

STARTING POINT



By Doug Dean
Director

Like many other industries, the way people choose transportation services is being transformed by technological changes. The advent and implementation of digital applications allows customers with a smart phone and the right “app” to immediately request transportation services from fully regulated taxi services, limited regulation luxury limousine services, and now even private individuals under the auspices of “transportation network companies.”

Companies like Lyft, UberX and SideCar arrange for-hire transportation services between private individuals. PUC staff believes these types of services constitute “common carriage” under state law and are subject to the jurisdiction of the Commission. Staff has initiated enforcement action against these providers to determine whether they are violating state law.

Staff’s concerns primarily fall into two areas—regulatory fairness and safety. By law, common carriers are subject to substantial regulation. Their rates are set by the PUC and they are required to provide quality service 24 hours a day, 365 days per year. The right to serve in any given territory is strictly controlled. These new private network carriers—like Lyft and UberX, however, provide nearly the same service as taxis and limousines with little to no regulatory oversight.

There are also safety concerns with the new carriers. While the companies’ claim to provide some insurance, the individuals actually providing the service do not have verified insurance on file with the Commission; they utilize vehicles which may or may not be safe, but have never been inspected by PUC staff; and the drivers providing the service are not subject to the same criminal history checks as drivers of both taxis and limousines.

PUC staff has been meeting informally with the new companies to try to find workable solutions that may allow these types of services to operate legally within the Colorado transportation market. But it is highly likely that this will require legislative changes to bring transportation law, which has remained largely unchanged for decades, up to date with current technology.

The governor’s office has asked me to head up a task force of transportation industry

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New commissioner steps on board

Glenn Vaad appointed to fill vacancy created with Tarpey departure

Glenn A. Vaad, a former Weld County commissioner and state legislator, is the newest member of the Colorado Public Utilities Commission (PUC).

Vaad, of Mead, was appointed by Gov. John Hickenlooper in December to replace **Jim Tarpey**, who stepped down in January after serving six years as a commissioner. Vaad’s appointment was effective January 7.

“Glenn is a distinguished leader who has dedicated much of his life to public service,” Hickenlooper said. “He knows how to listen to all sides of an issue and work with varied interests to find common ground. Glenn is calm, courageous and a good addition to the Public Utilities Commission.”

Vaad worked for 31 years at the Colorado Department of Transportation in various positions, including legislative liaison and secretary to the Colorado Transportation Commission.

He also brings more than 25 years of public service in a variety of elected and appointed positions, including eight years elected as a Weld County commissioner, six years elected as a state representative, and nine years on the St. Vrain Valley Board of Education.

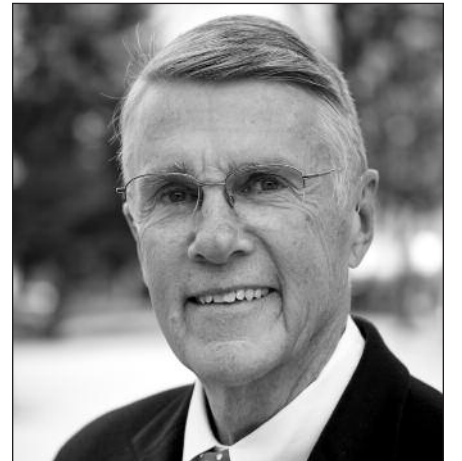


Jim Tarpey

“This is a great opportunity to build on the 26 years I have served the people of Colorado,” Vaad said. “I look forward to diving into the often complex regulatory issues facing the Public Utilities Commission and helping negotiate the right balance between energy development and the environment.”

Tarpey, who was first appointed commissioner in January of 2008, helped the PUC to establish solid, fair rules and regulations for protecting consumers and the environment, and promoting business.

“I appreciate the opportunity Governor Hickenlooper gave me to serve as a commissioner and am proud to have been a part of the important work of the PUC since 2008,” Tarpey said. “Being a PUC commissioner has



Glenn Vaad

been very challenging and I definitely have enjoyed it. It also has been time consuming, and I’d like to work less and play more.”

