

# Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

SEPTEMBER 2002

## STARTING POINT



By Bruce Smith  
Director

As part of the 1996 Telecommunications Act, the law directed a joint federal-state board to establish the "core" services that it considered essential to ensuring the affordability and availability of telephone service for all Americans. These core services make up the definition of "universal service" that must be provided by all companies that receive money from federal funds.

The initial list of core services, adopted in 1997 by the Federal Communications Commission, included: single-party service; voice grade access to the public switched network; touchtone signaling; access to emergency services; access to operator services; access to intrastate and interstate toll (long distance); access to directory assistance; and toll limitation services for qualifying low-income consumers.

The law permits the joint board to review the list of supported services "from time to time" and make recommendations for any modifications. The joint board finished such a review this summer and recommended that no new services be added to the definition at this time.

Among the list of services that the board considered were: advanced or high-speed services, soft dial tone, a minimum level of long-distance or expanded local area calling, and prepaid calling plans. The board also looked at whether the definition of voice grade access should be modified to support higher data transmission speeds.

The board's criteria in reviewing whether the universal service definition should be expanded included whether the service is (1) essential to education, public health or public safety; (2) subscribed to by a substantial majority of residential consumers; (3) being deployed by telecommunications carriers in public communications networks; and (4) consistent with the public interest, convenience and necessity. The joint board concluded that none of the proposed additions satisfied the statutory criteria at this time.

Why is this important to Colorado? It's important because the PUC has embarked on a similar review at the state level. Under the state law opening the local telephone market to competition in 1996, the PUC is required to review the definition of basic telephone service every three years. The definition lists those minimum elements that local telephone companies are required to provide to all customers in Colorado.

The current definition of basic service in Colorado includes: single-party line; voice grade access, touchtone signaling; facsimile and data transmission capability to support relay services; access to

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## PUC to examine combined Xcel rates

For the first time in more than a decade, the Public Utilities Commission (PUC) will take a complete look at the electric, gas and steam rates of Colorado's largest energy utility.

Xcel Energy, which provides electric and gas service to about 70 percent of Colorado's utility customers, is seeking to establish new base rates to become effective in 2003.

The PUC last set electric base rates for Xcel in 1994, and has reviewed the company's gas base rates three times since then. But this will be the first combined rate case in more than 10 years. Since that time, the company has gone through two mergers and made significant changes to its financial and organizational structure.

In its 2002 filing, the company has proposed to increase its electric revenues by \$220.1 million, decrease natural gas revenues by \$12.9 million, and increase steam prices by \$454,129. Xcel says it needs to boost overall revenues to recover costs for investments it has made to its electric, gas and steam delivery systems, as well as increased expenses for generation fuel and purchased power.

The PUC ordered hearings on the proposed changes to determine if they are just and reasonable. Initially, hearings were to be held around Thanksgiving. However, Xcel, PUC staff and the Office of Consumer Counsel requested that those dates be pushed back to give the parties additional

time to verify the company's financial, rate and cost allocation information. New hearings have been proposed for late February and early March.

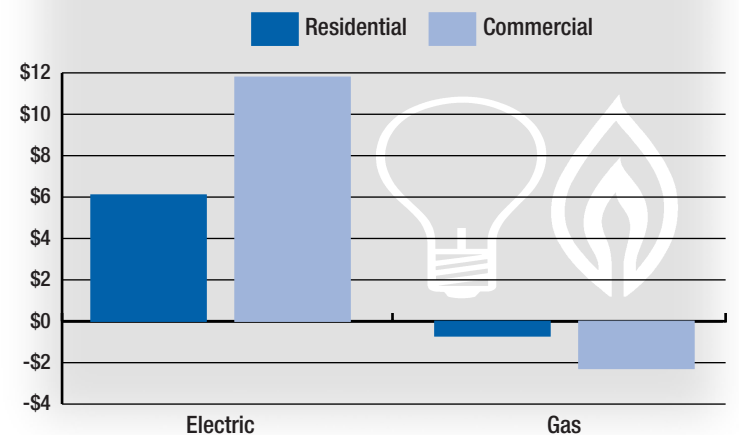
Under Xcel's proposal, the electricity price increase would amount to 15.4 percent for all customers. For typical residential customers, the increase would be \$6.10 on monthly bills, while small commercial customers would see an increase of \$11.79 per month. Xcel Energy has 1.3 million electricity customers in Colorado.

