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Starting Point

For as long as I have been here, the rules that the PUC uses to perform its functions and obligations as a regulatory agency have been a source of concern and frustration. For many years, it has been my desire to streamline our rules to make them less cumbersome and complex, and more user-friendly – both for our staff and our external customers.

In the past, we have never been able to devote for an extended period of time the resources necessary to successfully address this issue. As a result, we have never been successful in making significant strides in revamping our rules. Recently we convened various industry and customer focus groups as part of a department-wide review of how and why we regulate the way we do. Once again, it became clear in listening to our stakeholders that this should be a priority.

That is the impetus for a new project that will be undertaken at the PUC over the next six months. I have hired an outside consultant to review all of our rules – cover to cover – and to recommend revisions wherever possible.

Paul Farley, a former Deputy Attorney General, will conduct this exhaustive review. He brings a unique set of qualifications to the task. As an attorney and former manager in the State Services Division, which included the public utilities unit, he has an in-depth knowledge of not only the PUC roles, functions and responsibilities, but also of Colorado administrative procedures law. Paul performed a similar rules streamlining project for the Peace Officers Standards and Training Board, where he condensed 400 pages of rules down to 50.

The project is not designed to make any policy changes to the rules, but to make them more understandable and less burdensome. In some cases, our rules may have had a clear purpose at one time, but that purpose has faded with time and we're still following them just because it's "in the rules." Paul's job will be to review all rules for clarity, and then work with staff, utilities and other stakeholders to identify where changes are appropriate.

I am very excited at the prospect of finally making some progress in this area, and consider this project one of our top priorities for the first six months of the new fiscal year. I fully expect that both our staff and our customers will be extremely pleased with the outcome when we are finished.

Gifford named new PUC Chairman

Raymond L. Gifford has been named by Gov. Bill Owens to serve as chairman of the Public Utilities Commission (PUC).

Gifford, 32, who was appointed to the PUC in February, assumed the chairmanship on July 23 from Robert Hix, who had held the position since 1994. Hix and Vince Majkowski serve with Gifford as commissioners.

Prior to his appointment to the Commission, Gifford formerly managed the technical unit in the Regulatory Law Section of the Colorado Attorney General's office, serving as counsel to the PUC, the Department of Agriculture and state fair, and overseeing attorneys representing professional licensing boards.

Gifford served as a law clerk to U.S. District Court Chief Judge Richard Matsch from 1992-1993. He received a bachelor's degree from St. John's College in Annapolis, and earned his law degree at the University of Chicago.

The PUC consists of three commissioners who are appointed by the governor and confirmed by the Colorado Senate for a term of four years. No more than two commissioners can be appointed from the same political party.

Majkowski, a Republican, has served as PUC Commissioner since 1993. His current term expires in January, 2000. Hix, a Democrat, was appointed in 1994 and is serving a term that will expire in January 2001. Gifford's term runs through January, 2003.

The PUC oversees roughly \$3.3 billion in annual revenues of regulated utilities, including electric, gas, telecommunications, water and transportation utilities. The PUC's mission is to achieve a flexible regulatory environment that provides safe, reliable and quality services to utility customers on just and reasonable terms, while managing the transition to effective competition where appropriate.

PUC moves ahead with USW probe

The Colorado Public Utilities Commission (PUC) has voted to launch a formal investigation of U S West Communications' quality of service for the second time in five years.

The PUC decided on July 23 to proceed with its "show cause" investigation into possible violations of Commission rules by U S West concerning repair response time, the number of allowable customer trouble reports, the provision of timely service and the speed of answering calls to the company's business offices.

The PUC took the action after examining evidence from its staff, as well as considering both written and oral responses from the company. The evidentiary hearing will be on Nov. 29.

It is the second formal investigation of U S West quality of service in the last five years. A similar probe in 1994 led to a settlement that resulted in \$5.3 million in reparations against the company for PUC rule violations from 1993 to 1995.

This time, the investigation will cover alleged violations that occurred between the end of the company's previous regulatory plan in 1997 and April 22, 1999, when a new, five-year price regulation plan for U S West took effect. That new plan requires the company to meet certain quality of service standards going forward or provide up to \$15 million a year in customer bill credits.

