

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

April 29, 2021

Committee on Energy & Environment.

After consideration on the merits, the Committee recommends the following:

HB21-1238 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

- 1 Amend printed bill, page 4, line 1, strike "PROCESSES," and substitute
- 2 "PROCESSES."
- 3 Page 4, strike lines 2 through 6.
- 4 Page 6, line 18, after "(2)(b)," insert "(2)(c)(I)".
- 5 Page 6, line 18, strike "and (3);" and substitute "(3), and (5);".
- 6 Page 7, after line 27 insert:
 - 7 "(c) (I) (A) Adopt procedures for allowing gas utilities to recover
 - 8 their prudently incurred costs of DSM programs without having to file a
 - 9 rate case. Such costs shall include, but are not limited to, facility
 - 10 investments; rebates; interest rate buy-downs; incremental labor costs,
 - 11 employee benefits, carrying costs, and employee-related administrative
 - 12 costs; and other administrative costs. All such costs shall be recovered
 - 13 through a cost adjustment mechanism that is set on an annual basis, or
 - 14 more frequently if deemed appropriate.
 - 15 (B) LABOR COSTS SHALL REFLECT, AND THE COMMISSION SHALL
 - 16 REQUIRE, COMPLIANCE WITH ALL APPLICABLE LABOR STANDARDS SET
 - 17 FORTH IN SECTION 40-3.2-105.5."
- 18 Page 9, line 22, after "(3.5)" insert "(a)".

1 Page 10, after line 1 insert:

2 "(b) THE COMMISSION SHALL NOT REQUIRE THE REMOVAL OF
3 GAS-FUELED APPLIANCES OR EQUIPMENT FROM AN EXISTING STRUCTURE
4 NOR BAN THE INSTALLATION OF GAS SERVICE LINES TO ANY NEW
5 STRUCTURE.

6 (5) (a) The commission shall authorize each gas utility to recover
7 ~~moneys~~ MONEY spent for education programs, impact and process
8 evaluations, and program planning related to natural gas DSM programs
9 offered by the gas utility without having to show that such expenditures,
10 on an independent basis, are cost-effective. The commission may limit the
11 amount spent for these activities.

12 (b) (I) UPON PETITION BY A REGULATED GAS UTILITY, THE
13 COMMISSION SHALL REMOVE DISINCENTIVES TO THE IMPLEMENTATION OF
14 EFFECTIVE GAS DSM PROGRAMS THROUGH THE ADOPTION OF A RATE
15 ADJUSTMENT MECHANISM THAT ENSURES THAT THE REVENUE PER
16 CUSTOMER APPROVED BY THE COMMISSION IN A GENERAL RATE CASE
17 PROCEEDING IS RECOVERED BY THE GAS UTILITY WITHOUT REGARD TO THE
18 QUANTITY OF NATURAL GAS ACTUALLY SOLD BY THE GAS UTILITY AFTER
19 THE DATE THE RATE TOOK EFFECT. THE COMMISSION SHALL SEPARATELY
20 CALCULATE, FOR THE RATE CLASS OR CLASSES TO WHICH A RATE
21 ADJUSTMENT MECHANISM APPLIES, THE REGULATORY DISINCENTIVES
22 REMOVED THROUGH THAT MECHANISM AND COLLECTED OR REFUNDED BY
23 THE GAS UTILITY THROUGH A TARIFF RIDER.

24 (II) REMOVING DISINCENTIVES THROUGH A RATE ADJUSTMENT
25 MECHANISM ADOPTED PURSUANT TO SUBSECTION (5)(b)(I) OF THIS
26 SECTION DOES NOT PRECLUDE A GAS UTILITY FROM RECEIVING A BONUS
27 PURSUANT TO SUBSECTION (2)(d) OF THIS SECTION.

28 (III) THE COMMISSION SHALL NOT REDUCE A GAS UTILITY'S
29 RETURN ON EQUITY BASED SOLELY ON APPROVAL OF A RATE ADJUSTMENT
30 MECHANISM ADOPTED PURSUANT TO SUBSECTION (5)(b)(I) OF THIS
31 SECTION.

