## First Regular Session Seventy-third General Assembly STATE OF COLORADO

# ENGROSSED

This Version Includes All Amendments Adopted on Second Reading in the House of Introduction SENATE BILL 21-103

LLS NO. 21-0365.01 Jennifer Berman x3286

SENATE SPONSORSHIP

Fenberg and Winter,

Esgar,

#### HOUSE SPONSORSHIP

Senate Committees Transportation & Energy Appropriations **House Committees** 

## A BILL FOR AN ACT

101	CONCERNING THE CONTINUATION OF THE OFFICE OF CONSUMER
102	COUNSEL, AND, IN CONNECTION THEREWITH, IMPLEMENTING
103	THE RECOMMENDATIONS CONTAINED IN THE 2020 SUNSET
104	REPORT BY THE DEPARTMENT OF REGULATORY AGENCIES
105	REGARDING THE OFFICE OF CONSUMER COUNSEL AND THE
106	UTILITY CONSUMERS' BOARD.

#### **Bill Summary**

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <u>http://leg.colorado.gov/.</u>)

Sunset Process - Senate Transportation and Energy

SENATE Amended 2nd Reading April 27, 2021 **Committee.** The bill implements the recommendations of the department of regulatory agencies' (department) sunset review and report regarding the office of consumer counsel (office) and the utility consumers' board (board) by:

- Continuing the office and the board for 7 years, to 2028 (sections 1 and 2 of the bill);
- Clarifying that, in addition to being authorized to appear before and participate in the public utilities commission's proceedings, the office is authorized to appear before and participate in other agencies' proceedings (sections 6 and 8);
- Changing the name of the office to the office of the utility consumer advocate and the name of the head of the office from the consumer counsel to the director (sections 1 and 4 to 10);
- Changing the board from a type 1 transfer to a type 2 transfer (sections 4 and 10);
- Repealing requirements that the board annually review the office's performance and confer with the executive director of the department regarding hiring and performance evaluation matters (section 4); and
- Repealing the requirement that members of the board represent all 7 of the state's congressional districts and instead requiring that appointing authorities ensure that the board's membership reflect the greatest degree of diversity possible (section 4).

Sections 3 and 11 to 13 make conforming amendments.

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. In Colorado Revised Statutes, 24-34-104, repeal
3	(21)(a)(V); and <b>add</b> (29)(a)(XIII) as follows:
4	24-34-104. General assembly review of regulatory agencies
5	and functions for repeal, continuation, or reestablishment - legislative
6	declaration - repeal. (21) (a) The following agencies, functions, or both,
7	will repeal on September 1, 2021:
8	(V) The office of consumer counsel created in article 6.5 of title
9	<del>40, C.R.S.;</del>
10	(29) (a) The following agencies, functions, or both, are scheduled

1 for repeal on September 1, 2028:

2 (XIII) NOTWITHSTANDING SUBSECTION (7)(a) OF THIS SECTION, 3 THE OFFICE OF THE UTILITY CONSUMER ADVOCATE AND THE UTILITY 4 CONSUMERS' BOARD CREATED IN ARTICLE 6.5 OF TITLE 40. 5 SECTION 2. In Colorado Revised Statutes, repeal and reenact, 6 with amendments, 40-6.5-108 as follows: 7 40-6.5-108. Repeal of article - office of the utility consumer 8 advocate subject to termination. This ARTICLE 6.5 IS REPEALED, 9 EFFECTIVE SEPTEMBER 1, 2028. BEFORE THE REPEAL, THIS ARTICLE 6.5 IS 10 SCHEDULED FOR REVIEW IN ACCORDANCE WITH SECTION 24-34-104. 11 **SECTION 3.** In Colorado Revised Statutes, 40-6.5-101, amend 12 the introductory portion; and **add** (1.3), (2.2), (2.4), (2.8), and (6) as 13 follows: 14 40-6.5-101. Definitions. As used in this article ARTICLE 6.5, 15 unless the context otherwise requires: 16 (1.3) "BOARD" MEANS THE UTILITY CONSUMERS' BOARD CREATED 17 IN SECTION 40-6.5-102 (3)(a). 18 (2.2)"DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE, 19 APPOINTED PURSUANT TO SECTION 40-6.5-102 (1). 20 (2.4) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF 21 THE DEPARTMENT OF REGULATORY AGENCIES, APPOINTED PURSUANT TO 22 SECTION 24-34-101 (1)(a). 23 (2.8) "Office" means the office of the utility consumer 24 ADVOCATE CREATED IN SECTION 40-6.5-102 (1). (6) "TELECOMMUNICATIONS SERVICE" MEANS THE OFFERING OF 25 26 TELECOMMUNICATIONS FOR A FEE DIRECTLY TO THE PUBLIC, OR TO SUCH CLASSES OF USERS AS TO BE EFFECTIVELY AVAILABLE DIRECTLY TO THE 27

