

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2014

STARTING POINT



By Doug Dean
Director

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

Beginning in June and continuing through September, residential customers of Xcel Energy will again pay inverted-block rates for electricity usage. With inverted-block rates (also called tiered rates), the first 500 kilowatt hours (kWh) of electricity used during a summer month are billed at a lower rate (4.6 cents per kWh); all subsequent kilowatt hours are billed at a higher rate (9.0 cents per kWh).

That means customers who use more energy during those summer months will pay more, and customers who use less will realize greater rewards for their efforts to use electricity wisely.

The Public Utilities Commission (PUC) approved inverted-block rates for Xcel Energy in 2010 in an effort to price energy in ways that more accurately reflects its true cost. Because demand for electricity is at its highest in the summer, it costs more to generate the electricity to meet that need. And as demand continues to rise, more power plants are required. By slowing the growth in peak load, all electric customers will benefit.

Many customers have complained about the 500 kilowatt-hour (kwh) threshold, believing that is the breakeven point for higher overall bills. That is a misconception. The 500 kwh threshold is simply the point at which the price changes during the summer months. An analysis of usage indicates that 821 kwh per month is the breakeven point.

Customers whose average usage is above 821 kwh per month will pay more annually under tiered rates; customers whose average usage is below 821 kwh per month will pay less annually. That's because the rate for the first usage block (up to 500 kwh), along with the other eight months of the year, is lower than it would be normally. About 70 percent of Xcel Energy residential customers use less than the 821 kwh per month figure and should see lower annual bills under tiered rates.

Low-income customers with qualifying medical conditions or who use life-support equipment may participate in a program in which they are charged a flat rate for the summer months, instead of tiered rates.

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PUC hot topic: value of rooftop solar

The Colorado Public Utilities Commission (PUC) is expected to outline later this month how it will move forward with determining the value of retail renewable distributed generation and net metering to the electric grid.

The PUC opened a miscellaneous proceeding earlier this year to look at net metering incentives after severing the issue from Xcel Energy's 2014 Renewable Energy Standard compliance plan. The PUC conducted an informational meeting on April 9 to receive key stakeholder input on the appropriate scope and structure of the proceeding. Additional written comments were due by April 29.

Xcel Energy has 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 (Kwh) they put on the grid, but provide only 4.6 cents per Kwh 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 economic and environmental benefits that rooftop solar installations provide. They believe



The issue of the value of rooftop solar systems to the electric grid will get its day in the sun at the PUC later this year.

that rooftop solar power generates millions in net benefits for Xcel's Colorado customers.

Speakers at the April 9 meeting offered differing opinions on how to conduct the proceeding. Some suggested a series of workshops to find areas of consensus and disagreement, focusing on creating a methodology or formula that accounts for various costs and benefits of rooftop solar.

Others preferred a more formal, adjudicatory approach. PUC commissioners are expected to decide how to tackle the issue procedurally by the end of May.

PUC commissioners said that whatever approach is taken, all sides should be prepared to "put a stake in the ground" and offer specific numbers representing the value of rooftop solar electricity to the system.

Xcel proposes solar subscription plan

Xcel Energy has applied to the Public Utilities Commission (PUC) for approval of a new voluntary program that would enable customers to offset their annual electric usage with solar energy.

The program, called Solar*Connect, is modeled after the company's WindSource program that sells subscriptions for wind power. Under the proposal, Xcel would offer short-term solar subscriptions to customers for solar energy that would be generated from a new, large solar facility, up to 50 megawatts.

The company states that the proposed program is an alternative to on-site solar or community solar gardens.

"Many customers do not own property that can accommodate on-site solar facilities. Many customers do not live in areas where solar garden subscriptions are available. Many customers do not

have the ability to make large up-front investments in solar energy; others do not want to commit to solar energy for the long term," Xcel stated in its application. "Solar*Connect addresses these problems by providing an optional, short-term solar energy solution to a broad spectrum of our retail customers."

Customers who opt for this program would be able to subscribe to solar energy to displace up to 100 percent of their annual kilowatt-hour electric usage. Customers would be given a choice of contract year terms. Prices would be set forth on the company's website and may change at the company's discretion, but customers would be able to lock in their contract price and term at the time of subscription.

Under the proposal, shareholders would retain profits from the program.

Like the on-site solar and community solar gardens programs, Solar*Connect would still contain a subsidy supported by all ratepayers, but it would be less than the subsidy inherent in the other two programs, Xcel said.

