



Colorado Springs Utilities
It's how we're all connected

Investing in Energy Efficiency and Renewable Energy Projects

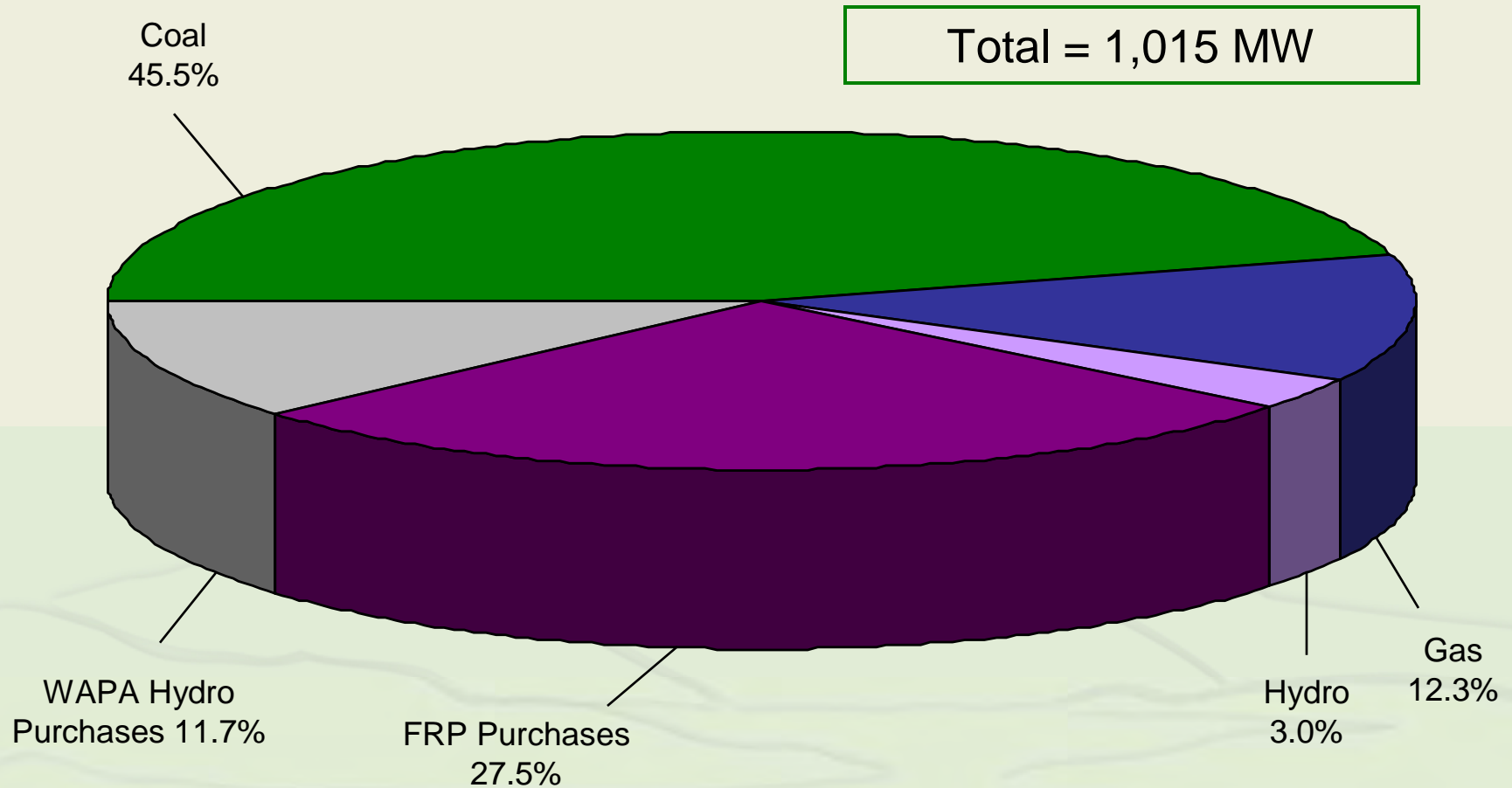
John Romero
Colorado Springs Utilities



