

Connections

NEWSLETTER OF THE COLORADO PUBLIC UTILITIES COMMISSION

SEPTEMBER 2012

STARTING POINT



By Doug Dean
Director

The PUC's Transportation section has undertaken a number of activities in the past few months that are having a positive effect on our mission of consumer protection.

Earlier this spring, as the legislative session was winding down, the PUC was actively involved in helping eliminate a burdensome surety bond requirement on towing carriers. The \$50,000 bond requirement, amended on to a bill last year on behalf of a towing industry association, was passed with good intentions—to cover civil penalty assessments against carriers that failed to pay them. But, in practice, it carried unintended consequences, and imposed a heavy financial burden on smaller and rural towing operators.

PUC staff worked with legislators this session to find a remedy. Ultimately, the bond requirement was eliminated, with towing carriers instead required to pay a \$150 annual registration fee. The bill gives the PUC the power to immediately revoke a carrier's operating authority if it fails to pay a fine or civil penalty. This solution benefits both carriers and consumers, and gives the PUC the resources it needs to target operators who violate laws and PUC rules.

PUC transportation staff also has embarked on a series of meetings around the state this summer. The meetings were designed to re-establish relationships with transportation carriers, law enforcement groups, better business bureaus, and industry associations. The meetings have been used to clarify the PUC's regulatory approach and its goal to establish a framework to provide a consistent environment where the rules, expectations and consequences are clear and understood by all. These meetings already have generated much positive feedback.

Finally, new PUC transportation rules became effective on August 1. The amendments were made to conform to changes in transportation statutes adopted by the legislature, and to provide additional consumer protections and safety enhancements for the riding public. Details of these rules changes are outlined elsewhere in this newsletter.

We are focused on significantly reducing the instances of carriers operating without proper authorization in Colorado, and on leveraging our resources to selectively target enforcement actions where they will provide the most benefit to the public. Kudos to section chief **Ron Jack**, unit supervisors **Cliff Hinson** and **Larry Herold**, and the rest of the transportation staff for their efforts to improve our performance in this area.

Former REA board member fills post

Pamela Patton chosen by Gov. Hickenlooper as PUC commissioner

Pamela Patton of Bayfield was sworn in June 25 to begin her term as the newest commissioner on the Colorado Public Utilities Commission (PUC).

Patton, who came to the PUC from the La Plata Electric Association (LPEA), was appointed by Gov. John Hickenlooper. Her appointment must be confirmed by the Colorado Senate in the next legislative session.

Patton replaced Matt Baker, who left the PUC in May to join the William and Flora Hewlett Foundation in San Francisco. She joins Chairman **Joshua Epel** and Commissioner **Jim Tarpey** on the Commission, which regulates rates and services of investor-owned electric, gas and water utilities, intrastate telecommunications providers, and for-hire motor carriers in Colorado.

"Pam has demonstrated the ability to work with widely different groups of people throughout her career," Hickenlooper said. "She also hails from one of the most beautiful parts of Colorado, one that is rich in traditional energy exploration. Pam understands firsthand the important balance between promoting innovation and protecting Colorado's beautiful landscapes."

Patton grew up on a sheep farm in La Plata County in southwest Colorado, and earned a bachelor's degree from Fort Lewis College and a



PUC administrative law judge **Harris Adams** (right) administers the oath of office to newest PUC commissioner **Pamela Patton**, who was joined at the swearing-in ceremony by her husband, **John** (center).

master's degree from the University of Southern California. She served for 20 years as an intelligence officer in the U.S. Navy.

Prior to her appointment, Patton served on the LPEA Board of Directors for 12 years. She is a Credentialed Cooperative Director and has a Cooperative Board Leadership certificate from the National Rural Electric Cooperative Association. She also served on boards for FastTrack

Communications Inc. and the LPEA Round-Up Foundation. She was active in a number of community service organizations in La Plata County and southwest Colorado, including the League of Women Voters and the Salvation Army Extension Unit.

PUC commissioners serve staggered, four-year terms. No more than two appointees may be from the same political party. Patton's term expires in January of 2016.

PUC considering telecom rule reform

The Colorado Public Utilities Commission (PUC) will consider amendments to its telecommunications rules in the coming months to reflect technological and competitive changes in the telecom industry.

