

**STATE
FISCAL IMPACT**

Drafting Number: LLS 12-0903

Date: May 1, 2012

Prime Sponsor(s): Sen. Boyd

Bill Status: Senate Health and Human Services

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TITLE: CONCERNING RESTRICTIONS ON A UTILITY'S ABILITY TO DISCONNECT CERTAIN RESIDENTIAL CUSTOMERS' HEATING SERVICE DURING COLD WEATHER MONTHS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue*		
General Fund	\$2,002	
Cash Funds		
PUC Fixed Utility Fund	66,722	
State Expenditures		
Cash Funds		
PUC Fixed Utility Fund	\$66,722	
FTE Position Change	0.7 FTE	
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

* Revenue must cover direct expenditures and centrally appropriated expenditures. See Expenditures Not Included section.

Summary of Legislation

This bill creates the "Keep the Heat On Act of 2012." It creates additional circumstances under which gas and electric utility companies may not disconnect a residential customer's service between the months of November and March. These circumstances include the customer being a member of a documented low-income household or the household includes a member of the military who is deployed on active duty. A customer who is a member of a low-income household must also apply for a payment plan and low-income energy assistance in order to receive the exemption.

The bill requires each utility to provide annual notice to its customers by October 15 that explains the customers' rights and responsibilities with respect to the cold weather period. This notice will include the dates of the cold weather period, the disconnection policy and exceptions, information on setting up an payment plan, and on low-income energy assistance programs. The bill specifies the notice requirements that a utility must make prior to disconnecting service, details for a payment plan, and how to verify eligibility for an exemption including what documents may be used.

Utilities are prohibited from charging a late fee or disconnecting utility heating service for customers eligible for exemption, who have a pending payment plan, or are having their eligibility determined.

The Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) is responsible for promulgating rules concerning the administration, implementation, and enforcement of the bill.

State Revenue

This bill is expected to increase state revenue by \$68,724 in FY 2012-13 of which \$66,722 will be credited to the Fixed Utility Fund (FUF) and \$2,002 to the General Fund.

The FUF receives its revenues from an annual fee assessment based on a statutory formula contained in Section 40-2-112, C.R.S., that utilizes each utility's gross operating revenue derived from intrastate utility business. Whenever additional expenses are incurred against the FUF, this assessment must be raised to increase revenues to cover expenditures, plus pay an additional three percent to the General Fund.

State Expenditures

This bill is expected to increase expenditures by \$59,382 and 0.7 FTE in FY 2012-13 only from the FUF. The PUC will be required to revise their low-income rules to establish new eligibility requirements, the privacy rules related to customer information, rules protecting customer information and possibly addressing how utilities can recover revenue lost from these exemptions. This is expected to be a complex rulemaking process requiring a rate financial analyst, an administrative law judge, and a hearings reporter. These costs are detailed below.

Table 1. Expenditures Under SB12-183		
Cost Components	FY 2012-13	FY 2013-14
Personal Services	\$56,555	
FTE	0.7	
Operating Expenses and Capital Outlay	2,827	
TOTAL	\$59,382	

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB12-183*		
Cost Components	FY 2012-13	FY 2013-14
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,325	
Supplemental Employee Retirement Payments	3,015	
TOTAL	\$7,340	

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

For FY 2012-13, the Department of Regulatory Agencies requires \$59,382 from the PUC Fixed Utility Fund and 0.7 FTE.

Departments Contacted

Department of Regulatory Agencies