The proposed decrease for natural gas customers would be 4.52 percent for all customers. For typical residential natural gas customers, the decrease would be 71 cents on monthly bills. Small commercial natural gas customers would see a decrease of \$2.28 per month. The company has 1.1 million natural gas customers in Colorado.

Steam customers would see a net 6.04 percent increase in prices. Xcel has approximately 135 steam customers, primarily in the downtown Denver area.

As part of the proposed revenue

### PROPOSED MONTHLY CHANGES



increase, Xcel is seeking to have its authorized rate of return on equity set at 12 percent for electricity operations and 12.25 percent for natural gas operations. Currently, Xcel's authorized rate of return is 11 percent for its electric operations and 11.25 percent for gas operations. The PUC sets an allowable rate of return for the company, but it is not guaranteed.

Public hearings to allow public comment on the proposed changes will be held this fall or winter. A complete schedule of dates and locations will be announced at a later date. Customers may also submit comments in writing to the PUC, 1580 Logan St., OL2, Denver, CO 80203. Comments should be addressed to Docket No. 02S-315E&G.

## No-call list grows to 856,000

Residential telephone subscribers who failed to place their number on Colorado's initial "no-call" list have until the end of September to register to be included on the next quarterly list that will be sent to telemarketers.

July 1 marked the official start of Colorado's "no-call" program, designed to help residential telephone subscribers reduce the number of unwanted telemarketing calls they receive. However, only those subscribers who signed up by the end of May were included on the initial list.

More than 707,000 people registered their numbers on the first list that was sent to telemarketers in June. Since then, the total number of consumers on the list had grown to more than 856,000 by mid-August. The deadline to be included on the next quarterly update is Sept. 30. That list will be provided to telemarketers in October, and complaints for calls made to numbers on the updated list may be filed beginning Nov. 1.

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

The Colorado No-Call List Act, adopted in 2001 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.

The Colorado Attorney General's Office, which enforces the no-call law, said it received about 6,000 complaints in July. The Attorney General issued 63 cease-and-desist orders to telemarketers in the first month. As of Aug. 1, 1,460 telemarketing companies had registered in Colorado to obtain the list.

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.

Consumers who wish to file a complaint against a telemarketer can do so via the no-call website, or by calling the toll-free number, 1-888-600-5688.

## Decision by FCC pending on Qwest long-distance filing

The Federal Communications Commission (FCC) is expected to decide by Sept. 11 whether to allow Qwest Communications back into the long-distance market in Colorado.

Qwest filed its application with the FCC for Colorado, along with four other states, on June 13, shortly after receiving a favorable recommendation from the Public Utilities Commission. The FCC has 90 days in which to issue a final decision.

At its final deliberations on June 13, capping an exhaustive investigation that lasted more than two years, the PUC said it believed that Qwest had satisfied the requirements of the 1996 Telecommunications Act for obtaining authority to provide long-distance service within its local region. Section 271 of the Act sets out a 14-point checklist of required competitive elements that must be met.

The PUC also said it believed that Qwest had met the public interest standards contained in the Act, and had established a separate affiliate for its long-distance business as required by law.

The PUC's deliberations marked the end of an enormous effort begun in November of 1999 to determine 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.

As part of that effort, the PUC:

- Conducted more than 50 days of collaborative workshops to develop

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# PUC fields more calls, saves more for consumers

The PUC's External Affairs section answered 18,683 calls, closed 8,387 contacts and saved consumers \$1,076,345 for the most recent fiscal year.

According to the section's annual consumer assistance summary, the staff received 8,256 contacts and closed 8,387 for the period from July 1, 2001 through June 30, 2002. A contact is one that requires 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 increased 8.1 percent from the previous year's 7,758, according to consumer complaint supervisor **Judy Dunn**. The section closed 4,266 contacts concerning Qwest, compared to 3,771 the

previous year, and it closed 1,009 contacts concerning Xcel Energy (Public Service Company), compared to 1,093 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 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."

Staff intervention resulted in consumer bill corrections or credits of \$1,076,345, compared to \$382,997 a year ago. The amount saved during this fiscal

year was unusually high due in part to a large refund given in relation to a telecommunications issue involving an 800 number and another refund to be given to Telephone Assistance Plan (TAP) customers.

For the fiscal year, the categories with the largest number of closed contacts involving Qwest regulated services were billing (668 contacts) and repair (655 contacts). Repair problems and trouble obtaining telephone service drew the most contacts a year ago.

