

**First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23-0876.02 Jennifer Berman x3286

**SENATE BILL 23-291**

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**SENATE SPONSORSHIP**

**Fenberg and Cutter,**

**HOUSE SPONSORSHIP**

**deGruy Kennedy and Martinez,**

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**Senate Committees**

Finance  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE PUBLIC UTILITIES COMMISSION'S REGULATION OF**  
102                    **ENERGY UTILITIES, AND, IN CONNECTION THEREWITH, MAKING**  
103                    **AN APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

**Section 1** of the bill requires the public utilities commission (commission), if relying on a discount rate when calculating the net present value of future fuel costs as part of a utility's electric resource plan, to apply a discount rate that does not exceed the long-term rate of inflation.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.*

**Section 2** requires the commission to establish mechanisms, guidelines, or rules to limit the amount of rate case expenses that an investor-owned electric or gas utility may recover from the utility's customers.

**Section 3** prohibits an investor-owned electric or gas utility from recovering various costs from its customers, including:

- More than 50% of annual total compensation or of expense reimbursement for a utility's board of directors;
- Tax penalties or fines issued against the utility;
- Certain advertising and public relations expenses;
- Lobbying and other expenses intended to influence the outcome of local, state, or federal legislation or ballot measures;
- Certain organizational and membership dues;
- Travel, lodging, food, or beverage expenses for the utility's board of directors and officers; and
- Gift or entertainment expenses.

If an investor-owned utility recovers prohibited costs, the commission is required to assess a nonrecoverable penalty against the utility in an amount that is not less than the total amount improperly recovered and order the utility to refund the amount improperly recovered to its customers, plus interest.

**Section 4** requires that, on or before November 1, 2023, an investor-owned gas utility file with the commission for the commission's approval, amendment, or denial a gas price risk management plan that includes proposals for addressing the volatility of fuel costs recovered from the utility's ratepayers.

**Section 4** requires the commission to adopt rules, on or before January 1, 2025, to:

- Help protect investor-owned gas utility customers from the volatility of gas prices by establishing a mechanism that aligns an investor-owned utility's financial incentives with the financial interests of its customers; and
- Establish a mechanism to create a financial incentive for an investor-owned utility to improve its electricity production cost efficiency while minimizing its fuel costs.

As part of its rules, the commission may also consider requiring each investor-owned electric utility to bear a percentage of its total fuel costs in order to incentivize the utility to find efficiencies and reduce fuel waste.

**Section 4** also requires the commission to open a proceeding to investigate the extent to which residential and other development in certain geographic areas drive natural gas infrastructure costs for any natural gas utility that serves more than 500,000 customers in the state.

**Section 5** requires:

- On or before December 31, 2023, each regulated gas utility to remove from the utility's rate tariffs any incentives offered to an applicant applying for natural gas service to establish gas service to a property;
- The Colorado energy office to contract with an independent third party, on or before July 1, 2024, to evaluate the risk that stranded or underutilized natural gas infrastructure investments pose and the annual projected rate impact that such stranded assets have on ratepayers;
- The commission to determine whether any changes to rules or depreciation schedules are warranted based on its review of the evaluation contracted by the Colorado energy office;
- An investor-owned gas utility to provide the commission information, including a map, about the utility's gas distribution system pipes;
- An investor-owned gas utility to refrain from penalizing or charging a fee to a customer that voluntarily terminates gas service. The commission may adopt rules to establish standards for a customer's voluntary disconnection from an investor-owned gas utility's gas distribution system.
- On or before July 1, 2024, the commission to examine existing investor-owned electric utility tariffs, policies, and practices to determine if the tariffs, policies, and practices pose a barrier to the beneficial electrification of buildings with respect to charges imposed for the cost of transformer or service upgrades.

**Section 6** authorizes the commission to allow a wholesale customer of an investor-owned utility to intervene in a proceeding regarding the commission's consideration of the investor-owned utility's application for cost recovery from customers.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, **add** 40-2-138 as  
 3 follows:

4           **40-2-138. Investor-owned utility electric resource planning -**  
 5 **maximum discount rate authorized.** IF THE COMMISSION RELIES ON THE  
 6 USE OF A DISCOUNT RATE WHEN CALCULATING NET PRESENT VALUE OF  
 7 FUTURE FUEL COSTS IN AN ELECTRIC RESOURCE PLAN, THE DISCOUNT RATE  
 8 MUST NOT EXCEED THE LONG-TERM RATE OF INFLATION, AS DETERMINED

1 BY THE COMMISSION.

2 **SECTION 2.** In Colorado Revised Statutes, **add** 40-3-102.5 as  
3 follows:

4 **40-3-102.5. Limiting rate case expenses for investor-owned**  
5 **utilities - information included in rate case filings - gas cost or electric**  
6 **commodity adjustment filings - definitions. (1) Limiting recovery of**

7 **rate case expenses. (a)** THE COMMISSION SHALL ESTABLISH  
8 MECHANISMS, GUIDELINES, OR RULES TO LIMIT THE AMOUNT OF RATE CASE  
9 EXPENSES THAT A UTILITY MAY RECOVER FROM RATEPAYERS. IN  
10 ESTABLISHING THE MECHANISMS, GUIDELINES, OR RULES, THE COMMISSION  
11 MAY CONSIDER:

12 (I) IMPLEMENTING A SYMMETRICAL INCENTIVE TO MOTIVATE THE  
13 UTILITY TO LIMIT EXPENSES;

14 (II) LIMITING THE AMOUNT OF EXPENSES FOR OUTSIDE EXPERTS,  
15 CONSULTANTS, AND LEGAL RESOURCES THAT ARE RECOVERABLE;

