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**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-0242 **Date:** July 19, 2018
Prime Sponsors: Sen. Priola; Williams A. **Bill Status:** Postponed Indefinitely
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Bill Topic: ALTERNATIVE FUEL VEHICLES PUBLIC UTILITIES

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill would have established a process at the Public Utilities Commission allowing public utilities to implement alternative fuel motor vehicle infrastructure programs. It would have increased state revenue and expenditures in FY 2018-19 only, and state workload on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill would have required an appropriation of \$76,870 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under SB 18-216**

		FY 2018-19	FY 2019-20
Revenue	General Fund	\$2,306	-
	Cash Funds	\$76,870	-
	Total	\$79,176	-
Expenditures	Cash Funds	\$76,870	-
	Total	\$76,870	-
Transfers		-	-
TABOR Refund	General Fund	\$79,176	-

Summary of Legislation

Currently, resellers of electricity and natural gas may provide charging ports or fueling stations for motor vehicles as unregulated services. This bill authorizes public utilities to provide these services as regulated or unregulated services and allows for cost recovery.

Under the bill, a utility may apply to the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to build alternative fuel vehicle infrastructure. The bill sets standards for PUC approval. When a facility is built, the rate and charges for the services:

- may allow a return on any investment made by an electric or natural gas public utility at the utility's weighted average cost of capital at the public utility's most recent rate of return on equity approved by the PUC; and
- must be recovered from all customers of an electric or natural gas public utility in a manner that is similar to the recovery of distribution system investments.

State Revenue

In FY 2018-19 only, the bill will increase state revenue to the Fixed Utility Fund by \$76,870 and the General Fund by \$2,306.

Fixed Utility Fund. The administrative costs incurred by the PUC are paid from the Fixed Utility Fund (FUF). The FUF receives an annual assessment on the state's regulated utilities. Whenever additional expenses are incurred against the fund, the assessment must be raised to increase revenue to cover these expenses, plus credit 3 percent to the General Fund.

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

In FY 2018-19 only, the bill will increase cash fund expenditures by \$76,870 from the Fixed Utility Fund. These impacts are shown in Table 2 and discussed below.

Table 2
Expenditures Under SB 18-216

	FY 2018-19	FY 2019-20
Department of Regulatory Agencies		
Contract Services	\$40,000	-
Legal Services	\$36,870	-
Total Cost	\$76,870	-

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

Public Utilities Commission. In FY 2018-19 only, the PUC will hire temporary contract staff to perform the litigation and advisory work to resolve internal conflicts in the bill related to cost recovery and preferential treatment at \$40,000 for two months. The PUC will also require legal services estimated at 346 hours at a rate of \$106.56.

On an ongoing basis, the bill will increase PUC workload to review applications as they are filed. This application fits within the normal course of PUC business and does not require an increase in appropriations.

Technical Note

Under current law, the PUC is prohibited from preferential treatment for all but low-income customers. The bill creates a preferential treatment model that does not explicitly grant that treatment to electric vehicle and natural gas vehicle owners in Section 40-3-106, C.R.S. As a result, the PUC is expected to face legal challenges during bill implementation, driving the impacts assessed in this fiscal note.

Effective Date

The bill was postponed indefinitely by the Senate Transportation Committee on March 27, 2018.

State Appropriations

For FY 2018-19 only, the bill requires an appropriation of \$76,780 to the Department of Regulatory Agencies from the Fixed Utilities Fund.

State and Local Government Contacts

Regulatory Agencies