



COLORADO
Department of
Regulatory Agencies

Public Utilities Commission
FY 2015/2016 ANNUAL REPORT



Message from the Director

The Colorado Public Utilities Commission (PUC) touches the lives of virtually every Coloradan on a daily basis through the regulation of investor-owned electric, gas, telecommunications and water utilities, along with motor vehicle carriers for hire.

The PUC seeks to balance the needs of consumers and utility providers to ensure that Coloradans receive reliable, safe and affordable utility services. In meeting that objective, it protects consumers by:

- Setting fair and reasonable rates;
- Performing safety inspections on motor vehicle carriers, on new and existing natural gas pipelines, on public highway-rail crossings, and rail fixed guideway systems;
- Creating quality standards for utility services;
- Making utility services accessible to all;
- Advancing the use of new technology across all utility industries;
- Preserving utilities' financial health;
- Encouraging competition in utility markets where appropriate.

Department of Regulatory Agencies (DORA) Executive Director Joe Neguse has also charged all divisions within DORA, including the PUC, to look for ways to cut unnecessary “red tape” while strengthening our consumer protection lens wherever possible.

The PUC has had a very productive year on both fronts, enhancing our consumer protection work while adapting regulation to technological changes in our regulated sectors. We will continue to pursue policies that support economic development while meeting our mission of consumer protection.



Doug Dean
Director, Colorado Public Utilities Commission





“The staff and the Commissioners at the Public Utilities Commission serve a critically important role in serving the public interest and protecting consumers across our state.”

Joe Neguse, Executive Director
Colorado Department of Regulatory Agencies

PUC Commissioners



Joshua B. Epel
Chairman

Chairman Epel of Denver was appointed as Chairman in April 2011 and reappointed in December of 2014 by Governor John Hickenlooper. His term expires in January 2019.



Glenn A. Vaad
Commissioner

Commissioner Vaad of Longmont was appointed in December 2013 by Governor John Hickenlooper. His term expires in January 2017.



Frances A. Kencilja
Commissioner

Commissioner Kencilja of Denver was appointed in January 2016 by Governor John Hickenlooper. Her term expires in January 2020.



About the PUC

PUBLIC UTILITIES COMMISSION

As the economy in Colorado becomes more dynamic and diverse, the balance of consumer protection and certain economic regulation becomes greater for programs overseen by the Public Utilities Commission (PUC).

EARLY HISTORY

The types of services we call “public utilities” have existed in Colorado for over a century, dating back to 1885 when a Railway Commissioner was established. At that time there were already shared services like electric streetlights in central Denver, and a telephone line from Denver to Pueblo. The Colorado legislature brought those types of public utilities under state regulation in 1913 by creating the Public Utilities Commission, consisting of three members and jurisdiction to regulate and control public utilities in Colorado. That model continues to this day.

TRANSPORTATION REGULATED BY THE PUC

Many different types of transportation businesses have come and gone under the PUC’s regulation since its founding. The PUC absorbed the function of the Railroad Commission to set rates for the state’s common carriers. In 1915, the definition of “common carrier” was amended to include trucks and automobiles used for transportation of freight and passengers. The first act dealing specifically with the regulation of motor vehicle common carriers was enacted in 1927.

“HOME RULE” JURISDICTION

In 1954, a constitutional amendment passed which made the entire operations of public utilities operating in “Home Rule” cities under the jurisdiction of the PUC. The amendment, however, does not apply to municipally-owned utilities.

HIGHWAY CROSSINGS

In 1965, the legislature created a Highway Crossing Protection Fund and allocated for the Highway Users Tax Fund to be used for grade crossing protection. The fund allows the Commission to work with various railroad companies, as well as county commissioners and city councils, in order to work out grade crossing protection plans and to determine how costs are apportioned or allocated.

FIXED UTILITIES

The regulation of the so-called “fixed utilities” -- electric, gas, water and telecommunications companies -- has seen some ebb and flow over the decades. Today, the PUC has some degree of jurisdiction over hundreds of fixed utilities and more than 10,000 motor carriers. In 1961, Colorado’s rural electric cooperatives went to the legislature to seek PUC regulation, and then sought an end to that regulation in 1983. They were successful both times. The 1983 deregulation procedure required a vote of each co-op’s membership, and most of the state’s co-ops voted to become deregulated; 1983 was also the year when legislation ended the PUC’s jurisdiction over municipal utilities. The status of the post-divestiture telephone industry required the PUC to bring under its regulation some of the new long distance telephone companies operating in Colorado.

