



Colorado PUC Connections Newsletter

– September 2001

CONNECTIONS is the quarterly newsletter of the Colorado Public Utilities Commission, covering Commission cases and actions of importance to consumers, utilities, consumer groups and decision makers.

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Starting Point

It is my belief that cooperation between utilities, regulators and local officials in addressing problems usually leads to the best solutions. One such example is the investigation into last winter's natural gas outage in Telluride. Through the efforts of PUC staff and Kinder Morgan (KM), significant changes have been implemented to prevent such an occurrence in the future.

The PUC launched an investigation last November after the town of Telluride and surrounding areas lost gas service for parts of two days. The outage was blamed on the formation of a hydrocarbon hydrate that completely blocked the flow of gas in the 6-inch lateral pipeline serving the Telluride area.

PUC staff initially received briefings from KM personnel and communications from Telluride officials. Staff sent a series of written questions to KM requesting additional information and clarification regarding events surrounding the Telluride outage. Follow-up meetings were held with KM personnel to discuss and clarify remaining issues.

In its initial report on the incident released in May, the PUC concluded that several factors contributed to the outage. PUC staff made a number of recommendations for improvements in the

following areas: quality control of gas from local production, attention to pipeline liquids removal, telecommunications monitoring systems, and communications between departments.

Kinder Morgan submitted a response to the PUC report in July, noting the measures it has taken to implement staff's recommendations and improve its operational processes. One of the key improvements was a reconfiguration of the Rocky Mountain Natural Gas pipeline system to ensure adequate quality of the gas serving the Telluride area.

At a recent PUC meeting, the Commissioners discussed KM's responses to staff's recommendations and agreed that the company has taken reasonable measures to address the areas of concern. The Commission directed staff to conclude the active phase of the Telluride investigation. The Commission will continue to monitor the operation of KM's system and take further actions as necessary.

I would like to recognize the efforts of PUC staffers Bob Bergman, Gary Schmitz and Steve Pott in coordinating the PUC investigation and proposing workable solutions. And I appreciate the cooperation extended by Kinder Morgan throughout the investigation. I believe the process resulted in a solution that best serves the public interest.

PUC Putting No-Call Program In Place

The Public Utilities Commission has begun taking the necessary steps to implement a "no-call" telemarketing program in Colorado that will take effect no later than July 1, 2002.

The Colorado Legislature this year passed a bill that would allow Colorado residents who don't want to receive solicitations by telephone or fax to put their phone numbers on a "do-not-call" list. The bill directs the PUC to hire a vendor by Jan. 1, 2002. The vendor will develop and maintain the list.

A request for proposal (RFP) was issued in late July by the State Division of Purchasing, soliciting bids from vendors for creating a telephone and Internet-based no-call database program. The program must be designed to serve three purposes:

- To allow residential telephone subscribers, at no cost, to register their objections to receiving telephone solicitations.
- To allow telemarketing solicitors to register, pay their annual fees, and easily access the no-call list data.
- To create and maintain an automated complaint system to assist with the enforcement of the no-call program.

Once the bids are received, a screening committee will review the proposals and select a vendor for a minimum three-year contract.

In addition to selecting a vendor, the PUC currently is developing the rules that will flesh out the no-call program, including definitions, fees, and operational and technical standards. A hearing on proposed rules is scheduled for Oct. 1 at the PUC.

Under the proposal, residential customers would be able to start signing up for the no-call list no later than June 1, 2002, a month before the implementation of the program. Tens of thousands of Colorado residents already have placed their telephone numbers and zip codes on an unofficial no-call list database. The Commission must determine if that list can be imported into the official Colorado no-call list. If so, the vendor will be required to verify that the data on that list is still accurate.

