

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23M-0464EG

IN THE MATTER OF THE COMMISSION'S IMPLEMENTATION OF ASPECTS OF SENATE BILL 23-291 INCLUDING ITS CONSIDERATION OF CUSTOMER CONNECTIONS TO AND DISCONNECTIONS FROM INVESTOR-OWNED ELECTRIC AND GAS UTILITY SYSTEMS AND THE STUDY OF POTENTIAL BARRIERS TO BENEFICIAL ELECTRIFICATION AND DISTRIBUTED ENERGY RESOURCES.

**COMMISSION DECISION OPENING PROCEEDING AND
DESIGNATING COMMISSIONER MEGAN M. GILMAN
AS HEARING COMMISSIONER**

Mailed Date: September 18, 2023
Adopted Date: September 6, 2023

I. BY THE COMMISSION

A. Statement

1. The Commission opens this proceeding to implement certain provisions in Senate Bill (SB) 23-291 related to customer connections to and disconnections from investor-owned electric and gas utility systems. One purpose of this Proceeding is to facilitate the study the Commission must complete pursuant to SB 23-291 related to potential barriers to beneficial electrification of transportation and buildings (BE) and the deployment of distributed energy resources (DERs).

2. In accordance with SB 23-291, the Commission will examine: (1) transformer, substation, service upgrades, and distribution system planning to accommodate future BE and DERs, including the associated cost allocation and timelines for new service; (2) to otherwise support the examination of investor-owned electric utility tariffs, policies, and practices to identify

potential barriers to BE and DERs resources; (3) to collect information on potential requirements for dual-fuel utilities to provide customers with information about and options for electric space and water heating; (4) to examine the elimination of incentives for gas service to properties; and (5) to prepare for the promulgation of rules to establish standards for the voluntary disconnection from an investor-owned gas utility's system and to prohibit penalties or charges for the voluntary termination of gas service.

3. We designate Commissioner Megan M. Gilman as Hearing Commissioner, pursuant to § 40-6-101(2), C.R.S.

B. Discussion

4. SB 23-291 became effective on August 7, 2023, the day following the expiration of the 90-day period after final adjournment of the Colorado General Assembly.

5. Section 40-3.2-104.6, C.R.S., requires the Commission to complete a study examining existing investor-owned electric utility tariffs and interconnection policies and practices with barriers to BE and the offsetting of that energy use with distributed energy resources DER. In addition to barriers presented by tariffs, policies, and practices, the Commission must examine whether traditional cost-causation and cost recovery principles (*i.e.*, cost-of-service ratemaking as applied in Colorado) pose barriers to BE and DERs, including whether customers are required to bear the full incremental cost of transformer or service upgrades needed at the time of interconnection (*e.g.*, transformer, substation, or service upgrades). SB 23-291 further references the utility's Distribution System Planning (DSP) process and requires the Commission to examine whether DSP can better plan for and accommodate future be and der investments to align with the state's greenhouse gas emission reduction goals.

6. The study must be completed no later than March 15, 2024, and upon completion, the Commission must post the written findings and conclusions from the study on the Commission's website.

7. Section 40-3.2-104.5(2), C.R.S., states that the Commission may adopt rules to establish standards for a customer's voluntary disconnection from an investor-owned gas utility's gas distribution system. Voluntary disconnections may arise when a customer electrifies space and water heating. Section 40-3.2-104.5(1), C.R.S., prohibits the utilities from penalizing or charging a fee to a customer that voluntarily terminates service and from charging a disconnected customers any fees once service has terminated. Any costs associated with termination shall be considered part of general distribution system investments and are eligible for cost recovery.

8. In promulgating rules for voluntary disconnections from gas utility systems, the Commission must consider:

- The health and safety risks related to the customer no longer using the gas distribution system;
- The cost effectiveness of the method of disconnection;
- The use of, or requiring the installation of, shut-off valves or pipeline caps as an option in lieu of potentially more cost-prohibitive excavation or construction activities to remove existing gas infrastructure;
- The impact on staffing, including any requirements and procedures for utility employees and contract workers;
- The impact on critical repairs, scheduled maintenance, leak mitigation, and other related activities; and
- Any other consideration that the Commission deems appropriate.

9. Furthermore, § 40-3.2-104.3(2), C.R.S., prohibits Colorado gas utilities from providing an incentive, including a line extension allowance, to establish gas service to a property. On or before December 31, 2023, each gas utility must file an updated tariff to reflect the removal of any incentives for an applicant to establish gas service to a property.

C. Findings and Conclusions

10. We conclude that the foregoing statutory provisions enacted by SB 23-291 regarding BE and the deployment of DERs and connections to electric utility systems and disconnections from gas utility systems relate closely to one another. A common proceeding to address these matters will foster administrative efficiencies while enabling the Commission to accomplish its statutorily mandated obligations.

11. We designate Commissioner Megan M. Gilman as Hearing Commissioner.

II. ORDER**A. The Commission Orders That:**

1. Consistent with the discussion above, the Commission opens this miscellaneous proceeding for the purpose of examining customer connections to and disconnections from investor-owned electric and gas utility systems and potential barriers to the beneficial electrification of transportation and buildings and the deployment of distributed energy resources in accordance with Senate Bill (SB) 23-291.

2. This proceeding shall serve as a platform for completing the statutorily required study required in § 40-3.2-104.6, C.R.S.

3. This proceeding is designated as an administrative proceeding under 4 *Code of Colorado Regulations* 723-1-1004(b).

4. Pursuant to § 40-6-101(2), C.R.S., Commissioner Megan M. Gilman is designated as the Hearing Commissioner.

5. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
SEPTEMBER 6, 2023.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

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Commissioners