

# Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

JANUARY 2015

## STARTING POINT



By Doug Dean  
Director

Bill credits and refunds of nearly \$840,000 were issued to about 35,000 Colorado utility customers by the end of 2014, thanks to the efforts of the PUC's Consumer Assistance section. The refunds resulted from two separate investigations started by consumer complaints to the PUC.

A customer from Golden contacted the PUC last spring with a complaint about a high gas bill from Xcel Energy. After investigation, it was determined that the company had used a wrong multiplier for altitude—using the customer's mailing address instead of the actual service address. Xcel calculates natural gas bills based on many factors, including the altitude at which the natural gas meter is located.

In light of the mistake, PUC staff asked the company to review whether other customers were similarly impacted. As a result of the review, Xcel corrected the altitude factor for more than 30,000 premises in Colorado where the mailing address was at a lower altitude than the physical address.

About 2,300 customers received bill credits in May and June ranging from \$40 to \$200. Another 28,000 Xcel customers received bill credits in the October billing cycle averaging about \$26.50 per customer. The mistake occurred due to a billing adjustment Xcel made in late 2011, but bill credits extended back only two years, in accordance with PUC rules.

Overall, Xcel credited \$804,568.14 to 30,412 customers in the foothills and mountain locations of Colorado.

A second investigation resulted in a refund of more than \$35,000 to about 4,200 customers of a mobile home community in Pueblo. PUC staff began looking into the community owner's master meter billing practices following an individual complaint filed in 2013. After the PUC staff involvement, the owner agreed to change its billing practices and refund to tenants overbilled charges for a 24-month period.

The refunds, based on how long the tenants resided on the property during the 24-month period, ranged from about \$8 to \$200. Bill credits were issued over a 12-month period that ended with the November billing cycle.

These are just two recent examples of how the PUC continues to fulfill the Department of Regulatory Agencies' mission of consumer protection.

## PUC chairman reappointed by governor

Governor John Hickenlooper has reappointed **Joshua Epel**, an attorney from Greenwood Village, to continue as chairman of the Public Utilities Commission (PUC).

The announcement was made on December 11, and will be for a term that expires in January, 2019. Epel's reappointment requires confirmation from the Colorado Senate.

Epel has served as chairman of the PUC since May of 2011. He is chairman of the National Association of Regulatory Utility Commissioners (NARUC) Task Force on Environmental Regulation and serves on the Energy Resources and the Environment Committee. He also is co-chair of the SEE Action Committee on Industrial Energy Efficiency and Combined Heat and Power Working Group.

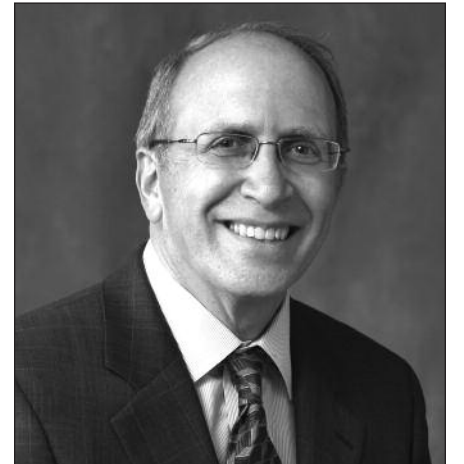
"It is truly an honor to be reappointed to the PUC and to continue serving the citizens of Colorado,"

Epel said. "Along with my fellow commissioners, we will continue to strive to provide a thoughtful, stable regulatory environment in light of rapid changes occurring in energy, telecommunications and transportation."

Prior to his appointment to the PUC, Epel was Assistant General Counsel at DCP Midstream, the largest midstream natural gas gathering and processing company in the United States. Epel oversaw all environmental, public health and safety matters for the company, and helped develop the company's climate change strategy.

Epel's environmental work led him to be appointed to the Colorado Oil and Gas Commission, where he served as chair.

Epel serves with Commissioner **Pam Patton** and Commissioner **Glenn Vaad** on the three-member PUC, which regulates rates and services of investor-owned electric, gas and water utilities, intrastate telecommunications pro-



Joshua Epel

viders, 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 provides stability with solar plan

The Colorado Public Utilities Commission (PUC) has approved a two-year renewable energy compliance plan for Xcel Energy that provides stability and continuity for Colorado's solar market and its customers.

