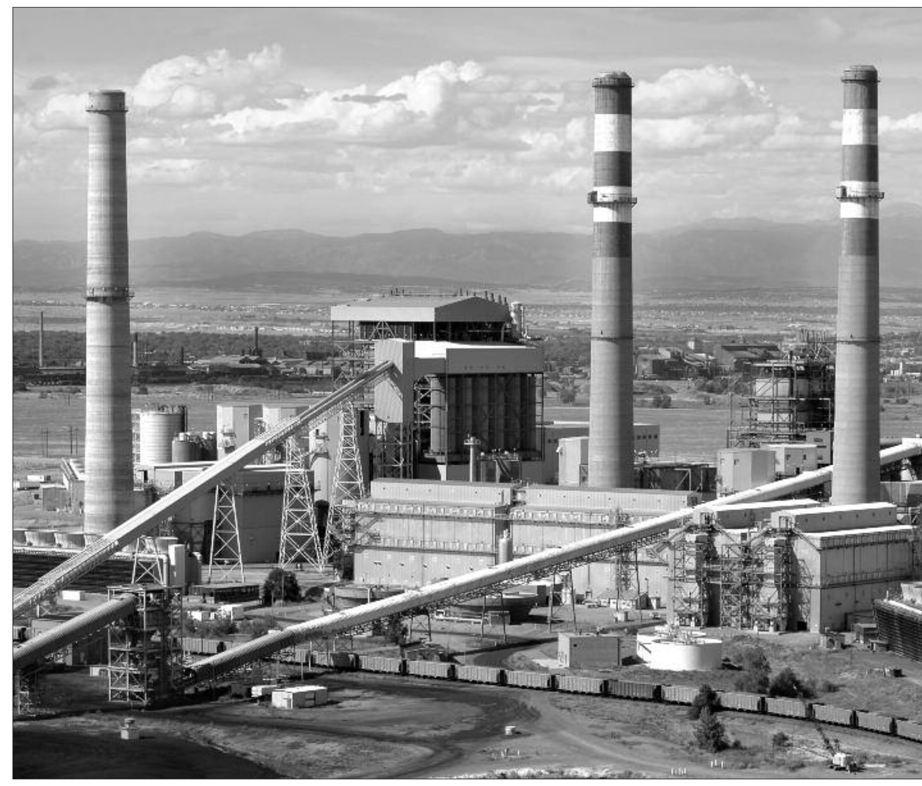
Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION SEPTEMBER 2018

PUC approves plan to shut coal plants

Two Comanche units slated for early closing in favor of renewables



Two of the three generating units at the Comanche coal plant in Pueblo will be closed early under a plan approved by the Colorado Public Utilities Commission. (Photo courtesy of Xcel Energy.)

The Public Utilities Commission (PUC) has approved Xcel Energy's proposal to retire two southern Colorado coal plants about 10 years ahead of schedule and replace them with low-cost, mostly renewable resources.

The PUC, in deliberations on August 27, approved Xcel's preferred Colorado Energy Plan (CEP) as part of its Phase II electric resource plan (ERP) proceeding. The decision gives the company authority to move forward to acquire a cost-effective package of wind, solar, solar with energy storage, and natural gas resources through 2023.

The PUC voted 3-0 to approve early retirement of the Comanche 1 and 2 generating units in Pueblo. Under the plan, Comanche 1 will shut down in 2022, and Comanche 2 will close in 2025. The newer Comanche 3 power plant will remain in operation.

The Commission approved the CEP preferred portfolio by a 2-1 vote. Chairman **Jeff Ackermann** and Commissioner **Frances Koncilja** supported the preferred portfolio. Commissioner **Wendy Moser** voted in favor of the CEP alternative portfolio, which included one less solar with energy storage project.

In making its decision, the PUC said that a vibrant market, evidenced by unprecedented low-cost renewable bids, provided a rare opportunity to advance the state's clean energy, economic and environmental goals at a reasonable cost and rate impact.

To replace the retired coal plants, Xcel plans to acquire more than 1,100 megawatts (MW) of wind resources, about 700 MW of solar resources, and 275 MW of battery storage.

Xcel also plans to buy existing natural gas power plants that produce 383 MW and from which the utility already buys power. The PUC voted to impose consumer protections on the company-owned wind resources to ensure that ratepayers get the full value that Xcel put forth in the modeling.

