

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF COLORADO

Proceeding No. 16A-0665T

IN THE MATTER OF THE APPLICATION OF EL PASO-TELLER COUNTY
EMERGENCY TELEPHONE SERVICE AUTHORITY FOR APPROVAL OF AN
EMERGENCY TELEPHONE CHARGE PURSUANT TO C.R.S. § 29-11-102(2)(B)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Settlement Agreement”) dated March 13, 2017, is entered into by and among the Staff of the Colorado Public Utilities Commission (“Staff”) and the El Paso-Teller County Emergency Telephone Service Authority Board (“the Authority”) (collectively, “the Settling Parties”) for the purpose of resolving by settlement the application filed by the Authority with the Colorado Public Utilities Commission (“Commission”) in Proceeding No. 16A-0665T to increase the monthly emergency telephone surcharge rate (the “Surcharge”) as set forth below.

Recitals

1. C.R.S. § 29-11-102(1)(a) allows a governing body to incur equipment, installation, and other directly related costs for the continued operation of emergency telephone services as further described in that statutory section.

Additionally, the statutory section allows a governing body to pay for the costs of such service by imposing a surcharge in those portions of the governing body's jurisdiction for which emergency telephone services will be provided.

2. C.R.S. § 29-11-102(2)(a) allows a governing body to impose a surcharge in an amount not to exceed \$0.70 per user per month per exchange access facility (wireline), per wireless communications access, and per interconnected voice-over-internet-protocol service ("User") in those portions of a governing body's jurisdiction for which emergency telephone service will be provided.

3. C.R.S. § 29-11-102(2)(b) allows a governing body, in the event it determines it is necessary in order to provide continued and adequate emergency telephone service, to seek approval from the Commission for a surcharge rate in excess of \$0.70 per User per month.

4. The Authority is an Emergency Telephone Service Authority established pursuant to C.R.S. § 29-1-101, et seq. and Restated Intergovernmental Agreement of 2000 between El Paso and Teller Counties; the Cities of Colorado Springs, Cripple Creek, Fountain, Manitou Springs, Victor, and Woodland Park; the Towns of Calhan, Green Mountain Falls, Monument, Palmer Lake and Ramah; numerous fire protection and health service districts located within El Paso and Teller Counties; and Fort Carson Army Post, Peterson Air Force Base and the U.S. Air Force Academy.

5. On August 31, 2016, the Authority filed an application pursuant to C.R.S. § 29-11-102(2)(b) seeking Commission approval to increase the Surcharge assessed on Users from \$0.70 to \$1.90.

6. The audited financial reports may be viewed on the Authority's webpage at <http://elpasoteller911.org/DocumentCenter/Home/View/764> or Exhibit Q of Application.

7. On September 8, 2016, the Commission granted the Authority's Motion for Alternative Form of Notice in Interim Decision No. C16-0828-I. In accordance with that directive, the Authority published the Commission-approved notice required by Interim Decision No. C16-0828-I in two newspapers of general circulation in Teller County (*Pikes Peak Courier* and *Teller County Extra*) and El Paso County (*El Paso County & Fountain Valley Advertiser & News* and *Colorado Springs Gazette*). Such notice was published in these newspapers on September 14, 2016, September 21, 2016 and September 28, 2016. In addition, the Authority posted notice on the websites of the Authority, the Cities of Cripple Creek, Woodland Park, Colorado Springs, and Fountain and the Counties of El Paso and Teller beginning September 12, 2016, and continuing until September 30, 2016. The notices advised affected residents and potential customers how to object or comment upon the proposed surcharge increase and how to intervene in this proceeding. The notices further advised that the application was available for

inspection at the El Paso-Teller County Emergency Telephone Service Authority, 2350 Airport Road, Colorado Springs, Colorado 80910 and at the Commission's office at 1560 Broadway, Suite 250, Denver, Colorado 80202. In response to the notices the Commission has received several comments from members of the public.

