

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

SEPTEMBER 2013

STARTING POINT



By Doug Dean
Director

This year marks the 100th anniversary of legislation creating the Public Utilities Commission (PUC)—a notable milestone that reflects the longevity and importance of the agency throughout the history of Colorado.

The types of services we call “public utilities” have existed in Colorado for well over a century, beginning with railroad boom of the 1870s. In 1885, there were electric streetlights in central Denver, and a telephone line from Denver to Pueblo. The Colorado Legislature did not officially define such services as public utilities and bring them under state regulation until 1913, when it established the PUC to replace its predecessor agency, the Railroad Commission.

The 1913 act was controversial and an attempt was made to refer it to a vote of the people, but the petitions were declared to have fraudulent signatures. The first PUC embarked on its duties, with three members appointed by the governor, in 1914. Since then, 54 men and women have served terms as PUC commissioners.

Under the 1913 act, the PUC absorbed the function of the Railroad Commission to set rates for the state’s “common carriers.” In 1915, the definition of “common carrier” was amended to include trucks and automobiles used for transportation of freight and passengers. PUC-regulated types of transportation, at one time or other, have included everything from electric streetcars to intrastate air carriers.

The regulation of the so-called “fixed” utilities—electric, gas, water and telecommunications companies—also has seen some ebb and flow over the decades. Colorado’s rural electric carriers went to the legislature to seek PUC regulation in 1961, and then sought an end to that regulation in 1983. In 1983, the legislature also ended the Commission’s jurisdiction over municipal utilities.

The 1980s and 90s saw historic changes to telecommunications regulation—with the introduction of competition in both local and long-distance markets.

Today, the Commission has at least some degree of jurisdiction over hundreds of fixed utilities and more than 10,000 motor carriers in Colorado. Throughout the changes of 100 years, however, the Commission has remained focused on ensuring that the people of Colorado receive safe, reliable and reasonably-priced utility services.

Happy Centennial to the PUC.

Yellow Cab owner seeks to buy Metro

The parent company of Colorado Cab Company, which operates Denver and Boulder Yellow Cabs, is proposing to acquire Metro Taxi.

The transfer application, filed with the Public Utilities Commission (PUC) on August 8, would give control of MKBS LLC., which operates Metro Taxi, South Suburban Taxi, Northwest Suburban Taxi and Taxi Fiesta, to SuperTaxi, Inc. SuperTaxi said it would continue to operate Metro as a separate company, consolidating certain functions—such as dispatch, marketing, finance, training and maintenance—over time with those of Colorado Cab.

Metro is the Denver metro area’s largest taxi company, with PUC authority to run 492 cabs in the Denver metro area at one time. Denver Yellow is currently authorized for 300 taxis. In addition to Denver and Boulder Yellow Cabs, Colorado Cab Company also operates Colorado Springs Yellow Cab and Shamrock Taxi of Fort Collins.

Two other taxi companies also serve the Denver metro area: Freedom is authorized for 250 vehicles, and Union Taxi is authorized for 220.

SuperTaxi said the acquisition would result in enhanced services for both passengers and drivers in the Denver cab market.

“Specifically, Yellow Cab and Metro Taxi will achieve increased operational efficiencies as a result of the transfer, the



Yellow and Metro taxis wait to pick up customers outside a downtown Denver hotel. Yellow Cabs’ owner, SuperTaxi, Inc. is seeking PUC approval to acquire Metro.

transfer provides an opportunity to increase the size of Denver’s “green” taxi fleet, services in growing and underserved communities will be enhanced as a result of the transfer, and passengers and drivers will maintain or have more cabs available than they have today,” according to the application.

In addition, Metro Taxi must spend about \$1.6 million in the next year to replace 133 of its vehicles to comply with the Commission’s vehicle age rules. SuperTaxi has the financial capability to finance that investment, while also

replacing about 137 of Denver Yellow Cab’s older vehicles during that time, it said.