Introduction

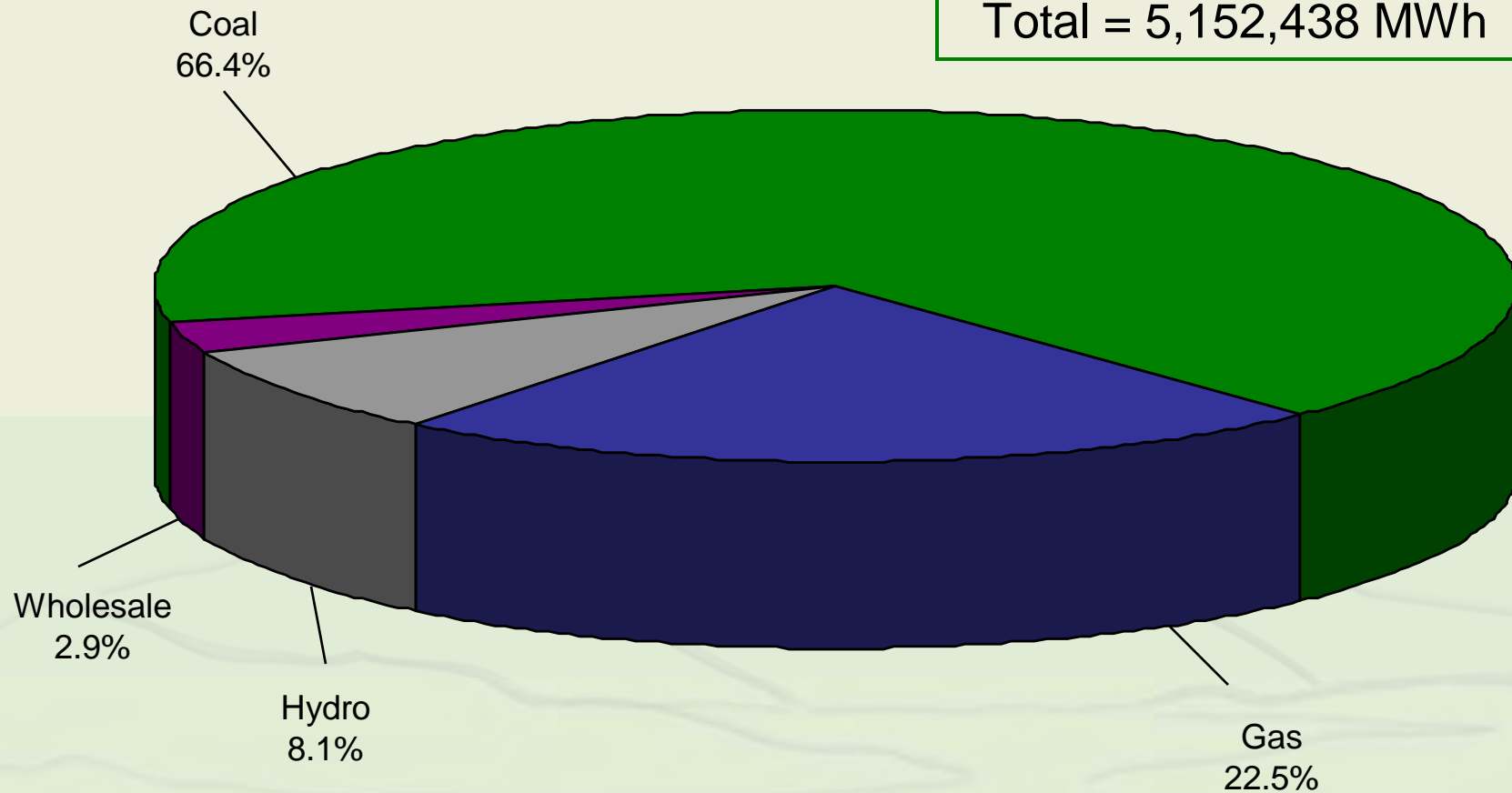
- Springs Utilities' Electric System
- Resource Planning for our Future
- Financing of Resource Projects
- Partnering for Sustainability

