

# Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

SEPTEMBER 2004

## STARTING POINT



By Bruce Smith  
Director

The start of the new fiscal year brought with it a new effort by the Public Utilities Commission (PUC) to improve the public's access to information about the companies that we regulate.

The PUC in July launched a new Internet-based system that allows consumers to file complaints or comments on-line, as well as search PUC complaint databases for summary information about individual utilities. While we're still tweaking the system to make it as consumer-friendly as possible, we think it's a positive step toward making utility information more accessible to consumers in an age of increasing competition and choice.

For the first time, consumers having a specific problem with a utility can fill out an on-line complaint form and send it directly to the PUC. Previously, the Commission had a general e-mail complaint address, but consumer e-mails often failed to include important information necessary to process the complaint. The on-line form includes all required information so the Commission can more quickly review and investigate the complaint and provide a response, usually within two weeks.

The on-line complaint form can be used for all utilities regulated by the Commission—telephone, electric, natural gas, water, and transportation companies.

The Commission also has developed an on-line comment form for submitting comments or opinions about a particular "hot topic" or Commission decision. For example, consumers can submit comments about changing natural gas prices, specific rate change proposals, or changes to existing PUC rules. Those comments are automatically registered with the PUC and placed in official dockets as appropriate for consideration.

Another important function of the web-based system is that it provides consumers with access to summary information about individual companies, including the number and types of complaints for a given period. Consumers also have the ability on the PUC web site to ensure that transportation companies, such as luxury limousines or household goods movers, are registered with the Commission and have proper insurance.

As time goes on, we hope to be able to link consumers with additional information that might be helpful to them in making decisions about utility services. In the meantime, we think the new web-based system is a good first step. To access the on-line forms or complaint information, go to the PUC home page at [www.dora.state.co.us/puc/](http://www.dora.state.co.us/puc/) and click on the "consumer assistance" button.

## Former legislator mined for PUC post

### Governor Owens tabs Leadville's Carl Miller as new PUC Commissioner

Gov. Bill Owens went prospecting at the Colorado legislature to find the newest appointee to the Colorado Public Utilities Commission (PUC).

Owens selected former state representative and long-time mining official **Carl Miller** of Leadville as PUC Commissioner to replace Jim Dyer, who retired in June. Miller, whose appointment was effective July 1, will complete a term that expires in January of 2005.

"Carl Miller is well recognized for his commitment to helping the citizens of Colorado, a commitment that will continue as he serves on the Public Utilities Commission," said Owens. "The duties associated with serving on the Commission are more important than ever and the state is fortunate to have Carl assume these responsibilities."

Miller, a Democrat, served in the Colorado House of Representatives for eight years before he was term-limited in 2004.

"I want to thank Gov. Owens for the



Carl Miller (left) accepts congratulations from Administrative Law Judge Mana Jennings-Fader after being sworn in as PUC Commissioner.

appointment and his confidence in me," Miller said. "The job is very challenging and the subject matters are very complex."

Before being elected to the House, Miller was a Lake County Commissioner from 1977 to 1989, and for a decade served as president and executive director of the National Mining Hall of Fame and Museum in Leadville. Miller attended Colorado Mountain College, served in the U.S. Army and worked for 27 years in the mining industry.

Miller joins Chairman **Greg Sopkin** and **Polly Page**, both Republicans, on

the bench in regulating the state's telecommunications, gas, electric and transportation utilities. By law, the governor may appoint no more than two commissioners from the same political party.

"I look forward to working with my fellow commissioners and staff to carry out the mission of the Public Utilities Commission," Miller said.

The PUC consists of three members who serve for four years and require Senate confirmation. Sopkin's term expires in January of 2007 and Page, who was reappointed earlier this year, will serve until January of 2008.

## Xcel electric proposals under scrutiny

### Resource plan, new coal plant combined in three-week hearing

The Public Utilities Commission (PUC) will spend most of November taking up three applications by Xcel Energy that likely will impact Colorado electric customers for the next 10 years, and perhaps longer.

The PUC will hold consolidated evidentiary hearings the first three weeks of November on Xcel's proposed 2003 Least Cost Resource Plan (LCP), its

application to build a coal-fired electric generation unit in Pueblo, and a plan that would provide early cost recovery for the coal plant and other utility operations related to the LCP.

