

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

MAY 2018

STARTING POINT



By Doug Dean
Director

The Public Utilities Commission's agenda bill to deregulate not-for-profit water utilities was signed into law by Gov. John Hickenlooper on April 2. The bill passed both chambers of the legislature without a single vote cast against it.

The PUC brought the issue to attention of lawmakers in an effort to keep water costs down for approximately 100,000 Coloradans who are currently served by non-profit entities. Sen. John Cooke, R-Weld, and Rep. Jeni James Arndt, D-Larimer, were the primary sponsors of the bill.

While customers of municipal water utilities and special water districts are exempt by law from PUC rate regulation, the law made no distinction between for-profit and non-profit companies, leaving these 100,000 non-profit customers in a regulatory gray area.

Companies that are regulated face compliance costs, and these costs are passed on to customers in rates. The passage of this legislation encourages these types of non-profit entities to form in remote areas that cannot connect to municipal or special water district systems, still maintaining appropriate public safety, while ensuring that customers of non-profit entities do not face increased costs.

Without the bill, there was nothing to prevent a non-profit company from becoming a regulated entity, either willingly by applying for a Certificate of Public Convenience and Necessity, or unwillingly by a formal complaint initiated by customers or by the PUC, leading to higher rates for customers.

The legislation expands on the current law that directs the PUC to grant simplified regulatory treatment to water companies that serve fewer than 1,500 customers. The bill exempts non-profit companies from regulatory treatment by the PUC as long as their rates, charges and terms and conditions of service with their customers are just and reasonable.

The PUC still will resolve any complaint alleging a violation of these conditions if it is signed by a representative of a local jurisdiction, the chief executive officer of an affected public utility, or at least 25 customers or prospective customers, or 25 percent of current customers, whichever is fewer, of the water company that is the subject of the complaint.

Governor signs broadband bill into law

Bill redirects money from high-cost fund into rural broadband

A bill that takes money from a fund that has provided subsidies for local telephone service and redirects it toward rural broadband investment is now law.

Senate Bill 2, which will allocate an estimated \$115 million over the next five years to help bring high-speed internet to unserved areas in Colorado, was signed by Gov. John Hickenlooper on April 2.

The law directs the Public Utilities Commission (PUC) to allocate funds from the Colorado high cost fund for broadband deployment. Under the law, 60 percent of the money in the fund will go toward broadband in 2019, with

that portion increasing annually to 100 percent in 2023.

The legislature created the Colorado high cost fund in 1995 to reimburse companies providing telephone service in high cost areas, allowing local phone rates to remain reasonably comparable across the state. Most Colorado telecom customers pay a monthly surcharge, which is assessed as a percentage of a customer's in-state monthly charges for landline, wireless and other telecom services, to support the fund. Currently the surcharge is 2.6 percent of monthly phone bills.

The law directs the PUC to maintain the current surcharge for the next five years. After July 1, 2023, the PUC may reduce the surcharge rate to ensure that the amount of money collected does not exceed \$25 million in calendar year 2024.

This year's legislation builds on a 2014 law that generally deregulated

many telecom services in Colorado, and directed the PUC to transfer to a broadband fund within the Department of Regulatory Agencies (DORA) high-cost money that was no longer needed to support basic local service in Colorado in areas determined to be effectively competitive. The PUC has transferred more than \$11.5 million to the broadband fund since 2016.

The new law will accelerate the transfer of additional money to the broadband fund, allowing for improvements in health care, education and business in rural areas. Grants provided by DORA's Broadband Deployment Board are a key component of the governor's Broadband Office's strategy to expand broadband access to all Coloradans. The state is at 77 percent coverage, according to the governor's office, and the goal is to reach 85 percent by the end of the year.



Gov. John Hickenlooper signs the rural broadband bill into law during a signing ceremony at the Capitol on April 2.

About \$164M in tax benefits identified

The Public Utilities Commission (PUC) continues to take action to ensure that utility customers receive the benefits from federal tax law changes that reduced corporate tax rates for utility companies beginning in 2018.