The PUC issued a notice of proposed rulemaking on Aug. 6 to launch a three-phase process designed to update and reform the telecom rules. The process is intended to reduce regulation where appropriate, including appropriate reductions to Colorado High Cost Support Mechanism (CHCSM), which reimburses certain telecom providers for serving customers in high-cost areas of the state.

In the first phase of the process, the Commission proposes to: (a) establish a regulatory framework for determining whether there is effective competition to incumbent local carriers from other

providers, such as wireless, cable and Voice over Internet Protocol providers; and (b) eliminate funding from the CHCSM in effectively competitive areas.

The proposed rules would define and set forth factors the Commission deems appropriate when determining if an "effectively competitive area" exists. The proposed rules would lessen regulatory treatment in geographical areas where basic local exchange service is found to have effective competition. The PUC would conduct a periodic review of competitive areas to ensure they remain competitive.

In the second phase of the telecom reform process, the PUC will open an adjudicatory docket to specifically determine which areas of the state should be deemed "effectively competitive areas," applying the framework established in phase one.

In the third phase of the process, the Commission anticipates opening a follow-on rulemaking proceeding in 2013 to continue streamlining its telecommunications rules based on the changing market and regulatory landscape.

The Commission is soliciting written comments and replies on the proposed rules from interested parties in advance of hearings scheduled for October 1-4 at the PUC in Denver. The Commission also anticipates gathering input at a series of public meetings around the state in September.

Members of the public may also submit written comments on-line through the PUC website at: <http://www.dora.state.co.us/puc/consumer/ConsumerComment.htm>. Comments should be submitted to Docket No. 12R-862T.

Telecom Rulemaking—Public Hearings

Date	City	Time	Location	Address
September 6 (Thursday)	Fort Morgan	1 to 4 p.m.	City Council Chambers	110 Main St.
September 19 (Wednesday)	Montrose	4 to 7 p.m.	City Council Chambers	433 S. 1st St.
September 20 (Thursday)	Rifle	1 to 3:30 p.m.	Rifle Branch Library meeting room	207 East Ave.
October 1 (Monday)	Denver	4 to 6 p.m.	PUC hearing room	1560 Broadway, Suite 250

Complaint section secures savings for consumers

The Public Utilities Commission's (PUC) Consumer Assistance group secured \$279,022 in credits and refunds on behalf of utility customers during the past fiscal year, according to the section's annual consumer assistance summary.

The section works to resolve disputes between customers and utilities, including transportation companies. For the year ending June 30, the section fielded 8,542 calls, nearly identical to the 8,554 calls in the previous fiscal year. More than half of the calls were resolved or answered by staff without the need to refer to

a utility or a transportation company.

In all, the consumer assistance staff addressed inquiries regarding 193 different telecommunications, gas, electric, water and transportation companies in its efforts to resolve a wide variety of consumer concerns. The section took in 2,300 contacts and closed 2,289 for the fiscal year, compared with 2,444 contacts and 2,507 closed contacts a year ago.

A contact is a phone call, letter or email that requires some follow-up action from the consumer assistance staff. The number of contacts received and closed is not

the same because a contact is not necessarily opened and closed within the same fiscal year.

For the most recent fiscal year, the section closed 413 complaints concerning CenturyLink (Qwest), a slight decrease from last year's total of 469. The PUC closed 789 complaints relating to Xcel Energy, a slight increase compared to 775 contacts during the previous fiscal year.

When closing a contact, the staff determines the appropriate category. If the consumer files a general inquiry requiring follow-up by a specialist, the contact is closed as an "information"

request. If the complaint is in opposition to a proposed rate increase or a utility's services or actions, it is counted as an "objection." When the staff determines that a utility has not complied with PUC rules or regulations, the complaint is closed as "not in compliance."

The section also handled 367 media contacts and issued 8 news releases for the fiscal year.

The complete 2011-12 Consumer Assistance Summary is available on the PUC website at: <http://www.dora.state.co.us/puc/publications/ConsumerReports.htm>.

Customer service winner selected by co-workers

Darlene DelValle was selected by PUC co-workers to receive the 2012 Dom Hidalgo customer service award.

DelValle was one of four finalists for the annual award, which was established in 1998 to recognize the PUC employee who displays consistent and superior customer service throughout the year. Other finalists for the 2012 award were **Pam Fischhaber**, **Mana Jennings-Fader**, and **Raenette Rodriguez**.