For Xcel, the largest categories for closed contacts were billing (339 contacts) and repair (273 categories), the same as the previous fiscal year.

The section handled 18,683 calls through the consumer complaint line for the fiscal year, compared with 18,631 the

previous year. Not all of the calls become contacts because in many cases staff members are able to answer callers' questions immediately, with no further action required.

Also, for the fiscal year, the section handled 583 media contacts and issued 17 news releases. Of these media contacts, 385 concerned telecommunications issues, 111 were energy/water issues, 61 related to transportation issues, and 26 involved miscellaneous issues.

The complete 2001-2002 Consumer Assistance Summary may be obtained from the PUC website: [www.dora.state.co.us/puc/](http://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 PUC customer service winner chosen

After a vote by PUC co-workers, **Michele Gronewold** was named as the Domingo Hidalgo Customer Service Award winner for 2002.

Gronewold was one of three finalists nominated by a panel of PUC employees. The others were **Judy Dunn** and **Roxi Nielsen**.

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 Transportation Section.

Gronewold is in charge of the PUC's case management program, which controls the timing and disposition of all cases and legal filings before the Commission to ensure that all statutory deadlines are met. Both internal and

external customers seek advice and information from her concerning the timing of filings, the status of cases and how to obtain disposition in the best and most efficient manner. She also is in charge of ensuring that all filings are tracked, routed properly and given to the proper internal staff members in a timely fashion.

"Michele has provided exemplary individual performance, integrity and dedication to the PUC," said Director Bruce Smith. "She is friendly, has a positive attitude and always goes that extra step to assist someone."

In addition to her daily job duties, Gronewold was one of the driving forces behind the agency-wide implementation this year of the Integrated Filings Management System (IFMS), an electronic repository of information about PUC dockets,

documents, decisions and regulated utilities.

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.

Michele 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. Dunn and Nielsen each received \$100 and individual plaques.

### HIDALGO AWARD WINNERS

2002 - Michele Gronewold

2001 - Marisela Chavez

2000 - Frank Shafer

1999 - Barbara Fernandez

1998 - Joyce Reed



2002 Dom Hidalgo Customer Service Award winner Michele Gronewold poses with PUC Director Bruce Smith.

## INSIDE CONNECTIONS



Bridget McGee-Stiles

"One lives with so many bad deeds on one's conscience, and some good intentions in one's heart."

That's not the accounting motto of beleaguered utilities in the face of increasing financial scrutiny, although some might argue it an appropriate one. Actually, it's a favorite quote of **Bridget McGee-Stiles**, a financial analyst with the Public Utilities Commission.

Bridget has worked in the rate and financial unit of the Utilities Section since November of 1999. Her job entails auditing, examining and investigating the financial books and records of regulated utilities to verify compliance

with existing state statutes and Commission rules and regulations. She also prepares testimony and analyzes information in proceedings before the PUC, and conducts research on specific issues relating to natural gas.

What Bridget likes most about her job is "the challenging and ever-changing regulatory environment," made even more challenging recently by the current financial situation of a number of the state's regulated utilities.

Bridget holds a bachelor's degree in Business Administration with an emphasis in Accounting from Columbia College in Columbia, Missouri, and is a member of the National Association of Black Accountants. One of her professional goals is to pass the Certified Public Accountant exam.

Prior to joining the PUC, Bridget worked as an accountant at Colorado Interstate Gas Company and Public Service Company of Colorado. She also spent three years in the U.S. Army, and as a military spouse, worked in various federal positions while living in Germany.

Away from the PUC, Bridget enjoys bicycling with her 9-year-old son, exercising and reading, especially mystery books.

"Personally, one of my goals is to make the next nine years of my son's life a rewarding and memorable time in his life before he goes to college," she said.

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

## Rewrite of all PUC rules moving forward this fall

The Public Utilities Commission (PUC) is moving forward with an effort to overhaul and streamline some 2,400 pages of rules that spell out the regulation of natural gas, electric, water, telecommunications, transportation and railroad utilities in Colorado, as well as the Commission's practices and procedures.

Hearings already have been held on a number of the specific industry rules, and additional comments and hearings will be forthcoming this fall. The aim is to have an initial PUC decision, tying together all of the rule changes, issued by the end of the year or early next year.

