

Colorado Legislative Council Staff Fiscal Note

STATE
CONDITIONAL FISCAL IMPACT

Note: This fiscal note is provided pursuant to Joint Rule 22 (b) (2) and reflects strike-below Amendment L.003.

Drafting Number: LLS 15-0061	Date: April 27, 2015
Prime Sponsor(s): Rep. Ginal Sen. Hill	Bill Status: House Transportation & Energy Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: INFRASTRUCTURE RESISTANCE TO EMP AND SOLAR FLARE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue**	<u>\$66,500</u>	
Cash Funds	66,500	
State Expenditures	<u>\$66,500</u>	
Cash Funds	66,500	
FTE Position Change		
Appropriation Required: \$66,500 – Department of Regulatory Agencies (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year. Cash funds are required to come from gifts, grants, and donations to an account within the Fixed Utility Fund (FUF).

Summary of Legislation

The bill requires the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to examine ways to mitigate the state's "lifeline infrastructure"—defined in the bill as an electric generation, transmission, or distribution system for the production, transmission, or distribution of electric utility service in the state (commonly known as the electric grid)—against electromagnetic pulses (EMP) and geomagnetic storms. The PUC is to make recommendations in a report to the energy committees of the General Assembly by January 20, 2016, and may employ data experts to assist in the preparation of the report. The report is to:

- identify the most vulnerable components of the state's lifeline infrastructure and potential mitigation measures for these components;
- estimate a range of costs and timeframe for implementing mitigation measures;
- examine the positive and negative effects of requiring utilities to incorporate mitigation measures into the construction or retrofitting of facilities, and the potential effect these requirements may have on the electric grid outside of the state; and
- propose funding sources, including sources of funding through federal agencies.

The PUC must factor in the progress of similar efforts at the federal and regional level. It must actively monitor the efforts by the Federal Energy Regulatory Commission, the North America Electric Reliability Corporation, ISO New England, and other regional and federal organizations to develop reliability standards. It is encouraged to employ unclassified studies of the congressional EMP commission and studies prepared for the U.S. Federal Energy Regulatory Commission. It may also confer with a variety of federal, state, and independent entities or individuals with expertise in this area.

The report may be redacted or otherwise edited to omit secure information, but the PUC is encouraged to promote transparency as much as possible to enhance public awareness of the issues identified in the report. Unpublished drafts of the report and related data are exempt from disclosure under the Colorado Open Records Act, unless that information would be otherwise publicly available.

The PUC must accept gifts, grants, and donations from any public or private source for the purpose of funding its report, to be held within a separate account within the Fixed Utility Fund (FUF). If the amount of money required to fund the report has not been collected by September 1, 2015, the PUC must abandon the study and return any contributions. Any interest earned on the account must be transferred to the General Fund.

State Revenue

The bill may increase state revenue from gifts, grants, and donations by up to **\$66,500 in FY 2015-16** in a new account within the FUF. Any contributions collected in a lesser amount by September 1, 2015, will be returned, and the study abandoned.

State Expenditures

The bill may increase state cash fund expenditures by **\$66,500 in FY 2015-16**, from gifts, grants, and donations to a new account within the FUF in DORA. These expenditures will not be incurred if this total amount of gifts, grants, and donations is not collected by September 1, 2015.

Public Utilities Commission. The PUC is required to examine ways and means to mitigate the impact of EMP and geomagnetic storms to the state's lifeline infrastructure and make recommendations in a report to the General Assembly on its findings by January 20, 2016. This effort requires an estimated 532 hours of contract data consulting services at a rate of \$125 hour, or \$66,500, in FY 2015-16. Contract data consultants, as authorized in the bill, will perform the work required under the bill while the PUC staff is engaged with its regular workload.

Effective Date

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

State Appropriations

For FY 2015-16, the Department of Regulatory Affairs requires a cash fund appropriation of \$66,500 from the new account within the Fixed Utility Fund.

Departmental Difference

DORA interprets the scale of the report to require four full-time contractors working for a six month period at a cost of \$520,000 (4,160 hours at a rate of \$125 per hour). The fiscal note assumes that DORA can rely on large body of research on the topic already in existence, and apply this research to its state-specific mitigation study.

State and Local Government Contacts

Colorado Energy Office
Regulatory Agencies

Military Affairs

Public Safety