DelValle is an administrative assistant in the Administrative Support section, working with the Energy, Water, Rail and Agenda team. The section handles all filings and pleadings by determining the timing, disposition and weekly agenda to ensure that all statutory requirements and deadlines are met. This team also is responsible for the processing of all Commission decisions, minutes and notices.

"Darlene is a hard worker who is dependable and she handles stress well," wrote a co-worker in submitting DelValle's nomination. "She always has the most positive attitude of anyone I know and her enthusiasm is contagious."

She also was cited for her willingness to go the extra mile to assist co-workers and customers.

"She always steps up to assist others and makes suggestions on how to streamline processes," according to her nomination. "She meets timeline goals, even when her team is shorthanded. She often takes on extra responsi-

bilities and is a true team player."

The PUC customer service award is named for former PUC employee Dom Hidalgo, who exemplified exceptional customer service for more than 35 years in the PUC's Transportation section before he died in 1997.

Nominees for the award must have worked at the PUC for a minimum of three years and exhibit consistent and sustained effort in: demonstrating patience and tolerance; maintaining a positive attitude; assisting other

employees; promoting a spirit of cooperation with others; dealing effectively in difficult situations; identifying improvements in processes or procedures; and displaying innovation in problem solving.

As this year's winner, DelValle received \$250 along with an individual plaque, and her name will be engraved on a permanent plaque displayed in the PUC reception area. The other finalists each received \$100 and individual plaques.



Darlene DelValle receives this year's Dom Hidalgo Customer Service Award from Ron Jack at a recent PUC employee appreciation event.

PREVIOUS WINNERS

2011	.....	Ted Barrett
2010	.....	Chris Lowe
2009	.....	Trudy Reinmuth
2008	.....	Terry Bote
2007	.....	Deb Fajen
2006	.....	Lloyd Petersen
2005	.....	April Woods
2004	.....	Suzette Scott
2003	.....	Jonell Poley
2002	.....	Michele Gronewold
2001	.....	Marisela Chavez
2000	.....	Frank Shafer
1999	.....	Barbara Fernandez
1998	.....	Joyce Reed

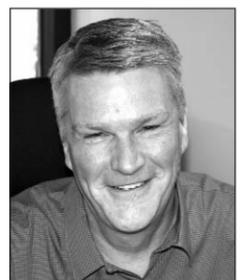
POSITIVE CHARGES

Congratulations to the following PUC employees for their years of service to the state of Colorado:

- 5 years—**Bill Dalton, Scott England, Mike Hydock, Keith Kirchubel**
- 10 years—**Harris Adams, Inez Dominguez**
- 15 years—**Bill Harris, Chris Lowe**
- 20 years—**Terry Bote, Ron Jack**

Welcome to new PUC employee **Bob Garvey**, an Administrative Law Judge in the Administrative Hearings section

Bob Garvey



INSIDE CONNECTIONS

Cliff Hinson's job at the Public Utilities Commission (PUC) allows him to combine two long-time passions—law enforcement and motor vehicles.

Hinson recently was promoted to manager of the PUC's Transportation Compliance and Investigations section. The unit conducts safety and compliance reviews of motor carriers, and



Cliff Hinson

investigates consumer and industry complaints.

"Helping others and protecting consumers has been a passion of mine since I first began my law enforcement career in Los Angeles," he said.

Hinson joined the L.A. police force after serving as a military police officer in the Army. He also has worked as a special investigator for the insurance industry, and worked for DORA's Division of Insurance and Division of Real Estate before joining the PUC in 2009.

His interest in motor vehicles also began at an early age.

"In high school and college, I really enjoyed racing various vehicles on the quarter-mile track at Orange County raceway," he said.

Now, Hinson is focused on investigating motor carriers operating illegally in Colorado.

"This new position affords me the opportunity to help direct the unit in being more effective in combating the carriers operating without a permit," he said. "These entities are the greatest

threat to consumers as they almost always do not have the required insurance coverage and often drive vehicles that do not meet the safety requirements for a transportation carrier."

Hinson also is very active in the Colorado State Investigators Association, having served as both vice president and president of the organization. He also was the training coordinator for two years, helping to provide various training courses on investigative skills and values to investigators at various state agencies.

