

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2011

STARTING POINT



By Doug Dean
Director

As we head into the summer peak for electricity demand in Colorado, it's important for consumers to pay attention to how they use electricity in their homes. Beginning next month, residential customers

of Xcel Energy will again pay inverted-block rates for electricity usage during the months of June through September. That means customers who use more energy during those months will pay more, and consumers who use less will realize greater rewards for their efforts to use electricity wisely.

Inverted-block rates, also called tiered rates, are not unusual for utilities. At least 16 other states increase prices for electricity as customers use more of it in a month. The Denver Water Department has been charging inverted-block rates for water for some time.

The PUC approved inverted-block rates for Xcel Energy last year in an effort to price energy in ways that more accurately reflects its true cost. Because demand for electricity is at its highest in the summer, it costs more to generate the electricity to meet that need. And as demand continues to rise, more power plants are required. By slowing the growth in peak load, all electric consumers will benefit.

Many consumers last year complained about the 500 kilowatt-hour (kwh) threshold, believing that was the breakeven point for higher overall bills. That is a misconception. The 500 kwh threshold is simply the point at which the price changes during the summer months. An analysis of last year's usage data indicates that 871 kwh per month is the breakeven point. Customers who average usage is above 871 kwh per month will pay more annually under tiered rates; customers whose average usage is below 871 kwh per month will pay less annually. That's because the rate for the first usage block (up to 500 kwh), along with the other eight months of the year, is lower than it would be normally.

About 70 percent of Xcel residential customers use less than the 871 kwh per month figure and should see lower annual bills under tiered rates. As with any rate structure, some customers will benefit more than others based on their patterns of usage. But the PUC believes that tiered rates are an inherently fairer way to charge for electricity usage during the summer, while helping to encourage energy efficiency that will benefit all Coloradans.

New Chairman sworn in on May 10

Environmental lawyer is governor's choice to fill PUC vacancy

Joshua Epel was sworn in May 10 as the new chairman of the Colorado Public Utilities Commission (PUC).

Epel was appointed by Gov. John Hickenlooper on April 14 and confirmed unanimously by the Colorado Senate on April 27. He replaced Ron Binz on the three-member PUC panel.

Prior to his appointment, Epel was Assistant General Counsel at DCP Midstream, where he oversaw all environmental, public health and safety matters for the company. He was also responsible for multiple areas of operations and helped to develop the company's climate change Strategy. DCP Midstream is the largest mid-stream natural gas gathering and processing company in the United States.

Epel's environmental work led him to be appointed to the Colorado Oil and Gas Conservation Commission (OGCC), where he served as chair. At OGCC, Epel was instrumental in streamlining business and regulatory processes to strike a balance between business, regulation and the environment.

"Joshua Epel brings a broad range of experience in energy and environmental policy," Hickenlooper said. "His strong business, engineering and legal background give him a strong foundation for leading the Colorado Public Utilities Commission. Joshua is also someone with a deep social conscience and a proven record of civic engagement. He'll be independent-minded, objective and collaborative; all qualities important for the PUC."



Joshua Epel (center), assisted by his wife Betsy, is sworn in as Chairman of the Public Utilities Commission on May 10 by Colorado Supreme Court Justice Gregory J. Hobbs, Jr.

Prior to DCP Midstream, Epel was at Gablehouse and Epel, where he worked on environmental matters and focused primarily on the Federal and State Clean Air Act. He represented a broad spectrum of interests and his manufacturing clients included the cement, titanium, oil and gas, refining, utility and printing and publishing industries. He served as the acting Special Attorney General to the Colorado Department of Transportation, and as the environmental counsel for several Colorado municipalities.

"I am truly honored to be selected by Gov. Hickenlooper to serve on the Public Utilities Commission," Epel said. "This is a tremendous opportunity and

I am looking forward to serving with the current commissioners on policies that will help Colorado remain a leader as a state to do business with, while also protecting ratepayers, our environment and communities around the state."

Epel will serve a four-year term that expires in January, 2015. He joins Jim Tarpey and Matt Baker on the PUC bench. Baker's term expires in January 2012, while Tarpey's term is up January 2013.

Epel attended the University of Michigan, McGill University, William James College and has a law degree from Franklin Pierce Law Center in New Hampshire.

