

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

JANUARY 2021

STARTING POINT



By Doug Dean
Director

As we move through the 2020-21 winter heating season, it is important for Colorado customers of electric and natural gas utilities to be aware of their options for assistance in paying their energy bills if they need help.

To avoid disconnection, customers who have fallen behind in their payments are encouraged to contact their electric or gas utility. Information about how to contact the utility can be found on the customer's bill, the utility's website or the PUC's website at "[Colorado Electric & Gas Utility Contact Information](#)."

Utilities will work with customers who are having difficulties in paying their bills to offer payment arrangements, especially during the Covid-19 outbreak. These arrangements can spread payments across multiple months giving customers the opportunity to become current. By governor's order, late payment fees have been suspended and reconnection fees waived during this time.

Residential customers of investor-owned utilities (Xcel Energy, Black Hills Energy, Atmos Energy, Colorado Natural Gas) also may prevent a shutoff by providing the utility company a "medical certification" from a doctor, or health practitioner acting under a doctor's supervision, stating that disconnecting service would be especially dangerous to the health or safety of the customer or a permanent resident of the customer's household.

If a medical certification is given to the company, no shut off of service will occur for up to 90 days from the date of the certificate. A medical certificate can delay a disconnection for no more than 90 days during any consecutive 12-month period.

For more information about utility disconnections and collections, see the PUC's For-Your-Information fact sheet on "[Your Rights as an Electric or Natural Gas Utility Customer](#)."

If customers cannot reach an agreement with their utility, they may contact the PUC consumer affairs unit for assistance at 303-894-2070 or by filing a complaint via the [PUC website](#).

If a customer is having difficulty paying their energy bill or receives a disconnection notice, they may be eligible for assistance from Colorado's Low-Income Energy Assistance Program (LEAP) or Energy Outreach Colorado. To determine eligibility or to apply online, go to the [Colorado Department of Human Services](#) or call 1-866-HEAT-HELP (1-866-432-8435) to apply over the phone.

(Continued on page 2)

Governor appoints new PUC chairman

Long-time renewables advocate, entrepreneur chosen to lead board

Governor Jared Polis has appointed **Eric Blank** of Boulder as Chairman of the Public Utilities Commission (PUC). Blank will begin his four-year term following the end of Jeff Ackermann's tenure as chairman on January 11, 2021.

Blank has spent his career working in the renewable energy and non-profit sectors and is an entrepreneur and thought leader.

"Eric has a deep understanding of Colorado's energy system and will play an integral role at the PUC in advancing the market and consumer-driven transition to a cleaner, more affordable renewable energy future," Gov. Polis said in making the announcement on December 11. The appointment requires confirmation by the Colorado Senate.

Over the past 20 years, Blank has co-founded and led several pioneering renewable energy development companies that have collectively built 2,000

megawatts of new wind and solar facilities (representing \$4 billion in invested capital), including the largest currently operating solar projects in the Midwest, Mid-Atlantic, and Colorado.

Before entering the renewable energy development business, Eric spent 10 years running the energy work of a non-profit environmental group, now called Western Resource Advocates, that intervened before state public utility commissions in Colorado and five other western states to make it economically feasible for electric utilities to invest in clean energy.

"I'm honored to be chosen by Governor Polis for this position. Largely because of the leadership of Governor Polis and the state legislature, I believe Colorado has a compelling opportunity to decarbonize energy systems and to do it in a way that benefits all customers and grows the economy," Blank said.

Blank holds a law degree from Yale Law School and a master's in economics from the London School of Economics.

Blank will serve with **John Gavan** and **Megan Gilman** on the three-member PUC, which regulates rates and services of investor-owned electric, gas



Eric Blank

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. Blank and Gilman are Democrats; Gavan is an Independent.

Tri-State files first PUC resource plan

Tri-State Generation and Transmission Association has filed an Electric Resource Plan (ERP) with the Public Utilities Commission (PUC) that it says would more than double its solar and wind resources by 2030, add energy storage, and advance the goal of 80 percent greenhouse gas emissions reduction in Colorado.

