

# **Investor-owned Utility Review Interim Study Committee**

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Vanessa Reilly, Senior Research Analyst  
Max Nardo, Fiscal Analyst

## **Office of Legislative Legal Services**

Duane Gall, Assistant Director  
Jennifer Berman, Senior Attorney

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# Investor-owned Utility Review Interim Study Committee

## Committee Charge

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The Investor-owned Utility Review Interim Study Committee is charged with examining the programs and practices of electric investor-owned utilities (IOUs) in Colorado, with a particular focus on issues involving consumer choice and affordability in electric supply including:

- the IOUs' administration of energy assistance programs and the sufficiency of those programs based on best practices;
- the IOUs' administration of time-of-day or time-of-use metering programs, including pilot programs;
- whether an audit of any IOU consumer programs is warranted and, if so, to formulate the document to request the audit;
- what new or augmented reports an IOU should be required to provide the Public Utilities Commission or the General Assembly; and
- the role of community-aggregated choice in the consumer price of energy.

## Committee Activities

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During the 2019 interim, the Investor-owned Utility Review Interim Study Committee held two meetings at the State Capitol. The following subsections discuss the committee's actions during the 2019 interim.

**Public Utilities Commission and Colorado Energy Office.** Representatives of the Public Utilities Commission (PUC) and the Colorado Energy Office (CEO) presented to the committee on the energy landscape in Colorado and the state's energy policies. The representative from the CEO discussed energy and technology trends, ratemaking, and greenhouse gas reduction. The representative from the PUC presented on the current energy landscape; ratemaking; the PUC's auditing authority; reporting by investor-owned utilities; municipal exit fees; private power companies; and community choice aggregation. The representatives of both organizations highlighted electric vehicle and battery storage trends.

**Investor-owned Utilities.** Representatives from Xcel Energy and Black Hills Energy, Colorado's two investor-owned utilities, presented to the panel about their operations in Colorado. Representatives from both organizations discussed ratemaking, electric rates, reporting requirements to the PUC, electric vehicles, and battery storage. Representatives from Black Hill Energy also provided an overview of the history of electric rates in southern Colorado and its customer-focused solutions.

**Consumer choice.** The committee heard presentations from panelists about energy consumer choice in Colorado. Representatives from the Office of Consumer Counsel, AARP, Colorado Energy Consumers, and Western Resource Advocates discussed a wide range of topics impacting retail and industrial energy consumers. The representative from the Office of Consumer Counsel highlighted the impacts of community choice aggregation on retail consumers in other states. The representative from AARP discussed community choice aggregation, as well as the effects of recent legislation on retail energy consumers. The representative from Colorado Energy Consumers discussed several recent legislative changes and highlighted some outstanding issues that could be addressed by the committee. The representative from Western Resources Advocates covered several topics, including clean energy, electric resource planning, Xcel Energy's Colorado Energy Plan, customer choice, and community choice aggregation. Parts of this discussion resulted in Bill A and Bill C.

**Energy assistance programs.** Representatives of the CEO, Energy Outreach Colorado, and the Department of Human Services (DHS) presented to the committee on energy assistance programs in Colorado. The representative from the CEO provided an overview of the Weatherization Assistance Program and highlighted its recent work. The representative from DHS gave an overview of the Low-Income Energy Assistance Program (LEAP), provided data on the number of citizens served, and discussed the relationship between LEAP and other energy assistance programs administered in Colorado. The representative from Energy Outreach Colorado discussed the organization's work and advocacy, along with highlighting the organization's crisis energy services, bill assistance, emergency heating services, energy efficiency, and long-term utility bill affordability. This discussion resulted in Bill B.

**Colorado Rural Electric Association.** Representatives of the Colorado Rural Electric Association presented to the committee on electric co-ops. In addition, representatives of two electric co-ops, San Isabel Electric Association and Intermountain Rural Electric Association, presented on their experience operating in Colorado. They discussed the mission, functioning, and infrastructure costs for electric co-ops. Several representatives highlighted the exploration of renewable energy by electric co-ops, along with discussing the structure of electric utilities in Colorado.

**Electricity choice.** Representatives from the National Conference on State Legislatures, Colorado Communities for Climate Action, City of Fort Collins Utilities Light and Power, and independent advocates presented on electricity choice in Colorado. Representatives discussed community choice aggregation, renewable energy initiatives, the current options for local jurisdictions to choose electric providers, and the work of community choice advocates.

## Committee Recommendations

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As a result of committee discussion and deliberation, the Investor-owned Utility Review Interim Study Committee recommends the following three bills for consideration in the 2020 legislative session.

***Bill A – PUC Study of Community Choice Energy.*** The bill directs the PUC to evaluate the viability of the wholesale, opt-out model of community choice energy (CCE) in Colorado. CCE is defined as a mechanism that allows cities, counties, or groups of cities and counties, to combine their purchasing power and choose alternative electricity suppliers while the incumbent utility continues to own and operate the transmission and distribution system. The PUC is directed to study CCE through a third-party feasibility study and an investigatory docket.

***Bill B – Energy Efficiency Improvement Programs Funding.*** Beginning in FY 2020-21, the bill establishes conditional annual transfers from the General Fund to both the Energy Outreach Colorado Low-income Energy Assistance Fund and the CEO Low-income Energy Assistance Fund. The transfers take place if the amount of severance tax revenue transferred to either fund in a given year falls below \$1.0 million. The amount transferred to either fund is 75 percent of the difference between \$1.0 million and the amount of severance tax received for the year. The conditional General Fund transfers are authorized for four years and are repealed on September 1, 2024.

***Bill C – Consumer Protections For Utility Customers.*** The bill requires the PUC to collect information from utilities on medical exemptions from tiered electricity rates; to adopt standard practices for gas and electric utilities to follow when disconnecting service due to nonpayment; and to conduct a proceeding to evaluate a policy of requiring public utilities to report positive information to credit reporting agencies. The bill also prohibits public utilities from employing certain rate structures without obtaining opt-in from customers