

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2002

STARTING POINT



By Bruce Smith
Director

Recently, a number of people have called or written to the PUC to express concerns about a plan by Xcel Energy to build a new high-voltage electric transmission line between substations in Arapahoe and El Paso counties. Specifically, these people are concerned about the route that the proposed transmission line will take.

Decisions about utility siting issues are local land-use decisions made by the affected cities and counties. However, there is a possibility that the PUC would be asked to resolve a dispute between a utility and local government concerning the location, construction and improvement of major electrical and natural gas facilities.

The PUC's role in this process was spelled out in a bill approved by lawmakers during the 2001 session. The bill provided a legal means for public utilities to appeal local land-use decisions on utility siting issues to the PUC. Below are some of the pertinent components of the year-old law:

- The law declares that conflicts over utility siting issues are matters of statewide concern and gives the PUC the authority to resolve appeals. The PUC's role is to balance local government determinations with the broader statewide interest of meeting growing demands for electric and natural gas service.
- The law gives public utilities or power authorities the ability to appeal to the PUC if a local government denies a permit or application that relates to the location, construction, or improvement of major electrical or natural gas facilities, or imposes unreasonable conditions on such a permit or application.
- The law sets out specific information that a public utility or power authority must include in submitting an appeal to the PUC, focusing on the need for the project, reasons for denial, safety and reliability issues, and the impact on both local residents and customers of the utility.
- The law requires the PUC to deny any appeal if the public utility or power authority has failed to properly notify and consult with the affected local governments prior to seeking a permit.
- In addition to a formal evidentiary hearing on the appeal, the law requires the PUC to hold a

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May hearings move 271 filing closer

The Colorado Public Utilities Commission (PUC) has scheduled additional Section 271 workshops for May 7-10 as Qwest moves closer to its formal application to re-enter the long-distance market in its 14-state local service territory.

The workshops are expected to be one of the few remaining steps in the PUC's investigation into whether Qwest has complied with the requirements of Section 271 of the 1996 Telecommunications Act. The section sets out a 14-point checklist of required competitive elements that must be met before Qwest can receive authority to provide long-distance service within its local service region.

The May workshops will be the second round of full Commission discussions designed to bring to a close the PUC's two-year review of whether Qwest's local network is sufficiently open to competitors who want to use all or part of the existing network to provide service to their customers.

A series of workshops held the last week of February, and subsequent deliberations by the Commission, resolved the remaining outstanding issues concerning Qwest's Statement of Generally Available Terms (SGAT). This is the document that spells out the rates, terms, and conditions under which competitors interact with Qwest when using the Qwest network to provide competitive telecommunications service.

The PUC also issued a final decision in March on the terms of the Colorado Performance Assurance Plan (CPAP). The CPAP ensures that Qwest continues to provide fair service to competitors once it obtains long-distance authority by imposing financial penalties of up to \$100 million a year for non-compliance.

In April, the PUC issued its order on reconsideration of the wholesale rates for



Pictured above is a partial copy of the official record in Docket No. 971-198T, the investigation into Qwest's compliance with Section 271 of the Telecom Act. The PUC is preparing a copy of the record to send to the Federal Communications Commission once Qwest formally applies to re-enter the long-distance market in its local service region.

unbundled network elements that Qwest will incorporate into its SGAT.

Among the topics for discussion at the May workshops will be Qwest's compliance with Section 272 of the Telecom Act, which requires the company to establish a separate affiliate for its long-distance services; and whether Qwest's re-entry into the long-distance market is in the public interest.

The PUC had hoped to include in its May workshops the results of regional testing of Qwest's Operational Support Systems (OSS), which is being conducted by regulators from 13 Qwest states, including Colorado. The OSS testing measured the effectiveness of the computer interfaces

between Qwest and its competitors.

However, a final report from the independent auditor concerning the OSS testing won't be released until the end of May. The PUC will schedule additional days for workshops to discuss the OSS results once the report is issued.

Once the workshops are finished, deliberations will be scheduled for the PUC to consider its final recommendation on whether Qwest has satisfied the conditions of the federal checklist. Once Qwest files for in-region long distance approval with the Federal Communications Commission, the PUC will have 20 days to submit comments, including its recommendation.

Colorado no-call program nears launch

The official start of Colorado's "no-call" program, designed to help residential telephone subscribers reduce the number of unwanted telemarketing calls they receive, is less than two months away.

