

# Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

JANUARY 2016

## STARTING POINT



By Doug Dean  
Director

Permanent rules establishing regulations for registration, financial responsibility and safety requirements for Transportation Network Companies (TNCs) are scheduled to become effective January 30.

The Public Utilities Commission (PUC) adopted final rules in November to replace temporary rules that expired last year. By law, the rules become effective 20 days after publication by the Colorado Secretary of State, which occurred on January 10.

The Colorado Legislature in 2014 created a new TNC classification in the state's transportation law. TNCs arrange for-hire transportation services between private individuals using a digital connection, such as a smart phone app.

Under the statute, TNCs operate under limited regulation. The PUC has 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. Currently, there are two companies operating under the TNC statute in Colorado—UberX and Lyft.

The law established certain financial and operational requirements for TNCs and their drivers. TNCs must register with the PUC, pay a registration fee, and carry at least \$1 million in liability insurance. Drivers are subject to criminal background checks, though fingerprint-based checks are not required, and their vehicles must be inspected for safety by a certified mechanic annually.

Through stakeholder meetings and negotiations, PUC staff worked to build consensus on the proposed rules, and an administrative law judge conducted several hearings to gather comment from all interested parties before issuing a recommended decision.

The rules that were eventually adopted spell out in more detail the requirements for TNCs and their drivers in areas such as minimum qualifications for drivers, record maintenance and retention, proof of drivers' medical fitness, vehicles inspections, vehicle markings, and maximum hours of service for drivers. The rules also establish civil penalties that may be assessed to TNCs for violations of the rules, ranging from \$250 to \$11,000 per violation, depending on the violation.

These TNC rules provide important consumer protections within the scope of limited regulation as directed by the legislature, and will serve the interests of Coloradans and visitors who use TNC services.

## Governor appoints new commissioner

### *Trial attorney picked to fill PUC vacancy*

Governor John Hickenlooper has appointed Denver attorney **Frances Koncilja** to the Colorado Public Utilities Commission (PUC).

Koncilja, 67, has been a trial lawyer in the Denver area since 1972, and in 1993 founded the law firm Koncilja & Associates, which handles a broad range of criminal, commercial, civil and bankruptcy disputes for clients ranging from the indigent to Fortune 500 companies. She also served on the board of directors for the Colorado Economic Development Commission and the Colorado Lottery Commission.

The appointment is for a term that expires in January of 2020, and requires confirmation by the Colorado Senate.

"Frances' varied experiences throughout Colorado have given her a remarkable understanding of the needs of our state's different communities," Hickenlooper said. "We know that

she will be a great advocate for all Coloradans and serve with the utmost integrity."

Koncilja replaces Commissioner Pam Patton, who chose not to seek reappointment for personal and family reasons when her four-year term expired on January 11.

"I am honored and humbled that the governor is nominating me to serve on the PUC," Koncilja said. "The decisions of the PUC have a huge impact on the lives and well-being of Coloradans, as well as the environment and economic health of our businesses. I will work very hard for the citizens of this great state in exercising the authority of the PUC."

Koncilja received a Bachelor of Arts degree from the University of Southern Colorado in Pueblo and was honored as an outstanding alumnus in 1995. She received a Juris Doctorate from the University of Colorado law school.

Koncilja joins Chairman **Joshua Epel** and Commissioner **Glenn Vaad** on the three-member PUC, which regulates rates and services of investor-owned electric, gas and water utilities; some



Frances Koncilja

intrastate telecommunications services; for-hire motor carriers in Colorado; and safety of railroad crossings and intrastate natural gas pipelines.

PUC commissioners serve staggered four-year terms. No more than two appointees may be from the same political party. Epel and Koncilja are Democrats, Vaad is a Republican.

## PUC alters broad telecom settlement

The Colorado Public Utilities Commission (PUC) has approved with modifications a telecommunications settlement that resolves several issues concerning the determination of effectively competitive areas and state high cost support for the next four years.

The settlement, filed August 19 at the PUC, was structured to maximize the money available for transfer to a new fund created by the Legislature in 2014 to provide access to broadband service in rural areas. In addition to CenturyLink and PUC staff, the Colorado Telecommunications Association (CTA), which represents rural local telecom providers in the state, and Northern Colorado Communications also joined in the settlement.