Tiered electric rates resume for Xcel

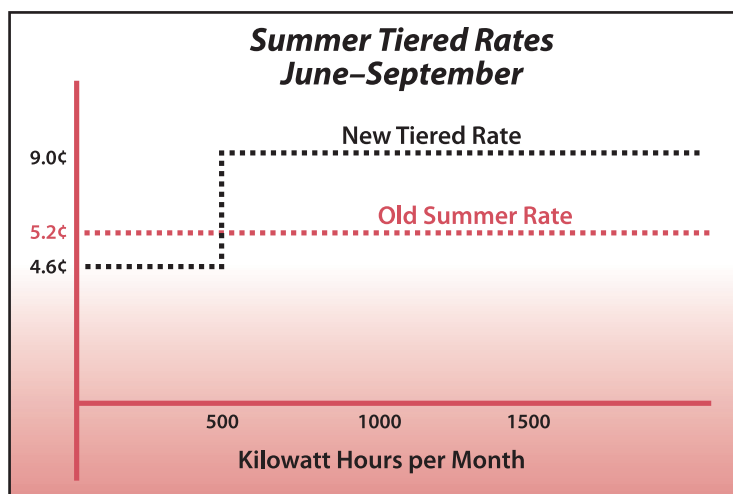
Inverted-block electric rates for residential customers of Xcel Energy, designed to encourage less power usage during the summer months, will resume again on June 1.

The Colorado Public Utilities Commission (PUC) approved the tiered rate structure for Xcel Energy last year to more accurately reflect the actual costs of electric usage. The rates will be in effect from June through September.

The highest demand for electricity occurs during the summer period and requires Xcel Energy to have adequate facilities in place to generate enough power during peak demand. Summer electricity costs more because it requires additional generation to meet the immediate needs.

Tiered rates are designed to promote efficient use of energy during the months when demand for electricity is highest, and help avoid the necessity of building costly power plants that may be used only a few weeks during the year.

From June through September, resi-



dential customers pay a lower charge (4.6 cents per kilowatt-hour) for the first 500 kWh usage in a month, and a higher rate (9 cents per kWh) for usage greater than 500 kWh. The other eight months of the year, customers pay the lower 4.6-cent rate.

A typical residential customer uses about 687 kWh per month during the four-month summer period and about 605 kWh per month the rest of the year. Under the tiered rate pricing structure, residential customers with average usage will pay about 2 percent more in summer and about 5 percent less during the rest of the year. Customers

who are able to reduce their electricity usage during the peak months will be able to see larger savings on their bills.

Xcel Energy does not collect any additional revenue from tiered rates. The higher, second-tier rates during the summer are balanced out by lower first-tier rates and lower non-summer rates the rest of the year.

The Colorado Legislature passed a measure this year that allows the

PUC to consider creating an exemption from tiered rates "based on a customer's medical condition or use of an essential life support device." The PUC expects to undertake a rulemaking to gather information on how tiered rates affect customers with medical conditions and how eligibility for an exemption would be determined. However, rules creating a medical exemption, if adopted, would not be implemented until at least 2012.

Additional information about tiered rates is available on the PUC website. To view the information, visit <http://www.dora.state.co.us/puc>.

High cost telecom surcharge increasing on July 1

Telecommunications customers will pay more beginning July 1 to help keep basic local telephone service affordable for all Coloradans.

The Colorado Public Utilities Commission (PUC) in April approved an increase in the Colorado Universal Service charge from 2.2 to 2.9 percent, effective the beginning of the third quarter.

The surcharge provides money to reimburse telecommunications

providers that serve areas with higher than average costs. This allows basic local phone rates to remain reasonably comparable across the state.

The surcharge has been at 2.2 percent since July of 2008 and is reviewed quarterly. In an annual report to the legislature last December, the PUC indicated that an increase might be needed in 2011 to cover disbursements and maintain an adequate reserve balance.

The PUC expects that statewide high cost support and administrative expenses will be \$61.7 million in 2011. Of that amount, Qwest is expected to receive \$56.2 million, with the rest going to rural independent and wireless carriers.

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.

An increase from 2.2 to 2.9 percent would add about 21 cents to a customer's monthly bill, based on a local telephone bill of \$30 a month.

The Colorado Universal Service Charge was established by the legislature in 1999, and has fluctuated between 1.6 percent and 3.2 percent, depending on the needs of the fund.

