

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

JANUARY 2019

STARTING POINT



By Doug Dean
Director

As we enter the winter season and snow begins to pile up, Colorado utility customers, especially those mountain communities with heavy snowfalls, are encouraged to inspect their natural gas meters on a regular basis and remove any ice and snow buildup.

The accumulation of snow and ice on natural gas meters is a safety hazard. Keeping meters clear of snow and ice will help prevent damage that could result in a dangerous situation.

Accumulated snow and ice places stress on the regulator or meter piping, and could cause gas to leak into your home and create a hazardous condition. Excessive snow cover also may result in abnormal pressure, affect appliance operation and interrupt your service.

Damage to natural gas facilities may also result from the impact of snow or ice falling from roofs, ice forming in or on regulators preventing their proper operation, or shoveling snow from roofs to protect dwellings from abnormal snow accumulations.

When removing heavy accumulations of snow or ice, do not strike meters with snow blowers, blades or shovels. Do not kick your meter to break or clear ice. Use a broom, a snow brush, or your hands to lightly remove snow and ice that is capable of being removed. For extremely heavy ice buildup, contact your local gas utility.

The problem of melting snow and ice falling on exposed meters will continue through the spring as daytime temperatures rise and then fall below freezing overnight. Customers who notice ice on their meters or are concerned that meter vents may be blocked should contact their local gas utility.

Excessive ice and snow may also block the electronic reading of your meter. And, if there is an emergency, response crews will need clear access to your meter.

If you own a vacation home or plan to be away from your home for an extended period, designate someone to clear your gas meter and sidewall appliance vents regularly while you're away. After you're back in the home, be especially attentive to any gas odor.

Customers should leave their residences immediately if they detect a gas or propane odor and report the odor to their local gas utility, propane operator or designated emergency response officials.

Stay safe during the winter by keeping your gas meter clear and dry.

Governor appoints new PUC member

DMEA board member picked for 4-year term

Governor John Hickenlooper has appointed **John Gavan** of Paonia, a board member of the Delta-Montrose Electric Association (DMEA), to the Public Utilities Commission (PUC).

The announcement was made on December 17, and will be for a term that expires in January of 2023. Gavan replaces **Wendy Moser**, whose term expires January 7, 2019. The appointment requires confirmation from the Colorado Senate.

Gavan has been a member of the Board of Directors for DMEA, an electric cooperative on Colorado's western slope, since 2014. He also has served on boards for Delta County Economic Development, Tri-State Generation and Transmission Association, and Solar Energy International.

Gavan has spent most of his career

involved in technology, beginning in the U.S. Navy, where he served as an engineering and communications officer on a guided missile destroyer. After the navy, he spent 19 years as a director of information technology at MCI Communications.

He worked as an information technology contractor at NASA headquarters in Washington, D.C., before being recruited by GXs Corporation in Colorado Springs, a leader in business-to-business technology. He served as director of the project management office until 2011.

He and his wife moved to Paonia in 2008 and built a "net zero" energy-efficient home, designed by Gavan, on a 10-acre farm outside of town. During construction, they used the Paonia Library's public computers, a connection that led to a four-year stint as Delta County Libraries IT manager.

Gavan will serve with Chairman **Jeff Ackermann** and Commissioner **Frances Koncilja** on the three-member PUC, which regulates rates and services of



John Gavan

investor-owned electric, gas and water utilities; some intrastate telecommunications services; for-hire motor carriers in Colorado; and safety of railroad crossings and intrastate natural gas pipelines.

PUC commissioners serve staggered four-year terms. No more than two appointees may be from the same political party. Gavan is an Independent; Ackermann and Koncilja are Democrats.

Legislature takes up PUC sunset review

The Colorado Public Utilities Commission (PUC) plays a vital role in the daily lives of virtually every Colorado citizen through the utilities and services it regulates and should be continued.

That's the central recommendation of the 2018 PUC Sunset Review, conducted by the Office of Policy, Research & Regulatory Reform within the Department of Regulatory Agencies (DORA). The 71-page report, issued on October 15, contains 11 statutory and administrative recommendations.

