

Decision No. C25-0195-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0036E

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS TARIFF ON-BILL FINANCING PROGRAM.

**INTERIM COMMISSION DECISION REFERRING
PROCEEDING TO A HEARING COMMISSIONER,
SETTING MATTER FOR HEARING, AND REQUIRING
SUPPLEMENTAL DIRECT TESTIMONY**

Issued Date: March 19, 2025

Adopted Date: March 12, 2025

I. BY THE COMMISSION

A. Statement

1. On January 6, 2025, Public Service Company of Colorado (“Public Service” or the “Company”) filed a Verified Application for Approval of its Tariff On-Bill Financing Program (“Application”).

2. The Application was deemed complete on February 25, 2025, by operation of the Commission’s rules under § 40-6-109.5, C.R.S.

3. By this Decision, we refer the Application to Commissioner Tom Plant to act as hearing commissioner, set the Application for hearing, direct Public Service to file Supplemental Direct Testimony on the issue discussed below, and highlight areas of interest that the parties should develop in the Proceeding.

B. Background

4. On January 6, 2025, Public Service filed the Application seeking approval of its tariff on-bill financing program in accordance with the settlement agreement approved by the Commission, with modifications, in Proceeding No. 23A-0589EG addressing the Company's 2024-2026 Demand-Side Management and Beneficial Electrification Plan.¹ Concurrent with its Application, Public Service filed a Motion for Waiver in which it seeks waivers of Commission Rules 3407(b)(IV) and 3407(b)(VII), 4 *Code of Colorado Regulations* ("CCR") 723-3 ("Motion").

5. On February 25, 2025, the Application was deemed complete for purposes of § 40-6-109.5, C.R.S., by operation of the Commission's rules.

6. The Company states the financing program aims to reduce barriers to investment in beneficial electrification ("BE") and energy efficiency ("EE") upgrades by expanding access to low-cost financing that otherwise may prevent a customer from making such an investment. Examples of such upgrades include Cold Climate Air Source Heat Pumps, Ground Source Heat Pumps; Evaporative Coolers; Heat Pump Water Heaters; and Insulation and Air Sealing. The Company explains the financing program will use funding from a third party to finance the up-front customer costs of making the upgrades, with the repayment of the third-party debt reflected on the customer's electric bill. The debt is proposed to be assigned to a customer's electric metered premise, such that if a participating customer sells the premise, the new owner will become responsible for the payment obligation on the new owner's utility bill for remaining debt owed.

7. As the result of a Request for Proposal process, Public Service states it selected the Collective Clean Energy Fund ("CCEF") to provide the third-party financing. The Company states

¹ Decision No. C24-0671 issued in Proceeding No. 23A-0589EG (Sept. 18, 2024).

that it is still in the process of negotiating an engagement with CCEF to provide the capital and to implement the program. The Company seeks to enter an initial three to five-year engagement with CCEF to provide a capital amount of up to \$25 million, but that is still subject to ongoing negotiations. For all “customer engagements,” CCEF will apply a one-time origination fee of 2 percent of the financed amount to be paid by the participating customer.² The Company states interest rates are expected to range from 5 percent to nearly 6 percent, depending on the length of the term of the debt.

8. The Company explains it seeks to make available under the program a maximum amount of \$75,000 of financing per an eligible and participating customer at a metered premise with repayment plans offered for three-year, five-year, and ten-year terms. The program, Public Service states, is designed primarily for residential customers and the Company proposes to exclude its gas-only customers from the program.³

9. The Company’s Motion for Waivers seeks waivers from Rules 3407(b)(IV) and 3407(b)(VII) which the Company says address its ability to discontinue electric service to customers. The Company explains it may be necessary for it to exercise its right to disconnect service when a customer fails to make timely payments on the program’s third-party debt. Public Service explains the Motion is not intended for a ruling prior to a hearing on the Application and states that it seeks Commission and stakeholder input on whether a customer’s failure to make timely repayments of its debt to the third party should cause the customer’s bill to become past due and require service disconnection.

² Hr. Ex. 101, Direct Testimony of Patrick J. Murphy, p. 19:15-18.

³ *Id.* at p. 25:4-8.

10. The Commission issued a Notice of Application Filed on January 9, 2025. The Notice set a 30-day intervention period that ran through February 10, 2025.

11. On January 23, 2025, the Colorado Office of the Utility Consumer Advocate filed a notice of intervention of right and request for hearing.

12. On February 4, 2025, Western Resource Advocates filed a motion seeking to permissively intervene in this Proceeding.

13. On February 5, 2025, Southwest Energy Efficiency Project filed a motion seeking to permissively intervene in this Proceeding.

14. On February 5, 2025, the City and County of Denver filed a motion seeking to permissively intervene in this Proceeding.

15. On February 6, 2025, Trial Staff of the Commission filed a notice of intervention of right and request for hearing.

16. On February 7, 2025, the City of Boulder filed a motion seeking to permissively intervene in this Proceeding.

17. On February 7, 2025, Energy Outreach Colorado filed a motion seeking to permissively intervene in this Proceeding.

18. On February 10, 2025, the Colorado Energy Office filed a notice of intervention of right.

19. On February 10, 2025, Clean Energy Economy for the Region filed a motion seeking to permissively intervene in this Proceeding.

20. On February 10, 2025, Colorado Energy Consumers Group filed a motion seeking to permissively intervene in this Proceeding and requesting a hearing.

C. Discussion, Findings, and Conclusions**1. Completeness**

21. Pursuant to Rule 1303(c)(IV) of the Commission Rules of Practice and Procedure, for the purposes of § 40-6-109.5, C.R.S., this Application automatically deemed complete on February 25, 2025.

2. Referral to a Hearing Commissioner and Setting Application for Hearing

22. We refer this proceeding to Commissioner Tom Plant, who we designate as hearing commissioner. We also find good cause to set the Application for hearing. Commissioner Plant will issue a separate decision addressing interventions and establishing other procedures.

3. Supplemental Direct Testimony

23. As explained in the Application, the debt related to the Company's financing program is proposed to be assigned to a customer's electric metered premise, such that if a participating customer sells the premise, the new owner will become responsible for the payment obligation on the new owner's utility bill for remaining debt owed. We direct Public Service to explain whether the Company should be required to record with a local county a "Memo of On-Bill Financing Obligation" so that future buyers doing a title search have appropriate notice that this bill repayment obligation exists.

24. A deadline for Supplemental Direct Testimony will be established by a separate decision.

4. Additional Issues for Consideration

25. In addition to the supplemental direct testimony, we encourage the Company and eventual parties to the Proceeding to consider and develop the record regarding the following issues:

- a. How on-bill financing addresses the problem of split incentives between tenants and landlords regarding energy efficiency and beneficial electrification; and
- b. How on-bill financing mitigates rebate levels while otherwise supporting adoption of energy efficiency and beneficial electrification.

26. We also encourage the parties to follow and remain apprised of related proceedings currently before the Commission, including Public Service’s Mountain Energy Project Certificate of Public Convenience and Necessity proceeding (Proceeding No. 25A-0044EG) and Public Service’s Virtual Power Plant proceeding (Proceeding No. 25A-0061E).

II. ORDER

A. The Commission Orders That:

- 1. This Proceeding is set for hearing and referred to Commissioner Tom Plant, to act as hearing commissioner.
- 2. The assigned hearing commissioner shall set a hearing date, set a deadline for supplemental direct testimony, address interventions and other outstanding motions, and establish other procedures by separate decision(s).

3. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
March 12, 2025.**

(SEAL)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Rebecca E. White".

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners