

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2005

STARTING POINT



By Doug Dean
Director

You probably noticed there is a new face at the top of this column. After occupying this space for nearly 13 years, Bruce Smith has retired from a distinguished career in public service and has moved on to greener pastures. We wish him all the best.

I am the new Director of the Public Utilities Commission. Although I've held the title for a couple of months now, I've been shuttling back and forth between here and the Division of Insurance. But now that the governor has appointed a new Insurance Commissioner, I am starting to settle in to my new position on a full-time basis. And I am looking forward to personally meeting those of you I haven't had a chance to meet yet.

As many of you probably know, I spent eight years in the Colorado General Assembly, including two years as Vice Chairman of the Education Committee, two years as Majority Leader, and two years as Speaker of the House. Prior to that, my background was in business. In January of 2003, after being term-limited out of the legislature, I was appointed Insurance Commissioner, where I served until my appointment to the PUC.

I have a lot to learn about the wide array of issues that come before the PUC, and I look forward to working with the Commissioners and the staff to be brought up to speed as quickly as possible. One of the things I heard from a number of people before I took this job was that the PUC had an extremely knowledgeable and hard-working staff. And in the short time I've been here I've been impressed by what I've seen. My goal is to work together to earn the confidence of, and maintain credibility with, those we regulate and the public we serve.

At home, I am very much a "do-it-yourself" kind of guy. I enjoy tackling my own home improvement projects, whether it's plumbing, electrical or general construction. I take a similar "hands-on" approach to my management style. My door is always open to discuss any concerns that anyone may have. I want to play a key role in identifying and making changes for the better where appropriate for this agency, regulated utilities and the consumers of the state of Colorado.

Proposal lifts some phone regulations

First residential, small biz lines would remain under PUC oversight

Regulation of most telephone services except primary residential lines and small business lines would be eased under a proposed settlement filed with the Colorado Public Utilities Commission (PUC).

The settlement was filed April 22 by Qwest, PUC staff and the Colorado Office of Consumer Counsel after weeks of negotiations on an application by Qwest to deregulate most retail telephone services in Colorado. The PUC scheduled hearings on the proposed settlement beginning May 3, and must issue a decision on whether to accept, reject or modify the proposal by June 28.

Under the proposed settlement, the PUC would retain full regulatory control over the first line at a residence and basic service to businesses with three lines or less across the state. Additional residential lines in areas outside of "zones of competition" also would remain regulated essentially as they are now, as would "public interest features," which include per-call blocking, per-line blocking, call trace, busy line verification, busy line interrupt, non-listed and non-published services.

The agreement defines "zones of competition" as the following Qwest exchanges: Denver Metro, Longmont, Lafayette, Louisville, Broomfield, Erie Parker and Colorado Springs except for Black Forest, Manitou, Green Mountain Falls and Woodland Park wire centers in the Colorado Springs exchange.

Additional residential lines inside the "zones of competition," and service to businesses with four or more lines regardless of geographic area would fall under "market regulation," as

Proposed Regulatory Plan for Qwest

SERVICES UNDER "MODIFIED EXISTING REGULATION"	SERVICES UNDER "MARKET REGULATION"	SERVICES DEREGULATED
Primary residential lines (rate cap applies)		In-state long distance
Additional residential lines in areas other than "Zones of Competition"*	Additional residential lines located within "Zones of Competition."	
"Public Interest Features and Services"**	Residential features and services except "Public Interest Features and Services."	
Basic business service for businesses with 1-3 lines	Basic business service for businesses with 4 or more lines.	
Payphone service offerings	Advanced features or services on business lines	
N-1-1 services, including E-9-1-1	All packages and bundles (subject to a price cap)	
	Non-optional operator services.	

* *Zones of Competition defined as the following Qwest exchanges: Denver Metro, Longmont, Lafayette, Louisville, Broomfield, Erie, Parker, and Colorado Springs, except for Black Forest, Manitou, Green Mountain Falls and Woodland Park wire centers.*

** *Public Interest Features and Services include: Per Call Blocking, Per Line Blocking, Call Trace, Busy Line Verification, Busy Line Interrupt, Non-listed service, Non-published service.*

would advanced features or services provided on business lines, price-capped packages and bundled service offerings, non-optional operator services, and private line services with a capacity of less than 24 voice-grade circuits.