Chief among the statutory recommendations is that the PUC be continued for 13 years, until 2032.

"The Commission's activities affect Coloradans in ways large and small: its inspection of gas pipelines and railroad

crossing might prevent accidents and its attention to the capacity of electric utilities might prevent widespread service outages; it helps people resolve billing disputes and ensures buses are safe to transport children," the report said. "Through all these activities, the Commission fulfills its constitutional mandate to regulate 'the facilities, service and rates and charges of public utilities in Colorado.' For all of these reasons, the General Assembly should continue the Commission for 13 years, until 2032."

State law requires a periodic review of all state regulatory agencies to evaluate the need for and the effectiveness of the agency's functions, also known as the "sunset" process. The PUC's last review was in 2008 and it extended

the agency through June, 2019.

"The industries under the Commission's jurisdiction encompass a broad swath of American history," the report said. "In the United States, railroads have been a fact of life since before the civil war; electrical service has been considered a basic right for nearly 100 years. Transportation network companies occupy the other end of the timeline: Colorado only started regulating them in 2014. It is difficult to think of another state agency that has had an effect on almost every person in Colorado over so many years, through a radically changing world."

The Colorado General Assembly will consider the report and its recommendations during the 2019 legislative session.

2018 PUC Sunset Recommendations

General

1. Continue the Public Utilities Commission for 13 years, until 2032.
2. Authorize the Commission to delegate routine administrative matters to staff.
3. Clarify that every case submitted for adjudication should go to the Commission, unless the Commission assigns the case to an individual Commissioner or an Administrative Law Judge.
4. Revise the provisions governing utilities' mandatory notice of rate changes to customers to increase transparency and allow for additional notification methods.
5. Amend section 40-7-118 of the Colorado Revised Statutes such that control over the money in the

Legal Services Offset Fund lies with the Commission.

6. Make technical changes.

Energy

7. Repeal, effective July 1, 2043, directives to utilities regarding the purchase of electric energy from community solar gardens, and permissible limitations on those purchases, in compliance years 2011 through 2013.
8. Repeal the ability of the Commission to consider proposals to fund and construct integrated gasification combined cycle generation facilities as new energy technologies.

Transportation

9. Prohibit the Commission from

promulgating rules that allow property owners to grant agency to towing companies; modify the signage requirements for parking areas related to non-consensual tows; require a towing company to notify the vehicle owner that the Commission may be contacted with a complaint; and increase the penalties for not following the rules regarding non-consensual towing.

10. Require transportation network company drivers to undergo a criminal history record check as provided in section 40-10.1-110 of the Colorado Revised Statutes.

11. Grant the Commission fining authority for violations concerning rail crossing safety.

PUC adopts interim rules for large-market taxis

The Public Utilities Commission (PUC) has adopted temporary rules to implement portions of a new law defining the manner in which Large

Market Taxicab (LMT) Services may operate in Colorado.

The temporary rules, effective October 29, implement House Bill

18-1320, which reduced regulation for taxi carriers operating in 10 "large market" counties in Colorado. The law

(Continued on page 2)

Ackermann co-chairs task force on electric planning

Colorado PUC Chairman Jeff Ackermann will co-chair a new national task force to help develop new approaches to better align electric distribution system planning and resource planning processes. The task force is a partnership between the National Association of Regulatory Utility Commissioners (NARUC) and the National Association of State Energy Officials (NASEO).

The Joint Task Force on Comprehensive Electricity Planning was announced in November at the 2018 NARUC annual meeting in

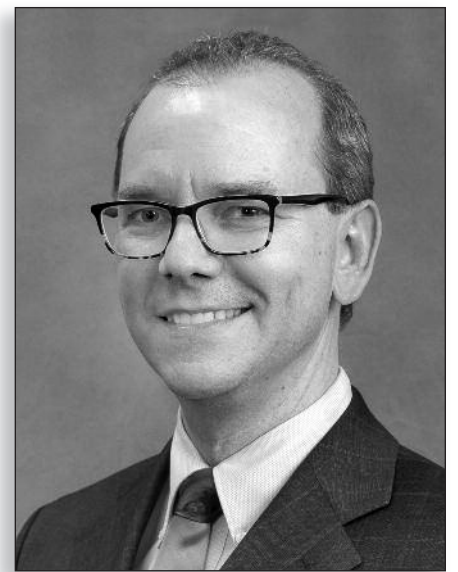
Orlando. The two-year collaborative initiative of NARUC and NASEO, with support from the U.S. Department of Energy, will provide a forum for participants from 12 to 15 states to examine key planning process intersections to test concepts, learn from national-caliber experts, and outline policy and technical needs.