Away from work, Hinson and his wife enjoy hiking and spend as much time as they can in the mountains with their German shepherd. He also enjoys hanging out with his two sons, one who just recently obtained a master's degree in computer programming and specializing in cyber security, and the other who is graduating with a bachelor's degree in mathematics in December.

"Yes, I am a proud dad," he said. "Plus, after paying for college, I consider them my retirement program."

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



Dora
Department of Regulatory Agencies

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 provides bill credits for service quality misses

Xcel Energy was expected to issue bill credits of \$709,151 to Colorado customers for missing electric service quality standards in 2011.

The credits are required under the Quality of Service Monitoring and Reporting plan, which the Public Utilities Commission (PUC) established in 2007. The current plan is due to expire at the end of 2012; however the company has filed an application to extend the existing plan through 2015.

The quality of service plan provides for bill credits of up to a possible \$11 million annually depending on how the company performs in reliability and other categories. Under the plan, a reliability threshold is established for each of Xcel Energy's nine operating regions, and bill credits are payable to customers within an operating region of the company's performance fails to meet the standard for two consecutive years.

Under 2011 results reported in April, Xcel Energy met the reliability standard in seven of the nine regions, including Denver, Boulder, Front Range, Greeley, Mountain, Northern and San Luis Valley. It fell below the threshold in 2011 for the High Plains and Western regions.

For High Plains, the company received a warning, since it met the standard in 2011. For the Western

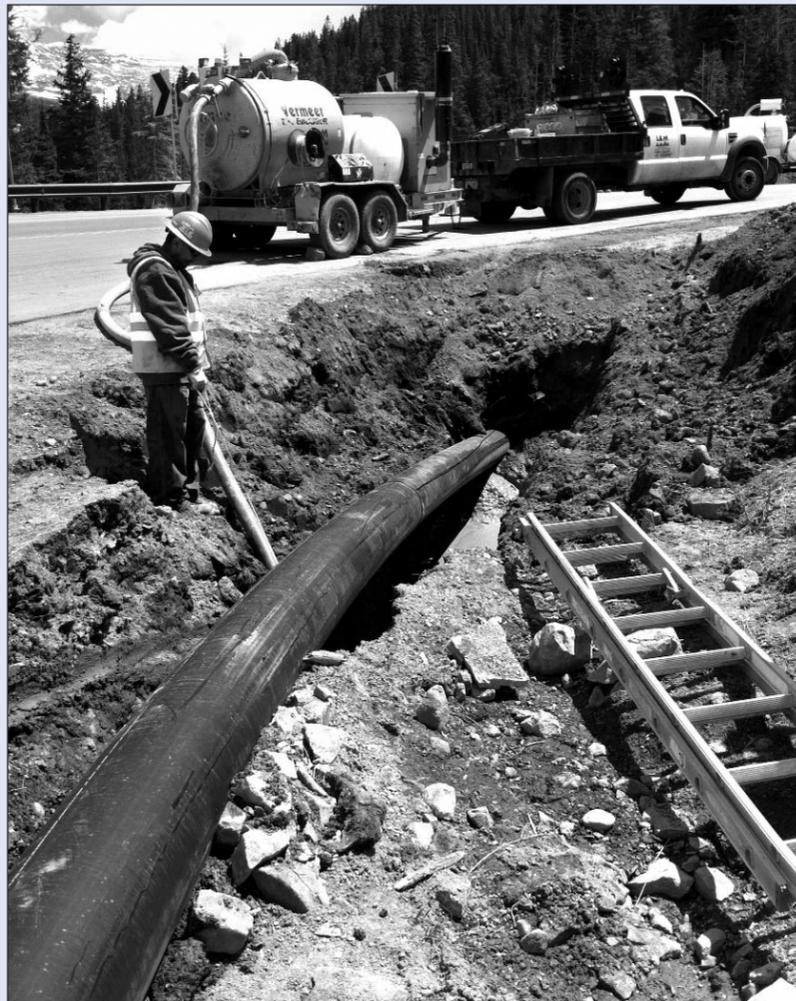
region, the company missed the standard in both 2010 and 2011 and was required to refund \$365,451, or about \$5.40 per customer.

The service quality plan also contains thresholds to measure the level of service delivered to individual customers. Xcel is required to issue a \$50 bill credit to each customer who experiences more than five outages a year lasting longer than five minutes, or for each instance in which electric service is not restored within 24 hours following an interruption. Certain major events, such as major storms and other interruptions beyond the company's control are excluded.