Colorado hosting western utility regulators in June

The Colorado Public Utilities Commission (PUC) will host the 2011 Western Conference of Public Service Commissioners (WCPSC) meeting in Denver next month.

Utility commissioners and staffers, utility representatives and industry officials will convene June 12-15 at the Brown Palace Hotel.

The WCPSC is one of five regional affiliates of the National Association of Regulatory Utility Commissioners (NARUC). The Western Conference is comprised of utility commissioners

from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and Guam.

The WCPSC meets annually for education, training and information sharing among utility regulators from the West. The theme for this year's conference is "The Mile High Experience—Tradition and Transformation."

Speakers and panels will focus on current issues and challenges facing regulators, including sessions on "Turbulence Ahead: Water Issues in the

West;" "Capital Ideas: 21st Century Utility Financing;" "The Regulators' Took-Kit: Preparing for Uncertainty;" "The Telecommunications Market: Looming Monopolies?" "Scenario Planning: Avoiding Future Shocks;" and "Clearing the Air: EPA Regulations and Electric Generation."

Participants will also have an opportunity to tour the National Renewable Energy Labs in Golden, wind turbine manufacturer Vestas Nacelles America in Brighton, and 9-1-1 technology provider Intrado Inc., in Longmont.



Colorado last hosted the WCPSC conference in 1999 in Vail. Proceeds from the conference are used to support the activities of the WCPSC committees throughout the year.

'Call before you dig' a year-round reminder

April was officially "Dig Safely Month" in Colorado and across the country, but the message to "call before you dig" is an important one to remember all year round.

Gov. John Hickenlooper signed an honorary proclamation designating April, 2011, as Dig Safely Month in Colorado, and a number of events were held around the state to promote public safety and raise awareness for the damage prevention industry. But as the summer landscaping and construction season moves into full swing, the ongoing campaign is a way to remind excavators, contractors and homeowners that state law requires them to call 8-1-1 before starting any excavation or digging project.

Colorado 811 (formerly the Utility Notification Center of Colorado) is the



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

statewide notification association of owners and operators of underground facilities created by the Colorado Legislature in 1981. Colorado 811, a non-profit corporation, serves as a communications link between excavators and the member facility owners and operators to provide crucial information regarding the

location of underground facilities.

By law, an excavator must contact Colorado 811 at least three days prior to any excavation work. Colorado 811 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.

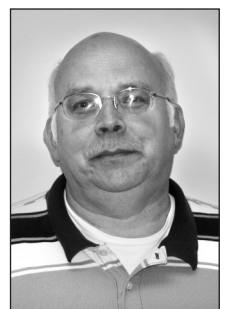
Colorado adopted the abbreviated 8-1-1 dialing code in April of 2007, making it even easier for excavators to comply with the requirements of the state's "call before you dig" law. Excavators can dial 8-1-1 from anywhere in the state. There is no charge for the call or the marking of underground facilities.

POSITIVE CHARGES

PUC retiree **John Epley** is featured in the April 2011 issue of the Colorado Public Employees' Retirement Association (PERA) retiree newsletter for his charitable work in Florida. Epley, a former rate/financial analyst with the PUC, is a volunteer pilot with the Angel Flight program. Angel Flight arranges free air transportation for certain charitable or life-threatening medical needs. Epley donates his time, fuel and plane for each flight.

Welcome to recent PUC hires: **Richard Reis**, a rate/financial analyst in the energy section;

Renee Wunsch, an administrative assistant in the telecom/transportation support group; and **Mimi Xavier**, an energy analyst in the Research and Emerging Issues section.



Richard Reis



Renee Wunsch



Mimi Xavier

INSIDE CONNECTIONS



April Woods

April Woods never knows what the next phone call or email will bring, but she is ready to listen and provide assistance to whatever utility complaint may come her way.

April has been solving other people's utility problems for the past 12 years as a member of the

Public Utilities Commission's (PUC) Consumer Affairs section. She was named supervisor of the four-person unit about a year ago.

"I enjoy the fact that no two days are ever quite the same," April said. "One moment my group can be working on power outage problems, and the next moment we are looking at telecom rules. In the course of this work, we sometimes get the opportunity to really make a difference in an individual's life and that makes it all worthwhile."

