

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.

**RECOMMENDED DECISION
GRANTING APPLICATION WITH MODIFICATIONS,
GRANTING MOTION FOR WAIVERS,
REQUIRING COMPLIANCE TARIFF FILING, AND
ISSUING DIRECTIVES FOR THE NEXT FILING FOR
APPROVAL OF THE PROGRAM**

Issued Date: September 22, 2025

TABLE OF CONTENTS

I.	BY THE COMMISSION	2
A.	Statement	2
B.	Procedural History	2
II.	DISCUSSION	5
A.	On-Bill Financing in Previous Commission Proceedings	5
B.	Public Service’s Initial Proposals	8
C.	Public Service’s Final Proposals	10
III.	LEGAL STANDARD	13
IV.	COMMISSION FINDINGS AND CONCLUSIONS	13
A.	Financing Terms	15
a.	Maximum Repayment Term Duration	16
b.	Subordination	17
c.	Maximum Available Per-Premise Financing	19
d.	Maximum Program Funding	21
e.	Interest Rates	24
B.	Motion for Waiver	28
C.	Cost Recovery	31

D. Eligible Measures	33
E. Rebate Integration and PIMs	37
F. Other Considerations	39
a. Renters.....	39
b. Gas-only Customers	40
G. Future Filing Directives and Considerations	41
a. 2026 DSM/BE Plan and Ongoing Negotiations with CCEF	41
H. Conclusion.....	42
V. ORDER.....	42
A. It Is Ordered That:	42

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. By this Recommended Decision, the undersigned Hearing Commissioner approves the Company’s Application with the modifications outlined below. The Hearing Commissioner also grants the Motion for Waiver filed by the Company concurrent with its Application.

3. In reaching this Recommended Decision the Hearing Commissioner has considered all arguments presented, including those arguments not specifically addressed in this Decision. Likewise, the Hearing Commissioner has considered all evidence presented at the hearing, even if the evidence is not specifically addressed in this Decision.

B. Procedural History

4. On January 6, 2025, Public Service filed the Application seeking approval of its tariff on-bill financing (“OBF”) program (“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 ("DSM") and Beneficial Electrification ("BE") Plan ("DSM/BE 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 for Waiver").

5. 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.

6. On March 19, 2025, the Commission issued Decision No. R25-0220-I, in which it set this matter for hearing, designated Commissioner Tom Plant as Hearing Commissioner pursuant to § 40-6-101(2)(a), C.R.S., and directed the Company to file certain Supplemental Direct Testimony.

7. By Decision No. R25-0220-I, issued March 25, 2025, the Hearing Commissioner established parties to this Proceeding: Public Service; Trial Staff of the Colorado Public Utilities Commission ("Staff"); the Colorado Office of the Utility Consumer Advocates ("UCA"); the Colorado Energy Office ("CEO"); Western Resource Advocates ("WRA"); Southwest Energy Efficiency Project ("SWEEP"); City and County of Denver ("Denver"); City of Boulder ("Boulder"); Energy Outreach Colorado ("EOC"); Clean Energy Economy for the Region ("CLEER"); and Colorado Energy Consumers Group ("CEC"). By the same decision the Hearing Commissioner also extended the deadline for a final Commission decision by 130 days pursuant to § 40-6-109.5(1), C.R.S.

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

8. By Decision No. R25-0296-I, issued April 17, 2025, the Hearing Commissioner adopted a procedural schedule and scheduled an evidentiary hearing for July 10 through July 11, 2025.

9. A remote public comment hearing was held before the Hearing Commissioner on July 8, 2025.

10. The evidentiary hearing was held before the Hearing Commissioner on July 10, 2025 through July 11, 2025. At the start of the evidentiary hearing, the Hearing Commissioner admitted all pre-filed testimony and attachments into the evidentiary record. During the course of the hearing, the Hearing Commissioner admitted additional hearing exhibits that were offered by parties during their cross-examination or re-direct of witnesses. At the conclusion of the hearing, the Hearing Commissioner requested Public Service provide additional information to clarify its proposal as it relates to lowering the proposed financing program's interest rates below those proposed in the Application, particularly for disproportionately impacted ("DI") and income-qualified ("IQ") customers. By Decision No. R25-0518-I, issued July 15, 2025, the Hearing Commissioner required Public Service to respond to certain requests for information related to lowering interest rates in the Financing Program. By the same decision, the Hearing Commissioner extended the deadline for parties to file statements of position ("SOPs") to August 8, 2025.

11. On July 23, 2025, Public Service timely filed a response to the Hearing Commissioner's request for clarification. On August 8, 2025, the following parties filed SOPs: Denver, WRA, SWEEP, CEO, CLEER, UCA, EOC Boulder, Staff, and Public Service.