Under PUC rules, local telephone companies are required to repair 85 percent of all out-of-service reports per wire center each month within 24 hours. PUC staff has determined that for 1998, 133 of U S West's 163 wire centers were not in compliance for at least one month out of the year. And 53 of the wire centers failed to meet the requirement for any of the 12 months.

PUC rules also require telephone companies to maintain their networks so that customer trouble reports do not exceed eight reports per 100 customer lines per month in a wire center, averaged over a three-month period. PUC staff has determined that one U S West wire center violated this rule during the year.

The company also is required to answer 85 percent of calls to its business offices within 60 seconds each month. According to PUC staff, at least one of U S West's three main business offices – residential, small business and repair -- failed to meet this standard for every month during 1998.

Finally, PUC rules require U S West provide basic telephone service no later than 150 business days from a customer's application, except when the customer requests a later date of service. Based on data submitted by the company, PUC staff has determined that 135 customer orders were held more than 150 days in 1998 in violation of PUC rules.

Based on the evidence presented at the hearing, the Commission will determine the appropriate remedy. These remedies might include rate reductions, refunds, reparations, or any other corrective action the Commission deems appropriate.

Hearings set on phone problems

The Public Utilities Commission (PUC) will conduct public hearings in September to hear from U S West Communications customers about telephone issues.

The hearings are part of a formal investigation into possible violations of the Commission's quality of service rules by U S West. The PUC determined last month that there was enough evidence to proceed with the formal investigation. An evidentiary hearing was scheduled for Nov. 29.

At the public hearings, the PUC is interested in hearing from U S West customers about service problems encountered during 1998 and the first four months of 1999. Specifically, the Commission is interested in problems dealing with repair response time and the provision of timely service.

The public hearings will begin at 7 p.m. at the following locations:

- **Wednesday, Sept. 8, Conifer** – Elk Creek Fire Protection District, Meeting Room, 11993 Blackfoot Rd.
- **Thursday, Sept. 9, Longmont** – Longmont Civic Center Complex, Council Chambers, 350 Kimbark St.
- **Wednesday, Sept. 15, Thornton** – Thornton Recreation Center, 11151 Colorado Blvd.
- **Thursday, Sept. 16, Colorado Springs** – Pikes Peak Library District, East Branch Library, 5550 N. Union.
- **Thursday, Sept. 23, Parker** – Parker Main Street Center, 19650 E. Main St.

NARUC subcommittees meeting in Colorado

Two subcommittees of the National Association of Regulatory Utility Commissioners (NARUC) will conduct fall meetings in Colorado in September.

The Consumer Affairs Subcommittee will hold its annual fall conference at the Oxford Hotel in Denver on Sept. 26-28. The sessions will focus on the increased role of consumer affairs staffs in the changing regulatory environment. The conference will feature various panels on consumer protection, complaint handling, community outreach, and customer education issues.

The Subcommittee on Accounts will hold its fall meeting Sept. 20-23 at the Sheraton Hotel in Colorado Springs. The program will include updates on accounting issues, as well as presentations dealing with telecommunications, gas, electric and water industries.

WCPSC: A Vail of Success

Highlights from the 58th Western Conference of Public Service Commissioners meeting at Vail in June: clockwise from right, Colorado Lieutenant Gov. Joe Rogers (right) and WCPSC president Vince Majkowski (center) greet former Illinois senator Paul Simon; FCC commissioner Michael Powell addresses a session; NARUC president and Alabama commissioner Jim Sullivan provides a view from Washington, D.C.; Colorado congressman Tom Tancredo gives the keynote speech.

Pipeline safety program rises to top in annual evaluation

The Colorado Public Utilities Commission (PUC) continues to receive high marks from the federal government for its gas pipeline safety program.

Inspectors from the federal Office of Pipeline Safety conducted a field evaluation of the PUC's inspection procedures in July and awarded the PUC a perfect score. The inspectors were scheduled to return in late August to review the administrative side of the state's program.