Under the law, solicitors who make three or more calls per month to numbers on the no-call list would violate the Colorado Consumer Protection Act and could be subject to fines. Under the legislation, certain calls would be excluded from the state's no-call provisions, including the following:

- Calls to residential telephone subscribers with that subscriber's prior express invitation or permission;
 - Calls by or on behalf of any person or entity with whom a residential subscriber has an established business relationship;
 - Calls for up to 30 days after a residential subscriber has contacted a business to inquire about the potential purchase of goods or services or until the subscriber requests that no further calls be made, whichever occurs first;
 - Calls by or on behalf of a charitable organization that complies with the state's notice and reporting requirements for such organizations;
 - Calls made for the sole purpose of urging support for or opposition to a political candidate or ballot issue; or
 - Calls made for the sole purpose of conducting political polls or soliciting the expression of opinions, ideas or votes.
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Dora Honors PUC's Schmitz

PUC economist **Dr. Gary Schmitz** was honored recently as the Department of Regulatory Agencies' (DORA) "Employee of the Year."

Schmitz was selected from nominations from all of DORA's 11 divisions and three offices. He received a \$500 cash award and is eligible for statewide recognition in the governor's annual State Top Achievement Recognition (STAR) awards program.

The "DORAWards" program was created this year to recognize outstanding achievements in customer service on the department level. Award categories included Group/Team of the Year, Customer Service, Volunteer of the Year, and Employee of the Year.

The Employee of the Year award recognizes any DORA employee who has demonstrated "exemplary performance, job dedication and a willingness to go above and beyond normal job performance expectations."

Schmitz has worked for the PUC for almost 15 years and is highly respected by external customers – the jurisdictional utilities and other interested parties who practice before the PUC, said PUC Director **Bruce Smith**.

"His work style as a consensus-builder is especially valuable in the adversarial hearings environment of the agency," Smith said. "He is known for bringing people together and trying to reach settlement on very controversial cases."

In addition, Schmitz is known at the PUC for his teaching/mentoring style. He excels at explaining very complicated issues in understandable terms for new commissioners, new staff members, legislators and the news media, Smith said.

During the last calendar year, Schmitz performed "above and beyond" his normal job performance by serving as acting chief of the Utilities Section, taking on this assignment without extra compensation and ensuring smooth working relationships during the transition to a new chief.

Along with the Employee of the Year winner, the PUC had a number of employees who received honorable mention in this year's DOR Awards. **Warren Wendling** and **John Trogonoski** were cited in the Employee of the Year category; **Michele Gronewold** was recognized in the Customer Service category; the PUC Rules Rewrite Team (**Jerry Enright**, **Bridget McGee-Stiles**, **Karl Kunzie**, **Neil Langland**, **Roxi Nielsen**, **John Trogonoski** and **Tom Parchman**) and the PUC Consumer Affairs Team (**Judy Dunn**, **Harry DiDomenico**, **Joe Eaglesfether**, **April Filley**, **Theadora Jackson**, **Doug Platt** and **Trudy Reinmuth**) both received honorable mentions in the Group/Team of the Year category.

Falling Prices Likely To Help Gas Customers

Colorado's regulated natural gas utilities will be making their annual gas cost adjustment (GCA) filings in the next two months to reflect actual prices paid to wholesale gas suppliers last heating season and projections for the upcoming season's prices.

Although wholesale gas prices have come down significantly from last winter's record highs, it is uncertain at this point how much of that decrease will be reflected in consumers' bills this fall.

"We are expecting every utility to file for a decrease, but how much is anybody's guess," said PUC engineer **Billy Kwan**.

After last year's price run-up, utilities were encouraged to hedge and lock in prices at longer-term contracts to reduce some of the volatility of market-based prices. This year's GCA filings will depend, in large part, on how much of this year's gas supply was locked in and what prices were at the time, Kwan said.

In addition, some gas companies, including Xcel energy, the state's largest gas utility, still have large uncollected gas costs from last winter, when wholesale gas prices soared four times higher than they were the previous year. Those deferred balances for purchased gas still must be recovered as part of this year's GCA filing.