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#### PUBLIC, REGARDLESS OF THE FACILITIES USED.

2 SECTION 4. In Colorado Revised Statutes, amend 40-6.5-102
3 as follows:

4 40-6.5-102. Office of the utility consumer advocate and utility 5 consumers' board - creation - appointment - attorney general to 6 There is hereby created, as a division within the represent. (1) 7 department of regulatory agencies, the office of consumer counsel THE 8 UTILITY CONSUMER ADVOCATE, the head of which shall be the consumer 9 counsel IS THE DIRECTOR, who shall be appointed by the executive 10 director of the department of regulatory agencies pursuant to section 13 11 of article XII of the state constitution.

(2) (a) The office of consumer counsel shall exercise its powers
and perform its duties and functions specified in this article ARTICLE 6.5
under the department of regulatory agencies as if the same were
transferred to the department by a type 1 transfer, as such transfer is
defined in the "Administrative Organization Act of 1968", article 1 of title
24. C.R.S.

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(b) Repealed.

19 (3) (a) The utility consumers' board, which is hereby created, shall 20 guide the policy of the office. of consumer counsel. The board shall 21 exercise its powers and perform its duties and functions specified in this 22 article ARTICLE 6.5 under the department of regulatory agencies and the 23 executive director of the department of regulatory agencies as if the same 24 were transferred to the department by a type 1 TYPE 2 transfer, as such 25 transfer is defined in the "Administrative Organization Act of 1968", 26 article 1 of title 24. C.R.S.

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(b) (I) The board consists of eleven members, seven of whom the

1 governor shall appoint APPOINTS. The governor shall appoint at least one 2 member who is actively engaged in agriculture as a business and at least 3 two members who are owners of small businesses with one hundred or 4 fewer employees. In making appointments to the board, the governor 5 shall ensure that the membership of the board represents each of the seven 6 congressional districts of the state and that no more than four of the 7 governor's appointments are affiliated with the same political party. The 8 president of the senate, the speaker of the house of representatives, the 9 minority leader of the senate, and the minority leader of the house of 10 representatives shall each appoint one member of the board.

11 (II) Members of the board shall be appointed for SERVE terms of 12 four years. If a person has any conflict of interest with the duties required 13 of a member of the board, the person APPOINTING AUTHORITY shall not be 14 appointed APPOINT THE PERSON as a member of the board. The official 15 who appointed a board member may remove that board member for 16 misconduct, incompetence, or neglect of duty. Board members serve 17 without compensation, but members who reside outside the counties of 18 Denver, Jefferson, Adams, Arapahoe, Boulder, Broomfield, and Douglas 19 are entitled to reimbursement for reasonable AND actual expenses to 20 attend board meetings in Denver. The board shall meet at least six times 21 per year.