8. C.R.S. § 29-11-104(2)(a)(I) provides that funds collected from a surcharge imposed shall be spent solely to pay for certain things. The statute states that "costs" include (but is not limited to):

- a. "[c]osts of equipment directly related to the receipt and routing of emergency calls and installation thereof" (hereinafter "Technology and Capital Costs"),
- b. "[c]osts related to the provision of the emergency notification service and the emergency telephone service, including costs associated with total implementation of both services by emergency service providers, including costs for programming, radios, and emergency training programs" and
- c. "[o]ther costs directly related to the continued operation of the emergency telephone service and the emergency notification service."

Among the other related costs, C.R.S. § 29-11-104(2)(b) specifies that funds collected from a surcharge imposed may be spent for certain personnel expenses, more specifically "[p]ersons employed to take emergency telephone calls and

dispatch them appropriately” and “[p]ersons employed to maintain the computer data base of the public safety answering point.”

9. The Settling Parties have now reached a settlement described below concerning the matters raised in this Proceeding and believe that the increase in the Surcharge to \$1.35 per User per month as recommended in this Settlement Agreement is reasonable and necessary in order for the Authority to provide continued and adequate emergency telephone service and emergency notification service within El Paso and Teller Counties and, therefore, that this Settlement Agreement should be presented to and approved by the Commission.

Stipulation

10. This Settlement Agreement governs the Surcharge increase the Authority seeks pursuant to C.R.S. § 29-11-102(2)(b), which allows a governing body to seek approval from the Commission to increase the statutorily allowed \$0.70 per month for the provision of continued and adequate emergency telephone service. The Settling Parties recommend that the Commission approve, in accordance with the terms and conditions of this Settlement Agreement, a Surcharge of \$1.35 per User per month.

11. The Settling parties accept and agree to a lower Surcharge (*i.e.*, \$1.35 per User per month) than what was requested in the Authority’s Application, based

on revised projections of revenues and expenditures shown in **Exhibit 1**, attached to this Settlement Agreement.

12. Based on recent User line counts, the Authority received total Surcharge revenue in 2016 of \$5,990,698 at \$0.70 per month per User. Using these numbers as a starting point (as well as a 2016 year-end cash balance of \$8,460,997), **Exhibit 1** to this Settlement Agreement contains a projection of future revenues and expenditures, assuming the Surcharge were increased from \$0.70 per month to \$1.35 per month on July 1, 2017 and continued to year-end 2021. Through much discussion, the Settling Parties have agreed to the projected revenues and expenditures shown in **Exhibit 1**, and that they are a reasonable basis for increasing the Surcharge to \$1.35 per User per month for the provisions of the emergency telephone service and emergency notification service.

13. The “Revenues” portion of **Exhibit 1** contains the following projections, which are agreed to by the Settling Parties to be reasonable:

- a. a 1.0% annual increase based on population and communication trends in wireline, wireless, and VoIP access line counts beginning with the 2016 year-end values;
- b. a 1.0% annual increase in Surcharge revenue received from prepaid wireless beginning with the 2016 year-end values; and

- c. interest and miscellaneous revenues that are unchanged from the \$45,497 shown for these revenues in the Authority's Five-Year Draft Budget set forth in Exhibit O of Application.
14. The "Expenditures" portion of **Exhibit 1** contains the following projections, which are agreed by the Settling Parties to be reasonable:
- a. the Authority currently projects that it will pay 25% of PSAP call taker and dispatcher expenses beginning in 2018 in the amount of \$3,838,806, increased by 3% each year (also the Authority currently projects that it will pay \$0 in PSAP call taker and dispatcher expenses for 2017);
 - b. the Authority currently projects paying personnel-related costs as it has paid in the past (*e.g.*, payroll costs, personnel benefits, and personnel-other), but these amounts will be adjusted 3% annually starting with the 2016 year-end values; and
 - c. the Authority currently projects paying costs for IT personnel responsible for maintaining 911 network data base issues beginning with \$111,600 in 2017, increased 3% each year after.
15. The "E-911 Technology Costs" portion of **Exhibit 1** contains the following projections, which are agreed to by the Settling Parties to be reasonable:

- a. the “E-911 Technology Costs” section contains expenditures related to the Authority’s maintenance, repair and continued operation of the emergency telephone service facilities and emergency notification services; and
- b. where appropriate, these costs contain an annual 3% increase for inflation.

