

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

JANUARY 2009

STARTING POINT



By Doug Dean
Director

We are excited about the start of a new year, and with it the launch of our new, voluntary electronic filing system, or E-Filings. The new system will improve the existing level of services offered by the PUC to all who conduct business

with us, while at the same time advancing Colorado toward Gov. Ritter's "Greening of State Government" goals.

The E-Filings system went on line Jan. 1 and, once fully implemented, will reduce paperwork, cut costs and be much more convenient both for filing parties and for anyone wishing to access information about PUC proceedings.

For an interim period of a few months, hard copy filings will remain the official files while we work to ensure that all features of the system are working as expected. After the initial phase, all filings may be exclusively submitted and distributed electronically.

The benefits of the E-filings system are numerous, starting with a significant reduction of paperwork to help achieve the governor's goal of a 20 percent cut in paper use by state government by 2012. Once the E-filings system is fully functional, paper filings will be unnecessary, but will remain an option.

Regardless of geographic location, users will realize easy access to timely information regarding PUC proceedings. Participants in proceedings before the PUC will also notice improved capability to meet the critical deadlines by filing and serving documents electronically.

There is no cost to use the system, and it is available 24 hours a day, 7 days a week. The lag time between submission and receipt of filings also is eliminated with E-filings, and special tools and reports allow filers to review and manage all filings electronically. It is important to note, however, that PUC rules continue to define when a document is deemed filed. Any document received after normal business hours will be deemed filed as of 8 a.m. the following business day.

You must be a registered user to make filings through the E-filing system. To register, go to <https://www.dora.state.co.us/pls/efi/EFL.homepage>, click on the "Filer Registration" button and follow the instructions. It is not necessary to register to view PUC documents—simply use the "Search" function from the E-filings home page.

Although it will take some time before it is fully in place, we are very excited about this new tool that will help us become more efficient in how we serve the citizens of Colorado and help fulfill the governor's "greening" initiative.

Tarpey reappointed to full PUC term

Gov. Bill Ritter has reappointed **Jim Tarpey** to a full four-year term on the Colorado Public Utilities Commission (PUC).

Tarpey, an attorney from Englewood, has served on the PUC since January 2008, when he was selected by Ritter to replace Carl Miller of Leadville, who retired with a year remaining on his term. On Dec. 12, Gov. Ritter issued an executive order reappointing Tarpey to a new term that expires in January of 2013.

The reappointment requires confirmation by the Colorado Senate.

"Jim Tarpey brings vital experience, skills, and knowledge to the important role of a PUC commissioner," Ritter said at the time of the original appointment. "His expertise extends to the operations of electric, telecommunications and natural gas utilities as well as to various issues associated with electric transmission, energy resource additions and demand side management."

Prior to his appointment as a PUC commissioner, Tarpey gained extensive experience in utility and regulatory matters

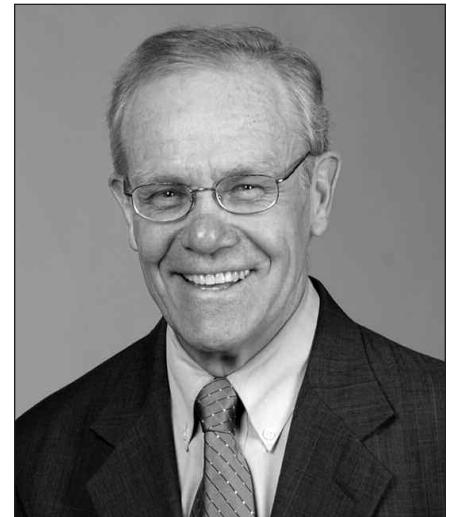
as an attorney in private practice. He often appeared before the Colorado PUC, the Wyoming Public Service Commission, and the Federal Energy Regulatory Commission litigating complex utility issues and negotiating settlements of multi-million dollar disputes.