Market regulation, as defined by the proposed settlement, would consist of minimal PUC oversight of services in this category. However, the PUC could re-impose traditional regulation on these services for good cause if problems arise.

The settlement deregulates all in-state long distance for Qwest and establishes an expedited process for other toll providers to deregulate their long-distance services within Colorado as well.

The existing credits for the Colorado High Cost Fund Surcharge—\$.46 per month on residential access lines and \$1.08 on business access lines—will be eliminated. These credits currently total about \$13 million per year. Under the settlement, about \$1.8 million of the revenue generated from the elimination of the credits will be used to offset the impact of the Northern Colorado local calling area expansion. The remainder of the revenues will be used to reduce intrastate switched access rates.

The proposed settlement retains automatic remedies for service quality failures, including the customer specific credit equal to the monthly rate if the company fails to repair service within 24 hours of an outage.

Amendment 37 rules proposed

The Colorado Public Utilities Commission (PUC) has issued proposed rules to implement renewable energy standards approved by voters last fall.

The proposed rules, issued on March 29, establish the process by which qualifying retail utilities in Colorado must gradually increase their reliance on renewable energy resources over the next 10 years. The PUC has until March 31, 2006, to finalize the rules.

Colorado voters last November approved Amendment 37, which requires that a percentage of retail electricity sales be derived from renewable resources, beginning with 3 percent in 2007 and increasing to 10 percent by 2015. Renewable energy resources are defined to include solar, wind, geothermal, biomass, small hydroelectricity and hydrogen fuel cells.

The new law applies to retail electric utilities that serve more than 40,000 customers. However, municipal utilities and/or rural electric cooperatives may opt out of the requirements by a

vote of their customers if they certify to the PUC that they already have a comparable renewable energy program in place.

Another provision of the law limits the retail rate impact of the renewable energy standards to 50-cents per month for residential customers.

Under the new law, the PUC was required to begin a proceeding by April 1 to develop rules and regulations for implementation of the standards. The PUC conducted two workshops in March to gather comments about proposed rules from interested parties before issuing its proposed set of rules.

The proposed rules address: (a) definitions of eligible renewable resources that can be used to meet the standards; (b) standards for the design, placement and management of electric generation technologies that use eligible renewable energy resources to ensure that the environmental impacts of such facilities are minimized; (c) electric resource standards for renewable energy

(Continued on page 2)

Senate confirms Miller appointment

The Colorado Senate on May 9 unanimously confirmed Commissioner Carl Miller's appointment to the Public Utilities Commission (PUC).

Miller served the final six months of former Commissioner Jim Dyer's term in 2004, and was appointed to a new four-year term in January by Gov. Bill Owens. Miller's new term runs 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 serves with Chairman Greg Sopkin and Commissioner Polly Page, both Republicans, 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.

Three PUC employees earn department recognition

The Public Utilities Commission (PUC) was well represented in this year's Department of Regulatory Agencies' DORAwards program, claiming honors in three of the six categories.

Joe Benedetto won the Citizenship Award; **Deborah Fajen** won the Peer Service Award; and **Warren Wendling** won the Outstanding Service Award.

The DORAwards program was created in 2001 to recognize outstanding achievement in customer service at the department level. This year's winners were to be honored at the DORA ice cream social in May and became eligible for statewide recognition in the governor's annual State Top Achievement Recognition (STAR) awards program.

The Citizenship Award (\$100) is given to an individual or group of DORA employees who have exhibited exemplary volunteer service to the community. Benedetto, the Telecommunications Relay Services administrator for the PUC, was cited for his many hours of service to the deaf and hard-of-hearing communities, as well as his efforts to help others in need.

He serves on the board of directors for the Colorado Commission for the Deaf and Hard-of-Hearing. He also is a member of the Colorado Association of the Deaf, and a volunteer for the Self

Help for the Hard of Hearing Organization, which is the nation's largest organization for people with hearing loss.

Benedetto, an ordained Catholic deacon, also has initiated many charitable drives at the PUC. He has helped collect food, toys and cash for such charities as Working Together to benefit state employees, Toys for Tots, the Holy Cross Church food distribution program, and The Gathering Place, which helps homeless women and children.