16 (III) ESTABLISHING WHAT INFORMATION IN A COMMISSION  
17 PROCEEDING MUST BE AUTOMATICALLY DISCLOSED TO INTERVENERS OR  
18 TO THE COMMISSION TO REDUCE TIME AND COSTS ASSOCIATED WITH A  
19 LENGTHY DISCOVERY PROCESS, WHICH INFORMATION MAY INCLUDE:

20 (A) A SOURCE MODEL SHOWING ALL RATE ADJUSTMENTS;

21 (B) EXECUTABLE SPREADSHEETS, ALSO REFERRED TO AS  
22 WORKPAPERS, WITH LINKS AND FORMULAS INTACT;

23 (C) A TEST YEAR BASED ON A RECENTLY COMPLETED  
24 TWELVE-MONTH PERIOD AND FOR WHICH ACTUAL COSTS AND  
25 INVESTMENTS ARE ANALYZED; AND

26 (D) ANY OTHER INFORMATION OR DOCUMENTATION, AS  
27 DETERMINED BY THE COMMISSION; OR

1 (IV) REQUIRING A TECHNICAL CONFERENCE WITH INTERVENING  
2 PARTIES TO ADDRESS INTERVENING PARTIES' QUESTIONS AND TO PROVIDE  
3 THE ABILITY FOR INTERVENERS TO ANALYZE THE UTILITY'S ASSUMPTIONS  
4 AND CALCULATIONS SUPPORTING A RATE CASE FILING.

5 (b) AS USED IN THIS SUBSECTION (1):

6 (I) "TEST YEAR" MEANS A TWELVE-MONTH PERIOD THAT IS  
7 EXAMINED TO DETERMINE A UTILITY'S COSTS OF SERVICE IN A RATE CASE.

8 (II) "UTILITY" MEANS AN INVESTOR-OWNED ELECTRIC OR GAS  
9 UTILITY.

10 (2) **Requirements for filings to increase a rate, charge, fee,**  
11 **fare, toll, rental, or classification.** (a) AT THE TIME OF FILING A REQUEST  
12 TO INCREASE ANY RATE, CHARGE, FEE, FARE, TOLL, RENTAL, OR  
13 CLASSIFICATION, THE UTILITY SHALL PROVIDE THE COMMISSION A RATE  
14 TREND REPORT FOR THE PREVIOUS TEN YEARS REGARDING ANY  
15 HISTORICAL INCREASES OR DECREASES OF THE RATE, CHARGE, FEE, FARE,  
16 TOLL, RENTAL, OR CLASSIFICATION, INCLUDING:

17 (I) THE AMOUNT OF EACH APPROVED INCREASE OR DECREASE;

18 (II) THE INCREMENTAL INCREASE OR DECREASE FROM THE MOST  
19 RECENT APPROVED CHANGE;

20 (III) THE DATES THAT EACH APPROVED INCREASE OR DECREASE  
21 WENT INTO EFFECT;

22 (IV) THE PROCEEDING NUMBER RELATED TO EACH APPROVED  
23 INCREASE OR DECREASE;

24 (V) A CHART, GRAPH, OR OTHER VISUALIZATION DEMONSTRATING  
25 THE TEN-YEAR HISTORICAL TREND REGARDING EACH RATE, CHARGE, FEE,  
26 FARE, TOLL, RENTAL, OR CLASSIFICATION, INCLUDING ALL UTILITY BILL  
27 LINE ITEMS SUCH AS RATES AND RATE RIDERS; AND

1 (VI) FOR EACH OF THE TEN YEARS, THE ANNUAL TOTAL AMOUNT  
2 OF THE RATE, CHARGE, FEE, FARE, TOLL, RENTAL, OR CLASSIFICATION.

3 (b) EACH UTILITY SHALL POST AND KEEP CURRENT ON ITS WEBSITE  
4 THE RATE TREND REPORT DATA, INCLUDING THE CHART, GRAPH, OR OTHER  
5 VISUALIZATION DEMONSTRATING THE TEN-YEAR HISTORICAL TREND  
6 SUBMITTED AS PART OF THE RATE TREND REPORT. ANY VISUALIZATION  
7 MUST INCLUDE ALL UTILITY BILL LINE ITEMS, INCLUDING ALL RATES AND  
8 RATE RIDERS.

9 (3) **Gas cost or electric commodity adjustment filing**  
10 **requirements.** A UTILITY THAT FILES A GAS COST ADJUSTMENT FILING OR  
11 AN ELECTRIC COMMODITY ADJUSTMENT FILING SHALL PROVIDE COPIES OF  
12 ALL CONFIDENTIAL MATERIALS AND ALL EXECUTABLE MATERIALS  
13 RELATED TO THE FILING TO THE COMMISSION'S STAFF AND THE OFFICE OF  
14 THE UTILITY CONSUMER ADVOCATE CREATED IN SECTION 40-6.5-102 (1).

15 **SECTION 3.** In Colorado Revised Statutes, **amend** 40-3-114 as  
16 follows:

17 **40-3-114. Cost recovery - prohibitions - penalties - definitions.**

18 (1) The commission shall ensure that regulated electric and gas utilities  
19 do not use ratepayer funds to subsidize nonregulated activities.

20 (2) A UTILITY SHALL NOT RECOVER THE FOLLOWING COSTS FROM  
21 ITS CUSTOMERS, WHETHER AS PART OF PROPOSED BASE RATE COSTS, A  
22 RIDER, OR OTHER CHARGES:

23 (a) MORE THAN FIFTY PERCENT OF ANNUAL TOTAL COMPENSATION  
24 OR OF EXPENSE REIMBURSEMENT FOR MEMBERS OF THE BOARD OF  
25 DIRECTORS OF THE UTILITY;

26 (b) TAX PENALTIES OR FINES ISSUED AGAINST THE UTILITY;

27 (c) INVESTOR-RELATION EXPENSES;

1 (d) ADVERTISING AND PUBLIC RELATIONS EXPENSES THAT DO NOT  
2 DIRECTLY RELATE TO A PURPOSE OR PROGRAM THAT IS REQUIRED OR  
3 AUTHORIZED UNDER STATUTE OR COMMISSION RULE OR ORDER.  
4 ADVERTISING AND PUBLIC RELATIONS EXPENSES FOR WHICH COST  
5 RECOVERY IS PROHIBITED INCLUDE:

6 (I) COMMUNICATIONS TO PROMOTE OR IMPROVE THE UTILITY'S  
7 BRAND;

8 (II) EXPENSES FOR THE PURPOSE OF INFLUENCING PUBLIC OPINION  
9 ABOUT THE UTILITY; AND

10 (III) EXPENSES INTENDED TO CREATE GOOD WILL TOWARD THE  
11 UTILITY FROM THE GENERAL PUBLIC.

12 (e) EXPENSES FOR LOBBYING OR OTHER ACTIVITIES MEANT TO  
13 INFLUENCE THE OUTCOME OF ANY LOCAL, STATE, OR FEDERAL  
14 LEGISLATION, ORDINANCE, RESOLUTION, OR BALLOT MEASURE;

15 (f) CHARITABLE GIVING EXPENSES, INCLUDING CONTRIBUTIONS TO  
16 ORGANIZATIONS QUALIFIED UNDER SECTION 501 (c)(3) OR 501 (c)(4) OF  
17 THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 26 U.S.C. SEC. 501,  
18 AS AMENDED;

19 (g) ORGANIZATIONAL OR MEMBERSHIP DUES, OR OTHER  
20 CONTRIBUTIONS, TO ANY ORGANIZATION, ASSOCIATION, INSTITUTION,  
21 CORPORATION, OR OTHER ENTITY THAT ENGAGES IN LOBBYING OR OTHER  
22 SIMILAR ACTIVITIES INTENDED TO INFLUENCE THE OUTCOME OF ANY  
23 LOCAL, STATE, OR FEDERAL LEGISLATION, ORDINANCE, RESOLUTION, RULE,  
24 BALLOT MEASURE, OR OTHER REGULATORY DECISION;

25 (h) CONTRIBUTIONS TO POLITICAL CANDIDATES, CAMPAIGN  
26 COMMITTEES, ISSUE COMMITTEES, OR INDEPENDENT EXPENDITURE  
27 COMMITTEES OR SIMILAR POLITICAL EXPENSES;

1 (i) TRAVEL, LODGING, FOOD, AND BEVERAGE EXPENSES FOR THE  
2 UTILITY'S BOARD OF DIRECTORS AND OFFICERS;

3 (j) ENTERTAINMENT OR GIFT EXPENSES;

4 (k) EXPENSES RELATED TO ANY OWNED, LEASED, OR CHARTERED  
5 AIRCRAFT FOR THE UTILITY'S BOARD OF DIRECTORS AND OFFICERS; OR

6 (l) EXPENSES RELATED TO MARKETING AND ADMINISTRATION OR  
7 CUSTOMER SERVICE FOR UNREGULATED PRODUCTS OR SERVICES PROVIDED  
8 OR SOLD BY THE UTILITY OR THE UTILITY'S AFFILIATES.

9 (3) (a) NOTWITHSTANDING PENALTIES SET FORTH IN ARTICLE 7 OF  
10 THIS TITLE 40, IF THE COMMISSION DETERMINES THAT A UTILITY  
11 IMPROPERLY RECOVERED COSTS PURSUANT TO SUBSECTION (2) OF THIS  
12 SECTION, THE COMMISSION SHALL ASSESS A NONRECOVERABLE PENALTY  
13 AGAINST THE UTILITY IN AN AMOUNT THAT IS NOT LESS THAN THE TOTAL  
14 AMOUNT OF COSTS IMPROPERLY RECOVERED UNDER SUBSECTION (2) OF  
15 THIS SECTION.

16 (b) IN ADDITION TO ASSESSING A NONRECOVERABLE PENALTY  
17 AGAINST A UTILITY PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION, THE  
18 COMMISSION SHALL ORDER THE UTILITY TO REFUND THE AMOUNT  
19 IMPROPERLY RECOVERED PURSUANT TO SUBSECTION (2) OF THIS SECTION,  
20 PLUS INTEREST, TO CUSTOMERS.

21 (4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
22 REQUIRES:

23 (a) (I) "ADVERTISING" MEANS THE ACT OF PUBLISHING,  
24 DISSEMINATING, SOLICITING, OR CIRCULATING WRITTEN, ONLINE, VIDEO,  
25 OR AUDIO COMMUNICATION INTENDED TO INDUCE A PERSON TO PATRONIZE  
26 A PRODUCT, SERVICE, BUSINESS, OR INDUSTRY; PROMOTE A BUSINESS'S  
27 BRAND; OTHERWISE EMPHASIZE DESIRABLE QUALITIES ABOUT A PRODUCT,



1 SERVICE, BUSINESS, OR INDUSTRY; OR INFLUENCE PUBLIC OPINION WITH  
2 RESPECT TO LEGISLATIVE, ADMINISTRATIVE, OR ELECTORAL MATTERS.

3 (II) "ADVERTISING" DOES NOT INCLUDE:

4 (A) ADVERTISING REQUIRED OR AUTHORIZED BY LAW,  
5 REGULATION, OR ORDER;

6 (B) ADVERTISING DIRECTLY RELATED TO A PURPOSE OR PROGRAM  
7 REGARDING INCOME-BASED SERVICE, SPECIAL RATES, PILOT PROGRAMS,  
8 ENERGY CONSERVATION, ENERGY EFFICIENCY, BENEFICIAL  
9 ELECTRIFICATION, RENEWABLE ENERGY, TRANSPORTATION  
10 ELECTRIFICATION, OR OTHER CONSUMER EDUCATION INFORMATION;

11 (C) ADVERTISING REGARDING SERVICE INTERRUPTIONS, SAFETY  
12 MEASURES, OR EMERGENCY CONDITIONS; OR

13 (D) ADVERTISING CONCERNING EMPLOYMENT OPPORTUNITIES  
14 WITH THE UTILITY.

15 (b) "AIRCRAFT" HAS THE MEANING SET FORTH IN SECTION  
16 41-2-101 (1).

17 (c) "BASE RATE" HAS THE MEANING SET FORTH IN SECTION  
18 40-3-102.5 (1)(a).

19 (d) "ELECTRIC UTILITY" MEANS AN INVESTOR-OWNED ELECTRIC  
20 UTILITY IN THE STATE.

21 (e) "EXPENSES" MEANS ANY PAYMENT MADE IN THE FORM OF  
22 COMPENSATION THAT A UTILITY PAYS TO AN EXTERNAL FIRM, A  
23 CORPORATE AFFILIATE, OR AN EMPLOYEE OF THE UTILITY.

24 (f) "GAS UTILITY" MEANS AN INVESTOR-OWNED GAS UTILITY IN  
25 THE STATE.

26 (g) "LOBBYING" MEANS DIRECTLY, OR THROUGH THE SOLICITATION  
27 OF OTHERS, COMMUNICATING WITH A PERSON THAT IS IN A POSITION TO

1 MAKE A POLICY DECISION IN ORDER TO INFLUENCE THE OUTCOME OF  
2 LOCAL, STATE, OR FEDERAL LEGISLATION.

3 (h) "RATE CASE" MEANS A FORMAL HEARING OF THE COMMISSION  
4 TO DETERMINE IF THE BASE RATES OF AN ELECTRIC UTILITY OR GAS  
5 UTILITY ARE JUST AND REASONABLE PURSUANT TO SECTION 40-3-101.

6 (i) "RIDER" MEANS A CHARGE ADDED TO A UTILITY BILL TO  
7 RECOVER A SPECIFIC COST THAT IS NOT PART OF THE BASE RATE.

8 (j) "UTILITY" MEANS AN INVESTOR-OWNED ELECTRIC UTILITY OR  
9 GAS UTILITY IN THE STATE.

10 **SECTION 4.** In Colorado Revised Statutes, **add** 40-3-120 and  
11 40-3-121 as follows:

12 **40-3-120. Fuel cost sharing - gas utilities- electric utilities -**  
13 **rules.** (1) (a) ON OR BEFORE NOVEMBER 1, 2023, AN INVESTOR-OWNED  
14 GAS UTILITY SHALL FILE WITH THE COMMISSION A GAS PRICE RISK  
15 MANAGEMENT PLAN THAT INCLUDES PROPOSALS FOR LEVELING OR  
16 REDUCING THE VOLATILITY OF FUEL COSTS THAT ARE RECOVERED  
17 PURSUANT TO AN ANNUAL GAS COST ADJUSTMENT FILING. SUCH PLAN  
18 MUST INCLUDE A MAXIMUM PER-MONTH FUEL COST THAT ACCOUNTS FOR  
19 PRICE FLUCTUATIONS BASED ON SEASONALITY AND CAN BE  
20 AUTOMATICALLY RECOVERED THROUGH THE GAS COST ADJUSTMENT  
21 MECHANISM.

22 (b) THE COMMISSION MAY ALLOW ANY COSTS ABOVE THE  
23 MAXIMUM MONTHLY FUEL COST INCLUDED IN AN INVESTOR-OWNED GAS  
24 UTILITY'S PLAN PURSUANT TO SUBSECTION (1)(a) OF THIS SECTION TO BE  
25 RECORDED IN A DEFERRED BALANCE THAT IS RECOVERABLE AND  
26 AMORTIZED OVER AN APPROPRIATE TIMELINE, AS DETERMINED BY THE  
27 COMMISSION.

1 (c) THE COMMISSION SHALL APPROVE, AMEND, OR DENY A PLAN  
2 SUBMITTED PURSUANT TO THIS SUBSECTION (1) BASED ON A  
3 DETERMINATION OF THE BEST INTERESTS OF A UTILITY'S RATEPAYERS.

4 (2) (a) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL  
5 ADOPT RULES TO ESTABLISH A MECHANISM TO ALIGN THE FINANCIAL  
6 INCENTIVES OF AN INVESTOR-OWNED GAS UTILITY WITH ITS CUSTOMERS  
7 REGARDING INCURRED GAS COSTS THAT ARE SHARED BETWEEN THE  
8 UTILITY AND ITS CUSTOMERS.

9 (b) THE MECHANISM ESTABLISHED BY RULE PURSUANT TO  
10 SUBSECTION (2)(a) OF THIS SECTION:

11 (I) MUST:

12 (A) ALLOCATE AN AMOUNT OF FUEL PRICE RISK TO THE UTILITY,  
13 SUBJECT TO REASONABLE PARAMETERS, AS DETERMINED BY THE  
14 COMMISSION;

15 (B) BE DESIGNED TO PROTECT CUSTOMERS FROM THE VOLATILITY  
16 OF THE UTILITY'S COMMODITY PURCHASES; AND

17 (C) BE DESIGNED TO IMPROVE THE UTILITY'S MANAGEMENT OF GAS  
18 COSTS; AND

19 (II) MAY PROVIDE AN INCENTIVE TO THE UTILITY FOR ACTIONS  
20 TAKEN TO AVOID COSTLY INCREASES ARISING FROM SWINGS IN THE GAS  
21 PRICE MARKET.

22 (3) (a) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL  
23 ADOPT RULES TO ESTABLISH A MECHANISM THAT CREATES A FINANCIAL  
24 INCENTIVE FOR AN INVESTOR-OWNED UTILITY TO IMPROVE ELECTRICITY  
25 PRODUCTION COST EFFICIENCY WHILE MINIMIZING FUEL COSTS.

