AC–REP

April 20, 2023

The Honorable Steve Fenberg
CO Senate District 18
President of the Senate
200 E. Colfax
Denver, CO 80203

RE: Opposition to SB23-291

Dear Senate President Fenberg:

Thank you and the Joint Select Committee on High Utility Rates for investigating the rising utility rates facing Coloradans this past winter. On behalf of the Adams County Regional Economic Partnership or AC-REP, we also have concerns about cost impacts on businesses and citizens in our region. However, there are better solutions than SB23-291, and it will impede the progress we are already making toward a reasonable and thoughtful transition to a clean energy economy. Therefore, AC-REP opposes this legislation. In addition, bringing a complex and broad-reaching piece of legislation to the process during the final days of the session further destabilizes our state's reputation as a location of choice for business because of the unpredictable policy process.

I am very aware of government reactions to challenging energy situations because of my past work with Simple Energy in Boulder. After Hurricane Sandy devastated the New York power grid and service, the New York Public Service Commission undertook a massive regulatory proceeding called, Reforming the Energy Vision (REV). It was a concerted effort to make sure that regulations were implemented to help move New Yorkers to reliable energy sources in case of another storm. The REV process took months of testimony, workshops, and pilot programs to test distributed energy systems, deploy new technology, and ultimately give consumers options. Simple Energy was a party to that process and worked to ensure energy efficiency and new technologies were part of the discussion. But It takes time to change a regulated, complex energy system to ensure reliable service at reasonable rates is provided to all citizens in the transition.

Like addressing the impacts of the hurricane, I understand the desire of you and your fellow legislators to react to a challenging convergence of uncontrollable forces – a foreign war impacting fuel supply globally and a historically cold winter – both of which resulted in higher utility bills. However, a reactionary proposal such as SB23-291 is not the best way to address the situation.

The bill, as introduced, does not stabilize utility bills or protect consumers from future bill volatility. Instead, by targeting Xcel Energy, it is putting at risk their commitment and leadership that has already been shown to move our state towards a cleaner energy future responsibly.

Prior legislation passed by this body has already significantly reduced emissions and evolved our markets, starting with the Clean Air-Clean Jobs Act (HB10-1365), signed almost 13 years ago to the day. It has been followed by numerous pieces of legislation that continue to move Colorado toward a clean energy future. However, this new bill conflicts with the emissions reduction policies (e.g., SB 19-236 and HB 19-1261), electrification policies (SB 19-077 and HB 21-1238), gas utility evolution policies (SB 21-264), and market development policies (SB 21-072).

Several regulatory proceedings are currently thoughtfully designing regulations based on experts and stakeholdering that address climate, air, water, and power concerns. Continuing to advance SB23-291 will add to the regulatory burden of the state to conduct proceedings while diverting necessary attention to advance new developments in geothermal, hydrogen, and other carbon-free alternatives.

From an economic development perspective, AC-REP is concerned that sections of this bill will inhibit additional technology, advanced manufacturing, or aerospace companies from growing in Adams County due to the high cost of new infrastructure and limits on the types of service available. It also makes it difficult for communities that need new housing options to keep workers close to their homes and families. In addition, we have significant concerns about how these proposed regulations would impact our ability to attract and retain companies in Xcel's service territory.

There are many more business concerns about this bill; however, due to the short timeframe, we wanted to register some of our most pressing. We stand willing to work with you in the future to provide an equitable and sustainable energy policy for our state.

Sincerely,

Lisa Hough

Lisa Hough
President/CEO, AC-REP

Comment to the Senate Finance Committee Hearing regarding SB23-291
From: Carol Dunn, resident
380 Barrett Ave.
Canon City, Colorado 81212
carolld380@gmail.com

To: The Honorable Senator Steve Fenberg

The problem is simple, the solutions are not.

The Black Hills Energy service territory includes parts of Fremont, Teller, Custer, Pueblo, Otero, and Crowley counties. The electric utility rates are the highest in the State of Colorado according to the January 2023 Colorado Association of Municipal residential survey for the monthly cost of 700 kW of power. This condition is not a fluke caused by colder weather or high fuel costs; it is a trend that has held true for the five years that Canon City's Energy Future has tracked the rates.

Demographics just for Fremont County show that 34% of Fremont County is considered low-income, which is in the 71st percentile for the state of Colorado, and the 59th percentile for the U.S. as a whole, meaning that Fremont County has a higher poverty rate than 71% of the state of Colorado, and 59% of the U.S. Fremont County also has a high percentage of older adults. 22% of the population is over the age of 64, which is in the 76th percentile for the state of Colorado, and the 72nd percentile for the U.S. as a whole. This means that Fremont County has a higher percentage of older adults over the age of 64 than 76% of the state of Colorado and 72% of the U.S. Many of this segment of the population of Fremont County live on fixed incomes.

High rates in areas of high poverty put extraordinary pressure on customers to "keep the lights on".

During a City of Cañon City Energy Franchise Committee Meeting on April 10, 2023 Presentation by the Office of the Utility Consumer Advocate by Joseph Pereira, mentioned that bad debts of the IOU such as nonpayment of bills may be fully written off, unlike small businesses that are only allowed a small tax break for bad debts.
In this same meeting, the committee learned that attorney fees when Black Hills Energy presents a rate case before the PUC, are many times the salaries of the staff of the consumer office which advocates for the ratepayers of the utility. Please consider that those fees should be disallowed under Section 3.

The customers of the largest IOU in Colorado, Xcel Energy, have been heard loud and clear by the legislature. The ratepayers of the other IOU in the state, Black Hills Energy, have not been able to raise their voices as strongly about similar problems in the Southern Colorado service area.

Thank you for this opportunity to comment as a resident of Canon City.

Attention to:

Steve Fenberg, And the Joint Select Committee on Rising Utility Rates

Senate President

Senate District 18

303-866-4872

Stevefenberg.org // @stevefenberg

Hello Steve. As we have discussed previously, the rising rates from Xcel Energy have the attention of everyone I speak to. I am the current HOA President in a small retirement community of approx.. 120 homes in Aurora. As a community governed by an HOA we keep a sharp eye on our expenses in order to keep our dues low. We have participated in the City of Aurora "Water Sense Program" We are making our community aware of the next program, Aurora Water - Drought and Large Property Watering Variance Program. We will be programing all the watering control meters at the direction of this program.

