

STARTING POINT



By Doug Dean
Director

As of August 9, the Public Utilities Commission (PUC) has some additional tools at its disposal to improve its ability to enforce motor carrier regulations in Colorado.

Senate Bill 17-180, sponsored by Sen. John Cooke, R-Greeley, and Rep. Daneya Esgar, D-Pueblo, was passed by the legislature last session and signed into law by Gov. John Hickenlooper on June 1. The bill streamlined the regulatory process governing motor carriers in Colorado that are regulated by the PUC.

After a 90-day waiting period, the law became effective on August 9.

The bill reduces cost of enforcement, increases effectiveness of enforcement efforts, and improves the PUC's ability to address illegal operators negatively affecting the operations and profitability of legal carriers by making several important changes to transportation enforcement laws:

- It lowers the burden of proof necessary to penalize registered carriers operating illegally to the same standard as the general public, removing a provision that required the PUC to prove that a carrier intended to violate the law. This was akin to a police officer having to prove that you meant to speed, rather than just having to prove you were speeding.
- It clarifies that new proceedings are not required to revoke a permit for failure to abide by a PUC decision, eliminating duplicative effort, delays in proceedings, and increased costs associated with enforcing the laws of the state.
- It ensures that the PUC has the resources it needs to consistently enforce transportation laws by creating a legal services offset fund in the Attorney General's Office. The fund will be comprised of civil penalty payments that may only be used to pay the legal services costs associated with enforcement of state law and PUC rules. The fund is capped at \$250,000.

The PUC is obligated to ensure that the motor carrier laws are enforced. This new law provides greater efficiency to the PUC and greater clarity to the regulated carriers, greatly improving the PUC's transportation enforcement functions.

Xcel seeks increase in gas revenues

Proposal would raise rates by \$139 million over next three years

Xcel Energy is seeking approval to increase natural gas base rates by \$139 million over the next three years to pay for capital improvements to its natural gas distribution system.

Hearings on the proposal are expected to occur before the end of the year before a PUC administrative law judge.

Xcel Energy's proposal, filed in June, also includes rolling into base rates in 2019 about \$93.8 million from the Pipeline System Integrity Adjustment (PSIA) that is being collected through a separate charge on customer bills.

The company is proposing to increase revenues in steps over the course of the three-year plan. If approved as filed, residential customers using 64 therms of natural gas a month would see monthly rates increase by about \$2.73 (6.08 percent) in 2018; \$2.19 (4.58 percent) in 2019; and \$1.74 (3.49 percent) in 2020. The average small commercial customer's bill, based on 291 therms a month, would increase \$10.91 (5.67 percent) in 2018; \$6.97 (3.43 percent) in 2019; and \$6.95 (3.31 percent) in 2020.

The company is asking for a 10.0 percent return on equity (ROE), up from its currently authorized 9.5 percent. The ROE is the profit that a utility is authorized to earn on



Xcel Energy is seeking to increase natural gas rates by \$139 million over three years to pay for natural gas distribution system improvements.

its investments. The PUC sets a maximum return on equity, but it is not guaranteed.

Xcel said it has invested approximately \$300 million a year in capital improvements since its last base rate review in 2015, and is proposing a similar level of annual capital investments over the term of its proposed multi-year plan.

The base rate component of a monthly natural gas 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.

Xcel's last gas base rate change, an \$18.1 million overall revenue increase, was effective in early 2016. A PUC decision on the request is expected by the end of January.

PUC to consider 9-1-1 rules changes

The Public Utilities Commission (PUC) will conduct a hearing on September 18 on proposed changes to its 9-1-1 rules. The hearing will start at 9 a.m. in the Commission Hearing Room, 1560 Broadway, Suite 250, in Denver.

The PUC issued a Notice of Proposed Rulemaking on July 28. The proposed rules are reflective of the consensus revision of the 9-1-1 rules submitted to the Commission by the 9-1-1 Advisory Task Force in a petition for rulemaking granted by the PUC on July 12.

The petition represented four months of workshops with industry, local 9-1-1 governing bodies, public safety answering points and other interested stakeholders to draft revised rules to update,

streamline and improve the 9-1-1 rules.

The 9-1-1 Advisory Task Force, a body created by the PUC and charged with providing oversight of the statewide implementation of basic emergency service, makes recommendations and reports to the Commission concerning the implementation of 9-1-1 service in Colorado.

The proposed rule changes are extensive, but fall into four general categories:

- Updating the definitions to make them more technology neutral;
- Removing unnecessary and outdated language throughout the rules;
- Establishing a process for improving 9-1-1 network diversity and reliability statewide while assuring

affordability for local 9-1-1 governing bodies;

- Updating the roles and responsibilities of the PUC's 9-1-1 Advisory Task Force.

A PUC administrative law judge will conduct the hearing on September 18 and interested persons may present oral comments on the proposed rules at that time. Initial written comments on the proposed rules were due August 21, with responses to the initial comments to be submitted by September 4.

The administrative law judge is expected to issue a recommended decision on the proposed rule changes later this fall. If exceptions are filed to the recommended decision, the Commission would consider and rule on those.

PUC hearing to look at negative REC values

Xcel Energy has filed a petition with the Public Utilities Commission (PUC) seeking a declaratory ruling confirming that the company may accept negative renewable energy credit (REC) values for community solar garden bids.

The PUC will conduct a hearing on the matter on October 4 in Denver.

The issue of negative RECs has arisen in Xcel's two most recent Solar*Rewards community solar

gardens (CSG) solicitations, when developers submitted bids to develop CSGs that included negative REC prices. However, the issue remains unsettled because the company's past two renewable energy compliance plans were both resolved by negotiated settlements.

The Colorado Legislature adopted CSG legislation in 2010 to provide Colorado residents and businesses

"with the opportunity to participate in solar generation in addition to the opportunities available for rooftop solar generation on homes and businesses."

Each utility must include in its renewable energy compliance plan a plan for "purchasing the electricity and renewable energy credits generated from one or more community solar

(Continued on page 4)

Complaint section secures savings for customers

The Public Utilities Commission's External Affairs section secured \$45,703 in credits and refunds on behalf of utility customers during the 2016-17 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 12 months ending June 30, the Consumer Assistance unit fielded 5,639 calls, a decrease from 6,066 calls in the previous fiscal year. More than half of the calls were resolved or answered by staff without the need to refer them

to a utility or transportation company.

In all, the consumer assistance staff addressed inquiries regarding 240 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The unit took in 1,938 contacts and closed 1,961 for the fiscal year, compared to 2,221 contacts and 2,266 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.

The unit resolved 98.8 percent of its contacts within 15 business days for the fiscal year.

For the most recent fiscal year, the section closed 480 complaints concerning Qwest (CenturyLink QC), compared to last year's total of 621. The PUC closed 446 complaints related to Xcel Energy (Public Service Company of Colorado), down from 586 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 354 media contacts and issued 18 news releases for the fiscal year.

The complete 2016-17 consumer assistance summary is available on the PUC website at www.colorado.gov/dora/puc under the "For Consumers" tab.

Broadband board to award \$9.4 million

The Broadband Deployment Board, which manages the Colorado Broadband Fund within the Department of Regulatory Agencies (DORA), has made \$9.4 million available for broadband infrastructure grants in its second application cycle.

Applications for the grants, which will support the deployment of broadband internet service to unserved Coloradans, are due September 12.

Access to broadband internet service is vital to rural communities, and the board is working to achieve the governor's goal of 85 percent broadband coverage statewide by 2018 and 100 percent by 2020 through the funding of projects that help close the connection gap between rural and urban Colorado, according to Jordan Beezley, DORA's Broadband Deployment Director.

Providing broadband in rural areas

expands quality health care through telehealth initiatives and provides rural students the same quality educational experience as their urban peers. Rural businesses increasingly rely on broadband access for selling products worldwide and agriculture is becoming more efficient with the ability to monitor and analyze crop and water conditions in real-time. Grants provided by the board are a key component of the newly created Broadband Office's strategy to expand broadband access to all Coloradans.

"The objective is to coordinate the funding provided by the board with other state agencies, local communities and the private sector to achieve the goal of 100 percent rural coverage by 2020, said Tony Neal-Graves, executive director of the Colorado Broadband Office.

The grant funds, held by the Public Utilities Commission (PUC)

but awarded by the Broadband Deployment Board, are allocated for rural broadband by the Colorado Legislature. The new allocation will increase the state's investment in rural Broadband Fund grants to more than \$11.5 million since 2016.

Projects funded in the 2016 grant cycle are slated to provide broadband access to more than 4,700 households and 175 businesses in Eagle, Cheyenne, Kiowa, Lake, Mesa, Montrose, Ouray, Prowers, Sedgwick and Weld counties.

"The additional \$9.4 million in grant funds made possible by the legislature and the PUC will allow the board to make significant progress in bringing broadband access to our rural communities," Beezley said.