(c) It is the duty of the board to represent the public interest of
Colorado utility users, and, specifically, the interests of residential,
agricultural, and small business users, by providing general policy
guidance and oversight for the office of consumer counsel and the
consumer counsel DIRECTOR in the performance of their statutory duties
and responsibilities as specified in this article ARTICLE 6.5. The powers

-5-

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and duties of the board shall include but not be limited to, the following:

- 2 (I) Providing general policy guidance to the office of consumer 3 counsel regarding rule-making matters, legislative projects, general 4 activities, and priorities of the office; AND
- 5 (II) Gathering data and information and formulating policy 6 positions to advise the office of consumer counsel in preparing analysis 7 and testimony in legislative hearings on proposed legislation affecting the 8 interests of residential, small business, and agricultural utility users.
- 9 (III) Reviewing the performance of the office of consumer 10 counsel annually;
- 11 (IV) Conferring with the executive director of the department of 12 regulatory agencies on the hiring of the consumer counsel and consulting 13 with such executive director on the annual performance evaluation of the 14 office of consumer counsel and the consumer counsel.
- 15 (4) It is the duty of the attorney general to advise the office of 16 consumer counsel and the board in all legal matters and to provide 17 representation in proceedings in which the office of consumer counsel 18 participates.
- 19 SECTION 5. In Colorado Revised Statutes, amend 40-6.5-103 20 as follows:

21 40-6.5-103. Qualifications of the director - conflict of interest. 22 The consumer counsel shall DIRECTOR MUST have at least five years of 23 experience in consumer-related utility issues or in the operation, 24 management, or regulation of utilities as either an attorney, an engineer, 25 an economist, an accountant, a financial analyst, or an administrator or 26 any combination thereof. No OF THOSE ROLES. THE EXECUTIVE DIRECTOR 27 SHALL NOT APPOINT AS DIRECTOR A person owning WHO OWNS stocks or

bonds in a corporation subject in whole or in part to regulation by the
 commission or who has any pecuniary interest in such corporation. shall
 be appointed as consumer counsel.

4 SECTION 6. In Colorado Revised Statutes, amend 40-6.5-104
5 as follows:

6 40-6.5-104. Representation by director. (1) The consumer 7 counsel DIRECTOR shall represent the public interest and, to the extent 8 consistent therewith, the specific interests of residential consumers, 9 agricultural consumers, and small business consumers by appearing in 10 proceedings before the commission and appeals therefrom in matters 11 which THAT involve proposed changes in a public utility's rates and 12 charges; in matters involving rule-making which THAT have an impact on 13 the charges, the provision of services, or the rates to consumers; and in 14 matters which THAT involve certificates of public convenience and 15 necessity for facilities employed in the provision of utility service, the 16 construction of which would have a material effect on the utility's rates 17 and charges.

18 (2) In exercising his discretion DETERMINING whether or not to 19 appear in a proceeding OF THE <u>COMMISSION</u>, the <del>consumer counsel</del> 20 DIRECTOR shall consider the importance and the extent of the public 21 interest involved. In evaluating the public interest, the consumer counsel 22 DIRECTOR shall give due consideration to <u>STATUTORY DECARBONIZATION</u> 23 GOALS SET FORTH IN SECTIONS 40-2-125.5 (3) AND 25-7-102 (2)(g), JUST 24 TRANSITION IN ACCORDANCE WITH SECTION 40-2-133, ENVIRONMENTAL 25 <u>JUSTICE, AND</u> the short- and long-term impact EFFECT of the proceedings 26 upon various classes of consumers, so as not to jeopardize the interest of 27 one class in an action by another. If the consumer counsel DIRECTOR

determines that there may be inconsistent interests among the various classes of the consumers he THAT THE DIRECTOR represents in a particular matter, he THE DIRECTOR may choose to represent one of the interests or to represent no interest. Nothing in this section shall be construed to limit LIMITS the right of any person firm, or corporation to petition or make complaint to the commission \_\_\_\_\_ or otherwise intervene in proceedings or other matters before the <u>commission.</u>

8 (3) The consumer counsel DIRECTOR shall be served with notices 9 of all proposed gas and electric tariffs, and he or she THE DIRECTOR shall 10 be served with copies of all orders of the commission \_\_\_\_\_ affecting the 11 charges of agricultural consumers, residential consumers, and small 12 business consumers.