Gas utilities make GCA filings at least on an annual basis to pass through to their customers market fluctuations in the wholesale price of natural gas. Wholesale prices were fully deregulated by the federal government in the early 1990s. Both increases and decreases in the cost of purchasing natural gas are passed along to customers on a dollar-for-dollar basis. The utility does not make any profit from this adjustment.

Nearly all of the state's eight regulated gas companies requested at least three increases in their GCAs last heating season in response to the huge price spike. As a result, consumer heating bills generally doubled.

Wholesale prices have since come back down to levels close to where they were two years ago, and Kwan said he expects prices to remain fairly stable this season. Natural gas storage is at an all-time high, he said, in contrast to last spring and summer when electric generation demand kept utilities from injecting gas into storage.

"We wouldn't expect to see a big peak like last winter, which stemmed from a significant supply and demand imbalance," Kwan said.

Xcel and other gas utilities will make their GCA filings in mid-September, to be effective on Oct. 1. A few of the companies file in October with Nov. 1 effective dates. The Public Utilities Commission reviews the GCA filings for informational purposes only up front, but can order prudence reviews once the actual gas cost information is filed next summer.

Complaint Group Fields 18,631 Calls For Fiscal Year

The PUC's External Affairs section answered 18,631 calls and closed 7,758 contacts for the previous fiscal year. The section also saved consumers \$382,997 through its efforts in resolving utility disputes.

According to the section's annual consumer summary, the staff received 7,851 contacts and closed 7,758 for the period from July 1, 2000 through June 30, 2001. A contact is one that required some action from the External Affairs staff. The number of contacts received and closed is not the same because a contact is not necessarily closed within the time frame indicated.

The number of closed contacts decreased 16.7 percent from the previous year's 9,313, according to consumer complaint supervisor **Judy Dunn**.

"The 1999-2000 fiscal year was extraordinary in that an unprecedented number of U S West complaints was handled. Many of these related to the PUC's investigation into the company's quality of service," Dunn said.

This year, the section closed 3,771 contacts concerning Qwest (formerly U S West), compared to 6,457 the previous year, and it closed 1,093 contacts concerning Public Service Company, compared to 558 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 of a utility's services or 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."

The amount of money saved consumers increased during fiscal year 2000-01. Staff intervention resulted in consumer bill corrections or credits of \$382,997, compared to \$361,305 a year ago.

Repair problems and trouble obtaining telephone service produced the greatest number of closed contacts concerning Qwest during the year. The number of closed "repair" contacts was 873 (23 percent of all closed Qwest contacts) for the year, compared to 1,985 a year ago. The number of "needs service" contacts, excluding customers with credit problems, was 821 (22 percent) for the year, compared to 2,006 the previous year.

For Public Service Company, the largest categories for closed contacts were billing (327 contacts) and repair (270 contacts).

The section handled 18,631 calls for the fiscal year. Not all of these calls became contacts because in many cases staff members were able to answer callers' questions immediately, with no further action required.

Also, for the fiscal year, the section handled 796 media contacts and issued 12 news releases. Of these media contacts, 259 concerned telecommunications issues, 430 were energy/water issues, 45 were transportation matters, and 62 were miscellaneous issues.

The 2000-01 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.

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Annual Puc Customer Service Winner Chosen

PUC employees selected **Marisela Chavez** as the Domingo Hidalgo Customer Service Award winner for 2001.

Chavez was one of three finalists nominated by a panel of PUC employees. The other 2001 finalists were **Gary Gramlick** and **Ken Kirkpatrick**.

The award was established in 1998 to recognize the PUC employee who displays consistent and superior customer service throughout the year. The award is named for the late Dom Hidalgo, who exemplified exceptional customer service for more than 35 years in the PUC's Transportation section.

Chavez, an administrative assistant in the executive office, was cited for her cooperative attitude and willingness to assist both customers and co-workers beyond her normal job duties. She handles almost all of the incoming calls to the PUC that are from Spanish speaking customers, answering questions from everything about what to do when their car is towed to how to get their utility service reconnected.

