

  
*Colorado Legislative Council Staff*  
**STATE and LOCAL**  
**CONDITIONAL FISCAL IMPACT**  
*No State General Fund Impact*

**Drafting Number:** LLS 04-0135  
**Prime Sponsor(s):** Rep. Berry  
 Sen. Sandoval

**Date:** February 3, 2004  
**Bill Status:** House Transportation & Energy  
**Fiscal Analyst:** Marc Carey (303 866-4102)

**TITLE:** CONCERNING THE "LOW-INCOME ENERGY ASSISTANCE ACT".

Fiscal Impact Summary	FY 2004/2005	FY 2005/2006
<b>State Revenues</b> General Fund		
<b>State Expenditures</b> General Fund		
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> January 1, 2005, unless a referendum petition is filed.		
<b>Appropriation Summary for FY 2004/2005:</b> None		
<b>Local Government Impact:</b> Minor reporting and administrative costs.		

**Summary of Legislation**

This bill creates the Low-Income Energy Assistance Program, to be administered by Energy Outreach Colorado (EOC), a Colorado non-profit corporation, and under direction of rules promulgated by the Colorado Public Utilities Commission (PUC).

This bill requires every utility to participate in the Energy Assistance Program and to collect an energy assistance charge from each electric and gas customer beginning January 1, 2005, to contribute to a Low-Income Energy Assistance Program. The amount of the charge will be:

- \$0.25 per month for each additional residential gas and electric account;
- \$0.25 per month for each additional agricultural gas and electric account; and
- \$1.00 per month for each non-residential gas and electric account.

The bill requires that the moneys from these collected charges be transferred to EOC on a quarterly basis. EOC shall use these moneys to provide energy assistance to Colorado individuals and organizations. Priority shall be given to households that meet one or more of the following criteria established by the Department of Human Services:

- one or more persons meet the criteria to receive an Old Age Pension;
- one or more persons meet the criteria to receive Aid to the Needy Disabled;
- one or more persons meet the criteria for Aid to the Blind; or
- one or more persons meet the criteria for Supplemental Security Disability Benefits.

EOC is also required to use these moneys to reimburse the PUC for any administrative costs incurred as a result of this bill. In addition, EOC is authorized to use up to 10 percent of the moneys collected for administration of the program.

All utility customers must be given an opt-out mechanism whereby the energy assistance charge will not be collected. Additional moneys may also be used by EOC as necessary to cover the administrative costs associated with this opt-out provision.

The bill also specifies that municipally-owned gas and electric utilities and rural electric cooperatives, through a self-certification process, may implement alternative energy assistance programs. In order for the utility or cooperative to self-certify, the alternative program is required to meet the following criteria:

- funding of the program shall be determined by the governing body;
- the program shall distribute funds exclusively to customers that are challenged with paying energy bills for financial reasons, including seniors on fixed incomes, individuals with disabilities, and low-income individuals; and
- information about the program shall be distributed to all customers on an annual basis, either by written notice or by publication in a local newspaper.

If the utility or cooperative determines that a limited number of people qualifying for energy assistance live in its service area, the utility or cooperative is exempt from the requirements of this bill. If the utility or cooperative has not self certified an alternative program or exempted itself, then the utility or cooperative shall collect an energy assistance charge from its customers and determine the disposition of these charges.

If, at any time, the administrative costs of the program exceed the revenues collected in a calendar year for any municipally owned utility or rural electric cooperative, the requirements of this bill shall terminate immediately for that utility or cooperative.

Any reasonable administrative costs incurred by a utility to collect the charge and provide an opt-out mechanism may be reimbursed from moneys collected, and this amount shall be established by the Public Utilities Commission (PUC) by rule. The bill also requires the PUC to:

- establish an opt-out mechanism for gas and electric consumers; and
- promulgate rules to determine how the charge will be imposed on customers who are billed through multiple meters at a single address.

This bill will be repealed on January 1, 2010, unless the administrative costs exceed revenue. In that case, the bill is repealed immediately.

## **Background**

The EOC is a non-profit entity that works to provide energy assistance, energy conservation and energy education to low-income households. Originally under the authority of the Colorado Commission on Low-Income Energy Assistance, EOC currently operates under an independent board of directors. EOC is authorized to raise private funds, averaging about \$4 to \$5 million in recent years. EOC works in partnership and concert with the Low-Income Energy Assistance Program (LEAP) within the Department of Human Services. The two organizations share publicity and the EOC provides LEAP with funds to covering about 10 percent of their budget.

## **State Expenditures**

*Department of Regulatory Agencies, Public Utilities Commission.* This bill requires the PUC to promulgate rules regarding: (1) how the energy assistance charge is imposed upon customers billed though multiple meters at a single address; (2) how the opt-out mechanism for gas and electric customers is established; (3) how utilities are to be reimbursed for the costs they incur in setting up the collection mechanism for the charges and for the on-going administration if the opt-out provision; and (4) how periodic notice shall be given to customers to ensure easy participation in the opt-out provision. These specified rule-making responsibilities are currently included in the PUC's daily work load and thus may be absorbed within existing resources.

*Other State Agencies.* All state agencies that choose to pay the \$1 monthly charge per non-residential account will incur additional utility expenses, which have not been estimated.

## **Local Government Impact**

Local governments that choose to pay the \$1 monthly charge per non-residential account will incur additional utility expenses, which have not been estimated. The bill will also increase revenues and expenses for municipally owned utilities and rural electric cooperatives. However, these utilities are held harmless as the costs of collecting the charge and administering the opt-out mechanism are reimbursed from any energy assistance moneys received.

## **State Appropriations**

No new state appropriations will be required in FY 2004-05.

## **Departments Contacted**

Local Affairs

Regulatory Agencies