Colorado Public Utilities Commission's Cost Benefit Analyses follow, addressing issues delineated in email below.

From:	Web, OPR
To:	Petersen, Lloyd
Subject:	Rule Reviewed *** Cost-Benefit Analysis Required *** - Transportation Rules Proposed Amendments
Date:	Tuesday, November 15, 2011 3:36:02 PM

The following Proposed Rule has been reviewed by Eileen Nenoff on Tuesday, 11/15/2011:

RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE, 4 CCR 723-6

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The review findings are as follows:
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A cost-benefit analysis is required for proposed rules 6007(a)(V), 6213, 6215, 6254, 6255, and all new provisions of 6205(c)(XVI)in addition to detailing how an applicant seeking a transfer of authority will prove that the transfer is not contrary to the public interest.

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Instructions for Completing the Cost-Benefit Analysis:
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1. Download the blank cost-benefit analysis form from http://www.dora.state.co.us/opr/blank_cba.doc.
2. Fill out the cost-benefit analysis form and save it to a safe location on your local network.
3. Log into the Review of Agency Rules Online System at http://www.dora.state.co.us/pls/real/sb121.home.
4. Find your proposed rule under the "Rules missing required Cost-Benefit Analysis" section and click the "Submit CBA for Rule..." link.
5. Click on the Submit CBA Form button.
6. Follow the online instructions to upload your completed cost-benefit analysis form.

Please contact Bruce Harrelson at 303-894-2992 or opr@dora.state.co.us if you have further questions regarding this e-mail message.

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6007(a)(V) **DATE:** November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE
6007. FINANCIAL RESPONSIBILITY.

The Cost-Benefit Analysis request from the Office of Policy, Research and Regulatory Reform specifically requests an analysis of Rule 6205(a)(V) which reads "Civil penalty assessment guarantee. Every towing carrier shall obtain and keep in force at all times a surety bond providing coverage that conforms with § 40-10.1-401(3), C.R.S.".

The requirement is mandated by § 40-10.1-401(3), C.R.S. HB11-1198 included language that towing carriers are required to file proof of a surety bond in the amount of $50,000 among other criteria. The rule only clarifies statute enacted by HB11-1198.

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

5. Describe stakeholder input regarding the proposed rule(s)?

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

Thank you for your time and effort.

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6213 **DATE:** November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE
6213. AGE OF MOTOR VEHICLES.

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

   In general § 24-4-101, et seq., C.R.S., sets forth the procedures for rulemaking by an agency such as the Commission, which have been followed in this instance. Second, § 40-2-108, C.R.S., grants broad rulemaking authority to the Commission. Third, § 40-10.1-106(a) prescribes to the Commission "the authority and duty to prescribe such reasonable rules covering the operations of motor carriers as may be necessary for the effective administration of this article" (i.e. § 40-10.1-101 C.R.S. *et seq.*).

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

   The Commission believes the top three benefits of implementing the age limit on motor vehicles operated by intrastate regulated passenger carriers are that it:

   - Enhances the health, well-being and safety of passengers by ensuring that they are riding in more modern vehicles with less wear and tear and the enhanced safety features that automobile makers impart in more modern models. The regulation also protects consumers by ensuring that whatever passenger transportation business they choose will be up to a certain standard of modernity.
   - Decreases greenhouse gas emissions by decreasing the number of older vehicles in commercial use; and
   - Ensures a level playing field among common and contract carriers in Colorado, as all registered carriers must abide by this standard and so carriers who already invest in more modern vehicles will not be undercut by competitors running older, out-of-date vehicles, which are less safe for all concerned.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

Without this rule, the current age of motor vehicle requirements would remain in place as-is. Taxi companies operating in larger counties would still be subject to the ten year requirement of Rule 6254, although there are also proposed changes to the taxi age of motor vehicle rules which are embodied in proposed rules 6254 and 6255. See the cost-benefit analyses for those rules for more detail on the proposed rules and the changes they would implement.

All taxi companies not currently covered by Rule 6254 and all other common (call-and-demand limousine, sightseeing, charter) and all contract carriers would be subject to no limit as to the age of their motor vehicles that they operate on public roads.

Essentially the status quo would leave the current vehicle population on state roads, with emissions increasing, and consumer safety decreasing as the existing population of vehicles ages and accumulates more wear and tear.

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

The two alternatives the Commission considered were:

- To maintain the status quo. There would be no cost to businesses for compliance with this alternative. However, as mentioned in discussion item 3 listed above, maintaining the status quo would not enhance consumer safety or otherwise protect consumers, and would not decrease vehicle emissions or promote healthy competition by encouraging all common and contract carriers to use newer vehicles.
- To set the vehicle age limit at ten years, which is already currently in effect for taxi carriers operating in counties which had 60,000 people or greater in the 2010 census. This alternative would be more costly to all non-taxi carriers than the twelve year limit, and was rejected for that reason at this time. It was felt that the twelve year limit strikes the proper balance between consumer safety and business interests, and therefore best serves the public interest.

