



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

SB 19-250

FINAL  
FISCAL NOTE

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|                         |                                        |                        |                                                           |
|-------------------------|----------------------------------------|------------------------|-----------------------------------------------------------|
| <b>Drafting Number:</b> | LLS 19-1108                            | <b>Date:</b>           | August 13, 2019                                           |
| <b>Prime Sponsors:</b>  | Sen. Garcia; Scott<br>Rep. Esgar; Rich | <b>Bill Status:</b>    | Deemed Lost                                               |
|                         |                                        | <b>Fiscal Analyst:</b> | Erin Reynolds   303-866-4146<br>Erin.Reynolds@state.co.us |

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**Bill Topic:** LIMIT TIERED RATES ELECTRIC UTILITIES

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**Summary of Fiscal Impact:**

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|--------------------------------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> State Revenue                                   | <input type="checkbox"/> TABOR Refund            |
| <input checked="" type="checkbox"/> State Expenditure ( <i>minimal</i> ) | <input type="checkbox"/> Local Government        |
| <input type="checkbox"/> State Transfer                                  | <input type="checkbox"/> Statutory Public Entity |

The bill would have required electric utilities currently charging a tiered rate to residential customers to revise the rate design back to a single rate. The bill would have increased state workload in FY 2019-20.

**Appropriation Summary:** No appropriation was required.

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

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## Summary of Legislation

The bill requires electric utilities that are currently charging a tiered rate to residential customers to file with the Public Utilities Commission (PUC) in the Department of Regulatory Agencies a revised residential rate design by April 30, 2020, to take effect by June 1, 2020, that collapses the residential summer tiered rate into a single rate that applies to all kilowatt hours (kWh) consumed by the residential customer during the summer. The single rate must be designed to collect the same revenues during the summer as the tiered rate was designed to collect. An electric utility cannot charge a residential tiered rate or residential inverted block rate until the utility files a new electric rate case.

## Background

The PUC has approved tiered rate structures for the state's two investor-owned utilities, Xcel Energy in 2010 and Black Hills Energy in 2018. Xcel's tiered rates are assessed in the summer months of June, July, August, and September; and Black Hills' tiered rates are assessed year-round. Under a tiered rate schedule, tier one represents the fair share kWh threshold and are assessed at a lower rate, while tier two represents kWh usage in excess of usage targets and are assessed at a higher rate. Tiered rates are revenue neutral for utilities; they are designed to encourage reduced energy consumption and to provide the majority of customers with a cost reduction. Both Xcel and Black Hills offer a flat rate to low-income customers with certain medical conditions or who use medical life-support equipment.

### **State Expenditures**

In FY 2019-20, the bill will increase workload in the PUC to review revised residential rate designs for the state's two investor-owned utilities. This requires the filing of an advice letter by each utility to comply with the change in law. This workload can be accomplished through the normal process, and does not require a change in appropriations.

### **Effective Date**

The bill was deemed lost on May 4, 2019.

### **State and Local Government Contacts**

Regulatory Agencies