

# Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2006

## STARTING POINT



By Doug Dean  
Director

Criticism has been leveled at the Commission recently over its rules to implement the renewable energy standards of Amendment 37. Specifically, testimony before a legislative committee hearing last month

accused the PUC of ignoring six of seven policy goals of Amendment 37 and focusing only on the lowest-cost goal. Also, the PUC has been accused of doing only the "minimum" necessary for Amendment 37. I would like to take this opportunity to address these allegations. The seven goals of Amendment 37, which are contained only in the legislative declaration of intent, are: to save money for customers, to attract new jobs, to promote rural development, to minimize water use, to diversify energy resources, to reduce the impact of volatile fuel costs, and to improve the natural environment. The legislature did not assign any particular weight to each of the individual goals, and the Commission also has declined to do so. The PUC believes that all of the goals will be furthered by implementing the objective standards quantified in the law.

Throughout the rule-making process, the Commission has demonstrated its concern on how best to use the limited funds provided under Amendment 37. Under the statute, a utility can collect, at most, 1 percent of a customer's bill for Amendment 37 purposes. I believe the Commission's emphasis on using the Amendment 37 funds in the most cost-effective manner ultimately will allow for a greater number of renewable facilities, which in turn will further all of the goals of Amendment 37. I believe this is what the voters wanted.

Another criticism is that the PUC's rules only go to the minimum levels in the statute, implying that perhaps the Commission should require higher percentages for Amendment 37 purposes. Since the percentages are clearly set by statute, I don't believe the Commission can do this. I would point out, however, that the Commission has required utilities, prior to the passage of Amendment 37, to acquire renewable resources when they are cost-effective to customers through the Commission's resource acquisition rules.

I suspect that if energy prices remain high and there continue to be federal tax credits, utilities may acquire more renewable resources regardless of any prescribed levels

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## PUC implements new streamlined rules

Several years of work to streamline the Colorado Public Utilities Commission's (PUC) extensive rules culminated April 1, 2006, with the implementation of new regulations across all industries that are intended to be more concise, clear and consistent.

Some 2,400 pages of former PUC rules were repealed and replaced with a new, easier-to-use set of rules that should provide multiple benefits, according to PUC rules administrator **Dino Ioannides**, who coordinated the project. Through deletions, consolidations and formatting changes, the new rules have been reduced to less than 650 pages.

"It's been a long process, but I believe the final result makes our rules much more manageable and less cumbersome," Ioannides said. "The changes should make it much easier for regulated utilities and all other stakeholders who conduct business here."

The recodification project officially was launched in 2002, although groundwork for the changes actually started a number of years before that. Although primarily an internal PUC effort, the project involved extensive input and cooperation from utilities and other outside parties that participate in PUC proceedings.

The most noticeable difference between the old and new rules is in the

### PUC Recodified Rules Index

4 CCR 723-1	Part 1	Rules of Practice and Procedure
4 CCR 723-2	Part 2	Rules Regulating Telecommunications Providers, Services and Products
4 CCR 723-3	Part 3	Rules Regulating Electric Utilities
4 CCR 723-4	Part 4	Rules Regulating Gas Utilities and Pipeline Operators
4 CCR 723-5	Part 5	Rules Regulating Water Utilities
4 CCR 723-6	Part 6	Rules Regulating Transportation by Motor Vehicle
4 CCR 723-7	Part 7	Rules Regulating Railroads, Rail Fixed Guideways, Transportation by Rail and Rail Crossings
4 CCR 723-8	Part 8	Rules Regulating Steam Utilities

way they are numbered. Previously, the PUC had 49 separate sets of individual rules, each dealing with specific topics. Under the new system, the rules are organized in series format by general topic. For example, all telecommunications rules are contained in the 2000 series, electric rules in the 3000 series, etc., allowing rules to be easily identified and located, Ioannides said.

Another benefit of the recodification is that analogous rules across various industries are numbered similarly and consistent where possible. For example,

rules dealing with operating authorities can be found in similarly numbered sections whether they are for transportation, telecommunications, electricity, etc. This makes it easier to locate specific rule provisions regardless of industry.