5. Describe stakeholder input regarding the proposed rule(s)?

Taxi carriers in the City and County of Denver were informally asked their opinions of vehicle age requirements, they stated that in general they are supportive of such requirements.

Upon issuing Decision No. C11-1059 in Docket No. 11R-792TR, the Notice of Proposed Regulating Transportation by Motor Vehicle, the Commission received comments and reply comments from twenty six different interested parties. Comments were received from moving and towing companies, which would not be effected by the rule, as moving and towing companies are limited regulation carriers and the rule applies only to common and contract carriers. One mover, Arrow Moving and Storage, pointed out that the rule should perhaps explicitly say in the wording “Common and contract carriers” instead of “intrastate regulated carriers” in order to make this distinction clear. The definitions in Rule 6001 (mm) do make it clear that a “’regulated intrastate carrier’ means a common carrier and/or a contract carrier.”

High Valley Center, Canyon Bikes, and Market Services Inc. of Pueblo dba Adventures out West are all sightseeing businesses which commented that they use vehicles older than twelve years, some of which have been specially modified to transport bicycles to trailheads, and that complying with the rule would be overly burdensome to them. Adventures Out West also commented that certain older-model vehicles hold up better in off-road use, that newer vehicles are not immune to maintenance problems and that it can be easier to find spare parts to maintain and repair older vehicles.

Alpine Express commented that in general it is appropriate that commercial vehicles be no older that twelve model years but that the proposed rule change does not take into account vehicles used in different classes of service that may require specially modified vehicles.

Sunshine Taxi commented on the rule but did not take a position on the rule itself, only wondering whether the process which allows carriers to seek a waiver for an individual vehicle or vehicles would still exist. The waiver process, which allows entities regulated by the PUC to seek a waiver from any regulation on grounds including, but not limited to hardship, equity, or more effective implementation of policy, does still exist and would apply to this rule.

Fremont Cab commented that their own methods for maintaining and inspecting vehicles are sufficient, and that in their view the 12-year vehicle age limit rule does not take into account an individual vehicle's condition and maintenance.

Alpine Taxi/Limo Inc commented that they believed there should be a grandfather clause which gives companies four years to bring their vehicle fleet into compliance with the rule.

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

The proposed regulation is not expected to materially affect the existing costs incurred by the Public Utilities Commission. The Commission currently conducts inspections and audits to ensure that carriers are in compliance with rules, and is putting in place programs which should decrease time externalities from inspections in the field, therefore the costs to the Commission will be minimal.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

At this time Commission Records reflect 212 registered common and contract carriers in Colorado, nearly all of whom are small businesses. Not all of these carriers operate vehicles that will be affected by this proposed rule.

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

The proposed regulation does not create a barrier to entry except insofar as new market entrants will need to secure the use of vehicles that fall within the age limit. This proposed regulation is necessary to effectuate the enhancing of public safety through the use of more modern vehicles, with corresponding positive impacts on the environmental impact and the competitiveness of the existing intrastate transportation market within Colorado.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

Small business owners operating as a common or contract carrier with vehicles that are more than 12 model years old will have to purchase newer equipment to meet the requirements, although if they can show that such a purchase would cause substantial hardship or otherwise threaten the viability of their business, the Commission's waiver process provides them an alternative. A specific dollar amount for each business will depend heavily on the number of vehicles in service the entity possesses, and the associated transactional costs will vary accordingly. The stakeholders who commented on the rule declined to give specifics on the anticipated cost to their business.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

The regulation is uniform for all entities, regardless of size or geographic region, because the intent is to facilitate a single standard for Colorado motor carriers which customers can then rely on for safety, efficiency and uniformity.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

As discussed above, the average cost of implementation depends heavily on the business itself. Regulated motor carriers range in size from those that operate 1 vehicle to those that are permitted to operate up to 492 vehicles at any one time. The taxi companies in the more populated counties, which have the largest vehicle fleets, are already subject to a ten-year age limit so there will be no additional charge to them for this proposed regulation.

Taxi companies operating in large counties have informed the commission that a taxi runs roughly 70,000 miles per year. Studies of average vehicle carrying costs vs. operating costs show that for the average consumer vehicle, operating costs (that is, gas, maintenance, repair insurance, etc.) exceed carrying costs (depreciation, interest, and tax) at approximately the 4 ½ year mark. Given the heavier usage of these commercial vehicles, it stands to reason that a commercial vehicle that has reached a twelve-year life span has undergone substantial wear and tear, and that the increased cost of purchasing a newer vehicle will be offset by the reduced operating costs for that vehicle over time.