To obtain solar energy for the program in a timely manner at prices that take advantage of the federal 30 percent investment tax credit, Xcel is asking the PUC by separate application for authorization to issue a targeted request for proposal for the construction of a new 50 MW solar facility. The company is also asking for permission to use previously-approved solar resources, by advancing their in-service dates, as start-up solar energy until the solar facility dedicated to the Solar*Connect program is built.

The PUC is expected to take up the matter for initial discussion in late May.

Commissioner still awaits Senate confirmation

As of April 25, the Colorado Senate had taken no action on the confirmation of Commissioner Glenn Vaad.

Vaad was appointed to the Colorado Public Utilities Commission (PUC) by Gov. John Hickenlooper effective January 7 to fill a vacancy created by the retirement of Jim Tarpey. Vaad's appointment was to complete a term that expires in 2017.

Because the appointment came prior to the start of the legislative session,

Vaad has been able to serve as a voting member of the Commission pending his confirmation. The Senate, however, has yet to schedule a confirmation hearing for Vaad, a former Weld County commissioner and state legislator.

If no action is taken by the Senate before it adjourns for the session on May 7, the governor may reappoint Vaad to the position, subject again to confirmation during the 2015 legislative session.

Prior to serving at the PUC, 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 has 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

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Mile High Cabs taking final steps to begin service

A new taxi company is expected to hit the streets of Denver later this spring.

The Public Utilities Commission (PUC) in March denied exceptions to a recommended decision granting operating authority to Mile High Cabs to begin service in the Denver metro area. The decision became final when no further appeals were filed.

Mile High will be authorized to begin its operations once it pays its \$5 per vehicle registration fee, provides the required proof of insurance, and files an approved tariff setting out the company's rates, terms and conditions of service. The company was

granted authority to use 150 vehicles.

The PUC's action ends a long, hotly-contested battle for Mile High Cabs to enter the market. By law, new 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, a PUC hearing commissioner concluded that the opponents did not meet the standard established by the high court, and the full PUC agreed.

Once it complies with the administrative requirements, Mile High will join Yellow, Metro, Freedom and Union cab companies in serving the Denver metro area.

Xcel seeks PUC approval on need for power line

Xcel Energy has filed with the Public Utilities Commission (PUC) for approval to build a new high-voltage transmission line from Brush to a substation just north of Castle Pines.

The proposed Pawnee to Daniels Park Transmission project would result in 115 miles of new 345-kilovolt (kV) transmission that would complete the company's 345-kV transmission backbone running along the Front Range from the Pawnee to Comanche generating stations.

In addition to a Certificate of Public

Convenience and Necessity (CPCN), the company is requesting specific findings from the PUC that the expected noise and electro-magnetic field levels associated with the project as designed and quantified in the application would be reasonable.

In its application, Xcel said the project will "improve reliability by alleviating the constraints that exist in large part due to the increase in wind generation on the system and allow additional resources to be added from northeast

Colorado for delivery to loads in the Denver metro area."

Utilities are required by law to seek PUC authority to build and own certain major electric infrastructure projects in Colorado. The PUC determines whether there is a need for the project, and whether the application is in the public interest. Siting of such projects is determined through local government permitting processes and is not controlled by the PUC.

Xcel said it looked at numerous

alternatives and chose the expansion of Pawnee-Daniels Park based on its flexibility to access multiple types of beneficial generation resources at an attractive cost. The company estimated that construction of its preferred plan would cost approximately \$178 million, with a proposed in-service date of May of 2019.

The notice period for formal opposition to the CPCN application was set to expire in early May. The PUC is expected to bring the matter to its agenda for discussion during the last week of May.

INSIDE CONNECTIONS

Between jobs at Qwest and the Public Utilities Commission (PUC), **Katie McBride** went to massage school and spent a few months working as a massage therapist. That training may come in handy as she tries to work out the kinks and release tension between customers and utilities in her new position as a consumer complaint specialist at the PUC.

After six years as an assistant in the Administrative Support unit and the Executive Office, McBride recently was hired to work in the PUC consumer assistance unit. As part of that group, she will help resolve customer issues about rates or service by making sure that utilities follow their tariffs and comply with PUC rules. The unit also provides input and background data to other PUC sections about consumer issues and trends.

"I like working at the PUC because the people are wonderful," she said. "And the work is interesting and diverse; no two days are ever the same. I'm really looking forward to working in

the Consumer Affairs group to be able to help people with their utility issues."