Working together, PUC staff and utility companies have identified \$164.4 million to date in utility tax benefits due to the tax law changes. That amount covers all Colorado electric and gas utilities regulated by the PUC. Implementation of both bill credits and lower utility rates moving forward are being addressed in individual utility proceedings, and are at various stages of completion.

As of May 1, about \$41.5 million in rate reductions have been implemented for Colorado utility customers,

including \$20 million for Xcel Energy gas customers, a cumulative \$19.5 million in reductions in pipeline safety, transmission and Clean Air Clean Jobs riders for Xcel electric customers, and about \$2 million for Rocky Mountain gas customers.

PUC staff and Xcel Energy recently reached a settlement calling for a \$101 million reduction in base rates for Xcel electric customers. If approved by the PUC, those reductions are expected to take effect on June 1.

Rate reductions for tax impacts for Atmos gas customers, Black Hills electric and gas customers, and Colorado Natural Gas customers are pending and should be implemented by the utilities within the next few months.

The PUC on February 1 opened a

statewide proceeding to ensure that Colorado utility customers receive the benefits from federal tax law changes that reduced corporate income tax rates from 35 percent to 21 percent beginning January 1. On February 21, the utilities each submitted an initial filing with proposals for how tax impacts would be addressed in rates.

On April 11, the PUC established a uniform process by which all utilities may seek to be excused from the proceeding upon showing that their specific tax impacts have been addressed through various rate filings. The PUC also established uniform quarterly reporting requirements in order to stay abreast of each company's efforts until the utility is excused from the case.

PUC allows modeling of Xcel CEP portfolio

The Colorado Public Utilities Commission (PUC) on March 14 granted a request to allow Xcel Energy to model and present its Clean Energy Plan (CEP) portfolio for consideration as part of its Phase II electric resource plan proceeding.

The portfolio, which proposes early

retirement of two coal units at Xcel's Comanche generation facility in Pueblo to be replaced by new renewable and natural gas resources, was to be included along with other alternatives in the company's Phase II 120-day report, which was due May 7. The PUC directed Xcel to include additional evaluation

data sufficient to determine if it is in the public interest to proceed down the coal plant retirement path.

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

(Continued on page 2)

PUC rail transit safety program receives certification

*Designation ensures
FTA transit funding
won't be interrupted*

The Public Utilities Commission (PUC) has obtained federal certification of its rail transit State Safety Oversight (SSO) program, ensuring that federal funding for Colorado's transit agencies across the state will continue without interruption.

The U.S. Department of Transportation's Federal Transit Administration (FTA) announced April 6 that Colorado and Virginia had received certification, joining six other states out of 30 that have obtained the necessary federal certification, more than a year ahead of an important safety deadline.

Federal law requires states with rail transit systems in the engineering or construction phase of development, or in operation, to obtain FTA certification of their SSO programs by April 15, 2019. If a state fails to meet the deadline, FTA is prohibited by law from awarding any new federal transit funds to transit agencies within the state until certification is received.

"It was important to the entire state of Colorado for the PUC to achieve SSO program certification," said **Pam Fischhaber**, chief of the PUC's Rail and Transit Safety section. "All FTA transit grant funding to Colorado, which includes more than 70 rail and bus transit grants, would have been withheld and no new transit grants would have been available until Colorado's SSO program was certified."

According to FTA estimates,

Colorado is expected to receive more than \$122 million in federal transit grants for fiscal year 2019.

One of the requirements under the 2012 Moving Ahead for Progress in the 21st Century Act was for states with rail transit agencies to create a more enhanced SSO program, Fischhaber said.

These program enhancements required SSO agencies to show legal and financial independence from the transit agencies they oversee; make changes and enhancements to the general SSO program; demonstrate the SSO has enforcement authority; can perform investigations and audits; has the appropriate level of staffing, training and qualifications; and has a written program standard by which the SSO program will be administered and managed.

The PUC has been working on obtaining certification for its SSO program for the past 18 months.