The Consumer Affairs section 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 input and background data to other PUC sections about consumer issues and trends.

"We deal with electric, gas, phone, towing, taxi, limo, shuttle and even a few water issues," she said. "It can be a real challenge to mentally switch gears from analyzing a complex electric billing dispute for a commercial business to calming someone who is

screaming at you about why a tow truck can haul away their 1992 Toyota."

The Consumer Affairs group handles about 8,000 phone calls a year, and about 3,000 contacts that require additional follow-up by a complaint specialist.

April holds a bachelor's degree in communications from the University of Colorado-Denver. Prior to joining the PUC, she worked for three years at the Better Business Bureau.

"During college I got an opportunity to go to Italy for a semester. That trip opened a new door for me—I discovered I have a love of travel! I now make it a priority to find time for some type of vacation at least once a year," she said.

April is a third generation native Coloradan who loves to spend time with her family. She is also a voracious reader.

"In what little free time I have after working and being a mom, I like trying out new recipes and amateur photography," she said.

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



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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Denver, Colorado 80202

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Judge rules against Silverton in Qwest complaint

A Public Utilities Commission (PUC) administrative law judge has recommended dismissal of a formal complaint filed by the Town of Silverton and San Juan County against Qwest.

In a decision issued on May 5, the judge ruled that the complainants failed to meet their burden of proof in alleging that Qwest's use of a microwave system to serve the area, instead of a fiber optic connection, deprived the town and county of its right to basic telephone service and access to universal and advanced telecommunications services. The judge's decision may be appealed to the full Commission.

Qwest was awarded a contract in 2000 to develop the state's Multi-User Network for Telecommunications (MNT). The project involved construction of a statewide fiber network connecting each county seat in the state. The contract was later modified to allow Qwest to serve Silverton via microwave radio while pursuing fiber construction and easement commitments between La Plata and San Juan County. Qwest, however, continues to provide service to Silverton through its microwave transmission facilities.

Silverton and San Juan County filed a formal complaint against last summer, asserting that the microwave link

results in frequent slowdowns and interruptions in service, hinders economic development, and deprives the area of the potential to evolve, technologically, with the remainder of the state. The complaint sought findings that Qwest had violated state statutes and PUC rules concerning the provision of basic service and access to universal and advanced services. Hearings were held last December in Silverton.

In the recommended decision, the judge ruled that, based on the entirety of evidence, the complainants "failed to show inadequacy of Qwest's service. Also, to support the requested relief, there is no showing that microwave

transmission is the cause of any failure on Qwest's part as to the provision of basic services."

The judge also found that while promoting universal access to advanced services is state policy, the PUC has not mandated construction of facilities to provide such service, and the complainants failed to show that Qwest violated its tariffs, PUC rules or Colorado law in this regard.

The judge agreed to a proposal by Qwest that the company provide additional reporting to the PUC on several key service quality metrics for the Silverton wire center for 12 months following the final order in the docket.

Need for area code relief at least a decade away

Latest update shows 303/720 code will be first to reach exhaust

Colorado won't need a new area code for at least another 10 years, according to the latest projections by the national telephone numbering administrator.

Neustar, Inc., the North American Numbering Plan Administrator (NANPA), released its updated area code exhaust dates at the end of April. For Colorado, all three area codes are expected to have an adequate supply of telephone numbers until at least 2021.

The 303/720 area code in the Denver metro area is expected to be the first Colorado area code to run out of useable telephone numbers – but not until the second quarter of 2021. The numbering administrator had projected 2025 as the 303/720 exhaust date, but revised that estimate last fall based on increasing demand for numbers.