Ackermann will co-chair the task force with Dr. Laura Nelson, Executive Director of the Utah Office of Energy Development. The task force will provide a forum for the development of state-led pathways

toward a more resilient, efficient and affordable electric grid.

"As the electric sector, and surrounding energy economy, undergoes pressure to evolve, there are expectations upon the regulatory process to keep up," Ackermann said. "This will require an unprecedented level of regulatory and policy coordination at the state level, specifically between regulatory commissions and state energy offices."

The full roster of task force participants will be announced in February. The first task force working meeting will occur in spring of 2019.



Jeff Ackermann



Janie Castle

Janie Castle is a bit reluctant to share the many things she likes about her job, because if she listed them she believes everyone would want her job. And she wants you to know that her job is not up for the taking.

Castle is a Pipeline Safety Inspector in the PUC's Gas Pipeline Safety unit. She is one of five inspectors who cover the state in that role, having come to the PUC in May of 2015.

INSIDE CONNECTIONS

"I get to work with great colleagues and appreciate our team's genuine spirit of cooperation and shared goals," Castle said. "Also, my boss trusts me to produce high quality work and results. I work hard to maintain that level of trust, which keeps me engaged and excited."

The Gas Pipeline Safety section performs safety audits and inspects records and facilities of intrastate natural gas transmission, distribution, petroleum gas, liquefied natural gas and master meter systems, ranging from large operators like Xcel Energy, to smaller municipal systems, to trailer parks. The goal is to ensure compliance with state and federal safety regulations to keep operators and the public safe from natural gas and propane hazards.

Castle's responsibilities include responding to emergency incidents in northern Colorado. She also is a growing expert in gas gathering safety.

"Every day is different and always an adventure around the corner. I love my job," she said.

Castle holds bachelor's degrees in biology and environmental microbiology.

Prior to coming to the PUC, she worked more than 18 years as an environmental consultant and researcher, including work on TransCanada's Keystone Pipeline as the National Environmental Policy Act (NEPA) and Permitting Coordinator, and the Keystone XL Pipeline as Spill Risk and Environmental Impacts Project Manager.

She also served in the U.S. Navy and has worked for the U.S. Geological Survey as an Environmental Toxicologist evaluating stream and wetland health pre- and post-heavy metal mining.

Castle, who with her husband owns and lives on a 5-acre horse ranch north of Fort Collins, considers herself an outdoor adventurer: hiking, snowshoeing, cycling and occasionally fishing.

Her favorite advice to others comes from Ellen DeGeneres, "Follow your passion, stay true to yourself, never follow someone else's path, unless you're in the woods, and you're lost, and you see a path, then by all means you should follow that."

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

POSITIVE CHARGES

Congratulations to Pam Fischhaber and Brian Chesher, who received recent promotions at the Public Utilities Commission. Fischhaber was named Deputy Director of Public Safety, which includes the Transportation, Rail Transit Safety, and Gas Pipeline Safety sections. Chesher was named chief of the Transportation Section.

Kudos to Ismael Reyna, a Program Assistant in the Administrative Support unit, who received the 2018 Dom Hidalgo customer service award. The annual award recognizes the PUC employee who displays consistent and superior customer service throughout the year.

Ismael was nominated for his positive and cheerful attitude in his everyday interactions with both internal and external customers. Consistently volunteering when help is needed, training other staff, filling in when others are out, taking on special projects he's asked to do, and proactively solving programs are just a few of the ways Ismael exemplified exceptional customer service throughout the year.