At deliberations on December 16, the PUC agreed in broad terms to the monetary aspects of the proposed settlement, but rejected binding future Commissions to provisions that it believed were inconsistent with PUC obligations or good public policy.

Under the PUC decision, CenturyLink

(Qwest) will receive \$30.25 million annually in state high cost support funding for calendar years 2015–2018. However, the funding would not be guaranteed, and could be reduced if collections from the program to support basic local phone service across Colorado do not reach \$36 million annually.

The PUC modified the settlement provisions for determining payments to wireless carriers serving high-cost areas, and said all other local incumbent providers would continue to receive state high-cost subsidies at the same levels previously approved by the PUC for the duration of the agreement.

The PUC said it would not agree to any suggestion that it raise the 2.6 percent high-cost fund surcharge if collections do not cover the settlement amounts. The Commission said the legislature was clear in its telecom reform legislation passed in 2014 that it expected the surcharge to remain the same or go down. The surcharge is assessed to all telecom customers' monthly bills to provide funding for the high-cost subsidies.

As part of the settlement, CenturyLink also agreed to drop its Denver District Court appeal of two previous PUC decisions concerning high-cost distributions.

The PUC approved settlement provisions in which 46 of the 48 CenturyLink wire centers under consideration in a separate proceeding would be declared Effectively Competitive Areas (ECAs) as of January 1, 2016. Under the 2014 telecom reform, subsidies used to ensure basic telephone service are to be provided only in high-cost areas "without effective competition."

State high-cost funds freed up from the designation of the 46 ECAs, along with money available from the ECA designation of 56 other CenturyLink wire centers last year, would be available for transfer to the state Broadband Fund. Although the final amount is contingent on a number of factors, it is estimated that there may be approximately \$6 million in 2015 and 2016 available for transfer.

(Continued on page 2)

## PUC rejects part of Boulder acquisition plan

The Public Utilities Commission (PUC) on November 4 granted in part a motion by Public Service Company of Colorado (Xcel) to dismiss the city of Boulder's acquisition plan.

The city was seeking PUC approval of the transfer of certain assets owned by Public Service that Boulder claims are necessary for the operation of a municipal electric utility, including substations and distribution infrastructure outside city limits. The PUC determined that, in accordance with the doctrine of regulated monopoly, it could not authorize Boulder's acquisition of facilities located outside of city limits used exclusively to serve Public Service's customers.

"We cannot give away something that is not within our authority to give away," PUC Commissioner **Glenn Vaad** said.

The doctrine of regulated monopoly grants a utility the exclusive right to serve customers in its service territory, unless the utility is unwilling or unable to provide service.

The Commission also granted, in part, Boulder's request to supplement its application, saying Boulder may file an amended application in the current proceeding that is consistent with the doctrine of regulated monopoly. An amended separation plan also must address reliability of service to Public Service's customers with sufficient technical detail, the Commission said.

The commissioners emphasized that they are not trying to stop Boulder from forming its own utility, but they have a statutory obligation to ensure that customers outside the proposed municipal

boundaries are not harmed by the transaction. The PUC also has a statutory mandate to ensure the safety and reliability of the statewide electric system as a whole.

"It is clear that the application as submitted infringes upon the exclusive service territory of Public Service," PUC Chairman **Joshua Epel** said. "When the city submits a subsequent amended application, it must be designed to enable the city to provide service exclusively for the benefit of the citizens of Boulder without running afoul of the doctrine of regulated monopoly."

The Commission authorized a discovery process that will allow all parties in the case the opportunity to obtain sufficient technical information about Xcel's system and Boulder's plans.





Governor John Hickenlooper was among those paying tribute to departing PUC Commissioner Pam Patton during a farewell reception on January 6. Patton announced last month that she was returning to her home in Bayfield when her term expired on January 11.



## No-call telemarketer fees set for 2016

The Colorado Public Utilities Commission (PUC) has established the registration fees for 2016 that telemarketers will pay to obtain the state's do-not-call list.

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 the annual contract cost for the Designated Agent to administer the Colorado No-Call program, and to support enforcement activities provided by the Colorado Attorney General's Office.

