

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

SEPTEMBER 2008

STARTING POINT



By Doug Dean
Director

During the 2008 legislative session, Colorado lawmakers passed, and the governor signed, legislation that continued the Public Utilities Commission following its sunset review. One provision of that legislation modified the

requirements concerning *ex parte* contacts with interested parties in certain Commission proceedings.

Generally, *ex parte* contacts are defined as communications with decision makers when only one side is present, and are prohibited in certain circumstances. The new law narrowed the prohibition on *ex parte* contacts to apply only to adjudicated proceedings. In dockets that are not adjudicated, such as investigative proceedings, *ex parte* communications are permissible under the new statute.

The Commission believes that *ex parte* communications by parties in certain dockets can be a useful investigatory tool in developing a more complete and efficient record. In response to the new law, we have implemented a communications process called "permit-but-disclose," patterned after a similar process that is used by some federal agencies.

The "permit-but-disclose" process allows interested parties to make direct presentations to individual commissioners in a private meeting, which may or may not include other PUC staff. The new process is designed to increase the effectiveness of information provided to the Commission as part of a non-adjudicated proceeding.

The Commission is using the "permit-but-disclose" process for the first time in its investigation of regulatory and rate incentives for gas and electric utilities. The direct presentations will supplement written comments and workshops as the Commission conducts its inquiry.

Although it is not required by statute, the Commission has adopted a set of rigorous practices for disclosure of *ex parte* presentations so that the process is helpful to the Commission and to parties, and, most importantly, is open and transparent.

Within two days following a presentation, the party must file a disclosure letter in the docket, stating the time, date and place of the meeting, those in attendance, and a summary description of the presentation. The disclosure letter and any materials provided to the commissioners will become part of the official record in the case, and promptly posted to the Commission's website, so that anyone may review them.

As other eligible dockets arise, the Commission will decide on a case-by-case basis whether to employ this new tool.

Qwest seeks residential rate increase

Qwest Corporation has filed a request with the Public Utilities Commission (PUC) to increase its stand-alone basic residential telephone rates in Colorado by 14 percent under a new law that took effect July 1.

The proposed increase would push the basic service rate to \$16.99 per month, excluding taxes and fees, an increase of \$2.11 per month over the current rate. The proposed change would not affect customers that purchase residential service as part of a package.

The Colorado General Assembly this year lifted the statutory rate cap on basic residential telephone service, which froze

basic residential rates at \$14.88 in 1995 as part of the opening of Colorado's local telephone market to competition. Under the new law, the PUC has the authority to determine the maximum basic residential rate based on each provider's costs and revenues, the average national price for comparable service, and flexible-pricing options.

In its application, Qwest is asking the PUC to set a new residential rate cap at \$18.46 per month, even though the company is only seeking to raise its monthly rate to \$16.99. The higher cap would allow Qwest to seek a future rate increase.

Qwest is also proposing to increase the price for basic measured rate service and basic message rate service from \$9.48 to \$11 per month, an increase of 16 percent. In total, Qwest estimates that the changes would provide approximately an additional \$14.9 million in revenue per year.

Qwest is asking that the new rates go into effect on Jan. 1, 2009. However, it is likely that the PUC will suspend the proposed effective date and order hearings on the proposal. The matter is expected to come to the PUC's weekly agenda for discussion in October.

Energy conference Oct. 14

Second annual event takes on local focus

The second annual "Colorado New Energy Economy: The Path Forward" conference will be held Oct. 14 at the Colorado Convention Center. This year's conference will focus on local issues.

The conference is sponsored by the Governor's Energy Office (GEO), the Colorado Public Utilities Commission (PUC), the Division of Local Affairs (DOLA), and the Office of Consumer Counsel (OCC). The state agencies are partnering with Colorado Counties Inc., the Colorado Municipal League, and Energy Outreach Colorado for the event.

The conference will give communities a chance to share local sustainable initiatives that are taking place across Colorado. Examples of best practice models that power communities to take part in an efficient and renewable energy future will be showcased, and participants will have a wide range of networking opportunities.