13 THE OFFICE MAY INTERVENE IN MATTERS BEFORE THE (4) 14 COMMISSION THAT RELATE TO A TELECOMMUNICATIONS SERVICE 15 PROCEEDING, INCLUDING A RULE-MAKING PROCEEDING, THAT HAS AN 16 IMPACT ON THE PROVISION OR QUALITY OF TELECOMMUNICATIONS 17 SERVICE. 18 (5) THE OFFICE SHALL NOT RECOMMEND THAT THE COMMISSION 19 TAKE ANY ACTION THAT WOULD INTERFERE WITH THE ADMINISTRATION OR 20 DETERMINATION OF EMPLOYEES' WAGES, HEALTH INSURANCE, OR 21 RETIREMENT BENEFITS NEGOTIATED BETWEEN A REGULATED UTILITY AND 22 A LABOR UNION THROUGH COLLECTIVE BARGAINING. 23 SECTION 7. In Colorado Revised Statutes, 40-6.5-105, amend 24 (1) introductory portion and (1)(a) as follows: 25 40-6.5-105. Intervenors other than the office of the utility 26 consumer advocate. (1) If the office of consumer counsel intervenes and

there are other intervenors in proceedings before the commission, the

determination of said commission with regard to the payment of expenses
 of intervenors, other than the office, of consumer counsel, and the
 amounts thereof shall be based on the following considerations:

4 (a) Any reimbursements may be awarded only for expenses
5 related to issues not substantially addressed by the office; of consumer
6 counsel;

SECTION 8. In Colorado Revised Statutes, 40-6.5-106, amend
(1) introductory portion, (1)(a), (1)(c), (2), (2.5), and (3)(a) as follows:
40-6.5-106. Powers of the director. (1) The consumer counsel

10 DIRECTOR:

(a) May employ such attorneys, engineers, economists,
 accountants, or other employees as may be necessary to carry out his THE
 DIRECTOR'S duties; and shall employ a maximum of sixteen full-time
 employees or the equivalent thereof;

(c) May contract for the services of technically qualified persons
to perform research and to appear as expert witnesses before the
<u>commission. such persons to be paid.</u> THE DIRECTOR SHALL PAY ANY
PERSON CONTRACTED WITH PURSUANT TO THIS SUBSECTION (1)(c) from
funds appropriated for the DIRECTOR'S use. of the consumer counsel;

20 (2) The <del>consumer counsel</del> DIRECTOR may petition for, request, 21 initiate, and appear and intervene as a party in any COMMISSION \_\_\_\_\_ 22 proceeding, before the commission concerning INCLUDING A 23 RULE-MAKING PROCEEDING, THAT CONCERNS OR AFFECTS UTILITY rate 24 changes, rule-making, charges, tariffs, modifications of service, and 25 matters involving certificates of public convenience and necessity. 26 Notwithstanding any provision of this article ARTICLE 6.5 to the contrary, 27 the consumer counsel DIRECTOR shall not be a party to any individual

103

1 complaint between a utility and an individual.

2 (2.5) The consumer counsel DIRECTOR may petition for, request, 3 initiate, or seek to intervene in any proceeding before a federal agency 4 which THAT regulates utility rates or service or BEFORE A federal court 5 when the matter before such THE agency or court will affect a rate, 6 charge, tariff, or term of service for a utility product or service for a 7 residential, small business, or agricultural utility consumer in the state of 8 Colorado. The phrase "federal agency which THAT regulates utility rates 9 or service" does not include any federal lending agency.

(3) (a) The consumer counsel DIRECTOR and any member of his
 or her THE DIRECTOR'S staff directly involved in a specific adjudicatory
 proceeding before the commission shall refrain from ex parte
 communications with members of the commission. The counsel or his or
 her staff shall DIRECTOR AND THE DIRECTOR'S STAFF have all rights and be
 ARE governed by the same ex parte rules as all other intervenors.