The federal review is conducted every year to make sure that states are complying with federal rules and guidelines for gas pipeline safety programs. The on-site inspection accounts for about 55 percent of a state's overall evaluation. The remainder is based on a certification questionnaire that the PUC submits each January.

For each of the past five years, the Colorado PUC has received the maximum score possible for its gas pipeline safety program.

"We are one of the few states to have achieved this," PUC Safety chief **Tony Karahalios** said. "The results indicate that we are handling our pipeline safety program in the proper manner."

The results of the evaluation are used to determine each state's share of federal grant money. Based on its score, a state is eligible for up to 50 percent of the annual funding for its gas pipeline safety program. Colorado has received the maximum amount for each of the past five years.

The PUC has gas pipeline safety oversight for 84 gas pipeline operators and 136 inspection units in Colorado. That includes intrastate transmission and distribution systems for investor-owned utilities, municipal utilities, master meter operators, direct sales customers, urban gathering systems, and some propane systems.

Using a PUC-developed risk assessment model that determines priorities for inspections, PUC gas safety engineers **Steve Pott**, **Mark Schumann** and **Ernie Tronco** inspect about 70 to 75 percent of the gas system operators each year. All operators are inspected at least every two years, with more frequent inspections for higher-risk operators. The inspectors also monitor major construction projects for compliance with minimum safety standards.

In addition to performing safety inspections, the PUC promotes on-going training for gas system operators. In March of each year, the PUC hosts a Transportation Safety Institute pipeline safety seminar for operators. This year's workshop drew about 100 participants.

The PUC also conducts other training as necessary on various gas pipeline safety topics.

U S West regional oversight group to meet in Denver

The U S West Regional Oversight Committee (ROC) will hold its annual fall meeting at the Denver Marriott Tech Center on Sept. 26-28.

The ROC is comprised of utility commissioners and staff members from the 14 states served by U S West Communications. The group meets twice a year to share information and discuss common regulatory issues.

This year's meeting will include sessions on cable technology and access, and arrangements are being made to tour the Cable TV Research Center. Other tentative topics will include access to advanced services, mergers and acquisitions, and operational support systems (OSS).

Joseph Nacchio, Chairman and CEO of Qwest, which recently reached an agreement to merge with U S West, has been invited to be the keynote speaker at the groups dinner on Monday, Sept. 27.

In addition to Colorado, states participating in the ROC are Arizona, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming.

ROC members voted in 1997 to make Denver the permanent site of the group's annual fall meetings. The location of the spring meetings is rotated among the rest of the states. Omaha is slated to host the spring 2000 meeting.

PUC customer contacts up 65 percent for fiscal year

The number of closed U S West contacts this fiscal year is more than the number of contacts the section received from all utilities in 1997-98.

The External Affairs section of the Colorado Public Utilities Commission (PUC) received 8,838 contacts from utility customers for the fiscal year ending June 30, 1999, a 65 percent increase from the previous year's 5,338 contacts.

The number of contacts includes people seeking general information about a utility or utility services, and those with complaints against specific utilities.

External Affairs staff members closed 8,154 contacts during the 12 months, compared to 5,306 the previous year. The number received and closed is not identical because a contact is not necessarily closed within the time frame indicated. For example, there may be contacts that were received in June that will not be closed until the new fiscal year.

The section closed 5,521 contacts concerning U S West Communications, or nearly 68 percent of the total, compared to 3,107 last fiscal year. The number of closed U S West contacts this fiscal year is more than the number of contacts the section received from all utilities in 1997-1998.

A total of 562 contacts pertained to Public Service Company of Colorado, compared to 530 a year ago.

When closing contacts, the staff determines the appropriate category. If it is a general inquiry, the contact is closed as an information request. If the complaint is in opposition to a proposed rate increase or utility services/action, it is counted as an objection. If during the investigation of the complaint, it is found that the utility has not followed PUC rules or regulations, the complaint is marked "not in compliance."

More than 42 percent of the closed contacts concerning U S West Communications came from people with repair problems. The number of repair contacts increased nearly four times this past fiscal year – from 611 to 2,327.

