HB 26-1326

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1326: SUNSET PUBLIC UTILITIES COMMISSION

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Summary Information

Overview. The bill continues the Public Utilities Commission for seven years through September 1, 2033, and implements the recommendations from the sunset review, among other changes.

Types of impacts. The bill has impacts in the following areas through FY 2033-34 from both continuing an existing program scheduled to repeal and making changes to that program:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires and includes an appropriation of $298,448 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$333,992	$19,553,132
State Expenditures	$333,992	$19,600,831
Transferred Funds	$0	$0
Change in TABOR Refunds	$333,992	$19,553,132
Change in State FTE	1.8 FTE	135.5 FTE

The bill has impacts from both continuing a program scheduled to repeal and from making changes to that program. Additional detail on fund sources, as well as the new and continuing impacts, are shown in the tables below.

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
Cash Funds – Continuation	$0	$19,205,626
Cash Funds – New	$333,992	$347,506
Total Revenue	**$333,992**	**$19,553,132**

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
Cash Funds – Continuation	$0	$19,205,626
Federal Funds – Continuation	$0	$47,699
Cash Funds – New	$298,448	$303,076
Centrally Appropriated	$35,544	$44,430
FTE – Continuation	0.0 FTE	133.2 FTE
FTE – New	1.8 FTE	2.3 FTE
Total Expenditures	**$333,992**	**$19,600,831**
Total FTE	**1.8 FTE**	**135.5 FTE**

Summary of Legislation

The bill extends the Public Utilities Commission (PUC) for 7 years through September 1, 2033, implements the recommendations of the 2025 Sunset Review, and makes other changes, as detailed below.

Governance and Administration

The bill permits PUC staff to send correspondence via email once staff protocols are developed to ensure security and acceptable uses.

The PUC director's powers and duties are expanded to include operations and personnel management, and submission of budgets. The PUC director may also provide input on fee computation for PUC regulated entities.

In making commissioner appointments, the Governor is required to consider individuals who are knowledgeable of the industries that the PUC regulates and who provide a diversity of experience and understanding of public interest considerations, including law, finance, emission reduction strategies, and consumer protections.

The PUC is permitted to hold weekly meetings, and after July 1, 2027, a majority of commissioners must attend weekly meetings in-person.

The PUC director is required to hire and designate an employee to identify equity impact proceedings that have the potential to impact the distribution of benefits and burdens to disproportionately impacted communities and income-qualified customers, and work with a newly created equity task force. Members of the task force are appointed by the PUC director, serve without compensation, and are required to meet at least quarterly. The PUC will review the efficacy of the task force every three years.

The PUC is required to conduct a study on modernizing the commission structure, with deliverables due November 2026 and November 2027 to the General Assembly.

Energy Policy

The Renewable Energy Standard is modernized, as it relates to distributed generation and storage, and to align the standard with Clean Energy Plans. The bill also modifies the definition of energy storage system, and makes modifications to clean energy plan requirements of cooperative electric associations and municipal utilities.

The PUC is required to commission a study to identify barriers to joint procurement of wind, solar, and advanced generation resources by utilities.

Civil penalties on utilities are increased from $2,000 to $7,500 per violation, and can be incurred for tariff violations. Any civil penalty collected from a utility violation must be credited to the Fixed Utility Fund for affordability programs.

The commission is required to make rules regarding minimum quality-of-service metrics and other factors related to the utility customer experience by December 2027.

The PUC and investor-owned utilities are subject to new transparency requirements, including that utilities file a summary of anticipated regulatory filings for the calendar year beginning in 2027, which the PUC most post on its website and convene an informational meeting about. It also requires the PUC to provide new annual reporting to the General Assembly summarizing all major adjudicated cases and rulemakings, with specific reporting requirements outlined in the bill.

The PUC is authorized to require investor-owned utilities to engage one or more third parties to administer specific customer-facing programs if the commission deems the use of one or more third parties prudent and in the best interest of ratepayers. The PUC may require the utility use a competitive bidding process to procure these services.

Affordability

The PUC must standardize implementation and access to income-qualified energy assistance programs and study the Percentage of Income Payment Programs (PIPPs) concept more generally to determine whether funding access and equity can be improved.

Rideshare (TNC) Regulation

The bill increases the cap on annual permit fees on TNCs by $50,000 from $111,250 to $161,250.

Individuals who impersonate a TNC driver commit a class 2 misdemeanor. If the impersonation occurs during the commission of a felony offense, the impersonation offense is a class 6 felony.