32 **SECTION 5.** In Colorado Revised Statutes, **add** 40-3.2-105.5 as
33 follows:

34 **40-3.2-105.5. Labor standards for gas DSM projects.** (1) THIS
35 SECTION APPLIES TO ALL NECESSARY PLUMBING, MECHANICAL, AND
36 ELECTRICAL WORK PERFORMED IN CONNECTION WITH A PROJECT
37 UNDERTAKEN PURSUANT TO A GAS DSM PROGRAM UNDER THIS ARTICLE
38 3.2 AND FOR WHICH A CUSTOMER OF AN INVESTOR-OWNED UTILITY
39 APPLIES FOR A REBATE DIRECTLY FROM THE UTILITY.

40 (2) WHEN PRACTICABLE, THE UTILITY MAY ASSIGN ITS OWN



1 EMPLOYEES TO PERFORM THE WORK, SUBJECT TO STATE LICENSING
2 REQUIREMENTS AND ALL APPLICABLE STATE AND LOCAL RULES, CODES,
3 AND STANDARDS.

4 (3) (a) THE UTILITY SHALL MAKE USE OF A LIST, REFERRED TO IN
5 THIS SECTION AS THE "CERTIFIED CONTRACTOR LIST", CONTAINING THE
6 NAMES AND CONTACT INFORMATION OF:

7 (I) QUALIFIED CONTRACTORS THAT PARTICIPATE IN
8 APPRENTICESHIP PROGRAMS THAT:

9 (A) ARE REGISTERED WITH THE UNITED STATES DEPARTMENT OF
10 LABOR'S EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE
11 APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES
12 DEPARTMENT OF LABOR; AND

13 (B) HAVE BEEN PROVIDING TRAINING FOR AT LEAST SIX MONTHS;
14 AND

15 (II) QUALIFIED MECHANICAL, ELECTRICAL, AND PLUMBING
16 CONTRACTORS THAT PARTICIPATE IN APPRENTICESHIP PROGRAMS MEETING
17 THE STANDARDS SPECIFIED IN SECTION 24-92-115 (1)(a)(II).

18 (b) THE COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT
19 SHALL OVERSEE THE COMPILATION OF THE CERTIFIED CONTRACTOR LIST
20 THROUGH ONE OF THE FOLLOWING METHODS:

21 (I) DIRECTING THE STATE APPRENTICESHIP COUNCIL, IF
22 AVAILABLE, TO ASSEMBLE THE INFORMATION; OR

23 (II) ESTABLISH AN APPLICATION PROCESS WHEREBY CONTRACTORS
24 WOULD APPLY FOR INCLUSION IN THE LIST AND PROVIDE EVIDENCE, IN A
25 FORM SATISFACTORY TO THE DEPARTMENT, THAT EACH APPLICANT MEETS
26 THE CRITERIA SET FORTH IN SUBSECTION (3)(a) OF THIS SECTION.

27 (c) THE UTILITY SHALL PUBLISH THE CERTIFIED CONTRACTOR LIST
28 ON ITS WEBSITE AND INCLUDE OR REFERENCE THE LIST IN ALL OF THE
29 UTILITY'S RELEVANT MARKETING MATERIAL FOR GAS DSM PROGRAMS.

30 (d) IN ADDITION TO THE CERTIFIED CONTRACTOR LIST, EACH
31 INVESTOR-OWNED GAS UTILITY SHALL REQUIRE ITS RESIDENTIAL
32 CUSTOMERS TO USE LICENSED PLUMBING AND ELECTRICAL CONTRACTORS
33 THAT PERFORM THE TYPE OF WORK APPROPRIATE TO RESIDENTIAL GAS
34 DSM INSTALLATIONS FOR PARTICIPATION IN GAS DSM PROGRAMS WHERE
35 A REBATE IS PAID DIRECTLY TO THE CUSTOMER AFTER THE INSTALLATION
36 IS COMPLETE AND THE CUSTOMER USES A CONTRACTOR.