Xcel is proposing to acquire 3,600 megawatts (MW) of power resources over the next 10 years, including 1,200 MW for new load growth and 2,400 MW for replacing expiring purchased power contracts. One megawatt provides enough electricity to serve approximately 1,000 homes. Under its proposal, Xcel would acquire approximately 80 percent of its needed resources through competitive bidding and 20 percent by adding a third, coal-fired generating unit at its Comanche generating station in Pueblo.

Xcel would own 500 MW of the proposed 750 MW Comanche 3 plant, with the other 250 MW owned by rural electric association participants. As part of its application, Xcel is seeking a waiver of the PUC's least cost planning rules that require utilities to use a competitive bidding process for resources above 250 MW, or 10 percent of peak demand.

The company also is seeking approval of a "Least Cost Plan Adjustment (LCPA)" rider that it proposes to implement Jan. 1, 2005 and remain in effect until the coal plant, if approved, is placed in base rates. The rider would be calculated to recover the company's financing costs of Comanche 3 and

(Continued on page 4)

## Qwest to re-file deregulation plan after notice

Qwest Corporation said it intends to resubmit on Oct. 1 its application to deregulate most retail local telephone services in Colorado, after notifying customers about the proposal through a bill insert in September.

Qwest withdrew its initial application in August after the Public Utilities Commission (PUC) raised notice and timing issues. The PUC gave the company the option of notifying customers about the proposal by direct mail within 15 days, or withdrawing the application until the company could comply with the notice provisions required by statute. Qwest chose

the latter, stating a direct mailing was too expensive.

In its initial application, Qwest sought deregulation of virtually all retail services—including local residential and business primary and additional lines; long distance service within the state; bundled and packaged services; features such as call waiting, non-optional operator services; operator services necessary to provide basic local service; tariffed and customer specific contracts; public access lines for pay telephones; and analog private lines with a capacity of less than 24 voice grade circuits such as those used

for traffic signals and burglar alarms.

Qwest's proposal would eliminate all PUC price and service quality regulation of all of Qwest's retail services. This means that the PUC would no longer set the prices or terms of service for those services.

Under Qwest's initial proposal, the PUC would still regulate the telecommunications services that provide 9-1-1; other N-1-1 services, such as 2-1-1; and switched access service, which is the service that enables telephone companies to use each other's networks. And it would not effect the

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# Consumer unit releases annual complaint summary

The PUC's External Affairs section answered 14,582 calls, closed 6,001 contacts and saved consumers \$567,604 for the most recent fiscal year.

According to the section's annual consumer assistance summary, the staff received 5,801 contacts and closed 6,001 for the period from July 1, 2003, through June 30, 2004. A contact is a phone call, letter or e-mail that requires some follow-up 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.

Although the number of closed contacts decreased from the previous year's 7,569, the section found additional ways to contribute to the agency's overall mission, said **Doug Platt**, consumer complaints supervisor.

"In addition to providing statistical support for the Public Service Com-

pany of Colorado reliability investigation, the section took advantage of an overall reduction in complaint volume this past year to extensively review and expand its own business rules, design and implement a new Consumer Contact Tracking System, and launch new web-based contact and complaint forms," Platt said.

New legislation that gave the PUC more authority over household goods movers also resulted in the section assuming the responsibility of complaint intake for this area of authority.

For the first time since statistics have been kept, the section closed more contacts relating to Xcel Energy (Public Service Company) than it did for Qwest. The section closed 1,824 complaints relating to Xcel, compared to 1,577 contacts during the previous fiscal year, and it closed 1,294 complaints concerning Qwest,

down from last year's total of 2,320.

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 actions, 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, credits or refunds of \$567,604, compared to \$807,420 a year ago.

For the fiscal year, the categories with the largest number of closed contacts involving Xcel were repair, which includes outage complaints, (827 contacts) and billing (642 contacts). For Qwest's regulated services, the categories with the most complaints also

were billing (234 contacts) and repair (219 contacts).

The section handled 14,582 calls through the consumer complaint line for the fiscal year, compared to 18,056 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 569 media contacts and issued 14 news releases. Of these media contacts, 136 concerned telecommunications issues, 311 were energy issues, 91 related to transportation, and 31 involved miscellaneous issues.