Vaad will serve a term expiring in January 2017. His appointment requires confirmation by the Colorado Senate.

Vaad joins Chairman **Joshua Epel** and Commissioner **Pam Patton** 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. Epel and Patton are Democrats, Vaad is a Republican.

PUC approves Xcel resource portfolio

The Colorado Public Utilities Commission (PUC) has approved a resource plan for Xcel Energy that balances environmental, economic and reliability goals in supplying its customers’ electric needs through 2018 and beyond.

The decision, reached at oral deliberations on December 10, sets forth directives and designates a combination of resources that Xcel Energy can acquire at a reasonable cost and rate impact. It adds renewable energy resources, advances Colorado toward the governor’s carbon reduction goals, ensures an adequate supply of resources in the future, and aims at keeping consumers’ energy costs as low as possible.

“This is an historic moment,” PUC Chairman **Joshua Epel** said. “Colorado

has been moving toward a lower-carbon future, and with the lower wind and solar costs, we have an opportunity to move that future forward.”

The PUC approved a resource portfolio for Xcel Energy that includes:

- The previously-authorized acquisition of 450 megawatts (MW) of wind resources.
- Continued operation of the Cherokee 4 unit on natural gas.
- Retirement of Arapahoe 4 unit.
- Entering into purchase power agreements with two natural-gas fired facilities owned and operated by independent power producers for a total of 317 MW of gas-fired capacity.
- The acquisition of 170 MW of photovoltaic (PV) solar capacity.

The decision allows the company to

acquire capacity beyond the level required within the resource acquisition period of the plan (through 2018) due to the low cost of bids received and the need for additional capacity beginning in 2019.

The PUC said its decision will allow Colorado to build on the impressive amounts of clean energy and energy efficient technologies already in place, and continue the remarkable success in the transition to more renewable energy.

With the written decision in hand, Xcel Energy will then negotiate contracts to acquire the selected resources. The company will enjoy a presumption of prudence in any future cost recovery proceeding for the selected resources, as long as its actions are consistent with the PUC’s decisions.

Hearing will focus on rooftop solar incentives

The Public Utilities Commission (PUC) will take up the issue of incentives for rooftop solar arrays next month as part of Xcel Energy’s 2014 Renewable Energy Standard (RES) Compliance Plan.

Hearings are scheduled February 3–7 before an administrative law judge at the PUC.

Colorado’s RES, approved by voters in 2004 and increased twice by the legislature, requires Xcel Energy to

generate renewable energy resources equaling 30 percent of its electric sales by 2020. The standard also includes a distributed generation requirement. The company annually files a plan detailing how it is meeting those goals.

In its 2014 proposal, Xcel said it generally intends to maintain its acquisition of on-site solar at present levels. The company is proposing to add 42.5 megawatts (MW) of renewable energy through rooftop solar and community

solar gardens programs, which already account for 160 MW of installations.

Xcel is proposing to cut incentives to customers to less than a cent per kilowatt-hour. It has also raised questions about the net metering credit that customers with solar installations get for electricity they send back to the grid. The company said net metering customers receive a 10.5-cent credit for each kilowatt-hour they put on the

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PUC sets 2014 registration fees for telemarketers

Registration fees paid by telemarketers to obtain the state's do-not-call list will remain the same in 2014 as they were the previous year.

The Colorado Public Utilities Commission (PUC) approved the 2014 fees in late November. 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 2014 fees will range from \$250 for telemarketers with 5-10 employees, up to \$500 for companies with more than 1,000 employees. Telemarketers

with less than five employees are not charged an annual registration fee.

PUC staff estimates that about 295 telemarketers will register with the Colorado No-Call program and pay registration fees that will generate roughly \$116,130 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, 2013, more than 3.7 million telephone numbers had been registered with 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.