2007 Capacity by Fuel Type



2007 Energy by Fuel Type

Total = 5,152,438 MWh



Note: Wind = 0.04% of total

2007 Transmission/Distribution System

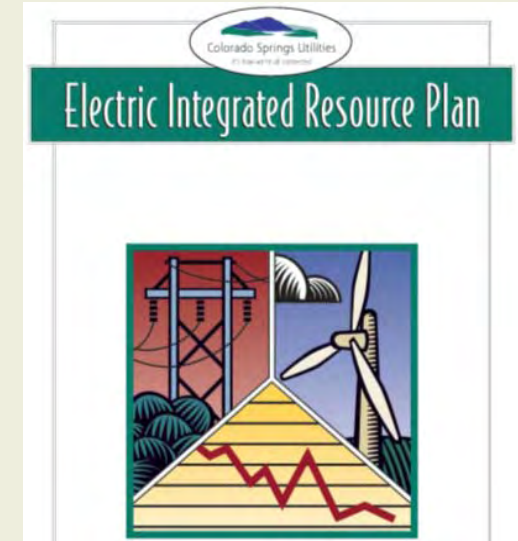
- 1,083 miles of overhead conductor
 - 77 miles of 115kV
 - 126 miles of 230kV
- 2,349 miles of underground conductor
 - 24 miles of 115kV
- 10 transmission substations
- 45 distribution substations

Electric Resource Planning Process

- **Electric Integrated Resource Plan**
 - Engages the public
 - Balances cost, reliability, and environmental issues
 - Is required by WAPA to qualify for federal hydro power
 - Long-term, ongoing strategic plan to ensure power supply
 - Considers pending clean air regulations
- **Electric Transmission Plan**
 - Evaluate additional transmission interconnection opportunities, as needed, to support supply options
- **Electric Distribution System Modeling**
 - Optimize distribution system expansions and improvements

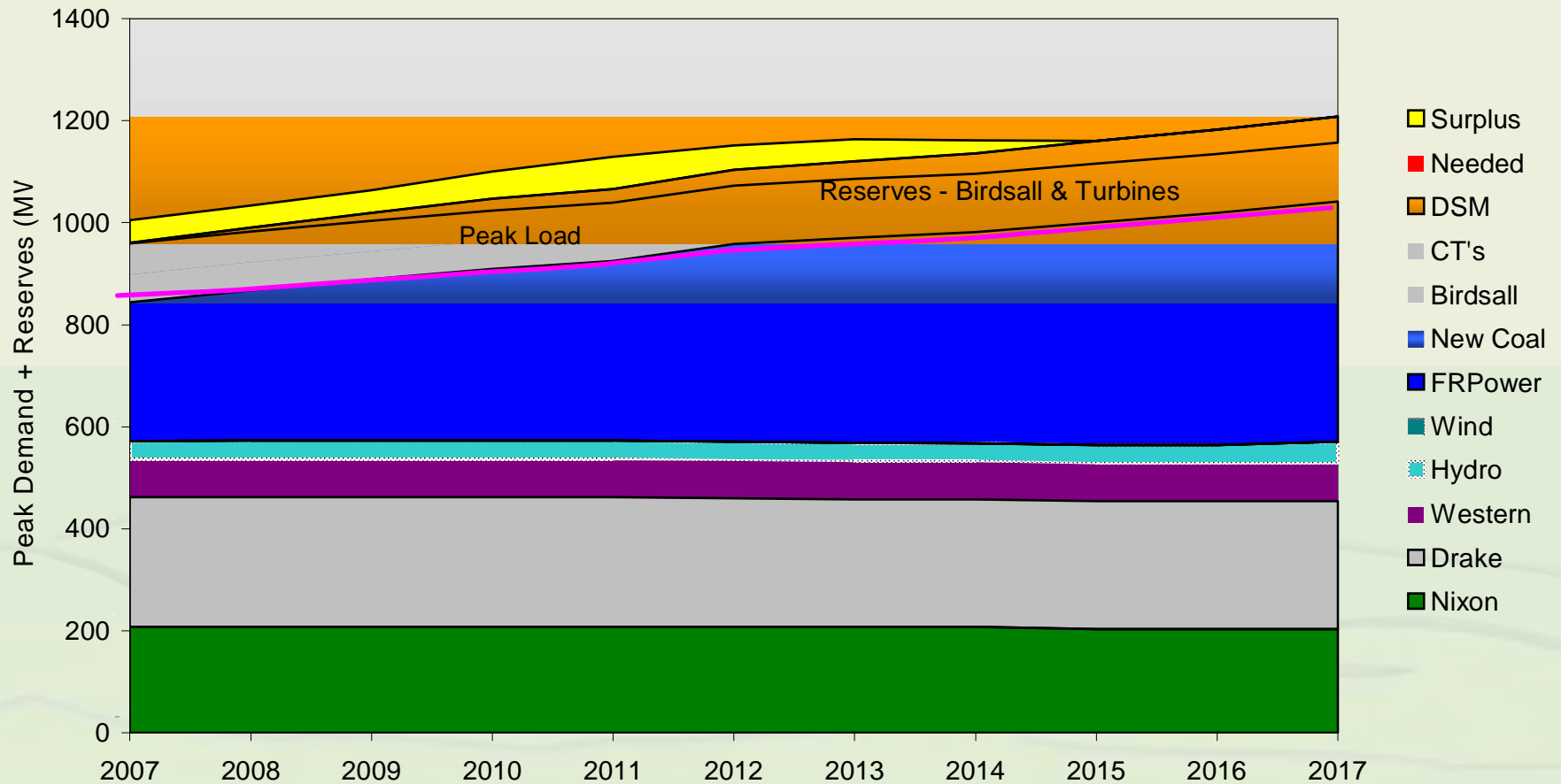
2007 EIRP Update and Action Plan

- Planning Margin
 - Current 12% margin
 - Phase into 15% to 18% margin over the next 7 years
- Environmental Issues
 - Possible CO₂ legislation
 - Governor's Climate Plan
- Need for peaking and new base load capacity, and DSM
 - Next base load generation, defer from 2014 to 2016
 - Demand Side Management potential study underway
 - Need for more robust, diverse portfolio with customer choice options
 - Additional research and resource analysis over the next 12 months
- 10 - 100 MW wind (issued RFP) and wind integration study
- EIRP draft report under review by management and later by Officers Team