In addition, Chavez is always willing to help fellow PUC employees with computer problems and was instrumental for the implementation of the Folio project, which provides computerized access to all PUC decisions. Recently, she has helped take on the additional task of word-processing the voluminous reports from the 271 workshops.

Nominations for the award were solicited from all PUC employees. After the panel narrowed the field to the three finalists, the winner was chosen by a vote of all PUC employees.

Chavez 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. Gramlick and Kirkpatrick each received \$100 and individual plaques.

PUC Customer Service Winners

2001 – Marisela Chavez

2000 – Frank Shafer

1999 – Barbara Fernandez

1998 – Joyce Reed

Inside Connections

If there's a question about insurance or permits for motor carriers regulated by the PUC, you can bet that **Jonell Poley** can answer it.

Jonell will reach her 23rd anniversary at the PUC next month, and has spent all but six months of that time working in the Operating Rights unit of the Transportation section. With that experience, she is well-suited for her current position as lead worker/supervisor of the unit.

The Operating Rights unit issues the annual vehicle identification stickers to all carriers required to have them, and is responsible for making sure that all carriers have insurance on file. That means processing more than 20,000 permit applications and an equal number of insurance filings each year.

“I’m responsible for making sure that the work in our section is done in a timely manner,” Jonell said.

She also represents PUC staff every two weeks at a “show cause” hearing regarding common, contract and towing carriers that do not have active insurance on file.

Despite her many years of working in the same unit, Jonell maintains a fresh outlook and is always looking for better ways to do the job.

“I really like the people I work with. Cheryl (Fisher) and Raenette (Rodriguez) both are not afraid to ask for more work to do, or if they can help when someone is on a deadline,” Jonell said. “My supervisor, Ron Jack, has let me rearrange and reorganize the section the way we need to in order to complete the work. It’s a good feeling to know that someone trusts you enough to let you do that.”

Away from work, Jonell enjoys reading and listening to books on tape, going to movies, listening to music, camping, and playing with her three cats and a dog. Shopping is another of her passions.

“Unfortunately, I love to shop and I’m pretty good at it,” she said.

Jonell collects glass bells, ceramic masks (her favorites are two sent to her from Italy by her niece) and coins from the casinos in Las Vegas. She would like to add a picture from the Thomas Kinkade Collection to her list of collectibles, but says that will have to wait until she “wins the lottery.”

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

Positive Charges

Congratulations to **Gary Schmitz** for being selected the Department of Regulatory Agencies’ Employee of the Year. Also, congratulations to the following PUC employees for receiving honorable mention: **Warren Wendling** and **John Trogonoski** (Employee of the Year); **Michele Gronewold** (Customer Service); PUC Rules Rewrite Team – **Jerry Enright**, **Bridget McGee-Stiles**, **Karl Kunzie**, **Neil Langland**, **Roxi Nielsen**, **John Trogonoski** and **Tom Parchman** (Group/Team of the Year); and PUC Consumer Affairs Team – **Judy Dunn**, **Harry DiDomenico**, **Joe Eaglesfether**, **April Filley**, **Theadora Jackson**, **Doug Platt** and **Trudy Reinmuth** (Group/Team of the Year).

Special recognition to PUC court reporters **Jim Midyett**, **Kristy Turner** and **Harriett Weisenthal** for their extra efforts this past fiscal year. In addition to their normal PUC workload, the court reporters transcribed 67 days of “271 workshops” under difficult reporting conditions.

Welcome to new PUC employees **Reanette Rodriguez**, an administrative assistant in the Transportation section; and **Larry Shaio**, an engineer in the Utilities section. A couple of other PUC employees are in new positions – **Karin Gleichauf** has moved from the Transportation section to the Executive Office, where she is assistant to Commissioner Jim Dyer; and **Della Menchaca** has

transferred from the Transportation section to become administrative assistant in the Safety and Enforcement section.

PUC Grants Yellow Cab Rate Increase

An Administrative Law Judge has recommended approval of an agreement that would grant rate increases to Denver Yellow Cab and Boulder Yellow Cab.

