

STARTING POINT



By Doug Dean
Director

The Colorado Legislature has defined the manner in which companies like UberX and Lyft may operate in Colorado.

Senate Bill 14-125, signed by Governor John Hickenlooper on June 5, created

a new classification of Transportation Network Companies (TNCs) in the state's transportation law. Under the statute, TNCs will operate under limited regulation. The Public Utilities Commission retains registration, proof of insurance and safety oversight, but does not have authority over market entry, rates or most operational requirements for TNCs, except as spelled out under the law.

TNCs arrange for-hire transportation services between private individuals using a digital connection, such as a smartphone app. Uber and Lyft have been operating in the Denver area since last fall. However, questions about how they fit under transportation regulations soon followed. The PUC worked with legislators and transportation industry members to look at possible changes in state law to accommodate these new types of services. A bill was introduced and ultimately approved last session.

The law established certain financial and operational requirements for TNCs and their drivers. TNCs must register with the PUC and carry at least \$1 million in liability insurance. Drivers are subject to criminal background checks, and their vehicles must be inspected for safety by a certified mechanic annually.

The PUC adopted temporary rules to implement the new law on July 8. The temporary rules set forth initial processes for registration, fees and safety requirements for TNCs and drivers. A follow-on rule-making will establish permanent rules.

Governor Hickenlooper also directed the PUC to review regulations placed on taxis, limos and other common carriers to determine whether they are still appropriate or necessary with the advent of the new technology-driven services like TNCs. It's possible that more legislative changes to update Colorado's transportation statutes may be forthcoming next year.

Xcel electric rate request set for hearing

Clean Air-Clean Jobs costs drive proposed \$137.7 million net hike

The Public Utilities Commission (PUC) has suspended and set for hearing a proposal by Xcel Energy to increase its electric rates by a net \$137.7 million annually.

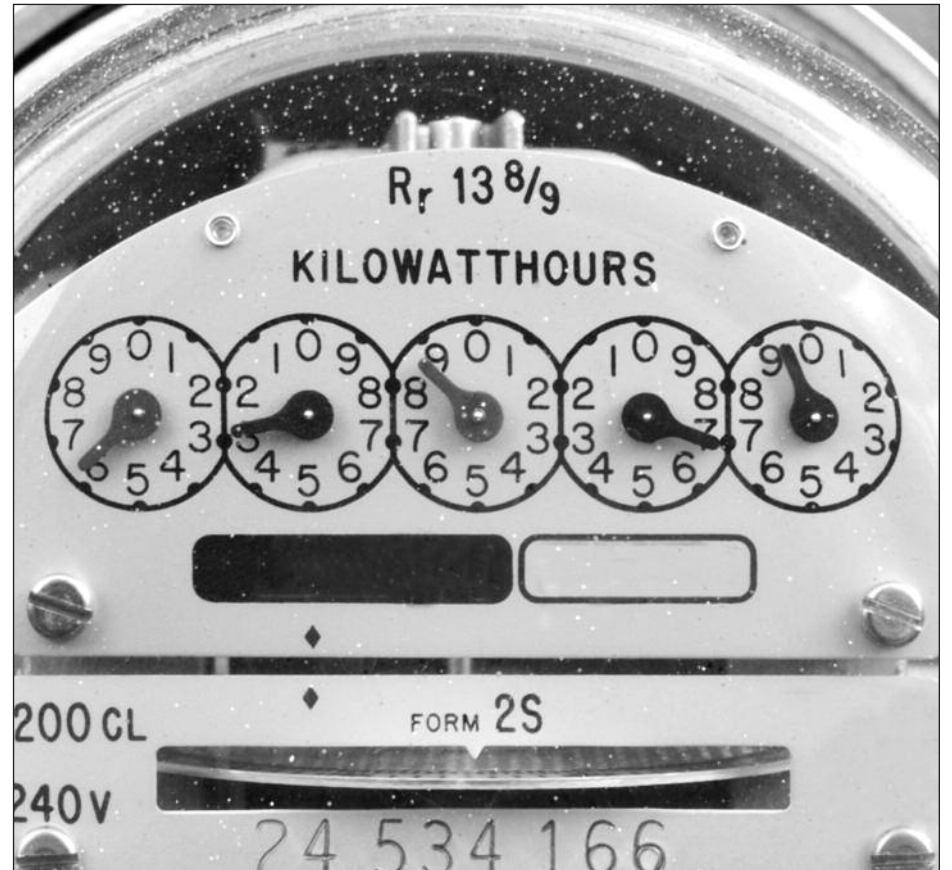
Hearings on the proposal, filed in June, are expected to take place early next year. A PUC decision is due by mid-February.