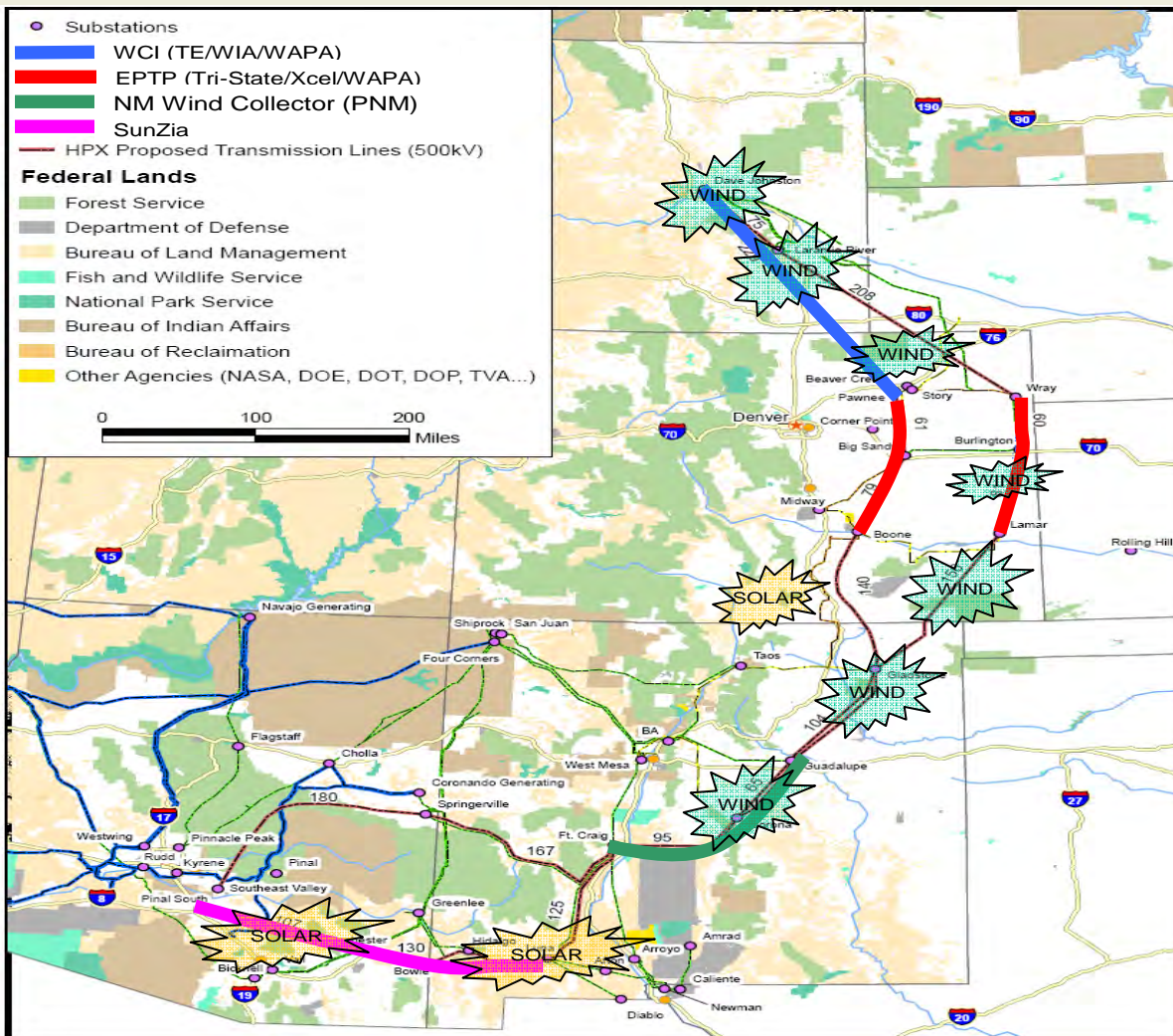


Generation Resource Planning

Summer Peak - March 2008 Load Forecast (Megawatts)