Under the approved plan, the company will own 27 percent of the new renewable resources (500 MW of wind) and 58 percent of dispatchable and semi-dispatchable resources (natural gas).

The company states that, under the plan, it will generate 55 percent of its electricity from renewable sources by 2026, with nearly 60 percent lower carbon dioxide emissions and 90 percent lower sulfur dioxide and nitrogen oxide emissions than 2005 levels.

Xcel said its Colorado Energy Plan will result in a total investment of $2.5 billion (including $1 billion by the company) across eight different counties, and will specifically bring economic benefits to Pueblo, to help offset the loss of jobs from Comanche. The plan will result in the development of high levels of new solar and battery storage and other supporting infrastructure in the Pueblo area.

With the Phase II decision in hand, Xcel Energy will begin negotiation of contracts to acquire the selected resources. The company will receive a presumption of prudence in any future cost recovery proceeding for the selected resources, as long as its actions are consistent with the PUC decision.

PUC judge denies Rasier legal claims

Proposed civil penalty hearing in Uber case still set for December

A Public Utilities Commission (PUC) administrative law judge (ALJ) has denied all but a small part of a request by Rasier, LLC to enter a declaratory order that the Commission staff exceeded its authority under the Transportation Network Company (TNC) Act in issuing a proposed multi-million dollar civil penalty for driver violations last November.

The ALJ on July 13 denied the request for declaratory order on five of six legal issues raised by Rasier in its petition, including that PUC staff exceeded the maximum permissible penalties for certain violations, that the TNC Act does not provide for repeated per-day violations, and that the PUC exceeded its authority by promulgating a rule requiring an annual-recheck for driving history research reports. The ALJ granted in part Rasier's request on one issue regarding the timing of removing disqualified drivers from the network.

The ALJ wrote that the interim decision "removes uncertainties affecting Rasier and (PUC) Staff with regard to the statutory provisions in the TNC Act and TNC rules" and ordered the case to proceed to hearing. Hearings on the proposed civil penalty are scheduled for December 6–17 at the PUC.

PUC transportation enforcement staff last November issued a Civil Penalty Assessment Notice (CPAN) for $8.9 million to Rasier, the parent company of Uber, for allowing individuals with disqualifying criminal or motor vehicle offenses, or without valid licenses, to drive for the company.

The CPAN listed violations over an 18-month period involving 57 Uber drivers who allegedly should not have been permitted to drive for the company. The company was cited $2,500 a day for each day a disqualified driver was found to have worked.

In its investigation leading up to the CPAN, PUC staff found that Uber allowed individuals to drive with previous felony convictions, major moving violations (DUI, DWI, reckless driving, driving under restraint), and numerous instances of individuals driving with suspended, revoked or cancelled driver's licenses.

Under Colorado law, a TNC must perform a criminal history record check prior to allowing a person to act as a driver for the company. The company must also obtain and review a driving history report for individuals before they are allowed to drive.

TNC's are required to disqualify drivers who have been convicted of specific offenses listed in statute—such as felony convictions, alcohol or drug-related driving offenses, unlawful sexual offenses, and major moving vehicle violations.

Rasier contested the proposed civil penalty and requested a hearing before an ALJ.

After negotiations with the company, PUC staff in May filed an amended CPAN removing about half of the 3,570 violations in the original complaint and reducing the proposed penalty to $4.4 million.

STARTING POINT

By **Doug Dean**
Director

Non-consensual tows can be a source of major frustration and expense for vehicle owners. But many of these headaches can be avoided by simply being more aware of where they are leaving their vehicles. The Public Utilities Commission (PUC) advises drivers to remember these three important things before parking in a private lot or area:

1. **Park on private property only if you have permission; otherwise park only in public lots.**

   Private property owners, as well as individuals or companies that have been authorized in writing to act as agent for the property owner, have a right to remove vehicles that are parked on their property without permission. This applies to businesses, apartment complexes, residences and any other private property. So before you leave your car, first do a thorough search for any signs that may indicate that the lot you chose is private.

2. **Private property restrictions can be can be enforced 24 hours a day, 7 days a week.**

   That party you're attending is just across the street from a business with a private lot. The business is closed. It's okay to park there, right? Not unless you have explicit permission from the property owner.