The principal proposed changes are in re-numbering and reorganizing the existing rules to provide more consistency throughout the rules; removing duplicate or outdated rules; and making rule language more understandable. Some substantive changes have been proposed as the rules have been reviewed.

Currently, the PUC has close to 50 separate sets of rules, each dealing with specific topics. Under the proposed system, the rules would be reorganized in series format by general topic. For example, the Rules of Practice and

Procedure would be contained in the 1000 series; Telecommunications rules in the 2000 series; Electric rules in the 3000 series; Gas rules in the 4000 series, and so on.

Under each general series, similar categories for further indexing would be used. For example, rules governing operating authority would be found in similarly numbered sections, whether they were for transportation, telecommunications or electricity, to retain consistency throughout the rules.

After soliciting comments from interested parties, revisions were proposed and initial hearings have been held for rules concerning practice and procedure, water, electricity, natural gas, and cost allocation. Further comments will be solicited and additional hearing dates scheduled this fall for those rules. Proposed revisions for the telecommunications, transportation and railroad rules will be issued later this year, with hearings also likely to be scheduled in the fall.

"The ultimate goal is to make the rules more manageable and user-friendly, and to lower the transaction costs for people who do business with this agency," PUC Director **Bruce Smith** said.

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.

Comments, suggestions and requests for more information should be directed to:  
Terry Bote  
1580 Logan Street, Office Level 2  
Denver, Colorado 80203.

Editor: ..... Barbara Fernandez  
Managing Editor: ..... Terry Bote  
Photographers: ..... Ray Jantzen

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# PUC approves agreement over directory revenues

## Offset to local rates to continue in event of Qwest Dex sale

The use of directory publishing revenues to help reduce basic local telephone rates will continue even if Qwest completes a deal to sell its Dex directory publishing business, under an agreement reached between the Public Utilities Commission staff, Qwest and the Colorado Office of Consumer Counsel.

The PUC on Aug. 7 approved an agreement updating a 1989 settlement that resolved litigation stemming from the transfer of directory assets by U S West predecessor Mountain Bell. That agreement recognized the historical use of directory publishing revenues to offset local telephone rates and obligated U S West and its successors to continue the directory imputation in its rates.

Under the updated agreement, Qwest will continue to impute directory revenues, even if it sells Qwest Dex. In return, PUC staff and the OCC agreed that neither party would oppose a sale of Dex or ask the Commission to assert jurisdiction over such a sale.

Qwest announced on Aug. 20 that it had reached an agreement to sell its directory publishing assets in stages to two private buyout groups. The eastern half of the yellow pages business, which includes Colorado, is expected to close in October or November.

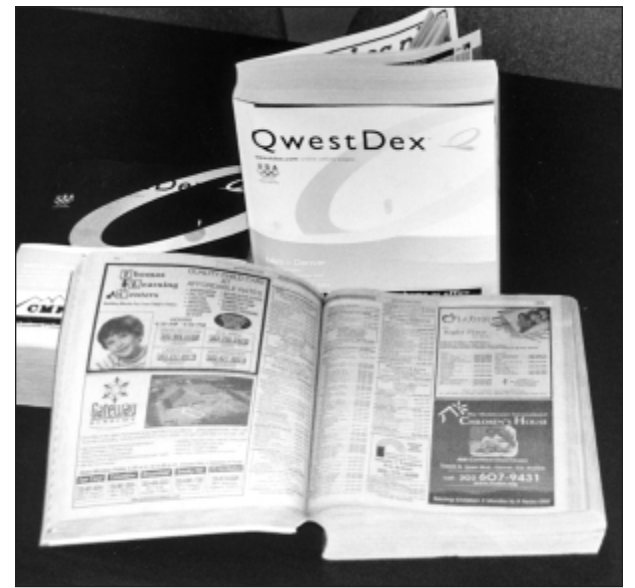
The agreement will have no immediate effect on Qwest's local telephone rates. A \$41.2 million offset to local rates for directory revenues was implemented in U S West's rate case in 1990. Since that time, neither U S West nor Qwest has filed a general rate case in Colorado. The issue could be revisited in the next rate case or other proceeding in which the company's revenue requirement is at issue.

"This agreement essentially is a

placeholder for the status quo," PUC Chairman **Ray Gifford** said. "It doesn't affect ratepayers in any immediate sense, but it preserves the right of parties to request hearings on this issue down the road."