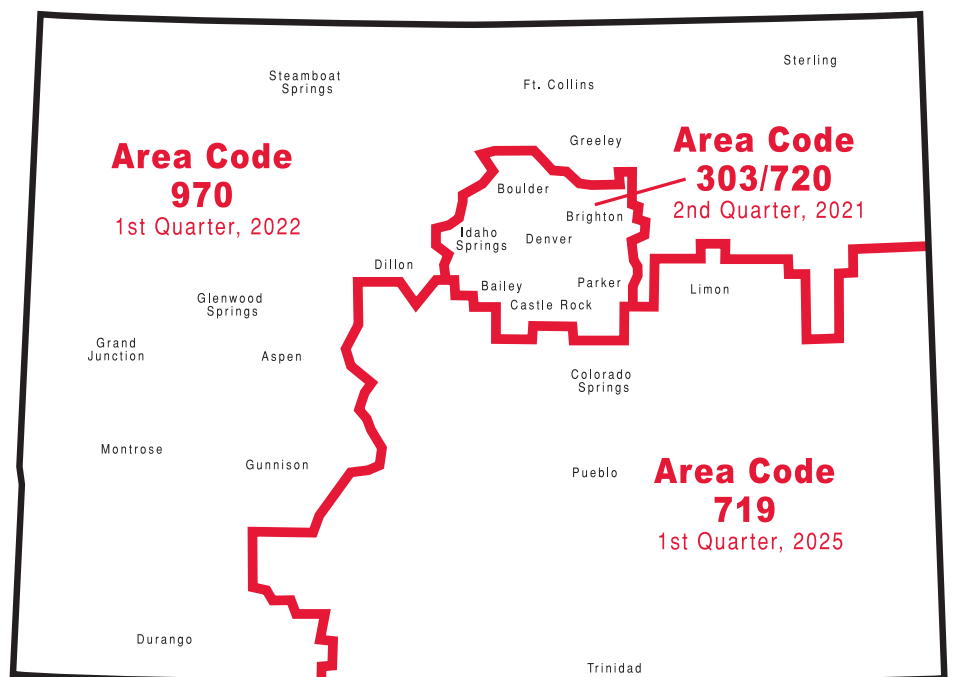
Colorado's 970 area code, which includes western and northern

Colorado, now is expected to reach exhaust in the first quarter of 2022. That's a four-year improvement from the 2018 exhaust date issued six months ago. And the forecast for exhaust in the 719 area code in the southeastern part of the state remains at first quarter of 2025, the same as the previous forecast.

Colorado had just one area code (303) until 1988, when 719 was introduced in southeast Colorado. In 1995, the 970 area code was added to serve customers in the northern and western part of the state. Then, in 1998, the 720 area code was overlaid on top of the 303 code to provide number relief in the Denver metro area.

In 2001, the Colorado Public Utilities Commission (PUC) implemented measures to slow the need for additional area code relief in the state, as more and more telephone numbers were being assigned to wireless, computers and competitive telecommunications providers. Those number conservation measures were successful, pushing back exhaust dates in all three Colorado area codes. Without those measures, the 303/720 area code likely would have reached exhaust in 2008.

Latest Colorado Area Code Exhaust Projections



Black Hills seeks 19 percent hike in Colorado electric rates

Generation to replace expiring Xcel contract at center of proposal

Black Hills Energy/Colorado Electric in late April filed a request with the Colorado Public Utilities Commission (PUC) to increase its annual electric revenues by \$40.2 million, or 18.8 percent.

The company said the proposed rate hike is needed to recover the costs of two new natural gas-fired turbines at Pueblo, along with associated infrastructure and other utility expenses. It is asking that new rates be implemented on Jan. 1, 2012, the projected commercial operations date of the new Pueblo Airport Generation Station.

If approved, the proposal would increase rates for typical residential customers, using an average of 600 kilowatt-hours (kWh) of electricity a month, by about \$18.96 per month. Small commercial customers, using 2,300 kWh, would see an increase of \$67.20 per month. Hearings on the proposal are expected to be held later this summer.

Black Hills Energy/Colorado Electric serves about 93,300 customers in 21 Colorado communities, including Pueblo, Canon City, Florence and Rocky Ford.

The proposed rate hike covers costs associated with the additional generation being built or acquired by Black Hills to replace a purchased power agreement with Xcel Energy that expires at the end of 2011. That purchased power agreement supplied about 75 percent of the company's electricity needs.

Additionally, the company is seeking to recover investments for system reliability and customer growth, including a meter replacement program using Advanced Metering Infrastructure technology.

The company is asking for an 11 percent return on equity, up from its currently authorized 10.5 percent. The return on equity is the profit that a utility is authorized to earn, but it is not guaranteed.

Black Hills' last electric base rate change came in August of 2010, when the company received a \$17.9 million increase in annual revenues.