Studies also bear out the contention that more modern vehicles, subject to increasingly rigorous tests of crashworthiness, are safer for drivers, passengers, and the traveling public.

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

The Commission does not anticipate that this rule will lead to the cessation of any existing businesses. Businesses that are facing such an impact and can show such an impact can apply for a waiver from the Commission, as hardship is one of the explicit grounds for a waiver.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

The proposed regulation is expected to enhance the safety of the traveling public and enhance consumer choice by ensuring that all common and contract carriers in the state are held to certain minimum standards as to the model year of the vehicle. Consumers can then choose among any licensed carrier without worry that the carrier's vehicles will be sub-standard.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

The proposed regulation is expected to have a minimal impact on these factors. Requiring carriers to operate a vehicle that is less than 12 years old may increase new and used vehicle sales, as carriers sell off old vehicles and purchase newer models. The regulation is not expected to have an impact on the employment of existing transportation businesses, as mentioned above the temporary increase in carrying costs due to purchase of new vehicles is expected to be offset by the decrease in operating costs and safety-related costs caused by the use of newer vehicles, and have a net minimal effect on the employment practices and tax collected from such businesses.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

It is expected that the proposed regulation may have a small positive impact on sales of new and used vehicles in the state, which would help small businesses such as auto dealerships.

Thank you for your time and effort.

COST-BENEFIT ANALYSIS

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DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6215 **DATE**: November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE
6215. FORMS OF PAYMENT

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

   In general § 24-4-101, et seq., C.R.S., sets forth the procedures for rulemaking by an agency such as the Commission, which have been followed in this instance. Second, § 40-2-108, C.R.S., grants broad rulemaking authority to the Commission. Third, § 40-10.1-106(a) prescribes to the Commission "the authority and duty to prescribe such reasonable rules covering the operations of motor carriers as may be necessary for the effective administration of this article" (i.e. § 40-10.1-101 C.R.S. *et seq.*).

   This particular rule is intended to address a lack of uniformity among common carriers in Colorado as to the acceptance of credit cards in this time when people are using credit cards more often, and carrying less and less cash. There is no current fixed standard as to which credit cards must be accepted. This lack of a standard causes uncertainty among the public which uses these services, and can lead to uncomfortable situations for the public when they discover they do not have sufficient cash. This uncertainty also leads to lost revenue for carriers.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

   The Commission believes the top three benefits of implementing the requirement that common carriers take Visa and MasterCard is:

   - Gives certainty to common carriers about which specific credit cards they must accept and increases sales and tips for carriers as consumers spend more with credit cards than they do with cash;
   - Gives certainty to consumers about which credit cards will be accepted and increases consumer confidence in transportation services in Colorado; and
   - Recognizes the reality of a world where consumers are carrying less and less cash, and more purchases of all types are made by credit card thereby ensuring a reasonable common ground for common carriers and the riding public.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

   The status quo would leave the current situation unchanged in which some carriers do not accept credit cards, while others do, and the credit cards that are accepted are not standardized in any way. Consumers cannot be sure that a carrier will accept a particular credit card unless they explicitly confirm this in advance with the carrier.

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

   The two alternatives the Commission considered were:

   - To maintain the status quo. There would be no cost to businesses for compliance with this alternative. However, the current situation of consumer uncertainty would continue.
   - To require only that carriers accept "at least one major credit card," as has previously been in effect for towing carriers. However, this leaves completely open to interpretation what constitutes a major credit card, and does not lead to the desired certainty on the part of both carriers and customers of carriers as to which specific credit cards will be accepted.

5. Describe stakeholder input regarding the proposed rule(s)?

   Upon issuing Decision No. C11-1059 in Docket No. 11R-792TR, the Notice of Proposed Regulating Transportation by Motor Vehicle, the Commission received comments and reply comments from twenty six different interested parties. One common carrier to comment specifically on this rule was Fremont Cab, which stated that accepting credit cards was "cost prohibited" [sic] for a small business like them. A second common carrier to comment was Sunshine Taxi and it's comment was that it accepts all credit cards now.

   Informal discussions with the owners of the largest vehicle fleets (the metro Denver taxi companies) revealed that in general they already accept credit cards and some of them have installed monitors in the passenger compartment of their taxis which broadcast advertising to passengers and can be used to process credit cards payments. The cost of the monitors and the associated credit card fees are paid for directly through the in-cab advertising.