Additional information on the Broadband Fund grant program is available at www.colorado.gov/dora-broadband-fund.

Governor appoints new DORA head

Gov. John Hickenlooper in July appointed **Marguerite Salazar**, Colorado's Insurance Commissioner, as the new executive director of the Colorado Department of Regulatory Agencies (DORA).

Salazar began her role as DORA's executive director on July 24, replacing Joe Neguse who announced his resignation in June.

Salazar has served as Colorado's Insurance Commissioner since August 19, 2013. In this role, she oversees the regulation of the insurance industry in Colorado as head of the Division of Insurance, one of nine divisions within DORA.

Prior to joining the state, Salazar served as the Region 8 Regional Director for the Department of Health and Human Services. She was appointed by President Barack Obama to oversee the implementation of the Affordable Care Act not only in Colorado but also in Wyoming, Montana, Utah, North Dakota and South Dakota. She also led one of the largest Community Health Centers in the country for more than 25 years.

"Few are more deserving and capable of this position than Marguerite," said Gov. Hickenlooper. "She has guided the Division of Insurance through a time of great change in our country and has helped Colorado be a leader in the industry. Her experience in one of the agency's divisions provides a steady and guiding hand during this time of transition."

DORA's Executive Director's Office provides leadership and support to DORA's nine divisions: Banking, Civil Rights, Financial Services, Insurance, Professions and Occupations, Real Estate, Securities, the Office of Consumer Counsel and the Public Utilities Commission. Functions of the Executive Director's Office include administrative oversight as well as the Colorado Office of Policy, Research & Regulatory Reform (COPRRR) and the Broadband Fund.

INSIDE CONNECTIONS

Jemima Obeng has learned that the key to success often is found in failure.

Jemima is the Public Utilities Commission's office manager and administrative support supervisor. She is responsible for directing the day-to-day operations of the administrative support team as it processes utility filings and assists customers over the counter and over the phone with insurance verification forms, registration applications and permit renewals.

"I derive joy knowing that I have a great team to work with, and a boss from whom I am always gaining knowledge and who appreciates the work I do," Jemima said. "I enjoy the dynamic PUC family that cares about me as a person and about my professional growth."

Jemima has traveled a long and challenging road to her current situation. A native of Ghana, West Africa, she applied for a visa to attend school in the United States, but was declined. Later, she learned about the Diversity Immigrant Visa Program and applied there.

"A failure tries only once and quits. Successful people keep trying in spite of their failures," she said. "I had to try the Diversity Visa Lottery several times before having success. Getting the lottery visa was far better than the student visa that was declined."

Jemima emigrated from Ghana to the U.S. in 2003, and started at the PUC as an administrative assistant that same year. While working full-time, she earned both a bachelor's degree in Business Administration and a

master's in Strategic Human Resource Management at the University of Denver, while also having and raising three children.

"It was not easy," she said. "Success acknowledges that situations are temporary—they are bound to change and the change must be initiated, worked at, learned, trained and developed."

Jemima's hobbies include watching movies, cooking, traveling, dancing, writing, reading and singing. She also is active as a church volunteer, teaching and leading praise and worship, using her life challenges to teach and help others.

She is also very grateful for the support she has received from her co-workers.

"My personal philosophy is that on



Jemima Obeng

the road to success, don't forget those who played a vital role in helping you get there. So, PUC, 'muchisima gracias' for all you have done for me."

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

POSITIVE CHARGES

Congratulations to **Vanessa Condra** and **Tony Cummings**, who were selected as PUC representatives to receive 2017 DORA Public Service Recognition Awards.

Vanessa was cited, among other things, for her leadership role in the implementation of the Medicaid Client Transportation permit program, helping to provide for a successful launch of the new legislation.




Joyce Espinosa

As lead investigator in the PUC's Transportation Section, Tony was recognized for his development of a new training program for investigators, resulting in a marked increase in consistency and thoroughness within the section.

Thanks to both for their exceptional service to the people of Colorado.

Welcome to new PUC employee **Joyce Espinosa**, who was hired as the new PUC receptionist in June.




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:

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Meeting focuses on electric reliability coordination

The Colorado Public Utilities Commission (PUC) earlier this summer hosted the second in a series of informational meetings on the Mountain West Transmission Group (MWTG) plans to explore participation in a regional transmission organization. The June 27 meeting focused on reliability coordination across the western electric grid.

More than 150 people participated in the event, which was webcast, with approximately 70 people attending in person. Utility commissioners from Wyoming, Utah and South Dakota attended.