The plan, filed on December 1, is the first ERP filed by Tri-State that requires approval from the PUC under a 2019 law approved by the Colorado legislature.

Tri-State is a wholesale cooperative electric generation and transmission association consisting of 17 rural electric cooperatives in Colorado and 25 others in Nebraska, New Mexico and Wyoming.

Tri-State previously filed resource plans for review only in Colorado in 2010 and 2015. With the passage of Senate Bill 19-236 in Colorado in May 2019, Tri-State as a wholesale generation and transmission electric cooperative operating in the state of Colorado became subject to

resource planning regulation by the PUC. Rules guiding this process were finalized by the PUC in April 2020, with an effective date of July 15, 2020.

In early 2020, Tri-State announced its Responsible Energy Plan, which includes, among other initiatives, the announced retirements of Escalante Generating Station in New Mexico in 2020 and the retirement of all three units comprising the Craig Generating Station in northwest Colorado by 2030. Tri-State included these announced retirements in its base assumptions for its ERP.

Tri-State's preferred scenario includes 1,850 megawatts (MW) of additional renewable generation, more than 200 MW of energy storage, and the retirement of its remaining Colorado coal units.

Tri-State said its preferred scenario will reduce greenhouse gas emissions associated with its wholesale electricity sales in Colorado by 80% by 2030, when compared to a 2005 baseline. The cooperative's filing supports its broader transi-

tion, which also includes a goal to reduce rates and provide more contract flexibility for its members.

Tri-State noted that its ERP will be revised over time, as the cooperative implements partial requirements contract options with its members, and in response to market, technology and regulatory changes, which may influence resource needs over the next 10 years.

Tri-State also noted its continuing efforts with other regional power providers to evaluate the expansion of the Southwest Power Pool's regional transmission organization into the West. In addition, Tri-State has set a goal to reduce its wholesale rates by 8 percent by the end of 2023 and has submitted a partial requirements membership option to the Federal Energy Regulatory Commission (FERC) for approval to create increased flexibility for members to self-supply power.

Hearings on the proposed plan are likely to take place during the first half of 2021.

PUC opens probe of Comanche 3 operations

The Colorado Public Utilities Commission (PUC) has opened an investigation into Xcel Energy's Comanche Unit 3 coal-fired generating station in Pueblo, which has been plagued by operational and equipment problems since it was declared in-service and placed into rate base more than a decade ago.

The PUC issued a written decision on October 30 authorizing PUC staff to undertake an investigation into the history and operations of the troubled plant, "particularly as Colorado utilities consider various measures for reducing emissions of carbon dioxide and other greenhouse gas emissions."

Comanche 3 has been beset by problems since it was declared in-service and placed into rate base on May 14, 2010.

Specific problems have included boiler tube leaks; stack noise issues; reduced capacity factors due to planned outages required to correct improperly welded components in the boiler and unplanned outages due to malfunctioning water cannons; the replacement of the finishing superheater; and finally the report of a major incident in June 2020 where the loss of lubrication oil for the steam turbine shaft resulted in major damage.

In its decision opening the investigation, the PUC listed a number of issues to be examined, including, but not limited to, a root cause analysis of the June incident and corrective actions taken to prevent recurrence of the problem; estimated capital costs for repair of the damage and estimated costs of replacement power for the June

incident; a chronology of planned and unplanned outages that have occurred since the beginning of commercial operations, including the cause, corrective actions, and cost of repairs and replacement power for those outages.

The investigation will compare the performance and availability of Comanche Unit 3 to similar coal-fired generating plants. PUC staff also will look at what Xcel said the operation and maintenance costs would be when it applied for approval of the plant and compare them to actual costs, developing an estimated levelized cost of energy for the plant's first 10 years of operations.

The PUC directed staff to file a report of its findings on or before March 1, (Continued on page 2)

New year bring changes to 911 funding

Several changes to how emergency 911 telephone services are funded in Colorado became effective on January 1.

The Public Utilities Commission (PUC) adopted the changes in late September in response to amendments to the state's emergency telephone services statutes approved by the Colorado Legislature in 2020.

House Bill 20-1293 was approved as a means to provide for the future of 911 technology and funding in Colorado. It was the first major overhaul of 911 funding legislation in the state in 30 years.