TNCs, with exemptions for those that provide youth rides, are requires to conduct periodic checks using facial recognition software—or other effective technology, as approved by the PUC—to prevent TNC driver impersonation. The PUC is required to adopt rules establishing these requirements within 18 months of the bill's effective date. TNCs are also required to provide information to riders about filing a complaint with the PUC in accordance with rules adopted by the commission within 18 months of the bill's effective date. PUC staff receiving complaints regarding TNC drivers are required to receive trauma-informed training.

Contract and Common Carriers

The bill expands background check requirements to cover all drivers for contract and non-taxi common carriers.

The PUC must conduct a study by January 1, 2028, that examines the current regulatory structure for contract and common carriers. The study must explore market entry models and factors; economic regulation and rate structures; the balance between service territory protections and potential burdens; and changing conditions affecting these concepts. The study must also recommend alternative models, if appropriate.

The bill creates a consistent vehicle inspection standard for limited regulation carriers and large-market taxicab services, determined through PUC rules.

Finally, a person injured by the noncompliance of a motor carrier is not required to pursue or exhaust administrative remedies before the PUC prior to commencing legal action.

Rail and Transit

The bill updates statutory language regarding rail and transit regulations to mirror current federal law and to repeal obsolete provisions.

Telecommunications

The PUC is permitted to administratively set filing fees for persons filing telecommunications-related filings who are not currently subject to the Telecom Utility Fee.

The maximum no-call list fee doubles to $1,000 per year, and the PUC can assess a fee on list brokers for access.

The definition of "voice service providers" is broadened so all providers—not just public utilities—contribute to the telecom utility fee to finance the commission's telecommunications-related work.

Usage of revenue from charges related to the provision of 911 services are aligned with federal requirements to only cover radio equipment outside of the Public Safety Answering Point used for dispatching calls.

The PUC is required to develop and require state correctional facilities to post flyers informing visitors of informal complaint process for penal communications service providers. The commission may also adopt rules to establish and enforce caps on intrastate prison phone rates assessed by penal communications service providers. Providers must cooperate with PUC staff when staff performs its biannual testing of services.

PUC Proceedings and Timelines

The bill reduces the timeline for the PUC to act on an application filed with the PUC from 130 days to 90 days. A failure to act upon an application within this time period constitutes PUC approval. Applications may only be deemed incomplete that do not meet requirements prescribed by PUC rule. If a motion is filed requesting to join a legal or administrative proceeding as an intervenor, and there is no objection, the motion is automatically approved after 30 days.

The bill clarifies current law about intervenors who provide materially useful information to the PUC recouping attorney fees and other costs, conditional upon funding availability.

The PUC is required to adopt rules by March 2027 regarding the format of full commission and individual commissioner hearings and meetings. Rules must include the criteria to be used to determine whether full commission and individual commissioner hearings will be held in-person, virtually, or hybrid in-person and virtually, with specific considerations outlined in the bill.

Other Provisions

Small operators of natural gas pipelines are exempted from the mandatory minimum $5,000 civil penalty required for violations of pipeline safety laws, and the commission is permitted to impose a lesser penalty.

The PUC must perform a study identifying all privately owned water utilities in the state and assessing their financial conditions and needs.

The PUC is required to open a proceeding to investigate streamlining energy planning proceedings.

The PUC is required to share, upon request by a taxpayer, interconnection information relevant to the federal clean electricity investment credit.

The Legal Services Offset Fund is modified to be continuously appropriated to the PUC rather than to DORA.

Comparable Crime Analysis

Legislative Council Staff is required to include certain analysis in the fiscal note for any bill that creates a new crime, or that either reclassifies or creates a new factual basis for an existing crime. This section identifies comparable crimes and discusses assumptions on future conviction rates resulting from the bill.

Prior Conviction Data and Assumptions

This bill creates the new offense of impersonating a TNC driver, a class 2 misdemeanor, unless the impersonation occurs during the commission of a felony offense, in which case it is a class 6 felony. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of criminal possession of an identification document, a class 2 misdemeanor, unless the person is in possession of identification documents issue to different persons, in which case it is a class 6 felony. From FY 2022-23 to FY 2024-25, 1,471 offenders have been convicted and sentenced for this misdemeanor offense, or about 490 per year. Of the persons convicted, 935 were male, 528 were female, and 8 did not have a gender identified. Demographically, 1,218 were White, 128 were Black/African American, 86 were Hispanic, 10 were Asian, 5 were American Indian, 19 were classified as "Other," and 5 did not have a race identified.