SECTION 9. In Colorado Revised Statutes, amend 40-6.5-107
as follows:

18 40-6.5-107. Financing of office. At each regular session, the 19 general assembly shall determine the amounts AMOUNT to be expended 20 by the office of consumer counsel for the direct and indirect costs of 21 administration in performing its duties and responsibilities required by 22 this article ARTICLE 6.5 and shall appropriate THE AMOUNT to the office 23 of consumer counsel from the public utilities commission fixed utility 24 fund created in section 40-2-114. the full amount so determined. No THE 25 GENERAL ASSEMBLY SHALL NOT APPROPRIATE MONEY FROM THE general 26 fund moneys shall be appropriated to the office of consumer counsel for 27 the performance of its duties and responsibilities under this article 1 ARTICLE 6.5.

2 SECTION 10. In Colorado Revised Statutes, 24-1-122, amend
3 (2) introductory portion and (2)(a.5) as follows:

4 24-1-122. Department of regulatory agencies - creation.
5 (2) The department of regulatory agencies shall consist CONSISTS of the
6 following divisions:

7 (a.5) The office of <del>consumer counsel</del> THE UTILITY CONSUMER 8 ADVOCATE and the utility consumers' board, created by IN article 6.5 of 9 title 40. <del>C.R.S.</del> The office of <del>consumer counsel</del> THE UTILITY CONSUMER 10 ADVOCATE and its powers, duties, and functions are transferred by a **type** 11 1 transfer to the department of regulatory agencies as a division thereof 12 OF THE DEPARTMENT. The utility consumers' board shall exercise its 13 powers and perform its duties and functions under the department as if 14 the same were transferred to the department by a type 1 TYPE 2 transfer 15 and allocated to the office of <del>consumer counsel</del> THE UTILITY CONSUMER 16 ADVOCATE.

SECTION 11. In Colorado Revised Statutes, 40-2-114, amend
(2) as follows:

19 40-2-114. Disposition of fees collected - telecommunications 20 utility fund - fixed utility fund. (2) Moneys MONEY in the funds created 21 in subsection (1) of this section shall be expended only to defray the full 22 amount determined by the general assembly for the administrative 23 expenses of the commission for the supervision and regulation of the 24 public utilities paying the fees and for the financing of the office of 25 consumer counsel THE UTILITY CONSUMER ADVOCATE created in article 26 6.5 of this title TITLE 40. The state treasurer shall retain any unexpended 27 balance remaining in either fund at the end of any fiscal year to defray the

administrative expenses of the commission during subsequent fiscal
 years, and the executive director of the department of revenue shall take
 any such unexpended balance into account when computing the
 percentage upon which fees for the ensuing fiscal year will be based.

5 SECTION 12. In Colorado Revised Statutes, 40-2-122, amend
6 (3)(c) introductory portion, (3)(c)(XI), (5), and (10) as follows:

40-2-122. Natural gas - deregulation of supply - voluntary
separation of service offerings - consumer protection - legislative
declaration. (3) (c) The commission shall not approve a plan submitted
pursuant to paragraph (a) of this subsection (3) SUBSECTION (3)(a) OF THIS
SECTION unless the price charged for natural gas delivery services does
not subsidize natural gas supply service under the plan and, in addition,
the plan:

14 (XI) Provides for funding of the commission and the office of 15 consumer counsel THE UTILITY CONSUMER ADVOCATE based upon a 16 charge to end-use customers, as determined by the commission, as a part 17 of the natural gas delivery function, regardless of the identity of the 18 natural gas supplier. Such new funding method shall MUST be 19 competitively neutral and shall be designed to generate annual revenues 20 equivalent to the average annual revenues generated under sections 21 40-2-109 to 40-2-114 during calendar years 1994 to 1998 associated with 22 the sale of natural gas service from the geographic area or group of 23 customers affected by the plan. Whenever such new funding method is 24 instituted for any specific geographic area or group of customers, the 25 natural gas public utilities serving such THE area or group shall no longer 26 pay the fees that would otherwise have been required under said THE 27 sections.