The new law directed the PUC by Oct. 1 to establish several changes to how 911 services are funded by: (1) adjusting the threshold at which PUC approval is required for increased local emergency telephone charges; (2) establishing a new statewide 911 surcharge to be assessed on every phone bill in Colorado; (3) setting a flat-rate 911 surcharge for each pre-paid wireless

services retail transaction; and (4) determination of the formula for distribution of money to governing bodies from the prepaid wireless 911 charge.

"It is the intent of the General Assembly to maintain and strengthen the existing local funding structure for emergency telephone service in the state, while also creating a new funding mechanism for local expenditures that will improve the quality of the emergency telephone service statewide," the new law stated.

All land-line, wireless, and Voice-over-Internet-Protocol (VOIP) telephone customers in Colorado pay a monthly surcharge to fund the equipment and operational expenses of the 911 system. Individual authority boards establish the amount needed to cover the costs of equipment, personnel and access to telephone lines. The surcharge is collected by the telephone provider and passed on to authority boards.

As of January 1, a local 911 authority

board may assess a surcharge of up to \$1.72 per customer per month for emergency telephone services without permission from the PUC. Anything above that amount requires PUC approval. Prior to the new law, the threshold for obtaining PUC approval for 911 surcharges was 70 cents per customer per month.

The PUC will review the threshold rate by October 1 of each year, taking into consideration inflation and the needs of the governing bodies, and establish an appropriate threshold rate to take effect on January 1.

A new statewide 911 monthly surcharge of 10 cents per customer per month also took effect on January 1. The statewide surcharge, which by law may not exceed 50 cents, is designed to provide additional funding support to local 911 authorities. And the PUC established a flat-rate \$1.38 charge for each pre-paid wireless services retail transaction.

POSITIVE CHARGES

Congratulations to **Daniel Yuen**, the PUC's Director of Systems Enhancement, who received the 2020 Dom Hidalgo customer service award. The annual award recognizes the PUC employee who displays consistent and superior customer service throughout the year.

As noted in his nominations, the year 2020 more than ever demonstrated Daniel's contributions to the Commission. His work was integral to success of the PUC in making a rapid transition to a remote workplace due to COVID-19. He acted quickly so everyone had access to laptops and other available resources. He continues solving problems on a daily basis and working to prevent future problems.

Even remotely, Daniel is ever-available with a kind, professional and helpful demeanor. Most notable about Daniel's style is his ability to effectively listen, hone in on the problem for speedy resolution, and communicate that resolution to employees at their level of expertise, according to one nomination.

PUC colleagues submit nominations for the annual award. After a committee of previous winners narrows the list of nominations to three finalists, PUC employees vote to determine the winner. **Holly Bise** and **Alison Torvik** 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—**Holly Bise, Janie Castle, James Lester, Daryl Branson, Conor Farley**; 10 years—**Daniel Yuen, Michael Gullatte, Steve Denman, Rebecca Lim, Fiona Sigalla**; 15 years—**Sandra Kahl, Ron Davis, Drew Bolin**; 20 years—**Joe Molloy, Karl Kunzie, Bridget McGee, Harriet Weisenthal, Pam Fischhaber**; 25 years—**Doug Dean**; 30 years—**Deborah Fajen, Hubert Barton**.

Welcome to new PUC employees **Colin Konrad**, a rate/financial analyst in the Utilities section; **Justin LeVeque**, chief of the Research and Emerging Issues section; **Luis Rivera Lugo**, a rate/financial analyst in the Utilities section; **Richard McAllister**, rate/financial analyst in the Advisory section; **Conner McClanahan**, a rate/financial analyst in the Economics section; and **Mike Mendolsohn**, a rate/financial analyst in the Advisory section.

No-call telemarketer fees set for 2021

The Colorado Public Utilities Commission (PUC) has established the registration fees for 2021 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 2021 fees will range from \$300 for telemarketers with 5-10 employees, up to \$500 for companies with more than 1,000 employees. Telemarketers with less than five employees are not charged an annual registration fee.