The complete 2003-2004 Consumer Assistance Summary is available on 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

**Suzette Scott** was selected by co-workers at the PUC to receive the Dom Hidalgo Customer Service Award for 2004.

Scott, an administrative assistant in the Administrative Hearings section, was one of three finalists nominated by a panel of PUC employees. The other finalists were **Pam Fischhaber** and **Cheryl Fisher**.

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 former PUC employee Dom Hidalgo, who exemplified exceptional customer service for more than 35 years in the PUC's Transportation section before he died in 1997.

Scott is responsible for finalizing a majority of PUC Administrative Law Judge (ALJ) and Commission orders. She takes the draft orders from staff members and Commission attorneys, makes sure they are formatted correctly, incorporates changes adopted by ALJs or Commissioners at meetings, proof-reads them, and makes sure they are mailed on time. She interacts with staff members within the PUC and the Attorney General's Office who draft PUC orders, and often stays late to finish processing orders that have to go out that day.

"Although Suzette doesn't often deal with external customers, she deals on a daily basis with internal customers



2004 Dom Hidalgo Customer Service award winner Suzette Scott (second from left) poses with PUC Director Bruce Smith. Also shown are finalists Pam Fischhaber and Cheryl Fisher.

often in frantic need of order processing and mailing," stated her nomination form. "Suzette is a wealth of historical information, grammatical expertise and is the 'last eyes' to catch the rest of our mistakes. Suzette's contribution to the PUC often goes without the recognition it deserves."

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.

Scott 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.

Fischhaber and Fisher each received \$100 and individual plaques.

Other PUC employees nominated this year were: **Terry Bote**, **Randy Garrouette**, **Karin Gleichauf**, **Gary Klug**, **Tony Munoz**, **Roxi Nielsen**, **Becky Quintana**, **Trudy Reinmuth**, **Raenette Salazar** and **April Woods**.

### Previous Winners

2003—Jonell Poley  
2002—Michele Gronewold  
2001—Marisela Chavez  
2000—Frank Shafer  
1999—Barbara Fernandez  
1998—Joyce Reed

## Greeley legislator new DORA head

Former state legislator **Tambor Williams** began her new job Aug. 2 as Executive Director of the Department of Regulatory Agencies (DORA).

Williams was appointed by Gov. Bill Owens to succeed Rick O'Donnell, who was appointed as Owens' new Executive Director of the Department of Higher Education.

"Tambor Williams' experience as a legislator and attorney makes her especially well suited to lead the Department of Regulatory Agencies," Owens said. "She understands and is committed to the Department's mission of protecting our citizens while streamlining regulatory processes."

Williams, from Greeley, served in the Colorado House of Representatives since 1997 and was Speaker Pro Tem. She chaired both the House Business Affairs and Legislative Audit committees and was a member of the House Appropriations Committee.

An attorney, Williams' practice has focused on domestic law, estate planning, business organization, insurance, employer practices and contracts. She earned her law degree from the University of Colorado, Master of Arts degree from Western State College and Bachelor of Arts degree from Queens College in New York.

"I am honored that Governor Owens has chosen me for this position and I am looking forward to continuing to serve the people of Colorado," Williams said.

DORA is responsible for the regulation of more than 450,000 licensed professionals and business entities in Colorado. Divisions within DORA include Banking, Civil Rights, Insurance, Real Estate and the Public Utilities Commission.

**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:

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Dale Isley

For Administrative Law Judge (ALJ) **Dale Isley**, keeping up to par is always a worthy goal.

Whether in a Public Utilities Commission (PUC) hearing room or on the golf course—one of his favorite spots away from work—Isley is continually striving to improve himself.

"My current professional goal is to increase my knowledge of public utili-

## INSIDE CONNECTIONS

ties law and to become a more effective ALJ," said Isley, who has held that position at the PUC since 1999.

As one of four ALJs at the Commission, Isley hears and decides cases assigned by the Commissioners. This involves scheduling hearings and establishing filing deadlines, conducting hearings, ruling on motions, and drafting orders and recommended decisions.

"I like to write the decisions," he said. "Sorting out the relevant facts of a case, researching the law and applying the law to those facts in, hopefully, a well-reasoned written decision is now more satisfying than the advocacy role I used to play as a private attorney."

