



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1126: PUC MEMBERSHIP GEOGRAPHIC REPRESENTATION

Prime Sponsors:

Rep. Martinez; Winter T.
Sen. Pelton B.

Fiscal Analyst:

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Bill Outcome: Deemed Lost

Drafting number: LLS 25-0109

Version: Final Fiscal Note

Date: June 23, 2025

Fiscal note status: The final fiscal note reflects the introduced bill. The bill was deemed lost in the House Appropriations Committee on May 8, 2025; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. The bill would have added two commissioners to the Public Utilities Commission and required commissioners to represent different geographic regions of the state.

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

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. For FY 2025-26, the bill would have required an appropriation of \$75,000 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

| Type of Impact ¹ | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|-----------------------------|---------------------------|------------------------|
| State Revenue | \$75,000 | \$985,702 |
| State Expenditures | \$75,000 | \$985,702 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$75,000 | \$985,702 |
| Change in State FTE | 0.0 FTE | 6.0 FTE |

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
State Revenue**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|----------------------|-----------------------------------|--------------------------------|
| General Fund | \$0 | \$0 |
| Cash Funds | \$75,000 | \$985,702 |
| Total Revenue | \$0 | \$0 |

**Table 1B
State Expenditures**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---------------------------|-----------------------------------|--------------------------------|
| General Fund | \$0 | \$0 |
| Cash Funds | \$75,000 | \$837,688 |
| Federal Funds | \$0 | \$0 |
| Centrally Appropriated | \$0 | \$148,014 |
| Total Expenditures | \$75,000 | \$985,702 |
| Total FTE | 0.0 FTE | 6.0 FTE |

Summary of Legislation

The bill expands the Public Utilities Commission (PUC) from three to five commissioners on July 1, 2026. Two members must represent the state at large and three must represent different geographic regions of the state: the Denver metropolitan area, the western region of the state, and the eastern region of the state. The Governor will appoint members, with Senate approval, and no more than three commissioners may be affiliated with the same political party.

Background

PUC Commissioners

Under current law, the PUC consists of three commissioners that each earn a salary of \$169,776. Commissioners are appointed to terms of four years, and require Senate confirmation. State law requires that commissioners devote their entire time to the duties of the office, to the exclusion of any other employment. Commissioners must also refrain from holding any stocks or bonds of any corporation subject to PUC regulation. All commissioners are required to be qualified electors of the state, and no more than two commissioners may affiliate with the same political party. A majority of PUC commissioners constitutes a quorum for purposes of transacting PUC business.

PUC Duties

The PUC promulgates rules and regulations for public utilities which include investor-owned electric, gas, and water utilities, and intrastate telecommunications services. It holds hearings on rate increase requests for these utilities. It also has partial regulatory oversight for rural electric associations and municipal utilities. In addition, the PUC regulates transportation utilities, such as railroads and motor carriers for hire. The PUC currently averages 50 to 60 proceedings a year, an increase of 500 percent since 2015.

PUC Staff Support

Currently, the PUC advisory staff to the commissioners consists of 16 FTE and trial staff consists of 28 FTE, including rate/financial analysts, professional engineers, directors, researchers, and administrative assistants.

State Revenue

Fixed Utility Fund

The bill increases state cash fund revenue to the Fixed Utility Fund (FUF) by \$75,000 in FY 2025-26, and \$986,000 in FY 2026-27 and subsequent fiscal years. 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.

State Expenditures

The bill increases state expenditures in the PUC in the Department of Regulatory Agencies by \$75,000 in FY 2025-26 and \$986,000 in FY 2026-27. These costs, paid from the Fixed Utility Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in Governor's Office.

Table 2
State Expenditures
Public Utilities Commission

| Cost Component | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$0 | \$789,988 |
| Operating Expenses | \$0 | \$7,680 |
| Capital Outlay Costs | \$0 | \$40,020 |
| Hearing Room Renovation | \$75,000 | \$0 |
| Centrally Appropriated Costs | \$0 | \$148,014 |
| Total Costs | \$75,000 | \$985,702 |
| Total FTE | 0.0 FTE | 6.0 FTE |

Public Utilities Commission – Department of Regulatory Agencies

Costs in the PUC will increase for new commissioners, support staff, and hearing room renovations. The fiscal note also assumes that the bill does not affect PUC caseload, but will impact preparation time for PUC business and length of hearings.

Commissioner Salaries

Beginning in FY 2026-27, two commissioners are added to the PUC. Commissioners earn an annual salary of \$169,776 and are authorized by statute to employ advisory and legal services staff, as described below.

PUC Administration

Beginning in FY 2026-27, the PUC requires 4.0 FTE of additional staff to support the two new members. Each commissioner requires a dedicated advisory staff, as is current practice in the PUC. Additionally, one analyst will conduct research prompted by new commissioner inquiries and one administrative staff will provide scheduling, correspondence, travel, and general advisory and trial proceeding support.

Hearing Room Renovation

The current PUC hearing room can only support three commissioners at the bench. PUC will have one-time costs of \$75,000 in FY 2025-26 to rebuild or reconfigure the bench to accommodate five commissioners. In addition, two new electronic workstations must be purchased and the room wired to accommodate the new bench and additional technology.

Governor's Office

Workload will minimally increase for the Governor's Office to appoint two commissioners to the PUC. This workload can be accommodated within existing appropriations.

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.

Effective Date

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

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$75,000 to the Department of Regulatory Agencies from the Fixed Utility Fund.

Departmental Difference

The PUC estimates that it requires 6.5 FTE beginning in FY 2026-27 to support the two new commissioners, including trial staff to support the larger body of work that will be driven by the two additional commissioners. The fiscal note assumes that the bill will not affect overall PUC caseload and that 4.0 FTE is sufficient to support the analytical and administrative needs of the new commissioners.

State and Local Government Contacts

| | |
|----------|---------------------|
| Counties | Regulatory Agencies |
| Governor | Revenue |