PUC staff estimates that approximately 230 telemarketers will register with the Colorado No-Call program in 2020 and pay registration fees that will

generate roughly \$104,940 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.

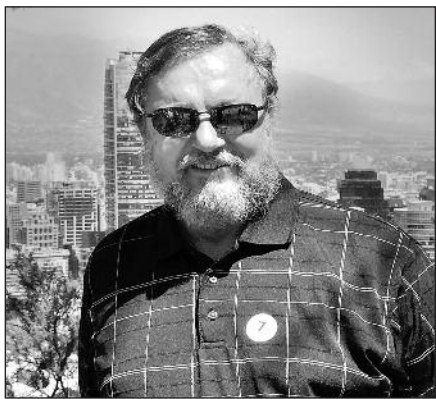
As of December, approximately 4.1 million telephone numbers had been registered with Colorado's do-not-call

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.

2020 Telemarketer Registration Fees

Number of Employees	Fee Amount
1-4	\$0
5-10	\$300
11-50	\$400
51-100	\$475
101-250	\$485
251-400	\$490
401-1,000	\$495
1,001+	\$500

INSIDE CONNECTIONS



Steve Denman visiting Santiago, Chile in 2016.

Steve Denman played drums in a rock band in high school and college, but it has been his lengthy and distinguished legal career where the beat truly goes on for Denman.

Denman has worked as an attorney

in both public and private practice in a career spanning more than 45 years from Florida to Colorado. The last four and a half years have been spent as an Administrative Law Judge (ALJ) with the Public Utilities Commission (PUC).

As an ALJ, Denman presides over all sorts of proceedings involving the various industries the PUC regulates—energy and water, transportation, telecommunications, and rail and gas pipeline safety. He conducts evidentiary hearings in matters referred by the Commissioners and issues recommended decisions in utility applications, rulemakings and formal complaint cases.

"I enjoy the variety of cases I get, as well as the challenging legal issues I get to resolve in some cases," Denman said. "My cases range from the routine to the complex. Yet, I believe that the parties in all my cases deserve due process of law; that is, a fair and meaningful opportunity to be heard before a fair and impartial tribunal."

His extensive experience also comes in handy when brainstorming about how to improve the Commission's hearing procedures and rules.

"I work with a great group of people in the Administrative Hearings section," he said.

Denman earned both his bachelor's and law degrees from Indiana University in Bloomington. He worked as a government lawyer for more than 13 years, including as an appellate law clerk, about six years as an Assistant and Chief Assistant Public Defender in Florida and a Deputy State Public Defender in Colorado, and more than five years with the Colorado Attorney General's Office, where his clients included the PUC and trial staff.

After that, he spent about 32 years in private practice representing clients in regulatory litigation in cases involving public utilities regulation, energy law, and telecommunications.

Away from work, Denman's hobbies include travel, reading and history.

"I used to be a runner and a recreational fencer, but had to quit when my sports injuries caught up with me," he said.

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



Colin Konrad



Justin LeVeque



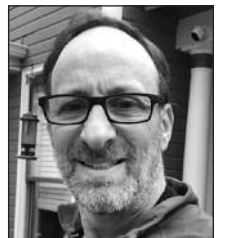
Luis Rivera Lugo



Richard McAllister



Conner McClanahan



Mike Mendolsohn

Starting Point

(Continued from page 1)

Energy Outreach Colorado, a non-profit organization, provides payment assistance beyond that offered by the utilities and LEAP to help customers with their energy costs. For information visit <https://www.energyoutreach.org/programs-for-individuals/bill-payment-assistance/>.

Comanche 3 probe

(Continued from page 1)

2021. While no direct action will be taken as a result of the investigation, the findings could be taken up in future proceedings as appropriate—such as rate cases or the company's clean energy and resource plans.




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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Xcel natural gas rate changes deferred until April

New rates for natural gas customers of Xcel Energy became effective on November 1, but customers won't see the effect of those changes until April 1, in recognition of the economic impacts of the continuing Covid-19 crisis.

The Public Utilities Commission (PUC) in October approved an "unopposed and comprehensive" settlement addressing all issues of Xcel's gas rate case filed last year. Although the settlement established an effective date of November 1, the parties agreed to defer implementation of the new rates until after the 2020-21 heating season.