PUC colleagues submit nominations for the annual award. After a committee of previous winners narrows the lists of nominations to three finalists, PUC employees vote to determine the winner.

Vanessa Condra and Cliff Hinson were this year's other finalists.

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

- 5 years—Mona Romero
- 10 years—Tony Cummings
Charles Hernandez
Greg Kropkowski
- 15 years—Jemima Arthur-Asmah
- 25 years—Alison Torvik
- 30 years—Suzette Scott

Large-market taxi rules

(Continued from page 1)

removed LMTs from regulation as a common carrier to regulation as a motor carrier of passengers. It was designed to help give taxi carriers equal footing to compete with Transportation Network Companies (TNC), such as Uber and Lyft, in large markets.

The law defines "Large Market Taxicab Service" as "indiscriminate passenger transportation for compensation in a taxicab on a call-and-demand basis, within and between points in the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer and Weld."

Companies wishing to operate under a LMT designation after January 1, 2019, must obtain an over-the-counter permit

from the PUC. In order to obtain a permit for large-market taxicab service in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson, taxi carriers must have at least 25 vehicles in their fleet at all times. For El Paso, Larimer and Weld counties, taxi carriers must have fleets of at least 10 vehicles at all times.

Unlike taxi companies operating under common carrier authority, LMTs may change their rates without PUC approval, as long as they fall under a maximum rate cap established by the PUC. LMTs must file any new rate schedule with the PUC before it is implemented.

In its temporary rules, the PUC set a maximum for LMTs of \$3.50 for the flag drop, and \$2.80 per mile after that. It also set maximum rates for additional charges like traffic delay, waiting time,

additional passengers, and additional baggage.

Maximum rates for large-market taxicab services between Denver International Airport and downtown Denver, Denver Tech Center and Boulder remain the flat-rated fares currently in PUC rules.

Under the temporary rules, all current PUC operational and safety rules which apply to taxis serving within and between Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer and Weld counties apply to an LMT carrier.

The temporary rules shall remain in effect until permanent rules become effective, or for 210 days, whichever period is less. The temporary rules can be found on the PUC website at <https://www.colorado.gov/pacific/dora/transportation-rules>.

PUC sets 2019 no-call fees for telemarketers

The Colorado Public Utilities Commission (PUC) has established the registration fees for 2019 that telemarketers will pay to obtain the state's do-not-call list.

The fees are set on a sliding scale based on the number of employees of the soliciting company. The fees collected are used to pay the annual contract costs for the Designated Agent to administer the Colorado No-Call program, and to support enforcement activities provided by the Colorado Attorney General's Office.

The 2019 fees will range from \$275 for telemarketers with 5-10 employees, up to \$500 to companies with more than 1,000 employees. Telemarketers with less than five employees are not charged an annual registration fee.

PUC staff estimates that approximately

300 telemarketers will register with the Colorado No-Call program in 2019 and pay registration fees that will generate roughly \$102,965 in annual revenues.

Colorado's No-Call program allows residential and wireless telephone subscribers to notify solicitors of their objection to receiving solicitations by telephone or fax by placing their telephone numbers on a do-not-call list at no charge. Telemarketers must update these do-not-call lists four times a year to help reduce unwanted telephone calls.


A state enforcement action may be brought against commercial telemarketers for three or more violations in a month. Certain types of calls are excluded from no-call rules, including political calls, calls from charitable organizations, and calls from businesses that have an existing relationship with a customer.

As of December 1, 2018, just over 3.8 million telephone numbers had been registered with Colorado's no-call list, which began in 2002.

Telephone subscribers may register a residential or wireless phone number or file a complaint about possible violations of the no-call law by either calling toll-free at 1-800-309-7041, or by going on-line at www.coloradonocall.com.

2019 Telemarketer Registration Fees

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




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 rules implement new energy storage legislation

The Public Utilities Commission (PUC) has adopted rules requiring utility evaluation of energy storage systems in energy planning processes.

The PUC on December 12 issued its written decision approving amendments to its electric rules. The rule changes implement the “Energy Storage Procurement Act” approved by the Colorado Legislature in 2018.