The 2016 fees will range from \$275 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 approximately 278 telemarketers will register with the Colorado No-Call program in 2016 and pay registration fees that will generate roughly

\$106,275 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 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 1, 2015, nearly 3.9 million telephone numbers had been registered with Colorado's no-call list, which began in 2002.

Telephone subscribers 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).

### 2016 Telemarketer Registration Fees

Number of Employees	Fee Amount
1-4	\$0
5-10	\$275
11-50	\$375
51-100	\$450
101-250	\$480
251-400	\$490
401-1,000	\$495
1,001+	\$500

## POSITIVE CHARGES

⚡ Congratulations to **Noel Giesge**, an administrative assistant in the Administrative Support section, who received the PUC's 2015 Dom Hidalgo customer service award. The annual award recognizes the PUC employee who displays consistent and superior customer service throughout the year. **Lloyd Petersen** and **Lynn Notarianni** were runners-up for this year's award.

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

5 years—**Larry Duran, Michael Gullatte, Keith Hay, Rebecca Lim, John Scott, Judy Swinnerton**

10 years—**Drew Bolin, Ron Davis, Julie Haugen, Fred Johnson, William Schlitter, Susan Travis**

15 years—**Paul Caldara, Harry DiDomenico, Pam Fischhaber, Paul Gomez, Karl Kunzie, Bridget McGee, Joe Molloy, Raenette Rodriguez**

20 years—**Doug Dean, Larry Herold**

25 years—**Deb Fajen, Liz Hayes**

30 years—**Gary Gramlick, Trudy Reinmuth**

⚡ Congratulations to **Lynn Notarianni**, PUC chief of the PUC's telecom section, who has assumed the chair of the National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Telecommunications for 2016.

⚡ Kudos to **Daryl Branson**, telecom section analyst, who recently was elected to the Board of Directors of the Next Generation 9-1-1 Institute in Washington, D.C. The institute is a not-for-profit organization which helps promote public education and awareness of NextGen 9-1-1 and emergency communications issues.

⚡ PUC employees donated \$9,066.00 of DORA's \$36,089.18 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 **Cathy Lopez** and **Mishael Hayes** for heading up the PUC portion of the campaign.

## INSIDE CONNECTIONS

**Bob Garvey** is currently in the contestant pool for the television quiz show "Jeopardy." But while he waits for a possible call from producers to compete on the show, he'll continue to direct his questions to witnesses who testify before him in Public Utilities Commission (PUC) proceedings.

Garvey is one of four administrative law judges with the PUC. He conducts evidentiary hearings in matters referred by the Commissioners and issues recommended decisions in utility applications, rulemakings and formal complaint cases. The broad scope of cases that he gets to decide is

one of the things he enjoys most about the job.

"I have to know what is going on throughout the Commission," he said. "This requires me to interact with all the different sections and most people at the PUC."

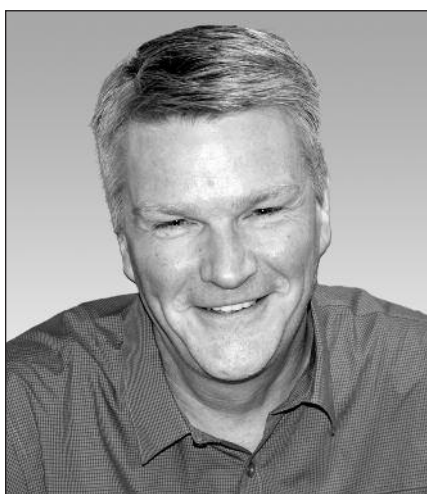
Garvey earned his undergraduate degree from Texas Christian University and a law degree from the University of Denver. Before he joined the PUC in July of 2012, he was a hearing officer with the Colorado Department of Revenue.

His professional background also includes working for the Texas Rangers Baseball Club, doing statistical work, contract negotiations and salary arbitration. An avid sports fan, Garvey said one of his goals is to see TCU win a national championship in football or the Cubs win a World Series in baseball.

"I believe if I reach either of these goals, I will have lived a long time," he said.

In addition to watching sports, Garvey enjoys gardening, walking his dogs and running. He also can list movie extra among his past accomplishments.

