Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION JANUARY 2005

STARTING POINT

*By **Bruce Smith***
Director

The PUC recently wrapped up one of the most important energy cases to come before us in many years with the approval of a widely-supported settlement in the Xcel Energy resource planning application. The Commission's decision gives Xcel the authority to move forward with a balanced and comprehensive plan for meeting the electricity needs of its Colorado customers for the next 10 years.

I think it is noteworthy that final agreement was signed by more than a dozen parties representing a wide variety of interests. The settlement contains important environmental provisions—such as renewable generation and energy efficiency commitments—as well as a new baseload, coal-fired generation facility that will provide a firm, reliable source of electricity to meet the growing demands of the state.

As with all negotiated settlements, not everyone was satisfied with each and every component of the agreement. But I believe the overall result is a fair and reasonable outcome that serves the public interest. At their deliberations, the Commissioners publicly commended the parties for their efforts in reaching a settlement in such a complicated and contentious case, and I too would like to echo that sentiment.

And now, it's time to turn our focus to a case on the telecommunications side with implications as far-reaching as those of the Xcel decision on the energy side. The Commission has scheduled hearings in April on Qwest's application to deregulate most of its retail telephone services. This case promises to generate considerable debate about the state of competition in the Colorado telecommunications market.

To assist the Commission in making that assessment, PUC staff is gathering information through a couple of ambitious undertakings. One of them is a survey of nearly 600 jurisdictional telecom providers registered in Colorado, to help determine the extent of competition in Qwest's service territory in Colorado. The other is a survey of residential and business customers in Qwest territory performed by Ciruli Associates at the direction of PUC staff and the Office of Consumer Counsel. The purpose of this survey is to collect consumer opinion related to deregulation and competition issues.

Both of these surveys should be completed in February, and the results will be incorporated into the Qwest case as testimony and evidence. All of this data will be extremely valuable in helping the Commissioners make a thorough and informed evaluation of Qwest's proposal this spring.

PUC director retiring at month's end

Bruce Smith departs after 20-year career with state, 13 at PUC

Bruce N. Smith has announced that he is retiring as Director of the Public Utilities Commission (PUC) effective Jan. 31, 2005.

Smith has been the PUC's Director since 1992, overseeing the agency's 90-plus staff of administrative law judges, economists, engineers, financial analysts and other professional and support personnel.

"My tenure here at the PUC has been both challenging and rewarding. I'm very fortunate to have had this opportunity," Smith said. "Most of all, I want to thank the PUC's dedicated staff for all of its help and support over these many years. The staff was responsible for making me appear far more competent than I actually am."

Smith is departing with more than 20 years experience in state government. After serving 21 years with the United States Air Force, he began his second career in 1984 with the Department of Public Safety. He served as the Director of Administrative Services for the

(Continued on page 2)

The Colorado flag flown at the State Capitol on Dec. 21 was waving its colors in tribute to PUC Director Bruce Smith, who is retiring at the end of January. A tribute to Smith on the winter solstice was especially fitting in light of his annual message to PUC staff on that date announcing that the days would start getting longer.

PUC approves resource plan for Xcel

The Colorado Public Utilities Commission (PUC) has approved a comprehensive settlement supported by a wide range of parties that resolves Xcel Energy's resource acquisition plan for the next 10 years.

The PUC on Dec. 17 approved a joint agreement submitted by more than a dozen participants representing interests ranging from residential customers, cities, large industrial electric consumers and government agencies to several environmental and community groups.

Commissioners Polly Page and Carl Miller voted to approve the agreement without modification. Chairman Greg Sopkin, while endorsing the settlement in general, sought to modify four of the settlement's 27 main provisions.

In approving the settlement without modification, the PUC granted Xcel permission to proceed with a plan to obtain approximately 3,600 megawatts (Mw) of new generating capacity by 2013, including the construction of a new 750 Mw coal-fired generation unit in Pueblo. The remainder of the resource need would be met through a combination of competitive bids for both fossil-fuel and renewable energy resources and energy conservation programs.

The parties stated that the proposed settlement would save customers between $500 million and $1.3 billion as compared to other resource options considered.