For 2011, the company had 6,699 customers who experienced five or more sustained outages, for a total credit of \$334,950. It also reported 175 customers (166 in the Denver area) experiencing outages of 24 hours or more, for a total credit of \$8,750.

The service quality plan also measures the company's telephone response times and PUC complaint levels, and provides up to \$1 million in each category if the thresholds are exceeded. For 2011, Xcel Energy met the standards in both categories.

Xcel files its service quality results on April 1 for the previous calendar year. Any bill credits are to be issued during the July billing cycle.



Construction continues on a Colorado Natural Gas project to install a natural gas pipeline over Hoosier Pass to serve the towns of Alma and Fairplay. The company hopes to have phase one of the 73-mile project completed by the end of 2012, providing natural gas service to 1,000 homes and 70 businesses in time for this winter's hearing season. PUC gas pipeline safety engineers recently were on site to inspect the pipeline installation. (Photo courtesy of CNG.)

Black Hills proposes building smaller plant in resource plan

Black Hills-Colorado Electric Utility is proposing to use a combination of a smaller natural gas-fired power generation unit and purchased power to meet its customers' electricity needs over the next six years.

The company's proposal is part of its Electric Resource Plan (ERP) filed July 30 with the Public Utilities Commission (PUC), along with its 2013-14 Renewable Energy Standard (RES) Compliance Plan. Hearings on the two proposals are likely to be held in late 2012 or early 2013.

Black Hills serves about 94,000 electric customers in 21 southeastern

Colorado communities, including Pueblo, Cañon City, Florence and Rocky Ford. It is required to file a plan every four years forecasting future electric demand and how the utility will meet that demand.

In its preferred plan, Black Hills seeks to build and own a 40-megawatt (MW) gas-fired unit to replace its Clark Station, a coal-fired facility in Cañon City that is closing pursuant to the Clean Air-Clean Jobs Act.

The PUC earlier this year denied a Black Hills request to build an additional 88-MW generating unit at its Pueblo Airport Generating Station,

ruling that the company did not justify the need for the extra capacity and did not adequately consider possible alternatives. The Commission said the company could readdress the issue in its ERP.

Black Hills said after a thorough analysis of available options, it was proposing to build a 40-MW turbine going into service in 2016 to replace the electricity produced by the Clark station. The company said it intends to meet the remaining supply need through short-term market purchases ranging from 25 MW to 50 MW per year.

In a separate announcement on August 6, Black Hills said it was suspending operations at its Clark coal units in Cañon City and its Pueblo 5 and 6 steam units at the end of 2012. The suspended units would remain available to generate electricity when necessary, especially during hot summer months when customers are using the most energy. Fuel cost savings would be passed on to customers through the annual energy cost adjustment. The PUC is expected to review the suspension plans as part of the company's ERP.

Black Hills seeks gas base rate hike

Black Hills/Colorado Gas Utility has requested an increase of \$1.04 million in annual revenues in its natural gas base rates to cover general plant investments it has made since 2008.

The proposal, filed in June, has been suspended and set for hearing by the Colorado Public Utilities Commission (PUC). Hearings are likely to be conducted this fall on the request.

Black Hills/Colorado Gas Utility serves about 64,000 customers in 27 Colorado communities, including Castle Rock, Fountain, Larkspur, Monument, Woodland Park, Limon and Burlington. It last received an increase in natural gas base rates in 2009.

The proposal would increase base rates by 4.94 percent across all customer classes. Bills for typical residential customers using 79 therms of natural gas per month would increase by \$1.04 per month. For a typical small commercial customer using 117 therms of gas per month, monthly bills would increase \$1.55.

The base rate component of a monthly bill (roughly 25 to 35 percent) covers costs associated with the delivery of gas, customer service, system integrity 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.

In its request, Black Hills states it has made nearly \$29 million investment in its delivery system over the past four years; costs that are not accounted for in rates. The company also is asking for a 10.25 percent return on equity (ROE), which is the same as its current ROE. 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.

A prehearing conference on the request was scheduled for August 20 at the PUC to establish testimony and hearing dates. A decision is expected early next year.

Xcel ERP hearings to start October 31

The Colorado Public Utilities Commission (PUC) has rescheduled hearings on Xcel Energy's Electric Resource Plan (ERP) to late October to address recent filings made by the company related to the proceeding.