House Bill 18-1270 directed the PUC to adopt rules establishing mechanisms for the procurement of energy storage systems by investor-owned utilities, based on an analysis of costs and benefits, as well as factors such as grid reliability and a reduction in the need for additional peak generation capacity.

In its deliberations, the PUC determined that the new law mandates consideration of energy storage not only in utilities’ Electric Resource Plan (ERP) processes, but also in their other planning processes for the acquisition of transmission and distribution facilities. The PUC modified its ERP rules to incorporate provisions addressing energy storage, as well as rules concerning the construction or expansion of transmission or distribution facilities.

Electric resource planning is a regulatory process where a utility’s projected customer demand is matched with the best resources the market can deliver, factoring in cost and other criteria. Historically, the competition has generally been between different types of generation resources. The emergence of storage technology brings both new



Energy storage systems, such as one shown here, must be considered by utilities in energy planning processes under new rules adopted by the PUC.

opportunities and challenges to the competitive selection process.

“Through these new rules, the Commission is making sure that the ERP process fully incorporates the unique attributes of storage into future decision making,” PUC Chairman **Jeff Ackermann** said.

In the underlying legislation, spon-

sored by Rep. Chris Hansen, utility planning processes were identified as a necessary and appropriate avenue for considering the cost-effective procurement of energy storage. The legislation declared that energy storage systems

provide potential opportunities to (1) reduce system costs; (2) support diversification of energy resources; and (3) enhance grid safety and reliability.

The new rules are expected to be effective no later than February 1, 2019.

Report projects \$33.4 million for voice, broadband in 2019

The fund that provides money to reimburse eligible telecommunications providers that serve areas with higher than average costs is projected to distribute \$18.2 million for basic voice service and \$15.2 million for broadband support in 2019.

The projections are included in the annual report of the Colorado High Cost Support Mechanism (HCSM), which was submitted to the legislature on December 1. The report provides a detailed overview of the operations of the HCSM for the calendar year 2018 and proposed operations for 2019.

In 2018, the HCSM fund distributed \$33.8 million, mostly to CenturyLink, to support universal basic voice service in rural areas of Colorado that the Public Utilities Commission (PUC) had not yet found to have effective competition. The PUC also was able to transfer an additional \$10.8 million from the high cost fund to support broadband deployment in unserved areas of Colorado.

Since 2014, when the legislature passed telecommunications reform legislation that expanded the purpose of the high cost fund to include broadband support, the PUC has allocated more than \$22.9 million to the Broadband Deployment Board.

Colorado telecom customers support the high cost fund through a monthly surcharge on their bills. The surcharge is assessed as a percentage of a customer’s monthly charges for local, wireless, and optional services. The surcharge currently is 2.6 percent a month.

A new law passed in 2018 freezes the surcharge amount at 2.6 percent through 2023. At the same time, distributions to support basic voice service will be reduced, with increasing percentages of the funding allocated to broadband deployment. Beginning in 2023, 100 percent of the HCSM will be allocated to broadband deployment.

The 2018 law also requires deregulation of basic voice service throughout Colorado. Prior to 2018, the PUC issued decisions eliminating regulation and high-cost support in primarily urban areas of Colorado with demonstrated competition. The new legislation requires elimination of regulation and high-cost fund support in all remaining, primarily rural, exchange areas of Colorado by January 1, 2023.

Based on robust stakeholder workshops and public comments, the PUC in November adopted revised rules implementing the required deregulation plan.

PUC approves 911 surcharge increases for two authorities

The Public Utilities Commission (PUC) has approved requests by two more 911 emergency authority boards in Colorado to increase E-911 monthly surcharges.

The PUC in November granted the Custer County 9-1-1 Authority Board’s application to increase its surcharge from \$1.25 to \$1.75 per service user per month. It is the first E-911 surcharge increase for Custer County since 2007. The new surcharge is expected to go into effect on February 1 of 2019.

In its application, Custer County stated an increase is needed for two primary purposes: (1) to replace equipment in the Public Safety Answering Point (PSAP), namely the 9-1-1 telephone system and radio consoles; and (2) to begin purchasing annual maintenance agreements for their equipment.

