Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION JANUARY 2013

STARTING POINT

By **Doug Dean**
Director

Thanks to the Colorado Public Utilities Commission (PUC), Colorado Energy Office and the Colorado Division of Homeland Security and Emergency Management, the State of Colorado has a new resource in preparing for, responding to and recovering from energy sector impacts such as electric power outages.

The three agencies worked together to develop and release an updated Colorado Energy Assurance Emergency Plan (CEAEP).

With the growing implementation of computerized communication in energy infrastructure, impacts from outages have become more costly; a recent Department of Energy study has estimated that should a statewide energy disruption occur the cost to Colorado would be approximately $19 million to $49 million of lost economic activity for every hour of outage.

Over the last two years the PUC, CEO and DHSEM convened stakeholders from all levels of government and the energy community to identify the many threats to energy production and delivery in Colorado, both from natural and human actions, and explore the capabilities of all the involved parties to deal with those threats.

The group developed a clearer understanding of the vulnerabilities and interdependencies across the energy sector and how they relate to emergency management preparedness, response and recovery. Specifically, it addressed the rapid growth of the development of new technologies such as the smart grid, and changes in infrastructure.

Special attention was paid to cyber networks, which remain especially vulnerable to outside manipulation, along with geomagnetic storms, which while exceedingly rare, could have catastrophic results.

The project was funded by a grant from the Department of Energy and allowed Colorado to greatly improve the existing and obsolete 2007 Colorado Energy Emergency Response Plan (CEERP).

The Colorado Energy Assurance and Emergency Plan, which was completed in May 2012, proved its worth during the several wildfires Colorado experienced during the summer by providing improved communication, coordination and situational awareness.

When large power outages occur, the PUC participates as the "energy representative" in the state's Emergency Operations Center (EOC), providing critical support while working with

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Governor extends commissioner's term

Both Tarpey, Patton still await confirmation by Colorado Senate

James K. Tarpey

Governor John Hickenlooper has reappointed **James K. Tarpey** to the Colorado Public Utilities Commission (PUC).

"Colorado has been served well by James Tarpey's background in energy, telecommunications and transportation," Hickenlooper said. "We are fortunate to have Jim's level of experience and judgment on the PUC. He has helped Colorado establish solid, fair rules and regulations for protecting the environment and promoting business."

Tarpey has been a commissioner at the PUC since January 2008, when he was appointed by then Governor Bill Ritter to replace Carl Miller of Leadville, who retired with a year remaining on his term. Tarpey was appointed to a full, four-year term a year later. As a commissioner, he has participated in a wide range of matters involving the electric, gas, telecommunications and transportation industries.

"I appreciate Governor Hickenlooper's confidence in choosing to appoint me to a second term," Tarpey said. "The work done at the Commission is important for all of Colorado and I look forward to continued involvement in that process."

Tarpey served as president of the Western Conference of Public Service Commissioners in 2011. He also chaired the Colorado Task Force on Statewide Transmission Siting and Permitting in 2011–2012. Prior to his appointment to the Colorado PUC, Tarpey participated as an attorney in numerous state and federal regulatory proceedings on both energy and telecom issues.

Tarpey's appointment was effective January 7, 2013, for a term expiring in January of 2017. The appointments of both Tarpey and Commissioner **Pam Patton**, who was appointed in June of 2012, require confirmation by the Colorado Senate.

Tarpey, who holds a bachelor's degree from St. John's University and a law degree from Fordham University, serves with Patton and Chairman **Joshua Epel** on the three-member PUC, which regulates rates and services of investor-owned electric, gas and water utilities, intrastate telecommunications providers, and for-hire motor carriers in Colorado.

PUC commissioners serve staggered, four-year terms. No more than two appointees may be from the same political party.

PUC sets path for Xcel resource plan

The Colorado Public Utilities Commission (PUC) has established the framework for Xcel Energy to balance reliability, economic and environmental goals in supplying its customers' electric needs through 2018.

