

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MARCH 1999

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Starting Point

If I had to pick one word that best describes the state of our current working environment, that word, without question, would be “transition.” We have been talking about transition in the utilities that we regulate for a few years now. But the notion of transition – the process of changing from one form or activity to another – now permeates throughout just about every aspect of our professional lives both as individuals and as an agency.

We have a new governor in office, along with a new executive director of the Department of Regulatory Agencies, and state government as a whole will be changing to reflect the positions and policies of that new leadership. The legislature, with its many new faces and the promise of more as a result of term limits, finds itself in transition, which presents new challenges for agencies like the PUC that act to provide advice and carry out legislative mandates.

We have a new commissioner at the PUC, and are currently involved in the process of bringing him up to speed as quickly as possible about the numerous, wide-ranging and complex issues that he will be dealing with on a daily basis. On that note, I would wish former Commissioner Alderfer the best of luck in his future endeavors and extend a warm welcome to Commissioner Gifford as he begins his term.

As an agency and a department, we are making the transition to a new performance-based system of planning and employee evaluation. All PUC employees currently are undergoing training to familiarize themselves with the goals and processes of Colorado Peak Performance.

And, of course, the transition from monopoly to competition continues in many utility industries, prompting us to re-evaluate and adjust this agency’s role and priorities as we exercise appropriate regulatory oversight in a rapidly-changing marketplace.

As we make our way through all of these transitions, and the uncertainty that they bring, it is

important to remember that our ultimate goal has not changed – to provide the best possible service to the citizens of Colorado. We need to continue to be flexible and adaptable in the face of change, yet still be determined and resolute in our efforts to achieve our ultimate goal.

Former assistant AG fills PUC post

Raymond L. Gifford, a former First Assistant Attorney General, has begun a four-year term as Commissioner at the Colorado Public Utilities Commission.

Gifford, appointed by Gov. Bill Owens, was confirmed by the Colorado Senate on Feb. 16. He replaces former Commissioner Brent Alderfer, whose term expired in January. Gifford’s term will run through January of 2003.

Gifford joins Chairman **Robert Hix** and Commissioner **Vince Majkowski** on the three-member panel, which regulates telecommunications, electric, gas, water and transportation utilities in the state.

“I am honored by the appointment and thrilled at the prospect of serving with two capable colleagues who will show me the ropes,” Gifford said.

Gifford, 32, previously had worked as a manager in the Regulatory Law Section of the Attorney General’s Office, serving as counsel to the PUC, the Department of Agriculture and

state fair, and overseeing attorneys representing professional licensing boards.

“Ray Gifford brings a great deal of regulatory experience to the position and will serve Coloradans well,” Owens said.

Gifford received a bachelor’s degree from St. John’s College in Annapolis, and earned his law degree at the University of Chicago. Prior to joining the AG’s office, Gifford served as a law clerk to U.S. District Court Judge Richard Matsch and worked for two national law firms.

“I’m well-versed in administrative law and regulatory law in general,” Gifford said. “I have a background in economics that should particularly suit me for this position.”

He attended the Institute for Public Utilities 1998 NARUC Regulatory Studies Program and also taught a continuing legal education seminar on legal writing last November.

Gifford lives in Denver with his wife, Lisa, and their son.

PUC approves pricing flexibility pact

The Colorado Public Utilities Commission (PUC) has approved an agreement that provides \$84 million a year in benefits for U S West Communications customers over the next five years in return for pricing flexibility for the company.

The Commission approved the comprehensive settlement during deliberations on Feb. 2. The agreement, which was negotiated last year by PUC staff, the Office of Consumer Counsel and U S West, requires the company to use its own earnings to reduce certain rates and to cover costs that might have resulted in local service rate increases.

The agreement also includes a service quality assurance plan that requires U S West to meet certain service standards or provide up to \$15 million a year in customer bill credits.

“The agreement furthers the emergence of competition by allowing U S West pricing flexibility, while setting boundaries that provide marketplace and consumer protections,” PUC Chairman **Robert Hix** said. “Through rate decreases and the avoidance of certain rate increases, it also provides immediate benefit to consumers in areas where competition has not been as pronounced.”

In return for its concessions, the agreement provides U S West with flexibility in setting its prices. Under the five-year plan, U S West, like its competitors, will be able to adjust prices more quickly to meet competition in its local and in-state long-distance markets.