"Communities are looking for resources and assistance to build and sustain vibrant economies. Leveraging

energy efficiency and renewable energy technologies is one way to ensure that local communities remain good places to live and work," said GEO Director Tom Plant. "This conference will focus on these issues and provide information and networking on how to advance Colorado to a New Energy Economy."

Noted speakers will include Colorado Gov. Bill Ritter, State Sen. Gail Schwartz, and Dan Arvizu, Director of the National Renewable Energy Laboratory. A panel of local officials will provide a look at what is happening in cities and counties across Colorado.

PUC Chairman **Ron Binz** will moderate an afternoon panel focusing on the topic of "Making Where We Live More Sustainable." Other presentations will include "Partnering to Create More Efficient Communities," and "Making Where We Work More Sustainable."

Online registration is available, as well as opportunities for exhibiting. To register or reserve exhibitor space, visit <http://www.energyoutreach.org/conf/index.htm>. The agency sponsors are currently seeking accreditation for the conference with the Continuing Legal Education (CLE), as well as the American Planning Association for credits.



Conference Agenda

- 7:30 a.m. Registration, Visit Exhibit, & Networking Forum**
 - 8 a.m. Continental Breakfast**
 - 8:45 a.m. Welcome, Introductions, & Purpose**
Master of Ceremonies: **James B. Martin**
Executive Director, Colorado Department of Public Health and Environment
 - 8:55 a.m. Perspective on Colorado Energy**
Governor Bill Ritter, Jr.
Governor, The State of Colorado
 - 9:30 a.m. Partnering to Create More Efficient Communities**
Tom Plant
Executive Director, The Governor's Energy Office
 - 10 a.m. Networking Break, Visit Exhibit & Networking Forum**
 - 10:30 a.m. Innovation at Its Best: What is Happening Across Colorado**
Moderator: **Susan Kirkpatrick**
Executive Director, Colorado Department of Local Affairs
- Local Elected Officials Panel:**
- **John Hickenlooper**
Mayor, Denver (invited)
 - **Doug Hutchinson**
Mayor, Fort Collins

(Continued on page 4)

PUC sets balanced resource path for Xcel

The Colorado Public Utilities Commission (PUC) has established the framework for the state's largest electric utility to balance environmental, reliability and economic goals in supplying its customers' electric needs through 2015.

The decision culminates months of testimony, public participation and review—including three weeks of formal evidentiary hearings—on Xcel Energy's Electric Resource Plan (ERP). Under PUC rules, regulated electric utilities are required to file plans every four years forecasting future electric demand and how the utility will meet that demand.

In oral deliberations conducted Aug. 18-19, the PUC established guidelines for Xcel Energy that will move Colorado toward carbon-reduction goals outlined by Gov. Bill Ritter; add renewable energy resources in a cost-effective and technically feasible manner; ensure an adequate supply of electricity in the future; and be respectful of the costs that consumers have to bear.

"These are weighty issues," PUC Chairman **Ron Binz** said. "We are talking about nothing less than the economic and environmental future of the state. Xcel

Energy brought forth a laudable plan for meeting the governor's goals. We're happy to do our part in moving this sector closer to those goals."

Among the highlights of the PUC decision:

- Accepting Xcel Energy's proposal to file an update to the plan in two years. This will allow mid-course adjustments to take into account any regulatory, technology or forecasting changes, and break the resource planning process into more manageable pieces, the Commission said.
- Approving the company's proposal to close two older, coal-fired power plants—one in Grand Junction and one in Denver. Extensive testimony on the health benefits and carbon reduction strategies support the closures, the PUC said.
- Approving a minimum of 200 megawatts (MW) of new technology renewable energy sources with storage capability, such as concentrating solar power.
- Approving an additional 850 MW of intermittent renewable energy resources.

- Setting the rules on how the utility and independent power producers will compete in bidding to supply new resources.
- Establishing modeling scenarios on how to solicit and compare various bids.

"This was a very complex proceeding with significant ramifications for the future" Commissioner **Jim Tarpey** said. "The parties and their attorneys effectively presented their various positions, and our advisors are to be commended for their help as we evaluated these positions and reached our decision."