POSITIVE CHARGES

⚡ Kudos to **Michael Gullatte**, who recently transferred from the Transportation Rates & Authorities unit to the Advisory section to provide policy advice to Commissioners and Administrative Law Judges on transportation proceedings.

⚡ Welcome to several new PUC employees: **Jennifer Adamitis**, an administrative assistant in the Executive Office; **Tameka Johnson**, receptionist in the Administrative Support section; **Mike McClintock**, an investigator in the Transportation Investigations and Compliance unit; **Susan Sampson**, an administrative assistance in the Administrative Support section; **Seina Soufianni**, an engineer in the Energy section; **Lloyd Swint**, an investigator in the Transportation Investigations and Compliance unit; and **Debbie Zoetewey**, a court reporter in the Administrative Hearings section.



Jennifer Adamitis



Tameka Johnson



Mike McClintock



Susan Sampson



Seina Soufianni



Lloyd Swint



Debbie Zoetewey

Beware of callers using fake Caller ID numbers

The Colorado Public Utilities Commission (PUC) urges consumers to beware of callers who deliberately transmit fake phone numbers to your wireline and wireless phone caller ID display to disguise their identity. This scam is called "spoofing" and is often used as part of an attempt to trick someone into providing personal information that can be used in fraudulent activity.

Caller ID information can be manipulated by spoofer who illegally pose as representatives of banks, creditors, utility and technology companies, or even government agencies, such as the Internal Revenue Service. These scams have defrauded consumers of hundreds of millions of dollars.

If you cannot tell that an incoming

call is spoofed, use common sense and do NOT respond to any request for personally identifying information.

- Never give out personal information such as account numbers, Social Security numbers, mother's maiden names, passwords or other identifying information in response to unexpected calls.
- If you get an inquiry from someone who says they represent a company or a government agency seeking personal information, hang up and call the phone number on your account statement, in the phone book, or on the company's or agency's website to verify the authenticity of the request.

Transmitting misleading or inaccurate

caller ID information with the intent to defraud, cause harm or wrongfully obtain anything of value is illegal. If you receive a call and you suspect the caller ID information has been falsified, what can you do?

- File a complaint with the Federal Communications Commission at <https://consumercomplaints.fcc.gov> or by calling 1-888-225-5322.
- Contact the Colorado Office of the Attorney General Consumer Protection Section at 1-800-222-4444.

Visit the following websites for more information regarding spoofing and other fraudulent activity.

- <https://www.stopfraudcolorado.gov>
- <https://www.fcc.gov/consumers/guides/spoofing-and-caller-id>

INSIDE CONNECTIONS

When **Conor Farley** was deciding a career direction, his preferences pointed him down an academic path in politics, or a legal one. Ultimately, the road he chose led him to the Public Utilities Commission (PUC).

Farley is one of four administrative law judges on staff 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 complexity and scope of PUC cases is one of the things he likes most about the job.

"I enjoy dealing with the often-complicated issues presented in the PUC's proceedings," he said. "As a judge, my role is to analyze arguments made by the parties and realize the correct outcome based on laws and facts."

Farley earned a bachelor's degree from the College of William and Mary

in Virginia and, after working a few years, he contemplated pursuing further education in either the political science arena, or in law school. With all members of his immediate family holding Ph.D.'s, the pull of the academic path was strong. He completed all coursework and qualifying exams for a Ph.D. in political science from the University of Virginia, but did not complete his dissertation.

"The Ph.D. road, in terms of the academic job market at the time, was not good," he said. "So, after three years of pursuing a Ph.D., I decided to go to law school."

Farley obtained his law degree from the University of Virginia Law School. He worked for 13 years with Holland & Hart LLP as a litigator, and spent approximately 18 months at the Colorado Attorney General's Office prior to joining the PUC as an administrative law judge in April of 2016.

His interest in politics, however, remains strong.



Conor Farley

"I am very interested in national politics and international relations. Actually, I have a great passion for the whole broad political science area," Farley said.

And, taking advantage of Colorado's numerous outdoor offerings, he also enjoys soccer, skiing, mountain biking and hiking.

