

Hearing on SB24-218  
Senate Finance Committee  
April 29, 2024, 1:30 pm, LSB B

Kyle Mullica, chair; Chris Kolker, vice chair; Janet Buckner; Chris Hansen; Cleave Simpson; Jim Smallwood and Kevin Van Winkler

Mr. Chairman and members of the committee, I am Bill Levis, a legislative volunteer for AARP Colorado and retired consumer counsel before the Colorado Public Utilities Commission and former director of the National Association of State Utility Consumer Advocates.

AARP supports the transition to renewable energy and the burying of electrical lines to eliminate the fire danger that downed lines have caused. However, we have concerns about SB 218 as introduced. In particular, the bill in sections 40-2-132.5(4)(d)(II), (V) & (VI) on pp. 18-20 and (7) on pp. 30-32 puts the cost of burying the lines on customers, many of whom including a large number of AARP Colorado's 670,000 members, are already having trouble absorbing the cost of every increasing energy costs.

Xcel is a Fortune 300 company with the duty to maximize shareholder value while its regulated subsidiary Public Service Company of Colorado is mandated by state law to serve in the public interest. At least since 2019, the General Assembly has passed numerous laws putting the cost of transitioning to clean energy on Xcel's customers, the vast majority of whom are residential, even though the company is voluntarily retiring power plants years before their useful lives are up. A summary of the bills passed in 2019 and 2021 and their impact on consumer rates is attached to my testimony.

The current bill continues this piling on consumers with surcharges and the possibility of an increase in base rates. Instead of putting all of the cost on its customers, AARP asks that Xcel's shareholders, who are ultimate beneficiaries of the company's actions, assume at least some of the cost. Other regulated companies, such as the Bell System, have written down the costs against their shareholders when they upgraded their networks.

Finally, by restricting coverage to investor owned utilities with at least 500,000 customers in section 2(y) on pp. 12-13, the bill only applies to Xcel and not to Black Hills, the other investor owned utility with nearly 100,000 customers, or to Colorado's 22 REAs that are in areas that may even be more susceptible to fire danger from downed lines. The General Assembly should consider expanding the mandate to those companies as well.

Thank you and I am available for any questions.

## THE COST OF CLEAN ENERGY KEEPS ON GOING UP

Xcel's 1.5 million customers, over 90 percent of whom are residential, already pay three clean-air surcharges and more have been written and passed into law since 2019. This year has been especially hard hit with rate hikes.

The current surcharges are:

- The Clean Air-Clean Jobs Act Rider passed into law in 2010 to promote a coordinated approach to achieving multiple air emission requirements. The CACJA Rider is subject to annual changes effective on January 1 each year.
- Colorado Energy Plan Adjustment, a 1% of an electric bill, funds the early voluntary retirement for Xcel Energy's Comanche coal units.
- Renewable Energy Standard Adjustment, one percent of an electric bill, to fund the renewable energy program as required by Colorado law under which utilities must generate or purchase increasing portions of their electricity from sun, wind or biomass.
- In addition, Xcel offers Windsource, a voluntary program providing customers with a choice to have their electricity generated from renewable generation sources. The Windsource Charge is subject to annual changes effective January 1 each year.

In addition, several new clean-energy surcharges will be implemented with the passage of two bills in 2019 and a number of additional surcharges were adopted by legislation this year.

- As the result of the passage of SB19-77, Xcel and Black Hills will be able to charge their monopoly customers up to ½% of their revenue requirement to develop electric vehicle charging stations. They also can put the cost of providing those facilities into their base rates.
- With the passage of SB19-236, the Commission can allow Xcel and Black Hills to add up to a 1-1/2% clean energy plan revenue rider on the annual total electric bill, including surcharges and franchise fee. Following the final implementation of the clean energy plan in 2030, any remaining costs and savings associated with the clean energy plan will be incorporated into base rates.
- SB21-072 will most likely require Xcel and Black Hills to join a regional transmission (RTO) organization by 2030. Should that happen, the Public Utilities Commission (PUC) may allow recovering of RTO subscription fees and other participation costs through rates or a transmission rider.

- Under SB21-246 concerning the transition to electric appliances, furnaces and hot water heaters, Xcel and Black Hills will be entitled to a higher rate of return, accelerated depreciation, retaining part of the net economic benefit, the collection of cost through a rider or cost adjustment clause and any other incentive mechanism the Commission approves.
- Under HB21-1105, electric and gas investor-owned utilities, most prominently Xcel and Black Hills, will collect a monthly charge from consumers beginning in October 2021 for energy assistance. The charge will start at \$0.50, then increase to \$0.75 in October 2022 and then increase based on the consumer price index beginning in October 2023. Low income customers may request an exemption. The bill also provides for voluntary water utility contributions.
- Under HB21-1238, investor-owned gas utilities will be able to add a cost adjustment mechanism to consumer bills to collect the cost of a demand side management program without filing a rate case.
- SB21-261 removes the net metering cap for consumers with solar panels currently at 120 percent of historic usage.
- Under SB21-264, gas distribution utilities can add a cost recovery cap up to two percent for all customers to reduce greenhouse gas as well as request a possible rate adjustment clause for clean heat plan costs.
- SB21-272 removes the .25% fee cap collected on a public utility's gross intrastate revenues to fund the PUC and the Office of Consumer Counsel (which becomes the Office of Utility Consumer Advocate as of September 2021 pursuant to SB21-103). This fee is ultimately paid by the utility's customers.