The PUC's written decision is expected to be issued by mid-September. Based on the approved framework, Xcel Energy will then solicit bids consistent with the approved plan, and submit its recommended choices to the PUC. An independent evaluator will also review the bids and make recommendations.

Following a comment period, the PUC will hold an expedited proceeding to establish a preferred resource portfolio for the company. That decision is expected by mid-2009.

Two PUC staffers chosen for annual DORA awards

Two Public Utilities Commission (PUC) staff members were selected as 2008 winners in the Department of Regulatory Agencies annual "DORAwards" program.

Chief of Staff **Barbara Fernandez** was chosen for the "Outstanding Service" award and Safety and Enforcement supervisor **Bob Laws** won the "Manager/Supervisor of the Year" award.

The DORAwards program is a department-wide, individual and team performance incentive award program started in 2001. Winners receive a cash prize and are eligible for statewide recognition in the governor's annual State Top achievement Recognition (STAR) awards program.

The Outstanding Service award recognizes exemplary performance throughout the individual's career with DORA and the state. The individual must have at least 20 years of service with the state, and have demonstrated superior performance, integrity and dedication throughout the individual's career.

Fernandez, who has been with the state for 21 years, currently serves as the PUC's Chief of Staff, managing the divi-

sion's Consumer Assistance, Policy Advisors and Case Management, and Public Information and Education units. She also served as Interim Director of the PUC for a brief period when the division was between directors.

Fernandez helped establish the PUC's consumer assistance section nearly 20 years ago and was the section's first manager, creating standards of quality, measurements and customer feedback to ensure that consumers with utility problems receive consistent, superior assistance. She served as an early spokesperson for the agency, establishing the PUC's credibility with the media. She also has been a valuable mentor to numerous PUC co-workers, many of whom are now in supervisory roles.

Nominees for Manager/Supervisor of the Year must have at least two years of experience with the state as a manager with full program responsibility, or as a supervisor whose primary function is supervision of more than three employees. Individual initiative and effective leadership skills are the principal selection criteria.

As the senior investigator and supervisor of the Transportation section's Safety and Enforcement Unit, Laws



DORA Executive Director Rico Munn is flanked by PUC award winners Bob Laws and Barbara Fernandez at the recent department employee awards reception.

exhibits a strong work ethic, leadership and teamwork with respect to the staff he supervises. He also encourages individual creativity, input and productivity, empowering those in his charge to exercise appropriate authority and discretion.

His nomination also cited his extensive knowledge of state and federal statutes, which provide guidance and insight to other investigators, as well as his decision-making skills in dealing with many difficult and potentially dangerous individuals who are unhappy with being cited for violations.

In addition to Fernandez and Laws, other PUC employees nominated for DORAwards this year included: **Liz Hayes**, the PUC Sunset Team (**Bruce Harrelson, Doug Dean, Harry DiDomenico, Brian Tobias, Lynn Notarianni, Susan Travis, Ellen Graham, Gene Camp, Donna Acierno, Saul Larsen, Neil Langland, Randy Garroutte, Terry Willert, Chris Lines, Pam Fischhaber, and Justin Lippard**), and the PUC Transportation Criminal Investigations Unit (**Laws, Ted Barrett, John Opeka, Monita Pacheco, and Michael Williams**).

INSIDE CONNECTIONS



Gladys Rey

Gladys Rey can provide consumer assistance in two languages.

Gladys is a consumer complaint specialist with the PUC's External Affairs section, answering consumer questions and resolving complaints about utility services. She also handles all of the PUC's Spanish-speaking callers.

"I like being able to talk to a variety of people from different walks of life," she said. "And you never know what situations you're going to run into each day."

Gladys came to the PUC in May of 2006. As part of the complaint unit, she

helps resolve customer issues about rates or service by making sure that utilities follow their tariffs and comply with PUC rules. The unit also provides support and research to other PUC sections about consumer issues and trends.

"We're on the front lines with consumers every day, listening to their issues and finding ways wherever possible to assist them, or help them understand why when we can't," she said.