Among the major provisions of the agreement:

- Residential and business basic telephone service rates will be capped at current levels for the duration of the five-year plan.
- No increase in rates for expansion of the 303/720 local calling area, which occurred Dec. 31. If the PUC orders expansion of local calling areas in the 970 and 719 area codes, U S West will implement them at no charge to customers up to \$8 million.
- A \$12 million reduction in rates for in-state long-distance calls carried by U S West, which was implemented Jan. 1.
- Bill credits of \$22 million to residential and business basic local phone rates to offset the anticipated 3.4 percent charge on in-state telecommunications services to pay for Colorado’s universal service fund. The fund ensures that basic telephone service is affordable in high-cost areas. This increase in telephone bills is scheduled to begin July 1, 1999.
- U S West will invest \$40 million to improve telecommunications services in Colorado without increasing rates.

- A reduction of \$12 million in rates that U S West charges long-distance companies to use its local telephone network. It is expected that long-distance companies will pass these savings on to their customers.
- No increase in rates to pay for up to \$8 million of the cost to implement local number portability, a new technology that allows customers to keep their phone number when changing to another local phone company.
- Service quality standards with significant financial incentives to ensure improved service to U S West customers in Colorado.

A written order was expected by the end of February, and would be subject to appeals by the parties before it becomes final.

Registration under way for conference in Vail

More than 1,500 registration forms were mailed last month for the Western Conference of Public Service Commissioners (WCPSC) 58th annual conference, scheduled for June 12-15 at Vail.

The WCPSC meets annually for education, training and information-sharing among utility regulators from the West. Colorado PUC Commissioner **Vince Majkowski** is the group's current president.

The WCPSC is one of five regional affiliates of the National Association of Regulatory Utility Commissioners (NARUC). The Western Conference is comprised of utility commissioners from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and Guam.

As many as 400 participants could attend the conference and early registration is encouraged, Majkowski said. The deadline for early registration is April 30.

The conference will be held at the Marriott Hotel at the base of Lionshead Peak. Panels and business sessions will focus on the theme "un **Vail** ing the Future, Reflecting the Past."

Speakers and panelists for the business sessions have been invited, and a tentative agenda has been set. In addition, plans are being finalized for various social activities to be held in conjunction with the conference. The Eagle's Nest at the top of Lionshead Peak has been reserved for the opening reception on Sunday evening. And a barbecue/dance at the 4 Eagle Ranch in Wolcott just west of Vail is planned for Monday night.

Other extracurricular activities will include whitewater rafting, tennis, jeep tours and a golf tournament on Tuesday afternoon, and a closing banquet on Wednesday night. Opportunities for fly fishing, mountain biking, shopping and activities for spouses and children will be available on an individual basis.

Registration information and forms also are available at the PUC web site (www.dora.state.co.us/puc).

Proceeds from the conference are used to support the activities of the WCPSC committees throughout the year.

58TH ANNUAL WESTERN CONFERENCE

June 13 through June 16, 1999

Vail, Colorado

OF PUBLIC SERVICE COMMISSIONERS

UN VAIL ING THE FUTURE
REFLECTING ON THE PAST

Draft WCPSC Agenda as of March 12, 1999

**Saturday,
June 12, 1999**

Travel

1:00 p.m. – 5:00 p.m.

Registration

7:00 until

WCPSC Commissioners Only Dinner

Sunday, June 13

Travel

8:30 - 9:00 a.m.

WCPSC Commissioners' Breakfast

9:00 - Noon

WCPSC Commissioners Only Retreat

Dr. Ray Lawton, Director, National Regulatory Research Institute

(Accepted) **David Wirick**, NRRI, Facilitator (Accepted)

Agenda to be Determined

Noon - 1:00

WCPSC Commissioners Only Lunch

1:00 - 3:30

WCPSC Commissioners' Retreat (continued/concludes)

Noon – 5:00 p.m.

Registration

6:00 p.m. – 8:30 p.m.

Welcome Reception - Eagle Nest. Gondola ride

Dinner

On your own

Monday, June 14

The following companies are joining to co-sponsor Breakfast:

AT&T, ICG, NEXTLINK, Sprint, and McLeodUSA

8:00 – 8:15 a.m.