So, if we are making strong efforts to control and conserve our water for the City of Aurora, don't you think a large increase in Xcel Energy bills is like a "slap in the face"! Our community is largely made up of residents who are significantly impacted by the rate increases, e.g., living on one income, living on Social Security as opposed to other retirement, etc. I keep my home at 65 during the day and 68 at night until bed and back to 65 overnight. My warehouse heating system is ever hardly used to expensive! When I called into Xcel, the rep told me the GRSA-P Charge on my bill $188 came from the state and they just passed it on to the consumer.?

I am a small business owner and any increase of any kind will effect my bottom line and unlike big business, I cannot justify passing it on to my customers.

Something has to be done and the main reason for sending this letter to you and your committee. Please read some of the other responses I have received from the community and keep us voters in mind during your meeting that we are out here trying to live an affordable lifestyle for the rest of our lives.

BTW, my bills have been as follows:

	Home	Commercial
Dec.	$318	$368
Jan	$360	$660
Feb	$276	$659

It tells me right on the bill that I am using less energy than the previous year, same time frame, but I am paying more !

With Best Regards,

John Pucci

To Whom it Concerns:

I take great offense at the price gouging that has gone on at Excel Energy. My wife and I are longtime residents of the Denver area (50 years). I was born here. I never thought I would need to complain about the high energy bills but am forced to do so now. Our bills are the highest they've ever been, and much more than merely the effect of inflation. Excel needs to give much more consideration to its customer base, and relax these exorbitant prices.

Sincerely,

Doug and Marilyn Gray

22692 E Rowland Drive

Aurora, Co   80016

John, I, too, am very concerned about the rising utility rates. My bills have gone up considerably with little or no change on my part. Last month, I wrote Congressman Jason Crow about this issue. I have not yet received a response, however, I did get an acknowledgement of my letter. It sounds like you have reached out to the right person and I am happy to add further fuel to the fire to address these unwarranted increases. I read somewhere that Excel was going to the PUC to request a rate increase and that they were passing the cost of their attorneys on to the consumers. If there are any further rate increases, we will not be able to provide the basis necessities to our homes. My patio home is considerably smaller than the home I sold in Saddle Rock North, however, the utility bills these past few months have exceeded what I paid for my larger home.

I keep my thermostat at 68. I have not used my gas fireplace, but a couple of times this winter. I live alone.

Here is a historical example of my bills over the last few months:

10/27/22 - $94.27

11/25/22- $142.12

12/27/22- $296.63

1/30/23 - $326.03

3/1/23   - $258.18

I was gone (out of town the whole month of January! I turned down my thermostat to fifty-five.

Thank you,

Janet Triller

22521 E. Rowland Dr.

Aurora, Co 80016

Laborers' International Union of North America

LiUNA! LOCAL 720

Feel the Power

April 19, 2023

Re: SB23-291, Public Utilities Commission's Regulation of Energy Utilities, Colorado Senate Finance Committee Hearing, Thursday, April 20th

Dear Senate Finance Committee members:

As members of the Labors International Union (LIUNA), we are in opposition to SB23-291. This bill as introduced would raise costs for Colorado energy consumers, freeze and roll back the clean energy transition, impose unnecessary, burdensome, and intrusive bureaucratic mandates on energy companies and their employees, and harm Colorado's economy, new businesses and residents, and growing communities, it also puts harm on the most vulnerable communities.

Governor Jared Polis asked policymakers, regulators, consumer organizations and energy companies to come together with actions to address affordability issues after the state experienced a short period of historically high natural gas prices this unusually cold winter. SB23-291 targets Xcel Energy exclusively and does very little to address affordability or stabilize or reduce costs for customers. If passed, it would undo all the transformational policy efforts to advance renewable and carbon free energy and electric vehicles adoption and pause Governor Polis's marque environmental policies to achieve aggressive carbon reduction in Colorado.

This bill jeopardizes Colorado's national leadership in the clean energy transition and puts the State's clean energy goals at risk. It creates a hostile regulatory environment that will discourage energy infrastructure investments and economic development in Colorado.

Rather than addressing customer affordability, this bill makes it far more difficult for Xcel Energy Colorado to deliver clean energy for everyone at an affordable cost. While it empowers customers to electrify their homes and go further with renewable energy, it shouldn't leave behind or make it harder for customers who are economically challenged to enjoy clean energy when they flip their lights on and heat their homes.

It handicaps economic growth in communities and raises costs for growing communities, new residents, and new businesses. Any new customer or growing community will no longer benefit from socializing natural gas infrastructure costs. Growing communities, new homes and new businesses will bear the full cost of necessary gas infrastructure needed for heating. While the state of Colorado seeks to enable and encourage economic growth and welcome new businesses and residents, this bill would have the opposite effect and goes against our Colorado economic development values.

Anthony Trujillo
Business Manager/Secretary-Treasurer
"Building A Stronger Union"

CONSTRUCTING COLORADO

875 Elati Street, Denver, CO 80204
Denver - (303) 825-8101
Colorado Springs - (719) 632-2775
www.coloradolaborers.com

For our part, our LIUNA members proudly play a pivotal role in the state's clean energy transition, and we have an excellent partnership with Xcel Energy. We provide a skilled labor workforce with good pay and benefits – and we develop and maintain the generation and services that Xcel Energy provides. This bill would significantly impact those jobs now and in the future as well as our members' livelihood.

Xcel Energy is working with policymakers, regulators, and other stakeholders to address recently increased utility bills for our customers. We ask that you do not support SB23-291. This legislation is not the right answer for our members, Colorado, and most importantly not the right answer for the great people who call Colorado home.

Sincerely,

Anthony Trujillo,
Business Manager/
Secretary-Treasurer

NORTHWEST
DOUGLAS COUNTY
CHAMBER AND ECONOMIC DEVELOPMENT CORPORATION

April 18, 2023

Dear Honorable Members of the Colorado General Assembly,

I am writing this letter to you today, to encourage your ongoing collaboration and partnership with Xcel Energy to pass thoughtful policy that can improve the lives of Coloradans. Harmful policy will raise costs for Colorado energy consumers, will harm Colorado's economy, and hurt our most vulnerable communities.

Energy is the lifeblood of an economy and by extension, community. Xcel Energy has worked as a strong economic development and community partner across Colorado by providing energy that communities need to thrive. Harmful legislation jeopardizes Colorado's leadership in the clean energy transition and the State's ability to achieve its clean energy goals. It will send a signal to clean energy investors to look to other states with more stable policy environments.