The PUC, in oral deliberations on December 18, approved an electric resource plan (ERP) for Xcel that maintains flexibility in resource choices, gives full consideration to renewable resources, and creates a level playing field between the company and independent power producers in competing to supply the state's power needs. The PUC's written decision is expected in mid-to-late January.

Once the written order is finalized, Xcel will solicit bids consistent with the approved plan for its future power needs and will 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 later in 2013.

Under PUC rules, Colorado's regulated electric utilities are required to file a plan every four years forecasting future electric demand and how the utility will meet that demand. In its 2011 Colorado ERP filing, Xcel forecasted only minor load growth for the next six years. The company projected that it will need an additional 93 megawatts (MW) of capacity in 2017 and 345 MW in 2018.

In its phase I decision, the PUC denied a request by Xcel to acquire certain natural gas-fired generation units in Brush currently owned by an independent power producer. The PUC said the projected benefits do not outweigh the risks, and the purchase of those units would limit the overall flexibility of Xcel's system.

The PUC approved the company's proposal to replace the capacity of the Arapahoe 4 coal-fired unit with purchased-power contracts, but denied a request to retire the unit by the end of 2013. The PUC said that decision would depend on the evaluation of the unit's cost effectiveness with other bids the company receives in the phase II process.

The PUC also declined to establish a specific set-aside for new technology renewable resources in the phase I decision, but said that every proposed project would receive fullest possible consideration in phase II. The PUC noted that Colorado has made tremendous strides in reducing emissions from power plants, and it was looking forward to the "next generation" of renewable projects.

PUC to examine phone competition in 2013

The Colorado Public Utilities Commission (PUC) will begin a review in early 2013 to determine where effective competition exists for basic voice telecommunications services across the state.

The proceeding, which is likely to continue at least through the first half of the year, will result in relaxed regulation of basic voice telephone service in areas that are deemed "effectively competitive." State subsidies for basic voice service in competitive areas will be eliminated, unless a telecom provider can demonstrate a continued need for support.

The PUC in December adopted changes to its telecom rules that will both protect Colorado consumers and allow them to have the benefits of a competitive marketplace. The rule changes are the framework for an overhaul of telecom regulation designed to recognize the technological and competitive changes in an evolving industry.

"With these rules, the Commission is reducing regulatory requirements where effective competition exists and continuing to provide high-cost support in rural, underserved areas," the Commission said in its decision.

The PUC stated that a starting point for determining whether effective competition exists in a geographic area is the presence of multiple providers of basic voice service. Other factors, contained in Colorado law, also will be considered, including the extent of economic, technological, or other barriers to market entry; the ability of consumers to obtain service from other providers at reasonable and comparable rates, on comparable terms, and under comparable conditions; and the ability of any provider to affect prices or deter competition.

In areas that have effective competition, retail rate regulation for basic service will be removed. Areas that do not have effective competition will remain fully regulated. The PUC will retain jurisdiction over E-911 emergency services for all areas.

In its rules, the PUC made permanent a $54 million cap on the state high cost fund, which had been temporarily in place for the previous six months. Wireline and wireless telephone customers in Colorado pay a monthly 2.9 percent surcharge on their bills to support the state fund.

In the third phase of the telecom reform process, the Commissions anticipates opening a follow-on rulemaking this year to continue streamlining its telecommunications rules based on the changing market and regulatory landscape, and to make any other changes as necessary.

PUC sets 2013 registration fees for telemarketers

Registration fees paid by telemarketers to obtain the state's do-not-call list will remain the same in 2013 as they were the previous year.

The Colorado Public Utilities Commission (PUC) approved the 2013 fees in December. 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.

The 2013 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 in 2013 about 330 telemarketers will pay registration fees in 2013, generating about $120,810 in annual revenues.

Colorado's no-call program allows 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 15, 2012, more than 4.2 million telephone numbers had been placed on Colorado's no-call list, which began in 2002.

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 1-800-309-7041, or by going on-line at www.coloradonocall.com.