Jim Robb, Chief Executive Officer of the Western Electricity Coordinating Council (WECC) and Robert Cummings, senior Director of Engineering and Reliability for the North American Electric Reliability Corporation (NERC) participated on the panels. Other speakers included representatives from Southwest Power Pool (SPP), a regional transmission organization, and Peak Reliability, the current reliability coordinator for the Western interconnection. In addition, representatives from Public Service Company of Colorado, Black Hills and Tri-State Generation made presentations.

Commissioner Frances Koncilja moderated the event, which was a follow-up to an initial commissioners' informational meeting held on March 28. Tuesday's meeting addressed issues related to the reliability coordinator function for the MWTG footprint in the event that MWTG entities join SPP.

Commissioner Koncilja stated that the large attendance at the meeting, with numerous participants traveling from out of state, was a reflection of the importance of the topic to the western grid.

"What happens in one area of the Western interconnection can impact the entire interconnection and affects the reliability of the electric system in Colorado," Koncilja said. "There have been power outages in other areas and the Colorado PUC must insure that any changes in reliability coordinator will not negatively affect Colorado customers."

The MWTG is made up of 10 electricity service providers across the Rocky Mountains, including Public Service Company of Colorado, Black Hills, Colorado Springs Utilities, Platte River Power Authority and Tri-State Generation and Transmission

Participants filled both hearing rooms at the PUC in June for a second commissioners' information meeting to learn more about plans by the Mountain West Transmission Group to join a regional transmission organization.



Association. The group serves 6.4 million customers in Arizona, Colorado, Montana, New Mexico, South Dakota, Utah and Wyoming.

MWTG announced in January its intention to explore participation in the Southwest Power Pool (SPP), which oversees the bulk electric grid and wholesale power market in the central United States on behalf of a diverse group of utilities and transmission com-

panies in 14 states. If MWTG enters into an agreement with SPP, the utilities would give control of their transmission facilities to SPP, which will then operate the transmission.

Video recordings from both previous information meetings are posted at the following link: <https://www.colorado.gov/pacific/dora/webcasts>.

The PUC plans two additional informational meetings to discuss governance issues in the proposed affiliation with SPP, and the costs and benefits of the proposed initiative.

Colorado signs off on CenturyLink-Level 3 merger

Colorado is among more than 20 states that have signed off on a merger application between CenturyLink and Level 3 Communications.

A Public Utilities Commission (PUC) administrative law judge in June approved transfer of control of certificates addressing switched access services of Level 3 operating companies to CenturyLink. The judge did not consider the part of the request to approve the transfer of PUC-approved authorities for services that are no longer regulated by the Commission.

CenturyLink and Level 3 filed a joint application on January 20 seeking

approval of a parent-level merger agreement between the two companies that "will result in a combined company with greater network and financial resources to provide voice, broadband data, and other advanced communications services to Colorado customers." Under the merger agreement, Level 3 stockholders will receive \$26.50 per share in cash and 1.4286 shares of CenturyLink stock for each Level 3 share.

As part of a stipulated agreement with PUC staff, the joint companies committed to ensure that high-cost fund money received by CenturyLink

will not be used to finance the merger. CenturyLink also said it will not discontinue, for a period of three years, the provision of basic service to any wire center that received high-cost support on December 31, 2016 without prior PUC approval.

The agreement also provides for the identification of any Level 3 network facilities that may address the issue of lack of 911 network diversity, and includes a commitment by the companies to work with the 911 Task Force to use this information to make recommendations to the PUC designed to improve the reliability of

basic emergency service in Colorado.

To address staff's concern that the merger might affect wholesale service quality, CenturyLink committed to maintaining the Colorado Performance Assurance Plan and protections contained in interconnection agreements. The joint companies also agreed to various reporting obligations that will allow PUC staff to monitor the impact of the merger in Colorado over time.

If all regulatory approvals are obtained, the proposed merger transaction is expected to be completed by the end of September.

Black Hills proposes changes in how its costs are allocated

Black Hills Energy has proposed a new rate design that includes inclining block energy charges, or tiered rates, for residential customers with monthly usage above 500 kilowatt-hours, and higher monthly customer charges for some residential customers, including those under solar net-metering.

The Public Utilities Commission (PUC) directed the company to file a "phase II" rate proposal in its decision approving a \$636,237 base rate increase effective on January 1. A phase II proposal does not increase the annual revenues of a company, but changes how its costs are spread between customer classes.