The proposal would increase monthly bills for residential customers, using an average of 632 kilowatt-hours (kwh) per month, by \$4.21, or 5.22 percent. Monthly bills for commercial customers, using 1,123 kwh per month, would rise by \$8.57, or 5.56 percent.

Xcel Energy said the principal drivers of the proposed rate change include increased property tax expenses, depreciation expenses, plant investment, and investment in projects under construction. Specifically, the company seeks to recover the costs associated with about \$2 billion of new capital investment, including projects to implement its emissions reduction plan approved pursuant to the Clean Air-Clean Jobs Act (CACJA).

In addition to the changes in electric base rates, Xcel is proposing a CACJA rider, beginning January 1, 2016, to recover additional CACJA costs not captured in the proposed base rate increase; a revenue decoupling mechanism under which Xcel would charge or credit customers based on changes to the weather-normalized use per customer of residential and small commercial customers; and an incentive mechanism where the company could be rewarded or penalized based on the annual performance of a specified group of generating units.

Xcel Energy is seeking a 10.35 percent return on equity, the profit that



a utility is authorized to earn to attract investors, up from the current 10.0 percent.

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

1560 Broadway, Suite 250, Denver, CO, 80202. Comments should be addressed to Docket No. 14AL-0660E. Customers may also submit email comments to dora_puc_complaints@state.co.us; or use the on-line comment form.

Earnings sharing reduction takes effect

A one-year reduction of \$45.7 million in electric rates for Xcel Energy customers went into effect on August 1 as part of an earnings sharing plan approved in a previous rate case.

The Public Utilities Commission (PUC) in July approved the 1.5 percent decrease in rates, or a \$1.17 credit per month for typical residential customers and a \$2.33 credit per month for typical small-business customers. The credit will continue through July of next year.

The reduction stems from a three-year electric rate plan for Xcel approved by the PUC in 2012. That plan provided for step increases in electric base rates in May 2012, January 2013 and January 2014, along with a sharing mechanism to provide refunds to customers if certain financial targets were exceeded.

For 2013, Xcel exceeded its 10 percent return on equity threshold, which triggered the earnings sharing mechanism.

PUC finding of telecom competition stands

Recent legal changes don't alter PUC ruling in 56 geographic areas

The Public Utilities Commission (PUC) has concluded that recently-enacted telephone legislation does not invalidate its previous finding that 56 telephone wire center serving areas in Colorado have effective competition for basic service.

The PUC issued a decision August 4 reaffirming that the criteria for making a determination that effective competition exists in certain geographic areas was unaltered by the changed statutes, and the PUC correctly applied that criteria.

The Commission in April ruled the 56 CenturyLink wire centers, situated mostly along the densely-populated Front Range corridor, from Fort Collins

to Pueblo, offered multiple providers for basic local telephone service. The PUC decision relaxed regulation of basic telephone service in those areas.

Less than a month later, the governor signed a package of telecom reform bills adopted by the legislature. Among other things, the bills deregulated basic local exchange service except in limited circumstances; exempted IP-based phone services from PUC oversight; and redirected a portion of a \$54 million annual high-cost subsidy to telecom companies into a fund to provide broadband service in rural areas.

The new law directed the PUC to continue to provide funding for basic service only in high-cost areas "without effective competitive." Accordingly, the Commission ordered high-cost funding to be eliminated in the 56 areas as of May 9, 2014, the date the measure was signed into law.

The PUC is expected to open a new proceeding later this year to determine if effective competition exists in other areas of the state. It will also take a comprehensive look at all telecom rules to determine which are still applicable and which are inconsistent with the recently-enacted statutes.

CenturyLink also has filed two recent applications with the PUC related to the new telecom reform law and decisions concerning effectively competitive areas. One application proposes to remove nearly all CenturyLink services from its PUC tariff in light of the deregulation legislation, and the other is an application to relinquish its "provider of last resort" obligation in the 56 wire centers that have been deemed effectively competitive and where high-cost funding support has been removed. The PUC is expected to take up these matters later this year.

Complaint section secures savings for customers

The Public Utilities Commission's (PUC) Consumer Assistance group secured \$119,397 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 7,599 calls, a decrease from 8,654 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 226 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The section took in 1,914 contacts and closed 1,885 for the fiscal year, compared to 2,127 contacts and 2,141 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 is 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 448 complaints concerning CenturyLink, nearly the same as last year's total of 452. The PUC closed 555 complaints related to Xcel Energy, a decrease compared to 638 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 service 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 404 media contacts and issued five news releases for the fiscal year.

The complete 2013-14 consumer assistance summary is available on the PUC website at www.dora.colorado.gov/puc under the "Consumer" tab.

Commissioner reappointed pending confirmation

Colorado Governor John Hickenlooper reappointed **Glenn Vaad** to the Public Utilities Commission (PUC) on May 8 after the Colorado Senate failed to schedule a confirmation hearing on Vaad's appointment during the 2014 legislative session.

Vaad, a former Weld County commissioner and state legislator, was appointed to the PUC on January 7 of this year to complete a term that expires in 2017.

Because the appointment came prior to the start of the legislative session, Vaad was able to serve as a voting member of the PUC pending his confirmation. The Senate adjourned for the 2014 session on

May 7 without taking up Vaad's appointment. The following day, Governor Hickenlooper reappointed 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 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.

Epel is serving a term that expires in January of 2015. Patton's term expires in January of 2016.

POSITIVE CHARGES

Denver's Regional Transportation District (RTD) received a certificate of merit at this year's American Public Transportation Association's Rail Safety and Security Excellence Awards, thanks to an assist from the PUC. The organization recognizes North American transit-rail agencies for excellence in safety and security programs and operations. RTD was cited in the light-rail category for its efforts in working with the PUC to create a joint audit process that focuses on performance-driven results. A tip of the hat to **Pam Fischhaber** and the PUC's Rail/Transit Safety section.

The PUC's **Larry Duran** provided a helping hand to Tri-State Generation and Transmission on the Elk Springs Fire in Moffat County this summer. Working with the Colorado Emergency Operations Center, Duran helped develop a map to assist Tri-State in identifying the location of a transmission line threatened by the wildfire. Using that information, Tri-State was able to take steps to mitigate the risk to the line.

Welcome to new PUC employees **Amy Vincze**, administrative supervisor in the PUC executive office; **Mishael Hayes**, an administrative assistant in the executive office; and **Ismael Reyna**, an administrative assistant in the Administrative Support Unit.



Amy Vincze



Mishael Hayes



Ismael Reyna

Decision on Xcel power line due in December

A Public Utilities Commission (PUC) decision is expected by December 10 on an application by Xcel Energy for approval to build a new high-voltage transmission line from Brush to a substation just north of Castle Pines.

Hearings were scheduled September 9-10 before a PUC Administrative Law Judge. The judge will issue a recommended decision later this fall, and the full Commission will rule if there are exceptions to the decision.

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.



Joel Hendrickson

Frank Lloyd Wright said, "talent is good, practice is better, passion is best."

As a member of the PUC's Advisory section, providing technical and policy advice to Commissioners and Administrative Law Judges, **Joel Hendrickson** takes that to heart. Hendrickson has a keen interest in electricity transmission with a passion for land use planning and the development of major infrastructure projects.

"I enjoy participating in policy development and rules that will define

how the energy delivery needs of state residents will effectively be addressed in years to come and for future generations," he said.

Hendrickson, who started at the PUC in May of 2011, works on adjudicated transmission dockets specific to Colorado, as well as regional electric transmission policy issues with many of the western states.

"I like that I can deliver to the commissioners a perspective on transmission planning from the ground up based on my experience in the business," he said.

Hendrickson holds a bachelor's degree in Social Ecology from the University of California at Irvine, and a master's in Urban Planning from UCLA. He has worked on the planning and development of major infrastructure projects throughout his professional career—ranging from transportation planning, to land and permit acquisition for cellular/wireless facilities, to siting, permitting and land acquisition for electric utilities.