**TO:** Colorado Senate Finance Committee  
**FROM:** Nick Torres – Director, Advocacy  
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**DATE:** April 29, 2024  
**SUBJECT:** Support for Senate Bill 24-218

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The American Lung Association is the oldest voluntary public health association in the country. We represent the more than 36 million people in the US living with lung diseases like asthma, COPD, and lung cancer. Thank you for the opportunity to express our strong support for Senate Bill 24-218.

The American Lung Association strongly supports modernizing our state’s grid to plan for the transition to non-polluting transportation and buildings, which are cornerstone policies to improving air quality and public health. This legislation solidifies our state’s progress on clean air standards and the transition to an equitable, non-polluting transportation sector. It’s a critical puzzle piece to an inclusive, timely transition to non-polluting vehicles and buildings – and unlocking consequential public health benefits and savings for Colorado.

Colorado is home to nearly 600,000 adults and children living with asthma who face greater risk and need stronger protection against harmful ozone and particle pollutants. Air pollution can cause health emergencies including asthma attacks, heart attacks, and other lung and cardiovascular diseases.

The provisions in the bill are critical in the near-term so that Coloradans can fully realize the benefits of the progress that our state has already made – like the passage of policies like Advanced Clean Cars II and Advanced Clean Trucks. The bill would help prevent onerous delays to energizing charging infrastructure, mitigate unanticipated unfairly distributed costs, and support planning for the workforce necessary to support critical infrastructure.

Transportation continues to be a leading source of harmful air and climate emissions in Colorado. The American Lung Association’s [“State of the Air” 2024](#) report found that 11 Colorado counties received a failing grade for ozone (“smog”) pollution and 4 counties received a failing grade for particle (“soot”) pollution. In all, 80% of Colorado residents live in a county with a failing air quality grade. Three Colorado cities – Denver, Fort Collins, and Colorado Springs – ranked among the top 25 most ozone-polluted regions in the country.

The transition to zero-emission transportation sources through the successful implementation of ACC II and ACT will provide the state with significant public health savings and benefits. The American Lung Association’s [“Zeroing in on Healthy Air”](#) report found a transition to zero-emission vehicles will save Colorado \$9.5 billion in public health costs, reduce premature deaths by 857, avoid 31,200 asthma attacks and 151,000 lost workdays through 2050, if paired with a transition to net-zero electricity sources.

The American Lung Association urges your support for Senate Bill 24-218.

4/29/2024

Lukas Hagen,  
Policy and Research Manager, Neighborhood Development Collaborative  
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Respected Committee and Mr Chair,

My name is Lukas Hagen, the Policy Manager for the Neighborhood Development Collaborative, a coalition of 26 mission-driven, affordable housing providers across the Front Range. I'm here to testify in favor of SB24-218 even though NDC has not yet had a chance to take an official position on this bill.

The much needed reforms outlined in this bill align well with testimony NDC gave to the Colorado Public Utilities Commission over the last year. Xcel Energy's current cost sharing policy negatively impacts affordable housing developers through late-in-the-game, unpredictable expenses. Currently, Xcel applies a 35% credit to off-site distribution line extension costs, with the remaining 65% falling to developers. While market rate developers can pass costs on to their tenants or buyers, nonprofit affordable housing developers are constrained by the terms of their funding to maintain the stipulated affordability requirements and must find other financing to cover these costs.

These last-minute requirements by Xcel Energy additionally delay projects otherwise ready for occupancy, which lead to additional delays and thereby costs. Xcel took over 12 months to install a transformer, delaying closing on a \$350,000 for-sale unit development by 6 months. A further member reported that Xcel-related delays cost the organization more than \$2 million direct and indirect expenses.

Specifically, we support the following parts of the bill:

- 1) Limiting infrastructure extension costs to a specific dollar amount per unit spares affordable housing developers from these unpredictable expenses, allows them to plan their budgets accurately, and bring their projects online punctually.
- 2) We also support the outreach requirements in this bill. SB24-18 mandates culturally and linguistically relevant engagement that does not just inform the public of previously finalized decisions, but allows for meaningful feedback and creative solutions.
- 3) Finally, NDC welcomes the bill's incorporation of state energy and climate policy goals such as energy grid decarbonization into distribution network planning because affordable housing is directly affected by climate change. Natural disasters disproportionately affect low-income areas, where most naturally occurring affordable housing is located. Therefore, investing in energy sources that reduce or eliminate greenhouse gas emissions is a step toward preserving housing and preventing community displacement.

As such, we strongly encourage a yes-vote on this bill. Thank you for your time and consideration. And for more information on how current practices are hurting affordable housing providers please feel free to reach out with any questions.

Thank you for your time and consideration.

Lukas Hagen