The next highest category of contacts came from people having trouble obtaining service. The number of "needs service" contacts, excluding customers with credit problems, was 1,565 for the year, compared to 964 the previous year.

For Public Service Company, the most frequent categories for contacts were repair (182 closed contacts), billing (153 contacts) and disconnections (111 contacts).

For the 1998-99 fiscal year, staff interventions resulted in consumer bill corrections or credits of \$173,395, compared to \$111,275 the previous year.

The 1998-99 Consumer Assistance Summary may be obtained from the PUC website: www.dora.state.co.us/puc, or by calling the External Affairs section at 303-894-2070 within the Denver metro area, or 1-800-456-0858 outside the Denver metro area.

Annual customer service award winner named

External Affairs manager **Barbara Fernandez** has been selected by PUC employees as this year's recipient of the Domingo Hidalgo Customer Service Award.

The award, which is presented annually, was established in 1997 to recognize the PUC employee who displays consistent and superior customer service throughout the fiscal year.

Fernandez supervises the consumer complaint and the public/media education functions of the PUC. She excels in serving both customers outside the agency, as well as other PUC staff members who come to her with questions and requests.

"Whether it's dealing with an extremely difficult customer, explaining issues to reporters or assisting other staff members, Barbara is always willing to go the extra mile," PUC Director Bruce Smith said. "She is certainly deserving of this honor."

Fernandez was one of three finalists nominated by a panel of PUC employees. The other finalists for the 1998-99 award were **Phil Smith**, a rate analyst in the Transportation Section, and **Gary Schmitz**, an economist in the Utilities Section.

All PUC employees who received quarterly customer service awards were eligible for consideration. After the three finalists were determined, the winner was chosen by a vote of all PUC employees.

Fernandez received \$250 and an individual plaque, and her name was engraved on a permanent plaque in the reception area on Office Level 2 at the PUC. The other two finalists received \$100 and individual plaques.

The PUC's annual customer service award is named for former long-time employee Dom Hidalgo, who exemplified exceptional customer service for more than 35 years in the PUC's Transportation Section before he died in 1997. **Joyce Reed** was the first winner of the award in 1998.

Transportation attorney is new PUC law judge

There is a new face on the bench at some proceedings before the Colorado Public Utilities Commission.

Dale E. Isley joined the Commission staff in June as an Administrative Law Judge. He is one of five judges on the PUC staff, handing utility cases assigned by the Commissioners. The administrative law judges conduct hearings, rule on motions and other procedural matters, and issue recommended decisions on cases.

Isley brings more than 18 years' experience as an attorney specializing in transportation cases to the PUC bench. Prior to joining the Commission, he worked in private practice representing passenger and property carriers before the Colorado PUC and other federal and state regulatory agencies.

Before that, Isley worked for Denver law firms Williams and Isley, and Kissinger and Lansing, also specializing in transportation law.

Isley received his bachelor's degree from the University of Colorado, and graduated from the Gonzaga University School of Law in Spokane, Wash., in 1978. He was admitted to the Colorado Bar in 1979.

Isley has taught transportation law at the Emily Griffith Opportunity School in Denver and has been a lecturer at the Columbia-Health One Drug Testing Seminar. He is a member of the Transportation Lawyers Association and the Conference of Freight Counsel.

Inside Connections

Deborah Fajen is the person who keeps the traffic flowing smoothly in the Transportation section of the Public Utilities Commission.

Deb, a Program Assistant, directs the people and paperwork to the right places to get things done. As the assistant to section chief Lee Smith, Deb drafts orders, prepares transportation items for the weekly commissioners' meeting, monitors the meetings, issues property carrier permits, and performs numerous other administrative duties.

It's the variety of those duties, along with the interaction with the public, which Deb enjoys most about her job.

"It's not boring. I meet different people – from truckers to lawyers," she said.

Deb has been with the Department of Regulatory Agencies since 1989, when she began work in the Division of Registrations. In January of 1998, she transferred over to the PUC.

Deb grew up in the Denver area, and graduated from Northglenn High School. She lists her personal interests as "my family, WWF wrestling and the Broncos." She also enjoys bowling, reading, movies and camping.