37 (4) THE FOLLOWING REQUIREMENTS APPLY TO GAS DSM PROJECTS
38 IN NEW OR EXISTING BUILDINGS:

39 (a) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS
40 UNDERTAKEN BY A COMMERCIAL OR INDUSTRIAL CUSTOMER IN A BUILDING
41 THAT CONTAINS TWENTY THOUSAND SQUARE FEET OR MORE OF

1 CONDITIONED FLOOR SPACE AND FOR WHICH A REBATE IS TO BE PROVIDED
2 DIRECTLY TO THE CUSTOMER AS PART OF A GAS DSM PROGRAM, THE
3 UTILITY SHALL CONDITION PAYMENT OF THE REBATE ON THE CUSTOMER'S
4 EXCLUSIVE USE OF CONTRACTORS FROM THE CERTIFIED CONTRACTOR LIST
5 UNLESS THE WORK IS DONE BY EMPLOYEES OF THE UTILITY.

6 (b) (I) FOR PLUMBING, MECHANICAL, OR ELECTRICAL PROJECTS
7 THAT INVOLVE ENERGY EFFICIENCY IMPROVEMENTS TO CENTRAL BUILDING
8 SYSTEMS IN A MULTIFAMILY BUILDING THAT CONTAINS TWENTY
9 THOUSAND SQUARE FEET OR MORE OF CONDITIONED FLOOR SPACE AND FOR
10 WHICH A REBATE IS TO BE PROVIDED DIRECTLY TO THE BUILDING OWNER
11 AS PART OF A GAS DSM PROGRAM, THE UTILITY SHALL CONDITION
12 PAYMENT OF THE REBATE ON THE BUILDING OWNER'S EXCLUSIVE USE OF
13 CONTRACTORS THAT PARTICIPATE IN APPRENTICESHIP PROGRAMS
14 REGISTERED WITH THE UNITED STATES DEPARTMENT OF LABOR'S
15 EMPLOYMENT AND TRAINING ADMINISTRATION OR WITH A STATE
16 APPRENTICESHIP COUNCIL RECOGNIZED BY THE UNITED STATES
17 DEPARTMENT OF LABOR FOR ANY NECESSARY PLUMBING OR ELECTRICAL
18 WORK. IF THE CONTRACTOR CHOSEN BY THE CUSTOMER IS NOT ON THE
19 CERTIFIED CONTRACTOR LIST, THE UTILITY SHALL REQUIRE ANOTHER
20 METHOD OF VERIFYING COMPLIANCE WITH THIS SUBSECTION (4)(b).

21 (II) THIS SUBSECTION (4)(b) DOES NOT APPLY TO A GAS DSM
22 PROJECT THAT IS LIMITED TO IN-UNIT WORK IN A MULTIFAMILY BUILDING,
23 AS UNDERTAKEN BY THE OWNER OR TENANT OF THE MULTIFAMILY
24 BUILDING OR UNIT."

25 Renumber succeeding sections accordingly.

26 Page 10, line 17, strike "government." and substitute "government USING
27 A DISCOUNT RATE OF TWO AND ONE-HALF PERCENT OR LESS."

28 Page 10, line 19, strike "forty-six" and substitute "~~forty-six~~ SIXTY-EIGHT".

29 Page 10, line 21, strike "central value" and substitute "~~central value~~".

30 Page 11, line 26, after "GOVERNMENT," insert "USING A DISCOUNT RATE
31 OF TWO AND ONE-HALF PERCENT OR LESS".

32 Page 12, line 3, strike "NINETY" and substitute "SEVEN HUNDRED
33 FIFTY-SIX".

34 Page 12, lines 6 and 7, strike "CENTRAL VALUE".



1 Page 13, strike lines 25 through 27.

2 Strike page 14 and substitute:

3 **"SECTION 8. Act subject to petition - effective date -**
4 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
5 the expiration of the ninety-day period after final adjournment of the
6 general assembly; except that, if a referendum petition is filed pursuant
7 to section 1 (3) of article V of the state constitution against this act or an
8 item, section, or part of this act within such period, then the act, item,
9 section, or part will not take effect unless approved by the people at the
10 general election to be held in November 2022 and, in such case, will take
11 effect on the date of the official declaration of the vote thereon by the
12 governor.
13 (2) This act applies to plans, applications, or other documents
14 reviewed by the public utilities commission on or after the applicable
15 effective date of this act."

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