Staff of the Public Utilities Commission and officials from the two taxi companies reached a settlement in July on a proposed fare increase. Under terms of the agreement, Denver Yellow Cab's "flag drop" rate remains at \$1.60, while the metered mileage rate will increase from \$1.60 to \$1.80 per mile. Boulder's flag drop rate also stays at \$1.60, and the metered mileage rate increases from \$1.60 to \$1.75 per mile.

The agreement also calls for no changes to be made to the flat rates between Denver International Airport and downtown Denver, the Denver Tech Center and Boulder.

The two companies sought PUC approval this spring to raise their flag drop charge by 90 cents per trip – from \$1.60 to \$2.50. The cab companies asserted that they were not recovering their administrative and overhead costs on short trips, and wanted to collect more of the fare up front.

The PUC suspended the rate hike request to investigate whether the proposed changes were just and reasonable. The Commission was concerned because the proposed changes would result in a 56.3 percent increase for the first one-eighth mile of a trip.

Following negotiations between PUC staff and the companies, the two sides agreed to keep the initial flag drop charge the same, but allow for an increase in the mileage rate. Under the agreement, the fare for an average Denver trip will increase about 12.5 percent. Shorter trips will see less of an increase. The fare for an average Boulder trip will increase 8.7 percent.

The settlement also addressed the concern about the impact that the proposed increases could have on the Denver International Airport zone system. Under PUC rules, all taxi companies are required to offer a uniform flat fare for trips between the airport and three zones – downtown Denver (\$43), the Denver Tech Center (\$45) and Boulder (\$70) – which make up about 70 percent of the airport taxi business.

Under the current rules, the increases proposed by Yellow Cab would automatically increase the airport flat fares for all companies, resulting in increases somewhat higher than the average metered trip. However, as part of the agreement, all of the taxi companies serving metro Denver agreed to waive any rights they may have to increase their DIA flat rates.

The decision approving the rate increases was expected to become final in late August.

Customers, Carriers To Try Long-Distance Relationship

Telephone customers now have a new business relationship with their interstate long-distance companies.

Beginning Aug. 1, the Federal Communications Commission required long distance telephone companies to directly advise their customers of the rates, terms and conditions of service, along with any

changes they make in these contract provisions. Prior to Aug. 1, these rates, terms and conditions were filed with the FCC in legal documents called tariffs.

Under the FCC's detariffing rules, customers and long-distance companies will now deal with each other by means of an individual contract, similar to a credit card contract. Your long-distance company must make available to you the rates, terms and conditions of service, and you may choose to agree to them, as in any other contract. If you do not approve of your company's terms, you may find another company that offers you terms that better suit your needs.

Consumers shopping for the best terms for long distance telephone service may find this helpful in being able to compare offers from competing companies, and alternatives within a single company. In addition to comparing prices, consumers should consider contract period lengths that may apply (such as a one-year minimum contract), fees charged for early cancellation by the consumer, and any minimum monthly fees that might apply.

If you already subscribe to a company's long-distance service, that company is required to notify you of major changes in your contract, such as a new rate or surcharge. This notice may arrive with your bill or by separate mailing, or if you agreed to an on-line billing plan, the notice might be e-mailed to you. Customers should examine all communications from their long-distance provider to keep informed about changes in their long-distance service contract and call their telephone company if they have any concerns about the specifics of their plan.

Long-distance companies are required to post a schedule of their rates, terms and conditions on their web page. Each company also must keep copies of this schedule at a business place of each company's choosing.

Consumers are still protected under state laws governing contracts, consumer protection and deceptive practices. As with any other problem that you have been unable to resolve directly with a telephone company, if you believe your long-distance company has acted unfairly, you may lodge a complaint with the Public Utilities Commission.

The new changes apply only to interstate long distance service. For now, companies must still file tariffs with the PUC for in-state long distance services, although the PUC is considering in-state detariffing as well.

7-1-1 For Relay Access Debuts Oct. 1

Telephone customers will need to remember only three numbers soon to access the state's relay services for people with speech or hearing impairments.