Transmission Planning



High Plains Express Initiative

A Roadmap for Regional Transmission Expansion

Description

- Two 500 kV AC Lines
 - Exact Routes TBD
- ~3,500 MW Capacity
- ~\$5 Billion

Benefits

- Renewable development
- Enhanced reliability
- Consumer savings

Participants

- 7 Utilities
- 3 State Transmission Authorities
- 1 Transmission Developer

Map does not represent actual easements or transmission corridors

Colorado Renewable Energy Standard

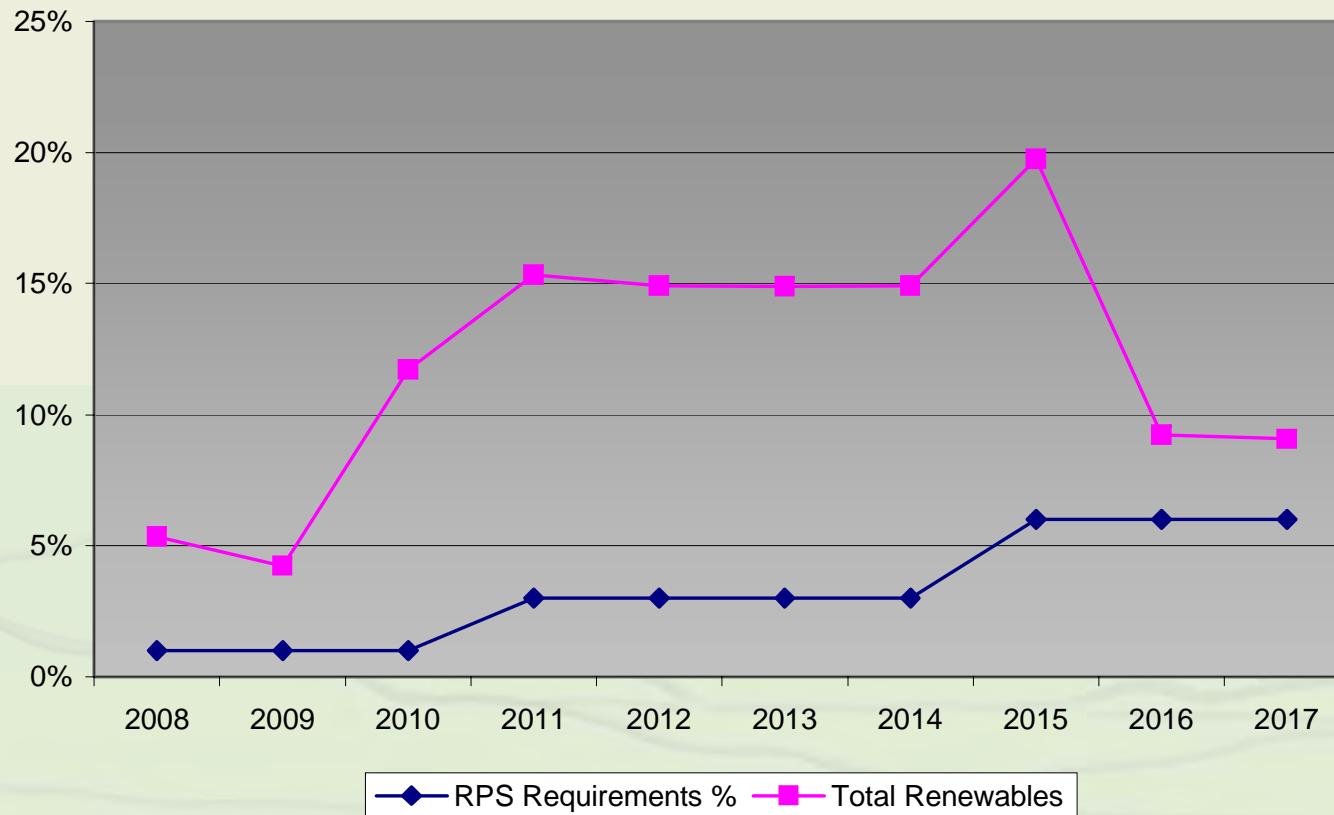
- Original bill approved by Colorado voters in November 2004
- New bill (HB 07-1281) signed by Governor Ritter on March 27, 2007
- Creates Resource Portfolio Standard (RPS) for retail electric utilities in Colorado that serve over 40,000 customers
 - Requires a defined percentage of retail sales to come from eligible renewable energy resources (solar, wind, geothermal, qualifying biomass, and existing hydroelectric generation with a nameplate rating of 30 MW or less)

	<u>Previous Standard</u>	<u>Current Standard</u>	
	<u>All Utilities with >40,000 customers</u>	<u>Investor Owned</u>	<u>Rural Electric / Municipalities</u>
2007	3%	0%	0%
2008	3%	3%	1%
2011	6%	6%	3%
2015	10%	10%	6%
2020	10%	20%	10%
Rate Cap Limit	1%	2%	2%