SuperTaxi said it also plans to replace about 100 of Metro Taxi’s Crown Victorias, which get about 11 miles to the gallon, with propane powered vehicles that are much more fuel efficient with lower emissions. Denver Yellow already has converted about 150 of its vehicles to propane.

After a 30-day notice period, which will expire in mid-September, the PUC will determine an appropriate procedural schedule for the application.

PUC to rule on Xcel’s Boulder petition

The Colorado Public Utilities Commission (PUC) is expected to rule in mid-September on a petition from Xcel Energy concerning its rights to continue to serve about 5,800 Boulder County customers if the city of Boulder creates a municipal electric utility.

The PUC agreed to consider the company’s petition in June and set up a procedural schedule for the filing of legal briefs and responses in August. The Commission determined no evidentiary hearing was necessary pending a review of any factual disputes contained in the legal briefs.

In its petition, Xcel asserts that the city of Boulder assumed in its planning models that approximately 5,800 electric customers of Xcel located in Boulder County, but outside of Boulder city municipal boundaries, would automatically become customers of a Boulder municipal utility in the event Boulder proceeds with municipalization.

The company is seeking declaratory rulings from the PUC that: (1) if a municipal utility seeks to serve customers outside the city’s boundaries, it is subject to the certificate jurisdiction of the PUC; (2) the PUC has already granted to Xcel a certificate of public convenience and necessity covering the territory and customers in Boulder County; (3) under Colorado law, there can be only one certificated utility per geographic area; (4) the certificate of an existing utility cannot be taken away without due process of law, which requires a hearing before the PUC and proof by substantial evidence that the existing certificated public utility is unwilling or unable to serve the certificated area; and (5) the need to construct replacement facilities as a result of actions taken by a challenging utility does not constitute an inability to serve.

The city of Boulder and the Colorado Office of Consumer Counsel were granted intervenor status in the case; and Black

Hills/Colorado, the Colorado Rural Electric Association, along with several of its members, were granted permission to file “friend of the court” briefs. The PUC sought legal argument from parties concerning the nexus between Boulder’s claimed power to condemn utility facilities outside of its municipal boundaries, the courts’ jurisdiction over condemnation matters, Xcel’s certification to serve electric customers outside of these boundaries, and the PUC’s regulatory authority.

Specifically, the PUC asked parties to address the question, “if Boulder may condemn facilities that are used to serve customers outside city limits, does this power result in Boulder’s right to serve retail customers located outside city limits and served by these utility facilities without the necessity of obtaining certification from the Colorado Commission.”

After reviewing the legal briefs, the PUC is expected to deliberate on the matter in mid-September.

Xcel sets new gas rates, subject to refund

New natural gas base rates for Xcel Energy, implementing an increase of approximately 5.65 percent in monthly bills for residential customers for the remainder of 2013, took effect on August 10. The increase is subject to refund with interest pending the final outcome of the company’s multi-year gas rate case.

Xcel Energy last December filed a request to increase natural gas base rates by \$104.2 million over the next three years to pay for upgrades to its natural gas pipeline system. The deadline for the Public Utilities Commission (PUC) to rule

on the proposal was August 10. Although a recommended decision is still to come, a PUC Administrative Law Judge issued an interim decision on August 8 approving the implementation of the new rates for 2013 with the refund conditions.

The company proposed to increase revenues in steps over the course of the three-year plan. In addition to the 2013 increase of about \$2.66 per month for residential customers, Xcel has proposed an increase in residential monthly bills of about \$1.40, or 2.80 percent in 2014; and \$1.45, or 2.83 percent in 2015. The average

small commercial customer’s monthly bill will increase about \$10.03, or 4.99 percent, for the rest of 2013; with proposed increases of \$6.09, or 2.88 percent, in 2014; and \$6.29, or 2.89 percent, in 2015.

The company also 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.

(Continued on page 3)

Complaint section secures savings for customers

The Public Utilities Commission's (PUC) Consumer Assistance group secured \$836,314 in credits and refunds on behalf of utility customers during the past fiscal year, according to the section's annual consumer assistance summary.