The new rules also better reflect current Commission practices, Ioannides said. Outdated rules and rules that contained cumbersome provisions have been eliminated.

The new rules can be viewed on the PUC website at: <http://www.dora.state.co.us/puc/rulesandregulations.htm>.

## Xcel seeks hike in electric base rates

The Public Utilities Commission (PUC) likely will hold hearings in September on a request by Xcel Energy to increase electric rates by \$209.9 million beginning Jan. 1, 2007.

The proposal, filed in April, includes a \$178.3 million increase to base rates for investments in company's electric system, an estimated \$30.3 million increase in fixed costs for purchased power to be recov-

### Lower fuel charges reduce electric bills

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ered through the Purchased Capacity Cost Adjustment (PCCA), and a \$1.3 million increase in the Renewable Energy Standard Adjustment (RESA).

If granted in full, the proposal would increase typical residential rates by about \$6.52 a month, or 11.61 percent, based on usage of 625 kilowatt hours per month; while rates for small commercial customers would increase \$9.96 per month, or 11.07 percent, based on usage of 1,025 kilowatt hours per month.

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## Staff report on Feb. 18 outages due in June

The Colorado Public Utilities Commission (PUC) has ordered PUC staff to conduct an investigation into Xcel Energy's rolling electric outages that occurred on February 18.

On a Saturday morning, when temperatures dipped to minus-13 degrees, Xcel interrupted electric service to approximately 380,000 electric power customers, including some customers of Holy Cross Electric Association, Grand Valley Electric Association, and Yampa Valley Electric Association, in a series of rolling outages. The outages involved three groups of approximately 130,000 electric service customers in each group for approximately 30 minutes each. In addition, Xcel interrupted service to some, but not all, of its interruptible electric service customers and curtailed service to some of its wholesale electric power customers pursuant to contracts with those customers.

Electric service was restored to most customers within 36 minutes, but approximately 20,507 of Xcel's customers lost electric service for periods of from one to four hours. During the

event, demand on the natural gas system caused gas system pressures to drop to levels that could not support both local natural gas distribution customers and electric generation. Local natural gas service was maintained, with the exception of one small area affecting approximately 150 customers.

"Because of the unusual circumstances surrounding the rolling blackouts during a non-peak month, we find it prudent and in the public interest to investigate the matters that led to those blackouts," the PUC said in its order opening the investigatory docket. "Of paramount importance are the health and safety of affected (Xcel) customers, as well as finding ways to ensure that such an event does not occur in the future."

In a report filed with the PUC on March 13, the company said "a series of multiple and major unanticipated and interrelated events overwhelmed the electric and gas reserves that (Xcel) carries to handle these types of contingencies." Among the contributing factors, Xcel said, were colder than pre-

dicted weather driving up the demand for natural gas on the company's local distribution system, and a series of generation plant outages—some weather related and some not—that drove up the demand for natural gas at gas-fired electric power plants.

"While the (Xcel) report answers many of the questions initially asked by (PUC) staff, many important questions remain unanswered and many significant issues remain unresolved," the PUC said.

Among the issues to be investigated by staff include: the interdependency of gas supply and electric generation; the availability of electric power generating units; weather forecasting; demand load forecasting; the reliability of the electric system during an emergency; and internal communications within the company and external communications to its customers.

The PUC directed staff to issue a report of its findings on June 30, including recommendations of any additional remedial or corrective action against the company.

# Four PUC staff members chosen for DORA awards

The Public Utilities Commission (PUC) stood out among the 11 divisions in the Department of Regulatory Agencies (DORA) this year, winning four of seven awards in the annual employee recognition and incentive program.

PUC staff members were honored with the Employee of the Year award, the Peer Service Award, the Citizenship Award and the Diversity Award. Winners were to be recognized at a DORA ceremony in May, and become eligible for statewide recognition in the governor's annual State Top Achievement Recognition (STAR) awards program.

**Frank Shafer** was chosen as DORA Employee of the Year. Frank, a financial/rate analyst in the Policy Advisory section, was nominated for his instrumental role in the challenging process to implement renewable energy standards approved by Colorado voters in 2004.