The PUC vacated hearings planned for late August and consolidated the resource plan with two other recent applications by Xcel Energy. The first seeks PUC approval to acquire certain natural gas-fired generation units in Brush currently owned by an independent power producer. The second seeks PUC approval to retire the company's Arapahoe 4 coal-fired unit by the end of 2013 and replace it with a purchase power agreement.

The PUC solicited comments regarding the potential impact of these new applications on the ERP and decided to consolidate the three proceedings and establish a new procedural schedule. Hearings are now scheduled to begin October 31 at the PUC in Denver and continue through November 9.

Under PUC rules, Colorado's regu-

lated electric utilities are required to file a plan every four years forecasting future electric demand and how the utility will meet that demand. In its 2011 Colorado ERP filing last October, Xcel forecasted only minor load growth for the next six years. The company projected that it would need an additional 59 megawatts (MW) of capacity in 2017 and 292 megawatts in 2018, and proposed to fulfill those needs through short-term purchased power contracts with existing resources.

In a motion filed July 5 to supplement its plan, Xcel stated its resource need will increase to 93 MW in 2017 and 345 MW in 2018.

Under PUC resource planning rules, utilities are generally required to use an all-source competitive bidding process to acquire new utility resources. The PUC ordered Xcel to file additional supplemental testimony to explain how carving out the proposed Brush and Arapahoe acquisitions from the total resource need complies with PUC rules and is in the public interest.

A decision on the resource plan is expected by the end of the year.

Transportation rule changes get green light August 1

New transportation rules affecting taxis, towing carriers, household goods mover, luxury limousines and other regulated transportation utilities became effective August 1.

The Public Utilities Commission (PUC) amended its rules earlier this year to conform to changes in the transportation statutes adopted by the Colorado legislature in 2011. The changes provide additional consumer protections and safety enhancements for the riding public.

The new rules included several amendments to the nonconsensual towing rules, including a requirement that towing carriers accept, at a minimum, Visa and MasterCard for payment of services. Previously, towing carriers were required to accept at least one credit card as

payment, but the rule did not specify any particular card.

The new rules increased the hook-up charge for nonconsensual tows from \$154 to \$160, but imposed new restrictions to mileage fees that can be tacked on by towing carriers. The rules imposed a maximum mileage limit of 12 miles for Front Range tows and 16.5 miles for non-Front Range Tows and established a maximum per mile charge. The rules also eliminate additional fees that may be charged for nonconsensual tows in "mountain areas."

Household goods movers are now required to provide a written estimate of total costs, and limit actual charges to no more than 10 percent above the written estimate. If a household goods mover

accepts credit cards as payment, then it must accept, at a minimum, MasterCard and Visa.

Other rule changes implemented on August 1:

- Increased fines for some rule violations by regulated passenger carriers, including failure to follow rules on record keeping, violations of driver on-duty hours, and failure to follow PUC safety rules on driver substance abuse testing and enforcement.
- Explicitly expanding the definition of "passenger" to include assistance animals, ensuring that people with disabilities will have full access to transportation services.
- Clarifying those vehicles that qualify as luxury limousines.

- Establishing additional service requirements for taxis in counties with higher population densities, such as mandatory 24-hour operations, digital dispatch systems, and newer vehicles.
- Establishing a civil penalty for violations of taxi rules concerning refusal of service and driver courtesy.
- Clarified the hours-of-service rules.
- Added the definition of "shuttle service" to be used in place of call-and-demand limousine service to help distinguish the service from luxury limousine service.
- Simplified the public notice requirements for tariff changes.
- Established an age of vehicle rule (12 model years or newer) for common and contract carriers, with few exceptions.

Ruling likely this fall on SmartGrid cost recovery

A recommended decision on Xcel Energy's application to recover the remainder of its costs for the SmartGridCity pilot project in Boulder is expected this fall.

A Public Utilities Commission (PUC) administrative law judge presided over hearings on the application August 1-3. Written statements of positions were due by August 31.

The PUC in 2011 capped recovery of the SmartGridCity investment at \$27.9 million, instead of granting the full \$44.5 million requested at the time by Xcel. The

Commission expressed concerns about the cost overruns of the project, and whether smart grid technologies would provide consumer and utility benefits on a going-forward basis.

"If the company demonstrates in a future application that the SmartGridCity project has a coherent and valuable future, we may allow the company to recover the balance of the investment disallowed in this case," the PUC stated in its decision.