2013 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**
401–1,000	**$490**
1,001+	**$500**

High-cost surcharge starts 2013 unchanged

The Colorado Universal Service Charge, used to help keep basic local telephone service affordable for all Coloradoans, will remain at the current 2.9 percent at least through the first quarter of 2013.

The state high-cost fund provides money to reimburse eligible telecommunications providers that serve areas with higher than average costs. This allows basic local phone rates to remain reasonable comparable across the state.

In its annual report on the program, issued to the legislature on December 1, the Public Utilities Commission (PUC) said it may be possible to reduce the surcharge in subsequent quarters of 2013 and still meet the forecasted demand for support. The surcharge has been at 2.9 percent since July of 2011.

The Commission said a number of factors could impact the state high-cost fund throughout the year, including state and federal actions to reform telecommunications regulation. The PUC, which reviews the surcharge on a quarterly basis as required by its rules, is currently looking at high-cost fund support as part of an overall review of telecommunications regulation in Colorado.

PUC staff estimates that statewide high-cost distributions to providers, along with administrative expenses, for 2013 will total about $53.5 million. Of that amount, CenturyLink (Qwest) is expected to receive $48.7 million, with the rest going to rural independent and wireless carriers. In a recent rulemaking decision, the PUC capped disbursements from the high-cost fund at $54 million annually.

Most Colorado telecommunications customers pay the monthly 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 state high-cost fund surcharge 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.

INSIDE CONNECTIONS

How does one go from dining with rock stars to presiding over utility proceedings? For **Paul Gomez**, it was just part of a varied career path that led eventually to the Public Utilities Commission.

Gomez, an attorney and former rock concert stagehand, is an Administrative Law Judge (ALJ) at the PUC. He conducts evidentiary hearings in matters referred by the Commissioners and prepares recommended decisions. He also conducts mediations for complaint cases.

"I enjoy weighing the evidence and testimony and conducting legal research to arrive at a decision that aspires to be reasonable and fair," he said. "I also enjoy the interaction with litigants and attorneys. I learn something new from each and every proceeding."

Gomez has been a PUC ALJ since September of 2008. Prior to that, he was an Assistant Attorney General, serving as PUC legal counsel for eight years.

Gomez's brush with the (sometimes) glamorous world of rock music began as an undergraduate at Metro State University, when he worked as a stagehand for a well-known concert promoter.

Paul Gomez

"The work was incredibly strenuous with long hours, but I got to meet lots of rock icons and not so iconic rockers," he said. "Some were fascinating, some were boring, others just boorish."

He even once had dinner with Jerry Garcia of the Grateful Dead.

After graduation, Gomez spent two years working as a stockbroker at a large investment firm, before earning a law degree at the University of Denver. During law school he served as an intern in the Enforcement Division at the Securities and Exchange Commission. Following law school, Gomez worked for 18 months at a private law firm then went to work as in-house counsel for a national, non-profit organization, which required extensive travel.

"After suffering from extreme travel burnout, I went to the AG's office and began my career with the PUC," he said.

Gomez is a member of the Physicians' Committee for Responsible Medicine, the National Hispanic Bar Association, and the Colorado Hispanic Bar Association. Outside of work, he enjoys scuba diving, photography, southwestern history, baseball and is an amateur sommelier.

One of his future goals is to "see the earth from outer space—and from the confines of some sort of spaceship."

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

Settlement trims Black Hills gas rate increase

A PUC administrative law judge in December approved a settlement reached in the Black Hills Colorado Gas Utility rate case that trimmed a proposed $1.04 million rate increase to $174,000.

The judge granted without modification the agreement filed in October by the company, PUC staff, the Office of Consumer Counsel and Colorado Natural Gas.

The original request, filed by Black Hills Gas last June, sought an increase of $1.04 million in annual revenues in its natural gas base rates to cover general plant investments made since 2008. Through negotiations, the parties settled on a fraction of that amount.

