DEPARTMENT OF REGULATORY AGENCIES

FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA

THURSDAY, DECEMBER 19, 2019

4:00PM – 5:00 PM

4:00 - 4:15 INTRODUCTIONS AND OPENING COMMENTS

PRESENTERS: PATTY SALAZAR, EXECUTIVE DIRECTOR

JUSTIN LIPPARD, BUDGET DIRECTOR

4:15 – 4:45 DEPARTMENTAL ISSUES

PRESENTERS: PATTY SALAZAR, EXECUTIVE DIRECTOR

JUSTIN LIPPARD, BUDGET DIRECTOR

TOPICS:

- CASH FUNDS: PAGE 3, QUESTIONS 1-3
- PUBLIC UTILITIES COMMISSION: PAGE 5, QUESTIONS 4-7
- OTHER DIVISION SPECIFIC QUESTIONS: PAGE 7, QUESTIONS 8-10
- R1 ADJUSTING UNUSED SPENDING AUTHORITY: PAGE 8, QUESTIONS 11-14

4:45 – 5:00 R2 Intrastate Pipeline Safety Enhancements

Main Presenters:

- Patty Salazar, Executive Director
- Justin Lippard, Budget Director

Supporting Presenters:

- Gene Camp, Deputy Director of the Public Utilities Commission
- Joseph Molloy, Chief Pipeline Safety Inspector

Topics:

- Fixed Utility Cash Fund: Page 9, Questions 14-17
- Gas Pipeline Safety Unit: Page 10, Questions 18-22

DEPARTMENT OF REGULATORY AGENCIES
FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday, December 19, 2019
4:00pm – 5:00 pm

DEPARTMENTAL ISSUES

CASH FUNDS

1. For each of the following cash funds, please indicate whether the Department believes continuous spending authority is necessary, and if so, why. What consequences or challenges would the Department expect if the fund were annually appropriated rather than continuously appropriated?
- Reinsurance Program Cash Fund created in Section 10-16-1107, C.R.S.
- Vehicle Booting Cash Fund created in Section 40-10.1-801 (5), C.R.S.

Response:
For each of these two funds, administrative costs do not need to be continuously appropriated and as such, there are no expected consequences. There is no need for continuous appropriations authority as it is only necessary where expenditures are not fully knowable in advance by the department. However, not having continuous appropriations authority where expenditures are not fully knowable in advance would present challenges in that lawfully required expenditures may not be permitted without supplemental budget action to receive sufficient appropropriations authority. This might further be complicated by the need for budget action very late in a fiscal year.

2. Please describe which of the Department's cash funds are subject to TABOR and which are not.

Response:
All cash funds in the Department which receive revenue are subject to TABOR.

3. For all funds that are subject to TABOR please provide the following information:
- Detailed annual increases in revenues credited to each cash fund for the last five fiscal years;
- Detailed annual increases in appropriations or expenditures from each cash fund over the same period; and
- Identify the factors that drive increases in cash fund revenues.

Response:
The Department would only initiate a revenue change to maintain sufficient revenue to support expenditures of appropriations made by the General Assembly. In that way, the General Assembly controls TABOR revenue increases in the Department. Increases are typically driven by common policy and special bill appropriations decisions made by the

General Assembly. The following chart shows detailed revenue changes and spending authority for each cash fund in the last five years.

Fund Name	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Average Annual Revenue Change
Conservation Cash Fund	0	0	0	0	556,459	139,115
Fixed Utility Fund	11,241,060	11,351,526	11,520,153	12,295,143	11,649,352	102,073
Motor Carrier Cash Fund	2,265,238	2,263,689	2,437,385	2,334,562	2,562,132	74,224
Nuclear Materials Cash Fund	5,500	6,500	10,200	16,500	62,500	14,250
Highway Crossing Protection Fund	0	0	2,457	250,968	251,134	62,784
Hazardous Materials Safety Fund	251,714	239,318	225,053	202,083	194,687	(14,257)
Division of Professions and Occupations Cash Fund	23,226,297	21,399,835	26,443,015	29,443,679	26,028,699	700,600
Disabled Telephone Users Fund	979,322	1,004,644	2,155,556	3,538,211	3,622,494	660,793
Community Association Manager Cash Fund (repealed)	141,515	0	0	0	0	(35,379)
Telecommunications Fixed Utility Fund	10,153	1,608,311	1,572,423	1,245,512	1,146,416	284,066
Division of Real Estate Cash Fund	4,516,908	5,628,199	5,698,968	6,994,889	6,436,535	479,907
Division of Securities Cash Fund	4,193,997	4,149,273	4,834,879	5,273,591	6,401,181	551,796
High Cost Administration Fund	148,236	349,113	230,790	116,175	441,790	73,389
Division of Banking Cash Fund	4,468,107	4,501,866	5,183,019	5,039,884	5,550,002	270,474
Division of Financial Services Cash Fund	1,764,251	1,739,831	1,732,853	1,563,867	1,727,621	(9,158)
Division of Insurance Cash Fund	10,000,327	9,673,119	10,398,263	10,897,054	10,931,395	232,767
Reinsurance Cash Fund	0	0	0	0	0	0
Prescription Drug Monitoring Fund	470,578	167,302	637,145	239,585	732,124	65,387
Viatical Settlements Cash Fund	9,160	8,800	8,540	9,310	9,870	178
Mortgage Loan Originator Cash Fund (repealed)	879,133	1,016,906	973,899	0	0	(219,783)
Conservation Easement Holders Cash Fund (repealed)	102,389	154,880	220,999	0	0	(25,597)
Consumer Outreach and Education Fund	130,624	144,937	181,694	209,245	139,899	2,319
HOA Information and Resource Cash Fund	214,184	177,336	213,059	0	0	(53,546)
Conservation Easement Tax Credit Fund (repealed)	164,000	243,896	423,975	0	0	(41,000)
Transportation Network Company Fund	222,500	222,500	333,750	445,000	222,500	0
Broadband Fund	200,534	2,699,775	31,530	33,098	21,575	(44,740)
Total	**65,605,726**	**68,751,556**	**75,469,605**	**80,148,356**	**78,688,364**	**3,270,660**