Xcel filed its follow-up application last December, stating that it had now met the standard for full recovery of its capital

investment, and was seeking to include the amount previously held back.

SmartGridCity was the first-of-its-kind demonstration project, integrating "smart grid" technologies on a community-wide scale. Smart grid allows the timely and secure exchange of information between customers and the utility to promote energy management and conservation tools. It also helps utilities more quickly detect power outages as they happen, resulting in quicker restoration of service.

Xcel stated in its application that SmartGridCity is now fully installed and is

an integral part of its distribution system in Boulder. The company stated that the enhanced distribution already is improving the reliability of electric service in Boulder, and lessons learned from SmartGridCity are being used to determine cost-effective grid modernization strategies that can be applied elsewhere in its service territory.

Several parties at hearing opposed Xcel's plan to include the additional costs in customer rates. Once a recommended decision is issued, parties to the case will have 20 days to file exceptions. Any exceptions would be considered by the full PUC.

PUC declares Xcel plan for Boulder customers 'premature'

The Public Utilities Commission (PUC) has dismissed for now an application by Xcel Energy to place

restrictions on participation by City of Boulder customers in the company's renewable energy, energy efficiency

and voluntary green energy programs.

"Based upon the current status of events, we find that it is the public interest for all electric customers served by (Xcel) to be able to participate, including customers located in Boulder, in the programs at issue in this docket," the PUC said in its order issued July 13.

Xcel had sought PUC approval of several proposed changes to its Solar*Rewards, demand-side management, solar gardens and Windsource programs offered to customers in Boulder. Xcel argued that if Boulder creates a municipal utility, the city rather than Xcel will be the long-term beneficiary of the investments made through these programs. The company indicated it wanted to protect itself and its customers from the potential loss of such benefits and the potential burden on other customers in the event that Boulder opts to depart from the company's system.

"We find the application filed by (Xcel) and the relief sought is premature at this time," the PUC said. "The steps that Boulder has taken to date, while not

insignificant, are geared toward exploring a possible municipalization."

The commissioners noted they were still concerned, however, about potential inequities between Xcel's Boulder and non-Boulder electric customers that may occur in the future. It may be appropriate at some point, the PUC said, for the Commission to put Boulder customers on notice regarding the possibility of them bearing additional costs associated with municipalization.

But it remains unclear what steps, if any, the Commission should take and the timing of those steps, the decision said. The PUC invited interested parties to comment on when would be the appropriate time for the Commission to begin addressing matters related to compensation and potential inequities between Boulder and non-Boulder customers in the event Boulder proceeds toward municipalization.

Those comments were due by August 13. Following review of the comments received, the PUC said it will consider whether any additional guidelines to the parties or other steps are appropriate at a future date.

PUC adopts Xcel solar caps

The Colorado Public Utilities Commission (PUC) has established caps on the amount of on-site solar resources to be acquired by Xcel Energy in 2012 and 2013, and approved incentives that balance the needs of both ratepayers and the solar industry.

In a decision issued on July 26, the PUC affirmed an earlier decision adopting a "medium plan" of solar resource acquisition for Xcel through 2013 as part of its Renewable Energy Standard compliance plan. The PUC approved up to 78 megawatts (MW) of on-source solar resources by the end of 2013, including 18 MW of community solar gardens.

"In the context of the development of new renewable energy resources, the Commission requires a balancing on promoting renewable energy and minimizing the impact to (ratepayers)," the PUC wrote in its initial decision adopting the medium plan.

The PUC also approved specific levels of funds that Xcel is authorized to advance to the deferred account associated with its Renewable Energy Standard Adjustment (RESA), a 2 percent renewable-energy charge on customer bills. The PUC approved up to \$25.7 million to be advanced to the RESA in 2012, and up to \$4.5 million in 2013.

Although the deferred account was \$32 million in the red in June, Xcel has testified that the deficit will be eliminated by 2017.

The PUC also shifted the incentives for Xcel's Solar Rewards program from upfloat cash subsidies to performance-based incentives. Under the old plan, customers received an initial \$1 per watt subsidy, and 9 cents for each kilowatt generated by the system. The new plan provides for a 15-cent per kilowatt payment, decreasing to 11-cents per kilowatt by the end of 2013, with no upfloat payment.

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