2014 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

Telecom policy expert tabbed to head OCC

Schonhaut appointed new consumer counsel after Levis retirement

Cindy Schonhaut, an attorney with more than 25 years' experience in telecommunications policy, has been named the new director of the Office of Consumer Counsel (OCC).

Schonhaut replaced **Bill Levis**, who retired at the end of 2013 after five years as the head of the OCC.

"We are delighted to have someone of this caliber, and with the depth of

experience that Ms. Schonhaut brings to the Department of Regulatory Agencies," DORA Executive Director **Barbara Kelley** said. "We look forward to working with her as the Consumer Counsel and Division Director to further our mission of consumer protection."

Schonhaut brings more than two decades of experience in telecommunications regulatory policy, implementation and reform issues. She served as a legal advisor to a Commissioner at the Federal Communications Commission and was on staff of the Federal/State Joint Board for Universal Service. Her career includes stints as Director of Federal Regulatory Affairs for Level 3

Communications, and Executive Vice President for Government and External Affairs for ICG Communications, Inc.

"I am thrilled to be joining the team at DORA and honored to represent the interests of Colorado consumers in utilities cases," Schonhaut said.

Schonhaut is a graduate of Syracuse University and the University of Miami School of Law.

The OCC is a division of DORA that represents the specific interests of residential, small business and agricultural consumers in electric, gas and telephone rate and rulemaking cases before the PUC, federal agencies and the courts.

POSITIVE CHARGES

Best wishes to former Commissioner **Jim Tarpey**, who stepped down from the PUC on January 6 after six years as a commissioner. Tarpey's career of public service both started and ended at the PUC. He served as Commission counsel, staff attorney and administrative law judge from 1973 through 1977. After a long stint in private practice, Tarpey returned to the PUC as commissioner in 2008 after being appointed by Gov. Bill Ritter, Jr. As a farewell salute, Gov. John Hickenlooper declared Thursday, January 9, 2014, as "James Tarpey Day."

PUC employees donated \$13,402.20 toward the Colorado Combined Campaign (CCC) this year. The CCC is an annual workplace campaign that provides a way for Colorado government employees to donate to charities that benefit Coloradans. Thanks to **Lynn Notarianni** and **Marna Steuart** for heading up the PUC portion of the campaign.

Best of luck to **Lee McNeil**, who retired from the PUC Administrative Support section at the end of December.

Belated welcome to new PUC employee **Mona Romero**, who joined the Administrative Support section last September as an administrative assistant.



Mona Romero



Susan Travis

Not every girl gets the opportunity to have a handsome actor put his arms around her. For **Susan Travis**, however, it was a dream-come-true Hollywood moment.

"My family played in minor parts in several civil war movies, but the more memorable one was making the movie Gettysburg, where I had the pleasure of meeting Sam Elliott," Travis said.

Travis is a Rate/Financial Analyst with the Public Utilities Commission (PUC), where she is tasked with

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review, analysis, testimony preparation and providing recommendations for telecom advice letters, applications and all other telecom filings. It may not compare to meeting movie stars, but Travis still finds it satisfying work.

"I enjoy conducting research on new and complex issues, such as Next Generation 9-1-1, that come before the Commission and the impact they might have on consumers as well as utility businesses," she said.

Travis has been with the PUC since 2005. Over the years, she has performed as administrator of both the Low Income Telephone Assistance Program and the Colorado High Cost Support Mechanism.

Travis, who holds a bachelor's degree in business management, came to the PUC after working at MCI WorldCom as a Regulatory/Legislative Manager for six states. She was responsible for reviewing legislation that would impact the company's opera-

tions as well as overseeing any regulatory proceedings and required filings.

When not working, she enjoys gardening, especially trying to find unusual flowers that can withstand Colorado's climate. When the weather prohibits gardening, she likes trying out new recipes.

Travis served as a board member of the Huntington's Disease Society of America. After a presentation at the PUC from the Freedom Service Dogs during the Colorado Combined Campaign, she decided to spend her free time volunteering for that organization, along with an organization called Precious Child.