   Even if a business is closed, at night or on weekends, it can still have non-authorized vehicles removed from its parking lot. And it doesn't matter how long the vehicle has been parked there. If you park in a private lot and run across the street just for a few minutes to complete an errand, your vehicle could be towed.

3. **Be prepared—getting your car back will be expensive.**

   The PUC regulates the rates for non-consensual tows, but a private property tow could still end up costing you several hundred dollars once all the charges for the tow, mileage and storage are added up.

   If you do get towed from private property, the PUC has adopted rules that provide some consumer protections in cases of non-consensual tows.

   - Towing carriers are required to obtain proper authorization from a property owner before a tow can be made;
   - Authorization must be filled out in full, signed by the property owner or designated

(Continued on page 2)

Colorado Natural Gas seeks $3.8 million rate hike

Hearings are scheduled September 25–28 on a proposal by Colorado Natural Gas (CNG) Inc. to increase its annual base rate revenues by $3.8 million.

CNG provides natural gas service to approximately 25,000 customers in Colorado in two different rate areas. The Mountain Division includes the Cripple Creek, Pueblo West, and Bailey/South Park services areas. The Eastern Colorado Division was added by acquisition in 2011 and includes the towns of Byers, Strasburg, Bennett, Watkins, Deer Trail, Kit Carson and Sheridan Lake along I-70 in eastern Colorado.

The rate proposal, if approved, would increase bills for typical residential customers by about $16.79 a month (12.19 percent) in the Bailey service area, $14.79 a month (15.08 percent) in the Pueblo West service area, and $15.49 a month (13.50 percent) in the Cripple Creek area. Residential bills in the Eastern Colorado division would rise by $10.81 a month (17.91 percent).

For commercial customers, proposed increases would add $51.83 a month (7.64 percent) in the Bailey area, $47.49 a month (7.84 percent) in the Pueblo West area, and $56.78 a month (6.92 percent) in the Cripple Creek area. Commercial customers in the Eastern Colorado division would see increases of $9.66 a month (7.43 percent).

As part of the increase, CNG is proposing a revised service and facility charge of $25.00 a month for residential customers in the Mountain Division and $61.98 for commercial customers. The service and facility charge for the Eastern Colorado Division would be $15 a month for residential customers and $24.72 for commercial customers.

CNG is seeking an 11.9 percent return on equity (ROE), up from its currently authorized 10.95 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.

CNG's last PUC-approved rate increase was in 2013.

Complaint section secures savings for ratepayers

The Public Utilities Commission's (PUC) External Affairs section secured $67,730 in credits and refunds on behalf of utility customers during the 2017–18 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 5,700 calls, a slight increase from 5,639 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 259 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The unit took in 2,021 contacts and closed 1,983 for the fiscal year, compared to 1,938 contacts and 1,961 closed contacts a year ago.

A contact is a phone call, letter, email or on-line complaint 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 98.7 percent of its contacts within 15 business days for the fiscal year.

For the most recent fiscal year, the section closed 386 complaints concerning Qwest (CenturyLink QC), compared to last year's total of 480. The PUC closed 476 complaints related to Xcel Energy (Public Service Company of Colorado), up from 446 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 434 media contacts and issued 21 news releases for the fiscal year.

The complete 2017–18 consumer assistance summary is available on the PUC website at www.colorado.gov/dora/puc under the "For Consumers" tab.

INSIDE CONNECTIONS

After more than 35 years spent in the telecom industry and telecom regulation, **John Scott** keeps looking for new heights to scale. Don't expect him to stop anytime soon.

Scott is a Rate/Financial Analyst in the Public Utilities Commission's (PUC) Telecommunications section. He started at the PUC in 2010, after working for nearly 30 years at U.S. West/Qwest/CenturyLink.

"I don't believe that age means much of anything—the older I get the more I want to do," he said.