Prior to joining the PUC, Gladys worked in the real estate and insurance businesses, and is a licensed professional in both. In addition to working full-time at the PUC, she currently is attending Metro State College, pursuing a degree in Behavioral Science.

Outside of work and school, she "loves to bake and decorate cakes," and her PUC co-workers are often the beneficiaries of her efforts. One of her goals is to own a cupcake bakery store some day. Gladys also enjoys golfing and traveling.

One of her favorite quotes is from author and motivational speaker Marcia Wieder; "Use your precious moments to live life fully every single second of every single day." That's good advice, in any language.

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

Consumer summary available

The PUC's External Affairs section secured \$418,946 in utility credits and refunds for consumers during the 2007-08 fiscal year, but it couldn't do anything about the availability of NFL football on cable television.

According to the section's annual consumer assistance summary, the section handled 9,232 phone calls and took in 2,934 complaints for the 12 months ending June 30, 2008. The group fielded 11,143 phone calls and 3,254 complaints the previous year.

The consumer affairs unit also handled approximately 1,000 ratepayer comments in two high-profile energy dockets before the Commission, and fielded about 100 consumer emails inquiring regarding cable television rates and the availability of NFL football as part of local service offerings. Although these matters are not jurisdictional to the PUC, in an effort to help these consumers, complaints were redirected to local government agencies responsible for local cable agreements.

In all, the consumer assistance staff addressed inquiries regarding 229 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The section received 2,934 contacts and closed 2,950 for the fiscal year, compared with 3,254 contacts and 3,223 closed contacts a year ago.

A contact is a phone call, letter or email that requires some follow-up action from the External Affairs staff. The

number of contacts received and closed is not the same because a contact is not necessarily opened and closed within the same month.

For the fiscal year, the section closed 586 complaints concerning Qwest, a slight increase from last year's total of 581. The PUC closed 1,145 complaints relating to Xcel Energy, a decrease compared to 1,310 contacts during the previous fiscal year.

When closing a contact, the staff determines the appropriate category. If the consumer files a general inquiring requiring follow-up by a specialist, the contact is closed as an "information" request. If the complaint is in opposition to a proposed rate increase or a utility's services or actions, it is counted as an "objection." When the staff determines that a utility has not complied with PUC rules or regulations, the complaint is closed as "not in compliance."

As a result of staff intervention, the section was responsible for securing a total of \$419,946 in credits and refunds from transportation and fixed utilities for ratepayers during the fiscal year. That compares to \$687,995 saved the previous year.

The section also handled 291 media contacts and issued 19 news releases for the fiscal year.

The complete 2007-08 Consumer Assistance Summary is available on the PUC website at: <http://www.dora.state.co.us/puc/publications/ConsumerReports.htm>.

POSITIVE CHARGES

Congratulations to the following PUC employees who were recently recognized for their years of service to the state of Colorado:

- 5 years—**Darlene DelValle**
- 10 years—**Geri Santos-Rach, Dino Ioannides**
- 15 years—**Jeff Ackermann, Marisela Chavez, Bob Laws, Lloyd Petersen**
- 20 years—**Arlene Apodaca, Noel Giesige, Mana Jennings-Fader, Suzette Scott, Robert Skinner**
- 30 years—**Bill Steele**

Congratulations to **Terry Bote**, winner of this year's Dom Hidalgo Customer Service

Award. The annual recipient is chosen through a vote of all PUC employees to recognize consistent and superior customer service throughout the year. **Roxi Nielsen** and **John Opeka** were the other co-finalists in 2008.

Kudos to **Rich Mignogna**, an engineer in the Policy, Research and Emerging Issues unit, for organizing a successful Commissioners' Information Meeting on the topic of climate change and carbon regulation. The day-long meeting was held in the Old Supreme Court Chambers at the Capitol and featured Nobel laureate Susan Solomon as one of the presenters.

Welcome to new employees **Anthony Lovato**, an engineer in the Rail/Transit Safety and Water unit; and **Paul Caldara**, a rate/financial analyst with the Energy unit.