The fiscal note assumes that the bill’s requirements for TNCs to conduct periodic checks using facial recognition software to prevent TNC driver impersonation will largely mitigate criminal justice-related impacts. Because the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note.

Continuing Program Impacts

Based on the department's FY 2026-27 budget request, the PUC is expected to have cash fund revenue $19.2 million and expenditures of $19.3 million to administer the commission. Expenditures are primarily from cash funds ($19.2 million) and a small amount of federal transit funding ($47,699). If this bill is enacted, current revenue and expenditures will continue for the commission starting in FY 2027-28. This continuing revenue is subject to the state TABOR limits.

If this bill is not enacted, the program will enter a one-year wind-down period and then end on September 1, 2028, one year after its statutory repeal date. If allowed to repeal, state revenue and expenditures will decrease starting in FY 2027-28 by the continuation amounts shown in Tables 1A and 1B. The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditures sections below.

Assumptions

An estimated 500 to 700 drivers for contract and non-taxi common carriers will be required to submit to the fingerprint background check requirements in the bill; however, these background checks are required to be conducted by a private entity and will not impact state revenue or workload for the Colorado Bureau of Investigation in the Department of Public Safety.

State Revenue

The bill increases state revenue to cover the expenditures incurred by the PUC resulting from changes to the program in the bill. This revenue increase is estimated at about $334,000 in FY 2026-27, and $348,000 in FY 2027-28 and ongoing, with fees paid to the Fixed Utility Fund and the Motor Carriers Cash Fund. The bill also increases the fee cap on TNCs, which permits higher fees, but a specific new fee increase is not specifically required under this bill. Other fee adjustments permitted in the bill are expected to have a neutral revenue impact. The bill may also increase revenue from civil penalties levied on utilities. All revenue is subject to TABOR.

Fee Impacts on Utilities

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the PUC based on cash fund balances, program costs, and the number of entities subject to each fee.

Energy Utilities

The PUC will raise the annual assessment on the state's regulated energy utilities to cover the legal services costs related to the bill's changes to siting appeals and timeline changes, as well as to cover the PUC modernization study; with revenue credited to the Fixed Utility Fund. This fee revenue is estimated at about $259,000 per year beginning in FY 2026-27. Some of these fee impacts may be assessed on other regulated entities instead; the fiscal note is showing these as Fixed Utility Fund fees for informational purposes.

Common Carriers

The PUC will increase fees on common carriers to recoup an estimated $75,000 in FY 2026-27 only for the contract carrier study required by the bill, credited to the Motor Carriers Cash Fund.

Transportation Network Companies

The bill increases the annual permit fee cap on TNCs. If fully levied, this will increase annual fee revenue to the PUC by $300,000, assuming six regulated entities. The fiscal note assumes that any additional fees will be reflected in subsequent fiscal notes for legislation or other budget actions that raise the PUC's administrative costs to regulate TNCs. Because this bill has no such impact, this revenue increase is not reflected in this fiscal note.

Telemarketers

The current rate for telemarketers to access the no-call list is $500 annually, and has remained unchanged since 2002; however, "conforming list brokers" may obtain the list free of charge. The bill changes this statute, allowing the PUC to set a fee for conforming list brokers to obtain the list. In total, 201 telemarketers are registered to access the list. Of these, 177 pay a fee currently, and the remaining 24 conforming list brokers will begin paying the fee in FY 2026-27. The fee increase will be realized by the program's vendor, and not credited to the state.

Telecommunications Providers

The PUC receives fee assessments from telecom providers, capped at 0.4 percent of intrastate revenues, credited to the Telecom Utility Fund. Revenue from traditional landline providers has consistently declined over the years due to customers switching to VoIP (voice-over-internet protocol) or wireless phones and cancelling their landline subscriptions. The bill allows an additional broadband, wireless, and Voice-over Internet Protocol service providers to be assessed fees for applications, certifications, and other filing types, which will support the current level of expenditures for the Telecom section and stabilize revenue collections within the current fee cap despite declining intrastate telecom revenues among the current payer base. As such, this fee impact is expected to be neutral.

Civil Penalties

The bill may increase civil penalty revenue to the Fixed Utility Fund from increasing the penalty amount for tariff violations from $2,000 to $7,500, with revenue from these penalties required to fund energy affordability programs. This revenue impact depends upon future PUC action and has not been estimated.