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

   The proposed regulation is not expected to materially affect the existing costs incurred by the Public Utilities Commission. Our customer service and investigation units are already well set up to field and investigate any complaints brought under the new rule.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

   At this time Commission Records reflect 156 registered common carriers in Colorado, nearly all of whom are small businesses.

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

The proposed regulation does not create a barrier to entry except insofar as new market entrants will need to put in place adequate processes and infrastructure to process Visa and MasterCard payments. This is expected to be an incremental commitment of business resources, as the formation of a new business entails setting up payment processing mechanisms in general, and the costs of setting up the ability to process those specific credit card payments are not expected to substantially increase the time and money it takes a nascent business to set up their payment processing structures.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

There is no specific fixed equipment which small business owners will have to purchase. There are different methods that can be used to process credit card payments directly from a customer. The costs of maintaining paperwork and recordkeeping for these credit card payments are expected to be incremental compared to the existing paperwork and recordkeeping costs that are incurred by any small business. There are no training, disclosure or filing requirements.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

The regulation is uniform for all common carrier entities, regardless of size or geographic region, because the intent is to facilitate a single standard for Colorado motor carriers which customers can then rely on for uniformity and reliability.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

Credit card fees charged to vendors vary significantly. In general this does not come in the form of up-front costs to establish the account, but rather in the form of a percentage fee charged to that month's credit card receipts, or a combination of fixed and percentage fees. One small business owner, Klaus's towing (to whom this particular rule would not apply), commented that this cost would be 3-4% of the total of the payments collected. However, studies have shown that credit card purchasers spend more than cash purchasers in otherwise identical purchase situations. *See* Do Payment Mechanisms Change the Way Consumers Perceive Products?, Promotesh Chatterjee and Randall L. Rose, Journal of Consumer Research, http://www.jstor.org/stable/10.1086/661730)

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

The Commission does not anticipate this rule causing the cessation of any existing businesses. No businesses have claimed that it will. Businesses that are facing such an impact and can show such an impact can apply for a waiver from the Commission, as hardship is one of the explicit grounds for a waiver.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

The proposed regulation is expected to enhance consumer choice by ensuring that all common carriers in the state are held to certain minimum standards as to the credit cards accepted. Consumers can then choose among any common carrier without worry that their credit card will not be accepted in payment, so long as they have a Visa or MasterCard.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

    The proposed regulation is expected to have a minimal impact on these factors. It is expected that consumers may provide larger tips when paying by credit card, leading to a small increase in tax revenue and better employee retention rates for carriers.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

    The regulation is not expected to impact other small business sectors in a significant way.

Thank you for your time and effort.

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6254 **DATE:** November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE

6254. ADDITIONAL SERVICE REQUIREMENTS FOR TAXICAB CARRIERS OPERATING WITHIN OR BETWEEN COUNTIES WITH A POPULATION DENSITY OF 45 OR MORE PEOPLE PER SQUARE MILE.

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

   There are several bases for rulemaking by the Public Utilities Commission (Commission). In general, § 24-4-101, *et seq.*, C.R.S., sets forth the procedures for rulemaking by an agency such as the Commission, which have been followed in this instance. Additionally, § 40-2-108, C.R.S., grants broad rulemaking authority to the Commission. Moreover, § 40-10.1-106, C.R.S., specifically states that "[t]he commission has the authority and duty to prescribe such reasonable rules covering the operations of motor carriers as may be necessary for the effective administration of this article, including rules on the following subjects: (a) Ensuring public safety, financial responsibility, consumer protection, service quality, and the provision of services to the public…"

   In accordance with § 40-10.1-106, C.R.S., the Commission has proposed Rule 6254(a) in order to ensure the provision of services to the public in counties where the population density is significant. According to the 2010 U.S. Census, the Counties of Larimer, Pueblo, Summit, and Weld have 45 or more persons per square mile. The Commission is of the opinion that a compelling public need for a 24-hour taxi service exists in counties with a significant population density. As a note, Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, and Jefferson have a population density greater than 200 and have provisions placed on them in Rule 6255.

   In accordance with § 40-10.1-106, C.R.S., the Commission has proposed Rule 6254(b) in order to ensure public safety and service quality. Risk of driver death increases each year a vehicle ages. (*see*, Charles M. Farmer & Adrian K. Lund (2006): Trends Over Time in the Risk of Driver Death: What If Vehicle Designs Had Not Improved?, Traffic Injury Prevention, 7:4, 335-342). In addition, the wear and tear on a vehicle increases with age. Thus, the Commission must regulate the age of motor vehicle in order to ensure public safety and the quality of service.