In 2006, Tarpey was appointed to the 15-member Colorado Task Force on Reliable Electricity Infrastructure, created by the legislature. He also was a member of the Wyoming Infrastructure Authority, appointed by the governor, for three years.

"This past year has been very challenging and rewarding, professionally as well as personally," Tarpey said. "I'm confident that the next four years will be even more rewarding as we tackle important issues in energy, telecommunications and transportation."

Tarpey, a Republican, serves with Chairman **Ron Binz** and **Matt Baker**, both Democrats. Binz is serving a term that expires in January of 2011, and Baker's term expires in January of 2012.

The PUC, a division of the Department of Regulatory Agencies, regulates investor-



Jim Tarpey

owned telecommunications, electric, gas and water utilities, as well as motor vehicle carriers for hire. The PUC also has safety oversight over motor vehicle carriers, new and existing natural gas pipelines, public highway-rail crossings, and rail fixed guideway systems.

PUC authorizes new taxi company

The Colorado Public Utilities Commission (PUC) has granted authority for a new taxi company to operate in the Denver metro area and approved additional cabs for an existing company under a new law enacted last year.

The PUC, at deliberations in December, granted Union Taxi Cooperative authority for 220 cabs to serve the eight-county Denver metro area. The PUC also approved an additional 100 taxis for Freedom Cabs, bringing its authorized total of vehicles on the street at any one time to a maximum of 250.

The PUC rejected applications by two other start-up cab companies—Castle Rock Taxi Cab Company and Flatiron Cab Company of Boulder. The Commission ruled that those applicants did not meet the burden of proving

financial and operational fitness.

The applications were filed last July after a new law took effect that changed the entry standards for taxi companies wanting to serve the state's most populous counties. Under the new standard, new applicants wanting to provide service in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso and Jefferson counties must show that they are financially and operationally fit. The burden of proof then shifts to anyone opposing the application to prove that granting such an application would be a detriment to the public interest.

The previous standard required new applicants to prove there was a public need for their service.

Three cab companies—Metro, Yellow

and Freedom—currently serve the Denver area market. Metro is authorized to use up to 492 vehicles at any one time, and Yellow is authorized to provide 300 cabs.

In making its ruling, the PUC said authorizing a new cab company was more likely to increase competition in the area of driver lease rates—the contract between taxi companies and their drivers—than in the area of retail rates. The PUC also said it wanted to open a rulemaking to examine its regulatory role under the new law.

The last addition to the Denver taxi market came in 1995, when the PUC authorized service by Freedom Cab and American Cabs following a change in the entry standards from regulated monopoly to regulated competition. American was later absorbed by Metro.

Hearings set on Xcel electric rate proposal

The Colorado Public Utilities Commission (PUC) will hold two weeks of hearings this spring on a proposal by Xcel Energy to increase electric base rates by \$174.7 million.

At a prehearing conference in January, a PUC administrative law judge scheduled evidentiary hearings for April 20–May 1 in Denver. A public comment hearing will be scheduled for the evening of April 20.

Xcel Energy in October filed its proposal to raise monthly bills for residential customers by about 8.4 percent, or \$5.13 a month, based on average usage of 625 kilowatt-hours. Under the proposal, small commercial customers would see an increase of about 8 percent, or \$7.84 a month, based on usage of 1,025 kilowatt-hours.

In its filing, the company said it had made significant investments in its generation, transmission and distribution systems since its last electric rate case in 2006. Included in the request are expenses associated with construction of a third generating unit at the Comanche coal plant in Pueblo and additional pollution control equipment for the two existing units; costs for two new natural gas units at the Fort St. Vrain generating station in Platteville; investments in distribution systems; and increased operation and maintenance expenses.

Xcel also is asking for an 11 percent return on equity, up from its current 10.5 percent. The return on equity is the profit that a utility is authorized to earn on its

(Continued on page 2)



Fort St. Vrain Generating Station in Platteville.

PUC sets 2009 registration fees for telemarketers

The Colorado Public Utilities Commission (PUC) has established the registration fees for 2009 that telemarketers will pay to obtain the state's do-not-call list.