The Peer Service Award (\$200) is for an employee or group of individuals providing assistance or encouragement to fellow state employees above and beyond what is expected as part of the job. Fajen, an administrative assistant in the Transportation section, was recognized for her efforts as lead coordinator for the department's Colorado Combine Campaign (CCC), the state's annual charitable drive.

Fajen took on this role as lead DORA coordinator in addition to serving as one of the CCC coordinators for the PUC while maintaining her normal workload. With her leadership and encouragement, DORA employees donated more than \$39,000 for Colorado charities, exceeding the department's goal of \$38,000.

The Outstanding Service Award (\$100) recognizes exemplary perfor-



PUC DORAward winners (l-r): Joe Benedetto, Deb Fajen and Warren Wendling.

mance throughout an individual's career with DORA and the state. Wendling, the PUC's supervising engineer, will retire in October after 24 years with the agency.

Although he started at the PUC in 1981 as an electrical engineer analyzing electric utility filings, Wendling quickly became Colorado's telecommunications expert when federal law broke up AT&T and the state's telecommunications industry was born with the creation of U S West, now known as Qwest. As the architect of the regula-

tory policy and rules for the telecom industry, Wendling assisted legislators in the drafting of telecom legislation, provided briefings to various governors on telecom issues, and testified on many national issues before the Federal Communications Commission.

Colorado is considered the telecommunications leader in the 14 states in which Qwest serves, and many of the policies adopted by Colorado have been used as models nationally, in large part the result of Wendling's knowledge, experience and hard work.

INSIDE CONNECTIONS

When **Roxi Nielsen** presents an item at a Public Utilities Commission weekly meeting, her advice might be sesquipedalian, but the result will rarely be a catachresis.

Roxi, a rate and financial analyst in the Utilities section, keeps the Commissioners and staff on their lexical toes by often incorporating a new vocabulary word into her presentations on utility tariffs and other applications.

(Editor's note: Sesquipedalian is an adjective meaning "given to using long words;" catachresis is the "use of a wrong word in a context.")

Roxi started with the PUC in the External Affairs section in 1997 handling consumer complaints. She moved to the rate and financial unit in 2000, where she provides expert analysis and advice on utility filings; conducts audits of utility books, records and financial reports; reviews and processes applications and tariffs filed by telecommunications providers; keeps utilities informed regarding PUC rules and regulations; and testifies in cases before the PUC.

"I enjoy the fact that each day brings something different," she said. "I also enjoy the interaction with employees in the various sections of the PUC."

That usually includes sharing her sense of humor with fellow employees on a daily basis, as well as sharing her love for Nebraska Cornhusker football. Her office cubicle is a shrine to the Big Red.

Her loyalty to Nebraska is a natural, given that she grew up in Scottsbluff and earned her bachelor's degree from nearby Chadron State College.

Although her professional career has been varied, it carries a strong thread of helping others. She taught at a girls' reform school in Kansas, was a probation officer in Nebraska, and served as a counselor/caseworker at two youth correctional facilities in Colorado. Prior to joining the PUC, Roxi worked for 16 years at Qwest (then Mountain Bell/U S West). For the last several years of her employment there, she worked in the Public Policy group.

"It has always been my goal to be the best person I can be to myself and others and try to have a positive impact on the people I encounter," she said.



Roxi Nielsen

Away from work, Roxi enjoys spending time with her family, watching college football (especially Nebraska), reading, and helping out her elderly neighbors. She plans to continue serving others well beyond her days at the PUC.

"Upon retirement, I would like to be a volunteer reading teacher for elementary students and a volunteer 'rocker' in the nursery for children that are hospitalized," she said. "I also hope to become a coach for the Special Olympics."

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

POSITIVE CHARGES

Congratulations to **Joe Benedetto**, **Deb Fajen** and **Warren Wendling**, PUC winners in this year's DORAwards program, which recognizes outstanding achievement in customer service throughout the department. (See story this page). Honorable mention went to **Gary Schmitz**, **Sharon Podein**, **Inez Dominguez**, **Karl Kunzie**, **Larry Shiao** and **Sandy Jones** for their work as the PUC Least Cost Plan Trial Staff Team.