   In accordance with § 40-10.1-106, C.R.S., the Commission has proposed Rule 6254(c) in order to ensure consumer protection. There is a compelling public need for vehicles equipped with special devices for the transportation of individuals with disabilities to be available as taxicabs; and thus, the economic burden of equipping these types of vehicles outweighs the concerns associated with using older vehicles.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

The Commission believes the top three benefits of implementing these provisions on these intrastate regulated passenger carriers are that it:

- Promotes the provision of services to the public in counties where the population density is significant;
- Decreases greenhouse gas emissions by decreasing the number of older vehicles in commercial use;
- Ensures a level playing field among common and contract carriers in Colorado, as all registered carriers must abide by this standard and so carriers who already invest in more modern vehicles will not be undercut by competitors running older, out-of-date vehicles, which are less safe for all concerned.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

The consequence of taking no action would leave the above mentioned counties that have significant population density without reasonable rules covering the operations of taxicabs. This would in turn pose a significant risk to the public's safety and leave a compelling public need unattended.

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

One alternative considered was to maintain the status quo and leave these counties with significant population density without reasonable rules covering the operations of taxicabs. This option would not impose any new cost on the motor carriers. However, this alternative was not selected since it would neglect the Commission's duty to prescribe such reasonable rules as necessary to ensure public safety, service quality, and the provision of services to the public, pursuant to § 40-10.1-106, C.R.S.

Another alternative considered was to include all taxicab carriers in the new rule. However, the additional cost of business in those smaller counties that do not support a concentrated taxicab market outweighed the other concerns.

5. Describe stakeholder input regarding the proposed rule(s)?

By Decision No. C11-1059 in Docket No. 11R-792TR, the Notice of Proposed Rulemaking, the Commission specifically requested input from interested persons regarding this proposed rule. The Commission received written comments from Sunshine Taxi expressing concerns with proposed rule 6254 and its effects on taxicab carriers in Mesa County. It stated that any taxicab company in such county, whether it has county wide authority or something less should be subject to the same rule. The rule is clear on that.

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

The proposed regulation is not expected to materially affect the existing costs incurred by the Public Utilities Commission. The Commission currently conducts inspections and audits to ensure that carriers are in compliance with rules, and is putting in place programs which should decrease time externalities from inspections in the field, therefore the costs to the Commission will be minimal.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

According to our IFMS database, five taxicab businesses will be required to comply with the proposed rule. All of the taxicab carriers affected by this proposed rule are small businesses, as defined by § 24-4-102(18), C.R.S.

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

Entry into the taxicab market is governed by § 40-10.1-203, C.R.S. The proposed rule does not create a barrier to entry except insofar as new market entrants will need to meet these provisions. Instead, it sets a reasonable standard for taxicab carriers to operate in counties with significant population density.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

In order to comply with the proposed rule, the taxicab carriers will have an ongoing expense of staffing their business in order to provide service 24 hours per day, every day of the year. From an analysis of the 2010 annual reports, the salary cost of adding an additional employee would be approximately $30287 per year if the carrier is not currently doing so. However, any additional profit to be gained by operating at all times will be an increase in revenue by the carrier itself.

Additionally, in order to comply with the proposed rule, the taxicab carriers operating non-qualifying vehicles will have to purchase newer vehicles. However, if they can show that such a purchase would cause substantial hardship or otherwise threaten the viability of their business, the Commission's waiver process provides them an alternative. A specific dollar amount for each business will depend heavily on the number of vehicles in service the entity possesses, and the associated transactional costs will vary accordingly. The stakeholders who commented on the rule declined to give specifics on the anticipated cost to their business.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

The proposed rule contains requirements based on different geographic regions, i.e., counties with a population density of 45 or more people per square mile. Since entry into the taxicab market for the counties affected by the proposed rule is governed by either the doctrine of regulated monopoly or the doctrine of regulated competition pursuant to § 40-10.1-203, C.R.S., the affected taxicab carriers are the only source of taxicab service in their respective geographic area. Thus, the proposed rule is necessary to guarantee that the public will be served at all times and that a reasonable standard of quality is established for the benefit of the public.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

The Commission does not anticipate a significant impact on the affected taxicab carriers to implement the changes required by the proposed rule. The carriers already have their place of business established along with their methods of communication, internally (dispatch system) and externally (website, telephone), in order to accept trips at all times. Taxi companies operating in large counties have informed the commission that a taxi runs roughly 70,000 miles per year. Studies of average vehicle carrying costs vs. operating costs show that for the average consumer vehicle, operating costs (that is, gas, maintenance, repair insurance, etc.) exceed carrying costs (depreciation, interest, and tax) at approximately the 4 ½ year mark. Given the heavier usage of these commercial vehicles, it stands to reason that a commercial vehicle that has reached a ten-year life span has undergone substantial wear and tear, and that the increased cost of purchasing a newer vehicle will be offset by the reduced operating costs for that vehicle over time. Studies also bear out the contention that more modern vehicles, subject to increasingly rigorous tests of crashworthiness, are safer for drivers, passengers, and the traveling public.