"I was an extra in the movie 'JFK'—Oliver Stone personally replaced me in a scene where I was to perform a tracheotomy on the president," he said.



Bob Garvey

And if the call never comes for him to make an appearance on "Jeopardy," Garvey won't take it too hard.

"I try not to take things—especially myself—too serious," he said. "I try to find the humor in things around me. Like most people, I like to laugh a whole lot more than be angry."


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

## Telecom settlement

(Continued from page 1)

"This is likely the best and most balanced path forward to achieve the competing goals of support for basic local


phone service and access to broadband contained in the high cost fund statute," PUC Chairman **Joshua Epel** said during deliberations. "We must be clear, however, that adoption of the settlement will expose a subset of communities to less protection than they currently have."



**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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# Judge recommends reduction in Xcel gas rate hike

A Public Utilities Commission (PUC) administrative law judge has recommended a reduction in Xcel Energy natural gas rates from interim rates that went into effect in October.

The PUC gave the company approval to implement a \$40.5 million increase on October 1, subject to refund pending the final outcome of the rate case. In a recommended decision issued November 16, the administrative law judge made determinations that would result in a reduction of that amount to an estimated \$18.1 million overall revenue increase.

PUC commissioners are expected to take up exceptions the recommended decision in mid-to-late January, with

new rates taking effect early in 2016.

In its original proposal, Xcel Energy asked to increase natural gas rates by \$109.1 million over three years to pay for investments to its gas pipeline distribution system. That included a proposed cumulative increase of \$66.2 million in base rates, and an additional cumulative increase of \$49.2 million to extend and modify the current Pipeline System Integrity Adjustment (PSIA).

In the recommended decision, the administrative law judge rejected the company's proposed multi-year plan, and instead adopted a reduced 2015 revenue increase based on the company's 2014 calendar-year expenses.

The judge granted a three-year extension for the PSIA; however not all of the projects proposed for PSIA cost recovery were approved.

He also established a 9.5 percent return on equity for purposes of rate calculation, down from Xcel's currently authorized ROE of 9.72 percent. The company had asked for a 10.1 percent ROE for 2015 and 2016, and a 10.3 percent ROE in 2017. 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 consumers. The PUC sets a maximum ROE, but it is not guaranteed.

The monthly bill impacts for Xcel

customers won't be known until final rates are determined.

The base rate component of a monthly bill includes a fixed monthly customer charge and a volumetric charge, which varies from month to month depending on the amount of gas used. The base rates cover costs for infrastructure, equipment, labor, materials, meter reading and billing.

Base rates are separate from the rates charged for the gas commodity itself, which are passed on to customers on a dollar-for-dollar basis through a separate charge, called the gas cost adjustment. Gas commodity charges account for 65–75 percent of the total monthly bill.

## PUC to hold February hearing on ICT proposals

The Colorado Public Utilities Commission (PUC) has scheduled a hearing for February 3 on Xcel Energy's request for approval of two Innovative Clean Technology (ICT) projects.

The company filed an application on October 29 seeking approval to invest \$10.7 million for the two projects, which would test emerging technologies on microgrid and battery applications.

For the first project, known as the Panasonic project, Xcel would install utility-scale solar generation and one large battery at a location near Denver International Airport. The Panasonic project would have the capability to be

operated as a microgrid as well as connected to the regional grid.

For the second project, known as the Stapleton project, Xcel would install six batteries on the customer side of the meter at residences that already have rooftop solar. The Stapleton project would also install six batteries on the feeder in that area, which receives significant power flowing from distributed generation. These utility-sited batteries would store excess energy and discharge it during peak load hours.

The purpose of the two projects is to begin to understand the potential for energy storage to help Xcel manage the

impact of high penetrations of distributed solar photovoltaic energy on its distribution system feeders.

"In addition, the company will also be evaluating the capabilities of batteries installed on distribution feeders to regulate voltage, reduce peak demand, and reduce energy costs for the benefit of all the company's customers," Xcel said in its application.

Xcel is seeking approval to invest \$6.7 million for the Panasonic project and \$4 million for the Stapleton project. In addition, partners in the Panasonic project would contribute up to \$3.6 million.