Administrative Announcements

The Honorable **Vince Majkowski**
Commissioner, Colorado Public Utilities Commission

Program Facilitator: **Morey Wolfson**

Assistant to the Commissioners, Colorado Public Utilities Commission

8:15 – 8:30

Colorado film – Past/Future

8:30 – 9:00

Welcome – Colorado Governor The Honorable **Bill Owens** (invited)
Introduction: The Honorable Commissioner **Vince Majkowski**

9:00 – 10:00

Water Panel

KEYNOTE ADDRESS:

The Honorable **Paul Simon**, Former Member, United States Senate, Illinois; Author, “Tapped Out: The Coming World Crisis in Water and What We Can Do About It” (accepted)

Introduction: Chair, The Honorable **Henry Duque**, Commissioner California Public Utilities Commission (accepted)

10:00 – 11:30

Point-Counterpoint

Moderator:

Chair, The Honorable **Henry Duque**, Commissioner California Public Utilities Commission (accepted)

Floyd E. Wicks, President and CEO, American States Water Company, San Dimas, California (accepted)

Peter Nelson, CEO, California Water Services Company, San Jose, California (accepted)

John E. Flowers, Director, USEPA Water Alliance for Voluntary Efficiency, Washington D.C. (accepted)

11:30 – 1:00 p.m.

Lunch – Conference Keynote Speaker: The Honorable **Joel Hefley**, Member, U.S. House of Representatives, Fifth District, Colorado (Senior Member, Colorado Congressional Delegation) (invited)

1:30 – 2:50

Telecommunications Panel

The Honorable **Tim Cook**, Commissioner, Alaska PUC (accepted)

C. Michael Armstrong, Chairman and CEO, AT&T Communications,

Inc., Basking Ridge, New Jersey (invited)

David Sharkey, President and CEO, Electric Lightwave, Vancouver, Washington (invited)

James E. Sherburne, Chairman, Organization for the Promotion and Advancement of Small Telecommunication Companies (OPASTCO), Washington D.C. (invited)

Solomon Trujillo, President and CEO, U S WEST Communications, Inc., Denver, CO (invited)

2:50 – 3:10

Break

3:10 – 5:00

Gas Panel

The Honorable **Clark Jones**, Commissioner, Utah Public Service Commission (accepted)

Production: To be determined

Transmission: **Jon R. Whitney**, President and CEO, Colorado Interstate

Gas Company, Colorado Springs, Colorado (invited)

Local Distribution: **Nick Rose**, President and CEO, Questar Gas, Salt Lake City, Utah (accepted)

Marketing: **Jerry Gollnick**, Senior Vice President and General Manager of Energy Management and Trading, The Williams Group, Tulsa, Oklahoma (invited)

5:00 – 6:00

Free time

6:00 – 9:00

BBQ- Eagle Ranch

(Entertainment) (Transportation Provided)

Tuesday, June 15

7:00 – 8:00 a.m.

Western Conference PSC Commissioners and Staff Business Breakfast

Agenda: Sandi Barsell, WCPSC Coordinator

7:00 – 8:15

Buffet Style, Come and Go Breakfast

sponsored by **GREELEY GAS COMPANY**

Program Overseer Chairman,

The Honorable **Robert J. Hix**, Chairman,

Colorado Public Utilities Commission

8:15 – 8:45

President of NARUC,

The Honorable **Jim Sullivan**,

President, Alabama Public Service Commission (accepted)

Introduction: The Honorable **Jerome D. Block**, Chairman (accepted)

New Mexico Public Regulation Commission; Vice President, WCPSC

8:45 – 9:15

NARUC Executive Director, to be determined (invited)
"A View from Washington D.C."

9:15 – Noon

National Issues Panel

The Honorable **Steve Ellenbecker**, Chairman
Wyoming Public Service Commission (accepted)
The Honorable **Curt Hebert**, Commissioner
Federal Energy Regulatory Commission (invited)
The Honorable **Gloria Tristani**, Commissioner
Federal Communications Commission (invited)
Deputy Administrator **Chris M. McLean**,
Rural Utility Service, U.S. Department of Agriculture (invited)
Chief of Staff and Counselor **Adam M. Golodner**,
Anti-Trust Division, U.S. Department of Justice (accepted)
Robert T. Anderson, President, National Exchange Carrier Association
(NECA), Whippany, New Jersey (invited)

Noon until

Box lunches

Free time for golf, rafting, Jeep rides, tennis, horseback riding, hiking, etc.

Dinner

7:00-9:00 p.m.

On your own

Ice Cream Social hosted by MCIWORLD.COM at the Marriot

7:00-10:00 p.m.

Drinks and snack foods in the outdoor tent provided by USWEST

8:00-11:30 p.m.

Sweets, Spirits and Cozy Comforts

*in ELECTRIC LIGHTWAVE and CITIZENS UTILITIES' 6th floor
balcony suite*

Wednesday,

June 16

7:00 – 8:00 a.m.