Prior to joining the PUC in 2007, McBride worked for three years at U S West/Qwest in the procurement office as an Expeditor for Central Office Equipment, and as an administrative assistant in the finance department. Before that, she was a stay-at-home mom for 15 years, and home schooled her kids for 10 years.

One of her favorite quotes comes from Henry Ford—"Whether you think you can, or you think you can't—you're right."

Away from work, McBride enjoys singing, hiking and walking. She joined Arvada Chorale this past spring. She also has a goal of touring Egypt's ancient temples and spiritual sites.

"Live life fully, richly and enjoy as many moments as you can," she advises. "And allow that for all others. Live and let live."

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



Katie McBride

Commissioner

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representative, and nine years on the St. Vrain Valley Board of Education.

Vaad serves with 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.

POSITIVE CHARGES

Congratulations to PUC Rail/Transit Safety chief **Pam Fischhaber**, who is scheduled to receive her Ph.D. in Engineering from the University of Colorado Denver this month. Pam's dissertation was entitled: "Development of Light Rail Crossing Specific Crash Prediction Models."

Her doctoral program reviewed railroad crash prediction models, determined these models did not accurately estimate the number of crashes expected to occur at light rail crossings, and developed crash prediction models for light rail crossings based on type of crossing control, configuration, number of trains and vehicles using the crossing, number of roadway lanes, train speed, and presence of sight obstructions.

Welcome to new PUC employees **Brian Gates**, a criminal investigator in the Transportation Investigation and Compliance unit; and **Diedre Hudson**, an administrative assistant in the Administrative Support unit.



Brian Gates



Diedre Hudson



The Peeps Court, submitted by the administrative support team, was the winning entry in this year's Peeps diorama contest at the PUC.

Starting Point

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As with any rate structure, some customers will benefit more than others based on their patterns of usage. But the PUC believes that tiered rates are an inherently fairer way to charge for electricity usage during the summer, while helping to encourage energy efficiency that will benefit all Coloradans.



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.

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Mountain of costs drive E-911 surcharge requests

E9-1-1 Monthly Surcharges

Hearings are scheduled in June at the Public Utilities Commission (PUC) on two applications for increases in monthly surcharges by mountain emergency telephone authorities.

The Summit County E-911 Emergency Telephone Service Authority Board and the Chaffee County Emergency Telephone Service Authority will present their requests to an Administrative Law Judge in separate proceedings.

The Summit County board is seeking to increase its E-911 surcharge from \$1.50 to \$1.95 per month, which would be the highest of any authority board in Colorado. The authority serves a resort community, with a relatively low resident population compared to the visitor and tourist population that drives much of the demand for 911 and public safety services.