The section works to resolve disputes between customers and utilities, including transportation companies. For the year ending June 30, the section fielded 8,654 calls, a slight increase from the 8,542 calls in the previous fiscal year. More than half of the calls were resolved or answered by staff without

the need to refer to a utility or a transportation company.

In all, the consumer assistance staff addressed inquiries regarding 208 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The section took in 2,127 contacts and closed 2,141 for the fiscal year, compared to 2,300 contacts and 2,289 closed contacts a year ago.

A contact is a phone call, letter or email that requires some follow-up action from the consumer assistance staff. The number of contacts received

and closed in not the same because a contact is not necessarily opened and closed within the same fiscal year.

For the most recent fiscal year, the section closed 452 complaints concerning CenturyLink, an increase from last year's total of 413. The PUC closed 638 complaints related to Xcel Energy, a decrease compared to 789 contacts during the previous fiscal year.

When closing a contact, the staff determines the appropriate category. If the consumer files a general inquiry requiring follow-up by a specialist, the contact is closed as an "information"

request. If the complaint is in opposition to a proposed rate increase or a utility's services or actions, it is counted as an "objection." When the staff determines that a utility has not complied with PUC rules or regulations, the complaint is closed as "not in compliance."

The section also handled a total of 365 media contacts and issued six news releases for the fiscal year.

The complete 2012-13 Consumer Assistance Summary is available on the PUC website at: www.dora.colorado.gov/puc under the "Consumer" tab.

Customer service award winner chosen

Donna Acierno was selected by PUC co-workers to receive the 2013 Dom Hidalgo customer service award.

Acierno was one of three finalists for the annual award, which was established in 1998 to recognize the PUC employee who displays consistent and superior customer service throughout the year. Other finalists for the 2013 award were Lynn Notarianni and Cliff Hinson.

Donna is an assistant in the PUC executive office, providing administrative support for Director Doug Dean as well as the three PUC commissioners.

"Donna not only excels by taking great care of the Commissioners and Director, but also shines by taking care of staff as a whole," wrote a co-worker in submitting Acierno's nomination. "She is always willing and able to help where she can and is a delight to work with in the process."

The PUC customer service award is named for former PUC employee Dom Hidalgo, who exemplified exceptional customer service for more than 35 years in the PUC's Transportation section before he died in 1997.

Nominees for the award must have worked at the PUC for a minimum of three years and exhibit consistent and sustained effort in: demonstrating patience and tolerance, maintaining a positive attitude, assisting other employees; promoting a spirit of cooperation with others; dealing effectively in difficult situations; identifying improvements in processes or procedures; and displaying innovation in problem solving.

"Donna exhibits consistent and sustained efforts in the established criteria on a year-long basis, and absolutely



2013 customer service award winner Donna Acierno poses with PUC Director Doug Dean.

excels at these characteristics during the legislative session," her nomination read.

Acierno's nomination cited her knowledge of the legislative process, along with patience and willingness to explain and assist staff with the fiscal and policy analysis required for proposed bills. Over the years, Acierno also has refined the PUC's legislative tracking process, keeping staff informed and updated on the status of bills each session.

Acierno also is the PUC's Colorado Open Records Act coordinator, developing tracking procedures for each of the requests to make sure that the documents are properly reviewed by the attorneys, any required fees for copies are paid, and that copies of requested documents are provided in a timely manner.

As this year's winner, Acierno received \$250 along with an individual plaque, and her name will be engraved

on a permanent plaque displayed in the PUC reception area. The other finalists each received \$100 and individual plaques.