Breakfast provided by PUBLIC SERVICE COMPANY OF COLORADO

Program Overseer: The Honorable **Raymond L. Gifford**, Commissioner
Colorado Public Utilities Commission

8:00 – 9:55

Electricity Panel,

The Honorable **Constance White**, Commissioner, Utah Public Service
Commission (accepted)

Generation and Renewables: **Richard T. O'Brien**, Executive Vice
President and CEO, PacifiCorp, Portland, OR (accepted)

Transmission: **Robert D. Glynn, Jr.**, Chairman, CEO and President,

Pacific Gas and Electric, San Francisco, California (invited)

Distribution: **Wayne H. Brunetti**, Vice Chairman, President, and Chief
Operating Officer, New Century Energies, Denver, CO (invited)

Rural: **Michael S. HacsKaylo**, Administrator, Western Area Power Administration, Golden, Colorado (accepted)

9:55 – 10:10

Break

10:10 – Noon

State Issues

The Honorable **Carl J. Kunasek**, Commissioner,
Arizona Corporation Commission (accepted)

Andrew C. Barrett, Managing Director, the Barrett Group (accepted)

Ken Reif, Director, Colorado Office of Consumer Counsel (accepted)

The Honorable **Laska Schoenfelder**, Commissioner
South Dakota Public Utilities Commission;
Member, Federal Communications Commission State Joint Board
(accepted)

The Honorable **Allan T. Thoms**, Chairman, Iowa Utilities Board; Board
Member, Federal Communications Commission Universal Service
Advisory Committee; Chairman, US WEST Regional Oversight
Committee (accepted)

Noon – 1:00 p.m.

Lunch Buffet

1:00 - 2:50

International Energy Issues Panel

The Honorable **Stephen F. Mecham**, Chairman, Utah Public Service
Commission (accepted)

The Honorable **Frank J. Mink**, Board Member
Alberta Energy and Utility Board (accepted)

The Honorable **Sarat C. Mahalik**, Chairman
India Orissa Electricity Regulatory Commission (accepted)

The Honorable **Dr. Raul Monteforte S.**, Comisionado
Comision Reguladora DeEnergia, Mexico (accepted)

2:50 – 3:05

Break

3:05 – 5:00

Y2K Panel – Six months to go! Where do we stand?

Introduction: **Bruce N. Smith**, Director
Colorado Public Utilities Commission (accepted)

The Honorable **Michael K. Powell**, Commissioner
Federal Communications Commission (accepted)

The Honorable **Vicky A. Bailey**, Commissioner
Federal Energy Regulatory Commission (invited)

The Honorable **Stephen Horn**, Representative from California, Chairman
of the U.S. House of Representatives Subcommittee on Government
Management, Information, and Technology (invited)

The Honorable **David A. Svanda**, Commissioner
Michigan Public Service Commission,
Chairman, NARUC Finance and Technology Committee (accepted)

5:00 – 6:00 **Free Time**

6:00 – 7:00 **No Host Reception**

7:00 – 10:30 **Dinner (awards) / Dance**

PUC offers credit card payment option

The Colorado Public Utilities Commission has made it more convenient for motor carriers to pay their annual registration fees.

On Jan. 1, the PUC began accepting payments by credit card. This was not possible in the past because motor vehicle fees are established in state law, and the surcharge assessed against all credit card transactions would have reduced the amount collected by the PUC. However, a new company, called Vital Check, now offers a service that eliminates that problem.

Vital Check assesses the surcharge directly to the card user, allowing the PUC to collect 100 percent of the required fee. The surcharge is \$6 per transaction, regardless of the amount of the transaction.

Although initially used for motor carrier fees, the credit card service could be expanded to include any other fees levied by the PUC.

Mediation successful in resolving complaints without hearing

Mediation continues to prove to be a successful alternative to the formal complaint process at the Public Utilities Commission, saving utility companies and their customers time and money.

The number of formal complaints filed against utilities dropped to 30 in 1998, a reduction of more than two-thirds since the mediation program was implemented by the PUC three years ago.

The mediation program was designed as an alternative to the PUC's formal complaint

process when informal complaint resolution activities have reached an impasse. It allows the two sides, with the help of a PUC mediator, to negotiate a fair and mutually-agreed upon settlement in an expeditious manner, thereby avoiding the time and expense of a formal complaint hearing.

In 1995, the year prior to implementation of the mediation program, a total of 91 formal complaints were filed against utilities. That number dropped to 56 in 1996 and 39 in 1997, before reaching a low of 30 last year.

“The mediation program continues to meet its objectives,” mediation coordinator **Randy Garroutte** said. “And responses from participants in the mediation process continue to be very favorable.”