In addition to approval of the new coal plant, highlights of the settlement approved by the PUC include:

- State-of-the-art emissions controls at all three Pueblo generating plants, resulting in a net reduction of sulfur dioxide (SO_2) and nitrogen oxide (NOx) emissions. The company also agreed to mercury mitigation measures at the Pueblo plants and other locations in Pueblo.
- A construction cost cap for the new coal plant, to be determined at a later date, to ensure that cost overruns are not passed on to consumers.
- Xcel will spend up to $196 million on energy efficiency programs to decrease peak demand and energy usage.
- Xcel will accept wind power bids for up to 15 percent penetration on its system if they are part of the least-cost portfolio.
- The proposed Least-Cost Plan rider was withdrawn, but the company may include some Comanche 3 construction costs in future rate cases, including a likely 2006 rate case.

The PUC decision resolves the company's 2003 resource plan. Under PUC rules, jurisdictional electric utilities are required to file plans every four years detailing how they intend to acquire resources to meet their customers' future demand for electricity. Xcel's next plan is due in October of 2007.

Qwest deregulation hearings slated for April

The Colorado Public Utilities Commission (PUC) will hold formal hearings next spring on Qwest Corporation's application to deregulate most retail local telephone services in Colorado.

The PUC in November established April 18–29 as the dates for evidentiary hearings in the case. Those hearings will be held at the PUC offices in Denver. The Commission also said it would conduct a series of public comment hearings around the state prior to the evidentiary hearing. The times and locations of the public comment hearings will be announced at a later date.

Qwest is seeking 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.

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 tele-

(Continued on page 2)

Xcel adjusting natural gas prices on monthly basis

Usage is still biggest factor in determining monthly customer bills

Xcel Energy implemented a new monthly natural gas cost adjustment for its Colorado customers in November, changing from a once-a-year method of adjusting gas prices.

The Colorado Public Utilities Commission (PUC) approved the change, adopting a settlement agreement negotiated by Xcel, PUC staff and the Colorado Office of Consumer Counsel.

A "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 deregulated by the federal government in the 1980s.

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.

Under the previous annual method, Xcel adjusted costs associated with purchasing natural gas for its customers each October, forecasting costs for the upcoming heating season and truing up costs from the previous year. If gas costs varied significantly from what was forecasted, the company would carry large positive or negative deferred balances until costs could be adjusted the following year.

The monthly gas cost adjustment is intended to eliminate the large deferred balances and allow Xcel to more closely match gas costs with recovery of those costs at the time they are incurred. A monthly gas cost adjustment also sends more accurate price signals to customers, who can better respond to higher costs, to the extent possible, by adjusting usage or making other changes to conserve energy.

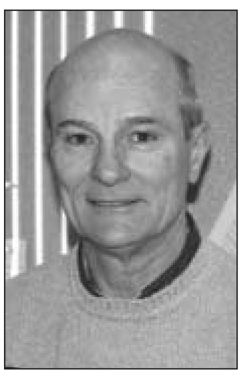
As part of the settlement agreement for the monthly gas cost adjustment, Xcel agreed to lock in a significant portion of its natural gas supply each year. This "hedging" will help mitigate the volatility in natural gas rates.

Xcel publishes its monthly adjustment on the first day of each month in a display advertisement in The Denver Post. If the first day of the month falls on a Saturday, the information is published in The Rocky Mountain News. The information is also available on Xcel's website

Under a monthly gas cost adjustment, customers are likely to see increases in gas prices during the late fall and winter months, with prices falling in the spring and summer months. However, the biggest factor affecting energy bills is significant changes in consumption.

Customers who want to level out their energy bills can sign up for Xcel's Averaged Monthly Payment plan, which allows them to average their yearly energy bill into equal payments each month.

INSIDE CONNECTIONS



John Epley

When Qwest Corporation or Xcel Energy must issue bill credits for service quality lapses, **John Epley** is there to make sure customers get every dollar to which they are entitled.

John is a senior rate/financial analyst in the engineering unit of the Utilities Section. One of his key duties is to monitor and verify retail service quality plans and performance for both Qwest and Xcel.

John started with the Public Utilities Commission in July of 1998 and has been with the state since 1992. As a rate/financial analyst, his job entails auditing, examining and investigating records and reports of regulated utilities to verify compliance with state laws and PUC rules. He also prepares testimony and analyzes information in proceedings before the PUC.