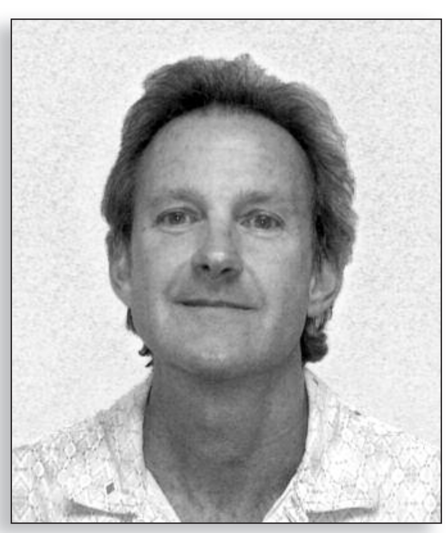
Scott is the administrator of the state high cost fund, tracking the collections and disbursements of the fund that helps ensure basic local telephone across the state as well as provide support for broadband in unserved areas. He also works on various other issues, including Lifeline applications and other miscellaneous telecom filings.

"The telecommunications team is a great group to work with," he said. "Everyone in the group has extensive experience, which provides for an environment to learn and tackle the various challenges."

Scott earned a bachelor's degree in finance and an M.B.A. in Organizational Behavior, both from the University of Colorado, Boulder. After college, he went to work for now-CenturyLink and worked in various departments and assignments throughout the company. These included various regulatory positions, product management, IT project management, and Director in Corporate Development and Strategy working on various merger and acquisition projects.

"I testified on company issues in 10 states back in the U.S. West days," he said.

Scott is an avid hiker, climber, trail runner, scuba diver, stand-up paddle boarder and music lover, all of which he enjoys with his "awesome family." He has climbed Cotopaxi (19,347 feet) in Ecuador, Orizaba (18,491 feet) in Mexico, and Pequeño Alpamayo (17,700 feet) in Bolivia, "all with our daughter—which was the best part." He's also climbed Mt. Rainier and trekked across the Patagonia icecap in Argentina.



John Scott

"My goal is to climb a peak above 20,000 feet before I wise up and realize maybe that isn't such a good idea—which means I have a long time to try," he said.

Scott has climbed 42 of Colorado's 53 14,000-foot peaks, and is a certified underwater cavern diver. He's also run more than 35 marathons, including three 35-mile ultras, and is especially pleased with running a half marathon a year after having a total knee replacement.

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

Starting Point

(Continued from page 1)

agent, and given to the towing carrier at the time the vehicle is to be removed from the private property

- If a consumer attempts to retrieve their vehicle before it is removed from private property, the towing carrier must release the vehicle if the consumer agrees to pay the "drop charge;"
- And a towing carrier must be available within the first 24-hours of having stored a vehicle to either release the vehicle from storage immediately upon demand during normal business hours or with one hour's notice during all other times.

Ultimately, the best way to avoid an unpleasant experience with a towing carrier is to stay away fromprivate property lots unless you have explicit permission to park there.

POSITIVE CHARGES

Congratulations to the PUC's **Gary Gramlick**, who was selected as the Department of Regulatory Agencies' (DORA) 2018 honoree for Public Service Recognition Week. Each DORA agency was asked to submit a nominee for the State of Colorado's public service recognition initiative, and Gramlick was chosen to represent the department.

Gramlick was cited for providing exceptional public service over his 32 years with the PUC. As a member of the Transportation Section's Rates & Authorities staff, he goes out of his way to provide citizens, industry members, attorneys, individuals from other state agencies, and PUC staff answers to questions and other assistance as necessary.

As part of the honor, Gramlick attended this year's award luncheon at the governor's mansion.

Welcome to new PUC employees **Adam Gribb**, an engineer in the Fixed Utilities section; and **Christie Nicks**, a legal assistant in the Administrative Hearings section.

Adam Gribb

Christie Nicks

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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PUC orders reduction in Xcel provisional gas rates

The Public Utilities Commission (PUC) has ordered Xcel Energy to reduce natural gas rates by about 1.5 percent from interim rates that have been in effect since March 1.

The rate decision comes after deliberations in July in which the PUC took up the company's exceptions to an Administrative Law Judge's (ALJ) preliminary rate case order. Xcel had asked the PUC to set aside the ALJ decision in its entirety and instead approve rates in accordance with a three-year multi-year plan it originally proposed.

The PUC rejected that appeal and agreed with the ALJ's conclusion that uncertainties in the multi-year plan were too great to conclude that the proposal was reasonable and would not result in significant harm to ratepayers. The Commission also upheld most of the technical decisions the ALJ made regarding the components of the 2016 historic test year, which the ALJ adopted in setting rates.

