



May 1, 2023

CRES Supports SB23-291 - Utility Regulation

Dear Bill Sponsors: Senators Steve Fenberg, Lisa Cutter, Chris deGruy Kennedy, and Matthew Martinez, and the members of the Senate Finance and Appropriations Committees:

The Colorado Renewable Energy Society (CRES) wants to thank the bill sponsors for introducing this bill. The CRES Policy Committee members support this bill and urge all members of the Senate Finance and Appropriations Committees to vote yes to help pass this bill.

CRES is a nonpartisan, science-based nonprofit with thousands of members throughout the state. The CRES Policy Committee brings together a broad range of energy policy and technology experts who review energy bills before the Colorado state legislature to provide our perspective.

This bill contains many elements that CRES strongly endorses. In particular, we are very favorable on:

1. Action limiting the discount rate used in utility's calculations
2. Increased access for interveners to utility's assumptions and calculations used in analyses
3. Actions the PUC can take to require utilities to bear a percentage of their total fuel costs
4. Limit rate case expenses utilities can recover from customers
5. The ability for the PUC to establish a mechanism to create financial incentives for utilities to improve their electricity production cost efficiency while minimizing fuel costs

We have just one comment for your consideration, and it's regarding the discount rate. If there is an opportunity for amendments, we encourage you to bring clarity and some greater detail in the bill's language regarding the discount rate by specifying:

- 1) If the NPV discount rate in the bill refers to the nominal or real discount rate
- 2) Be clear about applying capital costs to real (fuel) costs, and
- 3) Be specific about where the long-term rate of inflation is to be sourced or how it is to be calculated.

Without this clarity, the intent of this section of the bill may not be applied properly or may lead to unnecessary disputes.

Thank you again for bringing this bill forward and supporting it, and for all that you do for Colorado!

Sincerely,

Vincent Calvano

Chair of the Colorado Renewable Energy Society Policy Committee

House Finance

05/01/2023 Upon Adjournment

SB23-291 Utility Regulation

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Cathy Shull</p> <p>Against</p> <p>Pro 15</p>	<p>My name is Cathy Shull, Executive Director of Pro 15, an advocacy group representing Northeast Colorado. We are here today in opposition to SB 23-291.</p> <p>Pro 15 has long had a standing policy of support for energy of all types, and we are worried that this bill might impact the economy of our region. We believe it harms or even precludes the development of geothermal, hydrogen, and other new technologies currently being looked at in our region by creating a hostile investment environment that will cause capital to be directed elsewhere.</p> <p>Currently transmission lines are being put into the region which will help, but we will never be able to be totally electric. High winds and blizzards as we saw last winter requires us to have natural gas. We have a power plant that is being converted to natural gas rather than being shut down which kept jobs in the region and kept property taxes for our schools.</p> <p>We also could not find anything that would stabilize rates for customers, and as always we are wary of a bill being introduced at the end of the session with this magnitude of importance with little time for people to absorb, question and tweak. There is certainly a need for the discussion, but we don't believe now is the time for the bill. We ask for a no vote on this bill.</p> <p>Thank you.</p>
<p>Cathy Shull</p> <p>Against</p> <p>Pro 15</p>	<p>My name is Cathy Shull, Executive Director of Pro 15, an advocacy group representing Northeast Colorado. We are here today in opposition to SB 23-291.</p> <p>Pro 15 has long had a standing policy of support for energy of all types, and we are worried that this bill might impact the economy of our region. We</p>

	<p>believe it harms or even precludes the development of geothermal, hydrogen, and other new technologies currently being looked at in our region by creating a hostile investment environment that will cause capital to be directed elsewhere.</p> <p>Currently transmission lines are being put into the region which will help, but we will never be able to be totally electric. High winds and blizzards as we saw last winter requires us to have natural gas. We have a power plant that is being converted to natural gas rather than being shut down which kept jobs in the region and kept property taxes for our schools.</p> <p>We also could not find anything that would stabilize rates for customers, and as always we are wary of a bill being introduced at the end of the session with this magnitude of importance with little time for people to absorb, question and tweak. There is certainly a need for the discussion, but we don't believe now is the time for the bill. We ask for a no vote on this bill.</p> <p>Thank you.</p>
--	--

AARP COLORADO TESTIMONY BEFORE HOUSE FINANCE COMMITTEE
MAY 1, 2023 CONCERNING SB23-291

- Mr. Chairman, members of the committee, I am Bill Levis, volunteer advocate for AARP Colorado and former Consumer Counsel representing residential, agricultural & small business consumers in energy & telecom proceedings before the state Public Utilities Commission
- AARP supports SB 291, especially the sections limiting the ability of regulated electric and gas utilities to charge their captive customers for certain non-related expenses
- In particular, AARP is concerned about the ability of Xcel Energy, a Fortune 300 company whose primary goal is to maximize shareholder value, to use its regulated Colorado subsidiary, Public Service Company of Colorado, for reimbursement
- By Colorado law, PSCo is a monopoly provider that must charge just and reasonable rates to its over 1.5 million electricity customers and its 1.4 million natural gas subscribers
- Unfortunately, Xcel has no incentive not to spend as much money as possible in pursuing higher rates
- This includes both filing numerous cases before the PUC and lobbying the General Assembly to put all of the cost of transitioning to renewable energy on its captive customers
- This year alone, the Colorado Sun reported that Xcel has spent almost \$300,000 on lobbying the General Assembly, nearly \$70,000 more than the company in second place
- In 2019 and 2021, Xcel was successful in getting numerous legislative bills passed, a summary of which is attached, that put additional surcharges and likely base rate increases on electric customers who remain on the grid as it decommissions energy plants before the end of their useful lives
- AARP is particularly concerned that many business and wealthy residential customers will transition either completely or partially to solar or wind, leaving those who can least afford it to pick up the network tab
- Xcel claims that this bill will create disincentive for Wall Street to lend it money at favorable rates going forward
- If this were true, California's Pacific Gas and Electric, which has gone through two recent bankruptcies and is facing liabilities for a number of forest fires, would not have a similar Fitch rating at BB+ as Xcel at BBB+
- What is even more interesting is that Xcel's state-regulated subsidiaries, including PSCo, have higher rates than the holding company at A-
- So state regulation actually helps these subsidiaries get necessary cash
- What is most frustrating under current state law is that Xcel and Black Hills, also PUC-regulated, have no disincentive not to continually file rate cases
- For example, Xcel has filed three electric and two gas base rate cases in the past five years. The company overwhelms the Commission and the parties with approximately 20 witnesses in each case, generally more than the total witnesses the Commission trial staff, the Utility Consumer Advocate and intervenors file in response
- And the cost for Xcel's filings is borne by its captive customers
- SB 291 is the first effort to level the playing field between the company, intervenors and monopoly ratepayers
- It also will limit the perks that Xcel can get from its state-regulated subsidiaries, including jet travel and advertising
- Nothing brought that closer to home to me than watching the Minnesota Wild-Dallas Stars Stanley Cup playoff game last week that was played at the Xcel Energy Center in St. Paul, Minnesota
- With energy prices exploding, especially at times for the gas commodity adjustment, Xcel's Colorado consumers, a large number who are on low or fixed incomes, including many of AARP's constituents, Minnesota's hockey arena is the last thing that our consumers should have to wonder if they are supporting.
- Thank you.

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.