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

The Commission does not anticipate that this proposed rule will have an impact on the cessation of existing business and/or the economy. In fact, additional profit may be garnered by the existing carriers due to the additional hours of operation.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

    No. The proposed rule is designed to make taxicab services more available for the public, enhance the safety of the traveling public and enhance consumer choice by ensuring that affected taxicab carriers in the state are held to certain minimum standards.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

    The proposed regulation is expected to have a minimal impact on these factors. Requiring carriers to operate a vehicle that is less than ten years old may increase new and used vehicle sales, as carriers sell off old vehicles and purchase newer models. The regulation is expected to have a small impact on the employment of existing transportation businesses. 24-hour per day operations may is expected to generate additional business for the carrier. As mentioned above the temporary increase in carrying costs due to purchase of new vehicles is expected to be offset by the decrease in operating costs and safety-related costs caused by the use of newer vehicles, and have a net minimal effect on the employment practices and tax collected from such businesses.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

    It is expected that the proposed regulation may have a small positive impact on sales of new and used vehicles in the state, which would help small businesses such as auto dealerships.

Thank you for your time and effort.

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6255 **DATE:** November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE

6255. ADDITIONAL SERVICE REQUIREMENTS FOR TAXICAB CARRIERS OPERATING WITHIN OR BETWEEN COUNTIES WITH A POPULATION DENSITY OF 200 OR MORE PEOPLE PER SQUARE MILE.

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

There are several bases for rulemaking by the Public Utilities Commission (Commission). In general, § 24-4-101, *et seq.*, C.R.S., sets forth the procedures for rulemaking by an agency such as the Commission, which have been followed in this instance. Additionally, § 40-2-108, C.R.S., grants broad rulemaking authority to the Commission. Moreover, § 40-10.1-106, C.R.S., specifically states that "[t]he commission has the authority and duty to prescribe such reasonable rules covering the operations of motor carriers as may be necessary for the effective administration of this article, including rules on the following subjects: (a) Ensuring public safety, financial responsibility, consumer protection, service quality, and the provision of services to the public…"

In accordance with § 40-10.1-106, C.R.S., the Commission has proposed the new provisions to Rule 6255(a) in order to ensure public safety and consumer protection. According to the 2010 U.S. Census, the Counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, and Jefferson have 200 or more persons per square mile. The Commission is of the opinion that a compelling public need exists for carriers operating in these counties to use a GPS-based digital dispatch system. "Utilizing such systems requires the driver to follow the shortest and fastest route depending upon customer preference." Ray A. Mundy (2008): Denver Metropolitan Taxi Study by Tennessee Transportation & Logistics Foundation, pg 107, available at https://www.dora.state.co.us/pls/efi/EFI.Show_Docket?p_session_id=&p_docket_id=08A-407CP, Exhibit 53. In addition, such GPS-based digital dispatch systems have the ability to track driver service hours and 'lock out' or prohibit drivers from exceeding the on-duty maximum hours of service. This necessarily ensures public safety by taking fatigued drivers off the road.

In accordance with § 40-10.1-106, C.R.S., the Commission has proposed the new provisions to Rule 6255 (c) and (d) in order to ensure public safety and service quality. Risk of driver death increases each year vehicles age. (*see*, Charles M. Farmer & Adrian K. Lund (2006): Trends Over Time in the Risk of Driver Death: What If Vehicle Designs Had Not Improved?, Traffic Injury Prevention, 7:4, 335-342). In addition, the wear and tear on a vehicle increases with age. Thus, the Commission must regulate the age of motor vehicle in order to ensure public safety and the quality of service.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

The Commission believes the top three benefits of implementing these provisions on these intrastate regulated passenger carriers are that it:

- Promotes public safety by prohibiting fatigued drivers from being on duty and eliminating old and unsafe vehicles;
- Promotes consumer protection by requiring the use of GPS-based digital dispatch systems, which can ensure timely and accurate service, and
- Establishes a minimum quality of service for the welfare of Coloradans and Colorado businesses.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

The consequence of taking no action would leave the most populous counties in Colorado without a minimum level of dispatch technology and quality of fleet. This would in turn pose a significant risk to the public's safety and neglect the Commission's duty to protect the consumer.

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

One alternative considered was to maintain the status quo and leave the most populous counties in Colorado without reasonable rules covering the operations of taxicabs. This option would not impose any new cost on the motor carriers. However, this alternative was not selected since it would neglect the Commission's duty to prescribe such reasonable rules as necessary to ensure public safety, service quality, and consumer protection, pursuant to § 40-10.1-106, C.R.S.