In addition to retail service quality issues, John monitors the Colorado Performance Assurance Plan, which is Qwest's wholesale service quality plan. He also is responsible for reviewing telecom interconnections agreements; 9-1-1 surcharge filings, outages and other 9-1-1 issues; Rural Technology Enterprise Zone tax credit filings; and local calling area surveys and expansions.

"I like the overall variety of handling both financial and engineering-related issues and the freedom I have to set my own priorities most of the time," John said. "I like the people that I work with, and the opportunity to work with people of different kinds of expertise both within and outside of the PUC."

Prior to coming to the PUC, John was a Career Army Reserve officer (now retired) and helicopter pilot, and an engineer in the automotive and defense industries. For the state of Colorado, he was a labor and employment specialist in the Department of Labor, and a business manager for three correctional facilities in the Department of Corrections. He and his wife Margo, an interior designer, have been married for 18 years.

John holds a bachelor's degree in engineering from the United States Military Academy, and a master's in business administration from Wayne State University.

Away from work, he enjoys visiting his and Margo's children and grandchildren, skiing, big game hunting, golf and computer flight simulations. He hopes to work for the PUC until retirement, then build a retirement dream home with Margo in rural western Florida, take refresher flight training and own his own airplane for cross-country travel.

"Enjoy life by working hard and playing hard," John advises. "Take responsibility for what you do and fail to do. Accept yourself for who you are, and be happy with it."

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

Smith retires

(Continued from page 1)

Department of Regulatory Agencies, and was Deputy Commissioner of Insurance for three years prior to his arrival at the PUC.

During his nearly 13 years with the PUC, Smith has guided the agency through a period of dynamic changes to the industries that the PUC regulates, including the opening of the local telephone market to competition. He directed a two-year effort of collaborative workshops with telecom participants in preparation for Qwest's application to re-enter the long-distance market.

He also served as the facilitator for the 30-member statewide panel that looked at electric competition issues in Colorado from 1998–99, directing the PUC's technical and research assistance to the panel. That panel ultimately recommended to the legislature that electric restructuring was not in the best interests of Colorado's electricity consumers.

Smith guided the PUC through three legislative sunset reviews, and also served as a liaison between the agency and the legislature. He also helped maintain smooth transitions between PUC staff and 12 different commissioners during his tenure.

In addition to his leadership skills, open-door management style and his frequent admonitions to staff to be "rigidly flexible," Smith was well known for his annual message to staff on Dec. 21—the "shortest" day of the year—that the sun had completed its southward journey and was ready to head north again, and spring was "just around the corner." He was also acclaimed, among PUC staff, for his cooking skills on PUC road trips around the state.

Tambor Williams, Executive Director of the Department of Regulatory Agencies, with the approval of the PUC Commissioners will appoint Smith's successor.

POSITIVE CHARGES

Thanks to everyone who contributed to the 2004 Colorado Combined Campaign. PUC employees donated $8,438 to support charitable organizations. The PUC total was the highest of all DORA agencies for the second year in a row.

And a special thank you goes to **Deb Fajen**, who not only coordinated the campaign for the PUC, but also was the lead coordinator for all of DORA. In all, DORA employees contributed $39,944.60 to this year's campaign.

PUC employees showed their generosity once again through the PUC Thanksgiving Drive, which this year benefited the Working Together Foundation. The PUC raised $200 for the foundation, which is dedicated to helping state employees who are facing an urgent crisis or emergency. Thanks to **Joe Benedetto** for spearheading this drive, and to **Trudy Reinmuth**, **Arlene Apodaca** and **Bonnie Ford** for their assistance with the project.

And the giving didn't stop there. PUC employees filled a couple of boxes with toys to donate to the Toys for Tots program, sponsored by the U.S. Marine Corps. The PUC's contribution to the DORA-wide event included an additional $100 in cash, courtesy of the PUC's University of Nebraska fans, whose faces were red after losing to the University of Colorado football team. Thanks to everyone who participated in making the season a little brighter for local children in need.

OCC searching for new director

A search is under way for a new director of the Colorado Office of Consumer Counsel (OCC), which represents residential, small business and agricultural consumers in electric, gas and telephone cases before the Public Utilities Commission and federal regulators.

Former OCC director **Ken Reif** resigned effective Dec. 1 to join Tri-State Generation and Transmission Company as its vice president and general counsel. Reif had been OCC director since 1996.