The fees are set on a sliding scale based on the number of employees of the soliciting company. The fees collected are used to pay for administration of the program by a third-party vendor, and to support enforcement activities provided by the Colorado Attorney General's office.

For 2009, the fees will range from \$250 for telemarketers with 5-10 employees, up to \$500 for companies with more than 1,000 employees. Telemarketers with less than

five employees are not charged an annual registration fee.

PUC staff estimates that about 306 telemarketers will pay registration fees in 2007, generating about \$137,000 in annual revenues.

Colorado's no-call program permits residential and wireless telephone subscribers to notify solicitors of their objection to receiving solicitations by telephone or fax by placing their telephone numbers on a do-not-call list at no charge. Telemarketers must update their do-not-call lists four times a year to help reduce the number of unwanted telephone calls.

A state enforcement action may be brought against commercial telemarketers for three or more violations in a month. Certain types of calls are excluded from no-call rules, including political calls, calls from charitable organizations, and calls from businesses that have an existing relationship with a customer.

As of December 1, more than 3.2 million telephone numbers had been placed on Colorado's no-call list.

Customers may register a residential or wireless phone number, or file a complaint about possible violations of the no-call law, by either calling toll-free at

1-800-309-704, or by going on-line at www.coloradonocall.com.

2009 TELEMARKETER REGISTRATION FEES

Number of Employees	Fee Amount
1-4	\$0
5-10	\$250
11-50	\$350
51-100	\$450
101-250	\$470
251-400	\$480
401-1000	\$490
1000+	\$500

PUC adopts high cost fund budget for 2009

The Public Utilities Commission (PUC) has adopted an annual budget for the Colorado High Cost Support Mechanism that retains a 2.2 percent surcharge for 2009.

The surcharge is assessed on telephone bills in the state to help keep basic local telephone service affordable for all Coloradans.

In its annual report to the legislature, PUC staff estimates that statewide high cost support for 2009 will total approximately \$60.5 million. Qwest Corporation receives the largest amount of support, which is expected to be about \$56.2 million in 2009.

The current 2.2 percent surcharge is expected to provide sufficient revenue to fund the program for 2009. However, the report notes that the surcharge may need to be increased to 2.7 percent if the Federal

Communications Commission adopts a proposal to change intercarrier compensation rates.

The state high cost surcharge provides money to reimburse telecommunications providers that serve areas with higher than average costs. This allows local phone rates to remain reasonable 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.

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

The Commission also opened a

rulemaking in October to re-examine the high cost support rules in light of new regulatory schemes, changes in the federal Universal Service Fund program, and other recent dockets that have direct implications on the program.

The PUC is seeking comment from interested parties on whether the high cost fund program has fulfilled its goal of making basic service available and affordable to all citizens of the state and, if so, whether it is still legally required; if the program is no longer legally required, whether it is still necessary; what are the key components of the program and how can it be improved; should the PUC consider other related issues, such as rate rebalancing, broadband funding, and federal funding programs.

A technical conference on these issues was held on Friday, Jan. 16.

POSITIVE CHARGES

The Colorado Public Utilities Commission (PUC) and Jordan are forming a partnership to work together on energy issues. Colorado was identified for this partnership by the National Association of Regulatory Utility Commissioners (NARUC) because of its experience with performance-based tariffs, energy efficiency programs, demand-side management measures, diversification of energy resources, and directives encouraging an increasing use of renewables. Commissioner **Jim Tarpey** and Energy Section chief **Gene Camp** traveled to Jordan for five days in November on a preliminary fact-finding mission.

PUC employees pledged \$9,550 for 2009 to various charities as part of the Colorado Combined Campaign. As a department, DORA employees contributed a total of \$51,906.34. Thanks to **Chris Lowe** and **Liz Hayes** for coordinating the PUC's CCC efforts this year.

