENERGY BENEFITS AND ARE YOU PLANNING TO INCLUDE NON-ENERGY BENEFITS IN YOUR COST-EFFECTIVENESS ANALYSIS?

A. Non-energy benefits ("NEBs") are benefits that customers or society derive from DSM programs that are not quantified and captured through traditional engineering-based estimates of energy and demand savings. Examples of NEBs can include: reduced customer water usage, reduced customer operations and maintenance costs, reduced customer: debt and lower utility arrearage levels, or higher participant comfort and convenience levels. NEBs are sometimes also called non-energy impacts ("NEIs") to acknowledge the existence of non-energy costs as well as benefits.

With one exception, Public Service is not proposing to include NEBs in its cost-effective calculations. The Company has generally taken a more restrictive approach towards NEBs, mainly because of the difficulty in reliably quantifying their value. The one exception is the decision to include customer
DSM measure O&M cost and savings. Customer O&M costs and savings are typically more readily quantifiable and are more recognizable to customers than other non-energy benefits. For example, a business customer who installs high efficiency process equipment pump may save on both electricity and also reduce water use. In Public Service's models, such reduced water use would be captured as an offset to the increased customer's incremental cost of the high efficiency process equipment, thereby reducing the cost portion of the benefit-cost ratio and increasing the ratio itself. This practice is generally used with custom-type projects where the customer can readily identify these reduced (or increased) O&M costs.

Q. HOW DO YOU PROPOSE TO HANDLE GAS SAVINGS IN YOUR ELECTRIC PROGRAMS?

A. Electric DSM programs may impact gas consumption in at least two ways. First, a project such as an industrial process change or building envelope improvement may create both gas and electric savings. Second, a project, such as installing more efficient lighting, may provide electricity savings while causing increased natural gas consumption. (This occurs because the more efficient lighting gives off less heat, thereby making it necessary to raise the thermostat to maintain a similar pre- and post-project indoor temperature.) For programs that are likely to contribute substantial electric and natural gas savings, Public Service intends to offer both electric and gas components of the program. In this case, the energy savings will be applied to the electric and gas program accordingly. If there is no fuel-appropriate program, such
savings (or costs) would be incorporated into the cost-effectiveness analysis of the relevant program as an O&M savings (or cost) to the participant. The Company believes strongly that the integration of gas and electric DSM programs will provide increased opportunities to benefit customers.

Q. ARE THERE ANY EXCEPTIONS TO THE RULE THAT ALL DSM PROGRAMS SHOULD PASS THE TRC TEST WITH A RATIO GREATER THAN ONE?

A. Yes. As discussed in more detail below, Public Service proposes to treat low-income and pilot programs, as well as indirect costs and programs in a start-up mode differently with respect to the TRC Test.

Q. PLEASE DISCUSS HOW LOW-INCOME PROGRAMS WILL BE MODELED FOR COST EFFECTIVENESS.

A. Although low-income programs produce demonstrable energy savings and provide benefits to customers, the costs to achieve such savings generally are higher than with other programs. Public Service is committed to running successful low-income programs and will strive to achieve benefit-cost ratios greater than 1.0 for these programs. Because this may not be possible, however, the Company seeks approval to recover its prudently-incurred low-income program costs even if the program does meet the 1.0 threshold. Allowing flexibility for such programs is consistent with SB 07-022 (C.R.S. 40-3-106(1)(d)(f)), which authorizes the Commission to approve any service that makes or grants a reasonable preference or advantage to low-income customers.
Q. WITH THIS PROPOSED MODIFICATION TO THE BENEFIT-COST RATIO FOR LOW-INCOME DSM PROGRAMS, WILL THE COMPANY ENSURE THAT ITS OVERALL DSM PORTFOLIO REMAINS COST-EFFECTIVE UNDER THE TOTAL RESOURCE COST TEST?

Yes, the entire portfolio, which will include the costs for the low-income programs, as well costs for indirect programs, pilot programs, and start-up programs, will have to remain cost-effective based on the Total Resource Cost Test. This also is in keeping with the provisions of SB07-022 (C.R.S. 40-3-106(1)(d)(III)), which requires the Commission, when making or granting a reasonable preference or advantage to low-income utility customers, to take into account the potential impact on, and cost-shifting to, utility customers other than low-income utility customers.

