



Legislative
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HB 18-1428

**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-0883
Prime Sponsors: Rep. Becker K.
Sen. Cooke

Date: June 26, 2018
Bill Status: Postponed Indefinitely
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Bill Topic: AUTHORIZE UTILITY COMMUNITY COLLABORATION CONTRACT

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill would have authorized local governments to enter into an energy and innovation collaboration agreement with an investor-owned utility and extended a related property tax exemption. It would have increased state revenue and expenditures on an ongoing basis, and decreased revenue to local governments.

Appropriation Summary: For FY 2018-19, the bill would have required an appropriation of \$67,498 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the reengrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under HB 18-1428**

		FY 2018-19	FY 2019-20
Revenue	General Fund	\$2,295	\$2,154
	Cash Funds	\$76,509	\$71,806
	Total	\$78,804	\$73,960
Expenditures	Cash Funds	\$67,498	\$62,795
	Centrally Appropriated	\$9,011	\$9,011
	Total	\$76,509	\$71,806
	Total FTE	0.6 FTE	0.6 FTE
Transfers		-	-
TABOR Refund	General Fund	\$78,804	\$73,960

Summary of Legislation

This bill authorizes the creation of an energy and innovation collaboration agreement between an investor-owned utility and the government of a city, county, town, or consolidated city and county served by that utility. This agreement is subject to approval by the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA), which is directed to ensure that safe and reliable service is maintained and that the utility's costs of complying with the agreement are paid for by the community and not imposed on other customers of the utility.

In addition, the bill increases the allowable size of a Community Solar Garden (CSG) from 2 megawatts to 5 megawatts.

Background

According to Xcel Energy's 2016 Renewable Energy Standard Report, there are 9 companies operating 77 CSG sites in 17 counties in the state.

State Revenue

Beginning in FY 2018-19, the bill will increase state revenue to the Fixed Utility Fund and to the General Fund to cover PUC expenditures.

Fixed Utility Fund. The bill will increase state revenue to the Fixed Utility Fund by \$76,509 in FY 2018-19 and \$71,806 in FY 2019-20 and ongoing. It will also increase state revenue to the General Fund by \$2,295 in FY 2018-19 and \$2,154 in FY 2019-20. The administrative costs incurred by the PUC as a result of the bill are paid from the Fixed Utility Fund (FUF). The FUF receives an annual assessment on the state's regulated utilities. Whenever additional expenses are incurred against the fund, the assessment must be raised to increase revenue to cover these expenses, plus credit 3 percent to the General Fund.

TABOR Refund

The bill increases state revenue from fees in FY 2018-19 and FY 2019-20, which will increase the amount of money required to be refunded under TABOR in those years. Since the bill primarily increases the TABOR refund obligation with a minimal corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by a similar amount.

State Expenditures

Beginning in FY 2018-19, the bill will increase state expenditures for the PUC in DORA from the Fixed Utility Fund by the amounts shown in Table 2 and discussed below.

**Table 2
Expenditures Under HB 18-1428**

	FY 2018-19	FY 2019-20
Department of Regulatory Agencies		
Personal Services	\$46,225	\$46,225
Operating Expenses and Capital Outlay Costs	\$5,273	\$570
Consulting Services	\$16,000	\$16,000
Centrally Appropriated Costs*	\$9,011	\$9,011
Total Cost	\$76,509	\$71,806
Total FTE	0.6 FTE	0.6 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Public Utilities Commission. Beginning in FY 2018-19, the PUC will require additional resources to implement the bill, assuming one joint application is filed per year. These resources consist of 0.3 FTE Rate and Financial Analyst; 0.2 FTE Administrative Law Judge; and 0.1 FTE Hearings Reporter. Additionally, the PUC will hire consultants with expertise in legal and governmental affairs, estimated to cost \$100 per hour for 100 hours per year.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$9,011 in FY 2018-19 and FY 2019-20.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 7, 2018.

State Appropriations

In FY 2018-19, the bill requires a cash fund appropriation of \$67,498 from the Fixed Utility Fund to the Department of Regulatory Agencies and an allocation of 0.6 FTE.

State and Local Government Contacts

Counties	Information Technology	Law
Municipalities	Property Tax Division	Regulatory Agencies
School Districts	Special Districts	