- In the last 10 years the Colorado General Assembly has passed transformation legislation setting Colorado on the path as one of the nation's leading states solving aggressive carbon reduction. Legislation that is harmful to Xcel Energy will not support this work. Examples include the Clean Heat policy that the General Assembly passed two years ago, electrification policies, gas utility evolution policies, and market development policies.
- The bill would pause all development of new clean energy technologies. The next generation of energy will need to be from geothermal, hydrogen, and long-range battery storage. Legislation advancing a more hostile regulatory environment puts everything the state has done at risk.

Examples that we find most harming are communities across Colorado who are already struggling with a shortfall of available, affordable housing. As communities work with developers to address housing concerns, any legislation that would dramatically impact those efforts and further compound the problem, forcing higher prices for developers and subsequently home buyers. Harmful policy also sends a message that doing business in our state is expensive and restrained by heavy handed regulations that do not foster growth or expansion.

NORTHWEST
DOUGLAS COUNTY

CHAMBER AND ECONOMIC DEVELOPMENT CORPORATION

Please do not support any policy that will stop economic growth in communities and could raise costs for growing communities, who may have new residents and businesses needing electric and gas service. We need to continue to support all customers along with all Colorado communities – frontier, rural, mountain and metro – and ensure that all Coloradans benefit from socializing natural gas infrastructure costs. Targeting a community or a region for sole responsibility of infrastructure costs just because they may be growing today will significantly impact one group of customers and not another.

Xcel Energy has a solid reputation for coming alongside communities to tackle the complex energy environment. They are working with State elected leaders, community partners, and economic development organizations to address the challenges of recently higher energy bills which were born from a unique set of circumstances given the volatile energy market and unprecedented cold winter. Policies that punish or place intended harm on the utility and its employees is not the right answer for Colorado and most importantly not the right answer for the great people who call Colorado home. We ask that you support a policy that solves for stable utility bills and not support a policy that punishes Xcel Energy.

Sincerely,

Trista Borrego

Trista Borrego

President & CEO

Northwest Douglas County & EDC

PUC Comment on Who Pays for Xcel's Stranded Coal Plants (22A-0515E)

Our current situation

Release of the Sixth Synthesis Report from the IPCC

Today, March 20, 2023, the IPCC released its synthesis report on progress in limiting our emissions to maintain a livable planet. They unequivocally recommend urgent action to secure a livable future for all. The report summary begins with an acknowledgment of the root causes to which coal electrical generation plants have contributed to:

> A.1 Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming, with the global surface temperature reaching 1.1°C above 1850–1900 in 2011–2020. Global greenhouse gas emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use, land use and land-use change, lifestyles, and consumption and production patterns across regions, between and within countries, and among individuals (high confidence).[1]

The report recommends urgent climate action to secure a livable future for all. From the IPCC AR6 Synthesis Report website, we find[2]:

> **INTERLAKEN, Switzerland, March 20, 2023** — Multiple feasible and effective options exist to reduce greenhouse gas emissions and adapt to human-caused climate change. They are available now, said scientists in the latest Intergovernmental Panel on Climate Change (IPCC) report released today.
>
> "Mainstreaming effective and equitable climate action will not only reduce losses and damages for nature and people, but it will also provide wider benefits," said IPCC Chair Hoesung Lee. "This Synthesis Report underscores the urgency of taking more ambitious action and shows that, if we act now, we can still secure a liveable, sustainable future for all."
>
> In 2018, IPCC highlighted the unprecedented scale of the challenge required to keep warming to 1.5°C. That challenge has become even more significant five years later due to increased greenhouse gas emissions. Unfortunately, the pace and scale of what has been done so far, and current plans, are insufficient to tackle climate change.
>
> Over a century of burning fossil fuels and unequal and unsustainable energy and land use has led to global warming of 1.1°C above pre-industrial levels. This practice has resulted in more

[1] Synthesis Report of the IPCC Sixth Assessment Report (AR6) Summary for Policymakers
[2] https://www.ipcc.ch/2023/03/20/press-release-ar6-synthesis-report/

frequent and more intense extreme weather events that have caused increasingly dangerous impacts on nature and people in every region of the world.

How the IPCC proposes to mitigate the challenges

The report elaborates on the need for trust, collaboration, recognition, and shared responsibilities in turning climate procrastination into impactful urgent action.

From the IPCC Press Conference - Climate Change 2023: Synthesis Report[3]

Fossil Fuel Executives See a Golden Age for Gas

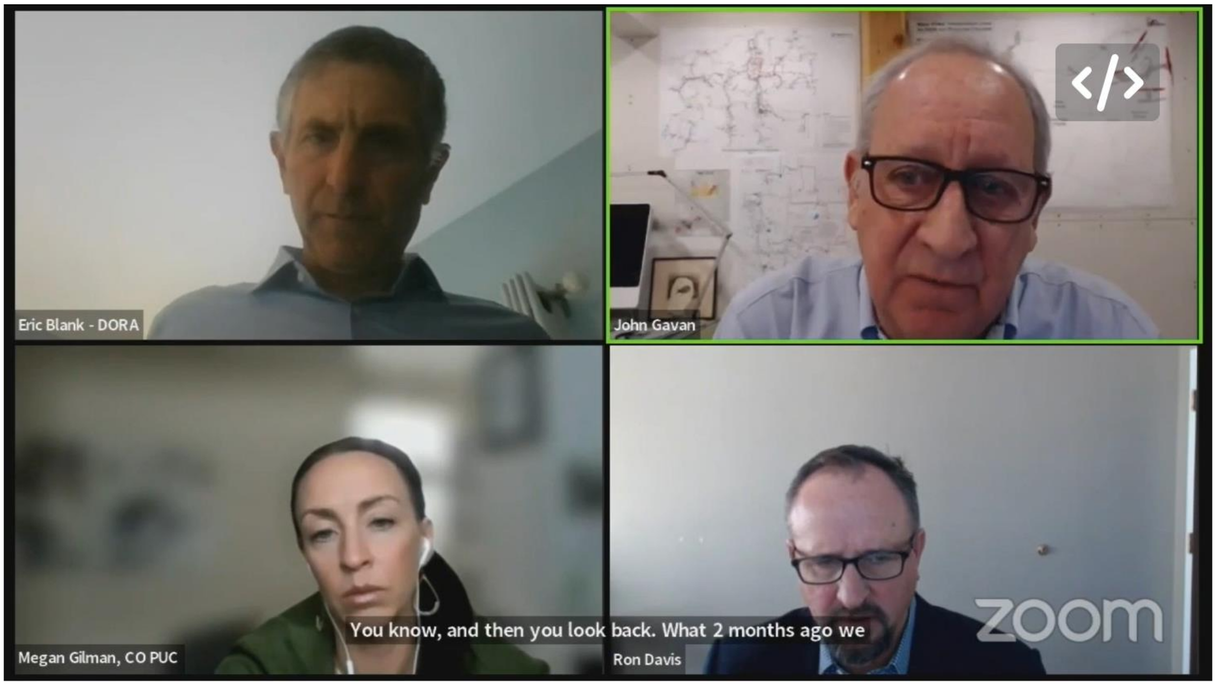
At an industry conference, top executives lamented they had "lost the narrative" on natural gas and outlined an effort to sell their product as the "cleanest energy in the world."[4] We hear our utility market ingGreen Natural Gas. I don't buy it.