Jim Greenwood, a rate/financial analyst with the OCC since 2001, was named acting director of the office until a successor for Reif is selected. Prior to joining the OCC, Greenwood worked as director of regulatory affairs for Colorado Interstate Gas Company, an interstate natural gas pipeline company regaled by the Federal Energy Regulatory Commission.

Tambor Williams, executive director of the Department of Regulatory Agencies, will appoint the new OCC director, which is a classified position within Colorado's personnel system. Qualifications for the consumer counsel are set out in statute and include five years experience in consumer-related utility work, or in the management or regulation of utilities.

Qwest hearings

(Continued from page 1)

phone companies to use each other's networks. The PUC would also still regulate long-distance service within the state offered by other companies other than Qwest.

The PUC also said in a declaratory order in November that it would be deciding in this case whether to end regulation of most telephone services offered by all companies within Qwest's service area. The PUC said that Colorado's telecommunications law under which the proposal was filed gives the PUC authority to deregulate telecommunications services, not providers.

The PUC's ruling means that if a customer obtains telephone service from a company other than Qwest within Qwest's service area, that company's services would also be deregulated if the PUC grants Qwest's application.

Anyone wishing to submit written comments may send them to the PUC, 1580 Logan St., Office Level 2, Denver, CO 80203. Comments should be addressed to Docket No. 04A-411T. Written comments should be received prior to the April hearing date.

Under state law, the PUC has until June 28 to issue a decision on Qwest's application.

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.

Printed on recycled paper

Judge recommends further action against Qwest

Preferential deals for certain competitors may have broken law

An Administrative Law Judge has recommended that the Public Utilities Commission (PUC) staff initiate a show cause proceeding against Qwest Corporation concerning allegations that it entered into preferential deals with some competitors in violation of state and federal laws.

Judge William Fritzel issued an order on Dec. 15 culminating a lengthy investigation into dozens of so-called "unfiled" interconnection agreements between Qwest and certain competitors. The agreements set out the rates, terms and conditions under which competitors could use parts of Qwest's network to provide competitive telecommunications services.

In recommending a show cause proceeding, Judge Fritzel said that the comments and evidence presented in the investigation "demonstrated a pattern of conduct by Qwest, if proven at a subsequent proceeding, that it engaged in anti-competitive behavior."

The opening of a show cause proceeding would allow for a full evidentiary hearing to consider the factual allegations against Qwest, along with potential remedies. It will also afford the opportunity for competitive providers that contend they were harmed by Qwest's favorable treatment of other competitors to establish a factual basis for their claims and the damages sustained.

The judge also recommended that the PUC reject a proposed settlement filed by Qwest and the Office of Consumer Counsel. The proposed settlement called for Qwest to pay $7.5 million—$5.5 million to the Colorado Low-Income Telephone Assistance Program and $2 million to fund a 9-1-1 resource center—to resolve the allegations.

The judge said the settlement agreement was deficient in two areas—it failed to provide an adequate remedy to address the alleged harm that occurred, and it represented the agreement of only two parties.

"In order for a settlement agreement to be meaningful, just and in the public interest, it should represent the agreement of most if not all of the competing interest both public and private," the judge wrote.

Under federal and state law, interconnection agreements between Qwest and competitors must be submitted to the PUC for approval. Upon PUC approval, the rates, terms and conditions of those agreements must then be made available to all other competitive providers in a non-discriminatory manner.

PUC staff alleged that Qwest withheld dozens of interconnection agreements from proper scrutiny from 1999 to 2002, until their existence was revealed in a proceeding in Minnesota. Generally, the unfiled agreements provided particular competitors with discounts and preferential treatment while denying the same beneficial prices, terms and conditions to other providers.

The judge recommended that the competitors with whom Qwest entered into the agreements not be included in the show cause proceeding because they did not have the same filing obligations as Qwest under federal and state law.

State universal service fee expected to rise in April

PUC's annual report projects possible hike from 2.0 to 2.9 percent

The Colorado Universal Service Charge is projected to increase from 2 percent to possibly as high as 2.9 percent in the second quarter of 2005, according to the Public Utilities Commission's (PUC) annual report on the state's high cost fund.

The PUC annually reviews the fund and reports to the legislature each Dec. 1 on the previous year's contributions and disbursements, along with projections for the upcoming year.