Potential Renewable Energy – RPS

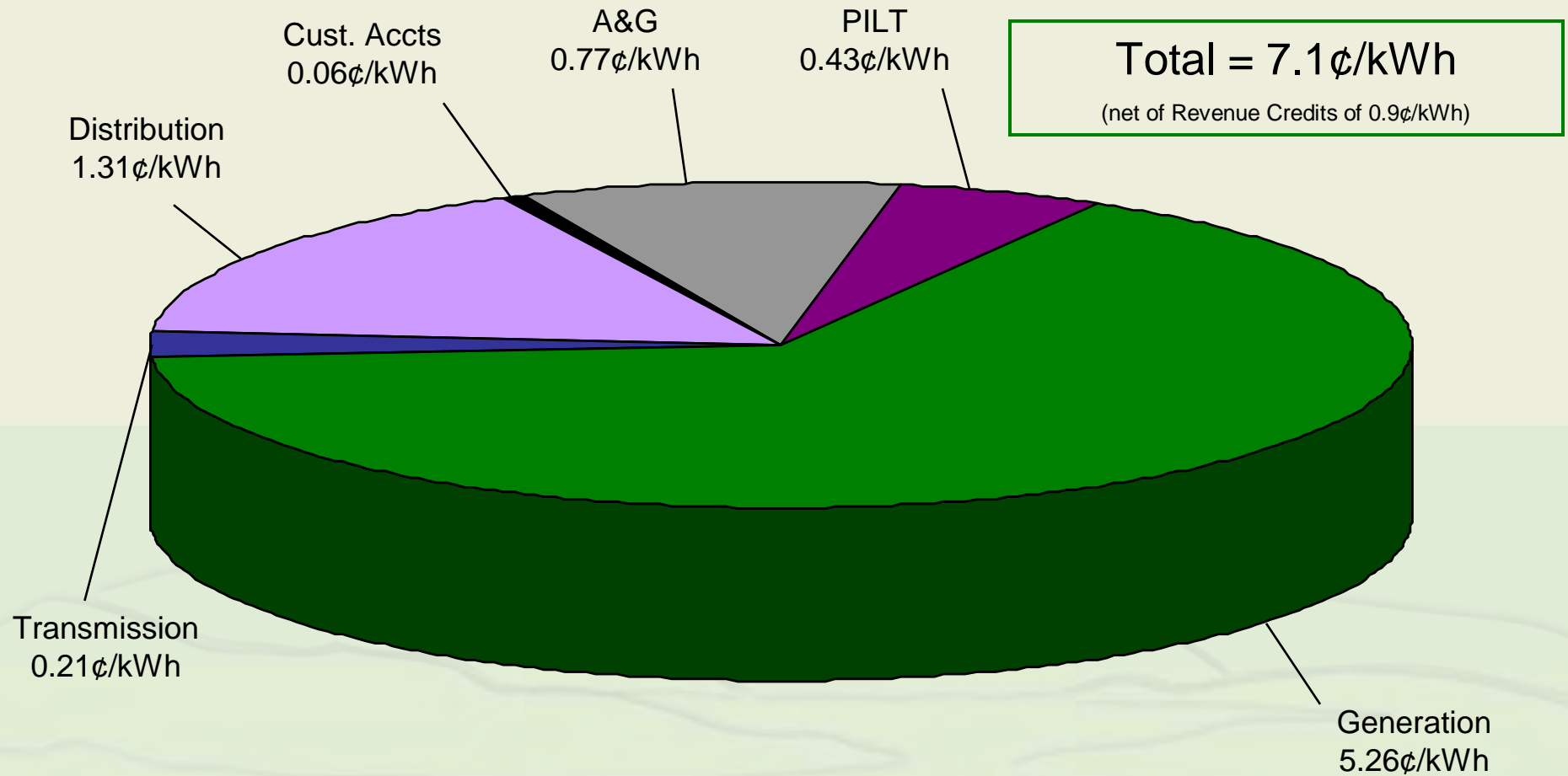
with RECs and 100 MW wind in 2010

RPS Mid DSM



The Wind Integration Study will define the amount of wind generation the system can integrate

Unbundled Avg. Cost of Power



Note: Based on 2008 approved budgeted cost and sales used in 2008 Electric rate case