Q. ARE THERE ANY OTHER TYPES OF PROGRAMS THAT PUBLIC SERVICE PROPOSES TO BE EXCEPTED FROM THE GENERAL COST-EFFECTIVENESS GUIDELINES?

A. Yes. The Company proposes alternative guidelines for pilot programs, which are temporary offerings, often to a subgroup, meant to test the marketability of new measures or concepts. Pilot programs are useful when a market, technology, or approach is unproven or the risk of loss from launching a full-scale program is high (e.g., full-scale program roll-out is costly and program failure could harm other programs). One of the objectives of operating a pilot program is often to test the cost-effectiveness of such a program.
Q. WHAT SORT OF SPECIAL TREATMENT DOES PUBLIC SERVICE PROPOSE THAT PILOT PROGRAMS RECEIVE?

A. Public Service requests that the Commission allow an exception to be made for the cost-effective standard for pilot programs, while allowing the costs of such programs to be recovered through our cost recovery mechanism. The Company will strive to implement pilot programs that are cost-effective, but requests to be able to recover expenditures on pilot programs even if they are not. Further, the Company will count any savings resulting from its pilot programs, regardless of cost-effectiveness, towards Public Service’s DSM goals.

Q. ARE THERE ANY OTHER PROGRAMS THAT YOU PROPOSE TO TREAT DIFFERENTLY WITH RESPECT TO COST-EFFECTIVENESS REQUIREMENTS?

A. Yes. I propose that “indirect programs and activities” and programs in a start-up mode not be required to meet the statutory cost-effective requirements. Indirect programs and activities are those that do not directly produce energy or demand savings but do contribute indirectly to cost effective demand-side management program. They may also produce savings but they are not easily measured. In this sense, these programs are like “education programs” as defined in Section 1 of House Bill 07-1037 (C.R.S. 40-1-102 (7)). Under the statute, education programs are not subject to independent cost-effectiveness requirements, and other indirect programs and activities should be afforded similar treatment. Indirect programs include
comprehensive program evaluations, market potential studies, market
analysis, market transformation activities, consumer education, planning and
administration, and product design and development. These activities, with
the exception of market transformation, basically support the direct impact
programs (i.e. those with quantifiable energy/demand savings). Most market
transformation activities (e.g. ENERGY STAR) rely heavily on education to
encourage customer purchase of energy efficient equipment and do not lend
themselves to accurate quantification of energy/demand savings. Public
Service does not conduct cost-effectiveness evaluations on indirect programs
and activities, but their costs are included in cost-effectiveness evaluations at
the portfolio level.

In addition, programs that are in their stand-up phase may also have
difficulty meeting cost-effective requirements due to higher initial costs and
potentially slow initial customer response. This could also result from timing
issues if a program is launched mid year and incurs costs without realizing
sufficient customer participation (and thus energy and demand savings) by
the end of the calendar year.

III. RESULTS OF STATUTORY MINIMUM DSM PLAN AND ENHANCED
   DSM PLAN COST-EFFECTIVENESS TESTING

Q. PLEASE DESCRIBE THE PLANS FOR WHICH YOU CONDUCTED COST-
   EFFECTIVENESS EVALUATIONS.

A. We conducted cost-effectiveness evaluations on both the statutory minimum
   DSM plan and the Enhanced DSM Plan. Please see the testimony of
Witness Sundin for additional details regarding the goals and budgets for these plans.