Fund Name	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Average Annual Expenditure Change
Conservation Cash Fund	0	0	0	0	325,844	81,461
Fixed Utility Fund	13,109,719	11,034,103	11,447,592	12,030,303	12,841,443	(67,069)
Motor Carrier Cash Fund	2,233,998	2,269,691	2,208,879	2,759,081	2,407,152	43,289
Nuclear Materials Cash Fund	5,500	6,500	10,200	16,500	62,500	14,250
Highway Crossing Protection Fund	2	8	3	37	70	17
Hazardous Materials Safety Fund	301,714	288,918	273,901	251,202	194,383	(26,833)
Division of Professions and Occupations Cash Fund	25,683,704	25,175,487	24,556,401	26,977,049	29,181,112	874,352
Disabled Telephone Users Fund	2,908,655	2,943,125	2,878,585	3,298,368	3,626,573	179,480
Community Association Manager Cash Fund (repealed)	53,101	0	0	0	0	(13,275)
Telecommunications Fixed Utility Fund	0	1,517,590	1,239,715	1,595,283	1,065,672	266,418
Division of Real Estate Cash Fund	5,111,308	5,260,813	5,307,117	7,146,749	7,478,684	591,844
Division of Securities Cash Fund	4,602,064	4,607,251	4,707,078	5,389,756	4,901,806	74,935
High Cost Administration Fund	118,308	257,222	228,459	238,804	406,328	72,005
Division of Banking Cash Fund	4,592,213	4,875,296	4,846,188	5,181,761	5,289,013	174,200
Division of Financial Services Cash Fund	1,723,472	1,648,806	1,570,865	1,690,247	1,704,635	(4,709)
Division of Insurance Cash Fund	10,991,724	10,524,802	10,475,749	11,494,469	11,730,151	184,607
Reinsurance Cash Fund	0	0	0	0	0	0
Prescription Drug Monitoring Fund	375,652	415,221	514,542	809,648	537,845	40,548
Viatical Settlements Cash Fund	0	1,903	1,533	1,502	1,661	415
Mortgage Loan Originator Cash Fund (repealed)	1,034,456	983,262	668,340	442,860	0	(258,614)
Conservation Easement Holders Cash Fund (repealed)	102,458	159,237	174,514	46,551	0	(25,615)
Consumer Outreach and Education Fund	141,399	131,761	167,738	199,564	171,471	7,518
HOA Information and Resource Cash Fund	218,506	238,212	158,987	65,667	0	(54,626)
Conservation Easement Tax Credit Fund (repealed)	246,647	270,389	356,087	83,022	0	(61,662)
Transportation Network Company Fund	220,833	223,692	113,093	214,573	568,848	87,004
Broadband Fund	0	78,228	501,330	1,887,672	361,612	90,403
Total	**73,775,433**	**72,911,516**	**72,406,897**	**81,820,668**	**82,856,801**	**2,270,342**

4. Please provide an update on how many of the additional 7.5 FTE allocated to the Public Utilities Commission through SB19-236 have been filled.

Response:
The requirements of SB 19-236 are being met with the existing staff even as the hiring process occurs for newly appropriated positions. The PUC has posted a webpage on legislative implementation where members of the General Assembly and the public can follow the progress of implementation, view documents, and provide comments on the PUC website. We are in the process of hiring the 7.5 authorized FTE for 19-236. Although we have experienced difficulty recruiting qualified candidates, we expect the positions to be filled by this spring.

5. Senate Bill 19-236 requires the Department to examine transmission RTO. Does the Public Utilities Commission have independent ability to do financial or technical modeling? What are our options to get the correct expertise to address this issue?

Response:
While the Public Utilities Commission (PUC) does not have the expertise, computer models or market intelligence/data to perform such analysis, we anticipate hiring an outside consulting firm[1]. In an effort to ensure that the PUC acquires the appropriate expertise, there will be the, analysis will require a model of the western interconnection generation resource fleets, transmission interconnections, loads and energy market pricing to assess the costs and benefits of entering into energy imbalance markets, day-ahead markets and regional transmission organization paradigms.

6. Please provide a budgetary breakdown for the Public Utilities Commission that identifies internal budgeting, including the allocation of FTE and funding by program or function.

Response:
The Commission's regulatory authority encompasses five general categories: (1) energy, (2) gas pipeline safety, (3) telecommunications, (4) transportation, and (5) water. Utilities within each of these industries pay fees which are deposited into one of 6 funds used to pay the cost of the PUC's regulatory functions. Currently, the Legislature has authorized the PUC 91.3 FTE plus an additional 7.5 FTE from SB 19-236. Of these FTE, allocations of staff resources are periodically adjusted across funds depending on work assignment and workload. The following tables show FTE allocations by organizational unit, and FY 18-19 expenditures by regulatory function:

[1] Utah spent approximately, $500,000.00 on a similar study.

<u>**FTE Allocation by Organizational Unit**</u>	<u>**FTE Allocation by Program/Regulatory Function**</u>

Administrative Section	FTE	SB 236 FTE
Executive Office	**12.0**	
Director	1.0	
Commissioners	3.0	
Administrative Support	2.0	
Deputies and Chief ALJ	4.0	
Operations	2.0	
Public Safety	**25.0**	
Transportation		
Rates & Authorities	4.0	
Administrative Support	3.0	
Investigations & Compliance	7.0	
Rail/Transit	4.5	
Gas Pipeline Safety	5.5	
Fixed Utilities	**21.0**	
Resource Planning	6.0	2.0
Economists	5.0	1.0
Rate Analysts	6.0	
Administrative Support	2.0	
Telecommunications	2.0	
Policy and External Affairs	**26.4**	
Administrative Services	4.0	
External Affairs	4.6	
Commission Advisors	11.7	2.0
Research and Emerging Issues	4.0	1.0
Systems	2.0	
Administrative Hearings	**7.0**	
Administrative Law Judges	4.0	
Court Reporters	2.0	
Legal Assistants	1.0	1.5
Total	**91.3**	**7.5**

Estimated Expenditures By Regulatory Function	Allocated FTE	FY 18-19 Expenditures
Regulation of Natural gas, electric, water, and steam utilities	59.8	$9,607,103
Rail/Rail Transit	7.0	$471,183
Pipeline Safety	5.5	$876,008
Motor Carrier Regulation	16.0	$2,308,783
Disabled Telephone Users Program	1.5	$3,626,573
Regulation of telecommunications utilities	5.0	$1,065,672
Colorado High Cost Support Mechanism Administration	1.0	$406,328
Regulation of Transportation Network Companies	3.0	$568,848
Total	**98.8**	**$18,930,499**

Note: Expenses by regulatory function are estimated shares of total expenses, and include both direct and indirect costs, such as program staff, allocated shares of executive staff, and all other allocated expenses including legal services, leased space, OIT costs, etc. Figures also include appropriated transfers to other agencies.

7. SB19-236 added the regulation of booting companies to the duties of the Public Utilities Commission. Please provide an update on the implementation of this new regulatory authority.