State Expenditures

In addition to the costs of continuing the PUC described in the Continuing Program Impact section above, the bill increases state expenditures in the Department of Regulatory Agencies by about $334,000 in FY 2026-27 and $348,000 in FY 2027-28 and ongoing from further changes to PUC operations. These costs, paid from the Fixed Utility Fund and the Motor Carriers Cash Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Departments of Revenue and Human Services.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	$132,712	$165,891
Operating Expenses	$2,048	$2,560
Capital Outlay Costs	$14,000	$0
Legal Services	$49,688	$134,625
Study Costs	$100,000	$0
Centrally Appropriated Costs	$35,544	$44,430
FTE – Personal Services	1.6 FTE	2.0 FTE
FTE – Legal Services	0.2 FTE	0.3 FTE
Total Costs	**$333,992**	**$347,506**
Total FTE	**1.8 FTE**	**2.3 FTE**

Department of Regulatory Agencies

The PUC requires staff, legal services, and contract study costs to implement the bill. All rulemaking efforts are assumed to require no change to appropriations. First-year costs are prorated for the bill's September effective date.

Staff

The PUC director's powers and duties are expanded to include personnel management, which necessitates 1.0 FTE human resource officer. The bill explicitly requires the hire of 1.0 FTE equity impact analyst to identify and assist with proceedings that have the potential to impact disproportionately impacted communities and income-qualified customers, and manage activities of the related task force. Standard operating and capital outlay costs are included.

The remaining requirements related to PUC proceedings, reporting, training, and transparency requirements can be accomplished within existing PUC resources.

Legal Services

Legal services are provided by the Department of Law at a rate of $132.50 per hour.

Hearing Timelines

The bill reduces timelines in the most complex PUC cases by 30 percent while adding a new automatic approval-by-default penalty if that deadline is missed. This requires 450 hours of legal services to address (0.3 FTE). This minimal amount of legal services acknowledges that this is largely codifying current PUC practice, where cases that require an extension are typically resolved within the bill's revised timeframe.

Intervenors

The bill's repeal and reenacting of current law requirements related to intervenors do not result in a material change to current law, and are further restricted by being implemented only if funding is available. However, intervenor compensation has broad eligibility, no compensation caps, and no limits on which proceedings qualify, which will drive increased legal intervention at the front-end of cases and contentious fee litigation on the back-end if funding becomes available for this purpose, estimated at 1,800 legal hours annually, plus compensation costs. This will be addressed through the annual budget process at a future point to be determined by the PUC.

Studies

PUC Modernization Study

The PUC is required to conduct a study on modernizing the commission structure, which is estimated to require $100,000 over two fiscal years. Actual costs will be determined through the procurement process.

Contractor for Common Carrier Study

The PUC's Transportation section requires contract staff to perform the study on the current regulatory structure for contract and common carriers by January 2028. The study is estimated to require $75,000 in FY 2026-27 only. Actual costs will be determined through the procurement process.

Other Studies

For the other three studies required by the bill, no change in appropriations is required, as outlined below.

- The PUC has budgeted for and is currently studying PIPPs.
- Existing PUC staff review water utility filings and jurisdictional issues with water service, and can complete the study on private providers.

- Existing PUC research staff will conduct the investigation into the barriers to joint procurement of advanced energy generation resources, and may request input from utilities and other Colorado market participants to assist the effort.
- Existing PUC research staff will undertake the investigation into streamlining energy planning proceedings.

Other Agency Impacts

The Department of Revenue can absorb the workload impact from assessing fees on additional voice service providers, as the population is small. Any changes to rules for how investor-owned utility companies implement income-based energy assistance programs is similarly anticipated to be absorbable for the Department of Human Services.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1. These TABOR refund impacts occur from both continuing existing revenue and from increased revenue required to cover new costs under the bill. This estimate assumes the March 2026 LCS revenue forecast. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to conduct occurring on or after this date.

State Appropriations

The bill requires and includes appropriations to the PUC totaling $298,448, as follows:

- $223,448 from the Fixed Utility Fund and 1.6 FTE, with $49,688 reappropriated to the Department of Law with an additional 0.2 FTE; and
- $75,000 from the Motor Carriers Cash Fund.

State and Local Government Contacts

Colorado Energy Office

Counties

Governor

Human Services

Information Technology

Law

Municipal Utilities

Municipalities

Public Health and Environment

Regulatory Agencies

Revenue