Considerations for Structuring Project Financing

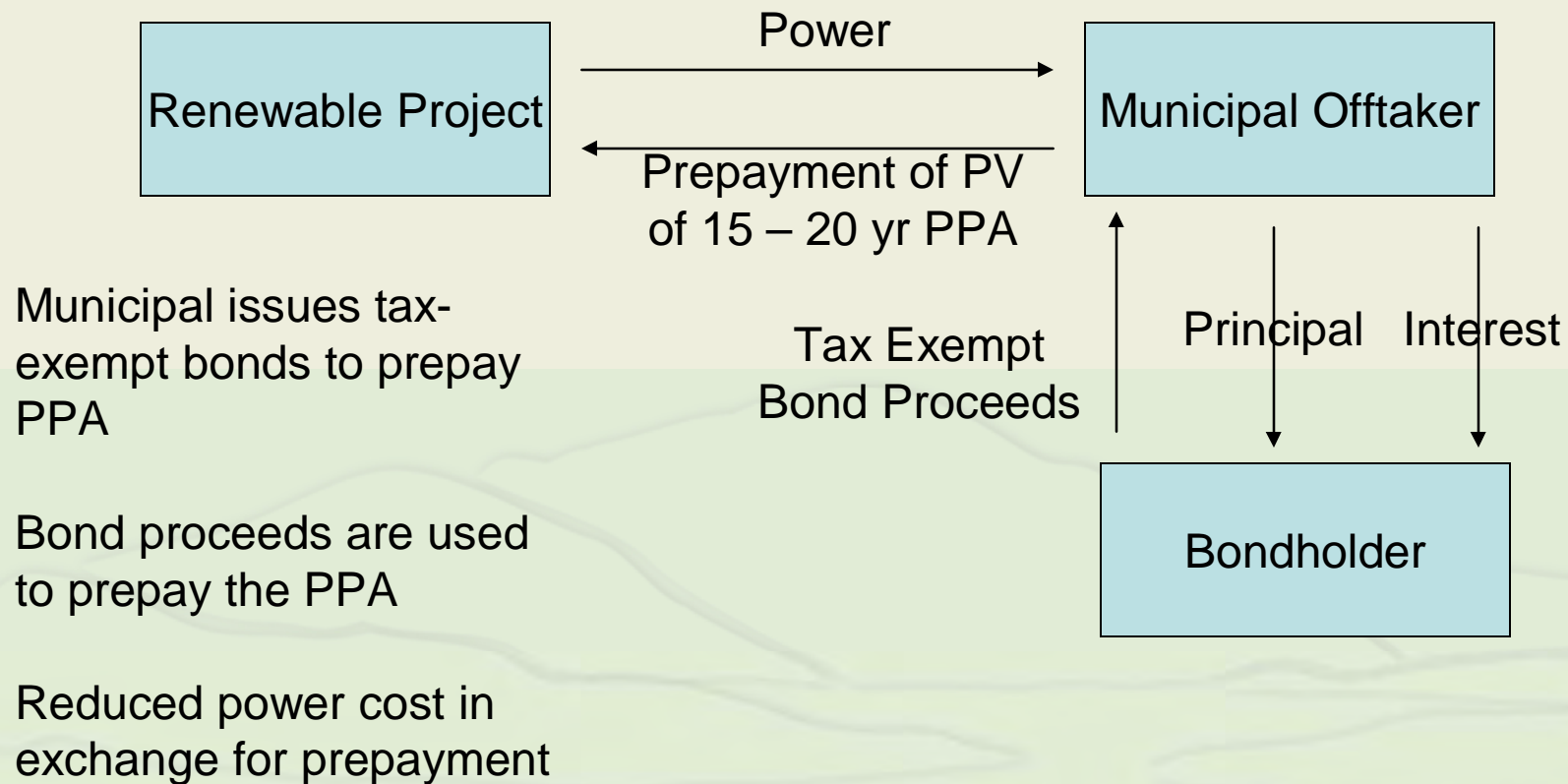
- Optimization of Revenue Streams
 - Sales Revenue
 - Producer Tax Credit
 - Renewable Energy Credits
- Project Structure to Achieve Low Cost of Power
- Ownership
- Project Operation

Potential Financing Structures

- **Clean Renewable Energy Bonds (CREBs)**
 - Geared towards smaller projects
 - Must be municipally owned
 - No interest paid for project
- **Prepaid Service Contract**
 - Prepay for electricity in exchange for discount on electricity
 - Prepayment financed in tax-exempt bond market

Springs Utilities' will evaluate all available financing options. Prepayment and CREBs are only two examples of many options which may be evaluated.

Prepayment Example



Partnering Opportunities

- Leverage SU Financing Options to Develop Mutually Beneficial Renewable Energy Projects Resulting in Long-term PPA's with the Military
- Commit to Supporting Long-term PPA for Wind Energy beginning in 2010
- Evaluate SU Rebates for Conservation and Renewables (e.g. solar PV)
- SU to Issue RFI in Q1-09 to Evaluate Renewable Opportunities to Support Military
- Develop Working Group to Create Military/Utility Sustainable Resource Plan

"...meeting the demands of the present without compromising the ability of future generations to meet their own needs"

Brundtland Report