July 1 is the date that telemarketers must stop making certain calls to people who place their numbers on the state's "do not call" list. A web site where subscribers can register for the no-call program was scheduled to be in place by early May. Residential customers will be able to sign-up via the Internet or by calling a toll-free telephone number.

Customers interested in putting their telephone numbers on the state's official no-call list should visit www.ColoradoNoCall.com or call 1-888-249-9097.

The Colorado No-Call List Act, adopted last year by the legislature, permits residential telephone subscribers to notify solicitors of their objection to receiving solicitations by telephone or fax. Residential subscribers can place their telephone numbers and zip codes on the Colorado no-call list, and solicitors are required to remove those numbers from their marketing lists. 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.

Certain calls are excluded from the state's no-call provisions, including the following:

- Calls to residential telephone subscribers with that subscriber's 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.
 - Calls made for the sole purpose of conducting political polls or soliciting the expression of opinions, ideas or votes.
- Customers can sign up for the

The Public Utilities Commission has established the following initial registration fees for 2002 for the Colorado no-call list:

Number of Employees	Fee Amount
1-5 employees	\$ 0
6-10 employees	\$ 100
11-50 employees	\$ 200
51-100 employees	\$ 300
101-250 employees	\$ 350
251-400 employees	\$ 400
401-1,000 employees	\$ 450
More than 1,000 employees	\$ 500

no-call list at no charge. The program will be funded through registration fees paid by telemarketing companies. The Public Utilities Commission in March established the initial registration fees, which are based on the number of employees of the soliciting company, up to a maximum of \$500 a year.

E-InfoData.com, the vendor hired to implement and maintain the no-call program, will collect the fees, which can be adjusted annually by the PUC.

PUC honors former Commissioner



Vince Majkowski

The Colorado Public Utilities Commission (PUC) adopted a resolution honoring former Commissioner **Vince Majkowski** at its weekly meeting on April 10.

Majkowski, who served seven years as a PUC Commissioner, died of a heart attack at his home in Monument on March 29 at the age of 58.

He was known during his tenure as a no-nonsense Commissioner who was always ready to make the tough decisions. Yet he was also remembered as a generous man who, as a thank you to PUC staff, would fill a conference room with food once a year on the anniversary of his appointment to the PUC.

"Vince was a true gentleman. He had the highest integrity of anyone I've ever known," PUC Director **Bruce Smith** said. "You always knew where you stood with him, and once he had made up his mind on something, you weren't likely to change it without new facts and a great deal of persuasion."

Majkowski was appointed to the PUC by then Gov. Roy Romer in 1993 and served two terms, presiding with his colleagues during a challenging period of utility regulation marked by a transition to competitive markets. He served as president of the Western Conference of Public Service Commissioners and was a member of the North American Numbering Council. He also was an active member of the National Association of Regulatory Utility

Commissioners, where he championed the idea of national 10-digit dialing.

After his stint at the PUC ended in 2000, Majkowski became a telecommunications consultant.

Prior to his PUC appointment, Majkowski served nearly 27 years in the United States Air Force, achieving the rank of Colonel. He was a Vietnam veteran and served in support operations in Desert Storm. From 1989 to 1992, he was Deputy Chief of Staff for Communications/Computer Systems for Pacific Air Forces, and Commander of the Pacific Communications Division. He earned numerous medals during his military career, including the Bronze Star and three Meritorious Service medals.

The PUC resolution praised Majkowski for his distinguished service to the Commission and to the citizens of the state of Colorado. It also recognized the character and leadership traits that set him apart.

The resolution vows to "carry on in his memory with the same dedication, hard work and resolve that he displayed during his life."

PUC 'sunset' review dawns

Work has begun in preparation for next year's "sunset" review of the Public Utilities Commission (PUC) by the Colorado General Assembly.

State law requires a periodic review of all state regulatory agencies to evaluate the need for and the effectiveness of the agency's functions. The last review by the legislature in 1998 continued the PUC through 2003.

The Department of Regulatory Agencies will prepare a report this summer assessing the PUC's responsibilities and activities, and will include recommendations for administrative or statutory changes to improve the agency's functions. The report will be presented to the legislature for action during the 2003 session.

Anyone who has an issue they think should be addressed in the PUC sunset report should contact DORA analyst Nondas Bellos at 1580 Broadway, Suite 1540, Denver, 80202.

Qwest service penalty at \$4.1 million for '01

Local telephone customers of Qwest Communications will receive a credit on their bills next month as part of a \$4.1 million refund by Qwest for its service quality performance in 2001.

The refund will amount to \$1.63 for each of Qwest's approximately 2.5 million residential and business lines. The credits will appear on customer bills beginning June 1.

A five-year regulatory plan approved by the Colorado Public Utilities Commission in 1999 requires Qwest to meet certain service standards or provide up to \$15 million a year in automatic customer

bill credits. The standards measure the company's performance in the areas of timely provisioning of service, speed of repair, call completion and telephone access to Qwest business offices.

Based on results filed by Qwest on April 1, the company owes \$4,064,332 for its performance in 2001. The company was penalized the maximum \$2 million amount for missing standards for clearing out-of-service trouble reports within 24 hours. Qwest also must refund about \$1.33 million out of a possible \$2 million for customer service orders delayed more than 30 days.

PUC staff is reviewing Qwest's calculations and will make a recommendation to the Commission in May. If the staff disagrees with the company's calculations, it could ask for a hearing to seek additional refunds.

This is the third filing made under the terms of the 1999 agreement. In 2000, Qwest refunded approximately \$7.4 million to customers based on its performance over the last eight months of 1999. Last year, Qwest's refund totaled \$11.2 million for its 2000 performance. The service quality plans runs through March of 2003.

POSITIVE CHARGES

Special recognition to **Michele Gronewold** and **Denise Coven** for their efforts in heading up the Integrated Filings Management System (IFMS) project. IFMS is an easy-to-use, electronic repository of information about PUC dockets, documents, and decisions. It also contains detailed information about regulated utility companies and their contacts.

The IFMS team has been working since 1997 to design and implement the project, and recently conducted agency-wide training to officially launch the IFMS system. Members of the committee who helped make this impressive project a success include: **Jewell Beach, Marisela Chavez, Barbara Fernandez, Marsha Nemo, Shirley Wallace, Ken Kirkpatrick, Sandy Potter** and **Della Menchaca**. Advisory members included **Ron Jack** and **Dino Ioannides**. DORA Information Technology staff assisting with the project included **Tim Kromer, Sebastian Samala** and **Monte Montesano**.

Congratulations to the following PUC employees who were recently recognized for their years of state service:

5 years — **Bob Bergman, Mark Schumann, Dino Ioannides**
10 years — **John Epley**
15 years — **Gary Schmitz, Delores Thompson, Jewell Beach**
20 years — **Warren Wendling, Bill Fritzel**
30 years — **Bill Wiley**

Welcome to new PUC employee **Dawna Gadd**, an Administrative Assistant in the Transportation section. Also, welcome back to Engineer **Gary Klug**, who returned to the PUC in February.

INSIDE CONNECTIONS

Saeed Barhaghi is a Senior Professional Engineer in the Utilities Section of the Public Utilities Commission. He has been with the PUC since 1983, establishing himself as an expert in the area of electric regulation.

Saeed's job is to provide professional technical advice and support to the Commissioners for use in their decisions. He reviews and evaluates the engineering portion of regulated utilities' filings before the PUC to ensure their compliance with the Commission's rules and good engineering practice. Lately, his work has focused on resource planning issues, contract restructuring, cost recovery dockets and cost allocation matters for electric utilities.

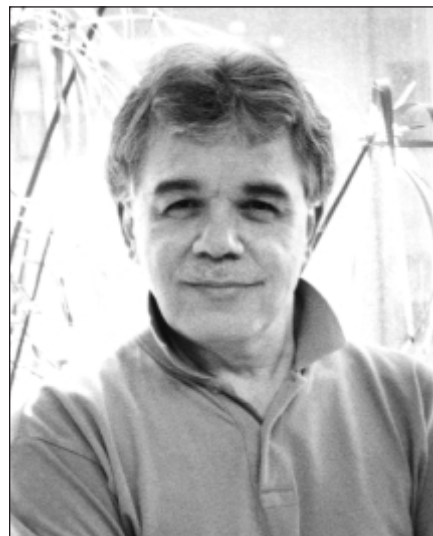
Saeed, who describes himself as an "engineer by training and a regulator by default," enjoys the challenge of dealing with complex issues on a daily basis.

"There is always something new to learn," he said.

Saeed received his bachelor's degree in civil engineering from the University of Kansas and earned a master's degree in aeronautical engineering from Wichita State University. He has completed all but his dissertation for a Ph.D. degree in aeronautical/mechanical engineering.

Prior to being employed by the Commission, Saeed worked for seven years in the capacity of design engineer and project engineer for large engineering firms in Wichita and Denver. His responsibilities included designing large industrial plants, such as refineries and power plants.

When he can escape the responsibilities of work, Saeed enjoys traveling the world. About four years ago, he visited 11 European countries during a six-week span, and returned to Europe two years ago to explore the Normandy region of France and the northern part of Spain. Although visiting eastern Europe remains on a future itinerary, his next



Saeed Barhaghi

globe-trotting destination likely will be South America and Brazil, he said.

When he's not traveling, Saeed enjoys hiking, biking and running, and has set a goal to run in the Boston Marathon.

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

Annual gas pipeline safety workshop attracts operators

The PUC's Pipeline Safety Section hosted its annual gas pipeline safety seminar in Colorado Springs on March 20. More than 130 representatives from the gas pipeline industry attended.

Topics ranged from new safety rules being discussed in Washington, D.C. to the application of existing rules to smaller gas systems, such as trailer

parks, and other master meter operators.

Also discussed was the Operator Qualification (OQ) rule, a recent requirement that all individuals responsible for the operation and maintenance of pipeline facilities be tested for qualifications to operate and maintain those facilities. Large pipeline incidents in Bellingham, Wash., and Carlsbad, N.M., were driving factors in

the development of the OQ rule, designed to help reduce or eliminate the recurrence of such events.

J.D. Maniscalco, the director of the Utility Notification Center of Colorado (UNCC), presented information on the UNCC's new facility damage reporting system. The Colorado "One-Call" law requires all underground facility owners to

report damages to their facilities to the UNCC within 90 days after service has been restored. Specific damage information is strictly confidential. Published statistical summary data will be used to identify trends in damage causes and to facilitate future industry education and possible legislative modifications. Additional information can be found at www.uncc.org.

Judge recommends increase in Freedom's cab fleet

Ruling adds 100 taxis to Freedom's authority; denies Reliable request

An administrative law judge of the Public Utilities Commission (PUC) has concluded that 100 more taxis are needed to more effectively serve the Denver metro area, and recommended that Freedom Cabs be authorized to provide the additional vehicles.

PUC judge Dale Isley issued a recommended decision in March partially granting Freedom's application to expand its number of vehicles, while denying the application by Reliable Tax Cab Associates to launch a new cab company in Denver. The two applications had been consolidated for hearing late last year.

Both companies had sought permission to expand the number of cabs serving the six-county Denver metro area. Reliable asked for authority to put 150 vehicles on the street, while Freedom asked that it be allowed to increase its number of authorized vehicles from 50 to 200.

The judge found that an increase in the number of cabs operating within the Denver metro area was warranted



Freedom Cabs would be allowed to put an additional 100 vehicles on the streets of Denver if a PUC Administrative Law Judge's ruling becomes final.

in order to restore competition to the market. He said the evidence supported an addition of 100 vehicles to account for increases in population and demand for taxi service in the Denver metro area.

The judge ruled that Freedom was better equipped to satisfy the need for additional taxi service in the Denver metro area, since it already has in place the essential infrastructure to provide service. Freedom's financial ability to

implement service also was superior to Reliable, the judge said.

Also, the addition of 100 vehicles will allow Freedom to cover the entire metro area and gain the economies of scale and visibility necessary to compete with Metro and Yellow Cab, according to the judge.

Exceptions to the recommended decision were filed by several parties in April, but as of press time no decision had

been issued on those exceptions.

Under Colorado's "regulated competition" law passed in 1994, an applicant must show there is a public need for the proposed new service. Once the need has been established by the applicant, the burden shifts to existing carriers. If the existing carriers do not prove that the applicant's entry into the market results in "destructive competition," the new applicant can be granted a certificate to operate.

The entry standard of regulated competition applies only in counties of 60,000 people or more. Taxi service in smaller counties, as well as scheduled and call-and-demand service (such as shuttle or van service), remains governed by the more stringent entry standard of regulated monopoly.