Welcome to the following new PUC employees: **Paul Gomez**, an administrative law judge in the Administrative Hearings section; **Charley Hernandez**, a supervisor in the Rate/Financial Analyst unit of the Energy section; **Greg Kropkowski**, a rate/financial analyst in the Policy Advisory section; and **Alison Torvik**, a business analyst in the Administrative Services section and the PUC's new E-Filings administrator.



John Reasoner

How does an engineer entertain two young boys? He spends time building things with them, of course.

"I find myself playing with a lot of Legos and Erector sets," said **John Reasoner**, describing play sessions with his sons Peter, 6, and Alex, 4.

INSIDE CONNECTIONS

John is a member of the Public Utilities Commission's (PUC) Policy Advisory section. He has been with the PUC since January of 2007. As a commission advisor, he works with other members of the advisory group to summarize and analyze testimony in contested dockets, helping make sure that the Commissioners and PUC administrative law judges understand technical and policy issues in order to make well-informed decisions.

"I enjoy the diversity of the work," he said. "It gives me the opportunity to work with people with different backgrounds—finance, economics and law. Prior to this, I worked just with other engineers and construction folks. The PUC has allowed me to broaden the way I think about things."

After graduation from the Colorado School of Mines, John went to work at a copper smelter in Utah. A year later, he seized an opportunity to move back to Denver and help grow a small electric meter instrument company.

Before coming to the PUC, he spent seven years with the consulting firm

Black & Veatch and helped build more than 800 megawatts of electric power generation, mainly in California during its power crisis.

Along with his bachelor's degree in engineering from Mines, John has a master's in business administration from the University of Colorado at Denver. He adheres to a personal philosophy that "the best way to get what you want is to deserve what you want."

Between work and raising a young family, there isn't a lot of time for outside hobbies and interests. But when not chasing after two young boys, John and his wife like to travel—something they hope to take to the next level someday.

"My wife and I aspire to be contestants on the *Amazing Race*," he said, referring to the television reality show in which contestants race around the globe.

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



Paul Gomez



Charley Hernandez



Greg Kropkowski



Alison Torvik

Xcel electric rate case (Continued from page 1)

investments. The PUC sets a maximum profit level, but it is not guaranteed.

A final decision on the proposal is expected this summer. Any new approved rates would likely go into effect around the middle of July.

Xcel also said it intends to file another electric rate case in April of 2009 to deal with forecasted earnings shortfalls in 2010. The company said the April rate case will

also contain rate design issues to more accurately align costs and rates at the customer level. It is anticipated that Xcel will propose eliminating some of the current riders on the electric bill (such as the Air Quality Improvement Rider, the Demand Side Management Cost Adjustment, and the Renewable Energy Surcharge Adjustment) and roll those costs into base rates.

The likely effective date for any proposed new rates from the April, 2009, Phase I and II filings would be Jan. 1, 2010.



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 receive update on transmission activities

The Colorado Public Utilities Commission (PUC) will hold a workshop on Wednesday, Jan. 28, to discuss the status of recommendations presented in a November 2006 report by a legislative task force charged with looking at electric transmission issues in the state.

The workshop is scheduled for 1:30 p.m. at the PUC in Denver.

The Task Force on Reliable Electricity Infrastructure made four recommendations in its 2006 report to aid in achieving reliable transmission infrastructure to meet Colorado's future needs. Those recommendations included: implementation of a transmission cost recovery rider; identification of renewable energy zone areas; increased governmental involvement with groups like the Colorado Coordinated Planning Group; and availability of appropriate adequate funding for the PUC to actively participate in regional forums.

Various aspects of these recommendations have been implemented over the last two years. The purpose of the workshop is to receive updates on those recommendations that are still on-going or not yet begun.

The workshop is part of a wider, overall examination of transmission issues in the state. The PUC last year opened an investigatory docket to look at issues related to electric transmission expansion and transmission planning activities that merit more active involvement by the Commission.



The PUC is looking at issues related to electric transmission planning and expansion as part of an investigatory docket.