Deb said she wants to "be a mom my kids can be proud of," and she counsels others to seek more enjoyment out of life.

"Have fun! Don't take life so seriously," she said.

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

Positive Charges

Tony Karahalios and **Steve Pott** are applying their pipeline safety experience to the Utility Notification Center of Colorado (UNCC) Legislation Task Force to help address the issue of increasing damage to gas pipelines. The mission of the task force is to prevent damage to underground facilities by promoting improvements to the current "one-call" law. UNCC has been designated by the PUC as the one-call service provider for the state. Tony is serving on the task force's standards subcommittee and Steve is serving on the accountability subcommittee.

Welcome to new PUC employees: **Sandra Potter**, a Program Assistant in the Utilities section, who transferred from the DORA Office of Certification; **Dale Isley**, an Administrative Law Judge in the Administrative Hearings section; **Bonnie Ford**, an Administrative Assistant in the Utilities section, who transferred from the Department of Human Services; and **Bradley Fink**, a Compliance Investigator in the Transportation section.

A pat on the back to Financial Analyst **Vivian Pederson** for her willingness to spend many overtime hours working on the budget.

Hats off to Supervising Engineer **Warren Wendling** for keeping the work flowing despite the loss of 30 percent of his work force.

Kudos to **Denise Coven** for her continuing efforts to make the paper flow in the Utilities section and her excellent treatment of customers from outside the Commission.

Electric advisory panel entering final phase of study

The Electricity Advisory Panel is entering the final phase of its 18-month study of electric utility industry restructuring in Colorado.

The panel recently completed a series of public meetings to receive public comment on a draft report it issued on July 1. Meetings were held in Craig, Montrose, Durango, Fort Morgan, Denver and Pueblo.

Attendance at the meetings ranged from about 60 to 130 people, and public sentiment was predominantly against the idea of opening the electric supply market to competition. In rural areas, opponents of restructuring fear higher rates and decreased services, citing airline and telecommunications deregulation as examples. In large urban areas, advocates for low-income and senior citizens also expressed concerns that residential bills would rise.

Although greatly outnumbered by opponents, large industrial customers, school districts and renewable energy advocates were among those who expressed support for restructuring at the meetings.

The Electricity Advisory Panel will incorporate the public comment into a final report that is due Nov. 1. That report will include a recommendation to the legislature about whether Colorado should move forward with electric utility restructuring. The legislature is expected to take up the issue again during the 2000 session.

The Electricity Advisory Panel was created by lawmakers in 1998 to study whether electric retail competition is in the best interest of Colorado citizens. Over the past 15 months, the panel has scrutinized virtually every aspect of electric restructuring, identifying potential risks, benefits and impacts on all Colorado consumers.

Consultants were hired to produce in-depth studies on various social, legal and economic impacts of introducing retail electric competition in Colorado. Key issues have included the impact of electric restructuring on rates, reliability of service, utilities' stranded costs, renewable energy and other environmental programs, taxes, rural communities and low-income households.

The panel issued a draft report of its findings on July 1, noting that significant differences of opinion existed among panel members. In a straw poll taken at the time, 18 panel members voted that restructuring is not in the best interest of all Colorado electricity consumers and the state as a whole; 10 voted that restructuring is in the best interest; and one member abstained from voting.

In addition to a final recommendation about whether to restructure or not, the final report must include recommendations regarding implementation and timing of restructuring if the General Assembly determines that it wants to restructure Colorado's electric industry.

New Century files for approval of merger

New Century Energies, the parent company of Public Service Company of Colorado, has filed with the Public Utilities Commission (PUC) for approval of its proposed merger with Northern States Power Co.

The merger application, filed July 28, is one of several filings submitted concurrently to state and federal regulators for approval of the proposed merger to form Xcel Energy Inc.

Hearings on the proposed merger in Colorado are likely to occur late this year, or early next year. The company has asked for a PUC decision by March 2000.

In their application, the companies stated that the merger would result in increased operating efficiencies and financial stability, and would enhance competition. Shareholders of the companies approved the merger on June 28.