-12-

(5) The department of revenue is hereby authorized to collect
 funding for the commission and the office of consumer counsel THE
 UTILITY CONSUMER ADVOCATE in accordance with subparagraph (XI) of
 paragraph (c) of subsection (3) SUBSECTION (3)(c)(XI) of this section.

5 (10) The general assembly determines that a new funding formula 6 should be devised to adequately fund the commission's and office of 7 consumer counsel's THE UTILITY CONSUMER ADVOCATE'S administrative 8 expenses. On or before December 1, 2000, the commission and the office 9 of consumer counsel shall recommend to the general assembly those 10 legislative changes needed to develop appropriate funding mechanisms 11 for the public utilities commission and the office. of consumer counsel. 12 This provision is intended to provide a comprehensive replacement for 13 the funding method contained in the utility plan under subparagraph (XI) 14 of paragraph (c) of subsection (3) SUBSECTION (3)(c)(XI) of this section. 15 SECTION 13. In Colorado Revised Statutes, 40-3-104.3, amend 16 (1)(b) and (1)(e) as follows:

17 40-3-104.3. Manner of regulation - competitive responses -18 **definitions - repeal.** (1) (b) (I) Following a notice period of five days 19 after the filing of an application under this section, the commission shall 20 approve or deny the application within thirty days. All applications filed 21 with the commission pursuant to this section shall be placed at the head 22 of the commission's docket and shall be disposed of promptly within the 23 time periods set forth in this paragraph (b) SUBSECTION (1)(b)(I); except 24 that, for good cause shown, the commission may extend the period in 25 which it must act for an additional fifteen days, or, in extraordinary 26 circumstances, including but not limited to the existence of numerous 27 pending applications under this section, the commission may extend the

period in which it must act for an additional thirty days beyond the fifteen
 days provided for in this paragraph (b) SUBSECTION (1)(b)(I).

3 (II) Whenever such THE application is continued as provided in 4 this paragraph (b) SUBSECTION (1)(b)(I) OF THIS SECTION, the commission 5 shall enter an order making such THE continuance and stating fully the 6 facts necessitating the continuance. If the commission has not approved 7 or denied any such AN application within the time periods set forth in this 8 paragraph (b) SUBSECTION (1)(b)(I) OF THIS SECTION, the application shall 9 be deemed approved. If the commission denies any such AN application 10 for approval within the permitted period, the subject contract shall DOES 11 not become effective.

12 (III) Any contract submitted pursuant to this section shall be filed 13 under seal and treated as confidential by the commission; except that, at 14 the time the applicant files an application or contract with the 15 commission, the applicant shall also furnish a copy of the application to 16 any public utility then providing electric, gas, or steam service in the state 17 of Colorado to the customer, and also furnish a copy to the office of 18 consumer counsel, and the UTILITY CONSUMER ADVOCATE, WHICH office 19 of consumer counsel shall also treat said THE contract as confidential.

20 (e) Within ten days after the execution of such THE contract, the 21 public utility shall file with the commission under seal and as a 22 confidential document the final contract or other description of the price 23 and terms of service, together with any additional information required by the commission. The applicant shall also furnish a copy of such THE 24 25 information to the office of consumer counsel, who THE UTILITY 26 CONSUMER ADVOCATE, WHICH OFFICE shall treat the information as 27 confidential. The commission shall have HAS no authority to disapprove

the contract if the contract complies with the conditions contained in 1 2 paragraph (a) of this subsection (1) SUBSECTION (1)(a) OF THIS SECTION, 3 but the commission may consider the contract for general regulatory 4 purposes and to ensure compliance with the requirements of this section. 5 SECTION 14. Effective date. This act takes effect September 1, 6 2021. SECTION 15. Safety clause. The general assembly hereby finds, 7 8 determines, and declares that this act is necessary for the immediate

9 preservation of the public peace, health, or safety.