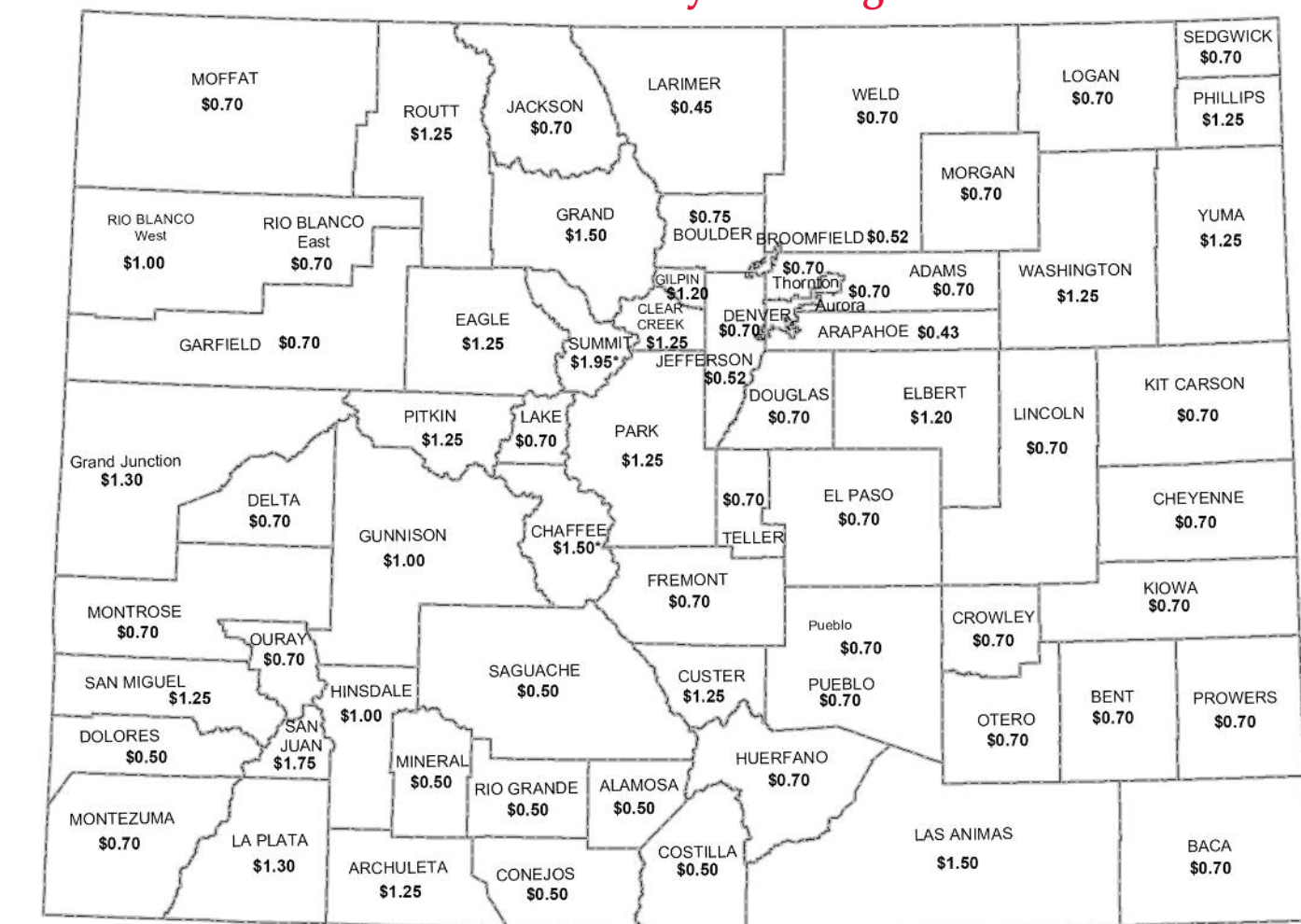
It is the resident population, however, that is the source of the 911 revenue for Summit County, since the phones used by the vast majority of visitors and tourists are registered and paid to other state, counties and authorities.

"It is not surprising then that the surcharge rates for Summit County must be higher than other counties in the state in order to provide the revenue necessary to provide 911 services," the board stated in its application.

A hearing on the proposal is set for June 13 and 16.

The Chaffee County authority board has requested to raise its E-911 surcharge from \$1.25 to \$1.50 per month. The authority serves an area of about 1,100 square miles of rugged mountain terrain with isolated communities, yet it is a destination point for many outdoor enthusiasts.

The authority board said an increase in funding is needed to acquire new



*Proposed

replacement equipment, which will be required in the near future for the authority to take and dispatch 911 calls.

A hearing on the Chaffee County application is scheduled for June 18.

Earlier this year, the PUC approved E-911 surcharge increases for two other authority boards. The monthly surcharge for the San Juan County Emergency Telephone Service Authority

increased from \$1.00 to \$1.75; and the monthly surcharge for the Boulder Regional Emergency Telephone Service Authority went from \$0.50 to \$0.75.

Land-line and wireless 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 emergency telephone services without the permission of the PUC. Anything above that amount requires PUC approval.

PUC seeks to improve 911 network after disasters

Physical redundancy, outage communications focus of investigation

A Public Utilities Commission (PUC) investigation into the performance of the E-911 network during recent flood and fire-related disasters in Colorado found some areas where system improvements can be made.

The PUC opened the proceeding last October to obtain input from key stakeholders regarding the performance of the emergency system during the September 2013 floods in Colorado. The specific impetus for initiating this investigation was a 97-hour E-911 failure in Estes Park caused by fiber optic cable being washed out and severed by flooding.

Hearing commissioner **Pam Patton** later expanded the inquiry to include discussions with El Paso-Teller emergency service officials on emergency system performance during the wildfires in 2012 and 2013. A workshop was held in January for all 911 stakeholders to allow for input and to raise questions or concerns regarding the reliability of the 911 network statewide and the processes used to protect that reliability.

"The most important point demonstrated by this investigation is that Colorado's emergency responders, the men and women and the communications system that supports them, work extremely well," Commissioner Patton wrote in her recommended decision. "During the flooding that occurred across 17 counties, 911 dispatchers and emergency responders responded to thousands of emergency calls. Overall, Colorado's dedicated, redundant and

nearly fail-safe 911 system delivered calls to the Public Safety Answering Points (PSAPs)."