As customers see big jumps in their bills, Xcel reports massive profits

Xcel seems to be seeking a golden age of earnings while the rest of the world is downsizing and preparing for an expected economic recession.

[3] https://youtu.be/bulhsb4IZFQ

[4] https://www.ehn.org/fossil-fuel-executives-see-a-golden-age-for-gas-if-they-can-brand-it-as-clean-2659619389.html



Xcel Energy customers are seeing a big jump in their bills at the same time the utility company is seeing massive profits. Higher rates for Xcel customers were reflected for the first time in bills starting Nov. 1.

Xcel Energy customers are seeing a big bill jump, while the utility company is reporting massive profits. As a result, higher rates for Xcel customers were reflected for the first time in bills starting November 1.[5]

The article continues:

> Throughout 2022, Xcel has asked the state's Public Utilities Commission for at least five rate increases on customers, all granted in some measure. It's also asking the PUC for another rate increase on customers for the electric portion of their bills.
>
> In a recent PUC hearing, commissioner John Gavan raised questions about all of the different increases that have been requested and asked his fellow commissioners to approach Xcel's latest request with more scrutiny.
>
> "I really think Xcel needs to step back and focus on customer satisfaction instead of nickel and diming us with all of these onerous rate increases that are just pancaking and adding up. We are in a very dangerous period now and I really call on the commission to really scrutinize this to a degree we've never done before," Gavan said.

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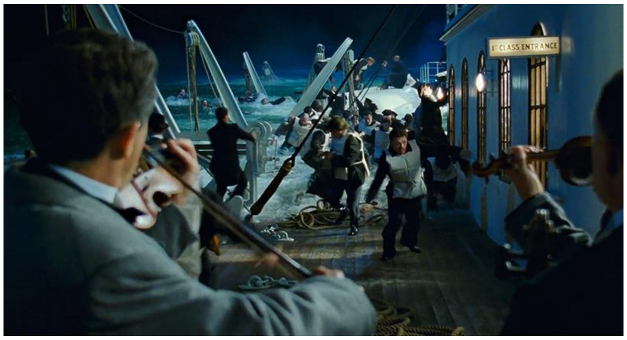
[5] https://www.denver7.com/news/local-news/as-customers-see-big-jumps-in-their-bills-xcel-reports-massive-profits#:~:text=At%20the%20same%20time%20that%20customers%20are%20struggling,in%20line%20with%20other%20utility%20and%20energy%20providers

Are we rearranging the deck chairs while the band plays on?

Coal-fired electrical generation is choking the Planet, and it is no longer attractive economically. We are unsure if our Utility wishes to help the Planet or find a way out of increasingly poor investments. Either way, it looks like we are rearranging the deck chairs while the band plays on while the ship is sinking.

Are we asking the right questions?



The profit margin of a sunken ship?

A regulated monopoly guaranteed return on equity investments

For regulated monopolies, a Guaranteed Rate of Return on Equity is in the 9 to 10 percent range[6]

However, these profit margins are not guaranteed to investors; utilities bear some of the risks of actual costs exceeding forecasted costs and must effectively manage their business to achieve this rate of return on equity. If the Utility generates a substantial return—i.e., makes more profit—than regulators allow, it typically returns the excess money to its customers in the form of reduced rates in future years. That's good because it protects the public interest. Still, it also has a downside: capping the financial

[6] https://www.sightline.org/2020/05/18/playing-monopoly-or-how-utilities-make-money/

benefits for a utility's shareholders discourages the Utility from pushing too hard to reduce waste and improve performance.

Record Profits, in a down economy, on the backs of ratepayers?

Guaranteeing profits when the economy is suffering is a bad policy. When the economy suffers, and with its ratepayers, it is not the time to announce record profits. Doing so invites criminal proceedings in my book. I believe that utilities should bear their fair share of economic risk and accept less when we all are suffering. The regulation also must curtail IOU profits just as the IOU curtails excess production. I am hoping we see more attempts to scrutinize IOU profit-taking, as this proposed legislation from the Independence Institute exemplifies:

> INITIATED STATUTE CONCERNING PUC UTILITY RATES
> PROPOSED INITIATIVE 2021-2022 # _____
> *Be it enacted by the People of the State of Colorado:*
> **SECTION 1. Legislative Declaration.** The People of the State of Colorado find and declare that it shall be the public policy of the State of Colorado that investor-owned utilities providing electric or gas service or both to residential, commercial or industrial users in Colorado shall bear their fair share of all utility rates set by the Public Utilities Commission under the Public Utilities Law.

Who pays for decommissioning power plants?