A total of 60 complaints – both formal and informal – were offered PUC-sponsored mediation in 1998. Of those that accepted, 30 complaints were closed in 1998 and four are still active. Of the 30 closed, 87 percent (26) were resolved successfully prior to mediation or by mediation. In only four cases was mediation unsuccessful.

All formal complaints are offered mediation. The complainant and respondent must both agree to mediation before a mediator is assigned to the case. The mediator schedules a time when the two sides can meet, and then facilitates the session. Mediation is not binding, and either side can choose to pursue the formal complain process if mediation is unsuccessful.

In 1998, seven formal complaints participated in the mediation process. Of the seven, five were successful in resolving the dispute.

Of the 30 complaints that went to mediation, or were resolved prior to a mediation session, 21 involved U S West Communications, four involved Public Service Company of Colorado, and five involved other utilities.

Of the formal complaints that chose mediation, 57 percent involved billing issues. Of the informal complaints that were mediated, billing (35 percent) and timely service (30 percent) were the primary issues.

Another of the mediation program’s objectives is to reduce the amount of time it takes for a complaint presented to the PUC to be resolved. In 1995, a formal complaint, on average, took 100 days from the date the complaint was filed to the date the Commission decision was issued. In 1998, 97 percent of the complaints offered mediation were resolved in 30 days or less. Only one took over 40 days.

Mediation efforts also resulted in approximately \$21,500 in direct financial benefits to the complainants.

Inside Connections

When **Marisela Chavez** comes to work at the Public Utilities Commission each day, she is never quite sure what to expect.

As an Administrative Assistant in the executive office, Marisela may be called on to assist a Commissioner, help a co-worker with a word processing problem, type an order from an Administrative Law Judge, answer a consumer complaint from a Spanish-speaking customer, or fill in as a back-up receptionist in any section. And it’s that flexibility that she enjoys

“It’s a very diverse position,” Marisela said. “As you can see, I can never be sure of what I will be doing on any given day.”

Marisela started full-time at the PUC in 1993, after having previously worked at the Commission as a temporary employee. She served as assistant to former PUC Chairman Robert

Temmer and later became assistant to Chairman Robert Hix. Marisela left the PUC for a short time to serve as assistant to former Department of Regulatory Agencies (DORA) Director Joseph Garcia, but returned in 1997 to become assistant to Commissioner Vince Majkowski.

Marisela currently serves as president of the DORA Employee Panel, which coordinates and plans events that involve all of DORA's divisions.

Marisela received a bachelor's degree in computer and management science from Metropolitan State College, and worked for several businesses prior to joining the state system.

Away from work, Marisela enjoys good movies (which she says are rare nowadays), reading and traveling, which she frequently does to Mexico. She also enjoys watching Mexican soap operas on television.

"Not only do they help me with my Spanish, but also they last less than two years and always have a happy ending," she said.

Marisela enjoys spending time with family and relatives, and lists babysitting her niece and nephew as one of her hobbies. Her goals are to enjoy life, and do more traveling this year.

As for her philosophy of life, it would be, "Make sure what you believe in has a good foundation, and is not swayed by others' beliefs, polls or surveys," she said.

(Inside Connections will feature a PUC employee each edition as selected by PUC section chiefs.)

Post Charges

The PUC welcomes two new employees to the External Affairs section: **April Filley**, Public Information Specialist, and **Trudy Reinmuth**, Administrative Assistant, who transferred to the PUC from the Secretary of State's Office. We also welcome **Ernie Tronco**, an engineer in the Safety and Enforcement section, back from retirement.

Also, **Roslyn McMillon**, who is transferring from the Electrical Board, has been hired as the new receptionist. She will start at the PUC on March 15.

Proposal takes guesswork out of taxi fares at DIA

New rules would set flat rates to three most popular zones

New rules under consideration by the PUC would set flat rates from Denver International Airport to downtown and two other zones.

Taxi fares for most trips to and from Denver International Airport would be simplified under new rules being considered by the Colorado Public Utilities Commission.

The PUC has proposed establishing a maximum flat rate for all taxi trips to and from three zones in the Denver metro area – downtown Denver, the Denver Tech Center and Boulder.

Currently, the five metro-area taxi companies use a number of different fare structures in serving the airport. Some charge metered rates, while others charge fixed rates to varying zones within the city. A shared-ride fare, which uses different zones in determining rates, is also

available.

“This has led to confusion not only among passengers, but also drivers, regarding the multitude of fares,” PUC Transportation Chief **Lee Smith** said. “The new rules would eliminate that confusion.”