The updated agreement resets the \$41.2 million imputation to a base of \$91.7 million for 2001 to account for growth in directory revenues since 1989. The agreement sets out a method to calculate future revenue increases in the event Dex is sold.

Qwest also agreed, regardless of a sale, to continue to meet all other directory obligations it has under state law and PUC rules, including white and yellow page listings, publication and distribution of



Revenues from the publishing of directories, such as these by Qwest Dex, historically have been used to help offset the cost of providing local telephone service.

directories, subscriber list information and related privacy requirements.

## Bijou customers to have option of local calling to Denver

The Public Utilities Commission (PUC) has approved an agreement that will allow Bijou Telephone Co-op Association to offer its customers expanded local calling to the entire Denver metro area.

A PUC administrative law judge in July recommended adopting a settlement reached by the company, PUC staff and Qwest. The decision became final in August when no exceptions were filed.

Bijou provides local telephone service to the towns of Byers and Deer Trail and the surrounding rural areas east of Denver. Currently, Bijou customers can make local

calls to Strasburg, Bennett, Watkins and parts of the Aurora exchange.

Under the agreement, Bijou will offer unlimited local calling into the entire 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 have the option of retaining the current local calling area at existing rates — \$13.59 per month for residential customers and

\$20.40 per month for business customers. For customers choosing this option, 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.

Also, customers of the Denver local calling area will 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. The PUC ruled that a community of interest exists between the Bijou

exchanges and exchanges in the Denver metro area for governmental, business, medical and emergency services purposes. The PUC also said customer calling patterns, demographics and the location of primary business and transportation centers warranted the expanded calling.

The company estimated that it would take approximately four months from the date of the PUC final order to complete the local calling expansion. Once the actual implementation date is known, customers will be notified by mail of the availability of the expanded local calling option.

## Greeley Gas seeking changes in rate design among classes

Greeley Gas Company has filed a proposal to adjust its "rate design," or how it spreads its costs among the various customer classes — residential, commercial, industrial, irrigation and transportation.

The Public Utilities Commission in August ordered a hearing to determine whether the proposed changes are just and reasonable. A pre-hearing conference was scheduled for Sept. 24 to set the procedural schedule.

The rate design proposal is a follow-on to Greeley's rate case that was settled last year. In that case, the PUC authorized an overall revenue increase for the company of \$2.75 million to offset investments in the local distribution system. The increase was applied equally to all classes as an interim, across-the-board rider.

The rate design proposal, or "phase II" of the rate case, will adjust the base rates for each customer class based on allocation of costs. The company would receive no additional revenue from the latest proposal.

Greeley Gas serves about 90,000 customers in four Colorado divisions, including the towns of Greeley, Canon City, Lamar, Durango, Steamboat Springs and Craig. The utility recovers its fixed costs for its distribution system through two components — a monthly facilities charge and a per-CCF usage charge.

Under the new rate design proposal, the facilities charge for residential customers of all four divisions would increase to \$9.75 a month. Currently the facilities charge ranges from \$6.59 a month in the Northwest/Central division to \$7.62 in the Northeast division. However, the rate for the usage

component would decrease for all residential customers.

Overall, the total average monthly impact of the new proposal for residential customers would range from a 76-cent decrease in the Southeast division to a \$1.32 increase in the Northeast division.

For commercial customers, the facilities charge would be \$18.75 for all divisions. Currently, the charge ranges from \$17.07 to \$19.74, depending on the division. A reduction in the corresponding rate for the usage component would result in a total average monthly decrease ranging from \$3.93 in the Southeast division to \$10.66 in the Southwest division.

Customers who wish to file comments about the proposal may write to the PUC at 1580 Logan St., OL2, Denver, CO 80203. Comments should be addressed to Docket No. 02S-411G.

### Starting Point

(Continued from page 1)

emergency services, access to long-distance services, customer billing, access to operator services, white page directory listing, access to directory assistance, and a requirement that the local telephone company have a minimum of four hours of backup power or battery reserve in the event of a commercial power outage.

In initial comments solicited for the 2002 review, a number of telecom industry providers have suggested that the state definition of basic service should be aligned with the federal

## PUC proposes new rules on notice

The Public Utilities Commission has proposed rules that establish new requirements for public notice of some proposed changes to regulated telecommunications services.

The rules are intended to implement changes in state law adopted earlier this year by the Colorado legislature.