Based on a number of factors affecting the fund, the PUC estimates that the charge that appears on monthly telephone bills could increase nine-tenths of a percent on April 1, 2005. Based on a local telephone bill of $30 a month, the projected change would add another 27 cents to a customer's monthly bill.

The Colorado Universal Service Charge provides money for a fund to reimburse telecommunications providers that serve areas with higher than average costs. This allows local phone rates to remain reasonably comparable across the state.

All Colorado telecommunications customers pay the surcharge, which is assessed as a percentage of a customer's in-state monthly telecommunications charges for local, wireless, paging, in-state long distance and optional services. The surcharge initially was 3.2 percent when it was implemented in 1999, but has dropped to 2.0 percent since that time.

The projected increase in 2005 is based on a number of factors, including recent Federal Communications Commission (FCC) activities related to Voice over Internet Protocol (VoIP), the elimination of Qwest zone charges, adoption of further changes to the proxy cost model, distribution of support by wire center line counts, and the addition of new entrant competitive telecommunications service providers.

In November, the FCC issued a decision that declared VoIP service to be interstate and pre-empted state regulation of such services. That means revenues from VoIP services may be considered interstate and no longer subject to the Colorado universal service fund. A number of providers who currently contribute to the fund in Colorado already incorporate VoIP in the provision of their services within Colorado. More providers, including Qwest, are expected to offer this new technology in the coming year, which could impact contributions to the fund.

By law, the surcharge may be set no higher each year than the maximum amount projected in the annual report. However, further actions at both the state and federal level may mitigate the necessity of increasing the surcharge to the full 2.9 percent cap.

Power line dispute back in PUC court

The Colorado Public Utilities Commission (PUC) has scheduled Feb. 23–24 for additional hearings in Denver over a dispute between Tri-State Generation and San Miguel County and homeowners about the cost of a proposed transmission line upgrade between Nucla and Telluride in southwest Colorado.

At a scheduling conference on Dec. 21, the PUC said it would limit the scope of the new hearing to differences in construction cost estimates for placing the line overhead versus underground alternatives. The hearing will not involve evidence about land value issues.

The PUC in January 2004 overturned a condition imposed by San Miguel County requiring Tri-State to bury the upgraded power line at the company's expense. But because the record at the time did not contain sufficient cost information, the PUC ordered Tri-State to obtain accurate, detailed cost estimates comparing underground and overhead alternatives for the proposed project.

Tri-State submitted its cost estimates in September, stating that the total costs, including land value issues, would be approximately $2 million for overhead construction and between $18 million and $19 million for underground construction. The county and a coalition of homeowners countered with their own estimates in October, contending that the total cost would be approximately $9 million for overhead construction and $7 million to $8 million for underground construction.

The two sides were unable to resolve their differences through negotiation, and requested a new hearing by the PUC to resolve the matter.

The transmission line at issue is a 69-kilovolt line that runs from Tri-State's Nucla Substation in Montrose County to its Sunshine Substation in San Miguel County. The existing line is an overhead line and crosses three scenic mesas northwest of Telluride. Tri-State has proposed upgrading the line to 115kV to ensure reliability of electric service in the region. San Miguel Power Association, which

(Continued on page 4)

Xcel electric rates increase due to gas costs

Electricity rates for Colorado customers of Xcel Energy were expected to increase by $155.8 million at the first of the year to reflect rising fuel costs for generation and purchased power.

The Public Utilities Commission (PUC) allowed Xcel's annual Electric Commodity Adjustment (ECA) to go into effect on Jan. 1. Similar to the gas cost adjustment, the ECA is a direct pass-through to customers. Costs for fuel to generate electricity at Xcel's power plants and to purchase electricity from independent power producers are charged to consumers on a dollar-for-dollar basis. The utility does not make any profit from this adjustment.

Xcel's adjustment for 2005 will increase typical residential electric customer bills by $3.48 a month, based on average use of 625 kilowatt-hours. Bills for typical small business customers will increase by $7.02 a month, based on use of 1,265 kilowatt-hours.

In addition to the increase in the ECA, Xcel filed two other annual bill adjustments for the upcoming year, with both resulting in small decreases to customer bills. The Air Quality Improvement Rider (AQIR) and the Purchased Capacity Cost Adjustment (PCCA) both decreased by less than 1 percent. The AQIR rider pays for emissions control measures at the company's metro-area power plants. The PCCA is used to recover purchased capacity payments to third-party power suppliers that are not currently included in base electric rates.