"I have a comfortable grasp of


the elements involved as a transmission system evolves from an immediate demand or projected need for energy through the stringing of the conductor and the energizing of a line," he said.

Away from work, Hendrickson enjoys being a spectator at his daughter's soccer and volleyball games, biking, swimming and trying to get maximum use of his annual ski pass. He has participated in several local triathlons and is training for his first Ironman 70.3 race in Austin, Texas, in October.

"I receive much satisfaction from land use planning and will accept any opportunity to get involved," he said. "I served on the City and County of Broomfield Planning Commission for four years, as well as the Citizen's Advisory Committee for Denver's Berkeley Park Master Plan. The progression from policy to a tangible end product sustains the passion."

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

INSIDE CONNECTIONS




COLORADO
Department of
Regulatory Agencies
Public Utilities Commission

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:

Terry Bote
1560 Broadway, Suite 250
Denver, Colorado 80202

 Printed on recycled paper

Judge recommends grant of Metro-Yellow transfer

A Public Utilities Commission (PUC) administrative law judge has recommended approval of an application that would transfer control of Metro Taxi to the owner of Yellow Cabs.

The recommended decision, issued July 18, found that the proposed transfer of MKBS LLC, which operates Metro Taxi, South Suburban Taxi, Northwest Suburban Taxi and Taxi Fiesta, to SuperTaxi, Inc. was in the public interest and should be granted. SuperTaxi is the parent of Colorado Cab Company, which operates Denver and Boulder Yellow Cabs.

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 currently is authorized for 300 vehicles. 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.

In recommending approval, the administrative law judge found that economies of scale produced by the transfer will result in enhanced services for both passengers and drivers in the Denver cab market. The judge also said he was satisfied that



Yellow Cabs and Metro Taxi, shown outside a downtown Denver hotel, would operate under the same owner if the PUC approves a judge's recommended decision granting the proposed transfer.

Commission regulations and competition in the marketplace from other taxi companies, as well as Transportation Network Companies (TNCs) like Uber and Lyft, would keep any anti-competitive behavior on behalf of SuperTaxi in check.

Freedom Cabs, Union Taxi and Mile High Cabs are together authorized to

operate 620 cabs in the Denver metro area. Although exact figures for TNCs are not known, they also make up a significant portion of the market, the judge said.

The judge declined to find that a portion of Metro Taxi's authority had become dormant, and allowed the full authority to operate a maximum of

492 cabs to be included in the transfer. A stipulation restricting Metro Taxi from operating in an area bounded generally by the borders of Boulder, and from operating in an area south of Douglas County, was approved.

The PUC is expected to take up any exceptions to the recommended decision in October.

Xcel hits reliability standards in all but one region

Xcel Energy received a warning for missing electric reliability standards in one of nine regions in 2013, 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'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 2013 results reported in April, Xcel met the reliability standard in eight of the nine regions, including Denver, Boulder, Front Range, Greeley, Mountain, Northern, San Luis Valley and Western. It fell below the threshold in 2013 for the High Plains region. Xcel only received a warning for High Plains, since it met the standard for that region in 2012.

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 2013, the company had 11,176 customers who experienced five or more sustained outages for a total credit of \$795,750. It also reported 486 customers (all in the Denver and Boulder regions) experiencing outages of 24 hours or more, for a total credit of \$24,300.

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 2013, Xcel met the standards in both categories.

Earlier this year, the utility provided a separate refund of \$200 to about 900 customers in the Nederland area for an excessive number of electric outages between August 2013 and January 2014. This refund was in addition to the individual payments required under the service quality plan.

September hearings scheduled on Black Hills electric request

The Public Utilities Commission (PUC) will conduct hearings September 23–26 on a proposal by Black Hills Energy to increase annual electric revenues in Colorado by \$7.1 million to recover capital investments it has made since 2012.

The proposal would increase average monthly bills by about 4.5 percent. Average residential bills would rise by about \$3.91 per month; while average small commercial customers would see an increase of \$13.85.