Response:

SB 19-236 fiscal note authorized 1.5 FTE for this new regulation, but at the same time capped the permit fee at $150. It is estimated that there are approximately 10 vendors that might apply for this therefore, we have limited ability to hire staff for this function. As required by statute the Commission issued it Notice of Proposed Rulemaking (NOPR) in September 2019 and held a public comment hearing on October 28, 2019. Recommended Decision (No. 0961) was issued on December 3, 2019 adopting rules to implement the regulatory framework. If no exceptions are filed and the Commission takes no further action by December 23, 2019 the will become final and the rules will be prepared for publication. Meeting the January 1 deadline for implementation.

8. Please provide a budgetary breakdown for the Division of Consumer Counsel that identifies internal budgeting, including the allocation of FTE and funding by program or function.

Response:
The Office of Consumer Counsel (OCC) budget is relatively small and supports the costs of 7.0 FTE who represent the interests of residential, small business, and agricultural consumers before PUC. The $1.9 million FY 2019-20 budget for OCC includes $1.0 million for Personal Services, $700,000 for Legal Services, $56,000 for Operating Expenses, with the balance of $144,000 covering such items as leased space, indirect costs, OIT payments, and smaller overhead expenditures.

Allocation of FTE is as follows:

FY 2019-20 FTE Allocation	FTE
Office of Consumer Counsel	**7.0**
Division Director	1.0
Program Management	1.0
Rate/Financial Analysts	4.0
Administrative Support	1.0

Although the budget is not allocated between represented interests, it is estimated that staff time is spent as follows: 50% residential, 35% small business, and 15% agricultural consumers.

9. Why did the Office of Policy Research and Regulatory Reform identify private investigators as an appropriate program to sunset, given that so many other programs were recommended for continuation? Specifically, why were background checks for private investigators unnecessary?

Response:
The Colorado Office of Policy, Research and Regulatory Reform conducts independent reviews of regulatory programs throughout state government. The 2019 Sunset Review of the Private Investigators program, found on the COPRRR website, was recommended to sunset based on an objective analysis using the statutory criteria codified in section 24-34-104(6), Colorado Revised Statutes (C.R.S.).

According to sunset criterion I, the primary questions that the General Assembly must consider when deciding to reauthorize a program under sunset review are whether regulation is necessary to protect public health, safety, and welfare and if the environment that led to

regulation has changed[2]. Sunset criterion II directs that sunset analysis consider if a law under review establishes the least restrictive form of regulation consistent with the public interest and whether the agency/program stimulates or restricts competition[3]. In this light, background checks for private investigators were identified as unnecessary.

10. There was a recent study by patient advocate groups that evaluated whether state-regulated insurers were complying with the Division of Insurance regulation that requires insurers to place a portion of drugs for certain disease state in lower cost sharing tiers. Please describe the results of that study and what the Division of Insurance has done, or is doing in response to that report.

Response:
In June 2018, the Division of Insurance adopted Regulation 4-2-58, Non-discriminatory Cost Sharing and Tiering Requirements for Prescription Drugs. The intent is to address barriers consumers were facing in accessing prescription medications. Earlier this year, several consumer advocacy groups submitted a letter to the Division of Insurance with a preliminary assessment of carrier compliance with Regulation 4-2-58. Based on a review of the formulary design for seven chronic conditions, they concluded that there was significant carrier noncompliance with Section 5 of the regulation, which prohibits a carrier from placing more than 50% of drugs on a carrier's formulary to treat a specific condition on the highest cost tier. In response, the Division of Insurance issued a data call for 19 health conditions to evaluate carrier compliance with the entire regulation, not just Section 5. The Division is currently analyzing the data that was provided in response to the data request and anticipates completing that analysis during the first quarter of 2020. Because this analysis may lead to the Division undertaking enforcement actions, no public release of the data is anticipated.

R1 Adjusting Unused Telecommunications Spending Authority

11. Please provide a history of revenue credited to the Disabled Telephone Users Fund, the Fund balance, a history of the related fees, and the allocation of funds.

Response:
The following table includes the requested information for the fund with respect to both revenue and appropriations. The fund is supported by a per-line surcharge on phone lines set by PUC at $0.06 per line per month as of October 1, 2019. Previously the surcharge was $0.04 per month.

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[2] Details on page 8 of the Sunset Review describe a lack of evidence towards harm.
[3] Details on page 23 describes a specific need for background checks for licensed and unlicensed occupations. Information on page 23 illustrates that many individuals who access data are not regulated bu the data they are seeking is regulated. Pages 24-26 describes a number of exemptions to PI licensing.

Disabled Telephone Users Fund	Appropriated FY 15-16	Appropriated FY 16-17	Appropriated FY 17-18	Appropriated FY 18-19	Appropriated FY 19-20
PUC Relay Contract Costs and Personal Services (DORA)	$2,055,460	$2,256,437	$1,558,582	$1,550,909	$1,550,542
Transfer to Reading Services for the Blind (CDE)	$360,000	$360,000	$360,000	$510,000	$510,000
Transfer to the Commission on Deaf and Hard of Hearing (DHS)	$1,012,818	$1,185,596	$1,292,589	$1,992,589	$2,262,029
Total Spending	$3,428,278	$3,802,033	$3,211,171	$4,053,498	$4,322,571
Percent to Other Agencies	40.0%	40.7%	51.5%	61.7%	64.1%
Cash Fund Balances by Fiscal Year	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Beginning Balance	2,726,727	785,885	55,597	293,597	297,070
Actual Revenue	1,002,283	2,148,297	3,536,368	3,633,100	
Actual Expenditures	2,943,125	2,878,585	3,298,368	3,629,627	
Ending Balance	785,885	55,597	293,597	297,070	
Pct	*26.7%*	*1.9%*	*8.9%*	*8.2%*	

12. Does the Department plan to increase or decrease fees relating to the Disabled Telephone Users Fund?

Response:
The PUC increased the surcharge to $0.06 per line per month in order to provide sufficient revenue to support current appropriations from the fund.

13. Discuss whether money in the Disabled Telephone Users Fund could be utilized to enhance funding for existing programs or to address related Department needs.

Response:
This fund source can always be used as the General Assembly sees fit within the purposes authorized in CRS 40-17-103, and revenue planning can accommodate any appropriations change made by the General Assembly for any fiscal year.

14. The RISP pilot is intended to increase the capacity to deliver American Sign Language/English interpreting services in rural areas of Colorado. The program is funded through a line item in the Department of Human Services budget that receives reappropriated funds transferred from DORA from the Telephone Users with Disabilities Fund. DORA has a submitted a budget request to reduce spending authority in its own budget. Will the reduction in spending authority reduce the amount of funds available to be transferred to DHS for the RSIP pilot?