Freedom Cabs and American Cab Company of Denver were the last new taxi companies to be authorized by the PUC to provide service in the Denver area. Both were granted authority for 50 cabs in 1995. American Cabs merged with Metro Taxi in 1999. Metro also acquired Zone Cabs earlier this year.

Currently, Metro is authorized to provide 492 cabs in the Denver area; Yellow Cab is authorized for 300 vehicles; and Freedom is authorized for 50 vehicles.

Bijou Telephone seeks Denver as part of local calling area

Bijou Telephone Co-op Association has applied to the Public Utilities Commission (PUC) to expand local calling for its customers to include all of the Denver metro calling area.

Bijou provides local telephone service to the towns of Byers and Deer Trail and the surrounding rural areas in eastern Colorado. Currently, Bijou customers can make local calls to Strasburg, Bennett, Watkins and parts of the Aurora exchange.

Under the proposal, Bijou would offer unlimited local calling into the Denver

local calling area at \$28.09 per month for residential customers and \$34.90 for business customers, an increase of \$14.50 per month over current Bijou rates.

Customers who do not wish to pay for the new expanded local calling area would have the option of retaining their current local calling area at existing rates — \$13.59 per month for residential customers and \$20.40 per month for business customers. For those customers, Bijou would replace the customer's long-distance carrier and charge a "measured" local rate of 10-cents

per minute for calls into the Denver metro area.

Under the plan, customers of the Denver local calling area would be able to call Deer Trail and Byers as local calls, with no change in monthly rates.

Bijou's two exchanges serve customers in three counties — Adams, Arapahoe and Elbert. All three have distinct communities of interest with the Denver local calling area, the company said. As support for its application, Bijou stated that its customers do not have local calling to emergency

medical facilities, county governments, and in many cases general business centers of daily activity.

As part of its application, Bijou submitted the results of a customer survey on the issue of expanded calling. Of its 1,183 customers, 577 responded to the survey and 97 percent of those were in favor of expanded local calling, Bijou said.

A prehearing conference on the application was scheduled for May 3 at the PUC.

PUC order parties to work together on Xcel construction allowance issue

The Public Utilities Commission has sent Xcel Energy and other interested parties back to the drawing board to work out an appropriate method for determining the company's construction allowance.

The PUC in March declined to adopt any of the methods presented during an investigation on the construction allowance issue. Instead, the Commission ordered all interested parties to work together to see if a consensus approach could be developed for calculating the company's construction allowance in the future. The PUC ordered that a consensus method, or a unilateral proposal by Xcel in the event consensus can't be reached, be filed by Sept. 30.

Under Xcel's gas extension policies, a customer who requests new gas service pays the company an up-front fee for all of the estimated costs of facilities required to serve the new customer in excess of the construction allowance, which currently is

\$360. The construction allowance is a credit on the customer's payment that represents the portion of necessary construction that Xcel assumes at its own risk.

The gas extension policy and construction allowance is designed to fairly allocate gas distribution plant costs between new and existing customers to prevent one group from subsidizing the other.

The PUC last year ordered Xcel to update and revise its gas construction allowance. The company filed its proposal last summer, and the proposal was suspended and set for hearing. PUC staff, the Office of Consumer Counsel and the Homebuilders Association of Metropolitan Denver all participated in the case. Each proposed a different method for determining the construction allowance.

The PUC found that none of the proposals merited adoption as a permanent method for calculating the construction allowance. However, it ordered that Xcel's method, which results in a new construction allowance of \$415, be used in the interim while the parties are collaborating on a new proposal.

The PUC also rescinded its current requirement that Xcel annually update its construction allowance, requiring instead that the company update the allowance within 30 days following the conclusion of a final PUC order in any cost allocation/rate design portion of a rate case.

New GCA rules took effect April 30

New rules intended to help utilities reduce volatility in natural gas prices for their customers took effect on April 30.

The Public Utilities Commission in February adopted changes to its Gas Cost Adjustment (GCA) rules. The rules changes were the result of an investigation launched after the 2000-2001 run-up in natural gas prices.

The primary purpose of the new rules was to make permanent those changes that were adopted as emergency rules in March of 2001. The emergency rules required that annual gas purchase plans

filed by utilities inform the PUC of the measures each utility considers to reduce customers' risk of gas price volatility for the upcoming gas purchase year.