The Federal Communications Commission has ordered all local telecommunications providers to offer 7-1-1 dialing for access to relay services no later than Oct. 1. In Colorado, it could happen sooner than that. Qwest has said it would be ready to implement 7-1-1 dialing as early as Sept. 1.

Similar to 9-1-1 for emergency services and 4-1-1 for directory assistance, the new 7-1-1 number will encourage and facilitate communications among individuals who are deaf, hard of hearing or have speech disabilities and voice users. It is the latest of a series of initiatives undertaken over the past decade to improve telecommunications services for individuals with disabilities.

Currently in Colorado, customers who want to make calls using the relay system must dial an 800 number to access the relay system. The new 7-1-1 dialing arrangement will not replace the existing 800 number, but provides an alternative method for accessing the relay system.

By using 7-1-1, relay users will be able to initiate a call from any telephone, anywhere in the United States, without having to remember and dial a 7-digit or 10-digit toll-free number, and without having to obtain different numbers to access local relay systems when traveling from state to state. Customers can dial 7-1-1 and immediately be connected to that state's relay services.

All local telecommunications providers – including wireline, wireless and payphones – are required by the FCC to offer the 7-1-1 dialing access as of Oct. 1.

More than 57,000 calls per month are placed in Colorado using the relay system, which is funded by a 10-cent monthly surcharge on all telephone lines in the state. Specially trained agents relay calls over a Telecommunications Device for the Deaf (TDD), or verbally with hearing parties.

Sprint Communications has provided the state's relay services since 1990, and recently was awarded a new three-year contract that runs through 2004.

New Telecom Rules Streamline Process

New rules that streamline the process that telecommunications companies use to obtain authority to provide service in Colorado are now in place.

The Public Utilities Commission recently completed a revision of its telecommunications certification rules. The new rules became effective July 31.

The new rules (4 CCR 723-25) are designed to ease the administrative burden and simplify the process for companies that want to offer telecommunications services in the state, according to PUC financial analyst **Jerry Enright**, who helped lead the rules revision project.

The new rules bring together all the telecommunications certification requirements into one rule. Previously, the requirements were scattered throughout various PUC rules, making it difficult for companies to sort through the necessary requirements.

Now, all telecommunications companies wishing to offer local exchange or emerging competitive services, discontinue to curtail any service, execute a transfer or a merger, or register as a long-distance reseller, will find all of the certification requirements in one place.

The new rules also significantly reduce the amount of paperwork required to submit an application. For example, only an original and four copies of an application is now required, instead of an original and 15 copies under the previous rule. Also, applicants no longer have to file form tariffs and exchange maps with their applications.

The rules also provide standardized application forms for companies to fill out if they choose to use them. And notices of telecommunications applications are now being posted on the PUC web site within five working days after receipt of the application.

All of the rule changes are intended to eliminate possible barriers to entry for telecommunications providers and encourage the development of further competition in the telecommunications market in Colorado.

Since Colorado's local telephone market was opened to competition in 1996, the PUC has certified nearly 200 companies to provide local exchange and emerging competitive services. Another 600 long distance companies are registered to provide service in the state.

PUC Grants Approval Of East-West Transmission Link

The Colorado Public Utilities Commission has granted Xcel Energy the authority to build a high-voltage transmission line to connect the Front Range with alternate power supplies located to the east and south of Colorado.

The PUC in July approved a proposal to build a 345 kV transmission line from Lamar to the Kansas border. The high-voltage line will link the electric systems of the former Public Service Company and Southwestern Public Service of Amarillo, which merged several years ago.

The proposed transmission line will increase the interconnection capacity between the Western and Eastern Interconnections by 210 megawatts, or 20 percent.

“Given the constraints of the Front Range transmission system, it is important for us to encourage investment in transmission capacity in and out of the state,” PUC Chairman **Ray Gifford** said.