The PUC and DORA

In 1968, the Colorado Department of Regulatory Agencies (DORA) was created pursuant to the Administrative Organization Act of 1968. The act moved the PUC as a division under the umbrella of the new department.

Key Sections

Today, the PUC has primary regulatory oversight of five key sections of the state's fixed utilities and transportation services.

ENERGY

The Energy Section assures the availability of reliable, safe and affordable electric and gas services to utility customers at rates that are just, reasonable and not discriminatory. The section conducts financial and engineering analyses, rulemaking, audits and investigations for the PUC in issues of operating authority, rates, quality of service, resource planning, compliance and enforcement.

TELECOMMUNICATIONS

The Telecommunications Section carries out the legislative directives and Commission policies that promote a competitive telecommunications marketplace while protecting and maintaining a wide availability of high-quality telecommunications services utilizing flexible regulatory treatments. The section also oversees and administers various telecom programs benefitting Colorado consumers, such as the Telecom Relay Service Program for the deaf, deaf-blind and hard of hearing; the Colorado High Cost Fund Mechanism that assures reasonable cost for voice phone service in rural areas of the state; and the approval of certain 9-1-1 surcharges for use by local government Public Safety entities.

TRANSPORTATION

The Transportation Section regulates the affordability and availability of motor carriers transporting passengers for hire; rates and authorization for non-consensual tows of motor vehicles; and contractual agreements between household movers and shippers. The section conducts financial reviews, audits and service complaint investigations; processes carrier applications; and issues permits, based on compliance with insurance and safety standards.

RAIL/TRANSIT SAFETY

The Rail/Transit Safety Section is responsible for safety at all public highway-rail crossings in Colorado and is the State Safety Oversight Agency for rail fixed guideway systems. The section conducts on-site safety inspections, accident investigations, and it performs a complete audit of all transit agencies rail fixed guideway systems every three years.

GAS PIPELINE SAFETY

The Gas Pipeline Safety Section ensures the safety of all intrastate natural gas pipeline systems. The section conducts gas pipeline safety audits of operator's pipeline system operation and maintenance records, on-site construction and repair inspections, and incident investigations.





Key Accomplishments

PUC APPROVES SOLAR GARDENS SETTLEMENT

The PUC granted the reconsideration of a proposal by Xcel Energy and three solar companies to acquire community solar gardens (CSGs), which will spread the benefits of solar gardens among as many customers as possible, including low-income and other individuals and businesses that want to promote solar energy. This acquisition is pursuant to Xcel's 2014-2016 Renewable Energy Standard (RES) compliance plan.

GOVERNOR SIGNS BILL TO HELP COMMUNITIES PAY FOR RAIL CROSSING UPGRADES

A bill championed by DORA during the 2016 legislative session was signed into law that helps towns, cities and counties across Colorado pay for the cost of improving safety at railroad crossings in their communities. The PUC has primary jurisdiction over all public highway-rail crossings in Colorado, including opening, closing, upgrading, overpasses or underpasses, and the allocation of costs between local governments and railroads. Senate Bill 16-087 provides ongoing appropriations to the Highway-Rail Crossing Signalization Fund, a fund that had not received appropriations since 2003.

PUC REJECTS BLACK HILLS GAS RESERVE PLAN

The PUC voted 3-0 in favor of a motion by DORA's Office of Consumer Counsel (OCC) to dismiss an application by Black Hills Colorado/Gas Utility Company to acquire natural gas reserves, asserting that Black Hills had failed to provide sufficient evidence on immediate and future costs of the proposal. The Commissioners said granting this particular application without adequate information to determine sufficient ratepayer protections was not in the public interest.



BLACK HILLS' REVISED WIND PROPOSAL

The PUC granted Black Hills/Colorado Electric with the authority to build and own a 60-megawatt wind farm near Pueblo that will help the company achieve renewable energy goals while minimizing cost impact to ratepayers.

The Peak View Wind project is expected to include 34 turbines on approximately 31,000 acres in Huerfano and Las Animas counties. The revised proposal will also substantially improve Black Hills' ability to comply with the state's Renewable Energy Standard.