"When I tell people that I have been helping to get Amendment 37 implemented, the reaction has all been positive, which makes me feel good about all the work everyone involved in the rulemaking process has done," he said.

**Dino Ioannides** was the winner of the Peer Service Award, which is for an

employee or group of individuals providing assistance or encouragement to fellow state employees beyond what is expected as part of the job. Dino, a supervisor in the Transportation rates and authorities unit, coordinated the PUC's massive rules recodification project, and became the staff's "go-to" person concerning rules issues.

"Winning the Peer Service Award is an honor," Dino said. "I am lucky to be recognized because there are numerous employees deserving of the award."

**Marisela Chavez** was recognized with the DORA Diversity Award because of her willingness to help Spanish speaking customers. She has been with the PUC for 13 years and is a program assistant in the Internal Support unit.

"This award means a lot to me, especially because translating and assisting Spanish customers is not one of my primary duties," Marisela said. "I have been fortunate that my supervisors have allowed me to take the time necessary to provide assistance to the various PUC sections and DORA divisions who have asked for my assistance."

**Jim Midyett**, a PUC court reporter, earned the DORA Citizenship Award, which is awarded to an individual or



PUC Department of Regulatory Agencies award winners, from left, Frank Shafer, Jim Midyett, Marisela Chavez and Dino Ioannides

group of DORA employees who have exhibited exemplary volunteer service to the community.

Jim has a passion to help others and he uses vacation time and about 50 hours a month of his own time as an Incident Communication Center Manager for Jefferson County. He serves as a ham radio operator to assist others. He has helped with many wildfires across the country and recently he went to Mississippi to help with Hurricane Katrina relief.

"Katrina was unbelievable in so many ways; but when Rita came

ashore, we were evacuated from our tents and trailers to a facility in Hattiesburg to spend a couple nights with 200 of our newest friends," Jim said. "That was somewhat unsettling to many of us but also gave us a glimpse of what folks further south were going through."

Also nominated this year for the Outstanding Service Award was compliance investigator Paul Hoffman, who has been with the PUC 25 years, enforcing statutes and rules regarding motor carriers in Pueblo and the southern portions of the state.



Bob Bergman

Energy and water play an important role at work and at home for **Bob Bergman**.

As a Public Utilities Commission (PUC) policy advisor, Bob provides insight and advice into energy and water matters. In this role, he helps the Commissioners understand the issues and makes sure that they make well-informed decisions.

"I like to make sure that their decisions are well thought-out," Bob said. "My professional goal is to help the Commission establish clear policies in the many areas of regulatory ambiguity."

Prior to joining the PUC in 1996, Bob worked for KN Energy, now Kinder Morgan, as a field supervisor

## INSIDE CONNECTIONS

over transmission and distribution systems, in the engineering group designing pipelines and compressors, and with the regulatory group helping with state and federal filings.

Bob received his Professional Engineer's license in 1992 and he attended the University of Wyoming where he received his bachelor's degree in mechanical engineering in 1986. "Go WYO!"

When Bob is not at work, he dreams of sailing around the world, although he acknowledges it is hard to start in Colorado.

"One of my life dreams was to sail in the trade winds," Bob said. "And I did, sailing from St. Lucia to Grenada in 2005."

Bob has a sailboat that he does not use as often as he would like, but he is teaching his kids how to sail.

The energy component of his home life is related to Jeeps. Bob has owned a 1947 Willys jeep since he was 14 years

old and talks fondly about past adventures "jeeping over big rocks." Bob now works with his 15-year old son, Justin, to restore the Jeep for the next generation.

"I like to fix things," Bob said. "Old Jeeps are great because they need so much fixing."

He taught his sons, Justin and 12-year old Dan, to weld and together they work on many projects.

Rose, Bob's wife, is a third grade teacher and his daughter Melissa, 21, is a student at CU-Colorado Springs.

Bob relies greatly on his family due to ongoing neck problems.

"I count on my kids to do most of the work in our family activities, which has brought us closer," Bob said. "I believe we are all part of a master plan, and our daily trials are designed to mold, shape and test us."

