

## Colorado Legislative Council Staff Fiscal Note


**STATE  
FISCAL IMPACT**

Drafting Number: LLS 15-1104

Date: April 27, 2015

Prime Sponsor(s): Sen. Sonnenberg

Bill Status: Senate Business, Labor, &amp; Technology

Fiscal Analyst: Erin Reynolds (303-866-4146)

**BILL TOPIC:** CONTINUATION OF THE OFFICE OF CONSUMER COUNSEL

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	
This bill changes and continues a program that would otherwise end July 1, 2015, so the fiscal note shows the new and continuing fiscal impacts.	New	New	Continuation
<b>State Revenue</b>	<b>\$0</b>	<b>\$1,789,254</b>	
General Fund			53,678
Cash Funds			1,735,576
<b>State Expenditures</b>	<b>\$0</b>	<b>\$1,735,576</b>	
Cash Funds			1,735,576
<b>FTE Position Change</b>			7.0 FTE
<b>Appropriation Required:</b> None.			

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

The bill continues the Office of the Consumer Counsel (OCC) in the Department of Regulatory Agencies (DORA) for six years until September 1, 2021, and implements certain recommendations from the sunset review, including:

- continuing the Utility Consumers' Board (UCB) concurrently with the OCC and removing the UCB's separate sunset provision; and
- limiting UCB members to two consecutive terms of four years.

The bill also removes telephone utilities from the purview of the OCC and UCB.

**Background**

**Office of Consumer Counsel.** The OCC was established in 1984 to advocate for the public interest and the specific interests of residential, small business, and agricultural consumers in electric, gas, and telephone rate and rulemaking cases before the Public Utilities Commission (PUC), federal regulatory agencies, and in the courts. The OCC may also appeal any PUC decision to the Colorado courts. The OCC is a Type 1 agency in DORA, cash-funded through the Fixed Utility Fund (FUF). The Attorney General is charged with advising the OCC and the UCB in all legal matters and providing representation in proceedings in which the OCC participates. The OCC participates in 80 to 100 utility cases a year.

**Utility Consumers' Board.** The UCB consists of 11 Governor-appointed members charged with representing the public interest of Colorado utility users by providing general policy guidance and oversight for the OCC. In making appointments to the board, the Governor must ensure that members represent different geographic areas of the state. Board members serve without compensation, but members who reside outside the counties of Adams, Arapahoe, Boulder, Denver, Douglas, and Jefferson are entitled to reimbursement for reasonable travel expenses to attend board meetings in Denver. The board is required to meet at least six times per year, and meets an average of eight times per year. The board conducts an annual performance review of the OCC and its director by January 30 of each year, and presents this report to the business committees of the General Assembly.

### **Fiscal Impact of Programs Set to Expire**

This bill continues a program in DORA that is set to repeal effective July 1, 2015. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2016-17, one year after the repeal date. There is no need for an appropriation of the \$1,735,576 base funding and allocation of 7.0 FTE in FY 2015-16, since the program's authorization has not yet expired and ongoing funding for the program is included in the department's base budget request for FY 2015-16.

The state revenue and state expenditures impact for FY 2016-17 reflects the program's anticipated FUF revenue assessment and base budget request beginning that year; there are no new costs required to implement the bill. The FUF receives its revenues from an annual fee assessment based on a statutory formula that utilizes the utility's gross operating revenue derived from intrastate utility business, and 3 percent of this fee is credited to the General Fund. **Based on DORA's current FY 2014-15 budget for the OCC, continuation costs are expected to be \$1,735,576 and an allocation of 7.0 FTE in FY 2016-17, and therefore, revenue costs exceed that amount by 3 percent pursuant to the statutory FUF assessment formula.**

### **State Expenditures**

While the bill removes telephone utilities from the purview of the OCC and UCB, the OCC is not expected to experience a substantial workload decrease.

In the last ten years, the number of traditionally regulated landline telephones in the state has been reduced from 2 million to 1 million, while services that are unregulated by the state have increased; competitive cable telephone lines have grown to more than 800,000 and cellular phones have increased to over 5 million. This shift in consumer usage has almost eliminated traditional landline rate cases at the PUC. While the OCC has been involved in cases impacting rural areas, the number of those cases has steadily decreased. The remaining telecommunications concern, 911 emergency service, involves OCC workshops and meetings, not PUC proceedings. Meanwhile, there has been a considerable workload increase relative to energy cases. For this reason, the OCC operating budget remains unchanged.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Judicial Department

Law

Regulatory Agencies