Isley worked as an attorney in private practice for 20 years prior to joining the PUC. He specialized in transportation law, a large part of which involved representing clients before the PUC in operating rights, enforcement and rulemaking proceedings.

He received his bachelor's degree from the University of Colorado in Boulder and earned a law degree from Gonzaga University College of Law in Spokane, Wash.

"This explains why I'm partial to the Buffs in football and the Zags in basketball," he said.

During his off hours, Isley often can be found on the golf course, in search of that elusive sub-80 round. Other interests include hiking, baseball, reading history, working out and travel.

"My personal goals include traveling more and integrating that with my hobbies and interests," he said. Possibilities include attending at least one game at every major league ballpark, touring sites of historical significance, playing golf in Scotland, or hiking Colorado's 14,000-foot peaks.

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

# Settlement seeks to return excess Atmos earnings

Atmos Energy is seeking approval from the Public Utilities Commission (PUC) to refund \$1.85 million to resolve concerns that it exceeded its authorized earnings in 2002 and 2003.

The refund proposal is part of a settlement agreement reached between the company, the Office of Consumer Counsel (OCC) and PUC staff. The agreement must be approved by the Commission.

A review of Atmos' annual reports for 2002 and 2003 by the OCC raised initial concerns that the company was experiencing a level of earnings in excess of its Commission-approved

11.25 percent rate of return. Atmos reported its rate of return relative to its Colorado public utility operations as 14.39 percent in 2002 and 14.68 percent in 2003.

As a result of negotiations between the company, OCC and PUC staff, a mutually-agreeable settlement was reached in which Atmos would share a portion of its 2002 and 2003 excess earnings, as well as a portion of any such excess earnings that may accrue during 2004.

Under the proposal, Atmos would return \$1.628 million plus interest to customers, and contribute an additional \$222,000 to Energy Outreach

Colorado for low-income energy assistance. The company has proposed that the one-time bill credits be issued during January 2005, to provide the most customer benefit when gas bills are generally at their highest level during the heating season.

Former ComFurT Natural Gas customers, acquired by Atmos in February of this year, would not be eligible for the bill credits since they were not customers of Atmos during 2002 and 2003.

The agreement also proposes that there be a 50/50 sharing of any Atmos' excess earnings for 2004, based on the annual report the company must file

by April 30, 2005. For the purposes of this settlement, a rate of return of 10.75 percent would be used to determine excess earnings for 2004.

The customers' share of any excess Atmos earnings for 2004 would be reduced by 12 percent, which Atmos would contribute to Energy Outreach Colorado for low-income energy assistance. The remaining amount would be credited on customer bills during the July 2005 billing cycle.

Atmos serves about 105,000 customers in more than 60 communities across Colorado, including Greeley, Canon City, Gunnison, Crested Butte, Lamar and Steamboat Springs.

## Xcel electric credits due on customer bills starting in August

Xcel Energy (Public Service Company of Colorado) began refunding \$13.47 million to customers in August for failing to meet electric quality of service standards in 2002 and 2003.

About 1.2 million electric customers of Xcel were to receive a one-time credit of \$10.24, beginning with bills mailed Aug. 9 and continuing through a full monthly billing cycle.

