

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0326  
**Prime Sponsor(s):** Rep. Swalm  
 Sen. Cadman

**Date:** February 8, 2011  
**Bill Status:** House Agriculture  
**Fiscal Analyst:** Marc Carey (303-866-4102)

**TITLE:** CONCERNING MEASURES TO REDUCE THE COST TO CONSUMERS OF REDUCTIONS IN GREENHOUSE GAS EMISSIONS BY PUBLIC UTILITIES.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Expenditure section	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

Current law allows the Colorado Public Utilities Commission (PUC) to impute the cost of a carbon tax imposed at the federal level when calculating an electric utility's investments and comparing the cost of maintaining existing infrastructure with the cost of replacing existing power plants with more energy-efficient power plants.

This bill conditions the PUC's imputation of the carbon tax on the actual adoption of a carbon tax as part of federal law. The bill also limits the rate of return that a utility may earn on capital and operating costs associated with new generation facilities to one-half the rate of return that the utility could earn on the costs associated with the existing generating facilities that are not yet fully depreciated.

**State Expenditures**

*No expenditure increase is expected as a result of this bill.*

**Department of Regulatory Agencies, Public Utilities Commission.** This bill specifies that the PUC may impute the cost of a federal carbon tax only if such a tax is adopted at the federal level. The bill also limits the rate of return utilities may earn on certain new infrastructure replacements.

These changes will require conforming rulemaking, and it is difficult to know in advance how contentious the rulemaking will be. However, because the bill directs both changes, it is anticipated that they can be accomplished through the insertion of specific language into the rule and may be completed within existing appropriations.

**Departments Contacted**

Regulatory Agencies