



# Fiscal Note

## Legislative Council Staff

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### HB 25-1260: ELECTRICAL GENERATION & DISTRIBUTION RESILIENCY

**Prime Sponsors:**

Rep. DeGraaf

Sen. Pelton R.

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**Fiscal note status:** The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated as more information becomes available.

### Summary Information

**Overview.** The bill requires the Public Utilities Commission to evaluate and develop rules on electrical generation and grid resilience against geometric storms.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$181,897 to the Department of Regulatory Agencies.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$216,018	\$367,688
State Expenditures	\$216,018	\$367,688
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$216,018	\$367,688
Change in State FTE	1.6 FTE	3.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$216,018	\$367,688
<b>Total Revenue</b>	<b>\$216,018</b>	<b>\$367,688</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$181,897	\$303,199
Federal Funds	\$0	\$0
Centrally Appropriated	\$34,121	\$64,489
<b>Total Expenditures</b>	<b>\$216,018</b>	<b>\$367,688</b>
<b>Total FTE</b>	<b>1.6 FTE</b>	<b>3.0 FTE</b>

## Summary of Legislation

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The bill requires the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to evaluate the reliability of electrical generation and grid resilience against geometric storms and report findings of the evaluation to the General Assembly by July 1, 2026. Based on the evaluation, the PUC must adopt rules requiring electric utilities to meet resiliency standards for geomagnetic storms.

## Background

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### Geomagnetic Storms

A geomagnetic storm is a space weather phenomenon caused by solar activity. It creates strong magnetic fields that can damage satellites and terrestrial electronics, including electricity infrastructure.

## State Revenue

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The bill increases state cash fund revenue to the Fixed Utility Fund (FUF) by about \$216,000 in FY 2025-26 and \$368,000 in FY 2026-27. Administrative costs incurred by the PUC are paid from the FUF, which 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. This revenue is subject to TABOR.

## State Expenditures

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The bill increases state expenditures in the PUC in DORA by \$216,000 in FY 2025-26 and \$368,000 in FY 2026-27. These costs, paid from the Fixed Utility Fund, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$153,169	\$292,689
Operating Expenses	\$2,048	\$3,840
Capital Outlay Costs	\$26,680	\$6,670
Centrally Appropriated Costs	\$34,121	\$64,489
<b>Total Costs</b>	<b>\$216,018</b>	<b>\$367,688</b>
<b>Total FTE</b>	<b>1.6 FTE</b>	<b>3.0 FTE</b>

## Department of Regulatory Agencies

The department will have staff costs in FY 2025-26 and FY 2026-27 only to implement the bill.

### Staff

In FY 2025-26, PUC requires 2.0 FTE to evaluate and assess grid resilience against geomagnetic storms. This includes an electrical and environmental engineer (1.0 FTE) to assess infrastructure resilience and environmental impacts, an economist (0.5 FTE) to analyze economic impacts, and a policy advisor (0.5 FTE) to support policy development and reporting. Standard operating and capital outlay costs are included, and costs are prorated in the first year for the bill's effective date.

In FY 2026-27, the staff efforts will shift to developing plans for electric utilities to meet resiliency standards and supporting the adoption of related rules. An additional 1.0 FTE of an administrative law judge is required to oversee rulemaking and litigation that may arise during plan implementation.

### **Centrally Appropriated Costs**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

### **TABOR Refunds**

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

### **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

### **State Appropriations**

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For FY 2025-26, the bill requires an appropriation of \$181,897 from the Fixed Utility Fund to the Department of Regulatory Agencies, and 1.6 FTE.

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

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Colorado Energy Office  
Law

Public Health and Environment  
Regulatory Agencies

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).