The PUC also supported the ALJ's findings that the authorized return on equity (ROE) for the company falls within a reasonable range from 9–10 percent, and that an ROE of 9.35 percent should be used to calculate authorized rates. The ROE is the profit that a utility is allowed to earn on its investments. The PUC sets a maximum ROE, but it is not guaranteed.

Based on the findings of a technical workshop in July, residential bills were expected to be reduced from $44.45 a month to $43.75 a month (a 1.57 percent reduction) based on the results of the PUC decision. Small commercial rates were expected to go from $188.86 to $186.07 per month (a 1.48 percent reduction). The new rates were expected to take effect in September.

The PUC also scheduled a hearing for November 15–16 to address the final impacts of the federal tax law changes that reduced corporate tax rates for utility companies beginning in 2018. Xcel implemented an interim $20 million rate reduction on March 1 for its gas customers.

Final gas base rates, incorporating both the rate case and tax law changes are expected to be in place by January 1, 2019.

Xcel Energy natural gas customers were expected to see a 1.5 percent reduction in monthly gas bills beginning in September.

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 typically account for 65–75 percent of the total monthly bill.

Xcel provides bill credits for service quality misses

Xcel Energy was expected to issue bill credits of $298,300 to Colorado customers for missing electric service quality standards in 2017.

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 2017 results reported in April, Xcel met the reliability standard in seven of its nine regions, including Denver, Boulder, Front Range, Greeley, High Plains, Northern and Western. Xcel received warnings for falling below the required standard for the Mountain and San Luis Valley regions, and will be subject to bill credits if it misses them again in 2018.

Xcel received a warning in 2016 for missing reliability standards in its Greeley region. But because it met the standard for that region in 2017, no refunds were 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.

For 2017, the company had 5,818 customers who experienced five or more sustained outages for a total credit of $290,900. It also reported 148 customers, nearly all of them in the Mountain or San Luis Valley region, experiencing outages of 24 hours or more, for a total credit of $7,400.

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 2017, 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.

Xcel seeks 2-year extension of pipeline system rate rider

The Public Utilities Commission (PUC) has scheduled a hearing Oct. 29 on a proposal by Xcel Energy to extend for two years a rate rider that pays for accelerated recovery of gas pipeline system improvements.

The company filed an application on June 27 seeking an order extending the Pipeline System Integrity Adjustment (PSIA) rider for two years from the current sunset date of December 31, 2018, through December 31, 2020. Xcel also said it plans to terminate the rider no later than the end of 2024.

The PSIA is a rate rider that covers capital costs of Xcel's integrity management programs not included in base rates and that are necessary to comply with the requirements of the 2002 Pipeline Safety Improvement Act, which created national requirements for the safe and reliable operation of natural gas pipelines.

The company stated it has "significantly improved its system safety" since the inception of the PSIA in 2012, but there is still work to be done. Xcel said without the extension of the PSIA, or an alternative method of cost recovery, "it would be forced to forego recovery of existing, prudently incurred costs."

Xcel previously filed a two-year extension request in April, but the application was dismissed without prejudice on the basis that the company did not adequately address the requirements established for future PSIA extensions outlined in a 2015 PUC decision.

Xcel said the current filing differs from its earlier application in two key ways. First, the company no longer is proposing to include any costs associated with the pending Pipeline and Hazardous Materials Safety Administration (PHMSA) Transmission Rule in the extended PSIA rider. While the new rule will create additional federal requirements for gas pipeline system integrity that will have associated costs, the specific requirements and scope are still uncertain.

Xcel now proposes that the extended rider contain only the capital costs for existing PSIA program and projects, and exclude the potential capital effects of the PHMSA Transmission rule.

The second significant change is the specific proposal to end the PSIA no later than December 31, 2024, when capital investments and associated revenue requirements for pipeline integrity improvements that are governed by federal regulation are anticipated to fall to such a level that they no longer require a special cost recovery mechanism.

The PUC said it intends to issue a Commission decision in time to allow any compliance tariffs to be filed and go into effect by January 1, 2019.

Black Hills' new rate design includes tiered electric rates

Black Hills Electric implemented "tiered" or "inclining block" rates for its Colorado residential customers on July 1.

The Public Utilities Commission (PUC) approved the new rate design as part of the company's 2017 Phase II electric rate case. Under a tiered rate structure, the charge for energy is divided into two price tiers to encourage efforts to conserve energy and help customers save money by controlling their own energy usage.