Welcome to new PUC employees: **Dianne Green**, an economist in the Utilities

section; **Monita Pacheco**, a compliance investigator in the Safety and Enforcement section; **Julia Haugen**, a rate/financial analyst in the Utilities section; and **Susan Travis**, a rate/financial analyst in the Utilities section. Also, welcome back to **Joe Molloy**, who has rejoined the PUC as an engineer in the Pipeline Safety section.

Attorney **Gary Witt** has joined the staff at the Department of Law and is the newest member of the Commission Counsel team. He previously worked for AT&T.

Engineer **Pam Fischhaber** has switched tracks (and floors) at the PUC. Fischhaber, who worked for five years in the Utilities engineering section, moved to the third floor on May 2 to head up the PUC's Rail/Transit Safety section.

Greenwood named new OCC Director

James Greenwood, a former energy company executive and utility analyst, has been picked as Colorado's top utility consumer advocate.

Greenwood was appointed director of the Colorado Office of Consumer Counsel (OCC) in February, after serving as acting director since December. He replaced Ken Reif, who resigned to join Tri-State Generation and Transmission Company as vice president and general counsel.

Greenwood worked four years in the OCC as a rate/financial analyst. Prior to that, he worked for 27 years with Colorado Interstate Gas Company, an interstate natural gas pipeline company regulated by the Federal Energy Regulatory Commission.

"We were fortunate to have several very qualified candidates for the position, but I believe Jim is the best fit and will do a fine job for Colorado consumers," said Tambor Williams, executive director of the Colorado Department of Regulatory Agencies.

Greenwood becomes the third director of the OCC, which was established in 1984 to represent residential, small business and agricultural consumers in electric, gas and telephone cases before the Public Utilities Commission (PUC) and federal regulators. Ron Binz served as OCC director from 1984-1996, before Reif took over from 1996-2004.

Renewable energy

(Continued from page 1)

resources; (d) a system of tradable renewable energy credits that may be used by a qualifying retail utility to comply with this standard; (e) a standard rebate offer program; (f) policies for the recovery of costs incurred with respect to these standards for qualifying retail utilities subject to PUC rate regulation, and; (g) a maximum retail rate impact of 50 cents per month for the average residential customer.

Hearings on the proposed rules will

be held July 11-14 at the PUC in Denver. Interested persons may submit written comments on the rules by May 18, and reply comments should be submitted by June 15. The proposed rules are available for review on the PUC website by clicking on the Amendment 37 button.

Qwest seeks \$7 million to recoup relocation costs

Qwest Corp. is seeking to recover about \$7 million from customers over the next three years to pay for relocating telecommunications facilities to accommodate an interstate highway expansion project in and near Denver and the expansion of the Colorado Convention Center.

A law enacted in 2003 permits a provider of basic local exchange service to seek authorization from the Public Utilities Commission (PUC) to recover actual costs for the relocation of infrastructure of facilities requested by the state or a political subdivision.

The PUC must verify the actual costs that may be recovered, determine the allocation of costs to various customers and services, and prescribe the method of such recovery.

Qwest has filed to recover almost \$6.4 million for relocation of facilities to accommodate the widening of I-25 through Denver. The state of Colorado requested the relocation for the Transportation Expansion Project, also known as "T-REX."

The company also is seeking more than \$640,000 to recover costs for moving its facilities to accommodate the expansion of the Colorado Convention Center at the request of the City of Denver. In both cases, Qwest said the costs were incurred "beyond the normal course of business" because Qwest would not have relocated its infrastructure and facilities but for the governmental requests.

Qwest has proposed that a charge be assessed on all retail access lines located in the 303/720 area code. Using this method, the charge would be \$0.16 per month for three years. A true-up would be conducted at the beginning of the second and third years to ensure that only actual costs are recovered from customers.

The PUC is expected to hold hearings on the proposal this summer. Among the issues is whether costs associated with deregulated and/or interstate services should be included for recovery. Also, the law requires the



Qwest has filed to recover the costs of moving its facilities to make way for the new Colorado Convention Center, as well as the widening of I-25.

PUC to "consider the jurisdiction requiring the relocation and the geographic area that most directly benefits

from the required relocation to determine the customers or services that will bear the costs."