A number of informational meetings have been held and more are planned this spring to discuss state, regional and federal transmission issues. The PUC also is utilizing one-on-one meetings with interested parties through its "permit-but-disclose" process.

"Decisions made in the next several years will have long-term effects within Colorado, across the region and through-

out the western United States," the PUC wrote in its preliminary statement of goals for the investigatory docket. "It is imperative that proper regulatory policies are employed to assure the reliability of the transmission system now and far into the future."

In addition, the PUC is considering a rulemaking to streamline the process for approving requests for new transmission

projects. Among the possible rule changes: defining transmission projects that are in the "normal course of business" and therefore do not require a certificate of public convenience and necessity; setting default electro-magnetic field (EMF) and noise levels; setting parameters for conductor size and configurations; determining a default width for rights of way; determining appropriate planning horizons.

New year brings decreases to Xcel electric bills

Several changes to Xcel Energy's electric bills became effective on Jan. 1 to reflect annual and quarterly adjustments to a number of surcharges, resulting in an overall decrease of about 10 percent on monthly electric bills.

The biggest drop occurred in the Electric Commodity Adjustment (ECA). The ECA is filed quarterly to reflect increases or decreases associated with the cost of generation fuel and purchased energy. Due largely to falling natural gas prices, the ECA for the first quarter of 2009 decreased about \$7.98 a month for typical residential customers and about \$13.10 for small commercial customers.

Xcel customers also received a slight reduction in the Purchased Capacity Cost Adjustment (PCCA), which covers the cost of purchasing generation capacity from independent power producers, separate from energy costs. The PCCA was reduced about 80 cents per month for residential customers and about \$1.41 for commercial customers.

Several other surcharges increased on Jan. 1 as a result of annual filings made by Xcel and reviewed by the Public Utilities Commission (PUC).

The Renewable Energy Standards Adjustment was increased from 1.46 percent to 2 percent, adding about 19 cents a month to a residential customer's bill and

about 31 cents a month to a commercial customer's bill. Under a law passed in 2007, Xcel is allowed to charge customers up to a maximum of 2 percent of their annual energy bills to pay for investments in renewable energy resources required under the state's renewable energy standards.

The Demand Side Management Cost Adjustment (DSMCA), which is used to pay for energy efficiency programs, increased about \$1.62 for residential customers and about \$2.79 per month for commercial customers.

Riders to pay for investments in new transmission lines (TCA) and air quality improvements (AQIR) at Denver area

power plants also rose for 2009. The TCA increased by 34 cents per month for residential customers and 58 cents per month for commercial customers. The AQIR increased by 25 cents per month for residential and 42 cents per month for commercial.

All of the increases and decreases are based on average usage of 625 kilowatt-hours per month by residential customers and 1,025 kilowatt-hours per month for commercial customers.

As a result of all of the changes, overall electric bills for residential customers decreased from \$61.18 to \$54.80 per month; and bills for commercial customers were lowered from \$97.99 to \$87.58 per month.

Ruling expected in February on Black Hills resource plan

The Colorado Public Utilities Commission (PUC) is expected to issue a decision in February on Black Hills/Colorado Electric Utility Company's proposed 2008 Electric Resource Plan. The plan outlines the company's proposal to meet its Colorado customers' forecasted electric demand through 2013.

Evidentiary hearings on the proposal were scheduled Jan. 20-23 and 26 in Denver. A public comment hearing was conducted on Jan. 15 in Pueblo.

Black Hills serves more than 90,000 customers in 21 Colorado communities, including Pueblo, Canon City and Rocky Ford. About 75 percent of its current electricity supply is obtained through a purchased power agreement with Xcel Energy. However, that contract terminates on Dec. 31, 2011.

To replace the lost purchased power, Black Hills is proposing to install about 346 megawatts (MW) or natural gas-fired combustion turbines and 20 MW of wind energy resources. The wind and natural gas resources would be on line by Jan. 1, 2012.