Closing Coal Plants: The Financial Story

Since 2000, U.S. generating companies (Gencos) have announced the closure of more than 200 coal-fired power plants, totaling 102 GW of generation capacity. Closures have exceeded previous estimates by the Energy Information Administration (EIA). As recently as 2014, the EIA had estimated 60 GW of plant closures, comprising 150 sites and about 500 boiler-turbine units. Although most of the press coverage of plant retirements focuses on closure announcements, that's not the end of the story. Several significant decisions must be made about those units' short- and long-term disposition.[7] The article goes on to say:

> The recent primary drivers of retirement announcements have been low natural gas prices and new environmental regulations—especially the Mercury and Air Toxics Standards (MATS), Clean Water Act Section 316(b), and the Coal Combustion Residuals rule. Other contributing factors have included more competitive markets and a variety of regional and state-level policies

[7] https://www.powermag.com/coal-power-plant-post-retirement-options/

> involving renewables and carbon pricing. Power plant decommissioning and redevelopment projects are about risk, money, and who pays.
> When a power plant shuts down, revenue ceases, but costs do not. Some owners quantify their costs, which may be allocated over many cost centers. Best-in-class companies also determine real estate valuations and exit strategy costs to decide whether to redevelop, hold, or sell.
> "Who pays" has emerged as a fascinating question. In a state still regulated, decommissioning costs could be passed through to ratepayers, subject to public service commission approval. In deregulated states, shareholders would pay for decommissioning, subject to management approval.
> Because there is no legal requirement to demolish an old power plant and no return on this investment, management typically chooses not to spend significant money to decommission a site. Developers may purchase a location as-is and bear the decommissioning costs in exchange for a lower purchase price. Finally, the government may use economic development incentives to decommission and redevelop sites and create jobs.

Wait, the cost of decommissioning a power plant is not part of the cost of operations and management? Oh, that's why we have superfund sites, right? The Superfund Trust Fund was set up to pay for the clean-up of sites. The money came mainly from **taxes on the chemical and petrochemical industries**. However, the tax expired in 1995. Since then, direct appropriations from the general fund have been made to clean up Superfund sites[8]. Placing the costs of decommissioning coal plants on ratepayers is suspicious, given the situation with nuclear energy.

Nuclear Decommissioning Funds

We hear how expensive nuclear energy is compared to fossil fuels and renewables. What if coal generation plants had to pay for their eventual decommissioning costs? Paying for decommissioning costs is the situation with Nuclear generation plants. They are required to pay for their eventual dismantling costs. This added cost is due to a perception that they are more dangerous than conventional coal plants. That coal plants are exempt strikes me as a reparable oversight:

> Before a nuclear power plant begins operations, the licensee must establish or obtain a financial mechanism – such as a trust fund or a guarantee from its parent company – to ensure sufficient money to pay for the eventual decommissioning of the facility.
>
> Each nuclear power plant licensee must report to the NRC every two years the status of its decommissioning funding for each reactor or share of a reactor it owns. The report must estimate the minimum amount needed for decommissioning using the formulas in 10 CFR 50.75(c). Licensees may alternatively determine a site-specific funding estimate, provided that amount is higher than the generic decommissioning estimate. Although many factors affect reactor decommissioning costs, generally, prices range from $300 million to $400 million. Approximately 70 percent of licensees are authorized to accumulate decommissioning funds over the working life of their plants. These owners – generally traditional, rate-regulated electric utilities or indirectly regulated generation companies – are not required today to have all the funds needed for decommissioning. The remaining licensees must provide financial assurance through other methods, such as prepaid decommissioning funds or a surety method or

[8] https://www.nj.gov/dep/srp/superfund/sf_faq.htm

guarantee. The staff performs an independent analysis of these reports to determine whether licensees provide reasonable “decommissioning funding assurance” for radiological decommissioning of the reactor at the permanent termination of the operation.

Is it because Coal Plants are safer?

Suppose I look at Coal Plant safety from the retiring Craig station. In that case, I conclude that the annual incidence of health-related medical interventions, due to the particle pollution of mining, processing and burning coal suggests the utilities should be footing the cost of decommissioning their coal plants. They are perhaps even more dangerous than second generation nuclear facilities.

Table 1: Death and disease attributable to fine particle pollution from Craig Station[9]

Type of Impact	Annual Incidence	Valuation
Deaths	24	$170,000,000
Heart attacks	36	$400,000,000
Asthma attacks	440	$23,000
Hospital admissions	16	$380,000
Chronic bronchitis	16	$6,900,000
Asthma ER visits	22	$8,000

Stranded Assets

Stranded assets **have suffered from unanticipated or premature write-downs, devaluation, or conversion to liabilities**. In recent years, the issue of stranded assets caused by environmental factors, such as climate change and society’s attitudes, has become increasingly high profile[10].

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[9] Source: "Find Your Risk from Power Plant Pollution," Clean Air Task Force interactive table, accessed February 2011

[10] www.lloyds.com/strandedassets

Stranded assets, how many obsolete Satellite Dishes are there?

In 2010, my house in Four Mile Canyon burned to the ground in a fire predicted due to accumulating Greenhouse Gas Emissions. Over the years, I subscribed and subsequently unsubscribed to a satellite TV service named Direct TV. When I unsubscribed, they left the dish and receiver. After several years, they brought a new satellite dish and receiver when I resubscribed. When my house burned down, I had to inform Direct TV that I would no longer need their service. They told me how sorry they were to hear that and that I owed them $400 for the destroyed equipment. I reminded them they did not seem to care about the previously leased equipment, so why did they care about this set?

This predatory profiteering is a metaphor for what is possibly wrong with exit fees as they pertain to stranded assets. Then there is the Pueblo coal plant commissioned the same year my house burned to the ground (and that summer, Greece was literally on fire). I did not want, nor condone, adding fuel to the fire, then nor now. How much obsolete inventory that no one cares about will we be paying for? Are we paying high replacement costs on rare things simply because no one wants or needs them? Should we pay for a plant that has added little capacity, has not worked much of the time, and does not appear to be missed when offline? Why are we asked to cover poor investing?

Here is the decommissioned Zuni coal generation plant that retired in 2015. I venture to say it may cost more to dismantle than construct. However, I am betting that would be a much different story if the Utility was responsible for its dismantling. Adding decommissioning responsibility is an excellent reason to make the party with the deep pockets accountable for the cost of decommissioning. With their scale, they can get it done with superb economy.

The Sun Valley Zuni plant, retired in 2015, gathers dust

Lifetime limits for coal power plants

Historically, coal plants have retired at an average lifetime of 46 years globally, but in many cases they can operate for 50–60 years or longer (Fig. 3a). Looking at individual plants, 320 GW or 16% of global installed capacity is expected to shut down by 2030, counting both announced retirements and plants whose lifetimes would exceed 50 years. However, achieving the 2 °C goal requires a 720 GW or 36% reduction in capacity by 2030, and achieving the 1.5 °C goal requires a 1890 GW or 94% reduction (Supplementary Fig. 2). If no new capacity comes online, global coal phase-out can be aligned with the 2 °C goal by reducing operational lifetimes to 35 years; that is, all units retire after 35 years of service, including immediate retirement for plants whose lifetimes exceed this limit[11].