The new law allows companies to file proposed decreases to the rates of regulated telecommunications services on 14 days' notice. Currently, the rules require a 30-day notice period. The new law also provides that changes to terms and conditions of regulated telecommunications services can be filed on 14 days' notice. However, the PUC can order additional notice if it determines that further notice is in the public interest.

The new law does not change notice requirements for proposed increases in rates for telecommunications services. Companies are still required to give 30 days' notice for increases.

A hearing on the proposed rules is scheduled for Oct. 7 at the PUC offices in Denver.

## POSITIVE CHARGES

Congratulations to Commissioner **Polly Page**, who was the 2002 recipient of the John V. Christensen Award. The award is the highest honor bestowed each year by the Denver Regional Council of Governments (DRCOG). Page was the 30th recipient of this notable award, named for the Arapahoe County commissioner who helped found DRCOG in 1955. Page served as chairman of DRCOG's board prior to her appointment to the Public Utilities Commission, and remains active in regional government issues.

Not to be outdone, Commissioner **Jim Dyer** was honored recently by his alma mater, Fort Lewis College in Durango. Dyer received the Fort Lewis College Alumni Association's Alumni Recognition Award. The award, the Association's highest honor, is given each year to an individual who has made extraordinary commitment to Fort Lewis College.

**Mana Jennings-Fader**, a former Assistant Attorney General representing PUC trial staff, has been named an Administrative Law Judge in the Administrative Hearings section.

universal service definition. The PUC will be soliciting additional input from both industry and the public this fall as it decides whether any changes to the Colorado basic service definition are warranted.

It is important to remember that any changes in the definition would apply to all telephone companies providing local service in Colorado and could have an impact on the rates that all customers pay. The PUC must strike an appropriate balance between maintaining the affordability of fundamental services, while encouraging the deployment of advanced services that benefit all customers.



# Rules streamline planning process for electric utilities

The Public Utilities Commission (PUC) has adopted rule changes designed to streamline and add flexibility to the process by which jurisdictional electric utilities plan for and acquire resources to meet their customers' demand for electricity.

The PUC issued its decision adopting Electric Least-Cost Planning Rules in late July following hearings and extensive comments by interested parties this spring.

The rules – formerly called Integrated Resource Planning (IRP) rules – initially were crafted in 1993 to set up a fair and competitive process under which regulated utilities forecast future electricity needs and select resources to best meet those demands. Experience gained from previous IRP proceedings in 1996 and 1999 showed that the rules

were overly burdensome and time-consuming.

The new rules are intended to address those concerns by eliminating some procedural and reporting requirements. They also specify the Commission's policy that utilities will normally use a competitive bidding process to acquire new resources. This process is intended to result in least-cost resource portfolios, and is intended to be neutral with respect to fuel-type or resource technology.

With possible options ranging from wholesale repeal of the rules to essentially maintaining the status quo, the PUC settled on a process that will require PUC approval of a utility's forecast and needs assessment, along with up-front approval of the utility's proposals to meet the identified need.

"This framework most effectively

assists in the streamlining of the rules, while preserving Commission review of the most important elements of the resource acquisition process," the PUC wrote in its decision.

The new rules direct utilities to select resources based on least-cost criteria, eliminating an eight-criteria test contained in the previous rule. The PUC determined the previous criteria were vague and gave utilities no direction as to how to weigh cost against other criteria in existing resources, resulting in unnecessary contentiousness during IRP proceedings.

The PUC said the new rules give appropriate consideration to cost-effective renewable energy resources by allowing such resources to be bid in the same competitive process applicable to other resources. But it declined to require a separate renewable energy portfolio.

Utilities can continue to propose resources separate from the common portfolio for optional tariff services, such as Xcel's "Windsource" program. In this program, customers voluntarily choose to pay a higher price than the standard tariff service for wind-generated electricity.

The new rules also lengthen the resource acquisition period to 6–10 years and extend the planning period from 20–40 years to eliminate any perceived disadvantage against resources that require longer lead-times for planning purposes. Under the new rules, utilities would file their least-cost resource plans every four years, instead of three. The next plan would be due by March 31, 2003.

A number of parties filed applications for reconsideration of various parts of the PUC's decision in August. A decision on those requests was pending at press time.

## Judge rules against Xcel in territory dispute

An administrative law judge of the Public Utilities Commission (PUC) has recommended dismissing a complaint and denying an application by Xcel Energy to amend its service territory to include the Willow Trace subdivision.