"Family is very important to me," she said. "I would like to make a positive impact on others who are disadvantaged by improving their quality of life."

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

RES Compliance Plan

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grid, but provide only 5 cents in benefits.

Xcel has suggested that the net metering incentive either "needs to be ramped down over time or that other rate design solutions must be explored to address the incentive net metering provides for future installations."

A number of solar industry associations dispute Xcel's claims, arguing that the company's studies have undervalued the benefits that rooftop solar installations provide. Those groups have intervened and are

participating in the proceeding.

In addition to the proposed changes to the solar programs, Xcel's 2014 RES compliance plan updates its Windsource program and, for the first time, adds both a recycled energy program and a non-solar renewable energy credit (REC) program to its portfolio.

The PUC has scheduled a public comment hearing on the proposal for February 3 in Denver. Public comment will be taken from 4:30 p.m. to no later than 7:30 p.m. in the Commission Hearing Room, 1560 Broadway, Suite 250.

A PUC decision on the RES compliance plan is due by July.

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members to look at possible changes to the law that can accommodate these new types of services. My hope is to find areas of agreement that can bring the convenience and benefits of innovative, technologically-driven services that passengers want, while at the same time maintaining important consumer protections and ensuring that all transportation providers are given a fair chance in the marketplace.



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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PUC rules provide flexibility on directory distribution

Local telephone companies will have more flexibility to determine how best to distribute white page directories under new rules adopted by the Public Utilities Commission (PUC).

In a written decision issued in December, the PUC affirmed an administrative law judge’s recommended decision that local telephone companies be given several options for providing their customers with access to white page directories. The new rules are expected to become effective within the next two months.

Last year, Dex Media asked the PUC to review a long-standing requirement that 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). Dex argued that technological changes and usage trends have greatly reduced the use and usefulness of residential directories.

In its petition, Dex cited studies indicating 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 listings. Also, people looking for numbers can now find them easily on the Internet, or stored on their phones.

The PUC conducted two rule-making hearings in 2013 to determine whether changes to the directory distribution rule were warranted. In its decision, the PUC approved rule modifications in which local telephone companies can choose one of the following options, depending on which one best suits its customers and its white page directory:

- An “opt-in” process, where the presumption is that, absent action by the customer, the customer will not receive a white pages telephone directory. Customers will receive written notice of the opt-in process, including instructions on how to request delivery of a directory, free of charge.
- An “opt-out” process, where the presumption is that, absent action by the customer, the customer will receive a white pages telephone directory free of charge. Customers will receive written notice of the opt-out process, including instruc-

tions on how to request that a white page directory not be delivered.

- A “saturation” process, where the company may continue to provide a printed white page directory to all customers within its service territory.

The PUC also adopted rule changes that require local telephone companies to provide “information pages” in an alternative printed form to those customers who opt out of receiving a white pages telephone directory. Information pages typically contain information such as emergency numbers, instructions for placing local and long distance calls, instructions for repair and directory assistance



Local telephone companies will be able to choose from several options for providing customers access to white page directories under new rules adopted by the PUC.

services; the telephone number and website of the telephone company’s business office; and the PUC’s toll-free number.

PUC reaffirms authority over assets outside Boulder

The Colorado Public Utilities Commission (PUC) has turned down Boulder’s appeal of a ruling that clarifies PUC authority over certain Xcel Energy utility assets that may be at issue if Boulder creates a municipal electric utility.

The PUC in December reaffirmed an earlier decision that the Commission has jurisdiction to conduct approval proceedings of the proposed transfer from Xcel Energy to Boulder of certifications, assets and facilities used to provide electricity services to customers located outside Boulder’s territorial limits in unincorporated Boulder County. The Commission also affirmed

that Boulder must obtain PUC approval before Boulder commences a condemnation action over regulated property rights.

