



**Colorado  
Legislative  
Council  
Staff**

**HB16-1376**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0710  
**Prime Sponsor(s):** Rep. Esgar; Winter

**Date:** April 4, 2016  
**Bill Status:** House Transportation and Energy  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**BILL TOPIC:** EXPAND AUTHORITY OFFICE OF CONSUMER COUNSEL

<b>Fiscal Impact Summary</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>
<b>State Revenue</b>	<b><u>\$135,754</u></b>	<b><u>\$151,746</u></b>
General Fund	3,954	4,420
Cash Funds	131,800	151,746
<b>State Expenditures</b>	<b><u>\$145,238</u></b>	<b><u>\$162,172</u></b>
Cash Funds	131,800	147,326
Centrally Appropriated Costs	13,438	14,846
<b>TABOR Impact</b>	\$135,754	\$151,746
<b>FTE Position Change</b>	1.0 FTE	1.2 FTE
<b>Appropriation Required:</b> \$131,800 - Department of Regulatory Agencies (FY 2016-17).		
<b>Future Year Impacts:</b> Ongoing revenue and expenditure increase.		

**Summary of Legislation**

Under current law, the Office of Consumer Counsel (OCC) in the Department of Regulatory Agencies (DORA) represents customers of electric and gas utilities in proceedings before the Public Utilities Commission (PUC). This bill expands the authority of the OCC to also represent customers of every common carrier, pipeline corporation, telephone corporation, and water corporation.

**Background**

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 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 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. Telephone utilities were removed from the purview of the OCC by Senate Bill 15-271, but because this was not expected to significantly reduce workload, OCC appropriations were not reduced.

**State Revenue**

**Fixed Utility Fund.** This bill is expected to increase state revenue by \$135,754 in FY 2016-17, of which \$131,800 will be credited to the FUF and \$3,954 to the General Fund. State revenue will increase in FY 2017-18 by \$151,746 of which \$147,326 will be credited to the FUF and \$4,420 to the General Fund. The administrative costs incurred by the OCC as a result of this bill and discussed in the State Expenditures section will be paid from the FUF.

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. Whenever additional expenses are incurred against the FUF, this assessment must be raised to increase revenues to recover direct and indirect costs, plus pay an additional three percent to the General Fund. Thus, cash fund revenues will have to be increased sufficiently to cover the OCC's direct expenses discussed in the State Expenditures section and detailed in Table 1, plus credit 3 percent to the General Fund.

**State Expenditures**

This bill increases expenditures of the OCC by \$145,238 and 0.8 FTE in FY 2016-17 and \$162,172 and 1.0 FTE in FY 2017-18 from the FUF. The bill will also increase workload for the PUC. These costs and workload are shown in Table 1 and explained below.

<b>Table 1. Expenditures Under HB16-1376</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Personal Services	\$63,143	\$75,771
FTE*	1.0 FTE	1.2 FTE
Operating Expenses and Capital Outlay Costs	5,653	950
Legal Services	38,004	45,605
Contract Expenses	25,000	25,000
Centrally Appropriated Costs**	13,438	14,846
<b>TOTAL</b>	<b>\$145,238</b>	<b>\$162,172</b>

\* Includes FTE for Department of Law.

\*\* Centrally appropriated costs are not included in the bill's appropriation.

**Office of Consumer Counsel.** The OCC will participate in an increased number of cases, the majority of which will be transportation-related, requiring an additional 1.0 FTE, prorated in FY 2016-17 to 0.8 FTE, assuming a September 1, 2016, hire date. The FTE will have expertise in transportation issues. To address advocacy issues with steam and water utility providers, the OCC is expected to use contract support of \$25,000 annually beginning in FY 2016-17. Because OCC staff were not reduced when its telecommunications authority was removed, no increase is indicated for its reinstatement.

The OCC requires 400 legal services hours (0.2 FTE) from the Department of Law in FY 2016-17 and 480 hours (0.2 FTE) in FY 2017-18 to address the legal issues created by the expanded scope.

**Public Utilities Commission.** Increased participation by the OCC in various PUC proceedings may increase workload for the PUC, such as the length of hearings or PUC staff efforts to perform analysis. However, based on the overall volume of PUC work, this increase in workload is minimal and can be accomplished within existing appropriations.

**Centrally appropriated costs.** 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,035	\$8,056
Supplemental Employee Retirement Payments	5,403	6,790
<b>TOTAL</b>	<b>\$13,438</b>	<b>\$14,846</b>

**Technical Note**

The OCC is financed by the FUF for its current purview of gas and electric utilities but not all of the utilities under the expanded purview pay into the FUF. For instance, telephone utilities pay into the Telecommunications Utility Fund and transportation companies into the Motor Carrier Fund.

**Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

**State Appropriations**

For FY 2016-17, the Department of Regulatory Agencies requires an appropriation of \$131,800 from the Fixed Utilities Fund and an allocation of 0.8 FTE. The Department of Law requires \$38,004 in reappropriated funds and an allocation of 0.2 FTE.

**State and Local Government Contacts**

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