



REVISED CONDITIONAL FISCAL IMPACT

No State General Fund Impact
 (replaces fiscal impact dated January 14, 2005)

Drafting Number: LLS 05-0410
Prime Sponsor(s): Sen. Sandoval
 Rep. Buescher

Date: February 15, 2005
Bill Status: Senate Business Labor & Technology
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TITLE: CONCERNING CREATION OF THE "LOW-INCOME ENERGY ASSISTANCE ACT".

Fiscal Impact Summary	FY 2005/2006	FY 2006/2007
State Revenues General Fund		
State Expenditures General Fund		
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None.		
Effective Date: August 10, 2005, unless a referendum petition is filed.		
Appropriation Summary for FY 2005/2006: None.		
Local Government Impact: Increase administrative expenses for municipally owned utilities and rural electric cooperatives that will be reimbursed from energy assistance charges collected.		

Summary of Legislation

This bill, as amended by the Senate Business, Labor and Technology Committee, 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 provide the opportunity for utility customers to make an optional energy assistance contribution beginning November 1, 2005. The utility would solicit voluntary contributions through a checkoff mechanism displayed on the monthly remittance device or other device approved by the PUC. Recommended check-off categories would be five dollars, ten dollars, twenty-five dollars and fifty dollars. Once a customer opts into the program, the appropriate amount would be assessed on a monthly basis until the customer notifies the utility that he no longer wants to contribute. The bill requires the PUC to initiate at least one rule-making process for the administration of this program.

Moneys from these collected charges are to be transferred to EOC on a quarterly basis to provide energy assistance to Colorado individuals and organizations, with priority given to households where one or more persons receive:

- an Old Age Pension;
- Aid to the Needy Disabled;
- Aid to the Blind;
- Supplemental Security Disability Benefits; or
- Colorado Works Assistance.

EOC is required to reimburse the PUC for any administrative costs from the funds that are transferred.

Self-Certification and Exemption Options. The bill 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:

- program funding is determined by the governing body; and
- program funding is distributed exclusively to customers challenged with paying energy bills for financial reasons, including seniors on fixed incomes, individuals with disabilities, and low-income individuals.

A utility or cooperative may exempt itself from the requirements of this bill if it determines that a limited number of people qualifying for energy assistance live in its service area. Administrative costs of the program including initial start-up costs may be reimbursed at the discretion of the governing body from energy assistance moneys collected.

Annual Reports. On or before March 31 of each year, the EOC is required to submit a written report to the General Assembly, the Legislative Audit Committee, and the Office of the State Auditor. This report will include information on:

- an itemized account of moneys received by the EOC from each utility;
- the moneys distributed, the type of assistance provided, the geographic areas served and an itemization of programs through which the moneys are expended;
- the number of low-income households served, by utility and type of assistance provided; and
- an audited financial statement of the EOC.

This bill will be repealed on July 1, 2011.

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 in 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 cover 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 will be collected from participating customers; (2) how the opt-in mechanism for gas and electric customers is established; and (3) how utilities are to be reimbursed for administrative costs. These specified rule-making responsibilities are currently included in the PUC's daily work load and thus may be absorbed within existing resources.

Local Government Impact

The bill will increase revenues and expenses for municipally owned utilities and rural electric cooperatives who do not choose to self-certify. 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 2005-06 to implement this bill.

Departments Contacted

Local Affairs

Regulatory Agencies