The proposed rules would establish a maximum flat rate per trip from DIA, regardless of the number of passengers, of \$43.50 to downtown Denver, \$44.50 to the Tech Center, and \$72.50 to Boulder. About 70-75 percent of all taxi traffic leaving DIA goes to one of these three zones, Smith said.

The same fares would apply to trips from each of the zones to DIA. All other taxi trips would be charged on a metered basis.

As proposed by the PUC, the flat rates would be the maximum allowable, but companies could charge less if they desired. However, at a hearing conducted on Feb. 2, taxi company and airport officials requested that the PUC set a fixed rate, not a maximum, to avoid further confusion.

If adopted, the new rules would replace the PUC-mandated shared-ride program, which has failed to gain public support in the five years it has been in effect, Smith said. Under the shared-ride program, each of 21 different zones throughout the Denver area has its own reduced fare if two or more parties are traveling to or from the same zone. But due to the large number of zones, and the unlikelihood of passengers finding another person going to the same zone, the program has been rarely used.

Under the new proposed rules, a map displaying the three zones and the applicable flat rate would be posted in each cab, and drivers would be required to inform passengers of the total fare prior to beginning the trip. That flat rate from DIA may be increased by a maximum of \$5 for each additional drop within a zone.

A recommended decision on the proposed rules is expected by early March, and it's possible the rules could be in effect by the end of May, Smith said.

Administrator issues final report on \$5.3 million grant program

Twenty-eight organizations received a total of \$5.3 as part of a one-time telecommunications grant program ordered in 1995 by the Public Utilities Commission.

PricewaterhouseCoopers, hired to oversee distribution of the grant proceeds, submitted its final report to the PUC in February. The report listed the various projects and amounts funded by the program, along with a summary of each project.

Money for the fund was provided by U S West Communications as reparations for violations of PUC quality of service rules from 1993-1995. An independent advisory committee selected the grant recipients from more than 200 proposals.

The selected projects ranged from \$1,330 for the Eaton Public Library to install a data circuit to link the library with the Weld Library District's computer system, to \$800,575 for the High Plains Rural Health Network in Fort Morgan to create a statewide telemedicine network.

Funding for all of the projects has been completed, and all but three of the projects have submitted final reports, PricewaterhouseCoopers said.

Below is a summary of a few of the projects that were made possible by the grant program:

- High Plains Rural Health Network, Fort Morgan (\$800,575) – The creation of a

- statewide telemedicine network by a consortium of hospitals serving rural communities, including Alamosa, Frisco, Durango, Limon, Lamar, Salida and Vail.
- Northern Colorado Board of Cooperative Educational Services, Longmont (\$540,935) – To expand and interconnect five existing distance education networks in northeast Colorado.
 - Rocky Mountain Poison & Drug Center, Denver (\$23,057) – Provides fax communication between the center and health care facilities throughout Colorado.
 - Colorado Coalition Against Domestic Violence, Denver (\$174,800) – Provides statewide Internet/e-mail/fax link between the coalition and 40 safehouses.
 - Elizabeth Police Department, Elizabeth (\$5,036) – To establish a link with national law enforcement communications.
 - Colorado State University, Fort Collins (\$497,768) – To connect 60 K-12 schools to the Internet.
 - Porter Care Adventist Health, Denver (\$367,000) – Provides interactive video for telemedicine purposes among hospitals in Julesburg, Kremmling, LaJara, Denver, Littleton and Louisville.
 - Three Rivers Regional Library Service System, Glenwood Springs (\$176,666) – To update library systems to increase access to the Internet in western Colorado.
 - Colorado Springs Fine Arts Center, Colorado Springs (\$4,000) – To install a fiber optic cable linking the center to the Colorado College Library.
 - Five Points Media Center Corporation, Denver (\$373,671) – To provide a model multimedia community telecommunications network.

For a complete list and description of the projects funded by the program, contact **Randy Garrouette** at the PUC, 303-894-2000, 361.

PUC to consider changes to basic telephone service

The Colorado Public Utilities Commission will conduct hearings this month to decide if the definition of basic telephone service should be changed.

The hearings are likely to focus on minimum standards for data transmission speed and whether services like Caller ID, call waiting or call forwarding should be included as part of basic service.

A hearing is scheduled for March 25 at the PUC, 1580 Logan St., in Denver.

The PUC is required by law to review the definition of basic service every three years and to make changes where appropriate. Currently, local telephone companies are required to provide customers with a single-party line; touchtone, facsimile and data transmission capability of at least 2.4 kilobits per second (kbps); access to long distance, 9-1-1, operator services and directory assistance; white page directory listing; and a local calling area that reflects a community of interest.