Response:
The reduction in spending authority will have no effect on funds available to be transferred to DHS. The spending authority reduction will not affect balances in the cash fund.

Issue 1: R2 Intrastate Pipeline Safety Enhancements

Fixed Utility Cash Fund

15. Please describe the sources of revenue for the Fixed Utilities Cash Fund.

Response:
The Fixed Utility Fund receives revenue from an assessment charged via Department of Revenue to all public utilities based on their Gross Intrastate Operating Revenue, which is the amount of money they collect from Colorado consumers for business within the state. This assessment is paid in tandem with tax payments made to the Department of Revenue.

16. Is this Fixed Utility Fund balance sufficient to cover the requested amounts?

Response:

Yes, at present the Fixed Utility Fund balance ($1.9 million to start FY 2019-20) is sufficient to support FY 2019-20 appropriations and FY 2020-21 requested appropriations based on current trends. Given future years are dependent on the actual rate of spending and revenue collections next year.

17. Please provide more detail on the status of the Fixed Utilities Cash Fund. Is the fund healthy? Please explain the caps on revenues and the various uses of the fund. Is change necessary to stay on a more sustainable path?

Response:
Currently, the fund is healthy however the fund's health for FY 2021-22 and beyond is uncertain. The fund covers all fixed utility regulation activities by the Public Utilities Commission, at an annual cost of approximately $13-$14 million annually, while bringing in approximately $13-$14 million annually. Section 40-2-113 C.R.S. caps the PUC's ability to increase revenues from fixed utility fee at one-quarter of one percent of gross intrastate utility operating revenues and the fee is currently set at that capped amount.

18. Given JBC staff concerns about the health of the Fixed Utilities Cash Fund, should we look at potential creative funding mechanisms? Please discuss.

Response:
The assessment on fixed utilities is the statutory mechanism by which the General Assembly provides for the regulation of utilities in the state. The Department looks forward to analyzing options, including potentially addressing the cap or other potential appropriations for this purpose.

19. Where does the Department hope to fall on the graphic provided in the briefing document if the request is approved?

Response:
The goal of the Colorado PUC Pipeline Safety Program (PSP) is to be below the national average for hazardous gas pipeline safety incidents.

20. Does the 4.0 FTE in this request include enough staff to be proactive by adding more inspectors on the ground and prevent leaks? In other words, is 4.0 additional FTE enough?

Response:
At present, the current 5.0 FTE assigned to the pipeline safety program are expected to regulate 49,786 miles of pipelines which impacts 5.77 Coloradans throughout the state. The additional FTE will support increased compliance of pipeline operators through additional inspections and by using outreach strategies. By implementing additional FTE and required vehicles and equipment, we strive to achieve a notable increase in compliance.To ensure a culture of safety, we will continue to monitor the program to ensure appropriate resources are allocated. needs.

21. What is the status of efforts to map all of the existing pipelines? Please provide an update on that effort.What departments or organizations are responsible for what with respect to pipeline regulation? What departments or organizations are responsible for each portion of the pipeline network, including permitting, inspection, regulation, etc.? Please provide a description.

Response:
Three entities are responsible for pipeline regulation in Colorado: PUC Pipeline Safety, the Colorado Oil and Gas Conservation Commissioner (COGCC) within the Department of Natural Resources, and the U.S. Department of Transportation. Coordination and communication are critical between the agencies and quarterly meetings are held to ensure this.

Specific to mapping existing pipelines, the COGCC regulates flow lines and crude oil transfer lines, which are a defined subset of pipelines and have further been authorized to perform mapping; we have shared your question with the Department of Natural Resources.

The PUC Pipeline Safety Program is an interstate pipeline safety program. It is authorized by 49 U.S.C. Chapter 601. The federal and Pipeline Safety Program regulatory regimes oversee the transport of a finished commodity, which is typically associated with the midstream and downstream phases of oil and gas.

In contrast, COGCC regulates "the development and production of the natural resources of oil and gas" under Title 34, Article 60, C.R.S, which is thought of as the "upstream phase." COGCC fully implements this authority by regulating flowlines and crude oil transfer lines

that carry what may be considered to be "raw product" that is not a finished "commodity" (e.g., natural gas may need to be dehydrated or crude oil dewatered) ready to be put into the pipeline transportation modes of "gathering" and "transmission."

Organization	Permitting	Inspection	Detection
Public Utilities Commission Pipeline Safety Program		X	X
Colorado Oil and Gas Conservation Commission (COGCC)	X	X	X
Pipeline Hazardous Materials Safety Administration (PHMSA)		X	X

PERMITTING:
Involves siting, which is controlled in Colorado by local authorities with public Right-of-Way management or through direct operator-to-private easement holder contract. These easement holders are the arbiters of how closely/densely the property around a hazardous gas or hazardous liquid pipeline can be developed. COGCC – Permits oil and gas wells and production sites (e.g., "pads"). PUC – Does not permit pipelines, although there are processes for complaint and/or condemnation if a pipeline project is somehow delayed/resisted at the local level. This process has been used for electrical transmission siting, but not for pipeline siting.PHMSA – Does not permit pipelines but is informed and directed by the FERC permitting process on interstate natural gas pipelines.

INSPECTION:
- **OGCC – Inspects oil and gas production facilities, including flowlines AND hazardous liquid gathering lines not regulated by PHMSA (which are the crude oil transfer lines discussed above).**
  PUC – Inspects intrastate natural gas gathering, transmission, and distribution facilities.
- **PHSMA Western Region – Inspects interstate natural gas transmission facilities and inter/intrastate hazardous liquid facilities including some liquid gathering pipelines.**

DETECTION:
Detection of potential pipeline safety issues by all 3 agencies is through notification requirements; procedure, process, and record audit; scheduled/announced and unannounced field inspections; and release and incident investigation.

22. Please describe in detail the following:

- What is the definition of an "incident" when relating to pipeline safety?
- What constitutes a "serious incident?"
- What are the different thresholds for different levels of "incident" definitions?

Response:
Pursuant to, 49 CFR Part 191, § 191.3, an "Incident" means any of the following events:

> **(1) An event that involves a release of gas from a pipeline, gas from an underground natural gas storage facility, liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences:**
>
> > **(i) A death, or personal injury necessitating in-patient hospitalization;**
> > **(ii) Estimated property damage of $50,000 or more, including loss to the operator and others, or both, but excluding cost of gas lost; or**
> > **(iii) Unintentional estimated gas loss of three million cubic feet or more.**
>
> **(2) An event that results in an emergency shutdown of an LNG facility or an underground natural gas storage facility. Activation of an emergency shutdown system for reasons other than an actual emergency does not constitute an incident.**
> **(3) An event that is significant in the judgment of the operator, even though it did not meet the criteria of paragraph (1) or (2) of this definition.**

Per U.S. DOT PHMSA: "Serious Incidents include a fatality or injury requiring in-patient hospitalization."