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

Xcel Energy's CEP

(Continued from page 1)

demand. This process carries out the policy of the state that new electric resources have the lowest impact on rates, factoring in all relevant costs to be encountered during the planning period.

The request to develop and present the CEP portfolio came to the PUC through a stipulation filed last August by more than a dozen parties in the case, including the company, PUC staff, the

Office of Consumer Counsel, large energy consumers, renewable energy advocates, environmental organizations, and labor groups.

The portfolio would meet a resource need expanded by the early retirements of 660 megawatts of generation at the Comanche plant. Xcel also has committed to building a new transmission switching station to promote new resource development in the Pueblo area.

Final PUC consideration of the CEP portfolio will come after parties file comments to the company's 120-day report,

which are due June 21. If the PUC approves the CEP portfolio and the early retirement of the coal units, such approval will be part of the Electric Resource Plan Phase II decision, which is expected to issue in early August.

The CEP stipulation contained a number of provisions that the PUC did not address in its March 14 deliberations. Some of those provisions may yet be addressed in either a related proceeding addressing the accelerated depreciation of Comanche 1 and 2 and the associated cost recovery, or in the PUC's final Phase II decision.



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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Xcel pulls out of Mountain West transmission group

Xcel Energy announced April 20 that it is ending its participation in the Mountain West Transmission Group (MWTG) and in related efforts to form a regional transmission organization (RTO) in the Rocky Mountain West.

The company cited a number of issues for its decision, including limited benefits for the company's 1.4 million

customers in Colorado; lack of market expansion opportunities for the MWTG; and increasing uncertainty over the costs of the RTO.

"Over the past several years, Xcel Energy and other regional electricity service providers have been investigating the potential to join a regional transmission organization.

Recently, Xcel Energy completed a review of the Mountain West's proposal to join a regional transmission organization. After much deliberation, Xcel Energy has determined that continued engagement in Mountain West is not in the best of interests of our customers or the company," said David Eves, Xcel Energy's executive vice president

and group president for utilities.

Xcel Energy noted a variety of inter-related items that drove the company to this conclusion, none of which is the single deciding factor, but collectively resulted in its decision. Some of the considerations include:

- The overall benefits to Xcel Energy's customers are limited, given the relatively small size of the MWTG footprint;
- While previously optimistic, Xcel Energy now sees few opportunities for westward expansion of the RTO, which might have added to the value proposition;
- While the costs of forming an RTO are generally known, they have recently increased, and the benefits are less certain and highly dependent on both the footprint, generation flexibility and composition of MWTG; and
- While Xcel Energy continues to believe in energy markets, recent developments with RTOs have introduced an increased risk of more significant changes to state-regulated retail electric service than Xcel Energy had anticipated.

"Xcel Energy will continue to focus on initiatives that will benefit our customers, keep bills low, and facilitate the addition of renewable resources on our system. Our customers and the state of Colorado benefit when states control their own energy policy," Eves said.



Carl Monroe, executive vice president and chief operating officer for Southwest Power Pool, answers a question during a Commissioner's Information Meeting at the PUC in March. Xcel Energy announced in April it was withdrawing from the Mountain West Transmission Group and related efforts to join a regional transmission organization.

Hearings on Comanche depreciation set June 18–20

The Public Utilities Commission (PUC) has scheduled hearings for June 18–20 on Xcel's proposal to modify the depreciation schedules for the possible early retirement of the Comanche 1 and Comanche 2 generation units in Pueblo.

The proposal is tied to the concurrent request for consideration of the Colorado Energy Plan (CEP) portfolio in Phase II of Xcel's on-going Electric Resource Plan (ERP) proceeding. In deliberations on April 11, the PUC agreed to extend several procedural dates in the depreciation proceeding consistent with Xcel's request for a

10-day extension to file its 120-day report in the ERP docket.