26 (b) IN ADOPTING THE RULES, THE COMMISSION SHALL CONSIDER  
27 INCLUDING:

1 (I) A REQUIREMENT THAT EACH INVESTOR-OWNED ELECTRIC  
2 UTILITY BEAR A PERCENTAGE OF THE TOTAL FUEL COSTS IN ORDER TO  
3 INCENTIVIZE THE UTILITY TO FIND EFFICIENCIES, REDUCE FUEL WASTE, AND  
4 IMPROVE PURCHASING PROGRAMS THAT RESULT IN OVERALL FUEL COST  
5 SAVINGS FOR THE UTILITY'S RATEPAYERS; AND

6 (II) A RISK-MANAGEMENT MECHANISM THAT SYMMETRICALLY  
7 ALLOCATES AN AMOUNT OF FUEL PRICE RISK TO THE UTILITY, SUBJECT TO  
8 REASONABLE PARAMETERS, INCLUDING:

9 (A) A RANGE OF OUTCOMES WITHIN WHICH NO RISK SHARING  
10 OCCURS; AND

11 (B) A CAP ON ANY INCENTIVE OR PENALTY THAT RESULTS FROM  
12 THE RISK-MITIGATION MECHANISM.

13 **40-3-121. Natural gas cost causation study - commission**  
14 **proceeding - reporting - repeal.** (1) (a) WITHIN SIXTY DAYS AFTER THE  
15 COMMISSION ISSUES A FINAL, NONAPPEALABLE DECISION REGARDING THE  
16 FIRST CLEAN HEAT PLAN FILED PURSUANT TO SECTION 40-3.2-108 BY A  
17 NATURAL GAS UTILITY THAT SERVES MORE THAN FIVE HUNDRED  
18 THOUSAND CUSTOMERS, THE COMMISSION SHALL OPEN A PROCEEDING TO  
19 INVESTIGATE WHETHER AND HOW RESIDENTIAL DEVELOPMENT AND OTHER  
20 DEVELOPMENT IN CERTAIN GEOGRAPHIC AREAS DRIVE NATURAL GAS  
21 INFRASTRUCTURE COSTS FOR ANY NATURAL GAS UTILITY THAT SERVES  
22 MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS IN THE STATE,  
23 PARTICULARLY WITH REGARD TO THE IMPACT THAT THE DEVELOPMENT  
24 HAS ON NONPARTICIPATING INCOME-QUALIFIED CUSTOMERS.

25 (b) THE PROCEEDING MUST IDENTIFY SPECIFIC, NEW LARGE  
26 NATURAL GAS INFRASTRUCTURE INVESTMENTS AND, FOR EACH  
27 INVESTMENT IDENTIFIED, DETERMINE THE EXTENT TO WHICH NEW

1 RESIDENTIAL DEVELOPMENT OR OTHER DEVELOPMENT BY A GEOGRAPHIC  
2 AREA IS DISPROPORTIONATELY NECESSITATING THAT INVESTMENT.

3 (c) THE PROCEEDING MUST INCLUDE A CALCULATION OF THE  
4 BENEFITS AND COSTS OF THE GROWTH IN NEW RESIDENTIAL DEVELOPMENT  
5 AND OTHER DEVELOPMENT TO BOTH THE NATURAL GAS UTILITY  
6 CUSTOMERS FOR WHOM THE INFRASTRUCTURE INVESTMENT IS BEING MADE  
7 AND NONPARTICIPATING RETAIL AND WHOLESALE NATURAL GAS UTILITY  
8 CUSTOMERS, PARTICULARLY THOSE NONPARTICIPATING CUSTOMERS WHO  
9 ARE INCOME-QUALIFIED CUSTOMERS.

10 (2) ON OR BEFORE MARCH 1, 2024, THE COMMISSION SHALL HOLD  
11 A HEARING FOR PUBLIC COMMENT TO CONSIDER THE INFORMATION  
12 GATHERED DURING THE COMMISSION'S INVESTIGATION AND DETERMINE  
13 WHETHER A NATURAL GAS UTILITY SERVING MORE THAN FIVE HUNDRED  
14 THOUSAND CUSTOMERS IN THE STATE SHOULD IDENTIFY ALTERNATIVE  
15 COST-RECOVERY MECHANISMS TO MORE FAIRLY ALLOCATE ANY  
16 DISPROPORTIONATE SYSTEM INFRASTRUCTURE COSTS RESULTING FROM  
17 NEW DEVELOPMENT IN CERTAIN GEOGRAPHIC AREAS.

18 (3) ON OR BEFORE DECEMBER 1, 2024, THE COMMISSION SHALL  
19 ISSUE A DECISION, AND SUBMIT COPIES OF THE DECISION TO THE MEMBERS  
20 OF THE GENERAL ASSEMBLY, TO DETERMINE WHETHER:

21 (a) ANY DISPROPORTIONATE NATURAL GAS COSTS RESULT FROM  
22 NEW DEVELOPMENT IN CERTAIN GEOGRAPHIC AREAS; AND

23 (b) ANY ALTERNATIVE COST-RECOVERY MECHANISM COULD  
24 BETTER ALLOCATE COSTS IN A MANNER THAT TAKES INTO CONSIDERATION  
25 THE IMPACT THAT THE SYSTEM INFRASTRUCTURE COSTS HAVE ON  
26 NONPARTICIPATING INCOME-QUALIFIED CUSTOMERS.

27 (4) IF THE COMMISSION DETERMINES THAT NEW DEVELOPMENT IS

1 UNFAIRLY AND DISPROPORTIONATELY CAUSING A NATURAL GAS UTILITY  
2 SERVING MORE THAN FIVE HUNDRED THOUSAND CUSTOMERS IN THE STATE  
3 TO INCUR LARGE INFRASTRUCTURE COSTS, THE COMMISSION SHALL DIRECT  
4 THE NATURAL GAS UTILITY TO TAKE ACTIONS THAT THE COMMISSION  
5 DEEMS APPROPRIATE.