Lastly, per U.S. DOT PHMSA: "Significant incidents are those including any of the following conditions, but gas distribution incidents caused by a nearby fire or explosion that impacted the pipeline system are excluded:

- **Fatality or injury requiring in-patient hospitalization**
- **$50,000 or more in total costs, measured in 1984 dollars**
- **Highly volatile liquid releases of 5 barrels or more or other liquid releases of 50 barrels or more**
- **Liquid releases resulting in an unintentional fire or explosion"**

23. Please describe the status of the Colorado Natural Gas's conversion of propane lines over to natural gas.

Response:
The status of the conversion of propane lines over to natural gas is complete as of December 7, 2019. The PUC issued a Notice of Probable Violation issued on June 25, 2019, which has since been. CNG is working with a consultant to determine how they will proceed with integrity management and will follow up with the PUC in early 2020.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED. PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

1. Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

Response:
The Department is not aware of any unimplemented or partially implemented legislation, with the exception of recently passed legislation from the immediate prior legislative session which are routinely in progress at the Department. Below are priority items from last year's legislative session:

SB19-236, Concerning the Sunset of the Public Utilities Commission by Senators Garcia and Fenberg and Representative Hansen and Becker : **Continues the Public Utilities Commission (PUC0 in the Department of Regulatory Agencies through September 1, 2020. It implements several recommendations from the sunset review; and makes changes to state energy policy. State fiscal impacts include both new revenue and expenditure increases from changes required by the bill, as well as the PUC's current revenue and expenditures.**

Status: **Partially Implemented. The primary areas for implementation include Distribution System Planning, Performance Based Regulation, Resource Planning Regulation for Wholesale Generation and Transmission Organizations.**

The commissioners opened a miscellaneous proceeding on November 6, to obtain public comments assisting the Commission in the promulgation of rules for distribution system planning. Concerning performance based regulation, The Commissioners opened a proceeding on December 5 to receive stakeholder input on performance based regulation. This will culminate in a report to the General Assembly by November 20, 2020. Concerning regulation of resource planning for wholesale generation the Commission opened a docket on July 25 to create rules and a public hearing was held on October 15. The docket on the Colorado Transmission Coordination Act was opened September 17 and written comments were due December 15.

HB19-1174 Concerning Out of Network Health Care Services Provided to Covered Persons by Reps. Esgar and Catlin and Sens. Pettersen and Gardner: **Requires health plans, providers, and facilities to disclose consumer information about the provision of services by out of network providers and facilities. The law requires the Division Director of the Professions and Occupations (DPO) to collaborate with the division of Insurance (DOI) and the Colorado Department of Public Health and Environment (CDPHE) to promulgate rules for healthcare providers as defined in 10-16-102 C.R.S. The law also establishes the reimbursement amount that health plans must pay out of network providers who provide services at in network facilities and for out of network providers and facilities providing emergency services and**

allows for arbitration if providers and facilities believe the reimbursement is insufficient because of the complexity or circumstances of the services provided.

Status: **Partially Implemented. Both divisions (DOI and DPO) have partially implemented the law and both divisions have been engaged in extensive stakeholder outreach. The DOI has developed five sets of proposed regulations which include consumer disclosures, ambulance services reimbursement methodology, arbitration rules, payment methodologies, and data reporting by carriers on out of network issues. Four of these regulations will be adopted as emergency regulations with an effective date of January 1, 2020; with permanent regulations to become effective on April 1, 2020. The final regulation, on the data reporting, will be finalized in early 2020. The DOI is also in the process of finalizing an on-line application form for potential arbitrators, and developing a web page to host the reimbursement rate data.**

The DPO will develop regulations which include consumer disclosures for the 11 Director Model Programs involving the regulation of health care providers. These regulations are consistent with those of DOI and CDPHE. Emergency rule-making hearings are being held this week (December 16) with an effective date of January 1, 2020 for the regulations with permanent rules effective April 1, 2020. It appears an unintended consequence with including the professions in Title 10 is that rulemaking is not granted to the Type I Boards of each profession. As such, rules were not promulgated for the healthcare providers identified in this legislation.

HB19-1168 State Innovation Waiver Program by Reps. McCluskie and Rich and Sens. Donovan and Rankin

Authorizes the Division of Insurance to seek a federal 1332 waiver to create a two year reinsurance program within the Division to assist health insurers in paying high cost insurance claims. The Division is also required to report annually on the reinsurance program's operations and to report on the the program's impact on the subsidized population's access to cover and the overall affordability of health care at the end of the program.

Status: **Partially implemented. The Division has submitted its application for a 1332 waiver from the federal government, and that application was approved on July 31, 2019. The reinsurance program will be effective for plan years 2020 and 2021, and reinsurance payments will be issued to carriers in August following each plan year. The Division has adopted permanent regulations with the 2020 plan year reinsurance payment parameters and is in the process of developing other regulations to operationalize the reinsurance program. We anticipate that those regulations will go into effect as emergency regulations in December 2019.**

2. Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2019 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the

Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2019

Response:
The Department has no high priority outstanding audit recommendations as identified in this report (See page 85/108)

3. If the Department receives federal funds of any type, please respond to the following:
   a. Are you expecting any changes in federal funding with the passage of the FFY 2020-21 federal budget? If yes, in which programs, and what is the match requirement for each program?
   b. Does the Department have a contingency plan if federal funds are eliminated?
   c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2019-20 or 2020-21.
   d. Compared to other states, Colorado ranks low in receipt of federal dollars. How can the Department increase the amount of federal money received?
   e. What state funds are currently utilized to draw down (or match) federal dollars? What state funding would be required to increase the amount of federal funding received?

Response:
There are no specific potential changes by the federal government during FFY 2018-19 or 2019-20 of which the Department is aware.