In this proceeding, the company seeks to (1) modify the depreciation schedules for the Comanche 1 and Comanche 2 to accelerate the depreciation associated with these units to reflect proposed new retirement dates of 2022 and 2025 respectively; (2) create a regulatory asset to collect the incremental depreciation associated with these early plant retirements; (3) reduce the Renewable Energy Standard Adjustment (RESA) from a 2 percent surcharge on customer bills to a 1 percent surcharge;

(4) revise the company's General Rate Schedule Adjustment (GRSA) to collect an offsetting amount of revenue approximately equivalent to the proposed reduction of the RESA to pay off the regulatory asset; and (5) earn a return at the weighted average cost of capital on the regulatory asset after it is placed into rate base.

Because the procedural schedule in the depreciation proceeding is dependent on the Phase II schedule, the PUC agreed to move the hearing dates from May 31–June 1 to June 18–20 to allow

Xcel to update certain information in its rebuttal testimony to reflect the results of the evaluation of the CEP portfolio as presented in the company's ERP Phase II 120-day report.

The proposed CEP portfolio calls Xcel to retire the two coal units at Comanche and replace them with new renewable and natural gas resources. Xcel said it would only bring forth the new plan for consideration if there is no additional cost to the company's electric customers.

Xcel electric case dismissed

The Public Utilities Commission (PUC) has dismissed an electric rate case filed by Xcel Energy after the company and other parties proposed extensive changes to the scope of the proceeding.

The PUC dismissed the rate case on April 11 after consideration of a joint procedural motion filed by Xcel, PUC staff and the Office of Consumer Counsel seeking to extend certain filing dates, to move the hearing from August to October, and to significantly alter the scope of the case.

When it initially filed its rate case last October, Xcel sought to increase its net electric revenues by approximately \$245 million over a four-year period ending in 2021. In early December, the PUC adopted an extended procedural schedule with hearings in August. The delay was to accommodate the filing of a historic test year for calendar year 2017 for the benefit of intervening parties opposed to using future test years for the four-year plan.

A joint procedural motion filed in March proposed several significant changes to the procedures and scope of the rate proceeding, including requests that the PUC (1) remove the 2018 future test year from the case and push back

the date for provisional rates to take effect from June 1, 2018, to January 1, 2019; (2) allow Xcel to include testimony addressing impacts of the Tax Cut and Jobs Act (TCJA) of 2017; (3) allow the company to address expeditiously all TCJA impacts for 2018 outside of the rate case; (4) allow Xcel to add the costs of the Rush Creek Wind Project to the rate base; and (5) extend the remainder of the procedural schedule by approximately two months.

In rejecting the motion and dismissing the case, the PUC said it believed several of those proposals were flawed, and noted that none of the proposed changes have yet to be fully explained to the PUC or to customers and that, at a minimum, the introduction of the Rush Creek Wind Project will require re-noticing that was not included in the latest proposed procedural schedule.

The original proposal would have increased typical residential electric rates by about 9.6 percent, or \$6.92 per month, between 2018 and 2021. The company had proposed an initial return on equity of 10.0 percent for the four-year plan that would have been adjusted for years 2019, 2020 and 2021.

Black Hills wind bid approved

The Public Utilities Commission (PUC) has approved the acquisition by Black Hills/Colorado Electric Utility of 60 megawatts (MW) of wind generation to comply with the state's renewable energy standard.

The PUC, in deliberations on April 25, endorsed the company's selection of the wind bid as the preferred portfolio in its 2016 Phase II Electric Resource Plan (ERP).

Black Hill's ERP Phase I evaluation last year indicated that the company did not need to acquire any capacity resources during the 2016–2022 resource acquisition period. However, the company's 2018–2021 Renewable Energy Standard Compliance Plan showed that additional renewable resource acquisitions were necessary for Black Hills to stay in compliance with Colorado's 30 percent renewable energy standard in 2019 and beyond.

The PUC's Phase I decision authorized Black Hills to conduct a competitive solicitation to acquire up to 60 MW of eligible renewable resources by 2019.