6 (5) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2025.

7 **SECTION 5.** In Colorado Revised Statutes, **add** 40-3.2-104.3,  
8 40-3.2-104.4, 40-3.2-104.5, and 40-3.2-104.6 as follows:

9 **40-3.2-104.3. Eliminating incentives for gas service to**  
10 **properties - gas line extension allowances - exemptions - definitions.**

11 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
12 REQUIRES:

13 (a) "APPLICANT" MEANS A PERSON THAT REQUESTS NATURAL GAS  
14 SERVICE AND THAT OWNS THE REAL PROPERTY REQUIRING THE SERVICE.  
15 "APPLICANT" INCLUDES A DEVELOPER, BUILDER, LEGAL ENTITY, OR OTHER  
16 PERSON THAT HAS LEGAL AUTHORITY OVER THE PROPERTY.

17 (b) "GAS UTILITY" MEANS A GAS UTILITY THAT THE COMMISSION  
18 REGULATES WITH RESPECT TO RATES AND CHARGES.

19 (c) "LINE EXTENSION ALLOWANCE" MEANS A BUNDLE OF COSTS  
20 THAT INCLUDES CONSTRUCTION ALLOWANCES FOR NEW SERVICE LINES,  
21 METERS, AND OTHER INFRASTRUCTURE ASSOCIATED WITH THE ADDITION  
22 OF A NEW CUSTOMER TO A GAS UTILITY'S DISTRIBUTION SYSTEM.

23 (2) (a) A GAS UTILITY SHALL NOT PROVIDE AN APPLICANT AN  
24 INCENTIVE, INCLUDING A LINE EXTENSION ALLOWANCE, TO ESTABLISH GAS  
25 SERVICE TO A PROPERTY.

26 (b) ON OR BEFORE DECEMBER 31, 2023, EACH GAS UTILITY SHALL  
27 FILE WITH THE COMMISSION AN UPDATED TARIFF TO REFLECT THE

1 REMOVAL OF ANY INCENTIVES FOR AN APPLICANT TO ESTABLISH GAS  
2 SERVICE TO A PROPERTY.

3 (c) NOTWITHSTANDING SUBSECTION (2)(b) OF THIS SECTION, A  
4 UTILITY MAY EXEMPT FROM THE UPDATED TARIFF ANY APPLICANT THAT:

5 (I) HAS ALREADY SUBMITTED AN APPLICATION THAT HAS BEEN  
6 APPROVED OR IS PENDING AS OF THE EFFECTIVE DATE OF THIS SECTION; OR

7 (II) CAN DEMONSTRATE OR ATTEST THAT THE APPLICANT HAS  
8 SUBMITTED A PERMIT APPLICATION TO THE LOCAL GOVERNMENT WITH  
9 PERMITTING AUTHORITY IN THE LOCATION OF THE PROPERTY AND THAT  
10 THE APPLICATION IS EITHER APPROVED OR PENDING AS OF THE EFFECTIVE  
11 DATE OF THIS SECTION.

12 **40-3.2-104.4. Colorado energy office gas investment asset**  
13 **depreciation study - third-party evaluation - commission rules.**

14 (1) (a) ON OR BEFORE JULY 1, 2024, THE COLORADO ENERGY OFFICE  
15 CREATED IN SECTION 24-38.5-101 (1) SHALL CONTRACT WITH AN  
16 INDEPENDENT THIRD PARTY TO EVALUATE THE RISK OF STRANDED OR  
17 UNDERUTILIZED NATURAL GAS INFRASTRUCTURE INVESTMENTS AND THE  
18 ANNUAL PROJECTED RATE IMPACT ON RATEPAYERS.

19 (b) THE EVALUATION MUST TAKE INTO ACCOUNT:

20 (I) ANY PROJECTED DECLINE IN GAS SALES;

21 (II) THE DECLINE IN THE NUMBER OF GAS CUSTOMERS; AND

22 (III) MEASURES TO ACHIEVE THE GREENHOUSE GAS EMISSION  
23 REDUCTION GOALS SET FORTH IN SECTION 25-7-102 (2)(g).

24 (2) AFTER THE INDEPENDENT THIRD-PARTY EVALUATION  
25 DESCRIBED IN SUBSECTION (1) OF THIS SECTION IS COMPLETED, THE  
26 COLORADO ENERGY OFFICE SHALL SUBMIT A WRITTEN COPY OF THE  
27 FINDINGS AND CONCLUSIONS OF THE EVALUATION TO THE COMMISSION.

1 THE COMMISSION SHALL REVIEW THE EVALUATION AND CONSIDER  
2 WHETHER ANY CHANGES TO RULES OR DEPRECIATION SCHEDULES ARE  
3 WARRANTED.

4 (3)(a) AN INVESTOR-OWNED GAS UTILITY SHALL PROVIDE AS PART  
5 OF ANY GAS INFRASTRUCTURE PLAN, OR AS OTHERWISE DIRECTED BY THE  
6 COMMISSION, A MAP SHOWING SYSTEM-WIDE LOCATIONS, AGES, AND  
7 MATERIALS OR TYPES OF GAS DISTRIBUTION SYSTEM PIPES, CONSISTENT  
8 WITH 49 CFR 191 AND SECTION 40-2-115 (1)(d).

9 (b) AS PART OF THE FILING, THE INVESTOR-OWNED GAS UTILITY  
10 SHALL ALSO PROVIDE INFORMATION ABOUT PIPES THAT MAY NEED TO BE  
11 UPGRADED OR REPLACED WITHIN TEN YEARS AFTER THE DATE THAT THE  
12 UTILITY FILES THE PLAN, UNLESS OTHERWISE DIRECTED BY THE  
13 COMMISSION.