The deferred revenue for the period between the effective date and the implementation date will be collected through an additional customer surcharge to be billed during the shoulder months of March through May, and September through November, through 2022.

The settlement, approved by a PUC administrative law judge without material modification, authorized a net increase of \$77.3 million in annual revenue for the company, down from

the original request for an increase of \$126.7 million. The additional revenue will be used to support extensive investments across Xcel's Colorado natural gas network to enhance reliability and build resiliency, especially during severe weather; reduce methane emissions; and strengthen safety through revitalized infrastructure and technology.

Under the approved settlement, residential customers will see bills increase by about \$3.83 a month. (9.36 percent). The average small commercial customer's bill will increase \$12.14 a month (7.55 percent).

The PUC decision established a 9.2 percent return on equity (ROE) for the company, down from its currently authorized 9.35 percent. The ROE is the profit that a utility is authorized to earn on its investments. The PUC sets a maximum return on equity, but it is not guaranteed.

The base rate component of a monthly natural gas bill includes a fixed monthly customer charge and a volumetric charge, which varies from month to month depending on the amount of gas used.



Implementation of new rates for Xcel gas customers was deferred until April 1 due to the economic impacts of the COVID-19 crisis.

The base rates cover costs for infrastructure, equipment, labor, materials, meter reading and billing.

Base rates are separate from the rates charged for the gas commodity itself,

which as passed on to customers on a dollar-for-dollar basis through a separate charge called the "gas cost adjustment." Gas commodity charges account for 65-75 percent of the total monthly bill.

PUC adopts rules to expand low-income assistance

The Colorado Public Utilities Commission (PUC) has adopted changes to its electric and gas rules that will allow utilities to expand their available assistance programs for low-income customers during the winter heating season.

The PUC in December approved emergency rules increasing the allowable surcharge that utilities may assess residential customers from \$0.31 to \$1.00 a month in order to provide targeted low-income residential bill assistance. The emergency rules are effective for the earlier of 210 days or until the PUC issues permanent rules replacing the emergency ones.

PUC rules require regulated utilities to offer Percentage of Income Payment

Plan (PIPP) programs to low-income customers who have a household income at or below 185 percent of the current federal poverty level, and who otherwise meet the eligibility criteria set forth by the Department of Human Services Low-Income Energy Assistance (LEAP) program.

PIPP programs include two components: an affordable payment plan and a process for providing arrearage credits. PIPP programs currently are funded by a maximum monthly surcharge of \$0.31 on residential customer bills, with proportional fees on other customer classes.

Information provided to the PUC by utilities and low-income experts in October indicated that most utilities are experiencing significant increases in

both the number of residential customers in arrears and the amount of active arrears due to the COVID-19 economic situation. Applications for low-income energy assistance have increased this heating season by 15-25 percent.

Two Colorado utilities, Black Hills Colorado Electric and Colorado Natural Gas, are at the current \$0.31 per month maximum funding fee and cannot serve all the customers who would otherwise qualify for low-income energy assistance.

"We find that increasing the maximum allowed impact on residential rates to \$1.00 should provide sufficient funding to expand PIPP programs to customers on program waitlists and some customers who have recently

become eligible for the programs or who will become eligible this heating season," the PUC said in its decision adopting the emergency rules.

The PUC encouraged electric and gas utilities that are currently unable to serve all low-income customers who have qualified through the LEAP application under their existing fee surcharge to promptly file a revised advice letter and tariff with an increased surcharge of up to \$1.00 to serve as many low-income customers as possible.

It also encouraged utilities to consider providing additional customer outreach to inform low-income customers who may not be familiar with the utility's PIPP program of the program's existence.

Xcel seeks approval of wildfire mitigation plan, rider

A Public Utilities Commission (PUC) administrative law judge has scheduled hearings for January 14 and 19 on a request by Xcel Energy for approval of an updated wildfire mitigation plan and its associated cost recovery.

The proposal, which covers a five-year period from 2021-2025, generally accelerates risk mitigation actions related to inspection, repair and replacement of infrastructure, vegetation management, and increased distribution system protection measures.