PREVIOUS WINNERS

| | |
|------|-------------------------|
| 2012 | Darlene DelValle |
| 2011 | Ted Barrett |
| 2010 | Chris Lowe |
| 2009 | Trudy Reinmuth |
| 2008 | Terry Bote |
| 2007 | Deb Fajen |
| 2006 | Lloyd Petersen |
| 2005 | April Woods |
| 2004 | Suzette Scott |
| 2003 | Jonell Poley |
| 2002 | Michele Gronewold |
| 2001 | Marisela Chavez |
| 2000 | Frank Shafer |
| 1999 | Barbara Fernandez |
| 1998 | Joyce Reed |

POSITIVE CHARGES

Congratulations to the following PUC employees for their years of service to the state of Colorado:

- 5 years—Robin Lateef, Anthony Lovato, Katie McBride, Lee McNeil, Margie Schlaufman, Jim Tarpey
- 10 years—Melody Mirbaba
- 20 years—Lloyd Petersen
- 25 years—Noel Giesige, Mana Jennings-Fader, Suzette Scott

Kudos to Steve Pott and the Gas Pipeline Safety staff for hosting a successful meeting of Western Region program managers in Montrose in June. The group meets annually to share operating practices with their regional partner states and exchange lessons learned from prior year experiences. These meetings have a positive impact going forward relevant to increasing pipeline safety practices and improved regulatory oversight and enforcement.

Congratulations to Ron Jack, who was chosen as Manager/Supervisor of the Year in the Department of Regulatory Agencies' annual "DOR Awards" program. Jack was honored along with other DOR Award winners at the department's annual employee recognition event in June.

A pat on the back to Barb Anders, who recently worked with multiple telecom competitors on wholesale matters and reached settlement agreements that eliminated costly litigation, provided the companies with an ongoing telecom environment in which they can thrive, and assured continued customer choice.

Welcome to new PUC employees Drew Bolin, Manager of the Research and Emerging Issues section; Brian VanSickle, a General Professional in the Operations section; and Nancy Brandt, a Criminal Investigator in the Transportation Safety and Compliance section.

Drew Bolin



Below, left to right: Brian VanSickle and Nancy Brandt



Kevin Stilson

INSIDE CONNECTIONS

With wife Kelly of five years, 3-year-old son and 13-month-old twin daughters, it's only natural for Kevin Stilson to also view his job through the lens of family life.

"The PUC has a family atmosphere that is refreshing to work in," said Stilson, who is an engineer in the Gas Pipeline Safety section. "I have been lucky to interact with many of the great people within the PUC and DORA."

As a member of the gas pipeline safety unit, Stilson performs safety audits and inspects records and facilities of intrastate natural gas transmission, distribution, petroleum gas, liquefied natural gas and master meter systems to ensure compliance with state and federal safety regulations. Inspectors also investigate natural gas incidents, as well as provide training and support to gas pipeline operators in Colorado.

"I am fortunate to work with an extremely talented group of individ-

uals. Our various backgrounds have created a fluid group that works very well together," Stilson said. "I have enjoyed working in the natural gas industry for many years and the opportunity to continue to do so with the PUC."

Stilson earned his bachelor's degree in Civil Engineering from South Dakota State University and a master's in Engineering Management from the University of Colorado in Boulder.

His civil engineering background extends over 20 years and working in nearly 10 different states. Stilson has worked for several city and state agencies, along with private design firms ranging from computer software design, roadways, drainage, floodplains, airport runways, subdivision design and, of course, natural gas pipelines and facilities. He started at the PUC in September of 2011.

"My goal is to continue interacting with government entities related to civil engineering and continue to

enhance the communities I am a part of," he said.

Stilson admits that with three small children, "spare time is a luxury I can no longer afford." But when he is not playing with his kids, he enjoys four-wheeling around some of the scenic off-road trails in Colorado.

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

PUC provides support during 2013 Colorado wildfires

A storm passes through Colorado, a lightning bolt strikes a remote mountain region where beetle infested areas have destroyed many trees, and shortly thereafter, a raging wildfire develops and is threatening the lives and homes of many Colorado citizens.

Unfortunately, this is a scenario that has repeated itself much too often lately. When this occurs and the State Emergency Operations Center (SEOC) is activated, the Public Utilities Commission (PUC) is called upon to provide assistance in the event of a Governor "Disaster Declaration."