PUBLIC HEARINGS ON TELECOM COMPETITION

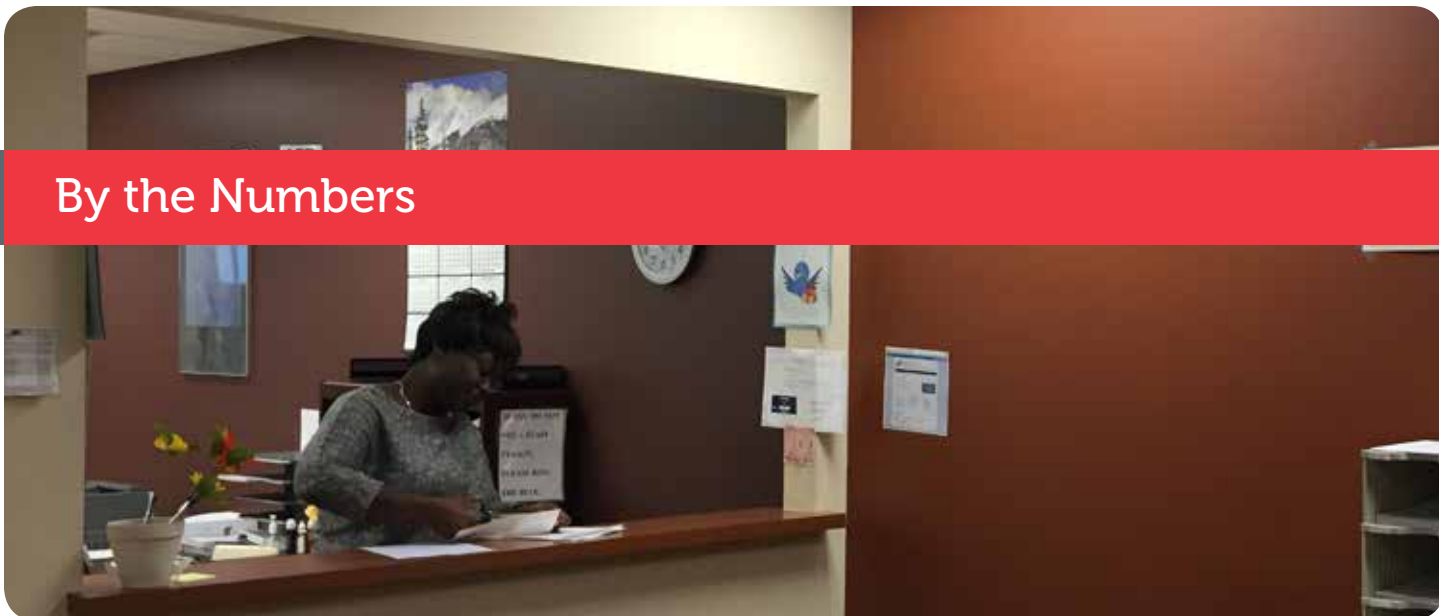
In 2014, the PUC determined that 56 CenturyLink wire centers, situated mostly along the densely-populated Front Range corridor from Fort Collins to Pueblo, offered multiple providers for basic local telephone service. The PUC decision relaxed regulation of basic telephone service in those areas, and eliminated high-cost funding in the wire centers. The PUC held four public hearings in August 2015 and took public comments about whether effective competition for basic telephone service exists in certain geographic areas. The hearings were held in Fort Morgan, Denver, Colorado Springs and Delta.

TELECOMMUNICATION RELAY SERVICE PROVIDER CHANGE

The Colorado Telecommunication Relay Services (TRS), established in 1989, is a program that enables those who are deaf, deaf-blind, hard of hearing, and speech disabled to communicate with a hearing caller through a specialized text telephone and third-party operator. Relay Colorado is accessed by dialing 711 and is available 24 hours a day, 365 days a year. The use of captioned telephones for those who are hard of hearing continues to increase. Both traditional relay and captioned telephone relay are administered by the PUC and funded by a monthly surcharge on telephone access lines. Sprint became the new Relay Colorado Telecommunication Relay Services provider, replacing AT&T. The Commission annually reviews the Relay Colorado fund balance, revenue and expenditure projections, and determines the appropriate surcharge for the following year.



By the Numbers



Over the course of the last fiscal year, the Commission handled a variety of complicated cases, worked to make the regulatory process more efficient and transparent, and made the State of Colorado a safer place to work, live and visit.