The company said the increase in the ECA is being driven by rising prices for natural gas in the national market. Factors affecting the competitive price include overall increasing demand, curtailed production from summer hurricanes in the Gulf of Mexico, and uncertainty about the severity of weather for the 2004–05 heating season. Currently, about 45 percent of Xcel's electricity is produced from generators fired by natural gas.

The PUC reviews the annual ECA filing for informational purposes only up front, but conducts prudency reviews once the actual fuel cost information is filed after each year.

San Miguel power rates jump Jan. 1

Electricity rates for customers of San Miguel Power Association increased by about 6.5 percent at the beginning of the year.

The Public Utilities Commission (PUC) allowed changes in the company's Purchased Power Adjustment Rider to go into effect on Jan. 1. The rider is designed to collect on a dollar-for-dollar basis the costs of purchased power.

The increase will add about $3.84 to a typical residential customer's bill, based on usage of 600 kilowatt-hours per month. For typical small business customers using 2,400 kilowatt-hours per month, the increase will add $15.36 per month.

The rate increase is the result of rising wholesale power costs being charged to San Miguel. The company, which does not own any generation facilities, receives all of its electricity from Tri-State Generation and Transmission Association. Tri-State implemented a wholesale rate increase effective Jan. 1, due primarily to rising natural gas and other fuel costs for generation of power.

San Miguel is a non-profit electric cooperative providing electric service to about 7,200 customers in southwest Colorado, including the towns of Telluride, Ouray, Silverton, Nucla and Ridgway.

Customers of San Miguel voted in 1993 to place the electric cooperative back under the rate jurisdiction of the PUC. The only other electric cooperative whose rates are regulated by the PUC is Wheatland Electric Cooperative Inc. in southeastern Colorado.

Miller appointed to full four-year term

Carl Miller

Governor Bill Owens has reappointed Commissioner **Carl Miller** to a full four-year term on the Colorado Public Utilities Commission (PUC). Gov. Owens announced the appointment, which must be confirmed by the Colorado Senate, on Jan. 6.

Miller has served as a PUC commissioner since July 1, 2004, succeeding former Commissioner Jim Dyer, who retired six months before his term expired. If confirmed, Miller's new term will run through Jan. 12, 2009.

Miller, a Democrat from Leadville, served in the Colorado House of Representatives for eight years before he was tabbed by Owens to fill Dyer's post. Prior to his legislative stint, Miller was a Lake County Commissioner from 1977 to 1989.

Miller, who attended Colorado Mountain College, served in the U.S. Army and worked for 27 years in the mining industry. He was president and executive director of the National Mining Hall of Fame and Museum in Leadville for 10 years.

Miller serves with Chairman **Greg Sopkin** and Commissioner **Polly Page** in regulating the state's telecommunications, gas, electric and transportation utilities. Sopkin's term expires in January of 2007, with Page's term expiring in January of 2008.

PUC modifies Qwest's service quality plan

The Colorado Public Utilities Commission (PUC) has approved modifications to the service quality plan under which Qwest Corporation's local telephone service is measured each year.

The PUC in December approved a settlement agreement reached between Qwest, PUC staff and the Colorado Office of Consume Counsel. The changes will apply to the company's 2004 performance and thereafter.

Under the plan, Qwest is required to meet certain service standards or provide automatic customer bill credits annually. The standards measure the company's performance in the areas of timely provisioning of service, speed of repair, call competition and telephone access to Qwest business offices.

The first change decreases the benchmark for the maximum allowable trouble report rate to five reports per 100 lines per wire center for 2004 and four reports per 100 lines per wire center in 2005. The previous report rate level was eight reports per 100 lines per wire center. The modification establishes penalty amounts of $20,000 per wire center if the wire center has more than 20,000 lines, and $10,000 per wire center if the wire center has fewer than 20,000 lines. The maximum annual penalty for this service quality element is $3.5 million.

The second change relates to out-of-service tickets not repaired within 24 hours. Under the old plan, the company could be penalized up to $2 million depending on the number of outages not cleared within 24 hours per wire center. The new plan provides instead for individual bill credits in outage situations that last beyond a day.