Anthony Lovato



Paul Caldara



Dora
Department of Regulatory Agencies

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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Photographer Tony Munoz

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PUC to rule on five taxi applications by end of year

The Colorado Public Utilities Commission (PUC) expects to reach a decision by the end of the year on several requests by new and existing taxi companies to expand service in the Denver metro area.

Five companies have filed applications for taxi authority under a new law passed by the Colorado legislature this year. The law—adopted as part of the PUC's continuation bill—changed the entry standards for taxi companies wanting to serve the state's most populous counties, including Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso and Jefferson.

Under the law, which became effective

on July 1, new applicants wanting to provide taxi service in the eight counties must show that they are financially and operationally fit, and then the burden of proof shifts to anyone opposing the application to prove that granting such an application would be a detriment to the public interest. Under the previous standards, new applicants had to prove there was a public need for their service.

Since July 1, three new taxi companies have applied to serve in the Denver area, and two existing companies have applied to expand the number of vehicles they can put on the streets. The new applicants are Union Taxi Cooperative,

Castle Rock Taxi Cab Company, and Flatiron Cab Corp.

Union Taxi is seeking to serve within a 20-mile radius in downtown Denver to all points in the state, with a maximum of 262 vehicles. Castle Rock Taxi Cab seeks authority to serve between points in parts of Douglas (excluding Parker), Elbert and Jefferson counties, and from those points to Denver International Airport and the Colorado Springs Airport. Flatiron Cab Corp. (dba Iron Cab) seeks to serve between points in all of Gilpin and Boulder counties (except for Longmont) and parts of Broomfield and Jefferson counties, and from those points to the rest of the state.

Denver Yellow Cab and Freedom Cabs Inc. are both seeking to add 150 cabs each to their existing fleets. If granted, Yellow Cab would be allowed a maximum of 450 vehicles, and Freedom would be authorized for 300 vehicles.

In order to expedite the proceedings, the PUC has consolidated the five applications for purposes of hearing. The hearings are scheduled for Oct. 14–17, Oct. 23–24 and Oct. 27–31 before a PUC administrative law judge. Although a decision is not required by law until the end of February, the PUC expects to issue an initial decision on the applications by Dec. 15.

ALJ rejects condition to bury Tri-State power line

A Public Utilities Commission (PUC) administrative law judge (ALJ) has recommended granting in part a request by Tri-State Generation and Transmission Association to overturn conditions imposed by Adams County and Commerce City on a proposed 4.5-mile transmission line.

In a recommended decision issued July 29, the ALJ ruled that the two local governments' conditions requiring that the transmission line be buried underground at the company's expense would "unreasonably impair Tri-State's ability to provide safe, reliable and economical service to the public." The decision also overturned the condition requiring that

Tri-State pay all incremental increases in property taxes resulting from the physical improvements to the property as a result of the line.

The judge, however, did not make a determination on the condition requiring the transmission line to be located in the E-470 multi-use easement, saying it was premature at this time. The judge ordered Tri-State to work with the highway authority to attempt to locate the transmission line above ground within the easement.

The dispute involves a proposed overhead 115 kilovolt (kV) electrical transmission line that is part of the United Power System Improvement

Project. Approximately 3.5 miles of the line would cross through the city limits of Commerce City, and the remaining 1 mile of line would be located in unincorporated Adams County.

In approving Tri-State's request for a conditional use permit to construct the power line, the two local governments imposed the undergrounding and other conditions on the project. Tri-State, which supplies electricity to 44 member systems in Colorado and three surrounding states, argued that the additional costs associated with the construction and maintenance of an underground transmission line were unreasonable.

Under a law passed in 2001, public utilities may 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. The PUC is required by law to balance local government determinations with the broader statewide interest of meeting growing demands for electric and natural gas service.

Several parties have filed exceptions to the judge's recommended decision. The PUC commissioners will consider those exceptions at deliberations scheduled for Oct. 23.

Black Hills seeks gas rate hike

Black Hills/Colorado Gas Utility Company L.P. (formerly Aquila, Inc.) is seeking to raise its natural gas distribution rates by almost \$2.7 million per year to offset increased costs to deliver natural gas.

