

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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**IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO) DOCKET NO. _____
FOR APPROVAL OF ITS 2011 ELECTRIC)
RESOURCE PLAN)**

DIRECT TESTIMONY OF JANNELL MARKS

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

October 31, 2011

1 A. Yes. A description of my qualifications, duties, and responsibilities is included
2 as Attachment A.

3 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

4 A. The purpose of my testimony is to support the sales and peak demand
5 forecast filed in Public Service's 2011 Electric Resource Plan. In addition, I
6 will provide a brief description of the sales and peak demand forecast and the
7 methodology used to develop the forecast.

8 **II. SALES AND PEAK DEMAND FORECAST**

9 **Q. PLEASE DESCRIBE PUBLIC SERVICE'S SALES AND PEAK DEMAND**
10 **FORECAST.**

11 A. Public Service's Base Case native sales (retail and firm wholesale
12 requirements) are projected to increase at a compounded annual rate of 0.03
13 percent through 2018. This compares to average annual decreases over the
14 past five years of -0.8 percent. Public Service's Base Case native peak
15 demand is expected to grow at a compounded annual rate of 0.3 percent
16 through 2018. This compares to average annual growth over the past five
17 years of 0.02 percent. The forecast of native sales and peak demand
18 includes achievement of the Demand-Side Management ("DSM") goals
19 consistent with the Strategic Issues docket. The low historical period growth
20 rates are due primarily to the loss of wholesale customers during these time
21 periods, in addition to the current weak economic conditions.

22 **Q. WHAT METHODOLOGY DOES PUBLIC SERVICE USE TO FORECAST**
23 **SALES AND PEAK DEMAND?**

1 A. Public Service uses monthly historical customer, sales and peak demand
2 data by rate class, together with weather, economic, demographic, and price
3 historical data and forecasts to develop its forecasts of sales and peak
4 demand. The Company uses a Statistically-Adjusted End-Use (“SAE”)
5 modeling approach, as well as regression models and trend analysis.

6 **Q. WHEN WAS PUBLIC SERVICE’S RETAIL ELECTRICITY SALES
7 FORECAST DEVELOPED?**

8 A. Public Service’s sales and peak demand forecast submitted in this filing was
9 developed in September 2011.

10 **Q. PLEASE PROVIDE AN OVERVIEW OF THE CURRENT AND PROJECTED
11 ECONOMIC CONDITIONS.**

12 A. Colorado’s economy has not been immune to the prolonged downturn in the
13 housing market and the financial sector crisis that started in 2008. The
14 resulting recession impacted the Colorado economy, with declines in real
15 personal income, real gross state product (“GSP”), non-farm employment and
16 home construction. Over the 2006 to 2011 time period, Colorado real GSP
17 has averaged gains of 1.0% annually and real personal income has advanced
18 1.1% annually. Large job losses in 2008 and 2009 have resulted in a decline
19 in non-farm employment since 2007, with decreases averaging -0.4%
20 annually. Colorado’s population has increased 1.7% per year since 2006.
21 During the same period, Public Service’s residential sector added 52,500
22 customers, for an increase of 4.7% over the 2006 customer count. This
23 translates to a 0.9 percent compounded annual growth rate.

1 The Company relies on the economic forecast for the state of Colorado
2 provided by IHS Global Insight. The forecast was obtained from IHS Global
3 Insight in September 2011. The economic outlook for the Company's service
4 territory through the Resource Acquisition Period ending in 2018 indicates
5 that Colorado's economy will slowly improve, but overall growth will be
6 stronger than recorded over the previous five years. Growth in Colorado real
7 GSP and real personal income are expected to average 2.8% per year from
8 2011 to 2018. Non-farm employment should advance by 1.7% annually on
9 average over the same period. Public Service's residential customers are
10 expected to increase by 115,500 over the next 7 years, averaging gains of
11 1.4% per year through 2018.

12 Given the current economic uncertainty, and the fact that the economy
13 continues to recover from the recession at a slower pace than previously
14 expected, the Company will continue to monitor the economic indicators, and
15 will provide updated sales and peak demand forecasts prior to the Phase II
16 Competitive Solicitation portion of this proceeding.

17 **Q. IS THE SALES FORECAST THE SAME FORECAST FILED IN THE**
18 **COMPANY'S 2014 RENEWABLE ENERGY STANDARD COMPLIANCE**
19 **PLAN FILING?**

20 A. Yes, the retail sales portion of the forecast is the same forecast filed in the
21 Company's 2014 Renewable Energy Standard Compliance Plan filing.

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

23 A. Yes, it does.

Jannell Marks

Statement of Qualifications

February 2007 – Present

Director, Sales, Energy and Demand Forecasting, Xcel Energy

Responsible for developing load analysis and energy sales forecasting policies, proposals, and strategies to meet corporate financial planning, budgeting, and internal earnings forecasting requirements as well as to support the company's regulatory objectives and comply with regulatory requirements. Also responsible for the development and presentation of load research and forecasted data for Xcel Energy's operating companies and reporting historical and statistical information to various regulatory agencies and others. Testified on forecasting issues before the Public Utility Commission of Texas, the Colorado Public Utilities Commission, the Minnesota Public Utilities Commission, the North Dakota Public Service Commission, the South Dakota Public Utilities Commission, the Public Service Commission of Wisconsin, and the New Mexico Public Regulation Commission.

August 2000 – February 2007

Manager, Energy Forecasting, Xcel Energy

Responsible for the development and presentation of forecasted data for Xcel Energy's operating companies and also for reporting historical and statistical information to various regulatory agencies and others. Testified on forecasting issues before the Public Utility Commission of Texas, the Colorado Public Utilities Commission, and the Minnesota Public Utilities Commission.

May 1997 – August 2000

Manager, Demand, Energy and Customer Forecasts, New Century Energies, Inc.

Responsible for developing demand, energy, and customer forecasts for New Century Energies, Inc.'s operating companies. Also directed the preparation of statistical reporting for regulatory agencies and others regarding historical and forecasted reports. Testified on forecasting issues before the Public Utility Commission of Texas and the Colorado Public Utilities Commission.

1991-1997

Senior Research Analyst, Public Service Company of Colorado

Responsible for developing the customer and sales forecasts for Public Service Company of Colorado and the economic, customer, sales and demand forecasts for Cheyenne Light, Fuel and Power Company.

1982-1991

Research Analyst, Public Service Company of Colorado

Education

Colorado State University – Bachelor of Science: Statistics 1982

Training and Professional Associations

I have attended the Institute for Professional Education's Economic Modeling and Forecasting Class; Itron's Forecasting Workshops; and the Electric Power Research Institute's REEPS (Residential End-Use Energy Planning System), COMMEND (Commercial End-Use Planning System), and INFORM (Industrial End-Use Forecasting Model) Training Classes and User Group Meetings.

I am a member of Itron's Energy Forecasting Group and the Edison Electric Institute's Load Forecasting Group.