The PUC conducted a series of 15 town meetings around the state beginning last November to obtain public comment on the basic service issue. A statistically-valid telephone survey also is being conducted to gather public opinion.

Data transmission speed is likely to be the key issue in the review. Many customers have

expressed a desire for data speeds of up to 56 kbps and more. However, if the PUC were to change the definition of basic service to require a higher minimum speed, or additional services, monthly rates might have to be increased for all customers to pay for them.

It is estimated that increasing minimum data speeds to 14.4 kbps on a statewide basis would require an increase of about 30-50 cents a month in basic telephone rates. However, under a recent agreement approved by the PUC, U S West Communications would upgrade its facilities to support a 14.4 kbps speed without seeking an increase in rates.

To support 56 kbps data speed on all telephone lines, a rate increase of \$11.20 per month for U S West customers, \$13.70 per month for CenturyTel customers and an average of \$36.58 per month for other independent company customers would be needed, according to data obtained by the PUC.

A decision on whether to change the current definition of basic service is due by July 1.

Hearing set later this month on universal service issues

Should U S West Communications receive support from a state universal service fund for all telephone lines in high-cost areas, or just the first line at a residence or business?

That's one of the key issues that will be considered this month when the Colorado Public Utilities Commission opens hearings on rules to address the universal service question.

The hearing is scheduled for March 26 at the PUC, 1580 Logan St., in Denver.

Under the state's telecommunications law passed in 1995, the PUC was authorized to create a new fund to be used to keep basic telephone service reasonably comparable in all parts of the state. Rural independent phone companies have been receiving state support for the high-cost areas they serve since 1991, but the new law also makes U S West eligible to draw from the fund.

Beginning in January, a two-tenths of one percent surcharge was implemented on all customer bills to continue funding for the rural, independent companies. In the past, that charge had been rolled into monthly rates, but it has been removed from the rates and now appears explicitly on the bill.

The surcharge is assessed as a percentage of a customer's in-state monthly telecommunications charges for local, wireless, paging, in-state long distance and optional services. The charge does not apply to interstate long-distance calls.

The current surcharge provides about \$2.2 million for the small rural companies, but that figure is expected to increase to \$60 million later this year when U S West's high-cost areas are included. That will result in a significant increase in the surcharge, possibly to as much as four percent.

The amount of the surcharge will depend, in part, on whether all lines will be eligible for support, first lines at a residence/business, or first lines at residences only. The PUC also must decide if the surcharge should be excluded from the monthly basic service rate for telephones lines supported by the fund.

As an offset to the money it receives from the fund, U S West will be required to reduce its rates in other areas on a dollar-for-dollar basis.

New rules require disclosure of electric information

Regulated electric utilities will be required to provide customers information about what resources are used to produce their electricity and the price of the various components of that power twice a year under new rules adopted by the Colorado Public Utilities Commission.

The PUC in February approved new electricity disclosure rules designed to educate customers about make-up and cost of the generation and delivery of power. Although still subject to reconsideration, the rules are likely to become effective by the end of April.

Though the rules could be a first step in educating customers about choices that might become available in a restructured market, the Commission said the intent of the rules is to provide customers with information about the current provision of electric utility service, regardless of whether electric restructuring occurs in the future.

“These rules are not about restructuring,” PUC Chairman **Robert Hix** said. “They are about giving basic, fundamental information to consumers.”

Under the rules, regulated electric utilities are required to provide bill inserts in October and April with information about the different price components of electricity and power supply mix, based on data from the previous calendar year.

Price component information will include the percentage of a customer’s average monthly residential or commercial bill that goes for power supply (generation and purchased power) and power delivery (transmission and delivery).

Power supply mix information will include the percentage of the different fuel sources – such as coal, natural gas, wind, hydroelectric, etc. – used by the utility in power generation and purchases.

The Commission declined to require air emissions and price information for the various fuel sources at this time, but could consider adding them to the disclosure requirement in the future.

The rules as adopted would apply to Public Service Company of Colorado and West Plains Energy. San Miguel Power Association, a customer-owned rural electric cooperative regulated by the PUC, has the option of complying with the disclosure rules. The rules would not apply to municipal utilities and the rest of the deregulated electric co-ops in the state.

Customers of regulated utilities should see their first disclosure insert in October of this year.

Panel in middle phase of restructuring study

The Colorado General Assembly’s Electricity Advisory Panel is in the middle phase of its comprehensive study of electric utility industry restructuring.