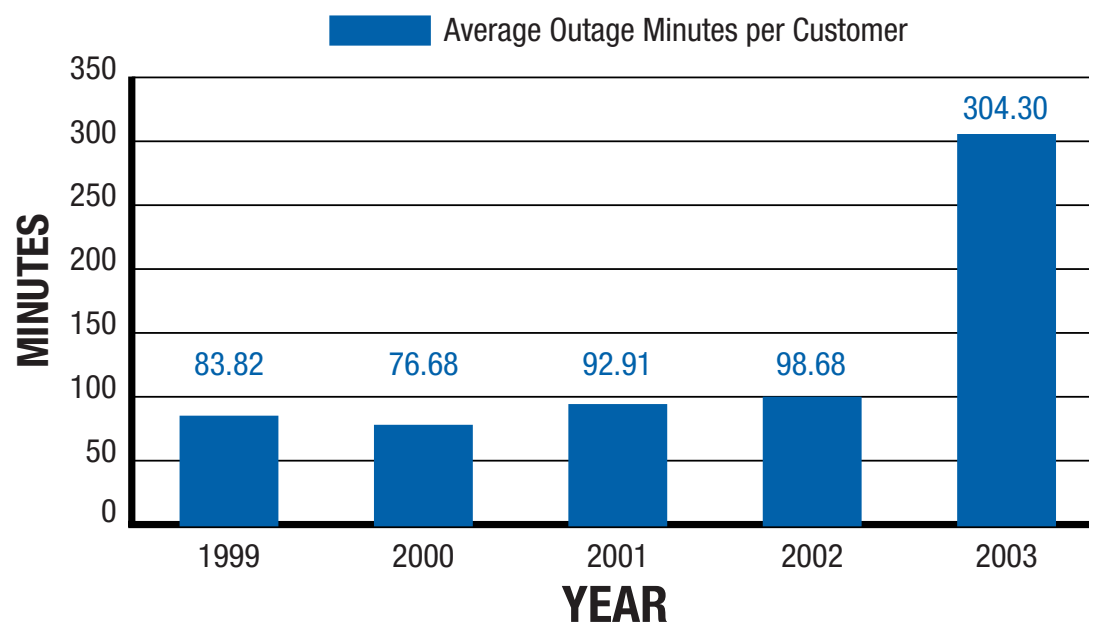
The Public Utilities Commission (PUC) requires Xcel to meet certain annual service standards in three categories—electric service unavailability (outages), customer complaints to the PUC, and telephone response time. If the company fails to meet the standards in any of the categories, it must refund money to customers.

The maximum amount of the possible refund is adjusted from year to year, depending on the company's previous year's performance.

For 2003, Xcel failed to meet the standards in two of the three categories. Xcel's Colorado customers experienced an average of 304.30 outage minutes for the year, well above the goal of 93 minutes or less, resulting in a credit of about \$8.7 million. The company also had a PUC complaint rate of 1.11 per 1,000 customers, resulting in a penalty of about \$1.6 million. Under the plan, the goal for complaints is 0.8 per 1,000 customers.

The company also found that it had inaccurately reported its 2002 results in the electric service unavailability category, resulting in an additional credit of about \$3.1 million due to customers, bringing the total credit to \$13.47 million. As part of the Quality of

### Xcel 5-Year Electric Reliability



Service Plan (QSP) agreement, approximately \$1 million of that amount (8 percent) was to be donated to Energy Outreach Colorado to provide low-income energy assistance.

Since the quality of service plan was established in 1997, Xcel has been required to issue bill credits only once previously—a combined

credit of \$8.3 million for 1999 and 2000. For 2004, the amount at risk to Xcel for refund will be about \$15.2 million, including almost \$11.2 million for electric service unavailability. The company's annual performance report is due April 1 of each year for the previous calendar year and is reviewed by PUC staff.

## Qwest to refund \$2.27M for service quality

Local telephone customers of Qwest Communications were to receive a credit on their August telephone bills as part of a \$2.27 million refund by Qwest for its service quality performance in 2003.

The Public Utilities Commission (PUC) accepted Qwest's annual calculation of the total refund amount that must be returned to customers. The refund was expected to amount to \$1.05 for each of Qwest's approximately 2.2 million residential and business lines, beginning with bills mailed Aug. 1.

Under the company's current regula-

tory plan, Qwest is required 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 and reviewed by PUC staff and the Office of Consumer Counsel, Qwest owed \$2,232,750 for its 2003 performance, plus an additional \$37,780 for interest up to the implementation of the bill

credits in August. The company was penalized the maximum \$2 million amount for missing standards for clearing out-of-service trouble reports within 24 hours. Qwest also partially missed standards related to speed of answering calls to its business offices and network call completion requirements.

Since the service quality plan has been in effect, Qwest has refunded \$7.4 million for its 1999 performance (from April through December), \$11.2 million for 2000; \$4.1 million for 2001 and \$2.12 million for 2002.

### POSITIVE CHARGES

⚡ Congratulations to **Michele Gronewold**, who received the Department of Regulatory Agencies (DORA) Outstanding Service Award for 2004. Michele was honored during the DORA Awards presentation in May. She was recognized for her exemplary performance throughout her 31-year career with DORA and the state.