The appeal stemmed from an October ruling in which the PUC granted certain declaratory orders to Xcel concerning its rights to continue to serve about 5,800 Boulder County customers if the city of Boulder proceeds with a municipal utility. The PUC ruled 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; and (3) under Colorado law, there can be only one certificated utility per geographic area.

The PUC also clarified that it has regulatory authority over electricity services provisioned by a municipal utility formed by the City of Boulder to customers located in unincorporated Boulder County, and that the doctrine of regulated monopoly governs any application filed by the City of Boulder seeking transfer of Xcel’s certificate of public convenience and necessity (CPCN).

The City of Boulder sought reconsideration of the October decision, arguing

that the PUC had overstepped its legal authority and that the city retained constitutional and statutory rights to determine which assets it acquired and the timing of such condemnation. But after soliciting legal briefs from the parties, the PUC concluded that both the state constitution and public utilities law validates the PUC’s authority as it relates to assets outside the city limits.

Part of Boulder’s municipalization plan has included the acquisition of a pair of substations outside city limits that serve both city and county customers.

The PUC decision can be appealed to district court.

Mile High Cabs step closer to joining Denver taxi market

The Public Utilities Commission (PUC) is a step closer to granting operating authority to Mile High Cabs to begin service in the Denver metro area.

Commissioner Jim Tarpey, acting as hearing commissioner, issued a recommended decision on December 10 stating that opponents had not “demonstrated by a preponderance of the evidence that granting the certificate to Mile High would actually be detrimental to the public interest.” He recommended granting Mile High authority to operate 150 cabs.

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.”

The PUC in 2010 denied Mile High’s application by a 2-1 vote, with the majority ruling that the opposing parties had satisfied their burden of proof. A Denver District Court judge affirmed the PUC decision in September of 2011. Mile High then appealed to the state Supreme Court, arguing that the PUC had not applied

the correct burden of proof to the elements that must be demonstrated by the parties opposing certification.

In April of 2013, the Supreme Court issued its opinion reversing the District Court, and the District Court remanded the matter back to the PUC for further action consistent with the Supreme Court opinion. The high court said the standard to be applied was whether opposing parties “have demonstrated it is more probable than not that the public convenience and necessity does not require granting of the application and that it is more probable than not that doing so would actually be detrimental to public interest.”

After re-reviewing the testimony and exhibits from the evidentiary hearing, the hearing commissioner concluded that the opponents did not meet the standard established by the high court. The full PUC is expected to take up exceptions to the recommended decision in February.

If it gains final approval, Mile High will join Yellow, Metro, Freedom and Union cab companies in serving the Denver metro area. An application by the parent of Yellow seeking to acquire Metro is scheduled for hearing next month at the PUC.

February hearings scheduled on Yellow/Metro acquisition

Hearings are scheduled at the Public Utilities Commission (PUC) in February on the application by the parent company of Colorado Cab Company, which operates Denver and Boulder Yellow Cabs, to acquire Metro Taxi.

A PUC administrative law judge has scheduled February 18-21 and February 24 to hear the case, which would give control of MKBS LLC—which operates Metro Taxi, South Suburban Taxi, Northwest Suburban Taxi and Taxi Fiesta—to SuperTaxi, Inc.

In its application filed last August, 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.

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 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.

A decision on the proposal must be issued by the PUC no later than July 28, 2014.

Xcel gas base rates slightly lower as of new year

Natural gas base rates for Xcel Energy decreased slightly on January 1 as a result of a final Public Utilities Commission (PUC) decision in the company’s gas rate case.

The PUC in December affirmed an administrative law judge’s decision that lowered Xcel’s annual revenues by about \$5.4 million from an interim rate that was put in place on August 10. The decision resulted in a decrease of about 74 cents a month for residential customers and \$2.13 a month for small commercial customers beginning January 1.

In its order, the PUC upheld the judge’s recommended decision rejecting a

multi-year request from Xcel to increase natural gas base rates by \$104.2 million over the next three years. Instead, the Commission granted an approximate \$29.6 million increase in annual base rate revenues.