Recent increases in severe weather events have impacted not only the frequency but also the intensity of wildfires in Colorado, which ranks near the top of all states in terms of properties exposed to significant wildfire risk, according to the company. Xcel describes its proposal as a proactive and prudent approach to wildfire mitigation that "can dramatically reduce the potential financial impact and physical damage associated with a large-scale wildfire ignited by utility infrastructure."

The proposal builds on programs approved in an unopposed partial settlement of wildfire mitigation issues that was part of the company's 2019 electric rate case. The updated plan proposes additional incremental actions in three main categories:

- Increased engagement with local, county and state entities to facilitate more coordinated planning and mitigation efforts across organizations; and to ensure customers, communities and emergency responders are aware of and informed of the company's operations, existing procedures and wildfire mitigation plan.

- Equipment upgrades and increased use of technology, including extreme wind loading conditions analyses and increased data collection to enable the company to systematically mitigate the risk of electrical infrastructure starting a wildfire, as well as the use of unmanned aerial systems to provide detailed pole top inspections; and
- Accelerating certain utility practices that mitigate wildfire risk, such as routine pole inspections and replacements,

in areas designated as Xcel's wildfire risk zone from traditional timeframes to shorter cycles.

Xcel initially is seeking to recover an additional \$17.2 million in 2021 through a Wildfire Mitigation Rider. If approved by the PUC, the proposed rider would increase bills for typical residential customers by \$0.49 a month (or 0.71 percent), based on average monthly usage. A typical small commercial customer's bill would increase by an additional \$0.71 a

month (or 0.69 percent), based on average monthly usage.

After that, Xcel would file by November 15 of each year, beginning in 2021, an adjustment to the rider containing the projected costs for the following calendar year, along with a true-up of the previous year's costs, effective January 1 of each year. The total bill impact over the five-year period would be a 1.43 percent increase for residential customers and a 1.39 percent increase for small commercial customers.

PUC dismisses Tri-State formal complaints

The Colorado Public Utilities Commission (PUC) in late October dismissed formal complaints filed by La Plata Electric Association and United Power against Tri-State Generation and Transmission Association over exit fees, citing a lack of legal jurisdiction.

The PUC, in a 3-0 vote, determined that an order issued by the Federal Energy Regulatory Commission (FERC) in late August concluding it had exclusive jurisdiction over the exit fee disputes preempted the Colorado PUC from acting further on them. That order reversed an initial FERC decision concluding that the complaints could proceed at the PUC.

As a result of the exit fee preemption, the only issue remaining in the PUC complaints is whether Tri-State's admission of MEICO as a non-utility member was proper under Colorado law. Because this question is a matter of corporate law, not public utilities law, the PUC found it

does not have the jurisdiction to decide that question.

In May, United Power filed a case in Adams County District Court challenging, on various grounds, the MEICO transaction, which is the basis of FERC's jurisdiction over Tri-State. That court is where the question of MEICO's membership should be answered, the PUC said.

Because the Commission dismissed the formal complaints without prejudice, the PUC will be ready to adjudicate the exit fee questions if United Power prevails in district court.

The aids the parties in getting an answer to the question from the proper legal forum, which will ultimately reduce the time needed to resolve this complex and important dispute, the PUC said at its oral deliberations.

LPEA filed a formal complaint against Tri-State on November 5, 2019, requesting that the PUC determine a just, reasonable and non-discriminatory

exit charge for LPEA, which serves more than 46,000 meters in southwest Colorado. United, which serves more than 93,000 members in Adams, Weld, Jefferson, Boulder, Gilpin and Broomfield counties, filed a similar complaint the next day. The formal complaints were consolidated into a single proceeding.

Last July, a PUC administrative law judge ruled in favor of United and La Plata, concluding that Tri-State's refusal to provide an exit charge to United and La Plata was "unjust, unreasonable and discriminatory." The ALJ adopted an exit charge methodology proposed by United, with minor adjustments, as the proper methodology to calculate an exit fee for members of Tri-State.

