

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

May 3, 2017
Date

Committee on Agriculture, Natural Resources, & Energy.

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

SB17-301 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

- 1 Amend printed bill, page 4, line 8, strike "COLORADO-BASED".
- 2 Page 5, strike lines 4 and 5.
- 3 Renumber succeeding subparagraphs accordingly.
- 4 Page 5, strike lines 18 through 27.
- 5 Page 6, strike lines 1 through 3.
- 6 Page 6, lines 5 and 6, strike "PRODUCTION AND GATHERING RESOURCES
- 7 AND INCLUDE THEM IN ITS RATE BASE" and substitute "RESERVES AT
- 8 SHAREHOLDER RISK".
- 9 Page 6, lines 8 and 9, strike "PRODUCTION AND GATHERING RESOURCE"
- 10 and substitute "RESERVE".
- 11 Page 6, lines 18 and 19, strike "PRODUCTION AND GATHERING
- 12 RESOURCES" and substitute "RESERVES".
- 13 Page 6, line 27, strike "PRODUCTION" and substitute "RESERVE".
- 14 Page 7, strike line 1.
- 15 Page 7, line 7, strike "IN WHOLE OR IN PART".

- 1 Page 7, strike lines 9 through 13.
- 2 Renumber succeeding subparagraphs accordingly.
- 3 Page 7, strike lines 19 through 27.
- 4 Page 8, strike lines 1 and 2 and substitute:
- 5 "(4) (a) THE COMMISSION SHALL APPROVE AN APPLICATION IF THE
6 APPLICATION ENHANCES AN".
- 7 Page 8, line 5, strike "PLAN" and substitute "APPLICATION".
- 8 Page 8, line 10, strike "PRODUCTION AND GATHERING RESOURCES" and
9 substitute "RESERVES".
- 10 Page 8, line 15, strike "NOT BE" and substitute "ONLY BE" and strike
11 "UNLESS" and substitute "IF".
- 12 Page 8, line 17, strike "AFFECTED." and substitute "AFFECTED BY THE
13 REMOVAL."
- 14 Page 8, lines 18 and 19, strike "NATURAL GAS PRODUCTION AND
15 GATHERING ASSETS COSTS OF SERVICE" and substitute "THE COST OF
16 ACQUIRING NATURAL GAS RESERVES".
- 17 Page 8, strike lines 26 and 27 and substitute "PORTFOLIO."
- 18 Page 9, strike lines 1 through 3.
- 19 Page 9, before line 4 insert:
- 20 "(d) AN INVESTOR-OWNED UTILITY'S COSTS ASSOCIATED WITH ANY
21 APPROVED APPLICATION MAY NOT BE RECOVERED THROUGH ANY RATE
22 ADJUSTMENT.
- 23 **SECTION 3.** In Colorado Revised Statutes, **add** 40-2-126.5 as
24 follows:
- 25 **40-2-126.5. Distribution facilities - improvements to**
26 **distribution grid - planning - approval - definitions.** (1) AS USED IN
27 THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1 (a) "DISTRIBUTED ENERGY RESOURCES" MEANS DISTRIBUTED
2 GENERATION, AS DEFINED IN SECTION 40-2-124 (1)(a)(III), AS WELL AS
3 DEMAND RESPONSE PROGRAMS AND DISTRIBUTED ENERGY STORAGE.

4 (b) "DISTRIBUTION RESOURCE PLAN" MEANS A PLAN FOR:
5 (I) DISTRIBUTION GRID UPGRADES AND INVESTMENTS; AND
6 (II) FORECASTING OF DISTRIBUTED GENERATION DEMAND AND
7 PENETRATION, AND INVESTMENTS TO ACCOMMODATE THAT DEMAND AND
8 PENETRATION.

9 (c) "QUALIFYING RETAIL UTILITY" MEANS INVESTOR-OWNED
10 ELECTRIC UTILITIES SERVING MORE THAN FIVE HUNDRED THOUSAND
11 CUSTOMERS IN COLORADO AND DOES NOT INCLUDE MUNICIPALLY-OWNED
12 ELECTRIC UTILITIES OR COOPERATIVE ELECTRIC ASSOCIATIONS.

13 (2) AS PART OF THE ELECTRIC RESOURCE PLANNING PROCESS, EACH
14 QUALIFYING RETAIL UTILITY IN COLORADO SHALL SUBMIT TO THE
15 COMMISSION A PROPOSAL FOR A DISTRIBUTION RESOURCE PLAN.

16 (3) THE COMMISSION SHALL REVIEW EACH QUALIFYING RETAIL
17 UTILITY'S DISTRIBUTION RESOURCE PLAN PROPOSAL AND APPROVE, MODIFY
18 AND APPROVE, OR REJECT A DISTRIBUTION RESOURCE PLAN FOR THE
19 QUALIFYING RETAIL UTILITY.

20 (4) AFTER APPROVAL OF A QUALIFYING RETAIL UTILITY'S
21 DISTRIBUTION RESOURCE PLAN, THE QUALIFYING RETAIL UTILITY'S
22 EXPENDITURES FOR DISTRIBUTION INFRASTRUCTURE NECESSARY TO
23 EFFECTUATE THE PLAN MAY BE PROPOSED AND CONSIDERED AS PART OF
24 THE NEXT GENERAL RATE CASE FOR THE QUALIFYING RETAIL UTILITY. THE
25 COMMISSION MAY APPROVE THESE EXPENDITURES IF IT CONCLUDES THAT
26 RATEPAYERS WOULD REALIZE NET BENEFITS AND THE ASSOCIATED COSTS
27 ARE JUST AND REASONABLE. THE COMMISSION SHALL ALSO ADOPT
28 CRITERIA, BENCHMARKS, AND ACCOUNTABILITY MECHANISMS TO
29 EVALUATE THE SUCCESS OF ANY INVESTMENT AUTHORIZED PURSUANT TO
30 A DISTRIBUTION RESOURCE PLAN."

31 Renumber succeeding sections accordingly.

32 Page 56, line 7, strike "IS" and substitute "OR PRIVATE THIRD PARTY THAT
33 IS FINANCING THE IMPROVEMENTS ARE".

34 page 57, after line 14 insert:

35 "SECTION 25. **No appropriation.** The general assembly has
36 determined that section 2 of this act can be implemented within existing
37 appropriations, and therefore no separate appropriation of state money is

- 1 necessary to carry out the purposes of section 2 of this act."
- 2 Renumber succeeding section accordingly.

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