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State Audit Finds that PUC's Consideration of Required Employment Metrics in Electric Utility Acquisitions is Unclear

DENVER—The Colorado Office of the State Auditor (OSA) has issued a performance audit of the Public Utility Commission's (PUC) consideration of employment metrics when approving electric utilities' resource acquisitions. Investor-owned retail electric utilities generate a portion of the power they sell to consumers and, through resource acquisition, acquire the remaining power from other utilities or from wholesalers that are independent power producers. Since 2010, state law has required the PUC to consider employment metrics when evaluating and approving electric utilities' resource acquisition projects. Employment metrics specified in state law include the availability of training programs for project labor, the use of Colorado labor versus out-of-state labor, opportunities for long-term careers, and the provision of industry-standard wages, health care, and pension benefits.

During Calendar Years 2011 through 2021, the PUC approved 15 electric utility resource acquisitions that required its consideration of employment metrics. However, auditors found that for 4 of the 15 approved acquisitions, the utilities had not provided the PUC with metric information to consider during the approval process. For another 7 acquisitions, although the utilities provided the metrics, the PUC did not document how it considered this information when approving the acquisitions. Additionally, auditors found that 85 of the 90 bidders on the 15 approved acquisitions provided little or no detail on the employment metrics that they would use if awarded the contracts, even though they are required to provide this information for the PUC to consider.

“When the PUC doesn't receive complete information on employment metrics or use this information when approving electric resource acquisitions, the utilities have no incentive to ensure

that the companies they contract with will provide quality, well-paying, Colorado-based jobs, as the General Assembly intended,” said Derek Johnson, Legislative Audit Manager.

The audit was required by state law and makes three recommendations to the PUC for improvement. The audit also includes discussion of a policy consideration for the General Assembly that relates to the role of the PUC in ensuring that employment metrics are implemented. The full audit report is available online at www.colorado.gov/auditor.

About the Office of the State Auditor

Under the direction of the State Auditor, the OSA’s nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education; conducting independent evaluations of the State’s tax expenditures (e.g., credits, exemptions, deductions); tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law; and operating a statewide fraud reporting hotline.

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