The company also expects to acquire a total of 4 MW of solar resources (both installed and purchased renewable energy credits) during the six-year acquisition period.

In its application, 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 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."

Under PUC rules, PUC regulated electric utilities are required to file plans every four years forecasting future electric demand and how the utility will meet that demand.

Comment invited on BH gas rate case

A PUC administrative law judge will take public comment on Tuesday, Jan. 27, in Colorado Springs about a request by Black Hills/Colorado Gas Utility Company to raise its natural gas distribution rates by approximately \$2.7 million per year.

The public hearing will begin at 5:30 p.m. in the Pikes Peak Room, Leon Young Service Center, 1521 Hancock Expressway.

Black Hills (formerly Aquila) is seeking the additional revenue to offset increased costs to deliver natural gas to about 64,000 customers in 27 Colorado communities—including Castle Rock, Fountain, Larkspur, Monument, Woodland Park, Limon and Burlington. The proposed rate increase would increase typical monthly residential bills by about 3.3 percent, and monthly commercial bills by about 2.8 percent.

The proposed increase would be the company's first change in base rates since 1993. The base rate component 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.

If approved by the PUC, residential base rates would increase an average of \$2.86 per month, based on average monthly usage of 79 hundred-cubic-foot (ccf) of natural gas. 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.

Formal evidentiary hearings are scheduled for Feb. 2-13 in Denver. Those who are unable to attend the Jan. 27 public hearing may submit written comments to the PUC, 1560 Broadway, Suite 250, Denver, CO 80202. Comments should be addressed to Docket No. 08S-290G and should be received by Feb. 13.

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

Hearings this spring on Qwest request

Hearings will be held this spring on Qwest Corporation's request to increase its stand-alone basic residential telephone rates in Colorado by 14 percent.

At a pre-hearing conference in November, the Public Utilities Commission (PUC) set March 30–31 and April 2 as evidentiary hearing dates for the proposal. The hearing will be held at the PUC in Denver. The PUC also said it would consider public comment hearings as well, to be announced at a later date.

Qwest's proposal would raise the basic residential 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.

On July 1, 2008, a new law went into effect lifting 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 also is 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.

Individuals who wish to submit comments about the proposal may send them to the PUC, 1560 Broadway, Suite 250, Denver, CO 80202. Comments should be addressed to Docket No. 08A-403T. Comments may also be submitted electronically via the PUC website.

A PUC decision on the proposal is expected by the end of May.

Xcel gas base rates change with new year

Changes in Xcel Energy's natural gas base rates took effect on Jan. 1, resulting in slightly lower overall bills for residential customers and small increases for commercial customers.

The Public Utilities Commission (PUC) approved the changes this fall as part of the rate design phase of an Xcel natural gas base rate case. The PUC in 2007 approved a 2.56 percent across-the-board increase for Xcel Energy's natural gas customers. The recent decision provides no additional revenue for the company, but shifts the costs among the different rate classes.

Residential customers can expect to see an overall decrease in their bills of about 0.7 percent, based on usage of 67 therms per month. Total gas bills will be reduced from \$70.10 a month to \$69.61 a month. Small commercial customers will see a 2.76 percent increase, from \$295.15 a month to \$303.29 a month, based on usage of 304 therms.

Xcel Energy recovers its distribution costs for infrastructure, equipment, labor, metering and billing through a monthly service and facilities charge and a volumetric charge applied to the amount of gas used each month. The base rates do not include the cost of the natural gas commodity itself, which is a separate charge and accounts for the largest portion of a customer's bill.

Wholesale gas costs, which are not regulated, are passed on to customers on a dollar-for-dollar basis. The utility makes no profit on the gas commodity itself, which accounts for 70 to 80 percent of the total monthly bill during the winter heating season.

Under the new rates that took effect at the first of the year, the PUC set the monthly service and facility charge at \$10.00 for residential customers and \$20.00 for small commercial customers. In addition, the fixed monthly rate will also include a new charge to fund a low-income energy assistance pilot program.