⚡ Special recognition to the following PUC employees who were recently recognized for their years of state services:

- 5 years—Dale Isley, Ray Jantzen, John Opeka and April Woods.
- 10 years—Wendie Allstot and Jim Midyett.
- 15 years—Della Menchaca, Sandy Potter, Suzette Scott and Frank Shafer.
- 20 years—Saeed Barhaghi, Jerry Enright, Ken Kirkpatrick, Neil Langland, Steve Pott, and Bruce Smith.
- 25 years—Dennis Maul and Jonell Poley.
- 30 years—Michele Gronewold and Marsha Nemo.

⚡ Welcome to new PUC employee **Julio Edwards**, an administrative assistant in the Operating Rights section.

## PUC to review Xcel power trading operations

Hearings are scheduled in September to review Xcel Energy's (Public Service Company of Colorado) electric commodity trading operations.

The formal evidentiary hearings will run Sept. 7-10 and Sept. 15 at the Public Utilities Commission (PUC) hearing room in Denver.

The review was part of a comprehensive settlement reached last year in Xcel's combined gas and electric rate case. In approving the settlement, the PUC ordered an independent audit of the company's trading procedures, and directed the company to file an application in 2004 to review all aspects of Xcel's trading operations.

Xcel buys short-term electric energy in the wholesale market on behalf of Public Service Company in an attempt to reduce the overall cost of providing electric service to its customers. It also sells on the wholesale market, on behalf of Public Service, short-term electric energy that is generated from generation units owned by Public Service.

Under a 2000 stipulation approved by the PUC, any gains earned on these short-term sales are shared between the company and its Colorado retail customers, while any losses are borne entirely by Public Service shareholders. The 2003 rate case agreement left those

provisions essentially unchanged, with ratepayers protected from any negative impact of Public Service's trading operations.

The current review of the company's trading practices and the focus of the September hearings will include consideration of the regulatory treatment of electric commodity trading going forward in 2005, Public Service's internal trading business rules, and its cost assignment and cost allocation procedures related to short-term wholesale transactions. The company has asked for a PUC decision in the case by October so that any new procedures can be implemented by Jan. 1, 2005.

# Road, travel information now on 5-1-1 speed dial

Colorado telecommunications providers threw the switch on July 26 to begin abbreviated dialing for traffic and transportation information across the state.

The Public Utilities Commission (PUC) ordered the summer implementation of 5-1-1 dialing for traveler information after approving an application by the Colorado Department of Transportation (CDOT).

Similar to other abbreviated dialing patterns—like 9-1-1, 2-1-1 and 7-1-1—

5-1-1 service provides a simple number for travelers to remember, instead of having to dial local 7-digit or toll-free 10-digit numbers.

In July of 2000, the Federal Communications Commission assigned the 5-1-1 abbreviated dialing code on a national basis for the provision of transportation and traveler information and granted responsibility for it to government transportation agencies. In June 2001, the first 5-1-1 calling system was implemented in the

Cincinnati/northern Kentucky area. As of December 2003, there were 20 5-1-1 calling systems nationwide, of which 15 provided service on a statewide level.

CDOT currently has an automated phone system as part of its Advanced Traveler Information System (ATIS). Road condition and weather information, trucker information, road closures, statewide road maintenance and construction where potential delays might exist and ongoing Denver metro con-

struction projects information can be obtained from the system. Initially, 5-1-1 calls are routed to the ATIS system.

A combination of currently available state and federal funds will be used to pay for 5-1-1 translation, sign production, marketing and customer education.

CDOT said it would look for opportunities in the future to expand the 5-1-1 service to include features such as connection to public transportation, airports, taxi service and tourism services.

## PUC approves \$2.8 million Aquila rate hike

The Colorado Public Utilities Commission (PUC) in August approved a settlement that increased rates for Aquila electric customers by 2.2 percent, or about \$2.8 million per year, effective Sept. 1.

The settlement, reached between the company and all parties, including PUC staff and the Office of Consumer Counsel, resolved a proposal in which the company originally sought to increase its annual electric revenues by \$11.4 million.

Under the agreement, Aquila's electric base rates increased annually by \$8.2 million, but that was offset by a \$5.4 million annual reduction in purchased energy costs collected through an Electric Cost Adjustment (ECA), resulting in the net effect of a

\$2.8 million overall increase for customers.

A typical Aquila residential customer using 596 kilowatt-hours (kWh) of electricity per month should see an increase in their monthly electric bills of \$1.76, while a typical small business customer using 2,342 kWh per month will see an increase of \$4.96 per month. The new rates were to be applied as a uniform percentage rider for all customer classes.

