



Legislative
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HB 18-1271

FINAL FISCAL NOTE

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|-------------------------|---------------------------------|------------------------|---|
| Drafting Number: | LLS 18-0632 | Date: | June 22, 2018 |
| Prime Sponsors: | Rep. Gray; Willett Sen. Tate | Bill Status: | Signed into Law |
| | | Fiscal Analyst: | Marc Carey 303-866-4102 marc.carey@state.co.us |

Bill Topic: PUC ELEC UTIL ECONOMIC DEVELOPMENT RATES

Summary of Fiscal Impact:

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| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>) | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill allows the Colorado Public Utilities Commission (PUC) to approve investor-owned electric utilities in charging lower rates, for up to 10 years, for commercial and industrial users who locate or expand their operations in Colorado. It may result in a minimal workload increase through January 1, 2028, when the bill repeals.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Summary of Legislation

This bill allows the Colorado Public Utilities Commission (PUC) in the Department of Regulatory Agencies to approve, and investor-owned electric utilities (IOUs) to charge, a discounted economic development rate for commercial and industrial users who locate or expand their operations in Colorado and add at least 3 megawatts of new load at a single location. To qualify for these rates, customers must demonstrate that electricity cost is critical to their decision about where to locate or expand their business. Economic development rates may be offered to customers until 2028, when the bill repeals.

The bill also authorizes an IOU to seek PUC approval to expand an existing, previously approved, voluntary renewable energy program to meet the current or projected demand of a commercial or industrial customer that:

- makes a capital investment in Colorado of at least \$250 million;
- requires the expansion in order to remain as a customer of the utility; or
- is a new customer of the utility.

The PUC may approve a program within 120 days if the IOU meets the criteria outlined in the bill.

Finally, the bill specifies that utilities shall not cross-subsidize economic development rates by raising rates on other customers. The utility bears the burden of proof in any PUC proceeding on this issue.

State Expenditures

This bill would allow an IOU to seek approval from the PUC to provide discounted rates in order to either encourage increased production from existing qualified commercial or industrial customers or attract new qualified commercial or industrial customers to Colorado. While the bill would require modification of PUC rules, the bill does not require expedited procedural treatment. The one exception would be for applications to increase the capacity of an existing, previously approved, voluntary renewable program, which are expected to occur infrequently. As such, the associated workload increase can be handled within the normal course of business and does not require an appropriation.

Effective Date

The bill was signed into law by the Governor on June 1, 2018, and takes effect January 1, 2019, assuming no referendum petition is filed. It applies to conduct on or after this date.

State and Local Government Contacts

Information Technology

Regulatory Agencies