The settlement resulted in a 0.8 percent increase in base rates across all customer classes. Bills for typical residential customers using 79 therms of natural gas per month were expected to rise by $0.17 per month. For a typical small commercial customer using 117 therms of gas per month, monthly bills were expected to increase $0.26.

The new rates became effective on December 10, 2012.

The base rate component of a monthly bill (roughly 25 to 35 percent) covers costs associated with the delivery of gas, customer service, system integrity and service extensions to meet customer needs. 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.

The agreement established a 9.6 percent return on equity (ROE) for Black Hills Gas, down from the company's previous ROE of 10.25 percent. The ROE is the profit that a utility is authorized to earn on its investments. The PUC sets a maximum return on equity, but it is not guaranteed.

Black Hills/Colorado Gas Utility serves about 64,000 customers in 27 Colorado communities, including Castle Rock, Fountain, Larkspur, Monument, Woodland Park, Limon and Burlington. Prior to the latest settlement, it last received an increase in natural gas base rates in 2009.

POSITIVE CHARGES

PUC employees donated $14,782.20 of DORA's $52,042.10 total toward the Colorado Combined Campaign this year. The PUC's share exceeded last year's contribution of $13,687.08. Thanks to **Gabe Dusenbury** and **Abel Moreno** for leading another successful campaign.

The PUC has a new member of its advisory legal staff. **Todd Lundy** joined the team as a First Assistant Attorney General in late October. Lundy, who came to the AG's office from Qwest/CenturyLink, joins **Mariya Cassin** and **Erin McLauthlin** in providing legal counsel to the PUC Commissioners.

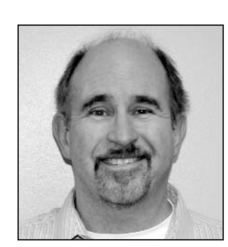
Congratulations to **Fiona Sigalla** on her promotion to senior economist; and to **Liz Hayes** on being named supervisor of the entire Administrative Support section.

Welcome to new PUC employees: **Kim Howard**, an administrative assistant in the Administrative Support section; **Bryan Fry**, an engineer in the Gas Pipeline Safety section; and **Nate Riley**, **Mike Gullatte**, and **Brian Chesher**, criminal investigators in the Transportation Safety & Compliance section.

Top: Kim Howard

Middle, left to right: Bryan Fry and Nate Riley

Bottom, left to right: Mike Gullatte and Brian Chesher



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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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San Juan authority seeks to restore enhanced 911

Seeks PUC approval to increase surcharge to $3.50 per month

The San Juan County Emergency Telephone Service Authority has applied to the Public Utilities Commission (PUC) to increase its monthly E-911 surcharge from $1.00 to $3.50 per month to restore E-911 capability in the county.

All users of telephone services in San Juan County, including wireless, wireline and Voice over Internet Protocol (VoIP), would be affected by the proposed increase in the E-911 surcharge.

San Juan County is Colorado's least populated county, with a 2011 population of 692, according to the U.S. Census Bureau. The authority has provided enhanced emergency communications within the county and the town of Silverton since 2001, using equipment that was funded by a grant from the Colorado Trust.

Early last year the equipment failed, leaving the county with only basic 9-1-1 service. The authority was unable to repair the equipment and software because it was out of date. The system needs to be replaced to restore enhanced 9-1-1 service, including the ability to automatically identify the location at which service is required, the authority said.

The San Juan authority also has applied to the PUC for a $40,000 grant from the Colorado Performance Assurance Program Tier 2 Fund to make up a shortfall in capital needed to acquire a replacement system. Funds from the increased surcharge, if approved, would cover future maintenance and operating expenses.