How early is the Craig Plant Retirement?

The Craig plants are approaching their natural retirement age. If a person does not plan for retirement, putting money aside and investing it, how does retirement look? We have allowed coal plants to reach retirement age with no plan in place. We all have some responsibility, but I believe the entity that has profited the most has more responsibility for the fiscal burden. I believe that the profits taken during the lifetime of the operation in Craig, will cover the community and environmental costs of plant retirement and still provide a comfortable profit. The amortization must be nearly, if not fully, complete by now. To

[11] https://www.nature.com/articles/s41467-019-12618-3

direct retirement costs to ratepayers resembles an illegal Ponzi scheme where ratepayers are left holding the bag.

Craig Plant Data

Given the age of the Craig plants, they are at their effective expected life times[12].

- **Owners**:
  - Units 1 and 2: PacifiCorp 19%[2], Platte River Power Authority 18%[1], Salt River Project 29%[3], Public Service Company of Colorado 10%[4] and Tri-State Generation and Transmission 24%[5]
  - Unit 3: Tri-State Generation and Transmission 100% [5][6]
- **Parent Company**: MidAmerican Energy (PacifiCorp), State of Arizona (SRP), Platte River Power Authority, Xcel Energy (PSCC), Tri-State Generation and Transmission
- **Plant Nameplate Capacity**: 1,427.6 MW (Megawatts)
- **Units and In-Service Dates**: Unit 1: 446.4 MW (1979), Unit 2: 446.4 MW (1980), Unit 3: 534.8 MW (1984)

Poor maintenance and costly breakdowns: The troubled history of Comanche Unit 3

Pueblo 3 illustrates what can happen when the attractively high capital costs of equity investment lead to an investment resembling a fragile house of cards. Gravitational forces tend to win. That the plant's life has been cut short is perhaps euthanasia. How can we be asked to pay for a bad investment which will not be missed?

That Pueblo 3 was even built is a testament to the power of profit from equity investment. It is highly debated if Pueblo 3 should have been constructed. And given lack-luster performance, it is no wonder that Xcel wishes the money-pit removed from its profit and loss statements. Pueblo 3 was a poor investment given the fact that it was put into service in 2010, when we already knew coal was a questionable investment due to its destructive waste stream. Further, Xcel's mismanagement of the project has cast a long shadow on it reliability. That Xcel can profit from such an irresponsible investment illustrates everything that is wrong with our coupled energy investment model. If you are guaranteed a profit, even stupidity is rewarded. This is unacceptable.

A trail of public records detailing poor maintenance practices, costly equipment breakdowns and lengthy outages long precede CORE Electric's decision to relinquish its 25% stake in Comanche 3[13].

[12] https://www.gem.wiki/Craig_Station#Retirement_plans

[13] *https://www.power-eng.com/coal/poor-maintenance-and-costly-breakdowns-the-troubled-history-of-comanche-unit-3/*

Are Coal plants being retired because they are dirty, or because they are losing money?

Some 92% of new coal power plants in countries planning the majority of the world's new facilities will be uneconomic to run, costing the public $150bn, finds a new report from the financial think tank, Carbon Tracker[14].

Coal economics have eroded dramatically in recent years, so much so that the continued use of existing coal-fired power often imposes a cost burden on electricity customers that exceeds the cost of newer and cleaner sources of power[15]. The articles goes on to state:

Resource planning analyses performed by utilities across the country—including PacifiCorp in the West and NIPSCO in the Midwest—have found that continued operation of existing coal plants is more expensive than the total cost of lower-carbon alternatives. This is true both of gas generation and solar and wind with storage and current federal tax incentives. Climate-focused energy analysts agree, with a recent report from Energy Innovation concluding that 80 percent of coal plants in the United States are more expensive to operate than the cost to build and operate a new wind or solar power facility.

Recommendations

I recommend that we rethink guaranteed returns on equity from 9-10% to a more reasonable 4-5% . In economic downturns like we are experiencing today, the discounting should go even deeper: say 2.5%. This connects profit guarantees to general market forces. To have ratepayers having to stretch to afford utility bills while everything else is also trending upward and to have record profits announced is a not an acceptable scenario. To post record profits under these conditions, on the backs of the ratepayers it is serving is moving into the possibility of criminal activity.

I recommend that the Investor-owned utilities acknowledge that hurting its customers is hurting itself, and take its record profits and use them to shoulder costs it has been able to pass along to ratepayers. I propose that ratepayers will not be further burdened until the announced profits have been leveled back to reasonable returns on investment. The promised 9-10% are out of line with current economic realities. If ratepayers are feeling the pinch, if tech is feeling the pinch, then the Utility should be subject to it as well. It is the PUCs responsibility to bring the Investor-Owned Utility's excessive profit making, more in line with the sobering reality the rest of us are facing. In the slide taken from the unveiling of the IPCC Synthesis Report we see the cornerstone of 'Recognition that some can contribute more than others'. This proposed profit leveling acknowledges the Utility profits are indefensible. Please also note that this recommendation honors the cornerstone of 'Sharing benefits and burdens'.

We see that these profit margins are not guaranteed to investors though; utilities bear some of the risk of actual costs exceeding forecasted costs and must effectively manage their business to achieve this

[14] https://www.globalconstructionreview.com/92-new-coal-power-plants-will-lose-money-study-fin/

[15] https://rmi.org/utilities-analysts-and-customers-agree-transitioning-from-coal-saves-money/

rate of return on equity. If the Utility generates a larger return—i.e. makes more profit—than allowed by regulators, it typically returns the excess money to its customers in the form of reduced rates in future years. We have allowed our monopoly to privatize profit, while socializing cost. This works to the monopoly's benefit.

This recommendation also acknowledges that the strict decommissioning costs required of nuclear power plants and decommissioning costs for coal plants in deregulated markets, be applied to coal plants in regulated markets. Considering the health costs of coal plants, makes expecting the eventual dismantling costs as part of the Operating and Maintenance costs is appropriate, thus preventing the socialization of stranded assets enjoyed by regulated energy monopolies.