14 (c) THE COMMISSION SHALL ENSURE THAT THE CONTENT OF THE  
15 MAP PROVIDED TO THE COMMISSION AND SHARING PROCEDURES ARE IN  
16 COMPLIANCE WITH THE PARAMETERS RELATED TO CRITICAL  
17 INFRASTRUCTURE REPORTING STANDARDS OF THE CALIFORNIA INSTITUTE  
18 FOR ENERGY AND ENVIRONMENT, OR ITS SUCCESSOR ORGANIZATION, AND  
19 THE SAFETY AND SYSTEM INTEGRITY STANDARDS OF THE AMERICAN  
20 PETROLEUM INSTITUTE, OR ITS SUCCESSOR ORGANIZATION.

21 **40-3.2-104.5. Customer disconnection from investor-owned**  
22 **gas utility service - rules.** (1) AN INVESTOR-OWNED GAS UTILITY SHALL  
23 NOT PENALIZE OR CHARGE A FEE TO A CUSTOMER THAT VOLUNTARILY  
24 TERMINATES GAS SERVICE. ONCE A CUSTOMER HAS TERMINATED THE  
25 INVESTOR-OWNED UTILITY'S GAS SERVICE, THE UTILITY SHALL NOT  
26 CONTINUE TO CHARGE THE CUSTOMER ANY FEES. ANY COSTS ASSOCIATED  
27 WITH TERMINATION SHALL BE CONSIDERED PART OF GENERAL



1 DISTRIBUTION SYSTEM INVESTMENTS AND ARE ELIGIBLE FOR COST  
2 RECOVERY.

3 (2) THE COMMISSION MAY ADOPT RULES TO ESTABLISH  
4 STANDARDS FOR A CUSTOMER'S VOLUNTARY DISCONNECTION FROM AN  
5 INVESTOR-OWNED GAS UTILITY'S GAS DISTRIBUTION SYSTEM. IF THE  
6 COMMISSION ADOPTS THE DISCONNECTION RULES, THE COMMISSION MUST  
7 CONSIDER:

8 (a) THE HEALTH AND SAFETY RISKS RELATED TO THE CUSTOMER  
9 NO LONGER USING THE GAS DISTRIBUTION SYSTEM;

10 (b) THE COST EFFECTIVENESS OF THE METHOD OF DISCONNECTION;

11 (c) THE USE OF, OR REQUIRING THE INSTALLATION OF, SHUT-OFF  
12 VALVES OR PIPELINE CAPS AS AN OPTION IN LIEU OF POTENTIALLY MORE  
13 COST-PROHIBITIVE EXCAVATION OR CONSTRUCTION ACTIVITIES TO  
14 REMOVE EXISTING GAS INFRASTRUCTURE; AND

15 (d) ANY OTHER CONSIDERATION THAT THE COMMISSION DEEMS  
16 APPROPRIATE.

17 (3) ON OR BEFORE DECEMBER 31, 2023, EACH INVESTOR-OWNED  
18 UTILITY SHALL FILE A TARIFF WITH THE COMMISSION TO SPECIFY  
19 CUSTOMER CHARGES, TERMS, AND CONDITIONS THAT APPLY WHEN A  
20 CUSTOMER VOLUNTARILY SEEKS TO DISCONNECT FROM THE GAS  
21 DISTRIBUTION SYSTEM OR TERMINATE GAS SERVICE.

22 **40-3.2-104.6. Commission study on beneficial electrification -**  
23 **repeal.** (1) ON OR BEFORE JULY 1, 2024, THE COMMISSION SHALL  
24 COMPLETE A STUDY EXAMINING EXISTING INVESTOR-OWNED ELECTRIC  
25 UTILITY TARIFFS AND INTERCONNECTION POLICIES AND PRACTICES TO  
26 DETERMINE:

27 (a) IF THE TARIFFS, POLICIES, AND PRACTICES POSE A BARRIER TO

1 THE BENEFICIAL ELECTRIFICATION OF BUILDINGS AND THE OFFSETTING OF  
2 THAT ENERGY USE WITH DISTRIBUTED GENERATION; AND

3 (b) WHETHER REQUIRING A CUSTOMER THAT SEEKS TO  
4 INTERCONNECT A DISTRIBUTED GENERATION RESOURCE TO AN  
5 INVESTOR-OWNED UTILITY'S ELECTRIC GRID FOR THE PURPOSE OF  
6 BENEFICIAL ELECTRIFICATION OF BUILDINGS TO BEAR THE FULL  
7 INCREMENTAL COST OF TRANSFORMER OR SERVICE UPGRADES NEEDED TO  
8 INTERCONNECT THE RESOURCE IMPOSES AN UNDUE BURDEN ON THE  
9 CUSTOMER.

10 (2) IN CONDUCTING THE STUDY PURSUANT TO SUBSECTION (1) OF  
11 THIS SECTION, THE COMMISSION SHALL CONSIDER WHETHER TO DIRECT:

12 (a) AN INVESTOR-OWNED ELECTRIC UTILITY TO ALLOCATE ALL OR  
13 SOME OF THE COST OF TRANSFORMER OR SERVICE UPGRADES AS PART OF  
14 THE UTILITY'S INVESTMENT IN ITS DISTRIBUTION SYSTEM; AND

15 (b) THAT AN INVESTOR-OWNED ELECTRIC UTILITY MAKE CHANGES  
16 TO ITS DISTRIBUTION SYSTEM PLANNING PROCESS IN ORDER TO BETTER  
17 PLAN FOR AND ACCOMMODATE FUTURE BENEFICIAL ELECTRIFICATION AND  
18 DISTRIBUTED GENERATION INVESTMENTS.