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

## POSITIVE CHARGES

The PUC's Pipeline Safety section received a 100 percent rating from the U.S. Department of Transportation's Office of Pipeline Safety (OPS) during its most recent evaluation of the state program. The section received a perfect score for both field and office procedures. The OPS inspects state programs annually to ensure compliance with its federal certification agreement. Congratulations to **Steve Pott, Mark Schumann, Paul Niemi** and **Joe Molloy** for a job well done.

Speaking of the Pipeline Safety section, it recently hosted another successful gas pipeline safety seminar in Colorado Springs. More than 150 gas distribution and transmission system operators attended the annual three-day event, which was held at the Sheraton Hotel and featured speakers from the DOT's Office of Pipeline Safety Transportation Safety Institute.

## Xcel seeks hike

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The PUC has suspended the proposed increases and will conduct hearings on the request later this year. A procedural schedule, with hearing dates, is expected to be set at a pre-hearing conference on May 23.

In its filing, Xcel said it has invested more than \$1 billion in electricity generation, transmission and distribution infrastructure in Colorado since its last electric rate case was filed in 2002. That includes the start of construction of a new, third unit at the Comanche Generating Station in Pueblo. These investments currently are not reflected in Xcel's rates.

Among the other provisions of the filing:

- Xcel has asked for an authorized rate of return on equity of 11 percent, up from its current 10.75 percent, for its electric operations.

The rate of return is the profit component of rates. The PUC sets an authorized rate of return, but it is not guaranteed.

- Xcel is seeking to charge a late payment fee of 1.5 percent of the total bill for all residential electricity and natural gas customers who do not pay by the due date, beginning Jan. 1, 2007. Xcel also is seeking to increase the charge for returned checks from \$10 to \$15.

- Xcel is seeking to increase the cost of a 100 kilowatt-hour block of Windsource power to \$4.287 from the current \$3.877 for secondary voltage customers, to \$4.179 from \$3.761 for primary voltage customers, and to \$4.083 from \$3.733 for transmission voltage customers. Customers who wish to file written comment on Xcel's request should send them to the PUC, 1580 Logan St., OL2, Denver, CO 80203. Comments should be addressed to Docket No. 06S-234E.



Welcome to new PUC employee **William Harris**, an economist in the Utilities section.

## Starting Point

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in Amendment 37 because the renewable resources would be cheaper than fossil-fuel resources.

In performing its duties, the Commission has an obligation to balance the interests of ratepayers, utilities and the state as a whole. I believe the Commission has achieved this balance in implementing the standards of Amendment 37.

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

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# UNCC petitions for 8-1-1 dialing code in Colorado

The Utility Notification Center of Colorado, Inc. (UNCC) has petitioned the Colorado Public Utilities Commission (PUC) for assignment and implementation of an 8-1-1 dialing code for receiving notifications related to underground excavation.

The Federal Communications Commission (FCC) in 2005 designated 8-1-1 as the national abbreviated dialing code to be used by state "one-call" notification centers for providing advanced notice of excavation activities to owners and operators of underground facilities in compliance with the Pipeline Safety and Improvement Act of 2002. FCC rules direct that entities may request 8-1-1 codes to ensure that all carriers, including wireline, wireless and pay-phone service providers, comply with

the deployment of the 8-1-1 dialing code no later than April 13, 2007.

The PUC adopted emergency rules last November in order to establish a process for implementation of the 8-1-1 dialing code in Colorado.

UNCC is the statewide notification association of owners and operators of underground facilities created by the Colorado Legislature in 1981. UNCC, a non-profit corporation, serves as a communications link between the excavator and the member facility owners and operators to provide crucial information regarding the location of underground facilities prior to excavation.

By law, an excavator must contact UNCC prior to commencing excavation. UNCC notifies the member facility

owner or operator of the planned excavation and the facility owner marks the location of the underground facility. The "one call" process greatly reduces the likelihood of damage to underground facilities and the likelihood of injury to any person working at an excavation site.

UNCC currently uses a statewide toll-free telephone number (1-800-922-1987) and the Internet to receive notifications and requests from excavators. If its petition to implement 8-1-1 dialing is granted, it would still retain its toll-free number and website capabilities so excavators continue to have other options for reaching UNCC, in addition to 8-1-1.

