



Legislative  
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**FISCAL NOTE**

**Drafting Number:** LLS 18-0936  
**Prime Sponsors:** Rep. Esgar

**Date:** March 26, 2018  
**Bill Status:** House Transportation  
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**Bill Topic:** PUC ETHICS AND IMPROVED PUBLIC INFO REPORTING

- Summary of Fiscal Impact:**
- State Revenue
  - State Expenditure
  - State Transfer
  - TABOR Refund
  - Local Government
  - Statutory Public Entity

The bill requires the state Public Utilities Commission to implement new requirements of commissioners, offer certain training opportunities to its staff, and to make its audio recordings accessible to the public. It creates a one-time state revenue and expenditure increase.

**Appropriation Summary:** For FY 2018-19, the bill requires an appropriation of \$25,574 to the Department of Regulatory Agencies.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 18-1281**

		FY 2018-19	FY 2019-20
<b>Revenue</b>	General Fund	\$652	-
	Cash Funds	\$25,574	-
	<b>Total</b>	<b>\$26,226</b>	-
<b>Expenditures</b>	Cash Funds	\$25,574	-
	<b>Total</b>	<b>\$25,574</b>	-
	<b>Total FTE</b>	<b>0.1 FTE</b>	-
<b>Transfers</b>	Total	-	-
	General Fund	\$652	-
	Cash Funds	\$25,574	-
	<b>Total</b>	<b>\$26,226</b>	-

## Summary of Legislation

The bill makes certain requirements of the Colorado Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) related to ethics and transparency, described below.

**Commissioner requirements.** Effective July 1, 2018, a commissioner may not be eligible for appointment if he or she has served as an officer or director of any PUC-regulated entity within the immediately preceding four years. In addition, a commissioner must not have any official relationship to or active financial interest in any PUC-regulated entity; if a commissioner does have a financial interest, the commissioner must divest of these interests in a reasonable amount of time, or vacate his or her office. The bill clarifies that a financial interest does not include passive ownership of stocks, bonds, or other interests as part of an investment vehicle, such as a mutual fund.

**Standards of conduct.** The bill requires the PUC to adopt rules that set forth PUC policy on conflicts of interest, incompatible activities, and limitations on ex parte communications, and require the meetings, conferences, and programs that commissioners and staff may attend to be consistent with these rules.

**Staff training.** The PUC director may authorize PUC employees to undertake training and development opportunities. Specifically, the bill references training with agencies that undertake coordinated activities with the PUC, including the Colorado Energy Office, the Air Quality Control Commission, the Department of Public Health and Environment, and the Colorado Water Conservation Board.

**Proceeding recordings.** The bill requires the PUC director to keep a record of PUC proceedings, and to post audio recordings and other official records as required by law online for public access.

**Audits.** DORA's executive director may periodically request a performance audit of the PUC and its staff and operations, to be conducted by the Office of the State Auditor.

## State Revenue

In FY 2018-19 only, the bill will increase state revenue by \$26,226. Of this, \$25,574 goes to the Fixed Utilities Fund, the Telecommunications Utilities Fund, and the Motor Carrier Cash Fund; this amount reflects the administrative costs incurred by the PUC as a result of this bill as discussed in the State Expenditures section. The bill also increases state General Fund revenue by \$652; which represents the 3 percent Fixed and Telecommunications Utility Fund credits, as discussed below.

**Funds that support the PUC.** The Fixed Utilities Fund and the Telecommunications Utilities Fund receive fees assessed against regulated electric, natural gas, and telecommunications utilities at a rate set annually based on the amount needed to cover applicable PUC and other utility regulation expenditures in DORA. The rate is applied to each regulated company's gross intrastate utility operating revenues, as calculated by the Department of Revenue. Whenever additional expenses are incurred against these funds, the assessment must be raised to cover these expenses, plus credit 3 percent to the General Fund as required by state law.

The fiscal note has calculated the 3 percent General Fund credit at \$652 in FY 2018-19, assuming that 85 percent of the bill's costs will be paid by the FUF and TUF and the remaining 15 percent will be paid from the Motor Carrier Cash Fund. Transportation regulation makes up approximately 15 percent of PUC workload and is paid for through the Motor Carriers Cash Fund, which is supported by permit and stamp fees on regulated motor carriers, and revenue from interstate trucking fees, and does not have a General Fund credit component.

## State Expenditures

The bill will increase expenditures in the PUC by \$25,574 in FY 2018-19 from the Fixed Utility Fund, the Telecommunications Utility Fund, and Motor Carrier Cash Fund. It may also potentially increase workload in the Office of the State Auditor.

**Public Utilities Commission.** The PUC will have one-time legal services costs for rulemaking, estimated at 240 hours at the rate of \$106.56 per hour, which necessitates an allocation of 0.1 FTE to the Department of Law. Because the PUC already has the capability to record and post audio online, the fiscal note assumes that no computer programming costs are required.

**Office of the State Auditor.** The Office of the State Auditor requires no change in appropriations for potential performance audits requested under the bill.

## Effective Date

The bill takes effect July 1, 2018.

## State Appropriations

In FY 2018-19, the bill requires an appropriation of \$25,574 to the Department of Regulatory Agencies. This full amount should be reappropriated to the Department of Law with an allocation of 0.1 FTE.

## State and Local Government Contacts

Information Technology  
Revenue

Law  
State Auditor

Regulatory Agencies