Xcel filed the complaint against Intermountain Rural Electric Association (IREA) last year over a territory dispute involving the 2-year-old subdivision near Aurora in southeast metro Denver. Xcel has been providing electric and gas service to Willow Trace, which consists of about 630 homes, since the spring of 2000.

It was subsequently discovered that the subdivision falls within IREA's boundaries, but Xcel claimed the issue wasn't raised until after IREA refused to serve the area and Xcel proceeded to build the necessary facilities to provide service.

IREA alleged that Xcel encroached on its certificated territory, and filed a

lawsuit against Xcel in district court in October of last year. Xcel countered with its complaint and application to the PUC, claiming 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. Hearings on the complaint were held in May.

In a recommended decision issued in July, Administrative Law Judge Dale Isley concluded that the evidence was insufficient to establish that IREA was unwilling or unable to serve Willow Trace, a necessary finding for reconfiguring the service territory.

"To the contrary, the evidence suggests that (Xcel's) decision to serve this subdivision resulted more from its own failure to take reasonable measures to properly determine its service area

boundary, including failing to follow its own policies and procedures, than from anything IREA did or did not do," the judge wrote.

IREA is entitled to pursue its claims in the district court lawsuit, which was stayed pending the outcome of the PUC complaint. The district court, not the PUC, has the jurisdiction to determine whether Xcel is required to compensate IREA for the Willow Trace territory, or whether it must return that territory to IREA, the judge said.

Pending resolution of those issues in district court, the judge ordered Xcel to continue providing electric utility service to Willow Trace to ensure that service to residents there would not be interrupted.

Xcel filed exceptions to the recommended decision in August. The PUC is expected to rule on the exceptions in September.

## Qwest Recommendation

(Continued from page 1)

appropriate language for Qwest's Statement of Generally Available Terms and Conditions (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.

- Developed a rigorous 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.
- Thoroughly reviewed and established the wholesale rates that Qwest charges to competitors to use the various elements of its existing network.
- Participated in an intensive two-year regional test of Qwest's Operational Support Systems (OSS). The OSS testing measured the effectiveness of the computer interfaces between Qwest and its competitors.

The PUC submitted its recommendation to the FCC on July 3. Comments from other interested parties also were due at that time. In late July, the Department of Justice (DOJ) announced conditional support for Qwest's application, expressing some concerns about the adequacy of Qwest's billing and manual processing systems to serve competitors. The DOJ suggested further review of those issues by the FCC.

In addition to Colorado, Qwest filed for long-distance approval in June for Idaho, Iowa, Nebraska and North Dakota. In July, the company submitted applications for Wyoming, Washington, Utah and Montana.

## Surcharge on phone bills to drop in October

The surcharge that Colorado telecommunications customers pay to help keep basic telephone service affordable across the state will decrease on Oct. 1.

The Public Utilities Commission recently approved a reduction in the Colorado Universal Service Charge from 2.8 to 2.3 percent.

The surcharge provides money for a fund to reimburse telephone companies that serve areas with higher than average costs. This allows local phone rates to remain reasonably comparable across the state.

The Colorado Universal Service Charge is assessed as a percentage of a customer's in-state monthly telecom-

munications charges for local, wireless, paging, in-state long distance and optional services. The surcharge does not apply to interstate long-distance calls.

The PUC reviews the contributions to the fund each quarter and adjusts the surcharge as necessary. Due to a current surplus in the fund, the PUC said the decrease from 2.8 to 2.3 percent in the surcharge would allow for fully funding the 2003 projected requirements and would allow the surplus to be reduced.

Until the 1995 state law that allowed local telephone competition, most support for high cost areas was recovered through implicit subsidies built into then-existing rates. However,

with the introduction of competition, those implicit subsidies were replaced with explicit ones to provide fair market conditions for all competitors. That is why the universal service surcharge shows explicitly on the monthly bill.

Customers of Qwest Communications will continue to receive a 46-cent a month credit for the first line at a residence or business to offset the Colorado universal service charge. That credit was part of an agreement reached between the PUC, Office of Consumer Counsel and then-U S West Communications in 1999 that established a pricing and service quality regulatory plan for the company. The credit will run through 2003.



**COLORADO PUBLIC UTILITIES COMMISSION**  
1580 Logan Street Office Level 2  
Denver, Colorado 80203

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