

APPENDIX D

PRG Participation Working Group

August 30, 2007

PROPOSAL FOR NEW ADVISORY GROUP FOR PROCUREMENT USING COST ALLOCATION MECHANISM

Objective:

Development and use of a separate advisory group by the utilities when considering procurement using the “all benefiting customers” cost allocation mechanism (“CAM”) approved in D.06-07-029 or a successor CAM that would allocate costs to both bundled and non-bundled customers.

Rationale for Separate Advisory Group:

The Procurement Review Groups (“PRGs”) were established as advisory groups for the utilities’ bundled procurement process. With the CAM, certain customers, including bundled customers and customers supplied by direct access (“DA”) suppliers and by community choice aggregators (“CCAs”), will now be required to pay part of the costs of utility procurement for certain new generation projects that are procured to ensure system reliability. The current PRGs do not include any individuals who solely represent end-use customers served by DA providers or by CCAs. A separate advisory group, the “CAM Group,” should be established to represent *all* customers paying the costs of procurement when a utility is engaged in procurement activities where the costs may be allocated using the CAM. The CAM Group will include bundled customer representatives, as well as DA, CCA, and other non-bundled customers’ representatives, as described in more detail below.

When Use of the Separate Advisory Group is Required:

The utility will use the CAM Group as its advisory group when procuring new generation resources and recovering the costs associated with these resources through the CAM. When the utility specifies that it will procure new generation resources and recover the costs associated with these resources

solely from bundled utility customers, the PRG will continue to serve as the utility's advisory group.

Triggering the Separate Advisory Group:

The utility will use the CAM Group whenever it is engaging in procurement where the costs may be recovered using the CAM. The utility will notify the Energy Division and the participants of the CAM Group at the time of its decision to begin such procurement. If the utility is undecided at the time it begins its procurement process, the utility will employ the CAM Group for all associated advisory group meetings until such time as it decides to restrict procurement solely to meet its bundled customers' needs.

Activities of Separate Advisory Group:

The CAM Group will operate identically to the PRG, except that it will only review and consult on procurement activities for which costs may be recovered using the CAM. The CAM group will not convene during the planning (*i.e.*, the load and system net-short forecasting) process for meeting bundled utility customers' needs. The CAM Group will convene at least seven days prior to a utility's issuance to the marketplace of the RFO solicitation for which costs may be recovered using the CAM.

Access to Information:

The CAM Group participants will have access to the same types and quality of information as do PRG participants, except that the scope of the procurement review will be limited to that for which costs may be recovered using the CAM (*i.e.*, CAM Group participants are not entitled to receive information that is related to bundled-service procurement, except that PRG participants may request such information through the PRG process). The CAM Group participants will have the same right to request and receive additional information from the utilities as do PRG participants for bundled procurement-related activities.

Meetings of Separate Advisory Group:

The meetings and conference calls of the CAM Group will solely address procurement using or potentially using the CAM. Meetings of the PRGs addressing procurement for bundled utility customers may be held immediately before or after the meetings of the CAM Group or at any other time. Unlike the PRG, the utilities will not be obligated to conduct quarterly face-to-face meetings with the CAM group.

Requirements of CAM Group Members:

Participation in the CAM Group – The current PRG participants will be participants of the CAM Group, if they so choose, subject to their execution of a Non-Disclosure Agreement (“NDA”) for the CAM Group. Commission personnel may participate in a utility’s CAM Group under the same conditions that they participate in the utility’s PRG. A reasonable number of non-wholesale market representatives that are end-use DA, CCA, and other non-bundled customers, as well as non-wholesale market participant groups whose representation includes such customers, shall be allowed to participate in each utility’s CAM Group.

Intervenor Compensation – PRG participants should continue to be eligible to obtain intervenor compensation for their participation in the CAM Group under the same conditions that the Commission’s rules govern such compensation for PRG participation. Non-PRG participants who are authorized to receive intervenor compensation shall qualify for such compensation for their activities in the CAM Group pursuant to the Commission’s rules that govern such compensation.

Qualities of Non-PRG Participants – Each non-PRG participant in the CAM Group will either be an end-use customer or an individual hired to represent end-use customers’ interests, and shall not be a wholesale market participant or represent a wholesale market participant. For example, the representative for DA customers could be a non-wholesale market participant end-use customer

who has accounts supplied through DA service. The CCA representative could be a non-wholesale market participant resident of the community that has implemented a CCA. Alternatively, the non-PRG CAM Group participants could be consultants or attorneys for groups that represent DA end-use customers, CCAs, or other non-bundled customers in whole or in part in proceedings before the Commission, provided that the representatives execute and comply with the CAM Group NDA.

Obligations of non-PRG Members – The non-PRG participants of the CAM Group are obligated to sign the same NDA that is signed by the PRG participants, except that it will be modified only as necessary to reflect the new organization of customer interests in the CAM Group. Subsequent changes to the PRG and CAM Group NDAs shall be done in a consistent manner, except as necessary to delineate the composition of each advisory group.

Disputes – Disputes regarding the appropriateness of an entity (or its representatives) participating in the CAM Group shall be submitted to the Commission for resolution.

Effective Period – Each utility shall be required to establish its CAM Group for solicitations of new generation projects subject to the CAM in advance of the commencement of such procurement activity. However, utilities shall be permitted to continue to utilize their existing PRG process in lieu of the CAM Group process to conclude existing, on-going CAM procurement activity, provided that the utilities shall make final contract selection decisions within 60 days of a final decision in Track 2 of the 2006 Long-Term Procurement Plan Proceeding (R.06-02-013).

(END OF APPENDIX D)