Customers who wish to submit written comments about the rate proposal may send them to the PUC at:

- 1560 Broadway, Suite 250
Denver, CO 80202
Attn: Docket No. 11AL-387E;
- or send them by email to:
- pucconsumer.complaints@dora.state.co.us;
- or use the on-line comment form at:
- <http://www.dora.state.co.us/puc/consumer/ConsumerComment.htm>.

PUC to hold June hearings on Black Hills wind proposal

Black Hills/Colorado Electric Utility Company has asked the Public Utilities Commission (PUC) for authority to develop, construct and own 50 percent of a new wind facility to be located east of Walsenburg in Huerfano County.

The application, filed in March, also seeks approval of a renewable energy purchase agreement between Black Hills and the developer of the other half of the project.

The proposal is the first application to come before the PUC under the statutory requirement for the Commission to adopt incentives for qualifying retail utilities to develop and own, as utility rate-based property, eligible energy resources.

The Renewable Energy Standards (RES) statute allows utilities to develop and own, without competitive bidding, up to 50 percent of total new renewable energy resources acquired after March 27, 2007 if the (1) resource can be constructed at reasonable cost compared to the cost of similar eligible energy resources available in the market, and (2) the proposal would provide significant economic development, employment, energy security or other benefits to the State of Colorado.

An independent evaluator, hired by company, has concluded that the proposed project meets those criteria, Black Hills stated in its application.

Hearings on the proposal are scheduled for June 23-24 at the PUC in Denver. The company has asked for a decision by mid-August to be eligible for federal cash grants and other incentives.

The proposed project would consist of 16 wind turbines and associated equipment with a nameplate capacity of 20 megawatts. Black Hills and its partner, EUI Development, would separately own 50 percent of the facilities. The total cost of the project is estimated to be approximately \$53 million.

Black Hills provides electric service to 21 communities in Colorado with approximately 93,000 customers. The largest communities served include Pueblo, Canon City and Rock Ford. The company currently does not own any renewable energy resources, and estimates that it will need to acquire 30 megawatts of wind in each of 2012, 2014, 2016 and 2018 as part of its efforts to meet a 30 percent renewable energy standard by 2020.

Decision due this summer on Xcel gas rate filing

Company seeks new rider on bill to pay for pipeline improvements

Evidentiary hearings were scheduled May 23–27 in Denver on a proposal by Xcel Energy to increase its natural gas base rates by \$25.6 million and put a new rider on customer bills beginning in 2012 to provide expedited recovery of costs for pipeline safety improvements.

The proposed increase, filed in December, was suspended and set

for hearing by the Colorado Public Utilities Commission (PUC). A decision on the rate proposal is likely to be issued this summer.

The Xcel proposal would increase natural gas bills for residential customers by about 3.42 percent, or \$1.83 a month, based on average usage of 68 therms per month. Monthly bills for small business customers would go up about 3.23 percent, or \$6.90 a month, based on use of 291 therms.

Xcel Energy said the proposed increase was intended to recover investments and expenses in its gas distribution system that have occurred since the company's last rate increase in 2006. It would also pay for invest-

ments, along with operating and maintenance costs, for pipeline system integrity programs throughout the state.

As part of the rate case, Xcel Energy is proposing a new adjustment clause, called the Pipeline System Integrity Adjustment (PSIA), which would appear on customer bills beginning January 1, 2012. This new charge would pay for costs incurred after 2011 related to certain federal safety regulations and reliability improvements on the company's natural gas and transmission distribution system in Colorado.

Xcel Energy said it plans to invest about \$300 million from 2011–2015 pursuant to a number of pipeline integrity management and replacement programs.

In answer testimony filed in April, PUC staff recommended that Xcel's overall gas base rates instead be

reduced by \$20.4 million, including a 9.375 percent return on equity compared to the company's request of 10.9 percent. PUC staff also recommended that the Commission reject the extraordinary recovery for gas pipeline safety improvements.

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.

Base rates 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 quarterly charge, called the gas cost adjustment. Gas commodity charges account for 65–75 percent of the total monthly bill.

Agreement ends solar standoff

The Colorado Public Utilities Commission (PUC) in April approved an agreement ending a stalemate between Xcel Energy and solar energy system installers over the utility's solar incentive program.

The settlement called for Xcel Energy to restart the suspended Solar Rewards program, while reducing the amount of subsidies that would be paid up front for solar installations at residences and businesses.