In these troubled times, we ask for a more reasonable model of our monopoly privatizing cost, while socializing profit.

Atmos Energy
1555 Blake ST, STE 400
Denver, CO 80202

April 20, 2023

Senator Kyle Mullica
Chair, Senate Finance Committee
200 E Colfax, RM 346
Denver, CO 80203

Chair Mullica,

Atmos Energy respectfully submits our comments in opposition to SB23-291.

We at Atmos Energy invest our time, talent, and resources to do our part to enhance the safe and reliable delivery of natural gas to our customers who are among the 83% of Coloradans who use natural gas. We are committed to continuing to explore opportunities to keeping costs affordable and minimizing exposure to changes in natural gas commodity pricing while maintaining reliability. We therefore stand in opposition to this bill as it adds more friction to the regulatory process by placing in statute language that is already within the Commission's authority and does not appear to help support ongoing efforts to consider issues of bill affordability for the 83% of Coloradans who use natural gas.

We believe there are different approaches that would accomplish those objectives and look forward to participating in further discussions.

Sincerely,

Bart Armstrong
President, Colorado Kansas Division
Atmos Energy

Senate Finance
04/20/2023 Upon Adjournment
SB23-291 Utility Regulation
Typed Text of Testimony Submitted

Name, Position, Representing	**Typed Text of Testimony**
Elizabeta Stacishin Amend themself	WE NEED MEANINGFUL PENALTIES: It seems to me that this bill should establish a floor for penalties and not solely rely on the PUC. The Commissioners mean well but they are generally outgunned by lawyers and other expert consultants hired (probably on our dime) by the Investor Owned Utilities to fiercely defend their interests. For example, a penalty of interest payment on an "improperly recovered amount", is not much of an incentive to do the right thing. It puts the burden on the system to monitor or audit them. A more efficient and meaningful penalty, say, a minimum of twice the "improperly recovered amount" may serve to discourage abuse. Which should be the goal here and gives the PUC a floor to discourage improper behavior. NO TAXPAYER MONEY for any part of the board of directors compensation, zero. Neither should we be paying for ANY advertising and public relation expenses, or any organizational and membership dues. IOUs are practically monopolies, making huge profits on our backs, profits that are essentially guaranteed. Isn't that enough? They can afford to cover all of their business expenses and then more, much more. TRANSITION TO COMMUNITY OWNED UTILITY. Finally, there should be a strategy in place to transition IOUs to community owned utilities. We cannot rely Wall Street to look out for Colorado's interests, because they have proven over and over again that they won't. To best serve and protect the rate payers of Colorado we must transition to locally owned utilities. Thank you for your service. Elizabeta
Ginger Barrett For themself	I am writing you today in support of SB23-291. This bill supports the ratepayers' needs in energy grids that are run by a monopoly, and clearly seeks to realign the Colorado Oil & Gas Commission and utility companies such as Xcel with the ratepayers, so that we can all be working for the same things. It also seeks to eliminate the possibility of utility companies charging ratepayers for the utility's mistakes. This is an important bill in this time and place, and I urge you to support its approval. Thank you.
Marilyn Eaton For themself	I very much support SB-23-291 Utility Regulation.The price increases by Xcel Energy have resulted in my bills being approximately double that of last year, despite similar temperatures and usuage. My thermostat has been set at 60 degrees since the increases. Not only is that cold, I am at times wearing a hat and gloves to stay warm in my house. As a senior

	citizen on a fixed income, the increases have negatively impacted my budget. At the same time, Xcel made a $1.7 billion profit last year. The proposed regulations in this bill will help control Xcel's sizeable rate increases and continued requests for additional rate increases.
Ronnie Broyles Amend themself	First, I am a parent of a child with significant medical needs, requiring numerous pieces of power hungry medical equipment. That said, I am writing to encourage amendment to SB23-291.allowing public utilities to have a say in how they are regulated is no different than giving a fox a say in how the hen house is secured. Utility companies--should have no say in the way they are regulated. This gives the utilities the ability to water down any regulation, which is in fact no regulation at all. Second, this bill as it is written does absolutely nothing to provide relief to utility customers in the short term. There are people in the state of Colorado who have had to decide whether to pay their utility bill or put food on their tables. You have the most vulnerable in society--the disabled, those with life saving medical equipment, and the elderly who need relief now, not a year from now. This bill does nothing to accomplish that. I would ideally like to see the bill amended to provide relief to the consumer now as opposed to a year or two years from now. I would like to see a medical baseline program instituted that provides a discount on the entire utility bill--gas, electric and water for those who have life saving medical equipment. When we moved here, our utility bills for Jan-Feb were as high as $475 a month for February and well over $300 for January. Utility companies took advantage in my opinion of the cold snap, they took advantage and continue to take advantage of the Russian invasion of Ukraine and of the disruption that occurred when the Nordstream pipeline was destroyed. This is reprehensible and should not be tolerated. I ask for the bill to be amended in order to provide immediate relief for those who need it most at the very least. I further ask for the bill to be amended to provide for real teeth and accountability when it comes to how utility companies operate and that includes when and for what reasons they seek to raise rates--right now there really isn't any. I ask you to amend SB23-291.
Leslie Glustrom For Clean Energy Action	Dear Members of Senate Finance Committee, I have spent close to 20 years engaged at the Public Utilities Commission and have participated in numerous Xcel rate cases as well as many other proceedings.

	I would like to add my strong support for passage of this bill which addresses a number of ways in which the PUC process can be improved to better protect customers of Colorado's monopoly utilities and to avoid making further mistakes that lead to stranded utility assets in the future. I believe that the best way to provide price discipline and drive innovation is to introduce more competition in Colorado's electric markets. We know that there are many providers ready to bring cleaner and lower cost electricity to Colorado communities and I look forward to enabling Colorado communities to access those alternative providers in coming sessions. In the meantime, I encourage you to move SB23-291 forward and I thank the Select Committee on Rising Utility Rates for their work on this important legislation. Thank you for your service! Leslie Glustrom For myself and for Clean Energy Action
Rebekah Scarrow Against Associate Members of Growth and Development	Dear Honorable Members of the Finance Committee, I deeply appreciate your service to our great State in your role as Senator. Thank you for your service. I would like to express the opposition our group has toward this matter under your consideration, SB 23-291. Affordable housing is a concern in Colorado. However, this bill does not produce the results desired in an effort to meet the needs of our citizens. Looking at the costs of housing, a global approach is required. Not only in rent/mortgage/purchase price, we also need to consider ongoing costs of utility providers. I understand and acknowledge the move statewide toward clean energy and appreciate the efforts being made toward incentivizing this shift. However, much of our housing that is currently more affordable uses other sources of energy, specifically natural gas. It has crippled many of our residents with the way in which the shift has recently occurred because of the increase in natural gas costs. Please consider an option that would not cripple our residents in need of affordable housing in the effort to move toward a clean environment. As it stands, SB23-291 does not mesh the needs of affordable housing and clean energy. Respectfully Submitted,