The proposed rate increase, if approved by the Colorado Public Utilities Commission (PUC), would increase typical monthly residential bills by about 3.3 percent, and monthly commercial bills by about 2.8 percent.

Aquila originally filed the rate request at the end of June. A few weeks later, the company's sale and transfer to Black Hills Corporation of South Dakota was finalized. With the change, about 64,000 gas customers in 27 Colorado communities—including Burlington, Castle Rock, Fountain, Larkspur, Limon, Monument, and Woodland Park—receive gas service from Black Hills.

The proposed increase is the company's first change in base rates in more than 15 years. The base rate com-

ponent of a monthly bill covers costs associated with infrastructure, equipment, labor, materials, meter reading and billing. It does not include the largest portion of the bill, the natural gas commodity costs, which are passed on to customers on a dollar-for-dollar basis under a separate charge.

Under the proposal, residential base rates would increase an average of \$2.86 per month, based on average monthly usage of 79 ccf. Average monthly bills for commercial customers would go up \$9.60, based on usage of 324 ccf.

The proposal would allow the company an opportunity to earn an 11.5 percent return on equity.

A PUC administrative law judge has scheduled evidentiary hearings on the case for Feb. 2–13, 2009. A public hearing will also be held in Fountain at a time and place to be determined later.

Any changes in base rates approved by the PUC would likely take effect around the middle of next year.

Telephone surcharge lowered

The Colorado Public Utilities Commission (PUC) lowered the state's universal service telephone surcharge to 2.2 percent as of July 1, and it is expected to remain there at least through the end of the year.

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.

Most 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.

In a report to the legislature last December, the PUC projected that the universal service surcharge would need

to remain at 2.7 percent for the first three quarters of 2008, and then increase to 3.4 percent for the fourth quarter to meet the obligations of the fund.

However, the anticipated disbursements from the fund to eligible telecommunications providers have not materialized in 2008, allowing the surcharge to be reduced to 2.2 percent for the third quarter. **Susan Travis**, the PUC's Colorado High Cost Support Mechanism administrator, said no changes to the surcharge are anticipated for the fourth quarter.

The decrease from 2.7 percent to 2.2 percent reduced a customer's monthly bill by about 15 cents, based on a local telephone bill of \$30 per month.

The PUC reviews the universal service rate element on a quarterly basis, and adjusts the surcharge depending on the expected contributions and disbursements.



The PUC hearing room drew a full house for a Commissioners' Information Meeting on natural gas prices in July. The next day, the PUC hosted an informational meeting on climate change and carbon regulation at the State Capitol.

PUC hosts energy meetings

The Colorado Public Utilities Commission (PUC) hosted two informational meetings in late July to hear presentations on important energy topics.

On July 30, the PUC hosted a half-day session on "Natural Gas Prices: What's Coming and What Can You Do About It." The informational meeting brought together speakers from the natural gas industry, the governor's budget office, utility officials and consumer assistance representatives.

The meeting focused on gas price forecasts for this coming heating season, the anticipated impact on customer bills, practical steps that consumers can take right now to prepare themselves for expected higher bills, and where consumers can go to get information about energy assistance programs.

"While the PUC cannot lower the unregulated price of natural gas, we can warn consumers about what's coming and suggest strategies to reduce monthly bills," PUC Chairman **Ron Binz** said.

Those strategies include taking

steps now to weatherize homes—such as adding insulation or sealing windows and doors—and other energy efficiency measures. Consumers may also want to consider average monthly billing programs that level out energy bills over a 12-month period.

On Aug. 31, the PUC hosted an all-day informational meeting on climate change and carbon regulation. The meeting was held in the Old Supreme Court Chambers at the State Capitol.

The purpose of the meeting was to review the scientific data on human-caused climate change and to look at the variety of approaches that have been proposed for adaptation and mitigation at both the state and federal level. Nobel laureate Susan Solomon of the National Oceanic and Atmospheric Administration was one of the featured speakers.