In addition to Xcel, staff of the PUC, the Office of Consumer Counsel, the Colorado Energy Office, Sunrun, Inc., and the Energy Freedom Coalition of America are parties in the proceeding.

If approved, the two projects would be the third and fourth ICT projects undertaken by Xcel. In 2009, the PUC approved a concentrating solar power thermal project at Xcel's Cameo generating facility near Grand Junction; and in 2012 the PUC gave approval for a community energy storage project in Aurora.

Xcel is seeking a PUC decision on the new proposals by mid-February.

## Gas rates 2.9 percent higher for Atmos customers in 2016

Rates for residential customers of Atmos Energy are expected to be about 2.9 percent higher in 2016 as a result of the outcome of the company's recent natural gas rate case.

The Public Utilities Commission (PUC) in November approved a settlement agreement reached between the company, PUC staff, the Office of Consumer Counsel and Energy Outreach Colorado. The settlement called for a \$1.96 million increase in gas base rates beginning on January 1, 2016. Atmos had originally asked for a \$3.9 million base rate increase.

The settlement also includes a slight

increase for recovery of rate case expenses, and an increase of about \$725,000 in 2016 to recover capital investment for accelerated replacement of aging pipeline facilities through a System Safety and Integrity Rider (SSIR).

Overall, bills for average residential customers are expected to increase from \$61.25 per month to \$63.02 per month.

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.

The new rates will increase average monthly bills for residential customers by about 2.8 percent in the company's Northeast region; 2.8 percent in the Northwest/Central region; 3.0 percent in the Southeast region; and 1.1 percent in the Southwest region. Average monthly bills for commercial customers will go up by 1.8 percent in the Northeast region; 1.8 percent in the Northwest/Central region; 2.1 percent in the Southeast region; and 0.8 percent in the Southwest region.

The PUC granted Atmos a 9.6 percent return on equity (ROE), down

from its previously authorized ROE of 9.72 percent. The ROE is the profit that a utility is authorized to earn on its investments. The PUC sets a maximum ROE, 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 as passed on to customers on a dollar-for-dollar basis under a separate charge.

## Xcel quality of service plan extended

The Public Utilities Commission (PUC) has approved continuation of Xcel Energy's electric and gas Quality of Service Plans (QSP) for another three years.

The Commission in November approved a settlement agreement between the company, PUC staff and the Colorado Energy Consumers that extends the current plans through 2018.

The PUC established a Quality of Service Monitoring and Reporting plan for Xcel Energy in 2007. The electric 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 electric 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. For the past three years, no bill credits have been required.

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.

The electric plan also measures the company's telephone response times and PUC consumer complaint levels, and provides up to \$1 million in credits in each category if the thresholds are exceeded.

The gas QSP measures performance in two categories—meter reading errors, and leak permanent repair time. Customer bill credits of up to \$100,000 for meter reading errors and \$900,000 for leak permanent repair time are available the first year of the plan. The total bill credit can increase \$500,000 annually if any of the measures were not met in the preceding year, up to a maximum of \$3.0 million in any one year.

Any bill credits accrued during the plan year are paid out on a one-time basis to customers during the following July billing cycle.

## Black Hills DSM agreement approved

The Colorado Public Utilities Commission (PUC) has approved a three-year electric demand-side management plan for Black Hills Energy that provides for increased energy savings, an increase in the cost-effectiveness of the overall plan, and an increase in the energy savings per dollar spent.

A PUC administrative law judge in December approved with modifications a proposed settlement reached between the company and numerous parties, including PUC staff, the Office of Consumer Counsel, Colorado Energy Office and Southwest Energy Efficiency Project. The Black Hills' electric plan covers the period from 2016–2018.

Demand-side management legislation was passed in 2007 to encourage utilities to increase energy efficiency programs, thereby avoiding or delaying the need to build new generation facilities. Utilities submit three-year plans proposing cost-effective programs that will meet energy-savings goals.

Black Hills' 2016–18 DSM plan includes two new residential programs—The Residential Home Energy Comparison and the Residential On-line Home Energy Evaluation—along with

several other existing ones. Four commercial and industrial programs also are being continued.