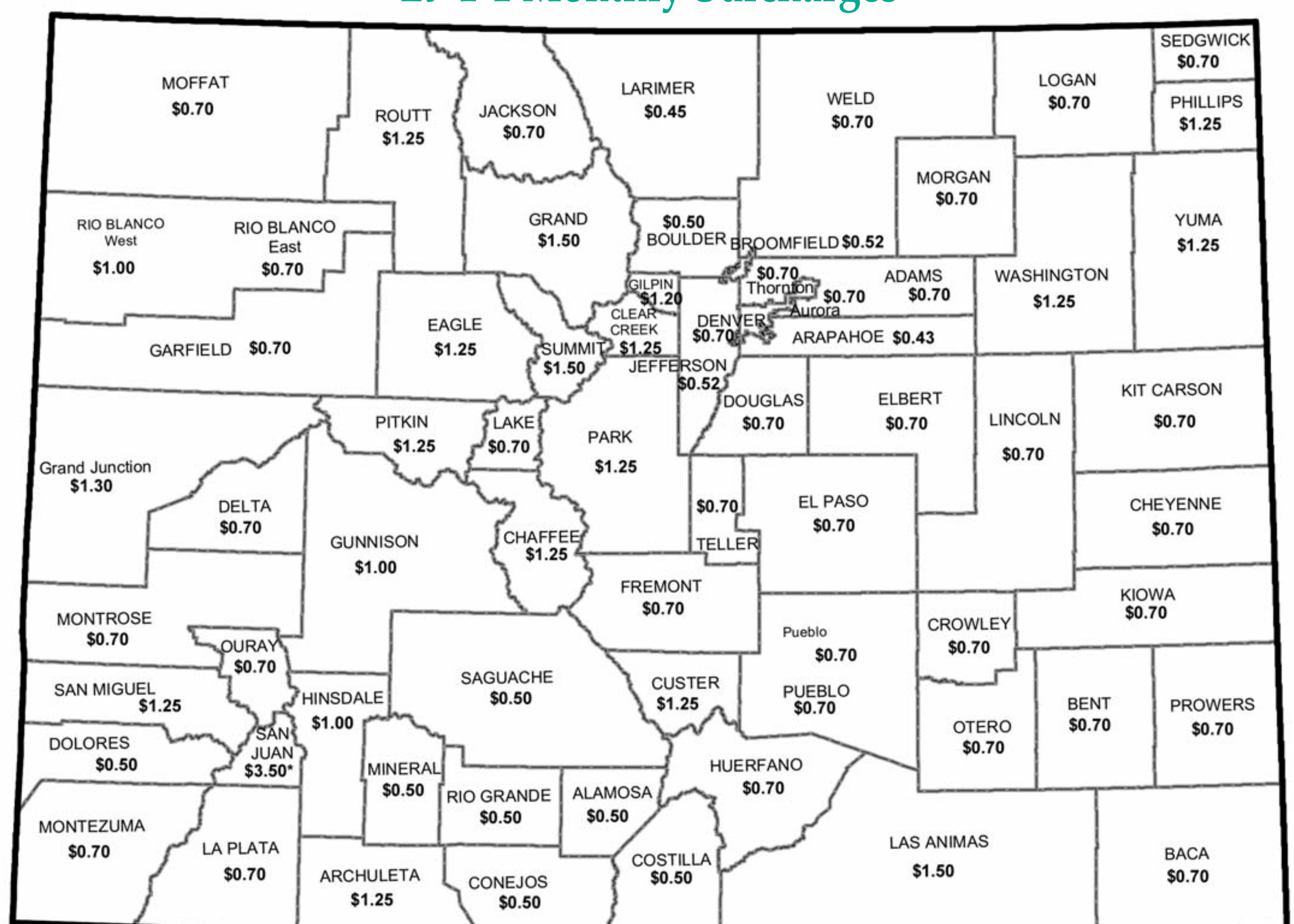
All telephone customers in Colorado pay a monthly surcharge to fund the equipment and operational expenses of the 911 system. Individual authority boards establish the amount needed to cover the costs of equipment, personnel, and access to telephone lines. The surcharge is collected by the telephone provider and passed on to the authority boards.