Local calling area to expand in northern Colorado

Residents of northern Colorado should have a much wider local calling area by the end of 2005.

The Colorado Public Utilities Commission (PUC) has approved an agreement that calls for a single local calling area extending along the northern Front Range in the 970 area code. The calling area will include the Qwest exchanges of Berthoud, Eaton-Ault, Estes Park, Fort Collins, Gilcrest, Greeley, Johnstown-Milliken, La Salle, Loveland, Mead, Platteville and Windsor. Customers will be able to call back and forth in any of those exchanges without paying long-distance charges.

The PUC found that a sufficient "community of interest" exists among

the Fort Collins, Loveland and Greeley population centers to justify the expanded local calling. The agreement cited a significant interdependence for business, transportation, medical, education, leisure and human service needs in the region.

A survey was conducted of Qwest residential customers in the affected area. Of the surveys that were returned, 79 percent favored the proposed expanded calling area.

Although the agreement would allow Qwest to increase certain rates (excluding residential) to cover the costs of implementing the local calling expansion, that would not be necessary if the PUC approves a separate agreement filed in the Qwest deregulation

docket. Under that proposal, the monthly bill credits for the Colorado High Cost Fund Surcharge that Qwest residential and business customers have received for the past five years would be eliminated and part of that money would be used to offset the impact of the local calling expansion.

Qwest has not yet filed an implementation schedule for the local calling expansion with the PUC, but it could take until the end of the year to make the necessary network changes.

The local calling expansion will not include customers of Nunn Telephone Company, which originally filed to be part of the expanded local calling area, but then decided not to participate in

the proposal. Instead, Nunn Telephone will offer its customers an optional plan to the expanded calling area and measured local service to those who do not choose the optional plan.

Nunn Telephone customers will have the option of choosing an unlimited, flat rate calling plan for local calling into the expanded calling area for \$11.25 a month in addition to the current basic residential service rate of \$20.56 per month or the current basic business service rate of \$30.86 per month. Nunn customers who do not take the optional calling plan will keep their current residential or business monthly rate and pay a measured rate of 11 cents per minute for calls into the expanded local calling area.

Qwest customers to receive small credit with June bills

Qwest will pay \$883,651 for missing telephone service quality standards in Colorado in 2004, according to the company's annual performance report filed with the Public Utilities Commission on April 1.

About half the total—\$447,166—will be refunded to all Qwest retail customers as bill credits beginning June 1. The credit will amount to \$0.21 for each of Qwest's 2.1 million access lines. The rest of the 2004 payments have already been credited on an individual basis to customers who experienced service outages lasting longer than 24 hours in 2004.

Under the service quality 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 completion and telephone access to Qwest's business offices. Since the plan was implemented in 1999, Qwest has issued bill credits to customers totaling more than \$27 million.

The PUC modified the service quality plan in 2004, changing the way customers were reimbursed for outages not repaired within 24 hours. Under the previous plan, the penalty for this category, up to a maximum of \$2 million, was lumped into the general bill credit for all customers. The new plan provides instead for individual bill credits in outage situations that last beyond a day.

Customers receive an immediate bill credit for \$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 are excluded, such as no access provided 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.

For 2004, Qwest provided \$436,485 to reimburse customers for outages.

Qwest's 2004 performance was the best the company has achieved since the plan has been in place. The company credited \$7.4 million for 1999, \$11.2 million for 2000, \$4.1 million for 2001, \$2.1 million for 2002, and \$2.3 million for 2003.

PUC receives two requests for 9-1-1 surcharge increases

The Public Utilities Commission (PUC) has approved a request to increase the monthly surcharge for 9-1-1 services in Washington and Yuma counties, and is considering a similar application from an authority board in western Rio Blanco County.

The PUC in late April approved the Washington/Yuma County Emergency Telephone Service Authority Board's application to raise its 9-1-1 surcharge from \$.70 to \$1.25 per month, effective Jan. 1, 2006.

The Washington/Yuma County board dispatches emergency calls for the Yuma Police Department, Yuma County Sheriff's Department, Wray Police Department, Washington County's Sheriff's Department, five ambulance services and 14 rural volunteer fire departments. These public safety agencies are responsible for a combined area of 4,887 square miles with a population of 14,500 people.