The plan also provides for specific programs for low-income customers, and a school-based energy education program, that includes the distribution of energy-savings kits to middle school and high school students within Black Hills' service territory.

The company has projected a total budget of \$18.6 million for the three-year plan, an increase of about 5.6 percent each year. All of the programs approved in the DSM plan have a cost-benefit ratio that exceeds one, which means that for every dollar spent, more than one dollar of customer benefits will accrue.

Cost recovery is done through an annual Demand Side Management Cost Adjustment (DSMCA) on customer bills. For 2016, Black Hills has proposed a 2.6 percent increase in the rider of approximately 28 cents per month for residential customers and \$1.06 for small commercial customers.

Pending PUC approval, the proposed effective date for the change is February 1.

# Decision due on Black Hills/SourceGas proposal

A recommended decision on an application for approval to transfer ownership and control of SourceGas' regulated gas utilities in Colorado to Black Hills is expected in February.

A Public Utilities Commission (PUC) administrative law judge conducted a hearing in early January on various settlements filed in the proceeding, entered into by the company, PUC staff and Energy Outreach Colorado (EOC).

Under the proposed transaction, Black Hills Utility Holdings, Inc., a subsidiary of Black Hills Corporation and the parent company to Black Hills' regulated utility providers in Colorado, would purchase SourceGas Distribution and Rocky Mountain Natural Gas LLC.

Major terms of the settlement with PUC

staff and OCC include: no recovery of transaction costs from customers; no requested rate change for two years for Rocky Mountain and three years for SourceGas; and the creation of a regulatory asset to account for certain salary expenses and severance payments. Black Hills also agreed to various customer protections, and will reduce gas rates to retail customers by \$200,000 to be effective within 90 days of closing.

In a separate settlement filed with EOC, Black Hills agreed to adopt SourceGas' Percentage of Income Payment Plan within 90 days of closing, and agreed to partner with EOC for the provision of energy efficiency programs to low-income customers.

SourceGas Distribution provides

natural gas retail sales service and distribution transportation service to approximately 92,000 residential, commercial, industrial and agricultural customers in Colorado. It operates service territories on the Western slope, Front Range, northeast Colorado, and southeast Colorado.

Rocky Mountain is a Colorado intrastate natural gas pipeline in western Colorado providing jurisdictional gas transportation and storage services to natural gas producers, shippers and industrial customers.

Black Hills Corporation provides regulated natural gas and electric utility service to approximately 785,000 customers in Colorado, Nebraska, Iowa, Kansas, Montana, South Dakota and Wyoming. In Colorado, BlackHills/

Colorado Gas Utility serves about 64,000 customers in 27 communities, including Castle Rock, Fountain, Larkspur, Monument, Woodland Park, Limon and Burlington.

In the application, the companies state the proposed transaction presents "the opportunity to create a strong utility with an enhanced operating scale and the potential for more efficient delivery of services to the benefit of its customers and communities served as a result of this transaction."

In an interim order issued on December 14, the administrative law judge said the standard for review would be whether the merger would ensure: (1) no net harm to customers; and (2) balance ratepayer and provider interests.

## PUC approves Black Hills RES compliance plan

The Public Utilities Commission (PUC) has approved a renewable energy standard (RES) compliance plan for Black Hills Energy through 2017 that allows the company to meet the state's renewable energy goals while limiting additional costs to ratepayers.

The PUC on December 3 issued a decision approving Black Hills' 2015-2017 RES compliance plan consistent with the terms of a settlement joined by Black Hills, PUC staff, the Office of Consumer Counsel, the Colorado Energy Office, the Colorado Independent Energy Association, and Western Resource Advocates.

Under the settlement, Black Hills will acquire on-site solar resources of up to 1,150 kilowatts (kW) each year in 2015, 2016 and 2017. Black Hills also will make a standard offer to acquire 500 kW of Community Solar Gardens in 2016 and 2017 and will issue requests for

proposals to acquire up to an additional 2 megawatts (MW) of solar gardens in each of those years.

Black Hills will acquire stand-alone renewable energy credits (RECs) to meet its RES requirements in 2015 and 2016. For 2017, the company will require sufficient stand-alone RECs to meet the RES in conjunction with the REC generated by the approved Peak View Wind Project. The RESA surcharge will remain at 2 percent through 2017.

