

Decision No. C01-1109

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 01R-492W

IN THE MATTER OF PROPOSED RULES REGARDING SIMPLIFIED REGULATORY
TREATMENT FOR SMALL, PRIVATELY OWNED WATER COMPANIES.

NOTICE OF PROPOSED RULEMAKING

Mailed Date: October 30, 2001

Adopted Date: October 12, 2001

I. BY THE COMMISSION

A. Statement

1. The Colorado Public Utilities Commission hereby gives notice of proposed rulemaking regarding simplified regulatory treatment for small, privately owned water companies. The proposed rules implement the legislative directives set forth in § 40-3-104.4, C.R.S. That statute states:

The commission, with due consideration to public interest, quality of service, financial condition, and just and reasonable rates, shall grant regulatory treatment that is less comprehensive than otherwise provided for under this article to small, privately owned water companies that serve fewer than one thousand five hundred customers. The commission, when considering policy statements and rules, shall balance reasonable regulatory oversight with the cost of regulation in relation to the benefit derived from such regulation.

The rules proposed in this docket, in part, will establish the specific forms of simplified regulatory treatment to be applied to small, privately owned water companies.

2. A copy of the proposed rules is attached to this notice of proposed rulemaking. The statutory authority for the proposed rules is found at §§ 40-2-108 and 40-3-104.4, C.R.S.

3. An Administrative Law Judge will conduct a hearing on the proposed rules and related issues at the below stated time and place. Interested persons may submit written comments on the rules and present these orally at hearing, unless the Commission deems oral presentations unnecessary. The Commission also encourages interested persons to submit written comments before the hearing scheduled in this matter. In the event interested persons wish to file comments before hearing, the Commission requests that such comments be filed ten days prior to the hearing date. The Commission will consider all submissions.

4. One of the simplified regulatory options identified in the proposed rules (Rule 723-5-30-3.1.1) is the Annual Rate Adjustment Option. That option would allow for annual rate changes for small water companies based upon the difference between an inflation index and a productivity index. In addition to the inflation and productivity indices identified in the rule, the Commission requests comment relating to other

inflation and productivity measures that could be used in the Annual Rate Adjustment formula. For example, but not by way of limitation, the Commission offers the following for consideration by the parties:

1. Productivity:

a. Output per hour of all persons; Output per unit of capital; Output;¹

b. Output per hour of all persons; Output per unit of capital; Output²

c. Output per hour of all persons; Output per unit of capital; Output³

d. Indices are available also as percentage changes;⁴

e. Indices can be based upon a fixed-weight calculation or be of the chain-type variety.

¹ These three series are available from Table 1: Private business sector: Productivity and related indexes, 1948-1999, found at stats.bls.gov/news.release/prod3.t01.htm. See also, www.bls.gov/lpc/home.htm, and, www.bls.gov/news.release/prod2.toc.htm.

² These three series are available from Table 2: Private nonfarm business: Productivity and related indexes, 1948-1999, found at stats.bls.gov/news.release/prod3.t02.htm.

³ These three series are available from Table 3: Manufacturing: Productivity and related indexes, 1948-1999, found at stats.bls.gov/news.release/prod3.t03.htm; and www.bls.gov/news.release/prin2.toc.htm, and, www.bls.gov/news.release/prin.toc.htm.

⁴ These series are available from Tables 4 - 6: found at stats.bls.gov/news.release/prod3.t04.htm, stats.bls.gov/news.release/prod3.t05.htm, stats.bls.gov/news.release/prod3.t06.htm, respectively.

f. Indices can be based upon labor productivity, capital productivity, or multifactor productivity.

2. Inflation.

- a. Consumer price indices;
- b. Wholesale price indices;
- c. Produced price indices;
- d. Indices can be based upon fixed-weights or chain-type indices.⁵

While the proposed rules identify certain indices, the Commission will consider alternative measures identified by interested persons in their comments.

II. ORDER

A. The Commission Orders That:

1. This Notice of Proposed Rulemaking shall be filed with the Colorado Secretary of State for publication in the November 10, 2001 edition of The Colorado Register.

2. Hearing on the proposed rules and related matters shall be held before an Administrative Law Judge as follows:

TIME: 9:00 a.m.

DATE: December 10, 2001

⁵ The prices indices may be obtained from several sources. See, for example: Presidents Economic Report, January 2001. Source: Department of Commerce, Bureau Of Economic Analysis.. Also, Department Of Labor, Bureau Of Labor Statistics, for example, www.bea.doc.gov/bea/dn1.htm., or, www.bls.gov/cpi/cpi1998d.htm, or www.bls.gov/ppi/ppiesc.htm.

PLACE: Commission Hearing Room A
Office Level 2 (OL2)
Logan Tower
1580 Logan Street
Denver, Colorado

At the time set for hearing in this matter, interested persons may submit written comments and may present these orally unless the Commission deems oral comments unnecessary.

3. Interested persons may file written comments in this matter before hearing. The Commission requests that such prefiled comments be submitted at least ten days before the scheduled hearing. All submissions, whether oral or written, will be considered by the Commission.

4. This Order is effective immediately upon its Mailed Date.

B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 12, 2001.

(S E A L)

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO



RAYMOND L. GIFFORD

JIM DYER

Commissioners

COMMISSIONER POLLY PAGE
ABSENT.

ATTEST: A TRUE COPY

A handwritten signature in cursive script, appearing to read "Bruce N. Smith".

Bruce N. Smith
Director