Under the modification, customers will receive a bill credit of $14.88 for residential service or $34.51 for business service—the equivalent of the basic monthly rate—if an outage is not repaired within 24 hours. Certain situations would be excluded: such as no access provided to the company by the customer; if the customer requests a repair date longer than 24 hours; fire; trouble on the customer's side of the network interface device; extraordinary acts of nature such as floods and catastrophic events such as major cable cuts.

Since the quality of service plan was implemented in 1999, Qwest has issued bill credits totaling more than $27 million based on its yearly performance. The company will file its 2004 results by April 1, 2005.

PUC sets 2005 no-call fees for telemarketers

The Colorado Public Utilities Commission (PUC) has established the registration fees for 2005 that telemarketers will pay to obtain the state's no-call list.

The fees, which are based on the number of employees of the soliciting company, reflect an increase from the fees charged in 2004. The increase is due to an increase in the annual contract for Insight America, the vendor that operates the program for the PUC.

Number of Employees	Fee Amount	Number of Employees	Fee Amount
1–4	$0	101–250	$300
5–10	$50	251–400	$400
11–50	$150	401–1,000	$450
51–100	$200	1,001+	$300

The Public Utilities Commission has established the above fees for 2005 for telemarketers registering for the Colorado no-call program.

For 2005, the fees will range from $0 for telemarketers with less than five employees, to $500 for companies with more than 1,000 employees.

PUC staff estimates that more than 630 telemarketers will pay annual registration fees in 2005, generating an estimated $83,000 in revenue.

Colorado's no-call program permits residential and wireless telephone subscribers to notify solicitors of their objection to receiving solicitations by telephone or fax. Residential subscribers can place their telephone numbers on the no-call list at no charge. A state enforcement action may be brought against commercial telemarketers for three of more violations in a month.

As of Dec. 15, more than 1.6 million customers had placed their telephone numbers on Colorado's no-call list.

Consumers may file complaints about possible violations of the no-call law by either calling toll-free at 1-888-600-5688 or by going on-line at www.coloradonocall.com. To register a residential or wireless phone number, go to the website, or call 1-888-249-9097.

Power line dispute

(Continued from page 3)

serves the area, is a wholesale customer of Tri-State.

A law passed by the legislature in 2001 allows public utilities 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.

Lake Durango parties agree to fund study of new water pipeline

Parties looking for ways to help Lake Durango Water Company ease its water supply shortage have agreed to let the company begin preliminary engineering studies on a proposed pipeline to draw water from Lightner Creek.

A settlement agreement between the company, staff of the Public Utilities Commission (PUC) and a number of homeowners' associations and individuals who are customers of Lake Durango was to be filed with the PUC by Jan. 12. The agreement calls for Lake Durango to spend $25,000 on initial engineering studies for the pipeline project. The money will come from a capital improvement escrow fund set aside for such a purpose.

In addition to a request to use the escrow funds, Lake Durango has filed an application with the PUC seeking approval to construct the pipeline and to enter into a contract with a developer for tap fees to pay for the project. Hearings on that application are likely to be held this summer, after the initial engineering work is completed.

Lake Durango currently serves about 460 retail customers and provides water in bulk to several water districts on the western outskirts of Durango. In all, some 1,069 end-use customers rely on water from Lake Durango.

Lake Durango's water supply, which is drawn primarily from the LaPlata River, has been impacted by drought conditions for the past few years, resulting in strict water restrictions in 2003. Since then, the company has been looking for ways to increase its raw water supply.

Lake Durango owns water rights to draw water from Lightner Creek, however the water cannot be diverted without building a pipeline and pumping water to Lake Durango. A feasibility study conducted last year estimated the project would cost between $2 million and $2.3 million.

The initial study said water from Lightner Creek could possibly ease water restrictions for current Lake Durango customers and supply the year-round water needs of about 1,000 additional customers.

The engineering study will seek to make a realistic determination of how much water can be drawn from Lightner Creek, and provide a more accurate and detailed cost estimate for the project.

Lake Durango has received $800,000 from La Plata Heights, L.L.C. in lieu of future water taps to help pay for construction. That money has been set aside in a separate escrow account.

Connections

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

PRSRT STD
U.S. POSTAGE
PAID
DENVER CO
PERMIT 738