The 30-member panel was created by legislation in 1998 to advise the legislature on whether electric retail competition is in the best interest of Colorado citizens. The legislature

also asked the panel to advise it on the timing and implementation of electric restructuring irrespective of whether retail competition is recommended. A draft report is due on July 1; a final report is due on Nov. 1.

As reported previously, the panel has selected three consulting firms that successfully competed to prepare different expert analyses for panel consideration. Each of the firms gave detailed interim presentations to the panel at a meeting held on Feb. 18. Final reports from the consultants will be presented on April 23.

Stone and Webster is conducting detailed energy and economic modeling. The modeling will help determine: (a) the price of electricity under five different restructuring cases; (b) what the economic impact of restructuring may be on 12 different sub-regions of the state; (c) the extent of potential market power a dominant firm might exercise if the industry is restructured, and if market power is present, what measures might be employed to mitigate the problem; (d) whether stranded costs may result, and if so, what mechanisms could be employed to recover the costs.

Econergy International Corporation and CH2MHill are conducting extensive interviews with Colorado stakeholders, and are preparing a detailed social, economic, and legal analysis of the many issues involved. They will build on the five cases studied by Stone and Webster, and will work with the panel and staff to create scenarios that will make their analysis more understandable, and easily communicated to the public.

Roger Colton is focusing exclusively on the unique issues associated with serving low-income households should retail electric competition be introduced in Colorado.

The panel conducted its fourth in a six-part Seminar and Dialogue Series on Feb. 19.

The final two sessions will cover Energy Supply and Delivery Systems, Environmental Issues (March 19); and Market Power, Stranded Costs, and Taxes (April 22).

Public Service seeks to expand capacity at Fort St. Vrain plant

Public Service Company of Colorado has asked the Public Utilities Commission to approve a plan to build an additional 235 megawatts of capacity at its Fort St. Vrain generating plant near Platteville.

If approved, the additional power would bring the total capacity of Fort St. Vrain to 706 megawatts by summer of 2001. One megawatt of electricity is enough to serve about 1,000 households.

Hearings on the proposal are likely, and could occur as early as April.

The Fort St. Vrain expansion is part of an overall, long-range plan aimed at ensuring that Public Service Company has enough electricity to meet its customers' demand in the future. The company has projected that it will need to add 820 megawatts between now and 2001 to meet that demand.

Public Service Company says the construction and operation of the third phase at Fort St. Vrain will produce a \$26 million savings to customers over 20 years when compared to

other resource alternatives.

Fort St. Vrain was built in the 1970s as a nuclear power plant, and began commercial operations in 1979. However, the plant was shut down in 1989 because of prolonged operating inefficiencies.

Public Service began dismantling the plant's nuclear reactor in 1992 after the PUC approved a settlement in which the company agreed to bear most of the costs of decommissioning the plant. In late 1994, the PUC approved the conversion of Fort St; Vrain to a natural gas-fired plant. The plant went back on line in May of 1996 as a natural gas-fired plant.

Hearing on gas rate increase begins April 12

Hearings on a proposed \$23.4 million natural gas rate hike for Public Service Company of Colorado are scheduled to begin April 12 at the Public Utilities Commission.

The hearings will be held in Hearing Room A at the PUC, 1580 Logan St., in Denver. Public comment on the proposed rate increase will be taken from 4-6 p.m. on April 12.

The company in November asked the PUC for permission to increase overall rates by 3.6 percent, citing investments it has made in the natural gas delivery system to serve new customers and maintain the existing system.

Under Public Service's proposal, rates for a typical residential customer would increase by 3.4 percent, or \$1.38 a month. Typical commercial customer bills would rise by 3.32 percent, or \$5.76 a month. Larger commercial and industrial customers would see increases depending on usage.

Public Service also is asking that it be allowed a 12 percent return on equity, up from its current 11.25 percent. The return on equity is the earnings paid to stockholders. The PUC authorizes a return on equity, but it is not guaranteed.

The request is Public Service's second within the last three years for higher natural gas rates. In 1996, the PUC granted the company an \$18.6 million rate hike after Public Service had sought a \$33.9 million increase.

The company says it has invested more than \$234 million in its natural gas delivery system since its last increase, adding nearly 68,500 new customers and installing automated meter reading equipment on nearly 608,000 gas meters.

The proposed rate increase is not based on the fluctuating cost of natural gas, but for the delivery system. Public Service makes no money on the cost of natural gas, but simply passes on that cost to its customers on a dollar-for-dollar basis each year.

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