In its 120-day report filed February 9, the company said it received more than 100 individual bids from multiple project developers in response to its request for proposals, including wind, solar, waste-to-energy facilities, and a number of bids that offered battery

storage technology in combination with solar facilities. Black Hills assessed each bid using a detailed evaluation process, and selected what it termed was the "most cost effective bid from a selection of very competitive bids."

An Independent Evaluator (IE) also was used to assess the bids along with the company's solicitation and evaluation process. The IE concluded that the bid process was conducted fairly and adhered to the rules and standards developed by the PUC.

The preferred portfolio approved by the PUC contained a bid offering a purchased power agreement from a non-regulated subsidiary of Black Hills for the output of a 60 MW wind facility that is expected to come on-line in 2019. The wind bid ranked the highest overall, including both the economic and non-economic evaluation criteria. The portfolio had the lowest Net Present Value of Revenue Requirements and provided the most net incremental cost savings of all the bids that the company evaluated, according to Black Hills.

The purchased power will be supplied by a wind facility that will be located in Huerfano and Las Animas counties, and is forecasted to produce approximately 201,500 megawatt-hours of energy and renewable energy credits annually.

PUC rules RTD can certify crossings per FRA waiver

The Public Utilities Commission (PUC) has cleared a path for the Regional Transportation District (RTD) to resolve the crossing warning time issues that have plagued its commuter rail lines and gradually remove the flaggers that have been posted at the crossings.

The PUC, in deliberations on March 28, ruled it was in the public interest to grant relief to RTD concerning its A-line crossing warning times subject to the conditions of the waiver it received from the Federal Railroad Administration (FRA). That waiver approved additional buffer time to the programmed warning time for the operations of the 11 A-line crossings.

The PUC decision allows the conditions of the FRA waiver to be used for RTD to certify correct crossing operations at the A-Line crossings. RTD will be able to move forward with the gradual removal of the crossing attendants on a crossing-by-crossing basis once it has obtained FRA approval of its flagger demobilization plan, and upon successful field verification by the PUC of each crossing per the conditions of the waiver.

The G-Line, once RTD has obtained a similar waiver from the FRA, will be allowed to proceed under the same conditions. The 15 crossings on the G-Line utilize the same technology as the A-Line crossings.

The PUC last October denied RTD's request to approve an additional buffer in warning times at three crossings on the A-Line because RTD failed to provide any information about the safety of its proposed variance between the design previously approved by the PUC and the actual warning times at the crossings.

RTD in November filed an application for reconsideration of that decision, asking the PUC to re-open the record and grant a rehearing to take additional factual evidence and allow additional legal briefing on the request. The PUC granted the request, consolidated all the A-Line

and G-Line crossings into a single proceeding, and an administrative law judge conducted a hearing on the matter in February.

The A-Line, which runs from Union Station to Denver International Airport, opened in April of 2016. But due to significant gate timing issues, the PUC directed RTD to post flaggers at all A-Line crossings to prevent drivers from moving towards the crossing if it had been activated for a longer time than expected.

Once the crossings have been certified, RTD and the local municipalities also can proceed with applications to the FRA to establish quiet zones along the commuter lines.

Boulder given second extension to file agreements

The Public Utilities Commission (PUC) has granted a second 90-day extension to the City of Boulder to file completed agreements with Xcel Energy and a corrected list of assets to be acquired in its effort to create its own municipal electric utility.

The PUC in March approved Boulder's request to extend the deadline for filing the documents until June 11. The Commission earlier had granted an extension until March 13.

In a written decision issued September 14, the PUC approved with three conditions a list of distribution facilities outside of substations that Boulder needs to operate its own utility. The city could use that list in a future condemnation proceeding that would set the value that Boulder would have to pay for the assets. The PUC denied as premature Boulder's request to authorize inclusion of facilities inside substations.

The PUC conditioned final approval of the assets to be transferred on (1) the filing of an agreement between Boulder and Xcel providing permanent rights for Xcel to place and access facilities in Boulder it needs to continue to serve its customers; (2) the filing of a revised list of assets that is accurate and complete; and (3) the filing of an agreement that addresses payment from Boulder to Xcel for costs incurred by Xcel during separation. The PUC requested those filings within 90 days.