Because of legal deadlines, the PUC in August authorized Xcel to implement approximately a 5.6 percent temporary increase in base rates, subject to refund pending the final outcome of the rate case. The PUC ultimately settled on about a 3.8 percent base rate increase, and directed the company to make a refund filing in March to return the amount to customers, with interest, that it overcollected during

the five-month period that interim rates were in effect.

The PUC decision also set the company’s authorized rate of return on equity (ROE) at 9.7 percent, instead of the 10.5 percent sought by Xcel. 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 also approved an extension of the company’s pipeline system integrity adjustment (PSIA), which provides expedited cost recovery for certain pipeline safety improvements beyond routine capital expenditures, through 2015. The

PUC declined however to expand the program as part of the rate case.

The base rate component of a utility’s 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.

PUC questions feasibility of new Xcel steam plant

The Public Utilities Commission (PUC) has turned down a request from Xcel Energy to replace an aging electric/steam plant in Denver with a new steam production facility, saying the company had not demonstrated the economic feasibility of the proposed plant.

The PUC in late November denied the company’s request for 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 Commission cited a number of shortcomings in the company’s plan, calling it “too preliminary,” and said much more analysis would be needed to justify the project.

The PUC directed Xcel to conduct a future needs assessment and detailed survey of its steam customers over the next six months to determine if a new steam facility could be economically sustained.

Xcel had sought approval to build the new facility on the site of the Zuni Electric Generating Station near the Platte River in Denver. The plant, 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.

The PUC said the company failed to address the potential of customers

leaving the system for self-generation, and failed to present a business plan for attracting new customers.

In its original proposal, Xcel also sought approval to allocate part of the \$29 million cost of the new Sun Valley facility to its natural gas customers. With the denial of the project, that issue became moot.

Black Hills gets plan approval

The Colorado Public Utilities Commission (PUC) has approved an electric resource plan (ERP) for Black Hills Energy that will guide the company’s acquisition of generation resources for the next six years.

The PUC on December 17 approved all major components of a settlement signed by the company, PUC staff, the Office of Consumer Counsel and a number of other parties in the case. The settlement was reached after hearings in November.

The approved plan gives Black Hills the authority to construct and own a new 40-megawatt (MW) gas-fired unit at the Pueblo Airport Generating Station; approval to solicit competitive bids for an additional 42 MW of resources to be in service by 2017; and authority to retire two aging steam plants in downtown Pueblo.

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

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 initially filed its current plan in October of 2012, 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, 2013.

The new gas-fired unit will replace the Clark Station coal-fired units in Cañon City that were shut down pursuant to the 2010 Clean Air-Clean Jobs Act. The PUC expressed concerns about the rate impact to consumers of the \$70.8 million plant, but said it was compelled by state law to approve it. That 2010 law gave utilities the right to build replacement capacity for coal plants shuttered for emissions reduction purposes.

After soliciting competitive bids from power producers for the additional 42-MW all-source solicitation, Black Hills will submit a report in 120 days evaluating the bids and selecting a preferred portfolio. The PUC will approve the final portfolio before Black Hills begins negotiations to obtain the selected resources.

Phone surcharge starts 2014 unchanged

The monthly telephone surcharge used to keep basic local telephone service affordable for all Coloradans will remain at the current 2.6 percent at least through the first quarter of 2014.

The Colorado High Cost Support Mechanism (CHCSM) provides money to reimburse eligible telecommunications providers that serve areas with higher than average costs. This allows basic local phone rates to remain reasonably 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 2014 and still meet the forecasted demand for support. The surcharge has been at 2.6 percent since April 1, 2013, when it was reduced from 2.9 percent.

The PUC 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 will total about \$52.2 million in 2014. Of that amount, CenturyLink (Qwest) is expected to receive about \$47.4 million, with the rest going to rural independent and wireless carriers. In 2013, the PUC capped disbursements from the high-cost fund at \$54 million annually. The state program takes into account any amounts received from the federal government.

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.