The broadly-supported settlement was seen as a short-term bridge to restore the solar incentive program until it is fully reviewed by the PUC within the next 12-14 months. Xcel Energy had filed an application with the PUC in March seeking to reduce its solar rebate from \$2 per watt to \$1.25 per watt, and suspended the program the following day.

The approved settlement allows Xcel Energy to accept up to an additional 60 megawatts (MW) of solar installation applications, while capping 2011 expenditures at \$97.3 million. The agreement establishes a series of step-downs to reduce the up-front solar rebate for small customer-owned systems from \$1.75 a watt to zero as more solar installations are added.

Production-based incentives, spread out over 10 years, will increase from 4 cents per kilowatt-hour (kwh) to 14 cents per kwh for small customer-owned systems as the rebates are phased out.

As part of Colorado's 30 percent renewable energy standard, consumers pay a 2 percent surcharge on their monthly electric bills to support solar incentives and other renewable energy development.

Governor signs bill approving Colorado's regional haze plan

Gov. John Hickenlooper signed legislation on May 4 approving Colorado's "Regional Haze State Implementation Plan (SIP)," designed to reduce emissions along the Front Range in compliance with the federal Clean Air Act.

The Colorado Legislature passed the measure in April. The Regional Haze SIP, required by the U.S. Environmental Protection Agency (EPA), is expected to curb emissions of nitrogen dioxide and sulfur dioxide by 70 percent by 2017.

The centerpiece of the SIP involves broad emissions reductions plans for utility power plants along the Front Range. The Colorado Public Utilities Commission (PUC) approved plans for Xcel Energy and Black Hills Corporation late last year, as required under the 2010 Clean Air-Clean Jobs Act.

The PUC approved a plan for Xcel Energy to retire 550 megawatts of coal generation by closing three units at its Cherokee plant in Denver, one unit at the Arapahoe plant in Denver, and the Valmont plant in Boulder by the end of

2017. A new natural-gas fired unit will be built at the Cherokee site to replace the retired plants.

The PUC also approved converting another coal-fired unit at Arapahoe to natural gas generation, and a fourth unit at Cherokee to natural gas. The PUC will explore other possible options for Cherokee 4 in Xcel Energy's next electric resource plan, which will be filed this year.

The PUC also approved the installation of additional emissions control technology at Xcel Energy's Pawnee and Hayden power plants.

The \$1.4 billion plan is expected to add about 2.5 percent to electric rates by 2020, but is expected to be less than waiting for the EPA to impose an emissions plan for Colorado.

For Black Hills, the PUC approved retiring the company's two coal generation units in Canon City and replacing them with new gas-fired generation in Pueblo. Black Hills customers are expected to see an increase of about 5 percent in rates once the plan is fully implemented.

ALJ rules on taxi applications

A Public Utilities Commission (PUC) administrative law judge has recommended granting applications by Liberty Taxi and Denver Yellow Cab to expand taxi service in the Denver metro area by 300 vehicles.

The judge in March issued a recommended decision approving 150 vehicles for Liberty Taxi to start a new taxi company in the metro area. Liberty had wanted authority to put 215 vehicles on the streets. The judge also approved Yellow Cab's application to increase its fleet from 300 to 450 vehicles.

The judge last year denied an application from Mile High Cabs, stating that "the addition of 150 undifferentiated cabs would likely cause an oversupply of the market and result in inefficiencies such as reduced customer service, inadequate vehicles, lower driver net income, and a re-concentration of the market." However, the situation in the Liberty and Yellow applications "is virtually the complete opposite," the judge found.

"Here, Liberty Taxi presents an innovative and creative business model that will foster robust competition in that it will require incumbents to

respond through their own innovative service by upgrading technology, providing higher standards of customer service, or lower prices," the judge wrote.

The ALJ also found that extending Yellow Cab's authority would lend itself to a more competitive environment through the company's use of a digital dispatch system and other resources to seek out additional markets to increase customer demand.

A third application, by start-up Denver Cab Cooperative, was dismissed for failure to meet its burden to show that it was financially fit.

Under current law, taxi companies wanting to serve counties with populations of 70,000 or more 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.

Several companies took issue with the judge's recommendations and filed exceptions to the decision. The PUC is expected to take up those exceptions in late May or early June.

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