The PUC on November 24 affirmed nearly all of an administrative law judge's recommended decision establishing acquisition caps for rooftop and community solar installations, and went further by extending the program through the end of 2016.

"This is a very important decision for Colorado," PUC Chairman **Joshua Epel** said. "It provides incentives and continuity to the solar industry, and cost-effective caps that both the company and ratepayers can rely on."

The PUC approved the acquisition of up to 24 megawatts of small, on-site solar projects of less than 25 kilowatts in each of the next two years, and up to 12 megawatts each year of medium-sized projects of 25 to 500 kilowatts, which are primarily installed on small businesses. The PUC also approved between 6.5 and 30 megawatts of community solar gardens in 2015 and 2016.

The PUC established a renewable energy credit (REC) price of 2 cents per kilowatt-hour for customer owned systems and 1 cent per kilowatt hour for leased systems in the small category; and 5 cents per kilowatt hour for medium-sized systems.

The plan also includes up to 20 megawatts each year of industrial-scale recycled energy projects.



The Public Utilities Commission has established acquisition caps for rooftop and community solar installations for the next two years in Colorado.

Under the state's renewable energy standard, Xcel must provide 30 percent of its electricity through renewable sources by 2020. All customers pay a 2 percent surcharge on electric bills to fund renewable projects.

The PUC noted that while the company already is in compliance with the renewable energy standard, the additional renewable resources approved in the decision are affordable and can be acquired within the existing renewable energy funds.

The 48 megawatts of on-site solar

approved in the small program is equal to about 8,571 average size rooftop systems over two years, a roughly 45 percent increase in installed solar projects. If Xcel acquires the full amount under the program, the number of systems will represent about 2.1 percent of its customers.

The PUC said the approved levels provide certainty for the solar industry for the next two years, and it would re-evaluate the program levels for years 2017 and beyond based on any changed circumstances.

## Hearings set on Xcel electric rate proposal

Hearings are scheduled to take place January 26 through February 4 at the Colorado Public Utilities Commission (PUC) on a proposal by Xcel Energy to increase its electric rates by a net \$137.7 million annually.

The company's 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  
(Continued on page 2)



A 20-member delegation of Latin American Undersecretaries of Energy and senior staff met with PUC Chairman Joshua Epel in October. Former U.S. Secretary of the Interior, Ken Salazar, also joined the discussion about regulatory policy and renewable energy. The visit was part of the U.S. Trade Development Agency's "Latin America and the Caribbean Renewable Energy Grid Integration Orientation Visit" to Washington, D.C., Austin and Denver. The delegation also met with officials at the National Renewable Energy Lab and Xcel Energy.

⚡ Kudos to PUC Commissioner **Pam Patton**, who was included as one of the Denver Business Journal's Top Women in Energy for 2014. The newspaper annually recognizes women whose position, knowledge or expertise helps guide the energy sector.

⚡ Congratulations to Rail/Transit Safety Chief **Pam Fischhaber**, who received the PUC's 2014 Dom Hidalgo customer service award. The annual award recognizes the PUC employee who displays consistent and superior customer service throughout the year.

⚡ Special recognition goes to the following PUC employees for hitting five-year milestones in their years of service to the state of Colorado:

- 5 years—**Charles Hernandez, Greg Kropkowski, Fiona Sigalla, Cathy Lopez, Tony Cummings**
- 10 years—**Ellie Friedman, Cliff Hinson, Sandy Kahl, Jemima Obeng**
- 15 years—**Sharon Podein, Harriett Weisenthal, April Woods**
- 20 years—**Alison Torvik**
- 25 years—**Jim Midyett**

⚡ The PUC Gas Pipeline Safety section has a new chief. Congratulations to **Joe Molloy**, who was promoted to the position following the retirement of Steve Pott.

⚡ PUC employees donated \$13,000 of DORA's \$45,508.98 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 **Mishael Hayes** and **Joel Hendrickson** for heading up the PUC portion of the campaign; and to **Larry Duran** for serving as one of DORA's lead coordinators.

⚡ Congratulations to **Amy Vincze** and **Mishael Hayes** in the PUC Executive Office, who both graduated from Metropolitan State University in Denver in December. Amy received her bachelor's degree in Sociology, while Mishael completed her undergraduate program in Behavioral Science.