Among the key points of the Colorado merger application:

- Public Service Co. will continue to freeze its Colorado electricity rates through 2004. The current rate freeze expires at the end of 2001.
- Public Service Co. will continue the annual electric earnings test and profit-sharing method through 2004, which means customers will share company profits if Public Service earns above agreed-upon levels.
- Public Service Co. will continue its Qualify of Service Plan through 2004, which requires the company to meet specific targets related to its electric system reliability, number of PUC complaints and its response time at the company's telephone center.
- The company proposed to maintain its Personal Account Representative (PAR) program for low-income customer assistance and continue funding for investments in the Energy Savings Partnership program.
- Public Service Co. will not reduce the number of emergency response positions as a result of the merger.
- The merger will not reduce the company's commitment to safety, reliability and quality of service resources.

New Century Energies serves approximately 1.6 million electricity customers and more than a million natural gas customers in Colorado, Texas, New Mexico, Wyoming, Kansas and Oklahoma. Northern States Power provides electricity to about 1.5 million customers and distributes natural gas to more than 475,000 customers in Minnesota, Wisconsin, North Dakota, Michigan, South Dakota and Arizona.

Commission modifies local calling area rules

The Colorado Public Utilities Commission (PUC) has approved a process that will allow for expansion of local calling areas in some instances where minimum call volumes are not met.

The PUC last month agreed to modify its rules to include an "alternate criteria standard" that can be used by communities to expand their local calling areas even if they don't meet the required calling volumes. A local calling area consists of the telephone exchanges that a community can call without paying long distance charges.

Under the current rules, the calling rate between exchanges must exceed an average of four calls per customer per month, with at least 50 percent of the customers in the exchange making at least two calls per month. Communities that wish to add entire metro areas, such as Denver or Colorado Springs, must meet higher calling volumes. If the calling volumes are not met, no further consideration is given to expansion.

Under the new rules, the PUC will consider an expanded local calling request, even when call volumes are not met, if there is "clear and convincing evidence" that a community of interest exists between the exchanges. In addition to calling needs for health, safety, school, and government purposes, community of interest criteria would include employment centers, demographics and other economic factors between communities.

A request for expanded local calling under the alternate criteria method would have to be signed by a majority of elected representatives of the city, town or county from the petitioning exchange area.

The new rules retain the current call volume requirements, but add an additional tier for mid-sized cities. The minimum rate for communities wishing to add the Pueblo, Fort Collins, Grand Junction or Greeley areas would be six calls per customer per month. The required rate to add Colorado Springs is eight calls per customer per month, and the rate to add the entire Denver metro area is 24 calls per customer per month.

The PUC also approved an option that would allow communities to impose a rate increase for expanded local calling only on customers in those communities. Under the other options, including the alternate criteria standard, rate increases from local calling area expansions would be spread to all customers of that telephone company.

The new rules are expected to go into effect later this fall, and the PUC will be considering expansion to local calling areas throughout the state later this year. An agreement with U S West Communications approved earlier this year earmarks \$8 million for expansion of local calling areas in the 970 and 719 area codes.

U S West late fees for business customers to begin in October

Business customers of U S West Communications should be aware that beginning in October the company will start charging late fees on balances not paid by the date of the subsequent bill.

The Public Utilities Commission (PUC) in June allowed the company's proposal to assess a 1 percent late fee on outstanding balances go into effect for business customers. The Commission suspended a similar late payment fee for residential customers, and has scheduled a hearing on that proposal for Oct. 7

For business customers, the late payment charge will be applied to all billed balances that are not paid by the date of the next bill, unless the balance is \$45 or less. Language alerting customers to the late payment charge will appear on bills beginning in mid-September, and the charge will follow the next month if customers do not pay their bill balance.

The late payment charge does not apply to bills paid more than 10 days after the bill date, final bills, one-time miscellaneous bills, the first month's bill for a telephone number change, or to billed amounts under dispute that are resolved in the customer's favor.

U S West has estimated that the late payment fees will generate about \$4 million a year in revenue.