Under Colorado law, a 911 authority may assess a surcharge of up to 70 cents per customer per month for 911 service without the permission of the PUC. Anything above that amount requires PUC approval. San Juan County, which has 742 year-round telephone lines, including wireless, received approval to increase its surcharge to $1.00 per month in 2001.

Given the low number of lines, the authority said it must increase the surcharge to $3.50 per month to have a realistic hope of maintaining consistent E-911 service in the future.

The PUC is expected to conduct hearings on the San Juan applications in early 2013.

E9-1-1 Monthly Surcharges



*Proposed

Starting Point

(Continued from page 1)

utilities. Larry Duran and I are DORA's representatives at the EOC in the event of a major disaster.

A link to the full Colorado Energy Assurance Emergency Plan can be found on the PUC website.

Gas utilities request new charge on customer bills

Riders would pay for safety improvements to pipeline systems

Three Colorado natural gas utilities have filed applications with the Public Utilities Commission (PUC) to implement a new charge on their customers' monthly bills to pay for pipeline system integrity programs.

Approval for a new "System Safety and Integrity Rider (SSIR)" is being sought by Atmos Energy, Colorado Natural Gas, and SourceGas, along with its wholesale supplier, Rocky Mountain Natural Gas.

The purpose of the rider is to provide the companies with expedited recovery of cost burdens imposed by new federally-mandated gas pipeline safety rules, prompted in part by high-profile natural gas pipeline explosions in California, Pennsylvania and Ohio in recent years. The new charge would cover additional costs for pipeline safety improvements beyond routine capital expenditures and maintenance, outside of a rate case.

All three applications have been referred to a PUC administrative law judge for hearings.

Atmos has proposed applying a 5.79 percent rider to each customer's fixed monthly facility charge. For residential customers, that would mean an increase of $0.58 per month; while small commercial customers would be charged $1.39 per month. Atmos serves about 110,000 customers in 15 Colorado counties, including the larger towns of Canon City, Cortez, Crested Butte, Durango, Greeley, Lamar, and Steamboat Springs.

SourceGas is asking for approval to implement both a fixed and volume-based charge for each of its five service territories. The proposed monthly charge would range from $0.14 to $0.76 for residential customers, depending on the territory; while small commercial customers would pay an average of $0.22 to $0.88 more. SourceGas serves about 87,000 customers across Colorado, including the towns of Aspen, Delta, Glenwood Springs, Julesburg, LaJunta, Montrose, Ouray, Telluride, Wray, and Yuma.

Colorado Natural Gas (CNG), which serves about 21,000 customers primarily on the eastern plains and foothills southwest of Denver, said in its application it had no SSIR projects planned for 2013, but it is asking the PUC to approve a rider mechanism now so that it is available for use in the future.

CNG received PUC approval in 2011 to implement a capital expenditure rider to refurbish the Eastern Colorado Utility system it acquired that year. The company stated it needs a similar mechanism in place for its entire system in order to make similar types of improvements when necessary.

Colorado's largest gas utility, Xcel Energy, received approval to implement a pipeline system integrity adjustment (PSIA) rider on customer bills beginning in January of 2012. The rider expires at the end of 2014 and will require a new application if the company wishes to continue it.

Xcel Energy files for natural gas base rate increase

Proposal would hike rates by $104 million over next three years

Xcel Energy has filed a request with the Public Utilities Commission (PUC) for approval of a multi-year plan that will raise natural gas base rates by $104.2 million over the next three years to pay for upgrades to its natural gas pipeline system.

The Xcel proposal, filed December 12, includes rolling into base rates about $33.8 million from the Pipeline System Integrity Adjustment (PSIA), which is to be collected through a separate charge in 2013.

The company is proposing to increase revenues in steps over the course of the three-year plan. If approved, residential customers would see monthly rates increase by about $2.66, or 5.65 percent in 2013; increase $1.40, or 2.80 percent in 2014; and increase $1.45, or 2.83 percent in 2015. The average small commercial customer's monthly bill would increase $10.03, or 4.99 percent in 2013; increase $6.09, or 2.88 percent in 2014; and increase $6.29, or 2.89 percent in 2015.