16. The “Stipulated Capital Costs” portion of **Exhibit 1** contains the following assumptions, which are agreed to by the Settling Parties to be reasonable and necessary:

- a. purchase of a new 911 telephone system and new 911 recording system equipment to replace end-of-life equipment;
- b. the costs of these are amortized over a five-year period; and
- c. the total costs are estimated based upon data provided to the Authority from the vendor and agreed to be reasonable assumptions by the Settling Parties.

17. Although the Authority sought a Surcharge of \$1.90 per User per month, the Settling Parties agreed to \$1.35 per User per month based upon discussions concerning certain cost items requested by the Authority in its Application. Certain items were ultimately removed from the Authority’s original projections, thus resulting in a lower agreed-upon Surcharge.

18. After a final Commission order approving this Settlement Agreement, and after any conditions contained in such order have been satisfied, the Authority may implement the new Surcharge, consistent with statutory requirements.

19. This Stipulation is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle directly or indirectly incorporated in this Stipulation. No binding precedential effect or other significance, except as may be necessary to enforce this Stipulation or a Commission order concerning this Stipulation, shall attach to any principle contained in this Stipulation.

20. The Parties will support all aspects of this Stipulation embodied within this document in any hearing conducted to determine whether the Commission should approve this Stipulation, and/or in any other hearing, proceeding, or judicial review relating to this Stipulation or the implementation of its terms and conditions.

21. Each party also agrees that, except as expressly provided in this Stipulation, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Stipulation.

22. Nothing in this Stipulation shall constitute a waiver by a Party with respect to any matter not specifically addressed in this Agreement.

23. This Stipulation shall not become effective and shall be of no force and effect until the issuance of a final Commission order approving this Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to any of the Parties.

24. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party hereto, that Party may withdraw from this Stipulation and shall so notify the Commission and the other Parties to this Stipulation in writing within ten (10) days of the date of the Commission order.

25. In the event a Party exercises its right to withdraw from the Stipulation, this Stipulation shall be null and void and of no effect and no force in these or any other proceedings, and a hearing shall be set on the merits of the Application.

26. In the event this Stipulation becomes null and void or in the event the Commission does not approve this Stipulation, this Stipulation, as well as the negotiations or discussion undertaken in conjunction with the Stipulation, shall not be admissible into evidence in these or any other proceedings.

27. The Parties state they have reached this Stipulation by means of a negotiated process and that the increase in the Surcharge is necessary in order to provide continued and adequate emergency telephone service and emergency

notification service within the territory served by the Authority, and that the results reflected in this Stipulation are just, reasonable, and in the public interest.

28. The Parties agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's Rules to the extent necessary to permit all provisions of this Stipulation to be carried out and effectuated.

29. This Stipulation is an integrated agreement that may not be altered by the unilateral determination of either Party to the Agreement.

30. This Stipulation may be signed in counterparts, each of which shall be deemed an original.

31. This Stipulation may be executed and delivered by e-mail and the Parties agree that such facsimile or scanned e-mail execution and delivery shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such facsimile or scanned signatures as evidence of the execution and delivery of this Stipulation by the Parties to the same extent that an original signature could be used.

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Attachment 1: Stipulation and Settlement Agreement
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Entered and Agreed Effective on the Date Written on Page 1 Above,

Staff of the Colorado Public Utilities
Commission



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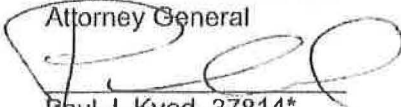
El Paso-Teller County Emergency
Telephone Service Authority Board



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