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

The company's last rate increase, which was effective on January 1, 2012, covered expenses for new generation and related transmission at the Pueblo Airport Generation Station (PAGS). Since that time, Black Hills said it has invested approximately \$114 million in capital projects, including the Busch Ranch Wind Project, which was placed in service in 2012. The company said it will invest an additional

\$54.6 million in capital projects in 2014.

Black Hills is seeking a 10.3 percent return on equity (ROE), up from its current authorized level of 9.9 percent. The ROE is the profit that a utility is authorized to earn on its investment, in order to attract the capital needed to ensure safe and reliable service at reasonable cost for customers. The PUC sets a maximum ROE, but it is not guaranteed.

In addition to the increase in electric base rates, the company is requesting approval of a new rate rider for cost recovery of investment made pursuant to the Clean Air Clean Jobs Act. The proposed rider, beginning January 1, 2015, would allow the company to earn a return on construction work in progress for a third gas-fired generating unit at PAGS to replace its Cañon City coal plant that was closed as part of Clean Air Clean Jobs.

If approved, the proposed rider would add another \$0.42 per month to an average residential customer's bill, and \$2.00 per month to a small commercial bill, in addition to the proposed changes to base rates.

Judge recommends approval of Atmos rate case settlement

A Public Utilities Commission (PUC) administrative law judge has recommended approval of a settlement in the Atmos Energy natural gas base rate case.

The settlement, reached by the company, PUC staff, the Office of Consumer Counsel, and Energy Outreach Colorado, calls for an increase in base rates of \$2.4 million annually, or about or roughly half of what Atmos originally requested in April. New rates are expected to be in place no later than November 1.

The settlement increases average monthly bills for residential customers by \$1.40, or 2.40 percent in the company's Northeast region; \$1.72, or 2.35 percent in the Northwest/Central region; \$1.36, or 2.46 percent in the Southeast region; and \$1.45, or 2.66 percent in the Southwest region. Average monthly bills for commercial customers would go up by \$4.07, or 1.54 percent in the Northeast region; \$4.71, or 2.35 percent in the Northwest/Central region; \$3.34, or 1.83 percent in the Southeast region; and \$4.08, or 1.75 percent in the Southwest region.

Under the settlement, the monthly facilities charge for Atmos customers

will increase from \$10.75 to \$11.00 for residential customers; and from \$25.00 to \$26.78 for commercial customers.

The settlement utilizes a 9.72 percent return on equity (ROE) in determining rates for Atmos, down slightly from its previous 9.75 percent.

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.

Atmos implemented an increase in its gas cost adjustment on 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 Canon City, Cortez, Crested Butte, Durango, Greeley, Lamar and Steamboat Springs.

PUC adopts rules to ensure 9-1-1 ALI reliability

The Public Utilities Commission (PUC) has adopted emergency rules to ensure the continued reliability and affordability of the part of E-911 emergency telecommunications services that transmits a caller's location information to police, fire and other emergency responders.

Automatic Location Identification (ALI) service is a component of the E-911 service provided by CenturyLink to public safety answering points (PSAPs) in Colorado. CenturyLink has subcontracted with Intrado Communications to provide location identification information through Intrado's ALI database management system.

CenturyLink and Intrado have announced that they are terminating their subcontracting relationship for the ALI database in Colorado. CenturyLink is transitioning to a self-provisioned ALI service, and Intrado is offering to provide a separate ALI service directly to PSAPs in Colorado.

Due to risks to the public associated with changes to the ALI service, the PUC in July issued emergency rules that require CenturyLink, Intrado, or any other provider of ALI services, to prove the reliability and affordability of their ALI services prior to transitioning to a different ALI service or database system.

"It is of utmost importance to

ensure continuity in the provision of enhanced 911 basic emergency service for all citizens in Colorado," the PUC said in its order adopting rules. "This includes, without limitation, ensuring that there is no disruption of service due to any revision or termination of contractual relationships resulting in changes to hardware or software components or to processes used to provide basic emergency service."

Among the concerns that must be addressed before the PUC will approve a new ALI database system and service: accuracy of the ALI databases; operational reliability of different ALI services and connections; pricing and affordability for less populated juris-

dictions; coordination among service providers to allow input of customers' names and addresses into the databases; adequacy of communications among CenturyLink or Intrado and the PSAPs and 911 authorities for the operational transition to a different ALI database or ALI provider; and adequacy of testing of new or transitioned systems.