The company is asking for a 10.5 percent return on equity (ROE), up from its current 10.1 percent. The ROE is the profit that a utility is authorized to earn on its investments. The PUC sets a maximum return on equity, but it is not guaranteed.

The PUC is expected to hold hearings on the proposal, with a decision likely to be issued this summer.

In its filing, Xcel said it plans "to accelerate its natural gas pipeline replacement programs to ensure safe and reliable operations, but also to take advantage of low wholesale natural gas prices, low interest rates and the beneficial impact our investments will have on Colorado's economy."

Xcel also requested an average rate increase of 9.6 percent for its 133 steam customers over three years. Xcel delivers steam to downtown Denver buildings.

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 charged for the gas commodity itself, which are passed on to customers on a dollar-for-dollar basis through a separate charge, called the gas cost adjustment. Gas commodity charges account for 65–75 percent of the total monthly bill.

Xcel's last gas base rate change, a $10.9 million increase, became effective in September of 2011. In April of 2012, the PUC approved a three-year electric rate agreement with Xcel resulting in a 6.8 percent increase in electric base rates over the period.

PUC to review 'white pages' delivery requirement

Printed residential telephone directories would be delivered only upon customer request under proposed changes to be considered by the Colorado Public Utilities Commission (PUC).

The PUC in December granted a petition by Dex Media East to review a long-standing requirement that residential, white page telephone directories be distributed free of charge to all customers served by that directory. Dex Media is the directory publisher for CenturyLink Corp. (formerly Qwest).

In its petition, Dex Media argues that technological changes and usage trends have greatly reduced the use and usefulness of residential directories. Dex estimates that "far less than 10 percent of households make any beneficial use of residential white pages."

According to the company, recent federal government statistics indicate that more than a third of U.S. households have no landline phone and rely exclusively on cell phones. Cell phone numbers ordinarily do not appear in residential white page directories. Also, people looking for residential numbers can now find them easily on the Internet, or stored on their cell phones.

There are also environmental benefits to reducing the number of printed directories, Dex said.

Dex is proposing to modify PUC rules to eliminate the "saturation" requirement for white page directories. Instead, local telephone companies would provide customers with the option, via written notice, to receive the directory upon request, free of charge, and within a reasonable time of the request. Local telephone companies would still have the option, if they so choose, to continue saturation delivery of the directory.

Emergency calling information—such as for the police and fire departments, including 9-1-1—would continue to be provided to all customers on a saturation delivery basis either in the yellow page/business white page directories or in a separate publication. Dex's proposal would also require publication of non-emergency numbers for contacting public safety agencies next to the 9-1-1 information to reduce the number of non-emergency calls placed through the 9-1-1 system.

Dex said in recent years at least seven states that had required saturation delivery have repealed or relaxed the requirement. More than a dozen other states have allowed waivers from regulations to deliver print directories to all customers.

The PUC is expected to hold a hearing on the proposed rule changes within the next month. A decision is likely sometime this spring.

March hearings set on Xcel's service quality plans

Hearings are scheduled March 19–20 at the Public Utilities Commission (PUC) on Xcel Energy's application to extend its electric and gas quality of service plans for an additional three years.

The current plans expired at the end of 2012. The company filed last July to continue the existing plans through 2015.

Under the electric plan, the company must issue bill credits of up to $11 million annually depending on how the company performs in reliability and other service quality categories. A reliability threshold is established for each of Xcel Energy's nine operating regions, and bill credits are payable to customers within an operating region if the company's performance fails to meet the standard for two consecutive years.

About $7 million in possible bill credits is associated with regional system reliability and is allocated among the nine operating regions based on the number of customers in each region.

The service quality plan also contains thresholds to measure the level of service delivered to individual customers. Xcel is required to issue a $50 bill credit to each customer who experiences more than five outages a year lasting longer than five minutes, or for each instance in which electric service is not restored within 24 hours following an interruption. Certain major events, such as major storms and other interruptions beyond the company's control, are excluded.