Q. WHAT SPECIFIC PORTFOLIOS, PROGRAMS, OR MEASURES WERE MODELED FOR COST EFFECTIVENESS?

A. Except for the Saver’s Switch® (air conditioner cycling) Program, the Company did not model specific programs in either plan. Rather, within each plan, Public Service modeled technology end-use bundles for cost-effectiveness. These end-use bundles are groupings of DSM measures that lend themselves to development of long-term scenarios for resource planning purposes and were grouped together from measure tables supplied by KEMA and Quantum Consulting in the Colorado DSM Market Potential Assessment, completed March 31, 2006. Since the original study only contained DSM potentials through the year 2015, Public Service requested an update out to the year 2020. On July 5, 2007, KEMA sent an updated worksheet that contains the economic potential for each individual measure out to the year 2020. For each of these individual end use measures we were given their total economic potential in GWh and MW through the year 2020 and first year costs for the incremental costs of the measure, the administration costs, and the marketing costs per first year kWh. (The Assessment report and updated worksheet are provided as exhibits to Witness Sundin’s testimony). The end use bundles are described below:
Business End-Use Bundles:
- Compressed Air – contains industrial compressed air systems and related components;
- Cooling – contains air conditioning, chillers, ventilation equipment, and related components;
- Lighting – contains lighting components and designs including bulbs, ballasts and controls;
- Motors – contains pumps and fans and related components; and
- Miscellaneous – contains miscellaneous plug loads, computer equipment, process equipment, refrigerator fan motors, vending machine, etc.

Residential End-Use Bundles:
- Cooling – contains air conditioning and evaporative coolers and associated measures;
- Lighting – contains compact florescent lighting fixtures and ballasts;
- Refrigeration – contains refrigerators and freezers;
- Miscellaneous – contains insulation, low flow showerheads, pipe wraps, and clothes washers; and
- Saver’s Switch® Program.

Q. HOW WERE THESE END USE BUNDLES USED IN THE COST EFFECTIVENESS MODELING?
A. Some assumptions were made in order to estimate the total costs of the Business and Residential segments within the Enhanced DSM Plan. First,
we needed to decide what the penetration of residential to business potential should be that would make up the total goal of 50 percent of the total economic potential. We have found through our past experience in Colorado and Minnesota, that a larger level of penetration can be achieved more cost-effectively in the business segment than in residential. Based on this information, we assumed a penetration of 25 percent of the total residential economic potential, which accounts for 17 percent of the overall portfolio goal. The balance of the overall portfolio goal, or 83 percent, would come from the business segment, representing a penetration of 63 percent of the total business economic potential.

To estimate the costs at these penetration levels, assumptions were made for rebate levels and the costs of administration and marketing ("A&M"). Again, using our experience and historical achievements and costs in both Colorado and Minnesota, we assumed a 60 percent rebate level and for business we doubled the study's estimates of A&M costs. For the residential segment, the cost levels from our Minnesota programs were used for the corresponding residential end-use bundles. These costs assumptions were then applied to the individual measure incremental capital and utility administration and marketing rates that were supplied by KEMA to yield the resulting goal cost levels.

Using these cost assumptions and the avoided costs that are discussed next in this testimony, TRC ratios and net benefits were calculated for each end-use bundle. The net benefits and costs for the entire portfolio
were then summed across these bundles of measures to calculate a portfolio-wide TRC net benefit and ratio estimates as shown later in my testimony.

Q. PLEASE PROVIDE MORE DETAIL REGARDING THE AVOIDED COSTS YOU USED IN YOUR COST-EFFECTIVENESS MODELING FOR THE STATUTORY MINIMUM DSM PLAN AND THE ENHANCED DSM PLAN.

A. I have included the detailed avoided cost information and assumptions as Exhibit No. SRD-2. The avoided cost assumptions used in analyzing these two plans are based on current Company information and both the methodology for determining avoided costs (i.e., the comparable supply-side asset or plant used in the assumptions) and the avoided cost values will be updated with each Biennial Plan.

Q. PLEASE PROVIDE AN OVERVIEW OF THE RESULTS OF YOUR COST-EFFECTIVENESS EVALUATIONS FOR THE STATUTORY MINIMUM DSM BASE PLAN AND THE ENHANCED DSM PLAN.