The investigation focused on physical redundancy of the network, contingency plans and 911 outage communications. As part of the inquiry, CenturyLink identified 72 remote wire centers in Colorado with a single geographic pathway for telecommunications pathway. In these circumstances, if the connection between the host wire center and remote is lost, 911 service is lost also.

CenturyLink said it is planning to reduce the number of remote connections across the state, thereby improving geographic diversity. The recommended decision directed CenturyLink to file by July 31 its specific plans for providing redundant connections for the Estes Park and Allenspark wire centers. The company

also was directed to provide reports every six months on the status of its plan for constructing geographically diverse connections in other areas across the state over the next three years.

The decision also directed PUC staff to lead a subcommittee of the state's 911 Task Force in the development of an updated contingency plan and requirements in the event of a 911 service outage. PUC staff also will propose modifications by June 30 to update PUC rules relating to 911 outage reporting and contingency plans.

The decision also made recommendations for follow-up discussions between stakeholders on how to improve communications with the public during outages, as well as improve communications between the emergency service provider, 911 authorities, PSAPs and the PUC.

Nederland customers receive refunds for excessive outages

Electric failures prompt payments in addition to annual QSP credits

About 900 customers of Xcel Energy in Nederland were expected to receive a refund of \$200 during the April/May billing cycle for an excessive number of electric outages between August 2013 and January 2014.

The Public Utilities Commission (PUC) earlier this year approved the company's request to provide the extraordinary payments, which were to be in

addition to any bill credits required under the annual Quality of Service Plan (QSP).

According to the company, Nederland customers experienced a "perfect storm" of electric system outages beginning in August of 2013. Several large, singular outage-causing events—many lightning and weather related—had a pancake effect on the distribution system serving Nederland, a remote town surrounded by rugged mountains northwest of Boulder.

The problems were exacerbated by the catastrophic flooding in mid-September, and a previously-scheduled construction project driven primarily by

new load at the Eldora ski area. The result was that Nederland customers experienced between 11 and 25 sustained electric outages during the six-month period.

Under the company's Quality of Service Plan approved by the PUC, Xcel is required to issue a \$50 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.

Nederland customers will still

receive those automatic bill credits, which are usually applied to customers' July bills. However, the company sought PUC approval for the additional \$200 payments because of the extraordinary number of outages in a concentrated time period. The payments were to be made from shareholder funds.

Xcel also pledged to submit to the Town of Nederland, in early 2015, a follow-up accountability report for year 2014 that will track the company's service performance. The report also will focus on accountability and capital investment spending for the Nederland area. A copy of the report will be provided to the PUC.

Atmos requests \$4.8 million hike in gas base rates

Atmos Energy has requested an increase of \$4.8 million in annual revenues in its natural gas base rates to cover investments it has made to its natural gas delivery system over the past 16 months.

The proposal, filed in April, is expected to be suspended and set for hearing by the Colorado Public Utilities Commission (PUC). Hearings are likely to be held later this year.

The proposal would increase average monthly bills for residential customers by 7.2 percent in the company's Northeast region; 5.4 percent in the Northwest/Central region; 7.7 percent in the

Southeast region; and 7.6 percent in the Southwest region. Average monthly bills for commercial customers would go up by 0.1 percent in the Northeast region and 1.0 percent in the Southeast region, while bills for commercial customers in the Northwest/Central region and the Southwest region would remain the same or decrease slightly.

The PUC granted Atmos a \$1.3 million increase in annual base rate revenues effective March 1, 2014, based on expenses for a test year ending December 31, 2012. In its new rate request, the company stated it has invested more than

\$14 million in its natural gas delivery system since that period.

Atmos is seeking a 10.4 percent return on equity (ROE), up from its current 9.72 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 base rate component of a monthly bill (roughly 25–35 percent) covers costs associated with the delivery of gas, customer service, pipeline 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 PUC recently approved an increase in Atmos' gas cost adjustment effective April 1, due to higher than expected gas costs. The change resulted in a 12–15 percent increase in monthly bills for Atmos' residential customers.

Atmos provides natural gas service to more than 110,000 customers in 64 communities and 16 counties within Colorado, including the larger towns of Cañon City, Cortez, Crested Butte, Durango, Greeley, Lamar and Steamboat Springs.

Atmos seeks approval for new building in Greeley

Atmos Energy is seeking Public Utilities Commission (PUC) approval to build a new \$8.9 million business office and service center in west Greeley.