In its petition, UNCC stated that it anticipated that the costs related to the conversion of the 8-1-1 system will be absorbed by UNCC and will be a part of the cost of providing service. UNCC

said initial discussions with telecom providers have indicated that it would be a nominal amount to perform the translation of the calls and some providers will perform the necessary translation free of charge.

The PUC is expected to discuss the request in May.



**Know what's below.  
Call before you dig.**

## Lower natural gas prices cut Xcel power bills

Electric customers of Xcel Energy will pay about \$165.6 million less from May through December to reflect lower prices for natural gas used to generate electricity.

Similar to the gas cost adjustment, the electric cost adjustment (ECA) is used to pass through to customers the cost of generation fuel and purchased energy on a dollar-for-dollar basis. Typically, the company files an electric cost adjustment once a year effective in January. However, due to a significant drop in fuel prices since wholesale natural gas prices hit record highs in November, Xcel filed in April an interim ECA to reduce the amount

customers will pay for the rest of the year.

The \$165 million reduction is expected to lower typical residential electric bills by about \$5.87 per month, or 9.93 percent. Small commercial bills are expected to go down about \$11.89 per month, or 10.33 percent. The new rider, which was expected to take effect May 1, would remain in place until a new ECA is established next January.

The ECA change also includes about \$2 million to provide customers their share of short-term sales margins earned by Xcel in 2005. Under an agreement approved by the PUC, Xcel is allowed to trade in electric markets and

share any earnings with customers. Any losses are borne entirely by the company.

In a separate filing, Xcel also has proposed to change its ECA rider to a monthly adjustment, similar to the monthly natural gas cost adjustment already in place. The company said it believes monthly revisions would allow Xcel to more accurately reflect the cost of generation fuel and purchased energy in a timelier manner for customers, and reduce large fluctuations in customers' bills that currently result from the annual filing.

The PUC is expected to rule on that proposal later this year.

## Xcel places new gas base rates into effect

New natural gas base rates for Xcel Energy customers went into effect in February following Public Utilities Commission (PUC) approval of a settlement in the company's 2005 gas rate case.

The PUC approved all major provisions of the settlement, including a \$22.5 million increase in annual revenues for Xcel's gas distribution system. The company originally requested a \$34.5 million increase last July. The settlement was signed by all major parties in the case, including Xcel, PUC staff, the Office of Consumer Counsel,

Energy Outreach Colorado and AARP.

The base rates for the natural gas distribution system are separate from the rates for the gas commodity itself, which are passed on to customers on a dollar-for-dollar basis through a separate monthly charge. Xcel receives no profit from the monthly gas cost adjustment.

Under the new base rates, monthly gas bills for average residential customers increased by about \$0.73, or 0.92 percent. As part of the agreement, the fixed monthly metering and billing charge increased from \$9 to \$10 for resi-

dential customers, while the volumetric distribution charge decreased by about 1.2 cents per therm.

Average commercial customers saw an overall monthly bill increase of about \$8.13, or 2.26 percent, with their fixed metering and billing charge going from \$16.20 to \$20 per month.

The settlement lowered Xcel's authorized rate of return on equity on its natural gas business in Colorado from 11 percent to 10.5 percent. The return on equity is the profit that a utility is authorized to make, but it is not guaranteed.

## Settlement leads to new gas rates for CNG

Colorado Natural Gas Inc. implemented new distribution rates in March for customers in its Bailey and Cripple Creek service areas following Public Utilities Commission (PUC) approval of a settlement resolving its request for a base rate hike.

The agreement, reached by the company, PUC staff and the Office of Consumer Counsel, provided for an \$800,000 increase in annual revenues for Colorado Natural Gas, which serves about 5,100 customers in its Bailey and Cripple Creek service areas in the foothills south and west of Denver. It was the first increase since the PUC approved the initial rates for the company in 1997.

Under the settlement, the fixed service and facilities charge remains at \$10 per month for residential customers and \$20 a month for commercial customers in both divisions. However, the variable distribution rate increased from 44 cents per therm to 56 cents per therm for customers in the Bailey divi-

sion and from 41 cents per therm to 57 cents per therm in the Cripple Creek division.