The program will provide financial assistance in the form of arrearage forgiveness over time to help low-income customers reduce or eliminate past-due balances, as well as reduce their percentage of income spent on natural gas. Residential customers will pay about 27 cents a month and small commercial customers about \$1.21 per month to fund the three-year pilot program, which is designed to help the utility reduce its overall amount of unpaid bills that are charged to all customers.

Nunn opts into northern Colorado calling area

Nunn Telephone Company has become a part of the expanded northern Colorado local calling area.

Nunn Telephone, which serves about 700 customers northeast of Fort Collins, implemented the changes to its local calling area on Dec. 1, following approval by the Colorado Public Utilities Commission (PUC). Nunn Telephone customers can now call exchanges of Berthoud, Eaton–Ault, Estes Park, Fort Collins, Gilcrest, Greeley, Johnstown–Milliken, La Salle, Loveland, Mead, Platteville and Windsor in the 970 area code as part of their local calling area.

The PUC approved a single local calling area for much of northern Colorado in 2005, citing a significant interdependence for business, transportation, medical,

education, leisure and human service needs among the Fort Collins, Loveland and Greeley population centers.

At the time, Nunn Telephone chose not to participate in the calling expansion. Instead, the small independent company offered its customers an optional plan to the expanded calling area and measured local service to those who did not choose the optional plan.

For the past three years, customers of Nunn Telephone paid \$11.25 per month in addition to the basic residential rate of \$20.56 per month or the business rate of \$30.86 per month for unlimited local calling to the expanded northern Colorado calling area. Customers who did not subscribe to the unlimited plan paid an additional 11 cents per minute for calls into

the expanded local calling area.

In its recent application, Nunn Telephone said it had determined that it was in the interest of the company and its customers to permit full participation by its customers in the northern Colorado expanded local calling area without additional charge beyond its basic local residential and business service rates. So, as of Dec. 1, unlimited calling within the northern Colorado expanded local calling area, was to be included within Nunn Telephone's basic residential and business monthly rates.

The company also agreed that it would not seek recovery of any purported revenue deficiency resulting from the elimination of the two previous local calling area options.

PUC approves Xcel energy efficiency plan

Xcel Energy will spend more than \$143 million over the next two years to implement electric and natural gas energy efficiency programs designed to help meet Colorado's energy savings targets.

The Public Utilities Commission (PUC) in late November approved the company's 2009–2010 Biennial Demand-Side Management (DSM) Plan, after the major parties in the case had reached a settlement. The plan includes 35 electric and natural gas programs encompassing both residential and commercial customers.

"The decision demonstrates alignment of the legislature, PUC, the company and consumers on the need to make efficiency our first strategy in addressing energy issues," PUC Chairman **Ron Binz** said.

According to the plan, Xcel Energy will spend about \$63 million on electric and gas energy efficiency programs in 2009 and

about \$80 million in 2010. By comparison, Xcel spent about \$20 million on DSM programs in 2008.

The expansion of the energy efficiency programs came in response to new policies adopted by the Colorado legislature and rules to implement these policies adopted by the PUC. These policies establish energy savings goals through 2020.

To fund the energy efficiency programs, the PUC approved increases in Xcel's electric and gas rates effective Jan. 1, 2009. Residential electric customers will pay about \$1.62 per month more (based on usage of 625 kilowatt-hours (KWh) and small commercial customers will pay an additional \$2.79 per month (based on usage of 1,025 KWh). For residential gas customers, the increase is about 81 cents per month, based on usage of 67 therms, while small commercial gas customers will

pay about \$1.44 more, based on usage of 304 therms.

The increases will appear in the Demand Side Management Cost Adjustment (DSMCA) on Xcel customer bills.

Xcel has estimated that the energy efficiency programs will result in a net economic benefit of about \$450 million to its customers through avoided costs of new construction and purchased power.

Among the programs approved for residential customers are 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 programs targeted specifically at low-income families.


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