HB12-1172

Colorado Legislative Council Staff Fiscal Note

STATE
FISCAL IMPACT

Note: This fiscal note is provided pursuant to Joint Rule 22(b)(2), and reflects strike-below Amendment L.002.

Drafting Number:	LLS 12-0001	**Date:**	February 2, 2012
Prime Sponsor(s):	Rep. Swalm	**Bill Status:**	House Agriculture
		Fiscal Analyst:	Marc Carey (303-866-4102)

TITLE: CONCERNING THE RATES CHARGED TO CONSUMERS FOR ELECTRICITY, AND, IN CONNECTION THEREWITH, PROHIBITING THE IMPUTATION OF CERTAIN COSTS ASSOCIATED WITH REDUCTIONS IN GREENHOUSE GAS EMISSIONS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures	See State Expenditure section	
FTE Position Change		
Effective Date: January 1, 2013, and applies to proceedings initiated on or after than date.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: 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, ***as amended by L.002***, conditions the PUC's imputation of the carbon tax on the actual adoption of a carbon tax as part of federal law.

In addition, the bill prohibits an investor owned electric utility (IOU) from charging residential customers tiered rates according to their monthly consumption. Current law permits a utility that produces, generates, transmits, or furnishes heat, light, gas, water, power, or telephone service to establish a graduated scale of charges for the service.

State Expenditures

The amended bill may affect expenditures, but no appropriations are required.

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

The language prohibiting tiered rates for residential service charges appears to prohibit inverted block rates commonly used by utilities. However, this language may also be viewed as preventing other pricing schemes that segment the market, including time-of-use rates, critical-peak pricing, different rates for different customer classes, and demand-based rates. The PUC would likely have to promulgate rules to clarify the effect of the graduated service charge prohibition on such pricing structures, and it is hard to know in advance how contentious that process would be. If the rulemaking process does require additional resources, this will be addressed in the annual budget process.

Departments Contacted

Regulatory Agencies