The PUC said it also would commence a permanent rulemaking and solicit comments from providers, PSAPs, local 911 authorities, and other interested stakeholders. The emergency rules will remain in place for 210 days or until permanent rules become effective, whichever period is less.

Judge recommends denial of new Atmos building

A Public Utilities Commission (PUC) administrative law judge has recommended denial of an application by Atmos Energy to build a new \$8.9 million business office and service center in west Greeley.

Atmos 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 asserted the buildings were no longer adequate due to their age, their close proximity to residential neighborhoods and streets, on-going maintenance requirements and other factors.

In a decision issued July 25, the PUC administrative law judge ruled that the

company had failed to adequately demonstrate the need for a new building, as opposed to other less-costly alternatives.

"Because there has been little quantified benefit shown to the ratepayers, the (judge) cannot conclude that the Greeley Building Project is in the public interest or that it is an improvement which justifies the cost," the judge wrote. "When viewing the evidence as a whole, the (judge) concludes that the company has failed to meet its burden to prove by a preponderance of the evidence that there is a present or future need for the Greeley Building Project."

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

and Steamboat Springs. The company last year announced that it also was considering new office and service center buildings in Canon City, Salida and Gunnison, but has not yet filed

for PUC approval for those projects.

The PUC is expected to take up any exceptions to the recommended decision on the Greeley project in late September.

Next panel discussion to look at benefits from net metering

The second of three panel discussions to consider net metering and the potential impacts of the expansion of retail renewable distributed generation in Colorado will take place on Wednesday, October 1, at the Public Utilities Commission (PUC).

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. In June, the PUC established a schedule for filing of legal briefs and said it would also convene three workshops to gather additional information.

At the first workshop on July 24, the commissioners and panelists addressed the status of net metering in Colorado, the projections for the growth of on-site solar distributed generation in the future, and the cost impacts of distributed solar generation resources under net metering. The second discussion will focus on the benefits of distributed solar resources under net metering.

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 contends 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."

The solar industry disputes Xcel's claims, arguing that the company's studies have undervalued the economic and environmental benefits that rooftop solar installations provide. Solar advocates believe that rooftop solar power generates millions in net benefits for Xcel's Colorado customers.

A third panel discussion later this year is expected to explore approaches that other states have taken to address the evolution of net metering.

Through the legal briefs and informational meetings, the PUC intends to determine a specific course of action for addressing the net metering issue in Colorado.

Hearing set for solar subscription plan

The Public Utilities Commission (PUC) will take up Xcel Energy's request for approval of its Solar*Connect program at hearings on November 3-5.

Xcel has proposed offering a new voluntary program that would enable customers to offset their annual electric usage with solar energy. Solar*Connect is modeled after the company's WindSource program, which sells subscriptions for wind power.

Under the solar 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 (MW). The company stated the proposed program is an alternative to on-site solar or community solar gardens.

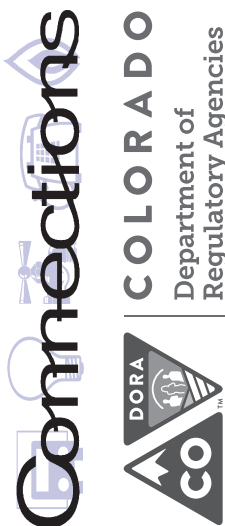
By separate application, Xcel asked the PUC for authorization to issue a request for proposal for construction of a new 50 MW solar facility and requested expedited treatment of the

application. The company said it needed accelerated treatment of the project to take advantage of expiring federal tax credits.

In a decision issued on June 9, the PUC denied the request for expedited consideration, stating the company "has not met its burden to demonstrate that its proposed expedited schedule is necessary to meet the deadline for qualification for a 30 percent (tax credit), which is approximately 30 months in the future." The PUC consolidated the two applications and set them for hearing.

The PUC also directed Xcel to submit supplemental testimony explaining more thoroughly the subsidies requested to support the Solar*Connect program, and how those compare with subsidies inherent in net-metering of on-site solar customers and bill credits for community solar gardens customers.

A PUC decision on the proposal is expected before the end of the year.



1560 Broadway, Suite 250, Denver, CO 80202