The increase will generate additional revenues of about \$110,000 over the next five years. Without any increase, Custer County will exhaust its funds in 2019, or will have to forgo their planned equipment replacements.

In December, the PUC approved an application by the Montrose Emergency Telephone Service Authority (METSA) to increase its monthly surcharge from \$0.70 to \$1.75. It is the first 9-1-1 surcharge increase for METSA since 2004.

METSA provides technical and dispatch support of 911 services for a

group of 11 local government entities and emergency service authorities in southwest Colorado, including Montrose, Ouray and San Miguel counties, the city of Montrose, towns of Olathe, Nucla and Naturita, and four fire protection districts.

The increased revenues will provide continued funding to support necessary equipment replacements, staffing, training, and technological improvements related to 9-1-1 services.

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 70 cents requires PUC approval.

The Custer County and Montrose requests were the fourth and fifth 9-1-1 surcharge increases approved by the PUC in 2018. Earlier in the year, the PUC approved requests from Denver, Pueblo County and Weld County for surcharge increases above 70 cents a month.

Proposed settlement resolves civil penalty cases against Rasier

A proposed settlement in a series of civil penalties issued by the Public Utilities Commission (PUC) staff against Rasier, LLC in late 2017 and early 2018 for alleged violations of PUC rules regarding driver qualifications is awaiting a final decision from the Commission.

PUC staff and the company reached agreement on a proposed settlement this fall. Under terms of the settlement, Rasier would spend approximately \$2.4 million a year on additional crim-

inal and motor vehicle background checks and other safety improvements. In return, PUC staff would dismiss approximately \$5.6 million in proposed civil penalties against Rasier, the parent company of Uber.

The proceeding was initiated in November of 2017 when PUC transportation enforcement staff issued a Civil Penalty Assessment Notice (CPAN) for \$8.9 million to Rasier for allegedly allowing individuals with disqualifying criminal or motor vehicle

offenses, or without valid licenses, to drive for the company. That CPAN was later reduced to \$4.4 million.

Under Colorado law, a Transportation Network Company (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.

In the first few months of 2018, PUC staff issued several other CPANs to Rasier for alleged violations of criminal background history rules and medical certification rules. The CPANs were eventually consolidated into a single proceeding.

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Electric co-op seeks PUC ruling in Tri-State dispute

Delta-Montrose claims exit fee 'unreasonable'

Delta-Montrose Electric Association (DMEA) has asked the Public Utilities Commission (PUC) to adjudicate a dispute with Tri-State Generation and Transmission Association over a fee to withdraw from the wholesale power supplier's system.

DMEA filed a formal complaint with the PUC in December, alleging that Tri-State has set a "punitive exit charge that is unjust, unreasonable, and discriminatory in violation of Colorado

law." The association asked the PUC to assert exercise jurisdiction over Tri-State and decide the lawfulness of the proposed exit fee.

DMEA is a western Colorado non-profit rural electric association serving approximately 28,000 member-owners in Montrose, Delta and Gunnison counties. Tri-State is a non-profit corporation providing generation and transmission services to 43 member cooperatives in Colorado, Wyoming, Nebraska and New Mexico, including DMEA.

As a Tri-State member, DMEA purchases services from Tri-State under a wholesale electric service contract that runs through 2040. In its com-

plaint, DMEA said it has wholesale power options available to it that are "significantly less expensive and environmentally cleaner than Tri-State's power supply."

According to the complaint, DMEA has been at odds with Tri-State for more than a decade over Tri-State's increasing wholesale electric rates and the cooperative's desire to develop more local, cost effective renewable resources. Under its contract, DMEA is required to obtain 95 percent of its energy from Tri-State.

The two sides have been negotiating DMEA's exit from its Tri-State since 2016, but remain far apart, according to the complaint.

DMEA said that if it withdraws from Tri-State, it plans to partner with Guzman Energy, a Colorado wholesale power provider. Kit Carson Electric Cooperative, a New Mexico-based Tri-State member, left Tri-State for Guzman in 2016 after paying a \$37 million exit charge.