When such a declaration is made, PUC Director **Doug Dean** and staff member **Larry Duran** are notified and report to the SEOC. There they provide support on energy matters—one of 15 critical areas designated by the Federal Emergency Management Agency (FEMA) to be addressed during disasters.

In their support role, Dean and Duran provide "energy industry utilities coordination" during Colorado's disasters by working with the utilities in the affected area to determine current risks, damage and mitigation efforts by the utility of its infrastructure. In addition, should the utility be in need of assistance, the PUC representatives coordinate support within the SEOC to help mitigate additional threats or outages.

For example, in the recent Black Forest Fire, a major transmission line provider requested authorization to enter a restricted area where the fire had already been extinguished in order to repair a transmission line serving a local REA so that it could then provide power to customers in surrounding areas not directly affected by the fire. The PUC



Fire damaged utility lines and equipment during this summer's Black Forest Fire near Colorado Springs. The PUC provides support on energy matters to the State Emergency Operations Center during wildfires and other disasters.

worked with Department of Homeland Security Emergency Management personnel and arranged for an on-site escort in order for them to safely enter the area and do the necessary repairs, which ultimately restored power to several hundred homes.

This is just one of many examples that illustrate the cooperative efforts by

state agencies that help to minimize adverse energy impacts to Colorado citizens, not only during wildfires but other major disasters as well such as blizzards, tornados and flooding, and also man-made threats such as those from cyber security.

As these events occur, the PUC will continue to fulfill its vital role and

provide support at the SEOC in order to address energy issues during disasters.

To learn more about the State of Colorado's preparedness in responding to and recovering from energy sector impacts such as electric power outages, see the "Colorado Energy Assurance Emergency Plan" (CEAEP) on the PUC's website at dora.colorado.gov/puc.

Xcel sets new gas rates

(Continued from page 1)

In its original filing, Xcel said it would use the additional revenue "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."

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.

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.

Fall hearing set for Black Hills resource plan

The Colorado Public Utilities Commission (PUC) will conduct hearings November 12-15 on Black Hills Energy's electric resource plan (ERP).

The proposed plan, which covers a resource acquisition period from 2013 through 2019, seeks approval for the company to construct a new, 40-megawatt (MW) gas-fired unit at the Pueblo Airport Generating Station to be on-line in 2017; approval to solicit a two-year 50-MW purchase power agreement beginning in 2015; and approval to solicit competitive bids for the acquisition of 74 MW of additional resources needed by 2017.

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. Black Hills filed its 2013 ERP last October, but its application was dismissed by the PUC for failing to fully comply with the Commission's ERP rules. The company re-filed its plan in April of this year.

Black Hills provides electric utility service to approximately 93,500 customers in 21 southeastern Colorado communities, including Pueblo, Canon City, Florence and Rocky Ford.

In the resubmitted plan, Black Hills again is seeking authority to build and operate a 40-MW gas-fired unit as replacement capacity for the Clark Station coal-fired units in Canon City that were shut down pursuant to the Clean Air-Clean Jobs Act. Although the PUC has previously determined that replacement capacity for Clark was in the public interest, it ruled the

company's previous proposal did not provide the evidence necessary to demonstrate that the airport project was just and reasonable.

In its new application, Black Hills said it has demonstrated that the proposed airport project meets the specific standards set forth by the PUC in its previous decision.

Black Hills also is seeking authority to retire two aging steam plants in downtown Pueblo at the end of 2013.

In addition, Black Hills said its evaluation showed the need for an additional new resource by 2017 to meet the projected power needs in its service territory. The company plans to acquire this resource through a Phase II competitive solicitation.

A PUC decision on the ERP is expected by the end of the year.

Xcel avoids bill credits under reliability plan

Xcel Energy received warnings for missing electric reliability standards in three of nine regions in 2012, but was not required to issue bill credits because no region exceeded the threshold for two years in a row.

Reliability standards for Xcel Energy are contained in a Quality of Service Monitoring and Reporting Plan, which was established by the Public Utilities Commission (PUC) in 2007. The plan provides for bill credits of up to a possible \$11 million annually depending on how the company performs in reliability and other categories.