⚡ Welcome to new PUC employees **James Lester**, a rate/financial analyst in the Advisory section; and **Teresa Ferguson**, a rate/financial analyst in the Telecommunications section.



James Lester



Teresa Ferguson

## No-call telemarketer fees set for 2015

Registration fees paid by telemarketers to obtain the state's do-not-call list will remain the same in 2015 as they were the previous year.

The Colorado Public Utilities Commission (PUC) approved the 2015 fees in December. The fees are set on a sliding scale based on the number of employees of the soliciting company. The fees collected are used to pay for administration of the program by a third-party vendor, and to support enforcement activities provided by the Colorado Attorney General's Office.

The 2015 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 275 telemarketers will register with the Colorado No-Call program in 2015 and pay registration fees that will generate roughly \$106,990 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 these 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, 2014, nearly 3.9 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](http://www.coloradonocall.com).

### 2015 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

## INSIDE CONNECTIONS

For **Raenette Rodriguez**, working in the public sector runs in the family.

Raenette, an administrative assistant in the PUC's Administrative Support unit, comes from a long line of public servants. Her mother retired after 32 years with the Colorado Department of Agriculture; her father spent 40 years with the Cripple Creek Sanitation Department; her older brother works for the federal government; and her younger brother works for the City of Denver.

Raenette is the administrative support team lead for all transportation and railroad utility filings, making sure they are processed correctly and in a timely manner. She also assists customers over the counter and on the phone with insurance verification forms, registration

applications, and permit renewals.

"I like the teamwork within our unit and within the entire transportation 'family' here at the PUC," she said. "I enjoy using the knowledge and experience I have gained in working with transportation carriers and customers in Colorado."

Raenette has been at the PUC since 2002. Prior to that, she worked for several state agencies, including the Department of Human Services, Colorado Division of Wildlife, and Department of Corrections.

When not at work, Raenette can usually be found in the kitchen, where she "likes to cook and loves to eat." Her green chili has reached legendary status at the PUC, and one of her goals is to open up a little New Mexico-style restaurant.



Raenette Rodriguez

Her favorite quote comes from Mahatma Gandhi, "Live as if you were to die tomorrow. Learn as if you were to live forever."

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

## Xcel electric rate proposal hearings

(Continued from page 1)

recover additional CACJA costs not captured in the proposed base rate increase; 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.

Instead of a rate increase, many of the other parties in the case, including PUC staff, have recommended that Xcel electric rates be lowered. In its testimony, PUC staff cited about \$74 million the company has earned above its authorized rate of return over the last three years.

The company's proposed rates are scheduled to become effective February

13, subject to refund, with a decision as well as implementation of final rates expected by the second quarter of 2015.

A public comment hearing was held on November 20. Customers who still 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](mailto:dora_puc_complaints@state.co.us); or use the on-line comment form.



**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

# High-cost fund facing shortfall by second quarter

The fund used to keep basic local telephone service affordable for all Coloradans is facing a negative balance in 2015 that must be addressed by the second quarter, according to a report prepared by staff of the Public Utilities Commission (PUC).

The Colorado High Cost Support Mechanism provides money to reimburse eligible telecommunications providers that serve areas with higher than average costs. This allows basic local phone rates to remain reasonable comparable across the state.

In its annual report on the program, issued to the legislature on December 1, PUC staff said the fund experienced a significant decline in contributions in 2014, and that trend is expected to

continue in 2015. There is enough money in the fund to meet fund obligations through the first quarter of next year, but the fund will face a shortfall by the second quarter.

Contributions in 2014 based on telecom providers' intrastate revenues declined by about 10 percent. There was a steady decline in wireline revenues as consumers abandon wireline service. Also, highly competitive wireless price plans and the proliferation of consumer data packages have resulted in a significant decline in wireless contributions.

Total projected contributions in 2015 to the high cost fund are estimated to be \$46.6 million, while projected distributions are

estimated to be \$53.1 million.

Telecom legislation passed in 2014 also directly affected the high cost fund. The reforms generally deregulated many services, introducing some uncertainty as to the requirement for contributions to the fund.