The authority board will use the additional revenue to replace aging equipment and provide enhancements to its 9-1-1 system to provide continued public safety support.

The Western Rio Blanco 9-1-1 Emergency Telephone Service Board also has filed an application with the PUC to raise its 9-1-1 surcharge from

the current \$.70 per month to \$1 per month to cover the cost of improvements to the communications center equipment.

The Western Rio Blanca board administers the 9-1-1 system for western Rio Blanco County in northwest Colorado and dispatches for the Rangely Police Department, fire and ambulance district, and the Rio Blanco County Sheriff's Office. The board serves about 1,500 square miles with a population of 3,000 people.

Western Rio Blanco has asked the PUC to approve the increase effective June 1. However, state law only allows 9-1-1 surcharge increases to be implemented on customer bills once a year in January.

All wireline and wireless customers in Colorado pay a monthly surcharge to fund the equipment and operational expenses of the 9-1-1 system. Individual authority boards establish the amount needed to cover the costs of equipment, personnel and access to telephone lines. The surcharge is collected by the telephone provider and passed on to the authority boards.

Under Colorado law, a 9-1-1 authority board may assess a surcharge of up to 70 cents per customer per month for 9-1-1 service without the permission of the PUC. Anything over that amount requires PUC approval.

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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Xcel to refund at least \$5.6 million for '04 outages

Xcel Energy will credit back to customers at least \$5.6 million starting in July for its service quality performance in 2004.

The credits result from Xcel's failure to meet standards for customer outage minutes contained in the company's annual quality of service plan. Although Xcel significantly reduced its system-wide outage minutes—from an average of 304.30 minutes per customer in 2003 to 94.11 minutes in 2004—it still failed to hit the target of 93 minutes or less per customer.

The company also missed one of two regional standards, reporting 132.96

minutes for the Front Range Region, which does not include the Denver metro and Boulder regions. The standard was 123.5 minutes or less per customer.

Based on Xcel's calculations, the results require the company to credit its electric customers 50 percent of the potential \$11.2 million at risk. Of that \$5.6 million, \$445,000 would go to Energy Outreach Colorado to provide low-income energy assistance.

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. For 2004, the company met the standards in all categories except electric service unavailability.

The company's 2004 results include an adjustment to the outage minutes to reflect improvements in the reporting of outage events. Xcel said the adjustments are "necessary to provide a fair comparison between the company's 2004 outage date and the outage data used to set the (performance targets)." Without the adjustments, Xcel would owe the full 100 percent, or an additional \$5.6 million.

PUC staff and the Office of Consumer Counsel are reviewing the company's calculations. If disputes arise, the PUC likely would hold a hearing to resolve any differences.

Based on the \$5.6 million amount, Xcel would issue a one-time bill credit of about \$4 per customer during the July billing cycle.

Xcel returned about \$13.4 million to customers last year, which included \$10.3 million for its 2003 service quality performance, and an additional \$3.1 million for 2002 after the company discovered it had inaccurately reported its outage results for that year.

PUC sets hearing on power line application

Xcel Energy has applied for approval to build a new high-voltage transmission line between Pueblo and Denver, including a determination by the Public Utilities Commission (PUC) that the electromagnetic fields (EMF) and noise levels that would result from the operation of the line are reasonable.

The proposed Comanche-Daniels Park 345 kilovolt (kV) project would deliver electricity from a proposed new generation unit at the company's Comanche station, which was recently approved by the Public Utilities Commission (PUC), to the Daniels Park substation to serve customer loads in the Denver metro area.

The company estimates the transmission line project will cost between \$100 million and \$200 million and would be in service by May of 2009

to accommodate the in-service date of the new Comanche generating station.

The PUC will hold evidentiary hearings on the application June 22–24 in Denver. A public comment hearing has been scheduled for 7 p.m., June 14, in the Douglas County Philip S. Miller Building, commissioners' hearing room, 100 Third St., in Castle Rock.

In its application, Xcel is proposing to construct a new double-circuit, 345kV transmission line between the Comanche Station and the company's Midway Substation to join with the Midway-Daniels Park rebuild project approved by the PUC in 2004. Once connected, this double-circuit transmission facility would be operated at 345kV between Comanche and Daniels Park Substation.