The plan also measures the company's telephone response times PUC complaint levels, and provides up to $1 million in each category is the thresholds are exceeded.

Xcel Energy has paid nearly $2.7 million in electric bill credits since the plan was implemented in 2007.

The company's natural gas quality of service plan establishes a maximum tolerance for meter reading errors and a maximum response time for permanent repairs of customer reported gas leaks. Performance worse than these tolerance levels results in the company's payment of bill credits up to a maximum of $1 million each.

Xcel has met all of the gas standards since the plan was put in place and has not been required to issue any bill credits.

Xcel files its service quality results on April 1 of each year for the previous calendar year. Any bill credits are to be issued during the July billing cycle.

Black Hills files electric case

The Public Utilities Commission (PUC) will likely hold hearings this spring on a proposal by Black Hills/Colorado Electric Utility Company to reallocate its costs among its various customer classes.

The PUC directed the company to file a "phase II" rate proposal in its decision approving a $10.5 million base rate increase effective January 1, 2012. A phase II proposal does not increase the annual revenues of a company, but changes how its costs are spread between customer classes. This will be the first redesign of Black Hills' base electric rates since 2005.

Currently, the base rate increase granted last year is collected by a 4.91 percent across-the-board rider paid by all customer classes. The new proposal would calculate rates to the different classes of customers based on how those customers cause the costs to be incurred.

The changes to the base rates would not apply to the other individual riders, which include the Electric Cost Adjustment, Transmission Cost Adjustment, Renewable Energy Standards Adjustment, Demand Side Management Cost Adjustment, and Purchased Capacity Cost Adjustment.

Under the proposed new rate structure, monthly base rates for residential customers would decrease by an average of about $1.52 per month, or 1.58 percent. Rates for small business customers would increase by about $9.57 per month, or about 2.74 percent. Rates for large business customers could go up or down, depending on the category under which they receive service. Rates for lighting service and irrigation pumping would decrease.

In addition to reallocating costs among the customer classes, the phase II proposal would:

- Redesign the Energy Cost Adjustment (ECA) to recover all fuel and purchased power costs exclusively through the ECA, instead of through a combination of base rates and the ECA; and
- Establish a time-of-use (TOU) pilot program to run until Dec. 31, 2015, which would be available to eligible large customers served on either the Large General Service or Large Power Service tariffs.

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

May 1 deadline for Black Hills ERP

The Public Utilities Commission (PUC) has extended the deadline for Black Hills to re-file its electric resource plan (ERP) from January 18 to May 1.

The PUC had set the January 18 re-filing date last October after dismissing the company's original application for failing to fully comply with the requirements of the Commission's ERP rules, particularly the rule that governs a utility's request for exemption from competitive bidding. In December, the PUC extended the re-filing date to May 1 after the company asked for additional time.

In its 2012 ERP filing, Black Hills proposed to build and own a 40-megawatt (MW) gas-fired unit to replace its Clark Station, a coal-fired facility in Canon City that is closing pursuant to the Clean Air-Clean Jobs Act.

The PUC has determined that the retirement of the Clark Station is needed and in the public interest for emissions reduction purposes, and that 42 MW of replacement capacity is also needed and in the public interest. However, the PUC said the company's proposal to self-build did not provide the evidence necessary to demonstrate that the replacement project was just and reasonable.

Black Hills serves about 94,000 electric customers in 21 southeastern Colorado communities, including Pueblo, Canon City, Florence, and Rocky Ford. It is required to file a plan every four years forecasting future electric demand and how the utility will meet that demand.

In addition to its electric resource plan, the May 1 filing will also include the company's 2013–14 Renewable Energy Standard (RES) Compliance Plan, which seeks approval of the continuation of Black Hills' on-site solar programs using the unsubscribed capacity from its 2011 and 2012 programs.

Connections
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