Under the plan, 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.

According to 2012 results reported in April, Xcel met the reliability standard in six of the nine regions, including Denver, Boulder, High Plains, Mountain, San Luis Valley and Western. It fell below the threshold in 2012 for the Front Range, Greeley and Northern regions. Xcel received just warnings for those regions, since it met the standards for those regions in 2011.

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.

For 2012, the company had 8,609 customers who experienced five or more sustained outages, for a total credit of \$430,450. It also reported 53 customers (all in the Denver region) experiencing outages of 24 hours or more, for a total credit of \$2,650.

The service quality plan also measures the company's telephone response times and PUC complaint levels, and provides up to \$1 million in credits in each category if the thresholds are exceeded. For 2012, Xcel Energy met the standards in both categories.

The PUC recently approved an extension of the service quality monitoring plan through 2015.



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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Hearing on Xcel steam proposal pushed to October

Hearings have been rescheduled for October 15–17 on a proposal by Xcel Energy to replace an aging electric/steam plant in Denver with a smaller steam facility partially funded by natural gas customers.

The Public Utilities Commission (PUC) originally had set hearings for June on the proposal, but pushed them back to accept legal briefs addressing the issue of whether Xcel's provision of steam service was a regulated utility service.

Xcel is seeking a certificate of public convenience and necessity to build the Sun Valley Steam Center, a steam production facility consisting of two

package boilers and supporting equipment. The new facility would be built on the site of the Zuni Electric Generating Station near the Platte River in Denver.

The company said the Zuni Station, which includes steam generation send-out capacity to Xcel's steam distribution system, is scheduled for retirement at the end of 2015.

Xcel Energy and its predecessors have provided steam utility services in the downtown Denver area since 1879 to commercial office buildings, residential buildings, hotels, retail establishments, restaurants, and governmental buildings, such as the State of Colorado Capitol Complex, the Colorado

Convention Center, the Denver Art Museum, the Webb Municipal Office Building, and the Auraria Higher Education Center. As of a year ago, the company had 133 steam customers.

In its application, Xcel said it must make significant capital investments in new steam production capacity to replace the capacity provided by Zuni Station, which has reached the end of its useful life. However, given the small customer base currently served by the steam utility, the impact on steam rates associated with such a large investment presents significant challenges.

As part of the proposal, the company is asking the PUC to approve a "rate

stabilization" plan that would allocate part of the \$29 million cost of the new Sun Valley facility to its natural gas customers. Xcel said its proposal is the most cost-effective alternative to replacing the steam capacity it currently obtains from the Zuni station and will preserve "the viability of the steam utility business for the benefit of existing and future customers."

PUC staff and the Office of Consumer Counsel have intervened in the application, expressing concerns about natural gas customers subsidizing a cost not related to their service for the benefit of another customer group.

A decision on the proposal is expected by late November.

Atmos to implement interim gas rates on January 1

Atmos Energy is expected to increase its natural gas base rates on an interim basis on January 1 pending a final Public Utilities Commission (PUC) decision on the company's multi-year gas rate plan.

The company will be allowed to increase revenues by about \$4.1 million from January 1 until a final PUC decision is issued in the case. The increase will be subject to refund plus interest if the Commission decides on a lower revenue requirement.

Hearings are scheduled January 6–10 on the company's proposal, which was filed last May. Atmos is seeking to increase base rates in three steps. Along with the initial \$4.1 million, the company has requested additional revenue increases of \$2.9 million each to be implemented on July 1, 2014, and July 1, 2015.

On a statewide basis, bills for residential customers will increase by about

\$2.44 a month, or 4.96 percent, on January 1. Rates for commercial customers will increase by about \$7.86 a month, or 3.54 percent; and rates for irrigation customers will rise by \$21.38 a month, or 2.67 percent.