The PUC ruled that once the line is in operation, Xcel would be allowed to recover from ratepayers the costs of the transmission line and 50 percent of a the costs of a converter necessary to link the two systems. The converter will be built near Lamar, but will also benefit Southwestern Public Service customers in Kansas and Texas. The estimated cost of the Colorado portion of the project is expected to be about \$65.7 million, of which Colorado ratepayers would pay about \$45.7 million.

“It doesn’t make sense that Colorado ratepayers should have to pay the full cost of the converter,” Gifford said.

A PUC administrative law judge had recommended that Xcel be allowed to build the line, but that shareholders, not ratepayers, bear the risk of the project. The PUC said it would require Xcel to file annual reports showing the actual amount of eastern and western power flowing over the facility, and quantifying the benefits to Colorado ratepayers. The Commissioners said it would put Xcel on notice that costs of the transmission line might be disallowed in the future if the benefits don’t outweigh the costs

PUC To Examine San Miguel Electric Rates

The Public Utilities Commission has ordered a hearing into new electric rates implemented by San Miguel Power Association, an electric cooperative serving southwestern Colorado.

New rates filed with the PUC by San Miguel went into effect on Aug. 1. Under state law governing electric cooperatives, the PUC cannot suspend a proposed rate increase, but can order a hearing to determine whether the increases are just and reasonable. If the rates are found to be unreasonable, the PUC could order refunds back to the effective date of the increases.

The changes in the company’s rates are expected to increase its annual revenues by about \$1.66 million, or 12.9 percent overall. The increase is to be spread over two years to reduce the rate impact on customers.

Residential customers, on average, would see an increase of 7.05 percent the first year, followed by a 3.68 percent increase on Aug. 1, 2002. Rate for commercial customers, on average, would increase about 9.64 percent the first year and 9.06 the following year.

San Miguel, whose members voted to place the electric cooperative back under PUC control in 1993, serves about 7,200 customers, including the towns of Telluride, Ouray, Silverton, Nucla and Ridgway. Many of its customers are seasonal or part-time customers who use electricity only on weekends and holidays.

PUC staff and the Office of Consumer Counsel have intervened in the case and will participate in the hearing. In addition to whether the rate increases are warranted, the hearing will address the company's rate structure as it relates to recovering the costs of providing service to part-time users.

The hearing on the new rates is expected to be scheduled later this year before a PUC administrative law judge.

Hearing On GCA Rule Changes Set For Nov. 1

The Public Utilities Commission will hold a hearing on Nov. 1 to consider proposed changes to its Gas Cost Adjustment (GCA) rules.

The hearing will be at 8:30 a.m. in the Commission's hearing room at 1580 Logan St. in Denver.

The proposed rule changes are the result of a PUC investigation launched after last year's run-up in natural gas prices. Under a traditional approach, most Colorado utilities purchase natural gas based on spot market prices. Although this strategy benefited consumers for most of the 1990s, it resulted in large price increases a year ago.

After taking comments from gas industry and consumer representatives, the PUC has proposed rule changes intended to help reduce volatility in natural gas prices. The proposed rule changes address the following areas:

- To make permanent the changes that were adopted as emergency rules last March. Those rules require gas utilities to inform the Commission of the measures each utility has considered or will consider to reduce consumers' risk of gas price volatility for the gas purchase year.
- To clarify that costs related to gas volatility risk management may, under certain circumstances, be included for recovery through the GCA mechanism. This issue was raised by a number of parties in the PUC investigation.
- To make administrative changes to the Gas Cost Adjustment, Gas Purchase Plan, Gas Purchase Report, burden applicability and confidentiality sections of the rules. These changes are intended to better reflect current PUC practices.
- To receive comments concerning whether the PUC should provide notice to the public concerning the filing of gas purchase reports. Under current practice, these reports are only noticed if they are set for prudence review hearing, and are not noticed to the public prior to PUC consideration of whether to set the matter for hearing.

Interested parties may submit written comments on the proposed rules, or present them orally at the hearing. Written comments should be filed 10 days prior to the hearing date.

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