In its second joint request for additional time, Boulder and Xcel stated that significant progress had been made toward finalizing the agreements ordered in the proceeding, including an agreement on financing. The parties stated that an interim agreement on costs had been signed, and that they had successfully negotiated an agreement on permanent easements.

Boulder and Xcel also stated that the list of assets for transfer to be approved by the PUC has been completed, except for identification of real property interests. The parties said they would file all agreements and the asset list as a single filing when completed.

In its decision last September, the PUC declined to approve other parts of Boulder's proposed separation

plan, stating that the requests were premature, outside of PUC authority and/or not in the public interest. The PUC rejected a proposal that Xcel be required to finance and construct the proposed separation work; and declined to require co-location of facilities at substations or joint use of electric poles.

PUC modifies DSM agreement

In deliberations on April 11, the Public Utilities Commission (PUC) modified the terms of a proposed settlement in the Xcel Demand-Side Management (DSM) strategic issues proceeding.

The PUC adopted many of the terms of the settlement, supported by a majority of the parties in the case, but significantly modified the electric energy savings goals, the associated incentives, and the annual program budgets over five years.

Under Colorado law, utilities are required to develop programs to meet specific energy savings and demand reduction goals, which are established by the PUC. DSM programs encourage consumers to use less energy, and to move energy use to off-peak hours, such as nights or weekends, to reduce the need for additional utility investments in generation and distribution systems.

Although the proposed settlement was supported by a majority of parties in the case—including the company, PUC staff, the Office of Consumer Counsel, Southwest Energy Efficiency Project, City of Boulder, and Energy

Outreach Colorado—the PUC modified the terms to address opposition to the agreement raised by the Colorado Energy Office, the Natural Resources Defense Council, Sierra Club and the Colorado Renewable Energy Society.

The PUC increased the energy savings goals by 25 percent, from the agreed upon 400 GWh annually to 500 GWh. The Commission also changed the performance incentive mechanism to start at 80 percent of the goal and to be fully awarded at 100 percent of the goal.

The PUC concluded that the settling parties failed to justify the adoption of the agreement's demand response incentive. Even without that incentive, the PUC raised the overall cap on the incentive to \$18 million. The Commission also allowed the annual program budgets for Xcel's electric programs to exceed by 20 percent the annual target of \$78 million with a presumption of prudence provided certain conditions are met.

The PUC's written decision in the strategic issues proceeding will form the basis of Xcel's next DSM plan, expected to be filed later in the year.

2023 earliest for new area code

Colorado remains about five years away from needing a new area code to overlay on top of the 303/720 area code, 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 April. The administrator revises its area code exhaust projections twice a year, based on demand for telephone numbers.

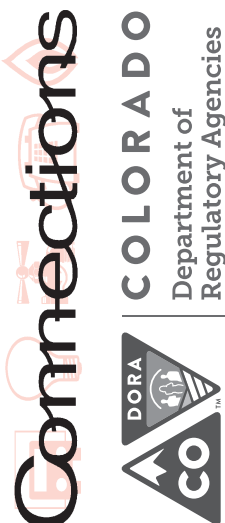
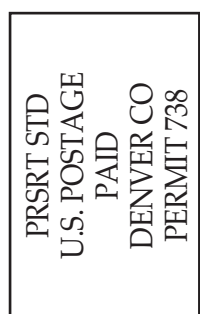
For Colorado, the exhaust dates for all three area codes remained fairly stable in the latest projections. The 303/720 area code in the Denver metro area is projected to be the first Colorado area code to run out of useable telephone numbers—in the first quarter of 2023. That is the same as the estimate provided last fall.

The forecast for Colorado's 970 area

code, which includes Fort Collins, Grand Junction and the western and northern parts of the state, has been pushed back three years since last October's projections. Area code relief for 970 is not likely to be needed until the first quarter of 2030.

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 remains the first quarter of 2046, the same as last October.

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 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.



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