The new rates, which were effective March 24, were expected to raise typical residential bills in the Bailey area by \$8.75 per month, a 13.6 percent increase. Rates for commercial customers went up an average of \$55.02, or 15.3 percent. For the Cripple Creek service area, the impact of the increase on average residential rates was \$10.02 a month, or 17.6 percent, while commercial rates increased \$83.19 per month, or 20.3 percent.

The base rates for the natural gas distribution system are separate from the rates for the gas commodity itself, which was passed on to customers on a dollar-for-dollar basis through a separate monthly charge. The utility receives no profit from market fluctuations in the wholesale price of natural gas.

Parties were also attempting to reach a settlement on a proposed distribution

rate increase for Eastern Colorado Utility Company, which serves about 3,300 customers in the towns of Deer Trail, Byers, Strasburg, Bennett, Sheridan Lake and Kit Carson.

The company was seeking an overall revenue increase of about 4.9 percent, and was proposing to shift more of its costs to the fixed portion of customers' bills. The proposal would increase the monthly service and facilities charge to \$11.23 for both residential and commercial customers. Currently, residential customers pay \$4.47 per month and commercial customers pay \$8.00 per month in fixed charges.

The proposed increase would raise typical residential bills by \$4.84 per month, or 7.7 percent, while rates for a typical commercial customer would decrease by about \$1.70 per month, or 1.1 percent.

If no settlement was reached, hearings on Eastern Colorado Utility's proposed increase were scheduled for May 4-5.

### Abbreviated Dialing Codes Used in Colorado

2-1-1	Community Health and Human Services
3-1-1	Non-Emergency Government Services
4-1-1	Directory Assistance
5-1-1	Traffic and Transportation Information
7-1-1	Access to Telephone Relay Services
8-1-1	One Call Notification (Proposed)
9-1-1	Emergency Services

### Xcel seeks to shorten LCP period

The Colorado Public Utilities Commission (PUC) has scheduled eight days of hearing in June on Xcel Energy's request to modify its approved 2003 Least Cost Resource Plan (LCP).

The company is seeking approval to shorten the resource acquisition period of the 2003 plan from a 10-year period of 2003-2013 to a nine-year period of 2003-2012. Xcel said it wants to wait until the 2007 LCP to address the company's resource needs for 2013.

Least-cost planning is a process under which regulated utilities forecast future electricity demands and select resources to best meet those needs. Under current PUC rules, utilities file a plan every four years outlining both their short-term resource acquisition plans and longer-term planning forecasts.

Xcel recently completed a bid solicitation to acquire the electric resources identified in the 2003 plan. However, due to updated forecasts that reduce projected electricity sales and demand, along with other circumstances that have changed since the bid solicitation was issued, the company stated in its application that it believes "it would be wise to refrain from filling now the incremental resource need for 2013."

Xcel said that if it were to fill the 2013 resource need from the pool of bids offered in response to the 2005 all-source request for proposals, it is likely that a base-load coal facility could have been selected. "Public Service is very reluctant to contract for such a facility at this time," the company said in its application.

The PUC has scheduled a hearing on Xcel's proposal from June 5-9 and June 12-14 at the PUC in Denver. Among those participating in the hearing will be PUC staff, the Office of Consumer Counsel, Holy Cross Energy, Trans-Elect, Inc., Colorado Independent Energy Association, City of Boulder, Western Resource Advocates, Climax Molybdenum Company and CF&I Steel LP, LS Power Associates, AES Corporation, and Environment Colorado. A PUC decision is expected by the end of August.

# Qwest credits total \$385,000 for '05 service quality

## Customers to receive 6-cent credit in June

Qwest will pay \$385,140 for missing telephone service quality standards in Colorado in 2005, according to the company's annual performance report filed with the Public Utilities Commission on March 31.

About one-third of the total, or \$126,848, will be refunded to all Qwest retail customers as bill credits begin-

ning June 1. The credit will amount to 6 cents for each of Qwest's 2 million access lines. The rest of the 2005 payments have already been credited on an individual basis to customers who experienced service outages lasting longer than 24 hours in 2005.