The company in February filed an application for a Certificate of Public Convenience and Necessity (CPCN) to build the new facility on about 6.5 acres in a business park west of town. The company currently leases and operates its service center and business office in two separate locations about a mile apart in Greeley.

In its application, Atmos stated the current buildings are 53 and 42 years old, and present challenges such as close proximity to residential neighborhoods and streets and on-going maintenance requirements. "Additionally, due to the change in business over time, these buildings are no longer adequate for the service Atmos Energy provides," the company stated.

Atmos said it has studied a number of alternatives—including various leasing

options or purchasing existing buildings—and determined that the proposed Greeley building project is the best solution.

The company estimated the cost of the project to be about \$8.9 million, plus or minus 10 percent, including the cost of the land, construction and design costs, furniture, fixtures and other equipment, and city fees. As part of the application, Atmos is requesting that the PUC grant a presumption of prudence of the estimated costs of the project for a future rate proceeding.

The Office of Consumer Counsel has intervened in the application, and a PUC Administrative Law Judge has scheduled a hearing on the proposal for May 28. A recommended decision is expected later this summer.

In addition to the Greeley facility, Atmos last year announced plans for new office and service center buildings in Cañon City, Salida and Gunnison. The company said subsequent CPCN appli-

cations for those projects will be filed at an appropriate time.

Atmos provides natural gas sales and transportation service to more than 110,000 customers in 64 com-

munities and 16 counties within Colorado, including the larger towns of Cañon City, Cortez, Crested Butte, Durango, Greeley, Lamar and Steamboat Springs.

PUC sets hearing in August on Xcel proposal for Boulder

The Public Utilities Commission (PUC) has scheduled hearings for August 21–22 to address how Xcel Energy should continue to offer voluntary energy efficiency and renewable energy programs to customers in the City of Boulder.

The company submitted an application earlier this year asking to modify demand-side management (DSM) programs, on-site solar programs, and community solar gardens programs for its Boulder customers, given the city's efforts toward creating its own municipal utility.

The application is similar to one filed by Xcel Energy in 2012, which the PUC dismissed at the time as premature. However, the company said the issue is now ripe for consideration given Boulder's recent action of serving the company with Boulder's Notice of Intent to Acquire Xcel's electric business in Boulder.

"These voluntary programs provide long-term benefits to the utility system," Xcel stated in its application. "If continued in their current form, and if the City completes its condemnation actions, then these programs would benefit a new Boulder municipal utility and not the Public Service system."

The company said it does not believe it is appropriate for non-Boulder customers to subsidize a newly-formed Boulder municipal utility. It is seeking

the PUC's permission to make several program modifications, including:

- Adding a termination provision to all new Boulder Solar*Rewards contracts that would allow the company to terminate its obligations to purchase energy and renewable energy credits from its customers when and if a cutover date occurs.
- Modifying its Customer-Owned Small Solar*Rewards offering for Boulder customers by making participants' contracts "pay-for-performance," similar to Xcel's other Solar*Rewards offerings.
- Limiting new participation of Boulder customers in its DSM programs so that the level of costs incurred by the company to fund new Boulder DSM participation in each year does not exceed the DSM electric revenue received from all Boulder customers in that year.
- Deferring the offering Solar*Rewards Community program to Boulder customers unless and until such time as Boulder determines not to proceed with the formation of a municipal electric utility.

"It is important to address now how to avoid any subsidization of Boulder from these voluntary Public Service customer programs," Xcel said in its application.

A decision on the application is expected sometime in the fall.

Xcel gas refund takes effect April 1

Xcel Energy will return about \$6.6 million to its natural gas customers over the next 12 months as part of the final true-up of rates from the company's most recent gas rate case.

The decrease went into effect on April 1 and will continue through March 31 of 2015. As a result, the average bill decreased about 30 cents a month for residential customers and about \$1.16 for small commercial customers.

Because of legal deadlines, the Public Utilities Commission (PUC) last August authorized Xcel to implement approximately a 5.6 percent temporary increase in base rates, subject to refund pending the final outcome of the gas rate case. The PUC ultimately settled on about a 3.8 percent base rate increase, which went into effect on January 1, 2014.

The PUC 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.

In its filing, Xcel calculated that amount to be about \$6.6 million, including about \$140,000 in interest. The PUC approved the plan to return the money to customers over a 12-month period.

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.

Also on April 1, the company implemented a \$4.9 million increase in its quarterly gas cost adjustment to account for higher gas costs.