There are no material changes in permanent, ongoing federal awards expected to occur during FFY 2019-20 or 2020-21. However, the Department continues to monitor the passage of the federal budgets and appropriations pending before Congress

The Department utilizes federal money in the following areas:

- **Civil Rights Enforcement. Both the U.S. Equal Employment Opportunity Commission and U.S. Department of Housing and Urban Development (HUD) provide work-sharing contract agreements with DORA's Colorado Civil Rights Division to share in the costs of enforcing State civil rights laws that are substantively equivalent to federal civil rights laws. These work-share agreements provide partial federal reimbursement of the Division's costs in processing state investigations and enforcement matters. As such, available federal dollars depend on the volume of State caseload, and future federal awards increase in step with caseload activity in the Division.**

- **Insurance. Ongoing federally-supported activity in the Division of Insurance primarily consists of support for the Division to administer training programs with respect to educating seniors regarding medicare fraud, as well as federal grants to strengthen and stabilize the private health insurance market, implement insurance market reforms, review health insurance premiums related to the Patient Protection and Affordable Care Act. This Division is working to effectively utilize these new and ongoing streams of federal support.**
- **Prescription Drug Monitoring. Ongoing federal support of overdose prevention and the prescription drug monitoring system, and systems enhancements, continues to facilitate working towards the policy goal of prevention.**
- **State Safety Transportation Oversight. The Public Utilities Commission recently procured a 3-year award from the Federal Transit Administration for the purpose of conducting and enhancing oversight over rail safety including light rail in metro Denver. This award is based on a 20% state match.**

The Department of Regulatory Agencies has recently increased its utilization of federal dollars in the last several years, and there are no obvious areas in which the Department envisions securing further additional federal funds. As such, the Department is presently working to apply and fully utilize these federal streams to their highest and best use, and does not believe any significant opportunities beyond these resources exist in terms of new FY2020 federal appropriations.

Match requirements generally speaking are not a part of these grant activities except as noted in the last bullet above.

4. Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

Response: The Department is statutorily required to conduct outreach and public awareness campaigns via the Consumer Outreach and Education Program created in Section 24-34-108, C.R.S. The Department annually submits a report to the Joint Budget Committee on the activities of this program each November 1st.

At the end of FY 18-19, the Fund had collected $173,761 in surcharges and interest, and all of the funds were utilized. Approximately 79 percent were for public service announcement development, distribution, and other large media marketing purposes. This year's report highlighted some of the following achievements:

Last year, DORA developed its primary media partnerships with Channel 7 News and KBNO radio programs to develop content for morning television and radio shows that supported the "Take 5 to Get Wise" messaging from all of DORA's divisions. Topics included insurance; healthcare; services/licenses; housing and real estate; financial fraud; utilities/energy; and civil rights/anti-discrimination laws. Television interviews with DORA

leaders and experts assisted in the overall effort to reach the broadest audience across the state.

We leveraged partnerships for earned media and outreach opportunities with existing campaigns and organizations, including Stop Fraud Colorado at the Attorney General's Office, the Better Business Bureau, and the AARP ElderWatch Program. This included direct community outreach and hosting tables at high-traffic events, such as the Adams and Jefferson County Senior Law Days.

While we used several metrics to identify success, the following include some highlights:

- **More than 13 million impressions and 13 thousand clicks on social media-based Public Service Announcements.**
- **The overall reach for our Channel 7 partnership totalled over 750,000 people.**
- **Division outreach coordinators completed almost 300 events to include conferences, focus groups, industry trainings, public information sessions, and townhall events.**
- **Finally, our physical reach was more expansive across the state, with events hitting all four corners of Colorado from Cortez to La Junta, and Craig to Sterling.**

5. Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

Response: The turnover rate for the Department of Regulatory Agencies is 13.1%, which is 2.4% less than the State of Colorado's workforce turnover rate of 15.5%, and is estimated by division as follows:

Dept/Division	Total	*Involuntary	Retirement	Voluntary	Turnover Rate
Department of Regulatory Agencies	73	3	26	44	**13.1%**
Banking	2	0	1	1	**5.6%**
Civil Rights	9	0	0	9	**34.9%**
Conservation	0	0	0	0	**0.0%**
Consumer Counsel	1	0	0	1	**14.7%**
Executive	5	0	0	5	**16%**

Director's Office					
Financial Services	1	0	0	1	**8.1%**
Insurance	10	0	4	6	**12.5%**
Professions and Occupations	26	3	10	13	**12.9%**
Public Utilities Commission	12	0	8	4	**14.2%**
Real Estate	3	0	0	3	**5.6%**
Securities	4	0	2	2	**16.1%**
*Involuntary includes employer-initiated separations and deaths					

Administrative Support and Related (G): 10
- Of the 10 Administrative Support and Related occupational group vacancies, 2 were involuntary, 1 was a retirement, and 7 were voluntary.

Enforcement and Protective Services (A): 6
- Of the 6 Enforcement and Protective Services occupational group vacancies, 2 were retirements and 4 were voluntary.

Healthcare Services: 1
- Of the 1 Healthcare Services occupational group vacancies, 1 was a retirement.

Labor Trades and Crafts (D): 5
- Of the 5 Labor Trades and Crafts occupational group vacancies, 1 was involuntary and 4 were retirements.

Physical Science and Engineering (I): 1
- Of the 1 Physical Science and Engineering occupational group vacancies, 1 was a retirement.

Professional Services (H): 50
- Of the 50 Professional Services occupational group vacancies, 16 were retirements and 34 were voluntary.

The statewide compensation policies administered by the Department of Personnel & Administration are helpful in ensuring that compensation decisions are sound, thoughtful, and in support of the merit based principles established in the state's constitution. And although the respective policies are a complex undertaking, the Department of Personnel & Administration has done a commendable job of partnering with departments to make necessary updates to compensation rules in order to provide some flexibility in addressing retention issues (e.g. compression or competency-based adjustments). The more prevalent issue may be that the financial resources needed to accommodate compression-related movement within salary ranges are not contemplated in amounts appropriated for salary survey across-the-board increases. This is further compounded when state employee merit-pay is not funded.

6. Please identify how many rules you have promulgated in the past two years (FYs 2017-18 and 2018-19). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

Response:
In fiscal year 2017-2018, 117 rules were included in DORA's regulatory agenda, 18 of which were newly promulgated rules and 99 of which resulted in revisions. In fiscal year 2018-2019, 275 rules were included in DORA's regulatory agenda, of which 23 were newly promulgated rules and 97 were revisions.

In December 2018, a request for a Cost Benefit Analysis (CBA) was made for one rule concerning the Nurse Licensure Compact. After review of the CBA request and the authority in the Nurse Licensure Compact the CBA did not move forward because the request concerned fingerprinting and the Nursing Board has no discretion related to that.

7. What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.

Response:
The Department's budget tends to remain extremely consistent. Budget management at the Department routinely involves looking internally for solutions rather than simply requesting budget increases whenever there is justification – very often, budget increases that seem reasonable on the front end can serve to amplify unused and unnecessary resources unless internal resolutions have not been exhausted.