Another element of the rule changes clarified that costs related to gas price volatility risk management may be included for recovery through the GCA. This amendment was adopted in response to concerns raised by several utilities during the PUC's investigation.

The revised rules also contain administrative changes to the GCA and utility reporting requirements to better reflect current PUC practices.

Mile High Telecom ordered to hearing

A hearing is scheduled May 29-30 to investigate whether Mile High Telecom Partners is providing local telecommunications service in Colorado without legal authority from the Commission.

Staff of the Public Utilities Commission (PUC) alleged in February that the company has failed to obtain a certificate of public convenience and necessity (CPCN) to provide resold local service, and has failed to file a tariff, which contains the rates, terms and conditions of

service. Both a certificate and a tariff are required by law to provide protection for customers.

PUC Commissioners ruled that sufficient cause exists to hold a hearing to determine the facts and any appropriate remedy or penalty, which may include: an order to the company to stop providing services in Colorado; an order to refund with interest any charges paid by customers; or any other remedy deemed appropriate by the PUC.

Starting Point

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public hearing to receive public comment at a location specified by the local government.

- Once the PUC rules on an appeal, that decision is subject to further appeal to state district court.

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

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Xcel gas rates lowered; electric decision pending

Natural gas rates for Xcel Energy customers have fallen below the levels they were at prior to the severe price spikes two winters ago.

The Colorado Public Utilities Commission in March allowed a \$79.2 million natural gas rate decrease to go into effect for Xcel customers.

The decrease in the gas cost adjustment (GCA), which reflects the price paid by Xcel to obtain its gas supply in a competitive whole-sale market, lowered average monthly bills by \$4.22 for typical residential customers and \$22.01 for typical commercial customers effective March 29.

The reduction in the GCA was the second decrease for the most recent

heating season. A \$571 million decrease in Xcel's natural gas rates went into effect on Oct. 1. Combined, the two decreases brought gas rates under where they were before \$605 million in increases between July of 2000 and January of 2001, when wholesale prices reached levels four times higher than the previous year.

The gas cost adjustment is used by utilities 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.

In addition to the GCA reduction, the PUC also approved the elimination of the Qualifying Facility Capacity Cost Adjustment, which was used to recover Xcel's costs for purchasing electricity from independent power producers. Elimination of the surcharge, which also took effect on March 29, stopped Xcel from collecting too much from its customers for these contracts. The result lowered electricity bills for typical residential customers by 59 cents a month, and for typical business customers by \$1.10 a month.

In conjunction with the rate decreases, the PUC in April also approved a

smaller-than-requested increase in electric rates to partially recover Xcel's higher costs for producing electricity. Xcel had asked for a \$102 million increase, but the PUC allowed only \$14.5 million of the increase to go into effect on April 15. That works out to about 54 cents a month for residential customers and \$1.11 for business customers.

Hearings were scheduled for late April on the larger request, and an initial decision is expected in early May.

Xcel also was expected to file a combined gas and electric rate case on May 1. That proceeding is expected to establish new rates for the company beginning in Jan. 1, 2003.

PUC considering IRP rule changes

The Public Utilities Commission is considering changes to its rules that govern how regulated electric utilities plan for and acquire resources to meet customers' demand for electricity.

Hearings on proposed changes to the PUC's Integrated Resource Planning (IRP) rules were scheduled for April 30 through May 2. A decision on the rules is expected this spring.

The PUC adopted IRP rules in 1993 to set up a fair and competitive process under which regulated utilities forecast future electricity needs and select resources — new power plants or conservation programs — to best meet those demands. Under current rules, utilities are required to file a plan every three years outlining both their short-term resource acquisition plans and longer-term planning forecasts.

The rules, which include a competitive bidding process for new generation and a

public participation process to allow input from interested parties, have drawn criticism from both utilities and other participants that they are overly cumbersome and time consuming. The proposed rule modifications, issued in February by the PUC, are designed to streamline and expedite the IRP approval process.

"Another criticism has been that the current rules don't allow consideration of longer lead-time resources, such as coal plants," said **Dr. Gary Schmitz**, PUC Economist. "The proposed rules lengthen the resource acquisition period to eliminate any perceived disadvantage for longer lead-time resources."