Copies of presentations from both informational meetings are available on the PUC website at: <http://www.dora.state.co.us/puc/presentations/InformationMeetings/CIMpresentations.htm>

New base rates in effect for SourceGas customers

PUC okays agreement on distribution charges

New natural gas base rates for SourceGas Distribution's Colorado customers took effect on Sept. 1, following approval of a settlement of the company's gas rate case filed in April.

The Colorado Public Utilities Commission (PUC) in August approved a stipulation signed by all parties, including the company, PUC staff, the Office of Consumer Counsel, the Town of Telluride, Seminole Energy and AM Gas Transfer. The agreement called for an increase in annual revenues of about \$14.9 million for SourceGas, which was about 16 percent less than the company

requested in its original filing.

SourceGas, which purchased Kinder Morgan's retail gas operations in 2007, currently serves about 90,000 natural gas customers across Colorado, including the towns of Aspen, Delta, Glenwood Springs, Julesburg, La Junta, Montrose, Ouray, Telluride, Wray and Yuma. The company's last base rate increase in Colorado was filed 14-18 years ago, depending on the service area.

Under the new rates, residential customers will see a monthly bill increase of between 2.6 to 17.7 percent, or from \$3.03 to \$12.23 a month, depending on their previous service territory. Small commercial increases will range from 2.3 to 18.5 percent, or \$4.41 to \$21.39 per month. And large commercial rates will range from a 1.5 percent decrease to a 17 percent increase.

The base rate component of a monthly bill includes a fixed monthly customer charge and a volumetric charge, which varies from month to month depending on the amount of gas used. The base rates cover costs for infrastructure, equipment, labor, materials, meter reading and billing.

The increase does not affect the largest portion of the bill, the natural gas commodity costs, which are based on market prices and account for 70 to 80 percent of the total monthly bill.

As part of the agreement, the PUC approved consolidation of the company's five service territories into just two rate areas. One base rate area consists of the Western Slope and North Central territories. The other base rate area consists of the North East, Arkansas Valley and Southwestern territories.

The monthly customer charge will be \$11 (residential), \$22 (small commercial) and \$100 (large commercial) in the Western Slope/North Central rate area, and \$10 (residential), \$20 (small commercial) and \$100 (large commercial) for the North East/Arkansas Valley/Southwestern rate area.

As part of the settlement, the PUC also approved a SourceGas proposal to convert its billing from volume to thermal units, which takes into account factors such as elevation, temperature and heat content of gas.

Proposals to add a 75-cent per month adjustment to recover bad debt, and a "Pipeline Integrity Cost Adjustment" to recover expected Federal Energy Regulatory Commission safety requirements were not included in the settlement.

PUC to consider Xcel efficiency plan

The Colorado Public Utilities Commission (PUC) will likely issue a decision by early next year on Xcel Energy's plan to implement \$137.6 million in conservation and energy efficiency programs over the next two years.

The plan, known as the company's 2009-2010 Biennial Demand-Side Management (DSM) Plan, was filed on Aug. 11. It includes 35 electric and natural gas programs encompassing both residential and business customers.

For 2009, Xcel Energy is proposing to spend \$48.7 million for Electric DSM and \$12.5 million for Gas DSM. For 2010, budgeted expenditures are \$60.3 million for Electric DSM and \$16 million for Gas DSM.

To fund these programs, Xcel is

proposing to increase electric rates by \$1.16 per month for residential customers (based on use of 625 kilowatt-hours (KWh), and \$2.03 per month for small business customers (based on use of 1,025 KWh). The increase would appear in the Demand Side Management Cost Adjustment (DSMCA) on Xcel customer bills.

For residential gas customers, the increase would be about 78-cents per month, based on projected average use of 67.6 therms per month. Small commercial gas customers would see an increase of \$1.26 per month, based on average use of 304 therms per month.

The Electric DSM programs are designed to save 181 gigawatt-hours (GWh) in 2009 and 244 GWh in 2010. The natural gas programs are designed

to save more than 318,000 dekatherms (Dth) in 2009 and more than 403,000 Dth in 2010.