In terms of appropriations, the Department's baseline forecast is not generally influenced by Department-initiated factors that create significant change – appropriations tend to increase only by: a) statewide personal services increases due to central appropriations for salary survey, merit, and the like; b) legislative change that increases DORA's regulatory scope by adding new regulation, or increasing regulation via the annual sunrise/sunset legislative process; and c) legislative appropriations change by the General Assembly, for instance to the decision by the Joint Budget Committee to reflect $18.7 million in informational spending authority associated with Broadband Grants (which increased Executive Director's Office appropriations by 77% for FY 2019-20).

However, external factors that have the potential to affect Department finances include all of the following:

Population Growth. **As previously mentioned, population growth does not automatically result in appropriations increases for DORA. While regulating approximately 860,000 individuals and businesses relative to the entire population of 5,771,000, it is certainly true that population growth affects workload. However, adding for instance 57,000 citizens (1%**

population growth) could only be expected to generate approximately 8,000-9,000 new licensees, across several major licensing Divisions. New appropriations are unlikely to be requested to cover this marginal increase, and fee revenue will be unchanged as fees are adjusted to generate sufficient revenue to cover appropriations.

Increased regulatory scope. **The 2019 Legislative Session was a great example of how legislative decisions on regulatory scope can drive appropriations changes to the Department. Almost 20 separate bills passed during 2019 containing almost $4 million and 21 FTE in appropriations. Some of these bills were new requirements to existing programs (for instance SB 19-236, the PUC Sunset bill), while others were new stand-alone programs (for instance bills creating regulation for Athlete Agencies, Genetic Counselors, and Pharmacy Technicians, as well as creating the State Reinsurance Program in the Division of Insurance). While these increases are significant on a one-time basis, generally speaking, most legislative sessions do not result in this level of resources.**

Inflationary increases. **Economic inflationary increases do not tend to influence appropriations to DORA; however, salary increases for state employees are a primary driver of small, steady budget increases.**

The Cost of Enforcement. **Disciplinary actions taken against licensees commonly result in the need for legal review, and potentially, litigation and other associated legal costs. As a result, legal services expenditures and the rate charged by the Department of Law have the potential to result in appropriations changes at DORA. In fact, DORA is the leading client statewide of central legal services provided by the Department of Law, comprising roughly 35% of all statewide legal hours annually.**

Shifts in economic conditions. **Occasionally, shifts in economic conditions can affect the nature of regulation and/or the number of licensees (with corresponding effects on nominal fee levels). During the housing crisis of the mid-2000s, the number of new real estate broker applications dropped precipitously, from 6,000-7,000 annually to 2,000-3,000 annually, due to the churn in this profession which can be strongly linked to economic conditions. However, the broader renewal population (approximately 50,000) remained strong during this time, and while fee levels were affected, appropriations did not require change. Any shift in economic conditions has the potential to affect the number of regulated professionals and the conduct within regulated industries.**

8. How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

Response:
Most Divisions in the Department are affected by small upward fluctuations in licensee volume, required examinations, investigations, and enforcement proceedings requiring the use of legal services. For instance, the Division of Professions and Occupations has seen a rise in the number of total active licensees from 413,553 during FY 17-18 to 426,304 during FY 18-19. Similar trends exist Department-wide, and are related to growth in state population

and growth in the number of professions regulated. Typically, these fluctuations do not drive required increases in the Department's budget, and the Department leverages existing resources to implement programs.

Further, the Colorado Civil Rights Division is affected by caseload, specifically including the number of employment, housing, and public accommodation discrimination claims that are filed. In recent years this number has increased from roughly 800 per year to almost 2,000 per year. The potential for this to impact the budget does exist, however at this time no request is planned.

9. Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps), the role of these technologies in the Department's interactions with the public and other state agencies, the Department's total spending on these efforts in FY 2018-19, and expected spending in FYs 2019-20 and 2020-21.

Response:
As a statewide licensing agency with a great deal of interface with consumers and regulated professionals alike, DORA values and incorporates outward facing technology in all its systems. Online license renewal is an important part of leveraging technology to meet the needs of the consumers and professionals it serves. In addition to this licensing functionality, the Public Utilities Commission (PUC) manages all electronic filings made by the public and is entirely dependent upon reliable business applications to provide good customer service.

No new state appropriations have been requested for new systems by DORA during FY 2018-19 nor are any requested for FY 2019-20 and FY 2020-21. However, the Department does spent approximately $3.8 million annually to support the Governor's Office of Information Technology and works with them within this appropriation and private vendors where necessary on a continual basis bs to refresh obsolete legacy applications and patchwork of business systems developed over the past 20 years whenever it becomes necessary to do so. Modern, integrated, cloud-based, and mobile-friendly solutions are always the goal when this occurs.

10. There are many ways in which the Department may interact with internal or external customers, including the public and other departments. How is the Department gathering feedback and evaluating customer experience? Please address all interactions, e.g. technology, in-person, call centers, as well as total spending on these efforts in FY 2018-19 and expected spending in FYs 2019-20 and 2020-21.

Response:
The Department has a variety of ways to interact with customers. The following are current strategies:

- **Welcome Center: The DORA Welcome Center offers citizens and consumers a "one-stop shop" for services from DORA's ten divisions. At the center of this**

initiative is a strong cross-divisional team, dedicated to providing superior customer service to the people of Colorado, strengthening the department's customer focus, creating efficiencies, and delivering effective services, boldy!

- **Social Media/Consumer Advisories and News Releases: All divisions participate in social media, advisories and news releases including Facebook and Twitter. Of note, is the Division of Insurance who issued 18 consumer advisories or news releases in FY 2018. These are key elements for the department to provide continuing education to the public about the various consumer safety messages we need to send.**
- **Access via websites: All divisions have generic email addresses for consumers to provide comment or a complaint against a licensee.**
- **Constituent Advocacy: The Executive Director's Office also serves as an advocate for constituents expressing concern or complaints as it relates to our authority for consumer protection.**
- **Colorado Office of Policy Research and Regulatory Reform (COPRRR): As part of the Sunset process COPRRR works to solicit as much diverse input as possible. To this end, COPRRR requested that each agency under sunset review post a link to COPRRR's public comment page on the agency's website. Additionally, COPRRR is producing videos and webinars to communicate with the public and other agencies about how to participate in the sunset process.**
- **Division Listening sessions: the divisions have worked to reach more communities in person via digital networks than ever before. DORA divisions held over 350 events in 2018 in counties and communities across Colorado. Throughout the year, division staff participated in local conferences and roundtables, held stakeholder meetings, focus groups, training and educational sessions, public events and webinars.**

Total spending from these outreach events comes from the Consumer Outreach Frund. In FY 2018 we spent $173,760 in outreach surcharges.