19 (3) UPON COMPLETION OF THE STUDY, THE COMMISSION SHALL  
20 POST WRITTEN FINDINGS AND CONCLUSIONS FROM THE STUDY ON THE  
21 COMMISSION'S WEBSITE.

22 (4) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2025.

23 **SECTION 6.** In Colorado Revised Statutes, 40-6-109, **amend** (1)  
24 as follows:

25 **40-6-109. Hearings - orders - record - review - representation**  
26 **of entities in nonadjudicatory proceedings.** (1) (a) (I) At the time fixed  
27 for any hearing before the commission, any commissioner, or an

1 administrative law judge or at the time to which the ~~same~~ HEARING may  
2 have been continued, ~~the applicant, petitioner, complainant, the person,~~  
3 ~~firm, or corporation complained of, and such persons, firms, or~~  
4 ~~corporations as the commission may allow to intervene and such persons,~~  
5 ~~firms, or corporations as will be interested in or affected by any order that~~  
6 ~~may be made by the commission in such proceeding and who shall have~~  
7 ~~become parties to the proceeding shall be~~ THE FOLLOWING PERSONS ARE  
8 entitled to be heard, examine and cross-examine witnesses, and introduce  
9 evidence:

10 (A) THE APPLICANT;

11 (B) THE PETITIONER;

12 (C) THE COMPLAINANT;

13 (D) THE PERSON, FIRM, OR CORPORATION COMPLAINED OF;

14 (E) SUCH PERSONS, FIRMS, OR CORPORATIONS AS THE COMMISSION  
15 MAY ALLOW TO INTERVENE; AND

16 (F) SUCH PERSONS, FIRMS, OR CORPORATIONS AS WILL BE  
17 INTERESTED IN OR AFFECTED BY ANY ORDER THAT MAY BE MADE BY THE  
18 COMMISSION IN SUCH PROCEEDING AND WHO SHALL HAVE BECOME  
19 PARTIES TO THE PROCEEDING.

20 (II) ALL PARTIES IN INTEREST ARE ENTITLED TO BE HEARD IN  
21 PERSON OR BY ATTORNEY.

22 (b) IN A PROCEEDING BEFORE THE COMMISSION THAT RELATES TO  
23 AN INVESTOR-OWNED UTILITY'S APPLICATION FOR COST RECOVERY, THE  
24 COMMISSION MAY PERMIT A WHOLESALE CUSTOMER OF THE UTILITY TO  
25 INTERVENE IF THE CUSTOMER DEMONSTRATES A PECUNIARY INTEREST IN  
26 THE PROCEEDING.

27 (c) A REPORTER APPOINTED BY THE COMMISSION, A COMMISSIONER

1 IF DEEMED APPROPRIATE BY THE COMMISSION, OR, AS APPLICABLE, AN  
2 ADMINISTRATIVE LAW JUDGE SHALL TAKE DOWN AND RECORD  
3 ELECTRONICALLY a full and complete record of all proceedings had before  
4 the commission, any commissioner, or an administrative law judge in any  
5 formal hearing and all testimony. ~~shall be taken down by any reporter~~  
6 ~~appointed by the commission or, as deemed appropriate by the~~  
7 ~~commission, a commissioner, or an administrative law judge, as~~  
8 ~~applicable, recorded electronically. All parties in interest shall be entitled~~  
9 ~~to be heard in person or by attorney.~~

10 SECTION 7. Appropriation. (1) For the 2023-24 state fiscal  
11 year, \$1,265,551 is appropriated to the department of regulatory agencies.  
12 This appropriation is from the public utilities commission fixed utility  
13 fund created in section 40-2-114 (1)(b)(II), C.R.S. To implement this act,  
14 the department may use this appropriation as follows:

15 (a) \$233,630 for use by the public utilities commission for  
16 personal services, which amount is based on an assumption that the  
17 commission will require an additional 2.5 FTE;

18 (b) \$23,385 for use by the public utilities commission for  
19 operating expenses;

20 (c) \$271,406 for use by the office of the utility consumer advocate  
21 for personal services, which amount is based on an assumption that the  
22 office will require an additional 2.5 FTE;

23 (d) \$23,385 for use by the office of the utility consumer advocate  
24 for operating expenses; and

25 (e) \$713,745 for the purchase of legal services.

26 (2) For the 2023-24 state fiscal year, \$713,745 is appropriated to  
27 the department of law. This appropriation is from reappropriated funds

1 received from the department of regulatory agencies under subsection  
2 (1)(e) of this section and is based on an assumption that the department  
3 of law will require an additional 3.8 FTE. To implement this act, the  
4 department of law may use this appropriation to provide legal services for  
5 the department of regulatory agencies.

6 (3) For the 2023-24 state fiscal year, \$142,749 is appropriated to  
7 the department of law. This appropriation is from the legal services cash  
8 fund created in section 24-31-108 (4), C.R.S., from revenue received  
9 from the Colorado energy office in the office of the governor that  
10 originates as custodial federal funds that the Colorado energy office has  
11 authority to expend. The appropriation to the department of law is based  
12 on an assumption that the department of law will require an additional 0.8  
13 FTE. To implement this act, the department of law may use this  
14 appropriation to provide legal services for the Colorado energy office in  
15 the office of the governor.

16 **SECTION 8. Act subject to petition - effective date -**  
17 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
18 the expiration of the ninety-day period after final adjournment of the  
19 general assembly; except that, if a referendum petition is filed pursuant  
20 to section 1 (3) of article V of the state constitution against this act or an  
21 item, section, or part of this act within such period, then the act, item,  
22 section, or part will not take effect unless approved by the people at the  
23 general election to be held in November 2024 and, in such case, will take  
24 effect on the date of the official declaration of the vote thereon by the  
25 governor.

26 (2) This act applies to conduct occurring on or after the applicable  
27 effective date of this act.