Another alternative considered was to include counties with a lower population density than 200 or more people per square mile in the new rule. However, the additional cost of business in those smaller counties that do not support a concentrated taxicab market outweighed the other concerns.

5. Describe stakeholder input regarding the proposed rule(s)?

By Decision No. C11-1059 in Docket No. 11R-792TR, the Notice of Proposed Rulemaking, the Commission specifically requested input from interested persons regarding this proposed rule. To date, the Commission has received one written comment by a motor carrier that would be affected by this rule. However, the comment received by MKBS, LLC doing business as Metro Taxi, does not oppose the substance of the new provisions.

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

The proposed regulation is not expected to materially affect the existing costs incurred by the Public Utilities Commission. The Commission currently conducts inspections and audits to ensure that carriers are in compliance with rules, and is putting in place programs which should decrease time externalities from inspections in the field, therefore the costs to the Commission will be minimal.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

According to our IFMS database, four taxicab businesses will be required to comply with the proposed rule. All of the taxicab carriers affected by this proposed rule are small businesses, as defined by § 24-4-102(18), C.R.S.

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

Entry into the taxicab market is governed by § 40-10.1-203, C.R.S. The proposed rule does not create a barrier to entry except insofar as new market entrants will need to meet these provisions. Instead, it sets a reasonable standard for taxicab carriers to operate in counties with significant population density.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

In order to comply with the proposed rule, the taxicab carriers will have to implement a GPS-based digital dispatch system. However, the four taxicab carriers that operate in the Denver metro area already have implemented such a system.

Additionally, in order to comply with the proposed rule, the taxicab carriers operating non-qualifying vehicles will have to purchase newer vehicles. However, if they can show that such a purchase would cause substantial hardship or otherwise threaten the viability of their business, the Commission's waiver process provides them an alternative. A specific dollar amount for each business will depend heavily on the number of vehicles in service the entity possesses, and the associated transactional costs will vary accordingly. The stakeholders who commented on the rule declined to give specifics on the anticipated cost to their business.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

The proposed rule contains requirements based on different geographic regions, i.e., counties with a population density of 200 or more people per square mile. Since entry into the taxicab market for the counties affected by the proposed rule is governed by the doctrine of modified regulated competition pursuant to § 40-10.1-203, C.R.S., the affected taxicab carriers are the only source of taxicab service in their respective geographic area. Thus, the proposed rule is necessary to guarantee that the public will be safe from fatigued drivers and that a reasonable standard of quality is established for the benefit of the public.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

The Commission does not anticipate a significant impact on the affected taxicab carriers to implement the changes required by the proposed rule. Most of the carriers already utilize a GPS-based digital dispatch system in order to compete in the taxicab market.

Taxi companies operating in large counties have informed the commission that a taxi runs roughly 70,000 miles per year. Studies of average vehicle carrying costs vs. operating costs show that for the average consumer vehicle, operating costs (that is, gas, maintenance, repair insurance, etc.) exceed carrying costs (depreciation, interest, and tax) at approximately the 4 ½ year mark. Given the heavier usage of these commercial vehicles, it stands to reason that a commercial vehicle that has reached a six-year life span has undergone substantial wear and tear, and that the increased cost of purchasing a newer vehicle will be offset by the reduced operating costs for that vehicle over time.

Studies also bear out the contention that more modern vehicles, subject to increasingly rigorous tests of crashworthiness, are safer for drivers, passengers, and the traveling public.

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

The Commission does not anticipate that this proposed rule will have an impact on the cessation of existing business and/or the economy. In fact, additional profit may be garnered by the existing carriers due to the more efficient dispatch method.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

No. The proposed rule is designed to make taxicab services more available for the public, enhance the safety of the traveling public and enhance consumer choice by ensuring that affected taxicab carriers in the state are held to certain minimum standards.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

The proposed regulation is expected to have a minimal impact on these factors. Requiring carriers to operate a vehicle that is less than six years old may increase new and used vehicle sales, as carriers sell off old vehicles and purchase newer models. The regulation is expected to have a small impact on the employment of existing transportation businesses. As mentioned above the temporary increase in carrying costs due to purchase of new vehicles is expected to be offset by the decrease in operating costs and safety-related costs caused by the use of newer vehicles, and have a net minimal effect on the employment practices and tax collected from such businesses.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

It is expected that the proposed regulation may have a small positive impact on sales of new and used vehicles in the state, which would help small businesses such as auto dealerships.

Thank you for your time and effort.