11. Please highlight the long-term financial challenges of fulfilling the mission of the Department with particular attention to any scenarios identified in the Department's Long Range Financial Plan involving an economic downturn, department-specific contingencies, emerging trends, or major anticipated expenses (Subsections 3-6 of Section 4 of the Long Range Financial Plan submitted pursuant to H.B. 18-1430).

Response: In the case of economic downturn, the Department's regulation would nevertheless still be required. In fact, counter-cyclically, bad economic times can be marked by increasing levels of professional misconduct, particularly financial misconduct. Given DORA's status as a cash funded agency, it is not expected that Department appropriations would suffer in the same way that they might in times of reduced available General Fund revenue associated with a deteriorated economy, as regulated professionals continue to face livelihood issues in the face of economic downturn.

In terms of contingencies that would not be normally expected in the forecast of outcomes, there are no likely instances that would conceivably affect the long-range budget forecast of the Department. Regulatory programs and responsibilities tend to be very stable,

predictable, and must continue regardless of economic conditions or any kind of short term emergency. Having said that, the following circumstances could potentially occur:

- **Housing Crisis. Another, more sustained housing crisis, which would have the effect of reducing the regulated population of brokers and appraisers in the Division of Real Estate. Depending on the severity and duration, the short term impact might be a cost-shift away from new licensing and towards the renewal population. A longer-term crisis would likely affect the renewal population. However, given the need to enforce against a small number of bad actors in real estate professions, any eventual appropriations decrease request would be moderated if enforcement activity spiked in the same climate.**
- **Legislative Deregulation of Professions. Any legislative shift wherein regulation of a significant number of professions were deemed unnecessary and abandoned would result in the need to reduce associated appropriations. However, the Department has no reason to anticipate such action at this time.**

12. In some cases, the roles and duties of existing FTE may have changed over time. For all FY 2020-2021 budget requests the include an increase in FTE:
    a. Specify whether existing staff will be trained to assume these or duties, and if not, why;
    b. Specify why additional FTE are necessary; and
    c. Describe the evaluation process used to determine the number of FTE requested.

Response:
The only additional FTE in the Department's FY 2020-21 request are either 1) the incremental increase associated with any special bill appropriations, which are included in the Department's base adjustments; and 2) the 4.0 FTE requested in R2 Intrastate Pipeline Safety Enhancements, which is discussed previously in this document. All requested FTE are calculated pursuant to budget instructions and common policy directives, and are necessary because sufficient existing staff.does not exist for those purposes.

13. Please describe the impact of Colorado's low employment rate on the Department's efforts to recruit and retain employees.

Response:
Wage inflation is a challenge/byproduct of Colorado's low unemployment rate of 2.6%. This means that, given that there are less people available for work, the State as an employer has to compete for talent in a marketplace that may be paying a premium rate to fill even entry-level positions. As such, when we are attempting to fill highly specialized/technical positions, we often struggle to compete with the private sector in trying to obtain and retain top talent. Additionally, if the department is able to recruit at the current market rate, there is often the repercussion of *compression for current/long-term state employees is an issue (*a new/less-experienced employee being paid higher than a longer-term/more experienced employee). This is especially difficult from a resource perspective in light of the fact that annual appropriations increases for across-the-board salary survey increases are not intended

or calculated to provide resources for this kind of necessary salary movement within the range. This is further compounded when merit pay is not funded.

14. ***NOTE: An example template for providing data for this question will be provided by the JBC Staff.***

State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:

a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds $100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited.
b. For each source, list actual revenues collected in FY 2018-19, and projected revenue collections for FY 2019-20 and FY 2020-21.
c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2020-21.

Response:
The following table shows each source of non-tax revenue collected in FY 2018-19, along with approximate projections for FY 2019-20 and FY 2020-21. No decision items requested for FY 2020-21 are expected to increase revenues subject to TABOR collected in FY 2020-21, as spending authority is requested within expected available revenue.

Revenue Source Name	Actual FY 2018-19	Projected FY 2019-20	Projected FY 2020-21
Business Registrations	2,991,922	3,081,680	3,174,130
Certification and Inspection Fees	5,061,233	5,213,070	5,369,462
Court Fines - Miscellaneous	1,775	1,828	1,883
Credit Card Fees - Nonexempt	(1,413,977)	(1,456,396)	(1,500,088)
Hazardous Materials and Waste Permits	196,915	202,822	208,907
Insurance Premium Tax	271,900	280,057	288,458
Interest Income - Nonexempt	101,801	104,855	108,001
Miscellaneous Revenues - Operating Nonexempt	408,808	421,072	433,704
Miscellaneous Sales	0	0	0
Nuclear Material Permits and Fees	62,500	64,375	66,306
Other Business Licenses and Permits	1,091,399	1,124,141	1,157,865
Other Charges for Services	10,797,016	11,120,927	11,454,555
Other Excise Tax	257,238	264,955	272,903
Other Fines	418,677	431,238	444,175
Other Social Service Fees	0	0	0
Professional and Occupational Licenses	42,615,713	43,894,185	45,211,010
Public Utility Commission Annual Identification Stamps	380,262	391,670	403,420
Public Utility Commission Fixed Utility Fees	13,032,915	13,423,903	13,826,620
Public Utility Commission Motor Carrier Fees	2,412,266	2,484,634	2,559,173
Total	**78,688,364**	**81,049,015**	**83,480,485**

15. Please describe the Department's current practice regarding employee parking and other transportation options (i.e. EcoPass). Please address the following:

a. Does the Department have adequate parking for all employees at all locations?
b. If parking is limited, how are available spaces allocated?
c. If free parking is not available, how is parking paid for, and who pays (employee or Department)? (e.g. stipends, subsidized parking, eco passes)
d. If employees pay fees for parking, where is the revenue credited and how is it spent, and is it subject to TABOR?
e. Do parking and/or transportation benefits factor into Department compensation and/or retention efforts?

Response:
The Department does not pay for parking expenses for employees, and the Department's location near the Capitol Complex generally results in employees paying for parking in the State garage or nearby State lots, which is more than adequate for employees. Parking fees are paid to DPA, most often using a pre-tax arrangement. However, the Department does offer a fully-covered EcoPass for all eligible employees living inside the RTD service area. This is a good benefit for employees and the Department believes it to be a worthwhile investment from a compensation/retention perspective as well as a transit/environmental perspective.

16. Please identify all continuously appropriated funds within the Department's purview with a fund balance or annual revenue of $5.0 million or more. Please indicate if these funds are reflected in the FY 2019-20 Long Bill.

Response:
The Department has no funds with annual revenue over $5.0 million that are continuously appropriated.