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 \$28 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 current 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 beyond 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 2005, Qwest provided \$258,292 to reimburse customers for outages, down from \$436,485 in 2004.

Overall, Qwest's total payment of \$385,140 was down from \$883,651 the previous year and is the best performance the company has achieved since the plan has been in place.

## PUC reviewing basic service definition

The Colorado Public Utilities Commission is investigating whether to revise the requirements that make up basic local telephone service.

Under state law, the PUC is to review the definition of basic service every three years "with the goal that every citizen of this state shall have access to a wider range of services at rates that are reasonably comparable as between urban and rural areas."

Currently, the definition of basic telephone service includes a single-party line, voice grade access, touch-tone signaling, minimal facsimile and data transmission capability; access to emergency, long-distance, operator and directory assistance services; customer billing, white page listing; and a requirement that the local telephone company have a minimum of four hours of backup power or battery

reserve in the event of a power outage.

The PUC opened a docket in February to receive comment on whether it would be appropriate to expand, restrict or leave the same the definition of basic service. Specifically, the PUC asked for comment on the following questions:

- Should the capability to initiate caller identification (caller ID) blocking per call using \*67 at no additional charge be part of basic service?
- Should the capability to initiate caller ID blocking per line at no additional charge be part of basic service?
- Should providers that bundle or package basic service with other features and offerings still be

required to furnish basic service in the package such that it meets the Commission's definition?

- Should the Commission's prescribed local calling areas be expanded to include an entire LATA, or even the entire state?
- Should the definition of basic service apply only to the first line at a residence or business, all lines, or some combination thereof?
- Should basic service be expanded to include additional features, such as caller ID, call waiting, or others?

Comments and replies were to be received by mid-April. Once the PUC has reviewed the comments, it will determine what appropriate follow-on proceedings will be necessary, if any, before it issues a decision.

## 'Lifeline' charge to remain at zero for next two years

The Colorado Public Utilities Commission (PUC) authorized a decrease in the Low-Income Telephone Assistance Program (LITAP) monthly surcharge effective April 1, lowering the surcharge on each residential and business access line from 7 cents to 0 cents per month.

Although the program remains in place, the customer surcharge does not need to be collected because of a \$5.5 million fund established by Qwest for the low-income program as part of settlement in the unfiled agreements case, approved by the PUC last year. The surcharge is expected to remain at zero until the fourth quarter of 2008.

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 discounted 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, currently at \$6.50 per month, or 25 percent of the basic local service rate.

More than 29,000 customers in Colorado received the LITAP discount in 2005. 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.

## Ordway local calling area to include Pueblo

Telephone calls between customers in Ordway and Pueblo should become local calls within the next six months.

The Colorado Public Utilities Commission (PUC) has determined that an expansion of CenturyTel's Ordway exchange to include local calling to Pueblo is justified. Under the PUC's local calling rules, Qwest customers in Pueblo will receive reciprocal local calling to Ordway as well.

As part of the Commission's biennial review of the state's local calling areas, PUC staff found that CenturyTel's Ordway customers made an average of nine calls per month to Qwest's Pueblo exchange over a three-month period. Staff's review also indi-

cated that an average of 52.6 percent of the customers in the Ordway exchange made at least two calls per month to the Pueblo exchange.

Under the PUC's local calling criteria for the Pueblo exchange, a community of interest is found to exist if there is a calling rate of at least six calls per month, and at least two calls per month are made by at least 50 percent of the customers in an exchange.

Cost studies performed by CenturyTel indicated a potential monthly rate impact of 8 cents per line, spread among all its Colorado customers, to pay for the local calling expansion. And a survey of customers in the Ordway exchange indicated that

96.4 percent supported the proposed local calling expansion with the projected rate increase.

However, in a later filing with the PUC, CenturyTel said it would go ahead and implement the Ordway calling area expansion without changing customer rates. However, CenturyTel said it reserved the right to seek recovery at a later date.

Monthly rates for Qwest customers in the Pueblo exchange also will not change as a result of local calling changes.

CenturyTel requested that it and Qwest be given 180 days from a final Commission order to implement the local calling changes.



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