In its filing, Black Hills said that usage studies showed that residential customers, making up 90 percent of the company's customers, are responsible for more energy use than is recovered in their current rates. As a result, other customer groups, like business customers, have been paying a disproportionately greater share of the cost of service.

Under the proposed new rate design, typical residential bills are expected to increase by \$2.41 per month (2.5 percent) based on an average use of 600 kilowatt-hours (kWh). Typical small business customer bills would decrease by \$48.77 per month (13.3

percent) based on an average use of 2,300 kWh per month.

Under the proposed tiered rate plan, residential customers using 500 kWh per month would see no change in monthly bills. Residential customers using 1,200 kWh per month would see bill increases of 9.57 percent.

Black Hills said the tiered rate plan is intended to provide an incentive to all customers to reduce energy consumption and provide benefits to lower-usage customers, including low-income customers, who on average use less energy.

For residential net-metered solar customers, Black Hills is proposing both higher fixed customer charges and a higher energy charge resulting in an increase of about 50 percent. The company states that since its last phase II electric rate case in 2012, the number of net metered customers has increased by 400 percent and its costs to serve these customers has increased by 140 percent.

The proposal also seeks to lower demand rates for commercial customers, implement a new voluntary time-of-use pilot for small commercial customers, and to make permanent a time-of-use rate option for large customers. A PUC decision on the proposal is expected by next March.

PUC approves Xcel advanced grid settlement, decoupling trial

The Public Utilities Commission (PUC) has approved Xcel Energy applications that will create a more advanced electric distribution grid, and implement a pilot rate structure that will "decouple" the utility's incentive to sell more electricity from its ability to cover its fixed costs.

In deliberations on June 21, the PUC approved a settlement supported by a broad spectrum of parties that will allow Xcel to install advanced metering infrastructure (AMI) and associated components of an advanced communications network for all of its Colorado customers. The advanced metering and other new technologies will boost power reliability, allow for better integration of distributed generation on to the electric grid, and provide customers with more information to control and track their energy usage.

The settlement manages deployment and costs of the meters to limit impacts to ratepayers. It also enhances reporting requirements and adds additional metrics to evaluate the impacts of the improvements, specifically on low-income customers.

The PUC noted that Xcel's existing automated meters were nearing replacement age, and installing AMI would be a reasonable and efficient next step in the transition to a more modern electric

grid. The settlement granted Xcel a "presumption of prudence" in spending up to \$612 million on the improvements, but emphasized that specific costs can be challenged in future rate cases.

In a separate decision, the PUC also approved with modifications a recommended decision by an administrative law judge that authorizes the company to implement a Revenue Decoupling Adjustment (RDA) on a trial basis for the next five years. The PUC modified the trial to include small commercial customers as well as residential customers.

Xcel Energy currently recovers a substantial amount of its fixed costs through per unit sales to customers. New rate structures or customer programs that have the potential to reduce energy sales also have the effect of reducing the company's ability to recover all of its fixed costs.

Under a decoupling structure, the PUC establishes a target level of revenue (or sales) for the company. The PUC then compares actual revenue (or sales) to the target level. Any over-collection is refunded to customers through a bill credit. If the company under-collects on its authorized level, it adds a surcharge on customer bills.

The decoupling trial is expected to be implemented in 2018.

Xcel provides bill credits for service quality misses

Company falls below standard for Greeley for two years in row

Xcel Energy was expected to issue bill credits of \$720,405 to Colorado customers for missing electric service quality standards in 2016.

The credits are required under the 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 Energy'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.

Under 2016 results reported in April, Xcel Energy met the reliability standard in eight of its nine regions, including Denver, Boulder, Front Range, High Plains, Mountain, Northern, San Luis Valley and Western regions. It fell below the required standard for the Greeley region, and because it also missed the standard in 2015, it was expected to refund \$310,805 to customers in that region, or about \$5.19 per customer.

Xcel received warnings in 2015 for

missing reliability standards in four other regions—Front Range, High Plains, Mountain and San Luis Valley. But because it met the standard for those regions in 2016, no refunds were necessary.

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 2016, the company had 8,112

customers who experienced five or more sustained outages for a total credit of \$405,600. It also reported 80 customers, all in the Denver region, experiencing outages of 24 hours or more, for a total credit of \$4,000.

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 2016, Xcel met the standards in both categories.

Xcel files its service quality results on April 1 for the previous calendar year. Any bill credits are to be issued during the July billing cycle. The current service quality plan for Xcel's electric and gas operations runs through the end of 2018.