Aquila serves about 85,000 electric customers in more than 21 communities in southern Colorado, including the cities of Pueblo, Canon City, Rocky Ford and Florence.

The increase is the second granted to Aquila within the last 15 months. The PUC last June approved a settle-

ment increasing electric rates by \$16 million, or about 15.6 percent. The company had requested a \$23 million increase in that case, which was its first rate case since 1983.

The increased rates are due primarily to increased electric generation costs caused by the run-up in natural gas prices.

The PUC also earlier this summer established the principles for a new rate design for Aquila. The "phase two" rate case was a follow-on proceeding to last year's rate case and allocates the company's costs among the various customer classes. Aquila is expected to implement the rate design early next year, which could shift rates slightly within the different customer classes.

## Xcel proposals

(Continued from page 1)

related transmission facilities.

A total of 28 organizations, agencies and other groups have intervened in the consolidated proceedings. Interests represented include everything from residential customers, cities, large industrial electric consumers, government agencies, independent power producers, other utilities and environmental, renewable energy and energy efficiency advocates. Due to the large number of parties and witnesses, the PUC is considering holding the evidentiary hearings at a larger, off-site location. Xcel has proposed conducting the hearings at its Technical Services Building at 550 15th St. in Denver.

The PUC also has scheduled two public hearings to give members of the public an opportunity to comment on Xcel's proposals. The public hearings are scheduled in Pueblo from 4-7 p.m. on Sept. 23 at the Public City Council room, 1 City Hall Place; and in Denver from 4-7 p.m. on Sept. 27 at the Adams Mark hotel, 1550 Court Place.

On a related matter, the PUC in August approved a request by Xcel to begin seeking early bids to acquire up to 500 MW of renewable energy resources as part of its LCP. The expedited approval will allow the company and bidders to take advantage of any short-term extension of the federal production tax credit for wind energy. In granting the request, the PUC noted that the tax credits have a reasonable chance of being extended by Congress, and the early issuance of a renewable RFP will likely result in wind energy projects that will reduce customer rates.

The PUC also ordered Xcel to study the impact that additional renewable resources will have on system reliability, operations, cost and transmission. Additional renewable resources can still be bid into the "all-source" RFP that Xcel will issue following a PUC decision on its LCP. That decision is expected to come in late December or January.

## Low-income telephone surcharge up 2 cents

The Colorado Public Utilities Commission (PUC) authorized a 2-cent increase in the Low-Income Telephone Assistance Program (LITAP) monthly surcharge effective July 1, raising the surcharge on each residential and business access line to 12 cents per month.

The LITAP fund, also known as the "Lifeline" fund, was established by the Colorado Legislature in 1990. It is used to offset the costs of providing local telephone service at a dis-

counted rate for some low-income customers.

Under the program, eligible subscribers receive a monthly discount equal to the greater of the federal Subscriber Line Charge or 25 percent of the basic local service rate. The federal Subscriber Line Charge has increased from \$3 to \$6.50 per month over the past four years.

The increased discount, an increase in the number of LITAP subscribers and a decrease in the number of access

lines assessed the uniform charge has caused a shortfall in the LITAP fund at the current 10-cent surcharge. The 2-cent increase was necessary in order to maintain a positive fund balance.

Nearly 33,000 customers received the LITAP discount in 2003. To be eligible for the discount, a person must receive Old Age Pension, Aid to the Blind, Aid to the Needy Disabled or Supplemental Security Income. The Colorado Department of Human Services determines eligibility.

## Qwest deregulation

(Continued from page 1)

state law that caps the rate for residential telephone service at approximately \$15 per line.

In its initial application, Qwest said the market for the services and products the company seeks to deregulate is

"effectively competitive." Qwest said factors contributing to the competitive market include the absence of entry barriers, state and federal legislation promoting local telephone competition, the Federal Communication Commission's decision to grant Qwest in-region long distance entry, and technical innovations such as wireless, cable telephony and Voice over

Internet Protocol (VoIP).

Qwest filed its initial application on July 21. Under state law and PUC rules, the company was required to notify all customers and competitive local exchange carriers of the application within 15 days. Qwest sought a waiver of that requirement, asking to send the bill insert to its customers in September instead.



# Connections

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