COST-BENEFIT ANALYSIS

In performing a cost-benefit analysis, each rulemaking entity must provide the information requested for the cost-benefit analysis to be considered a good faith effort. The cost-benefit analysis must be submitted to the Office of Policy, Research and Regulatory Reform at least five (5) days before the administrative hearing on the proposed rule. For all questions, please attach all underlying data that supports the statements or figures stated in this cost-benefit analysis.

DEPARTMENT: Regulatory Agencies **AGENCY**: Public Utilities Commission

CCR: 4 CCR 723-6-6205(c)(XVI) **DATE:** November 30, 2011

RULE TITLE OR SUBJECT:
RULES REGULATING TRANSPORTATION BY MOTOR VEHICLE
6205. ENCUMBRANCES, TRANSFERS, MERGERS, CONSOLIDATIONS, AND ACQUISITIONS OF CONTROL

The Cost-Benefit Analysis request from the Office of Policy, Research and Regulatory Reform specifically requests an analysis of "all new provisions of 6205(c)(XVI) in addition to detailing how an applicant seeking a transfer of authority will prove that the transfer is not contrary to the public interest."

The requirement that the applicant "prove that the transfer is not contrary to public interest" was formerly Rule 6205(e)(III). Unfortunately, the Proposed Rules in Legislative Format (Attachment A to Decision No. C11-1059, Docket No. 11R-792TR) contained a clerical mistake: subparagraphs (III), (IV), and (V) to Rule 6205(e) were unintentionally omitted. What appear to be new provisions of proposed Rule 6205(c)(XVI), were in fact existing provisions in former Rule 6205(e) and were simply moved to 6205(c)(XVI).

Benefits of the Proposed Rule(s)/Amendment(s)

1. Please provide the statutory authority, and detailed statements indicating the need for the proposed changes. *(This statement should include specific issues such as specific changes in statutes or the subject matter area, market failure, a compelling public need, risks to the health, safety or welfare of Coloradans, lack of efficient and effective performance of an important government function, or other specific problem(s) that are being addressed by the proposed rule(s).)* Please include the number of complaints you received (if any) that spurred you to take regulatory action.

2. Please list the top three benefits of the proposed regulation, explain how the proposed regulation results in the expected benefits; and if the proposed regulation reduces or eliminates the problem(s) listed above. *(This statement should include impacts on economic growth, job creation and economic competitiveness.)*

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

4. Please describe two alternatives that were considered in place of the proposed regulation. Include the costs to business and other entities required to comply for each alternative. State the reason(s) for not selecting each alternative.

5. Describe stakeholder input regarding the proposed rule(s)?

Impact of Proposed Rule(s)/Amendment(s)

6. Please describe the government costs to be incurred because of the proposed regulation *(Examples include collection; paperwork; filing; recordkeeping; audit, inspection and training costs, etc.)*, and state your estimates (in dollars) of the costs that will be incurred.

7. Please provide the number and types of entities or small businesses that will be required to comply with the proposed rule(s). Please provide the source of data used *(i.e., program data, NAICS code statistics, etc.).*

8. Does the proposed regulation create barriers to entry *(i.e., licensing, permit or educational requirements)*? If so, please describe those barriers and why those barriers are necessary.

9. Explain the additional requirements with which small business owners will have to comply *(i.e., will they need to purchase new equipment or software to meet the requirement(s); are there training costs; are there new disclosure/filing requirements; are there transactional costs, paperwork costs, recordkeeping costs, etc.)*. Please state your estimates (in dollars) of the direct and indirect compliance costs by types listed. Also include whether each cost is a one-time or ongoing expense.

10. Please state whether the proposed regulation contains different requirements for different sized entities or different geographic regions, and explain why this is, or is not, necessary.

11. What is the ability of small business owners to implement changes required by the proposed regulation, and state the average estimated cost of implementation? *(For example, if a proposed rule required all business in a particular sector to utilize a specific software application, a small business owner may have a difficult time implementing the software if the software is expensive to purchase or if their existing computers are not able to run the software.)*

12. Please state if the proposed regulation will force the cessation of business by any existing businesses, and the impact the cessation will have on the economy including but not limited to the number of employees losing their jobs, the economic losses by the businesses and the estimated economic ripple the cessation will have on suppliers, consumers or buyers.

13. Does the proposed regulation restrict consumer choice *(i.e., availability of goods or services; price increases; etc.)*? If so, please describe those restrictions.

14. Please state the estimated impact (in dollars) the proposed regulation will have on sales, employment or tax revenue.

15. Please identify all other small business sector(s) that the proposed regulation(s) may impact, and state the estimated financial impact the proposed regulation will have on each small business sector.

Thank you for your time and effort.