A. As Table 1 below shows, the statutory minimum DSM Plan has a benefit-cost ratio of 2.16 while the Enhanced DSM Plan has a benefit-cost ratio of 1.82. These scenarios were modeled for the period 2007-2020.

| Table 1: Cost Effectiveness of Statutory Minimum DSM Plan versus Enhanced DSM Plan |
|-----------------------------------------------|-----------------|-----------------|-----------------|
| TRC PV $(Nominal) of Benefits                  | $1,646.9 M      | $2,948.1 M      |
| TRC PV $(Nominal) of Costs                     | $764.1 M        | $1,616.3 M      |
| Net PV $(Nominal) Benefit (Cost)               | $882.8 M        | $1,331.8 M      |
| Benefit-Cost Ratio                             | 2.16            | 1.82            |

Q. WHY ARE YOU PROPOSING THE ENHANCED DSM CASE IF THE STATUTORY MINIMUM DSM PLAN HAS A HIGHER BENEFIT-COST RATIO?
Although the Enhanced DSM Plan has a lower benefit-cost ratio, the Enhanced Plan produces much higher net benefits and is still cost-effective when compared to the supply-side resources that it avoids. Also, even though the benefit-cost ratio for the Enhanced DSM Plan is lower than the statutory minimum DSM Plan, there are other critical policy reasons for recommending the Enhanced DSM Plan, such as the Company’s focus on meeting our customers’ energy needs in a balanced, cost-effective, and environmentally-friendly manner. These policies are discussed in more detail in Witness Stoffel’s testimony.

IV. EVALUATION, MEASUREMENT, AND VERIFICATION

Q. WHAT DO YOU MEAN BY EVALUATION, MEASUREMENT, AND VERIFICATION?

A. Evaluation, measurement, and verification refer to the practices employed by DSM program administrators to reliably document program achievements (or impacts) and, in turn, improve program designs and operations.

Q. WHY IS IT IMPORTANT TO HAVE A PLAN FOR EVALUATION, MEASUREMENT, AND VERIFICATION?

A. Evaluation, measurement, and verification help document DSM program effects and improve program design and operations to maximize the cost-effectiveness with which resources are acquired. An evaluation, measurement, and verification plan enables stakeholders to determine before programs begin how results of the DSM portfolio will be analyzed, assessed, and documented, and whether such a plan strikes an appropriate balance
between thoroughness and cost. In the 2009-10 Biennial Plan (to be filed
July 1, 2008), Public Service will propose a comprehensive evaluation,
measurement, and verification plan. Specifically, the plan will ensure that:

- Every program within the portfolio has a measurement and
  verification plan;
- Comprehensive program evaluations are conducted periodically
  based on cost and need; and,
- On-going measurement and verification is included in individual
  program budgets.

Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN ON-GOING
MEASUREMENT AND VERIFICATION AND PERIODIC COMPREHENSIVE
PROGRAM EVALUATIONS.

A. On-going measurement and verification ("M&V") refers to the activities
conducted in support of program delivery and range from field audits of
sample customers, to project pre- and post-metering, to Saver's Switch®
anual load research. The decision on what level of M&V activities to
conduct are based on the characteristics of the individual program and the
respective participants. Because of the high expense and difficulty of
metering, pre- and post-metering is conducted based on the size of the
program or project savings. Such on-going measurement and verification
would be included within individual program budgets and care is taken to
ensure that the costs of these on-going M&V activities are kept in perspective
within the program budget. These M&V activities are conducted continuously
for each program with the aim of verifying the gross savings attributed to the program.

Comprehensive program evaluations, also known as impact and process evaluations, may be conducted following the launch of a new program, when there is a major program change (such as changing from downstream incentives to upstream incentives), or if the program is experiencing problems meeting its goals. These studies would help: 1) validate savings calculations (including net-to-gross ratios), and 2) identify program improvements. Nearly every program will be comprehensively evaluated at least once over an 8-year period. Exceptions to this rule would include short-lived programs, low-savings impact programs, or programs with extensive national data on the net-to-gross ratios and/or process information that could be easily used for the Company’s Colorado service territory. Because the costs for comprehensive evaluations are often quite high, Public Service will evaluate the need to conduct such studies and weigh the costs versus benefits before commencing. Also, because the costs for these evaluations are high, they will be included in the “Indirect Activity” category of costs and not within each program budget.