1,338
Orders Issued

\$240 Million in savings to
retail rate payers since 2011

951
Proceedings

Public Comments Received
on **321** separate topics

5
Rulemakings Started

5 Commissioner Information
Meetings were Webcast

5 Rulemaking Workshops
on 9-1-1 were Webcast

Completed **320**
Pipeline Inspections

Completed **397** Investigations

Historic Savings for Ratepayers

Colorado Public Utilities Commission Savings to Retail Rate Payers

INDUSTRY	2011-12	2012-13	2013-14	2014-15	2015-16
ENERGY	\$121,441,558	\$113,326,165	\$117,535,165	\$115,770,288	\$21,351,379
TELECOMM	\$20,302,642	\$20,302,642	\$18,742,736.96	\$27,614,657	\$22,620,630
TOTALS	\$141,744,200	\$133,628,807	\$136,277,901.96	\$143,384,945	\$43,972,009

Consumer Assistance Summary

COMPLAINT UNIT NETS CONSUMER SAVINGS

The PUC's External Affairs section secured \$101,115 in credits and refunds on behalf of utility customers during the 2015-16 fiscal year, according to the section's annual consumer assistance summary. The section works to resolve disputes between customers and utilities, including transportation companies.

CONSUMER CONCERNS ADDRESSED AND RESOLVED

The Consumer Assistance unit fielded 6,066 calls, a decrease from 6,999 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 a transportation company.

In all, consumer assistance staff addressed inquiries regarding 245 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The unit addressed 2,221 inquiries and closed 2,266 for the fiscal year; compared to 2,302 inquiries and 2,270 closed the prior fiscal year. The unit resolved 99-percent of inquiries within 15 business days.

For the most recent fiscal year, the section closed 621 complaints concerning Qwest (CenturyLink QC), nearly the same as last year's total of 624. The PUC closed 586 complaints related to Xcel Energy (Public Service Company), a slight increase compared to 560 contacts during the previous fiscal year.

The complete 2015-16 Consumer Assistance Summary is available at www.dora.colorado.gov/puc under the Consumer section.





Solar-to-Battery Projects Demonstrate Utility Innovation

What happens when big batteries are added to the Denver-area electric grid and used to store solar power?

The Colorado Public Utilities Commission approved two Innovative Clean Technology (ICT) solar-to-battery projects by Xcel Energy this year. Using technology from Panasonic Enterprise Solutions, the projects will test the use of batteries as well as the operation of “microgrid” power systems.

At the first Panasonic DIA Microgrid test site, Xcel will install a utility-scale solar power system and one large battery at a location near Denver International Airport (DIA). The project will have the capability to be operated as a microgrid, which can provide backup power Panasonic in emergencies, as well as connected to the regional grid.

Because batteries can serve multiple purposes for the grid, this project will test the ability to use battery storage to reduce peak demand, improve or manage voltage and adjust for changing solar generation levels on the feeder.

At the second location, known as the Stapleton project, Xcel will install six batteries at customer’s homes that already have rooftop solar power systems.

Six additional batteries will be installed on Xcel’s “feeder” power line in that area, where Xcel says there are “significant” power supplies coming from solar power systems on neighborhood homes. These six utility-sized batteries will store excess energy and discharge it during peak load hours. Xcel also plans to evaluate the use of batteries to regulate voltage, reduce peak demand and cut energy costs.

The two projects will be used to determine the commercial viability of new technologies before implementation on a larger scale. The ICT projects are designed to evaluate the system benefits of customer-sited batteries as a means to mitigate the growing impact of two-way power flow on the grid.



Innovative Clean Technology

The projects were designed to not only be valuable to Xcel Energy and Panasonic, but also to the City and County of Denver and the State of Colorado.

The tests are scheduled to launch in late 2016 to early 2017.

As another win-win, Panasonic Enterprise Solutions has since moved its U.S. headquarters near a new transit-oriented development on the commuter rail line to DIA.



Colorado Leads the Charge on Solar

“In terms of overall state net metering practices, Colorado represents the gold standard among actual state policies.”

Source: Vote Solar and the Interstate Renewable Energy Council (IREC)’s “Freeing the Grid 2015” annual report card at www.freethegrid.org

“Four states -- California, Colorado, Massachusetts and Minnesota -- are expected to install the majority of community solar over the next two years.”

Source: NREL’s “Status and Trends in the U.S. Voluntary Green Power Market,” October 2015.

“Colorado, with 30 MW of installed capacity in 37 projects, maintained its prominent position as the state leader in community solar with more than six times as many projects as any other state except Massachusetts.”

Source: <http://www.seia.org/policy/distributed-solar/shared-renewablescommunity-solar>



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Watch a live webcast of the Colorado PUC's "Commissioners Weekly Meeting"
from Hearing Room A on Wednesdays at 9:00 a.m.
Log on to: www.dora.state.co.us/pacific/Webcasts/PUCMediaa.html

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