The proposed IRP rules offered three options for consideration: (1) wholesale repeal of the current rules; (2) Commission approval of the utility's forecast and needs assessment only; and (3) Commission approval of forecast and needs, and approval of proposed

resources, with a reduction in the timeline and prescriptive nature of the current rules.

Among the parties filing written comments on the proposed IRP rules prior to the hearing were: Aquila Inc., Arkansas River Power Authority, Calpine, City and County of Denver; City of Boulder; Colorado Association of Municipal Utilities; Colorado Independent Energy Association; Colorado Mining Association; Colorado Office of Consumer Counsel; Colorado Office of Energy Management and Conservation; Colorado Renewable Energy Society; Land & Water Fund of the Rockies; PG&E National Energy Group, Inc.; and Tri-State Generation & Transmission Association, Inc.

Under the current rules, the next round of IRPs would be filed on Oct. 31, 2002. That is likely to be delayed, however, until the new rules are finalized.

PUC set to hear subdivision dispute

The Public Utilities Commission (PUC) has been asked to resolve a dispute between Xcel Energy and Intermountain Rural Electric Association (IREA) over which company should provide electric service to the Willow Trace subdivision in Arapahoe County.

The PUC has scheduled a hearing May 21-23 in Denver on Xcel's complaint and application to amend its to operating territory to include the subdivision.

Willow Trace is a residential development consisting of 630 lots near Aurora in southeast metropolitan Denver. Xcel has been providing electric and gas service to Willow Trace residents since the spring of 2000.

Xcel claims that IREA told both Xcel and a homebuilder in 1999 that the Willow Trace area was in Xcel's territory, and that it constructed facilities to serve the subdivision based on those representations. IREA claims Xcel encroached on its certificated territory, and filed a lawsuit against Xcel in district court in October of last year.

Both sides now agree that the territory falls within IREA's boundaries, but Xcel said the issue wasn't raised until after IREA refused to serve the area and Xcel proceeded to build the necessary facilities to provide service.

Xcel said it has spent more than \$600,000 constructing facilities to serve the 600 homes at Willow Trace, while IREA claimed its will lose at least \$4.3 million if Xcel is permitted to continue serving the subdivision.

Xcel has asked the PUC to remove the Willow Trace subdivision from IREA's service territory and add it to Xcel's territory, or alternatively, require IREA to compensate Xcel for all of its costs incurred in providing service to Willow Trace.

Agreement averts Aug. 1 rate increase for San Miguel

Customers of San Miguel Power Association in southwestern Colorado won't be facing an additional increase in electric rates on Aug. 1.

The Public Utilities Commission (PUC) in March approved a stipulation that eliminates the second phase of a two-part increase proposed by San Miguel last year. The agreement was reached between the company, PUC staff and the Office of Consumer Counsel

San Miguel Power Association implemented rates changes last August designed to increase its revenues by \$990,597, or 7.69 percent overall. A second increase, of \$671,399, or 5.72 percent, was scheduled to go into effect on Aug. 1, 2002.

Under state law governing electric cooperatives, the PUC cannot suspend a proposed rate increase, but it can order a

hearing to determine whether the increases are just and reasonable. If the rates are found to be unreasonable, the PUC can order refunds back to the effective date of the increases.

The PUC scheduled a hearing on the proposal in January, leading to settlement negotiations between the parties. Under the stipulation, San Miguel agreed not to implement the second phase of the rate increase. The company said the additional revenue generated by last August's increase would be sufficient to operate and maintain its network, and meet certain credit standards imposed by the Rural Utilities Service.

San Miguel agreed not to seek any further rate increases before Dec. 31, 2002, except for costs that might be necessitated by increases in wholesale power costs,

which are passed through on a dollar-for-dollar basis. The company implemented a purchased power adjustment on March 1 that resulted in about a 5 percent increase.

The agreement also called for San Miguel to reduce its monthly access charges back to the levels prior to the Aug. 1 increase, but to offset that with an increase in corresponding energy usage charges. The monthly access charge was \$7.60 for residential customers, but had jumped to \$9.60 on Aug. 1.

San Miguel serves about 7,200 customers in southwestern Colorado, including the towns of Telluride, Ouray, Silverton, Nucla and Ridgway. Most electric cooperatives in Colorado are exempt from PUC rate regulation. However San Miguel members voted to place the co-op back under PUC oversight in 1993.

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