

CONDITIONAL FISCAL IMPACT

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Prime Sponsor(s): Rep. Lee

Bill Status: House Transportation

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TITLE: CONCERNING ON-BILL FINANCING OF ENERGY EFFICIENCY IMPROVEMENTS TO RESIDENTIAL REAL PROPERTY.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

Under current law, public electric or natural gas utilities are not allowed to cover the up-front costs of energy efficiency improvements to real property and have property owners repay them over time using a meter conservation charge on their utility bills. This bill authorizes such on-bill financing. Specifically, the bill:

- authorizes public utilities to enter into on-bill financing agreements with residential customers;
- requires public utilities to perform energy audits that include an estimate of the costs and expected savings from energy efficiency improvements,
- specifies limitations and requirements for an on-bill financing agreement;
- allows public utilities to disconnect utility service if a customer fails to pay the meter conservation charge;
- requires public utilities to file on-bill financing agreements with the appropriate county clerk and recorder; and
- allows public utilities to count energy savings from on-bill financing toward compliance with mandated demand-side management goals.

State Expenditures

Department of Regulatory Agencies, Public Utilities Commission. No expenditure increase is expected as a result of this bill. Under this bill, customers who fail to pay the meter conservation charge may have their service disconnected by the utility. Such disconnection would occur in accordance with existing procedures and rules, which contain a process for filing complaints that the PUC would have to adjudicate, and incur associated administrative costs.

According to the PUC, the service base of major Colorado electric and gas utilities consists of about 850,000 customers (Excel, Black Hills, Atmos, SourceGas and Mountain View). In 2010, there were an estimated 36,000 disconnections of service from this customer base. In FY 2009-10 contacts with the PUC regarding disconnection of service totaled 241 leading to a total of 15 formal complaints filed with the PUC. Table 1 presents these numbers, along with the percent of each population that they represent.

Cost Components	Number	Percent
Customer Base	849,333	
Disconnections	36,420	4.29%
Contacts with PUC Regarding Disconnection	241	0.66%
Formal Complaints Regarding Disconnection	15	6.22%

Any impact to this bill would be limited to customers that: 1) entered into an on-bill financing agreement with their utility, then 2) refused to pay the meter conservation charge, 3) had their service disconnected as a result of this refusal, and 4) elected to go through the formal complaint process with the PUC. Given the percentages shown above for the background population of utility customers, this fiscal note assumes that, because such customers will have had to go to the trouble of contracting with the utility for on-bill financing in the first place, the share that refuse to pay the meter conservation charge and elect to go through the formal complaint process will be even smaller than the background population, yielding a minimal number of formal complaints. ***Any impact would be conditional on the utility electing to enter into on-bill financing agreements with their customers.***

It should be noted that this bill is silent on the required involvement of the PUC should a regulated utility decide to establish an on-bill financing program. This fiscal note assumes, and the PUC has confirmed that such a program could be established and administered with minimal involvement by the PUC. Thus, no additional fiscal impacts are indicated.

Departments Contacted

Regulatory Agencies

Departmental Differences

The PUC notes that the bill permits utilities to disconnect power service in the event of non-payment of meter conservation charges and estimates that the bill will generate an additional 200 complaints, of which 5-7 will go through the formal hearing process resulting in 3 additional days of hearings. To administer these complaints would require an annual appropriation of \$33,279 and an authorization of 0.5 FTE GP-III to handle these additional complaints plus 100 hours of an administrative law judge and 24 hours of a court reporter. Because this fiscal note assumes that customers that go to the trouble of arranging for on-bill financing will not 1) refuse to pay their meter conservation charge and 2) elect to go through a formal complaint procedure once their service has been disconnected, these costs have not been included in this fiscal note.