As part of this project, an existing single-circuit, 230-kV line in the Midway-

Daniels Park corridor would also be rebuilt as a double-circuit facility capable of 345kV operation, but these circuits would be operated, for the time being, at 230kV.

Xcel also is requesting that the PUC make specific findings related to noise and EMF levels for the proposed line under a new law enacted by the Colorado legislature in 2004. This law allows the PUC to determine whether projected noise levels for electric transmission lines are reasonable, notwithstanding the maximum permissible noise levels otherwise established under Colorado law.

The PUC has made similar findings in previous dockets concerning Xcel transmission lines, but this will be the first test under the 2004 law.

A PUC decision on Xcel's application must be issued by this fall.

Cascade transfers control to District

Cascade Public Service Company has completed the transfer of its assets to a recently-formed special water district.

Control of the small water company just northwest of Colorado Springs was transferred on April 1 to the Cascade Metropolitan District No. 1. The district was created last November for the purpose of acquiring, owning and operating on a permanent basis the private water supply, treatment and distribution systems serving about 335 customers in Cascade.

Cascade Public Service Company experienced financial problems in recent years maintaining and operating its water system. As a metropolitan district, Cascade now has an opportunity to access public funds and governmental financing instruments that were not available as a privately-owned entity.

"The district will provide a reliable, permanent, governmental organization for the provision of necessary water services to the public," the company stated. "Through the proposed transfer, the district intends to provide the most cost-effective, least expensive method to accomplish the needed improvements."

The Public Utilities Commission (PUC) approved the transfer application in January, and closing of the deal was completed by the end of March.

The transfer from a private water company to a special district removes the utility from PUC jurisdiction. By law, special water districts are exempt from PUC regulation. The district will be governed by its own board of directors.

As a result of the transfer, there are just two public water utilities in Colorado regulated by the PUC. The PUC has authority over Lake Durango Water Company west of Durango and Octal Resources, doing business as O'Neal Water Supply east of Pueblo.

Xcel pilot to test time-of-use electric rates

The Colorado Public Utilities Commission (PUC) has given Xcel Energy approval to move forward with a pilot program that is designed to encourage customers to reduce consumption of electricity during the summer peak load period.

The Residential Price Response Pilot Program will give residential customers an opportunity to save money on their electric bills if they reduce usage during afternoon hours during the summer when electric use is at its highest.

The program will be voluntary and offered to residential customers in the Denver metro and Boulder areas that use at least 1,800 kilowatt-hours of electricity during the months of June through August. About 4,000 customers will be chosen to participate in the trial program.

The program is designed to accomplish two goals—providing customers better price signals and encouraging efficient consumption; and allowing Xcel to

evaluate the public's acceptance of the price signals and whether the program can be cost effective. The pilot will consist of three different rates:

- A Residential Time-of-Use (RTOU) rate, with an on-peak period applicable to summer weekdays from 2–8 p.m.;
- A Residential Critical-Peak Pricing (RCPP) rate, where the company will charge premium on-peak prices applicable to summer weekdays from 2–8 p.m. for up to 10 days per summer. When the company sees a critical day coming, it will provide day-ahead notice to participating customers that the upcoming day will have pre-set premium prices for peak consumption;
- A Residential Critical Time-of-use (RCTOU) rate that combines the attributes of the other two rates.

Historically, Xcel's residential class has been a winter peaking class, which when combined with other customer classes that

peak in the summer, helped to offset the system peak. This is changing due to increased use of central air conditioning. In 1996, only 22 percent of residential customers had central air conditioning; by 2003 that number had risen to 35 percent.

As a result of this change, Xcel has begun to experience "needle peaks" during the summer. The electricity required to serve these peaks is usually the most expensive that an utility can acquire. The pilot program is designed to develop prices that better reflect the actual costs incurred to provide service, and to encourage conservation during peak periods.

The actual testing phase of the project will run from July 15, 2006, through July 14, 2007. Xcel will file evaluate the results and provide a report to the PUC by Dec. 31, 2007. Then, by March 31, 2008, Xcel will file an application to terminate the program or expand it to all customers, based on the success of the pilot program.



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