Among the proposed programs for electric and natural gas residential customers: refrigerator recycling; rebates for installation of energy efficient heating systems, water heaters, and insulation; discounts for home energy audits; school education kits; and a customer behavioral change program designed to educate customers about the benefits of energy efficiency. There are also a number of energy efficiency programs targeted specifically at low-income families.

Hearings on Xcel's DSM application are expected to take place later this fall, with a decision coming sometime in January.

Black Hills faces electricity shortfall in 2012

Black Hills/Colorado Electric Utility Company needs to replace approximately 75 percent of its existing electricity supply by Jan. 1, 2012, when the company's purchased power agreement with Xcel Energy expires.

That's the bottom line of the company's 2008 electric resource plan, filed with the Colorado Public Utilities Commission (PUC) in August. PUC rules require regulated electric utilities to file plans every four years forecasting future electric demand and how the utility will meet that demand.

Black Hills, which acquired the electric utility assets and operations of Aquila, Inc. in July, serves more than 90,000 customers in 21 Colorado communities, including Pueblo, Canon City and Rocky Ford. The company currently owns about 101.5 MW of its own generation resources in Colorado, or about

25 percent of its power requirements.

The remainder of the power for Black Hills' Colorado customers is obtained through a purchased power agreement with Xcel Energy. However, that contract will terminate in on Dec. 31, 2011.

"This resource plan must address the unique situation in which a utility faces an abrupt loss of the majority of the capacity, associated energy and reserves used to serve its customers," Black Hills wrote in its resource plan filing. "The most immediate task that the company faces is addressing this capacity deficit in order to keep the lights on in 2012 and beyond."

For the resource acquisition period of 2008-2013, Black Hills is proposing to acquire 2 MW of solar (installed and purchased renewable energy credits) in 2008, 2 MW of solar installed in 2012, at least 60 MW of wind energy resources,

and 346 MW of natural gas-fired combustion turbine capacity. Under the proposal, the wind and natural gas resources would be on line by Jan. 1, 2012.

Black Hills stated that the proposed plan meets the state's renewable energy standards and the demand-side management mandates. Also, because the company's proposed plan replaces coal-fired resources under the Xcel purchased power agreement with natural gas-fired resources, it meets the Colorado Climate Action Plan goal of reducing greenhouse gas emissions by 20 percent from 2005 levels by the year 2020, Black Hills said.

Black Hills officials described the plan as an "interim step," and said the company will continue to look for options that will "provide greater fuel diversity and/or employ new technologies that can reduce costs for customers."

Conference Agenda

(Continued from page 1)

- **Lionel Rivera**
Mayor, Colorado Springs
- **Keith Lambert**
Mayor, Rifle
- **Jay Suhler**
Mayor, Springfield
- **Joelle Riddle**
County Commissioner, La Plata

11:40 a.m. How Legislative Initiatives Guide New Directions

Gail Schwartz
Colorado State Senator

Noon Lunch Keynote

Dan Arvizu
Director, National Renewable Energy Laboratory

1:30 p.m. Making Where We Live More Sustainable

Moderator: **Ron Binz**
Chairman, Colorado Public Utilities Commission
Panelists each give 15 minute presentation followed by full panel discussion:

- **Skip Arnold**
Director, Energy Outreach Colorado
- **Fred Stoffel**
Vice President, Marketing, Xcel Energy
- **Megan Christensen**
Director, Community Development and Sustainability, Lend Lease Communities
- **Ron Judkoff**
Director, Buildings and Thermal Systems Center and Principal Buildings Program Manager, National Renewable Energy Laboratory


3 p.m. Networking Break, Visit Exhibit & Networking Forum

3:15 p.m. Making Where We Work More Sustainable

Moderator: **Tom Clark**
Executive Vice President, Metro Denver Economic Development Corporation
Panelists each give 15 minute presentation followed by full panel discussion:

- **Matt Rush**
Business Development Manager, Intermountain Region, Chevron Energy Solutions
- **Stu Reeve**
Energy Manager, Poudre School District
- **Michael Holtz**
President, Architectural Energy Corporation
- **David Owen Tryba**
President, David Owen Tryba Architects

4:45 p.m. Conference Ends


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