While not disclosing the exact exit fee requested by Tri-State, the complaint alleges it is "vastly disproportionate to Kit Carson's \$37 million charge."

Tri-State's answer to the formal complaint is due to the PUC by January 15. The matter is then expected to be brought before the Commission to establish a procedural schedule in the case.

New CNG gas base rates take effect in December

New natural gas base rates for customers of Colorado Natural Gas Inc. (CNG) went into effect on December 1.

The Public Utilities Commission (PUC) in November approved a settlement granting CNG an increase in annual base rate revenues of about \$2.98 million. The company had originally asked for a \$3.8 million in higher rates.

CNG provides natural gas service to approximately 22,000 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.

Under the new rates, bills for typical residential customers will increase by about \$11.21 a month (9.75 percent) in the Bailey service area, \$8.27 a month (9.70 percent) in the Pueblo West service area, and \$9.12 a month (9.51 percent) in the Cripple Creek area. Residential bills in the Eastern Colorado division will rise by \$12.32 a month (23.86 percent).

For commercial customers, the approved increases will add \$56.54 a month (10.45 percent) in the Bailey area, \$45.66 a month (10.47 percent) in the Pueblo West area, and \$67.60 a month (9.75 percent) in the Cripple Creek area. Commercial customers in the Eastern Colorado division will see increases of \$16.27 a month (15.0 percent).

As part of the increases, the settlement established a revised service and

facility charge of \$16.00 a month for residential customers in the Mountain Division and \$50.82 for commercial customers, down from the proposed rates of \$25.00 and \$61.98. The service and facility charge for the Eastern Colorado Division residential customers was set at \$14 a month, with charges for commercial and large volume customers remaining at \$27 and \$40 per month respectively.

The PUC approved a 10.3 percent return on equity (ROE) for the company, down from its previously 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.

PUC extends Xcel's pipeline system improvement program

The Public Utilities Commission (PUC) has approved a settlement agreement that allows Xcel Energy to extend a rate rider that pays for accelerated recovery of gas pipeline system improvements.

The company filed an application this summer seeking an order extending the Pipeline System Integrity Adjustment (PSIA) rider for two years through December 31, 2020. Xcel also proposed 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.

After reaching agreement with PUC staff and the Office of Consumer Counsel, Xcel filed a proposed settlement on October 1 addressing all issues in the proceeding. The proposed settlement generally adopted Xcel's proposal in its application, except for a three-year initial extension instead of two years, some earlier project termination dates, and other terms and conditions.

The PUC approved the settlement in deliberations on October 31

"We find that the settling parties provided adequate information to thoroughly explain and justify and three-year extension of the PSIA, and we find that the settlement terms and conditions are reasonable," the PUC wrote in its decision.

Under terms of the settlement, the PSIA will be extended for three years through December 31, 2021, with an option for Xcel to file a request for PUC approval of a second extension up to December 31, 2024.

The settlement also excludes 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.

The settlement also established a wind down of new PSIA cost recovery for certain projects within the PSIA, and ongoing and regular reporting and evaluation of the company's investments in these safety initiatives.

Rasier cases

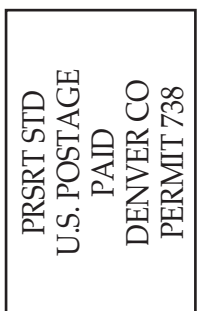
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While the case was pending a hearing, PUC staff and the company worked together to come up with a mutually agreeable resolution to improve safety protections and serve the public interest. Under the settlement, Rasier agreed to add an additional Colorado Bureau of Investigation check to its driver screening process by April 1, 2019. Also, beginning last October, Rasier implemented a system

of annual criminal background checks for active drivers, and a "continuous check" system designed to provide Rasier with notifications of new criminal charges for any drivers.

The company also implemented a "911 Assistance" button allowing rider location information to be shared automatically with a 911 dispatcher when using the application within the City and County of Denver.

A hearing on the proposed settlement was held October 29. A decision was expected by early January 2019.



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