Tri-State, United and La Plata all filed exceptions to the ALJ's recommended decision. But FERC's August decision preempted the PUC from taking up the merits of those arguments.

Proposal to implement advanced grid rider dismissed

A Public Utilities Commission (PUC) administrative law judge has dismissed a proposal by Xcel Energy to implement a new charge on customer bills for five years to fund its advanced electric distribution grid efforts.

The judge on October 31 issued a recommended decision granting summary judgment in favor of the Office of Consumer Counsel (OCC), which had filed a motion to dismiss the proposed advice letter. The OCC argued that the proposed rider violated a previously-approved settlement that required that the costs for grid enhancements be recovered in base rates, and not through an accelerated customer charge.

PUC staff also supported the motion, contending that the proposed rider constituted a fundamentally different cost recovery mechanism than a Phase I rate case, in part because “unlike a Phase I rate case, a standalone rider proceeding prevents the Commission from simultaneously evaluation Public Services’ overall risk profile and, if necessary adjust its return on equity.”

The PUC in 2017 approved a settlement supported by a broad spectrum of parties that authorized Xcel to install advanced metering infrastructure and associated components of an advanced communications network for all of its Colorado customers. The advanced

metering and other new technologies are expected to enhance power reliability, allow for better integration of distributed generation on to the electric grid, and provide customers with more information to control and track their energy usage.

With the advice letter, which had a proposed effective date of May 1, 2021, the company initially sought to recover \$52.7 million in expenses through an Advanced Grid Rider. The proposal would have increased bills by \$1.90 a month for typical residential customers, and by \$3.35 a month for typical small commercial customers.

However, in granting the motion for summary judgment, the administrative

law judge found that the proposed rider constituted a collateral attack on the PUC’s previous decision approving the settlement and would require the parties to re-litigate an issue already decided.

The judge ruled the proposed advice letter would “be contrary to, and ultimately frustrate, the Commission’s goal of encouraging settlement agreements in the public interest.” Moreover, the judge said, the summary judgment spares the expense associated with an evidentiary hearing where, “as a matter of law, based on undisputed facts, the utility could not prevail.”

The recommended decision vacated evidentiary hearings scheduled for January 25–28 on the proposal.

Settlement allows gradual move to time-of-use electric rates

Xcel Energy in 2021 will begin implementation of a multi-year effort to gradually transition residential electric customers to time-of-use (TOU) electric rates.

The Public Utilities Commission (PUC) last year approved, without modification, a comprehensive settlement that will replace the summer “inverted block” (or tiered) rates with year-round TOU rates. The modified TOU rate schedule was to become effective January 1, 2021.

Under current inverted-block rates, which are in effect June through September, customers are charged one rate for the first 500 kilowatt-hours (kWhs) used each month, and a higher rate for all kWhs over 500. In contrast, TOU rates charge different rates during different periods of the day based on the costs of generation and the corresponding emissions of carbon dioxide (CO₂).

TOU rates send effective price signals to ratepayers that provide incentives to shift some of their electricity usage to the periods of the day when generation costs and CO₂ emissions are relatively low. Xcel

contends that the change to TOU rates will result in lower costs and CO₂ emissions.

Under terms of the settlement, Xcel will make the modified TOU rate schedule the default rate schedule for all residential customers once Advanced Metering Infrastructure (AMI) meter deployment is completed in their area. The company plans to start deployment of smart meters in the second quarter of 2021, and have all residential meters swapped out by the end of 2024.

Groups of residential customers will transition to TOU rates twice per year in either the spring or fall. The transition will take place between four to nine months after installation of the advanced meter. During the interim period between installation of the advanced meter and transition to TOU rates, customers will receive ratepayer-specific TOU usage data that will be included on the ratepayer’s bill.

As approved in the settlement, the on-peak rate will apply from 3–7 p.m. weekdays year-round (except holidays), with a shoulder rate from 1–3 p.m. The parties

agreed in the settlement to make the peak/off-peak rate ratio 2.7:1 in the summer and 1.7:1 in the winter, with the shoulder rate remaining the midpoint between the peak and off-peak rates.