Atmos seeks \$3.3 million increase in gas revenues

Residential customers would see 3.8 percent impact on monthly bill

Hearings are expected to take place later this fall at the Public Utilities Commission (PUC) on a proposal by Atmos Energy to increase its annual revenues by \$3.3 million.

Atmos is seeking to increase its base rate revenues by \$2.9 million and to recover about \$476,000 in rate case expenses. The company also is proposing to extend its System Safety and Integrity Rider (SSIR) for an additional five years, through the end of 2023, for the accelerated

replacement of aging pipeline facilities.

Atmos provides natural gas service to approximately 115,000 customers in 65 communities and 16 counties across Colorado, including the larger towns of Canon City, Cortez, Crested Butte, Durango, Greeley, Lamar and Steamboat Springs. As part of its proposal, Atmos is seeking to consolidate its four rate divisions into two.

The rate proposal, if approved, would increase monthly bills for typical residential customers, on average, by about 3.8 percent. The estimated impact to a typical small commercial customer would be an increase of 2.5 percent.

The PUC granted Atmos a \$1.96 million increase in annual base rate revenues effective January 1, 2016, based on expenses for a test year ending in

2014. The new request is for investments made in the natural gas delivery system since that period, along with certain adjustments for certain known and measurable expenses in 2017.

Atmos is seeking a 10.5 percent return on equity (ROE), up from its currently authorized 9.6 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, maintenance, customer service, and service extensions to meet customer needs. It does not include the largest portion of the bill—the natural gas commodity costs—which are passed on to customers on a dollar-for-dollar basis under a separate charge.

The PUC is expected to issue a decision on the request by next February.

PUC approves with conditions closure of Riverside crossing

The Public Utilities Commission (PUC) has approved with conditions an application by the Regional Transportation District (RTD) and BNSF Railway Company to abolish an at-grade rail-highway crossing at Riverside Cemetery in Denver.

The PUC in August affirmed an administrative law judge's recommended decision that the existing crossing be abolished to accommodate construction of RTD's North Metro Rail Line. The abolishment is conditioned on RTD and BNSF providing reasonable alternative access to the cemetery.

The existing crossing, which currently contains a BNSF line, traverses the entrance to the historic cemetery, which was established in 1876. Approximately 38 trains a day pass the cemetery entrance. Once completed, the North Metro Rail Line is expected to have an additional 86 daily commuter rail crossings at the location of the existing Riverside entrance.

In the recommended decision

upheld by the PUC, the administrative law judge ruled that RTD and BNSF met their burden of establishing that abolishment of the existing at-grade crossing will serve to prevent accidents and promote public safety.

The judge concluded that a proposed entrance into Riverside from Race Court, paid for by RTD and BNSF, along with any additional requirements imposed by Denver during the permitting process, is a reasonable alternative access to the cemetery.

The PUC decision also ordered RTD to provide \$100,000 to the Fairmount Cemetery Company, which owns and operates Riverside, to help defray at least some of the increased maintenance costs resulting from the abolishment of the existing entrance and replacement with the Race Court alternative access.

RTD and BNSF were directed to inform the PUC in writing that all work necessary to abolish the crossing is complete within 10 days of completion.

Negative REC pricing

(Continued from page 1)

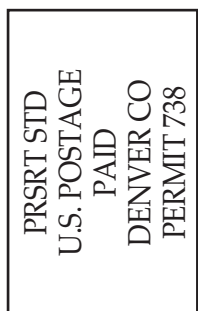
gardens over the period covered by the plan." The PUC authorizes in each renewable energy compliance plan a minimum and maximum amount of new CSG capacity the company may purchase.

To award CSG capacity, the utility conducts a competitive request for proposal solicitation process. While Xcel considers several components when awarding CSG bids, the REC price is one of the key factors.

The developer of a selected CSG receives revenue three ways: from subscribers for the share of the garden that they purchase, from a utility for excess energy, and from the utility for RECs.

Xcel maintains that negative REC values are not only permitted by Colorado law and PUC rules, but benefit ratepayers and are in the public interest. Solar companies and other opponents of negative REC prices argue that they are illegal and distort the market.

In addition to Xcel, participants in the declaratory order proceeding include PUC staff, the Office of Consumer Counsel, the Colorado Energy Office, Interwest Energy Alliance, the Energy Freedom Coalition of America, Western Resource Advocates, the Solar Energy Industries Association, the Colorado Solar Energy Industries Association, and Community energy Solar.



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