

FINAL**NO FISCAL IMPACT****Drafting Number:** LLS 07-0521**Date:** May 16, 2007**Prime Sponsor(s):** Sen. Fitz-Gerald
Rep. McFadyen**Bill Status:** Signed into Law**Fiscal Analyst:** Marc Carey (303-866-4102)

TITLE: CONCERNING MEASURES TO ENSURE THE ADEQUACY OF COLORADO'S ELECTRIC TRANSMISSION INFRASTRUCTURE, AND, IN CONNECTION THEREWITH, REQUIRING UTILITIES TO DESIGNATE ENERGY RESOURCE ZONES AND AUTHORIZING EXPEDITED COST RECOVERY FOR THE CONSTRUCTION OF TRANSMISSION FACILITIES.

Summary of Assessment

On or before October 31, 2007, this bill requires Colorado electric utilities subject to rate regulation to undertake biennial reviews to designate areas of the state as "Energy Resource Zones" where transmission constraints hinder the delivery of electricity. The amended bill requires these utilities to develop and submit plans for the construction of additional transmission capacity in these zones to the Public Utilities Commission (PUC). The PUC is then required to grant or deny any necessary certificates of public necessity and convenience within 180 days if the PUC finds that:

- the construction or expansion is required to ensure reliable delivery of electricity to consumers or enable the utility to meet the state's renewable energy standards; and
- the present or future public convenience and necessity require such construction or expansion.

Finally, utilities are allowed to recover costs during construction through a rate adjustment clause on any transmission facilities for which a certificate has been issued or for which it has been determined that no certificate is needed. The PUC is also required to approve cost recovery on the total balance of construction work currently in progress related to such transmission facilities. The bill was signed by the Governor and became law on March 27, 2007.

There are currently two investor-owned utilities that are subject to rate regulation in Colorado, Xcel Energy and Aquila Energy. Reviewing any applications for certificates of public necessity and convenience from these utilities related to transmission constraints in designated energy resource zones will not significantly impact PUC workload. Thus, the amended bill will not impact state or local revenues or expenditures and is assessed as having no fiscal impact.

Departments Contacted

Regulatory Agencies