Under the proposed multi-year plan, residential customers would see additional increases of 3.34 percent on July 1, 2014, and 3.89 percent on July 1, 2015. For commercial customers, the increases would be 2.98 percent in July 2014 and 3.45 percent in July 2015. For irrigation customers, the increases would be 2.59 percent in July 2014 and 3.03 percent in July 2015.

As part of the proposal, Atmos is seeking to move recovery of its Advanced Metering Infrastructure costs from a surcharge into base rates; to move recovery of uncollectable gas costs from the Gas Cost Adjustment (GCA) into base rates; accelerate

recovery of investments associated with Atmos' System Safety and Integrity Program; and transition to a statewide GCA rate.

The company is requesting a 10.5 percent return on equity (ROE) for the plan period, and would incorporate a provision that provides for the annual

sharing of gas earnings with customers based on Atmos' financial performance.

Atmos provides natural gas service to more than 110,000 customers in 15 counties in Colorado, including the larger towns of Canon City, Cortez, Crested Butte, Durango, Greeley, Lamar and Steamboat Springs.

Refund for overearnings nets Xcel customers \$8.2 million

Xcel Energy electric customers will receive an \$8.2 million reduction in electric rates through next June as part of an agreement in which customers share company earnings above an authorized level.

The refund, approved by the Public Utilities Commission (PUC), went into effect on July 1 and continues through June 30, 2014. The refund amounts to about 25 cents per month on a typical residential customer bill and about 52 cents per month for small commercial customers.

The settlement stems from a 2012 decision in which the PUC approved a multi-year electric rate plan for Xcel Energy. Base rates were set for the period from 2012 through 2014, with annual increases built in. As part of a settlement in that case, Xcel agreed to a yearly earnings test in which earnings above a 10 percent return on equity (ROE) would be shared with ratepayers.

Xcel filed its 2012 electric earnings

report on April 1 of this year, indicating an ROE of 9.94 percent. PUC staff, the Colorado Office of Consumer Counsel and Colorado Energy Consumers challenged the report, disputing the company's calculations in a number of areas. After negotiations between the parties, an agreement was reached. The company revised its earnings report to reflect a 10.27 percent ROE, resulting in a sharing of \$8.2 million in excess earnings to customers.

In addition to the refund, the PUC also approved modifications to the schedule for filing and review of future earnings reports, with any refunds for excess earnings for 2013 and 2014 going into effect on Aug. 1 of the following year.

As part of the multi-year rate plan settlement, the company agreed not to seek any additional increase in base rates until 2015. Rates can still change, however, for certain items such as fuel or purchased power costs.

First cut at telecom competition on tap

The Colorado Public Utilities Commission (PUC) is expecting to make a first cut at determining areas where effective competition exists for basic voice telecommunications services across the state by the end of the year.

An Administrative Law Judge is soliciting opinions from PUC staff, CenturyLink, rural and competitive telecommunications providers (including wireless) and other parties about whether CenturyLink wire centers in which there are at least four providers (one incumbent and three competitors) should be deemed effectively competitive. At least 70 wire centers are being considered in the initial review.

Comments from parties are due September 16, with another round of comments expected in October. Commenters were asked by the judge to include what factors they considered in reaching their positions on the competitiveness of each wire center.

Based on the comments, the Administrative Law Judge will determine whether there is agreement among parties to immediately declare some or

all of the 70 wire centers as effectively competitive. A follow-on proceeding, which likely will occur in early 2014, will address those wire centers where there is disagreement about competitiveness, as well as wire centers where there are less than four providers.

The review is part of a comprehensive telecommunications reform effort designed to fulfill the PUC's legislative mandate to foster competition while maintaining affordability and universal service across the state.

Under PUC rules adopted earlier this year, regulation of basic telephone service would be relaxed in areas that are designated as effectively competitive areas (ECAs). PUC regulation of retail rates would be removed. Areas that do receive an ECA designation remain fully regulated. The PUC retains full jurisdiction over E-911 emergency services for all areas.

Under the rules, state subsidies for basic voice service in competitive areas will be presumed to be unnecessary, unless a telecom provider can demonstrate a continued need for support.