The settlement also allows any residential ratepayer to opt out of the TOU rate schedule after the ratepayer’s transition date provided the ratepayer gives 30 days’

notice to Xcel. The opting-out ratepayer will be placed on a new seasonally-differentiated flat rate.

The settlement also maintained the Medical Exemption Program (MEP) for ratepayers with medical conditions who are dependent on electric medical equipment and cannot shift the usage of their equipment to lower-cost periods.

April hearing for Black Hills EV plan

The Public Utilities Commission (PUC) has scheduled hearings for April 19–23 on Black Hills Colorado Electric’s proposed three-year plan to support transportation electrification in Colorado.

The PUC in October approved a joint procedural schedule supported by all parties in the company’s application seeking approval of its initial transportation electrification plan, which it calls Ready EV. The plan is designed to encourage the widespread adoption of electric vehicles across Black Hills’ service territory through deployment of customer-focused education, partnerships, rates, and rebates/incentives for public and in-home chargers.

Legislation adopted in 2019 required electric public utilities to file no later than May 15, 2020, and every three years thereafter, an application for a program for regulated activities to support widespread transportation electrification within the utility’s service area. The legislation established several criteria for evaluating the proposals, including: seek to maximize benefits and minimize costs; improve use of the electric grid; increase access to electricity as a transportation fuel; ensure safety and reliability; contribute to air quality standards; foster competition for charging; include transparent public reporting; and

provide access for low-income customers.

Black Hills Colorado Electric serves about 96,000 customers in 21 southern Colorado communities, including the towns of Pueblo, Canon City, Rocky Ford, Florence and Westcliffe.

In its Ready EV application, Black Hills noted that its customers are “very sensitive to rate changes” and it is “striving to find the right balance between maximizing the benefits of EV adoption at a reasonable cost to all customers.”

Black Hills’ Ready EV proposal contains four core elements that work independently, but together are designed to meet overall program goals. These four elements are (1) rebates for Electric Vehicle Supply Equipment (EVSE); (2) modification to the company’s Distribution Line Extension Tariff for EVSE; (3) EV charging rates; and (4) a customer communication and education strategy.

The company is proposing a total budget of about \$1.3 million over the three-year period of the Ready EV plan, with a potential bill increase for residential customers ranging from \$0.19 per month the first year to \$0.24 per month by the third year. Increases for small commercial customers would start at \$0.71 per month the first year, increasing to \$0.87 per month in year three.

Retail natural gas emissions examined

The Colorado Public Utilities Commission (PUC) has opened an investigation to collect information regarding retail natural gas industry greenhouse gas emissions in light of Colorado’s emission reduction goals.

A law passed by the Colorado Legislature in 2019 set statewide goals to reduce greenhouse gas emissions. While no specific requirements for the retail natural gas sector have been established yet, the PUC intends to investigate whether changes in natural gas use emissions could help meet the statewide goals of House Bill 19-1261.

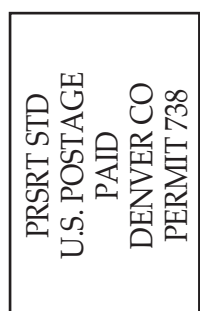
The PUC is seeking information regarding topics such as the mathematical and scientific expectations for emission reductions from the retail natural gas sector; options to decarbonize retail natural gas; and potential steps the Commission can take now while long-term technological and regulatory changes are implemented.

To facilitate this investigation, the

PUC in October opened Proceeding No. 20M-0439G as a repository for presentations, comments, and other materials relating to the Commission’s general investigation. Commissioner **Megan Gilman** was designated Hearing Commissioner for the proceeding.

An initial Commissioners’ Information Meeting (CIM) was held on November 5 to establish a base set of background information regarding retail natural gas industry greenhouse gas emissions. The PUC heard presentations regarding the future market dynamics for natural gas; Colorado’s statutory greenhouse gas reductions and the Governor’s roadmap; the retail natural gas industry’s potential to help meet statewide greenhouse gas emission reductions; relevant state agency rulemakings and expected timelines; and potential future pathways to meet Colorado’s emission reduction targets.

The Commission anticipates there will be subsequent CIMs’ on this topic as well.



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