The legislature also created a Broadband Fund, which enables the PUC to transfer high-cost funds that are no longer needed to support basic service in Colorado in areas determined to be effectively competitive. However, the law only allows funds to be transferred that are collected at the surcharge rate that was in effect on May 10, 2014, when the legislation was passed.

Most Colorado telecom customers

pay the monthly surcharge, which is assessed as a percentage of a customer's in-state monthly charges for local, wireless, paging, in-state long distance and optional services. The current surcharge of 2.6 percent will remain in effect through the first quarter of 2015.

However, with an anticipated shortfall by the second quarter, the PUC will face a dilemma in balancing two competing demands of the high-cost fund—aiding the development of broadband services statewide with the continued need to fund voice service in high-cost rural areas.

The new law does not allow high-cost contributions collected through a surcharge greater than 2.6 percent to be transferred to the Broadband Fund. Raising the surcharge above the 2.6 percent would eliminate the availability of funding to the Broadband Fund. But without raising the surcharge in 2015, the PUC may be faced with reducing funding available for voice services in high-cost rural areas.

The PUC will continue to analyze the projected deficit in early 2015 in order to make a decision on the fund surcharge by the second quarter.

## Aurora seeking to raise 911 surcharge

The City of Aurora has filed an application with the Public Utilities Commission (PUC) to increase its emergency telephone surcharge from \$0.70 to \$1.20 per customer per month.

In its application filed on October 2, the City of Aurora said a surcharge increase is needed to offset increasing costs that exceed current surcharge revenues for capital improvements and expansions that are necessary for providing E-911 services. Specifically, the city is seeking additional funding to install fiber facilities dedicated to public safety, replace an obsolete radio system, and increase staffing for operations of a third radio communications channel at its public safety communications center.

The city noted that Aurora has

grown in population by approximately 23 percent since its last surcharge increase in 2001 and serves a geographic area that has grown from 141 to 154 square miles.

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.

The city and PUC staff are expected to recommend a procedural schedule and possible hearing date on the application by January 30.

If approved, Aurora would become the second Denver-metro area city to raise its surcharge above \$.70 per month. The PUC in 2014 approved an increase from \$.50 to \$.75 for the Boulder Regional Emergency Telephone Service Authority.

Monthly 911 surcharges across Colorado range from \$.43 for the Arapahoe County Emergency Communications Telephone Service Authority to \$1.75 for the San Juan County Emergency Telephone Service Authority.

## ALJ recommends delay for Xcel power line

A PUC administrative law judge (ALJ) has recommended conditional approval of an application by Xcel Energy to build a new high-voltage transmission line from Brush to a substation just north of Castle Pines.

The recommended decision, issued November 25, grants a Certificate of Public Convenience and Necessity (CPCN) for the project, but delays the start of construction until no earlier than May 1, 2020, three years later than Xcel had originally proposed.

Delaying construction will keep customers from prematurely paying for the new transmission line, which the company testified was not needed until 2023, the judge wrote. The ALJ also recommended the company file semi-annual progress reports to track changes in cost estimates, and how it is monitoring and

controlling costs for the transmission project.

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 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."

In addition to determining need for the project, the judge also ruled that the expected noise and electro-magnetic field levels associated with the

project as designed and quantified in the application were reasonable, with one condition. The judge recommended slightly higher transmission structures for a 2-mile stretch of the power line in Arapahoe County, to ensure noise levels would meet state requirements.

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.

Hearings on the proposed transmission project were held September 9-10. The PUC will rule on any exceptions to the judge's recommended decision.

## Xcel seeks to build new Thornton substation

Xcel Energy is seeking Public Utilities Commission (PUC) authority to construct a new substation project in Thornton.

The company in October filed an application for a certificate of public convenience and necessity (CPCN) for the Thornton project, which would consist of the installation of one 50 MVA transformer, five new distribution feeders, and associated transmission facilities.

Xcel said the project is needed to resolve low voltages and reliability issues that put the Thornton area at risk for extended outages during peak demand periods. The company said it expects these problems to worsen with forecasted growth in the area.

"The project will improve reliability in the region by providing a new source of power to customers in the area and mitigating potential overload conditions on three existing substations," the company stated in its application.

In addition to the CPCN, Xcel Energy is the PUC to make specific findings with respect to the reasonableness of the noise and electro-magnetic field levels that the company estimates will result from operating the project.