Under the tiered rate structure, the energy charge—or price per kilowatt-hour (kWh)—is set at approximately 10 cents per kWh for the first 500 kilowatt-hours of energy used per month. For energy use above 500 kWh, the rate increases to about 13 cents per kWh. This is intended to create an incentive to conserve, aligning Black Hills with energy conservation policies, as well as benefit low-use customers.

The break between the tiers was determined through a review of billing data, which showed 500 kWh as the company's base consumption amount. Additionally, Black Hills determined that low-income customers' annual average consumption is 591 kWh per month, while non-low income customers use 624 kWh per month. The 500 kWh break between tiers provides incentive for all customers to conserve energy.

The company receives no additional revenue from a tiered rate structure. Customers that use more energy will pay more, and customers that use less will realize greater rewards for their efforts to use electricity wisely.

According to calculations based on billing data, Black Hills residential customers will have lower overall bills for energy use of up to 787 kWh per month under the tiered rate structure than under a single energy charge. With approximately 75 percent of Black Hills' residential customers using less than 787 kWh per month, a substantial majority of those customers are projected to realize an equal or lesser bill based upon the tiered rate structure.

Recognizing the distinction between discretionary and non-discretionary use of energy, the PUC ordered Black Hills to provide a single, year-round energy charge as an alternative to tiered rates for customers eligible for a medical exemption. That rate is approximately 11 cents per kWh. Customers wishing to receive a medical exemption from tiered rates should contact the company.

As part of the PUC's decision in the Phase II rate case, the monthly fixed charge for Black Hills' residential customers was reduced from $16.50 per month to $8.77 per month. The PUC also upheld the administrative law judge's decision rejecting separate rates for residential net metered customers with on-site solar systems.

For information on how customers can improve household energy efficiency and reduce their energy usage, see the websites of the Colorado Energy Office and Black Hills.

PUC transfers another $10.8 million to broadband board

The Public Utilities Commission (PUC) last month allocated an additional $10.8 million from the state's high cost fund to support broadband deployment in unserved areas of Colorado.

The PUC was able to make the transfer following a ruling in Morgan County District Court in June dismissing the remaining issues in a lawsuit filed by Viaero Wireless challenging the PUC's finding of effective competition in 15 wire centers in northeast Colorado.

As part of telecommunications reform legislation in 2014, the legislature expanded the purpose of the state's high cost fund to include supporting broadband access in unserved areas. Previously, the high cost subsidy, funded by a 2.6 percent monthly surcharge on telephone bills, was used only to support companies providing basic voice service in rural high-cost areas.

The law enabled the PUC to allocate money from the high-cost fund for the deployment of broadband service in areas the PUC determined to be effectively competitive.

With the court vacating its suspension of the PUC's finding for the 15 wire centers previously in dispute, the Commission has made findings of effective competition for 102 wire centers throughout Colorado. That has allowed the PUC to transfer about $23 million since 2014 to the Broadband Deployment Board, taking into account the projected high cost fund contributions, remaining disbursements for 2018 basic service in accordance with previous PUC decisions, and a limited reserve amount.

Earlier this year, the legislature passed a bill to accelerate the allocation of high cost funds for broadband deployment, beginning in January 2019. Under the law, 60 percent of the money in the high cost fund will go toward broadband in 2019, with that portion increasing annually to 100 percent in 2023.

The result is expected to generate an estimated $115 million over the next five years to help bring high-speed internet to unserved areas in Colorado.

The law directs the PUC to maintain the current monthly 2.6 percent 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.

PUC to amend rules to reflect high cost fund changes

The Public Utilities Commission (PUC) has proposed amendments to its Colorado High Cost Support Mechanism (HCSM) rules to implement 2018 legislation concerning the financing of broadband deployment.

The PUC in August issued a rulemaking notice to reexamine and modify its HCSM rules. The focus of the proposed rules is: (1) the reduction in DCSM distributions for basic service required by statute; and (2) the elimination of regulatory obligations commensurate with the elimination of support. The proceeding satisfies the requirement in the new law that the PUC establish a plan no later than December 31, 2018, to eliminate such regulatory obligations.