	Rebekah Scarrow Facilitator, Associated Members of Growth and Development Mesa County, Colorado
Erik Johnson For themself	I work on renovations and energy upgrades in existing affordable housing. We work on window replacements, attic insulation, air sealing, electrification, and installing more efficient heating, cooling, and water heating. Our residents were hit with staggering increases in their utility bills last winter 2022-23. We spent a lot of time helping them manage these unprecedented costs. Our residents are essential workers and they struggle to find and keep affordable housing. While we work to make housing more energy efficient, we need the CO legislature to help control costs. Monopoly utility companies need restrictions on passing costs on to rate-payers, and they need to protect their customers from volatile rate hikes. Please support SB23-291.
Nathan Sloat Amend themself	In section 40-3.2-104.4 1(b)(III) the bill states that the Energy Office will commission a study that evaluates the risk posed by stranded asset costs, including the state emission targets of a 90% carbon reduction by 2050. This section should be changed to state that all fossil assets should be considered fully depreciated by 2050 in order to comply with the state emission targets. Ratepayers should not be on the hook for costs related to fossil assets after 2050, given that we know those assets will need to be turned off by 2050. Otherwise we are effectively taking on a 28+ year investment in a property that will need to be torn down in 27 years, it makes no sense.

Written Testimony on **SB23-291** Concerning the public utilities commission's regulation of energy utilities

Taking record profits while inflationary pressures are necessitating difficult fiscal decisions for utility rate-payers is simply unacceptable in a civil society. The guaranteed rate of return for a regulated monopoly's officers and shareholders must share the inflationary pain and adjust for the hard times we are experiencing, and will experience in the future as fuels the utility insists on using, continue to rise in cost. Otherwise, the public continues to pay for the band to play while we rearrange the deck chairs on the sinking ship of fossil fuels. Let us silence the laughter on the way to the Bank!

Can legal charges be pressed?

On March 27, 2023 I submitted the following testimony to the Select Committee on Excessive Rate Hikes. I now submit it as written testimony supporting Senate Bill **SB23-291**.

> Comments to the Joint Select Committee on Excessive Rate Hikes
>
> On March 21, the Colorado Public Utilities Commission asked for and heard public testimony on Who Pays for Xcel's Stranded Coal Plants (docket #22A-0515E). I submitted the attached testimony in writing to the PUC and testified publicly. Public testimony is limited to 2 or 3 minutes. Therefore, I used my 3 minutes to distill the written testimony for the Commissioners.
>
> The 3-minute distillation may interest the Joint Select Committee on the seven layer cake of stacked rate hikes that have both strapped a public reeling from inflation and gilded the utility lily to the tune of record profits. These are profits well above the 9-10% the regulated monopoly is guaranteed. Here is my distillation:
>
>> *PUC Public Testimony on 22A-0515E*
>>
>> *David Takahashi*
>>
>> *First, thank you, Commissioners, for pausing to hear from the public, and thank you, Harriet, for attempting to transcribe us!*
>>
>> *I will try to be brief.*
>>
>> *Yesterday, the IPCC, in its Synthesis Report, made it clear that fossil fuel use must go the way of whale oil. Coal first, but methane must follow. Or we sentence the future to challenging unlivability.*
>>
>> *Rising utility rates with reported record profits demonstrate utilities have a surplus above their guarantee and a suspicion of criminal activity.*
>>
>> *Stranded Assets are less critical for plants reaching their natural retirement age and interesting for very early retirements.*

The question is who pays for decommissioning the plants. In deregulated markets, it is generally the utility that pays. In nuclear power plants, it is always the utility that pays for decommissioning. In regulated markets, it is usually landing on ratepayers.

Landing decommissioning costs on ratepayers when rate hikes have challenged home budgets while the utility is reaping record profits compares to a trip to hell in a handbasket.

The guaranteed 9-10% profit on equity investments does not make sense. Record profits make a shambles of guarantees. Reduce the guaranteed profit to a more reasonable 4-5%. In economic downturns (like today), reduce this further to 2.5% guarantees – share the pain.

PUC, hold the regulated monopolies to their guarantees. If shareholders wish to reward their executives with bonuses from their profits, so be it. The public was never interested in gilding the utility lily.

In the case of record profits that exceed the guarantees, return the surplus above the guarantee to ratepayers.

Finally, early retirement of an ill-advised, under-performing blasphemy of an investment is not on this docket. Still, shareholders endorsed that investment, so I say they must assume the responsibility for making it disappear from their profit and loss statement.

Thank you for listening

I want to add that on March 20, 2023; it was reported that a Texas court ruled for Vistra, saying PUC exceeded authority with Winter Storm Uri's $9,000/MWh pricing order[1]. This event precipitated Xcel's request for $500M to cover $500 million in soaring natural gas prices due to Uri. This request was granted in June 2022. So to me, this means the ripple effects of the disputed decision in Texas, which Xcel used to justify a hefty rate hike, is based upon possible fraudulent circumstances, and I would think to throw the legitimacy of the hike into question.

The URI exercise showed us that Colorado must examine its Revised Statutes to ensure that our utility can never pull the $500M hat trick again. Therefore, I implore the Joint Select Committee to ensure our regulated monopolies have a seven-day Winter Reserve in place and plans that avoid cavalier profiteering on the backs of its ratepayers. This would be statutes which give the PUC proper guidance.

Thank you for your attention to this detail.

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[1] https://www.utilitydive.com/news/texas-winter-storm-uri-appeals-court-utility-commission/645403/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Utility%20Dive:%20Daily%20Dive%2003-25-2023&utm_term=Utility%20Dive%20Weekender

PUC Comment on Who Pays for Xcel's Stranded Coal Plants (22A-0515E) Submitted.pdf