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 is asking for an expedited decision from the PUC on the proposed CPCN before further pursuing land permitting and acquisition, and finalizing the transmission line route. The company said the new distribution substation and transmission interconnection are needed by summer of 2016 in order for the company to continue to provide reliable electric service to Thornton.

The PUC has scheduled a hearing on the application for March 5-6. A decision has been requested by April 15.

## Colorado area codes have enough numbers for at least six years

Colorado won't need a new area code for at least another six years, according to the latest projections by the national telephone numbering administrator.

Neustar, Inc., the North American Numbering Plan Administrator, released its updated area code exhaust dates in October. The administrator revises its area code exhaust projections twice a year, based on demand for telephone numbers.

For Colorado, numbering relief won't be needed in any of its three area codes until the next decade, at the earliest. The 303/720 area code in the Denver metro area is projected to be the first Colorado area code to run out of useable telephone numbers—in the first quarter of 2021. That is about six months earlier than the previous estimate provided last spring.

The forecast for Colorado's 970 area code, which includes Fort Collins, Grand Junction and the western and northern parts of the state, has remained steady over the past year. Area code relief for 970 is not likely to be needed until the first quarter of 2022.

The 719 area code, which encompasses Colorado Springs, Pueblo and the southeastern part of the state, remains in the best position for numbering resources, according to the projections. The exhaust forecast for 719 has been steadily pushed back over the last few years and is now at the third quarter of 2035.

Colorado had just one area code (303) until 1988, when 719 was introduced in southeast Colorado. In 1995, the 970 area code was added to serve customers in the northern and western part of the state. Then, in 1998, the 720 area code was overlaid on top of the 303 code to provide number relief in the Denver metro area.

In 2001, the Colorado Public Utilities Commission (PUC) implemented measures to slow the need for additional area code relief in the state, as more and more telephone numbers were being assigned to wireless, computers and competitive telecommunications providers. Those number conservation measures were successful, pushing back exhaust dates in all three area codes. Without these measures, the 303/720 area code likely would have reached exhaust in 2008.

# Black Hills granted 2 percent electric rate increase

The Public Utilities Commission (PUC) has approved an approximate \$3.1 million increase in Black Hills Energy electric base rates to cover investments in the company's generation and utility operations in Colorado. The new rates were to take effect on December 27.

The increase was expected to add about \$2.11, or 2.0 percent, to average residential monthly bills. Bills for small commercial customers were expected to go up by \$7.10 a month, or 1.83 percent.

Based on a technical conference conducted on December 18, the PUC finalized the results of deliberations held on December 10. At those deliberations, the

Commissioners generally affirmed most of an administrative law judge's recommendations cutting the original proposed increase from \$7.1 million to \$3.9 million. The Commissioners also ordered additional revenue reductions in some areas, resulting in the final amount of slightly less than \$3.1 million.

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

The PUC approved a 9.83 percent return on equity (ROE) for the utility, down from its previously authorized

level of 9.9 percent. Black Hills had sought a 10.3 percent ROE. The ROE is the return 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 PUC approved a new rate rider for cost recovery of investment made pursuant to the Clean Air Clean Jobs Act. The rider, expected to begin January 1, 2015, will allow the company to earn a return on construction work in progress for a third gas-fired generating

unit at the Pueblo Airport Generating Station (PAGS) to replace its Cañon City coal plant that was closed as part of Clean Air Clean Jobs.

The rider is expected to add another \$0.40 per month to an average residential customer's bill, and \$1.89 per month to a small commercial bill, in addition to the changes to base rates.

The PUC noted that Black Hills is expected to file another electric rate case before the end of 2016 to include the third PAGS generation unit in rate base, and expressed concerns about the expense of having two litigated rate cases so close together.

# Black Hills presents three options for resource plan

Black Hills Energy has filed a report listing three resource acquisition alternatives for Public Utilities Commission (PUC) consideration, launching phase II of its electric resource planning proceeding.

The PUC a year ago approved phase I of a resource plan that gave Black Hills the authority to construct and own a new 40-megawatt gas-fired unit at Pueblo Airport Generating Station; approval to solicit competitive bids for an additional 42 megawatts of resources, or 60 megawatts of renewable resources, to be in service by 2017; and authority to retire two aging steam plants in downtown Pueblo.