Earlier this year, the legislature passed a bill to accelerate the allocation of high cost funds for broadband deployment beginning in January 2019. Under the law, 60 percent of the money in the high cost fund will go toward broadband in 2019, with that portion increasing annually to 100 percent in 2023. The result is expected to generate an estimated $115 million over the next five years to support broadband deployment in unserved areas in Colorado.

Prior to issue the rulemaking notice, PUC staff convened two workshops in July with diverse stakeholder groups, and came up with a set of proposed rule changes that were mostly non-contentious.

The proposed rules, among other things, would eliminate obligations on CenturyLink imposed by statute on a wire-center basis. Wire centers where CenturyLink would continue to have obligations, such as provider of last resort, are explicitly included within the rule for each year between 2019 and 2023. Starting January 1, 2023, no obligations will remain in any wire center serving area in Colorado.

The proposed amendments also would require the PUC's HCSM administrator to send updates to the Commission periodically, and make publicly available, information on collections received in the high cost fund.

People wishing to submit written comments on the proposed rules may do so no later than September 7, with reply comments to be submitted no later than September 21. A hearing on the proposed rules is scheduled for October 4 at the PUC, 1560 Broadway, in Denver.

A copy of the proposed rules in available through the Commission's E-Filings system under proceeding number 18R-0561T.

Denver E-911 fee to increase

The Public Utilities Commission (PUC) has approved a request to increase the E-911 monthly surcharge for the City and County of Denver.

The PUC in August granted Denver's application to increase the surcharge from $0.70 to $1.20 a month. It is the first E-911 surcharge increase for Denver in 20 years. The new surcharge is expected to go into effect by the end of the year.

In its application, Denver cited a marked increase in 9-1-1 call volumes over the past five years related to population growth. The surcharge increase will enable Denver to meet projected staffing needs, meet or exceed 9-1-1 performance standards, establish a state-of-the-art emergency communications facility, and help Denver 9-1-1 stay current with evolving public safety technology needs.

The PUC concluded the increase will allow Denver to continue to provide adequate, reliable and reasonable emergency telephone services in its territory.

Land-line and wireless customers in Colorado pay a monthly surcharge to fund the equipment and operational expenses of the 9-1-1 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 9-1-1 authority may assess a surcharge of up to 70 cents per customer per month for emergency telephone services without permission from the PUC. Anything above that amount requires PUC approval.

The Denver application is the third 9-1-1 surcharge increase approved by the PUC in 2018. In April, the PUC approved an increase from $0.70 to $1.50 per user per month for the Pueblo County Emergency Telephone Service Authority Board, which provides E-911 services to Pueblo County (excluding the City of Pueblo), Boone and Rye.

In June, the PUC approved an application by the Weld County 911 Emergency Telephone Authority to increase its surcharge from $0.70 to $1.20 per month. The authority provides E-911 service to 27 municipalities, one law enforcement authority, 24 separate fire and ambulance districts, and the Weld County Board of County Commissioners.

Hearing set for Black Hills DSM plan

The Public Utilities Commission (PUC) has scheduled hearings October 3–4 on a three-year electric demand-side management (DSM) plan submitted by Black Hills/Colorado Electric Utility Company.

The plan proposes DSM programs, energy and demand savings goals, participation goals, budgets and cost-effectiveness tests in accordance with statutes and PUC rules for the years 2019–2021.

The purpose of a DSM plan is to reduce end-use electric consumption in a cost-effective manner in order to save money for consumers by avoiding or delaying the need to build new generation facilities. Energy efficiency programs also protect the environment by encouraging the reduction of emissions and air pollutants.

Black Hills' proposed 2019–2021 energy efficiency portfolio is comprised of 18 programs that fall under three broad categories: residential, non-residential and special programs. The company proposes to offer six programs to residential customers and 10 to commercial and industrial customers.

The plan also includes special 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 energy savings of 53,808,254 kilowatt-hours and demand savings of 10,362 kilowatts over the life of the three-year plan.

Black Hills is seeking approval of a total budget of $15.6 million for the three-year plan. All of the programs proposed 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.

A number of parties have intervened in the proceeding, including PUC staff, the Office of Consumer Counsel, the Colorado Energy Office, Energy Outreach Colorado, Southwest Energy Efficiency Project, Pueblo County Commissioners, City of Pueblo and Fountain Valley Authority, and the Cripple Creek & Victor Gold Mining Company.

A PUC decision is due by January 14, 2019.

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