Q. PLEASE EXPLAIN WHAT YOU MEAN BY NET-TO-GROSS RATIO?

A. Net-to-gross ratio is the ratio of net DSM program impacts divided by gross or total impacts. “Net DSM program impacts” refer to the calculation of impacts incorporating free riders and free drivers. Free rider calculations estimate the number of customers who would have installed DSM measures even in the
absence of a rebate from the program while free driver calculations estimate
the number of customers who install a DSM measure because of the
program's influence but did not receive a rebate. Equal and offsetting
numbers of free riders and free drivers result in a net-to-gross ratio of 1.0 (no
savings discount).

Q. HOW WILL YOU INCORPORATE THESE NET-TO-GROSS RATIOS?
A. Net-to-gross ratios are included in savings and cost-effectiveness calculations
for each DSM program. Public Service proposes that net-to-gross ratios
would remain the same during the course of a Biennial Plan; any updates
determined based on periodic impact and process evaluations would be
incorporated into prospective programs.

Q. ARE YOU RECOMMENDING A CAP ON EXPENDITURES FOR
COMPREHENSIVE PROGRAM EVALUATIONS OR ON-GOING
MEASUREMENT AND VERIFICATION ACTIVITIES?
A. No, Public Service is not recommending spending caps on either of these
activities because the emphasis placed on overall portfolio cost effectiveness
and maximizing net benefits effectively disciplines the Company's spending in
these areas. For on-going M&V, portfolio managers need to ensure that their
programs are cost-effective and verifiable; therefore, they will as a matter of
course seek to balance expenditures on on-going M&V with expenditures on
other direct impact activities.

Comprehensive program evaluations will be included in the category of
"indirect activities" costs. As discussed earlier in my testimony, these costs

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are included at the overall portfolio level for calculating net economic benefits and benefit-cost ratios. Since it is in Public Service’s interest to keep the entire portfolio cost effective, the Company again has a natural incentive to keep these year-to-year costs reasonable and balanced with the rest of the portfolio costs. For these reasons, we do not feel it is necessary to include a cap on these expenditures.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Public Service proposes to use the Total Resource Cost Test as described in HB07-1037 to determine the cost-effectiveness of our DSM programs and portfolio. However, this test should not apply to low-income programs, pilot programs, indirect programs and activities, and programs in the start-up year, as each of these types of programs presents unique circumstances. The entire DSM portfolio of programs will be required to pass the TRC Test, which will include the costs of the excepted programs. On-going measurement and verification plans will be required and conducted continuously for each program within the DSM portfolio. Comprehensive impact and process evaluations will be conducted for most programs but at less frequent intervals and will be implemented based on a demonstrated business need and under a balance of benefits and costs. Public Service does not recommend a cap on these expenditures.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.
Statement of Qualifications

Suzanne Doyle

I graduated from Augsburg College in Minneapolis, Minnesota with a Bachelor of Arts degree in Business Administration. In 2005, I completed the Qualified Project Manager Certificate degree at the University of St. Thomas.

I have been employed by Xcel Energy, previously Northern States Power Company, for 35 years. From 1972 through 1977, I was an administrative assistant in the Consumer Education and in the Research Department of Northern States Power Company. In 1977, I transitioned to a Data Analyst position in the Research Dept where I was responsible for translating energy data from customer meters into load characteristic data. In 1979, I became Supervisor of Translation Operations. In 1983, I assumed the position of Senior Load Research Analyst in the Load and Market Research Department. In 1988, I was promoted to the Administrator of Load Data Management and within the same year assumed the position of Administrator of Load Research Analysis. In 1996, I became the Manager of the Load Research Department. My primary responsibilities in the Load Research Department were to lead a team in preparing jurisdictional, class, and customer energy and demand data to be used in cost of service studies for rate cases and in forecasting utility loads, and to evaluate the demand savings impacts of load management programs; such as through interruptible rate programs and air conditioning cycling programs.

In November of 2005, I assumed my current position as Manager of DSM Regulatory Strategy and Planning. I manage a team whose primary responsibilities
are to set Xcel Energy's energy efficiency policies, develop plans for Xcel Energy's energy and demand savings goals and budgets, track and report on energy efficiency financial operations, prepare energy efficiency regulatory reports and filings, and analyze the cost-effective of DSM programs and portfolios in each of Xcel Energy's eight states with active energy efficiency programs or pending legislation.