After soliciting competitive bids from power producers for additional generation, Black Hills filed a report on November 26 evaluating the bids and presenting three acquisition options: (1) a 46.5 megawatt solar facility combined with a 10 megawatt waste-to-energy facility; (2) a 60 megawatt solar facility;

or (3) a 60 megawatt wind project.

According to the company, the first option results in the lowest cost to ratepayers, but does not go as far as helping Black Hills meet its renewable energy standard requirements. In contrast, the third option generates more renewable energy credits (RECs), but it is more expensive.

Black Hills states between \$80 million and \$100 million investment in new renewable generation within Colorado would result from the decision, depending on the scenario chosen. However, funding additional renewable generation will increase the company's Renewable Energy Standard Adjustment (RESA) deficit into the future, increasing the amount customers will pay.

Ratepayers pay an additional two percent of electric bills every year to fund renewable energy acquisitions.

Comments to the report were due in early January, and the Commission will issue its phase II decision establishing

a cost-effective resource plan for Black Hills in mid-February.

Black Hills provide 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.

# Xcel files new plan to meet steam system needs in future

Xcel Energy is asking the Public Utilities Commission (PUC) for approval of a new plan to meet its future steam system needs.

The company filed its proposed Steam Resource Plan on December 18 in response to a PUC decision issued a year ago ordering the company to conduct a future needs assessment and detailed survey of its steam customers.

Xcel 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 government 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 December 2014, Xcel had 129 steam customers.

The new proposal includes both short-term and long-term solutions for meeting its customers' demand. For the next 3-5 years, Xcel proposes to (1) upgrade a portion of the steam distribu-

tion system at the Capitol Complex to provide higher pressure service; and (2) convert its Zuni Station from electric operations to steam-only operations effective January 1, 2016.

For the longer term, the company is asking the PUC to grant a conditional Certificate of Public Convenience and Necessity (CPCN) for future construction and operation of one of two new boiler projects—a one-boiler facility to be located at the existing Denver Steam Plant, or a two-boiler facility to be located at the existing Zuni Station plant site. The company would make a filing by July 1, 2016, selecting which project to proceed with based on estimated peak load requirements.

Xcel recently implemented significant rate and tariff changes to its steam tariff, including the introduction of a new demand charge. The company said it needs time to assess how customers will respond to these recent rate changes in order to accurately project the specific maximum production sendout that will be required after 2015.

A PUC decision on the proposed plan is expected later in 2015.

# Xcel's Solar\*Connect rejected

The Public Utilities Commission (PUC) has denied an application by Xcel Energy to create a new solar energy program that would have enabled customers to offset their electric usage by paying a premium to support solar projects.

The PUC, in a ruling from the bench on Dec. 8, said while it encourages innovative renewable programs, the company's application had too many flaws. The Commissioners said there was no system need for additional capacity or renewable energy credits (RECs); there was no demonstrated customer demand for the program; and they were worried that it didn't provide a level playing field with companies already working in the community solar power market.

Under the proposed Solar\*Connect program, Xcel would have offered short-term solar subscriptions to customers for solar energy to displace up to 100 percent of their annual electric usage. The program was modeled after the company's WindSource program, which

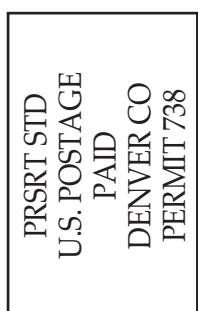
sells subscriptions for wind power.

The company asserted the program would provide an additional option to retail customers who currently did not have the ability to participate in rooftop solar programs or community solar gardens.

However, the PUC said in its deliberations that there was too much regulatory uncertainty about a proposal that no other party supported, including a concern about using subsidies provided by ratepayers, without any oversight of the profits from Solar\*Connect.

PUC Chairman Joshua Epel suggested that if Xcel still wanted to pursue a similar program, it would be better considered as part of an integrated resource planning process, such as the company's next electric resource plan, which is due to be filed in 2015.

The Commission also ruled that the company's shareholders, not ratepayers, assumed all risk for a purchase power agreement, already signed by Xcel, to receive start-up energy for the proposed program.



1560 Broadway, Suite 250, Denver, CO 80202