Under the state's RES approved by voters in 2007 and subsequently increased twice by the legislature, Black Hills must provide 30 percent of its electricity through renewable sources by 2020. All customers pay a 2 percent monthly surcharge on electric bills to fund renewable projects.

"Based on the evidence entered into the record at the hearing and our review of the terms of the settlement, we find it is in the

public interest to grant (approval) of the settlement agreement and approve the RES plan," the PUC said in its decision.

"Black Hills will be able to comply with the RES in 2016, 2016 and 2017 without advancing funds to the RESA

deferred account and with only a short deferral of the elimination of the deficit in that account. Approval of the settlement also will further the policy of increasing renewable energy in Colorado," the Commission said.

## Black Hills gets wind farm OK

The Colorado Public Utilities Commission (PUC) in October granted Black Hills/Colorado Electric authority to build and own a 60-megawatt wind farm near Pueblo that will help the company achieve renewable energy goals while minimizing cost impact to ratepayers.

The PUC unanimously approved a settlement reached between the company and numerous parties, including PUC staff; the Office of Consumer Counsel, also a DORA division; the Colorado Energy Office, Western Resource Advocates, Invenergy Wind Development Colorado, the Board of Water Works of Pueblo; Fountain Valley Authority; and the Rocky Mountain Environmental Labor Coalition.

In April 2015, the PUC rejected Black Hills' proposal to acquire additional renewable energy resources, including the wind farm. The PUC ruled that the proposed options were not cost effective and would be an additional burden to ratepayers. The PUC said Black Hills could solicit new bids for the potential acquisition of a renewable energy project that were more economical and beneficial to ratepayers.

In June, 2015, the company filed a revised wind project application addressing the Commission's concerns, which led to the proposed settlement.

In contrast to the earlier proposal that

was rejected, the PUC said the settlement includes a more reasonable forecast of natural gas prices and potential customer savings; that there would be no advance of funds to the company's Renewable Energy Standard Adjustment (RESA) deferred account; and that acquiring the wind farm would have little to no impact on ratepayers. The revised proposal also will substantially improve Black Hills' ability to comply with the state's Renewable Energy Standard.

The proposed Peak View Wind project is expected to include 34 turbines on approximately 31,000 acres in Huerfano and Las Animas counties. The project was expected to launch in January, and the in-service date is scheduled for November 15, 2016, to meet the eligibility requirements for the federal Production Tax Credit and the Colorado Enterprise Zone Investment Tax Credit.

At its deliberations in October, the PUC also approved a 2015-17 Renewable Energy Standard compliance plan for Black Hills that increased program capacity for community solar gardens; is designed to ensure that low-income customers can participate in solar gardens; and ensured that Black Hills can acquire all resources in the compliance plan without advancing funds to the RESA deferred account.

## Phillips County seeks 911 fee hike

The Phillips County 911 Emergency Telephone Service Authority Board is seeking to increase its E-911 surcharge from \$1.25 to \$1.75 per customer per month.

In an application filed with the Public Utilities Commission (PUC) on November 25, the Phillips County authority board said a surcharge increase is needed to add staff, pay for a future dispatch console upgrade, and become Phase II wireless E-911 compliant. Phase II allows call takers to receive both the caller's wireless phone number and location information.

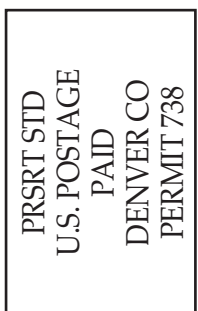
Phillips County lies in the northeast corner of the state, bordering Nebraska on the east. It covers 688 square miles and includes the towns of Holyoke, Haxtun, and Paoli. The Phillips County Communications Center receives and routes all 911 calls for Phillips County, including the Holyoke Police Department, the Haxtun Police Department, the Phillips County Sheriff's Department, five local fire

departments, and two ambulance services.

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.

Phillips County received approval to increase its surcharge from 70 cents to \$1.25 per month in 2006. If its recent application is approved, it would become the third authority board in Colorado to impose a monthly surcharge of \$1.75. The others are the San Juan and Summit 911 authorities.



Public Utilities Commission

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