II. DISCUSSION

A. On-Bill Financing in Previous Commission Proceedings

12. On-bill financing is an issue that has been raised before the Commission in multiple prior proceedings. As far back as Proceeding No. 10A-554EG, on-bill financing was a key proposal supported by intervening parties and public comment, although different financial structures were contemplated. In that proceeding, the Commission quoted SWEEP in its decision and stated, “SWEEP recommends that Public Service be directed to propose a broader energy efficiency financing program that might entail a partnership with a financial institution rather than on-bill financing.”² That recommendation looks much like the Financing Program we are considering here. That decision was issued in April 2011 – nearly 15 years ago.

13. In the Company’s DSM/BE Strategic Initiatives application proceeding,³ the Commission stated its support for the Company’s efforts to develop an OBF proposal and provided guidance for development of the proposal. The Commission found that on-bill financing is likely a cost-effective way to reduce barriers to participation in the Company’s DSM program, especially among IQ customers and that it better aligns a participant’s cost of capital with programmatic savings.⁴ Proposals in that proceeding suggested capitalizing the loan fund through the DSMCA which raised cost and equity concerns among many of the parties. The Commission, for example, shared Staff’s concern that utilizing the Demand Side Management Cost Adjustment (“DSMCA”) as a source of capital could lead to IQ customers subsidizing non-IQ customers and suggested consideration of third-party sources of capitalization. The Commission also stated its concern that if capitalizing the fund with the DSMCA, the demand for financing could strain the DSM budget

² Decision No. C11-0442 at ¶ 120 issued in Proceeding No. 10A-554EG (April 26, 2011).

³ Proceeding No. 22A-0309EG.

⁴ Decision No. C23-0413 at ¶ 166, issued in Proceeding No. 22A-0309EG (June 22, 2023).

and put OBF in competition with the funding available for DSM implementation.⁵ The Commission encouraged the Company and parties to that proceeding to prioritize availability of financing for IQ customers and expressed a preference that the financing rate for IQ and DI customers should be zero or very low, whereas the financing rate for non-IQ customers should be higher, but in no event higher than the Company's weighted average cost of capital ("WACC"). The Commission further requested that OBF or on-bill repayment policies should align with the phasing out of incentives and that no measure should be incentivized through OBF or on-bill repayment for which the Commission has determined rebates should be discontinued.⁶ Finally, the Commission expressed a concern about using DSMCA funds for an OBF program that was financing investments in renewable energy, but that the concern could be mitigated with use of a third-party source of capitalization.

14. OBF was also addressed by the Commission in Public Service's application for approval of its 2024-2028 Clean Heat Plan.⁷ There, the Commission agreed with several parties who argued that the availability of capital is a barrier to BE and DSM adoption.⁸ The Commission noted that it has indicated to the Company, over several decades of proceedings and decisions, the need to implement an on-bill financing mechanism so that finance-related barriers can be overcome efficiently and effectively. The Commission also noted that the issue of OBF was raised in the Company's then ongoing DSM/BE Plan proceeding⁹ where the Company offered to file a specific application to implement an OBF program within 60 days of a decision. The Commission therefore chose to permit the issue to be addressed in that proceeding but provided guidance that

⁵ *Id* at ¶ 167.

⁶ *Id* at ¶ 170.

⁷ Proceeding No. 23A-0392EG.

⁸ Decision No. C24-0397 at ¶ 278, issued in Proceeding No. 23A-0392EG (June 10, 2024).

⁹ Proceeding No. 23A-0589EG.

any such OBF proposal should make the program available to all customers, provide subsidized financing rates, with streamlined enrollment and approval procedures, and include the incorporation of any incentives in financed customer costs.¹⁰

15. The Commission approved the settlement agreement reached in Public Service’s DSM/BE Plan proceeding, which required the Company to file an application or advice letter to offer tariffed on-bill financing no later than 60 days after a final Commission decision in that proceeding. The Commission required the Company to convene a stakeholder group, to which all the settling parties would be invited, that would meet at least twice to discuss the details of a proposed OBF program before the filing of an application.¹¹ The Commission then suggested three additional components for the Company to incorporate into its program design. First, the Company should ensure that customers enrolling in an OBF program have dedicated access to appropriate information regarding opportunities for upgrades, incentives, benefits and potential savings over time. Second, there should be intuitive, direct venues for connecting individuals and businesses with contractors that can simplify the process and provide equipment and installation. Third, there should be access to financing.

16. Finally, OBF was also mentioned in the Commission’s decision approving, with modifications, the Company’s 2024-2026 Transportation Electrification Plan (“TEP”).¹² There the Commission directed the Company to discontinue its EV Accelerate At Home (“EVAAH”) program but encouraged the Company to develop and propose, in its next TEP application, an OBF program to reduce the financial barriers presented by the up-front costs of L2 charger installations.

¹⁰ Decision No. C24-0397 at ¶ 281.

¹¹ Decision No. C24-0671 at ¶ 104, issued in Proceeding No. 23A-0589EG (September 17, 2024).

¹² Decision No. C24-0223 at ¶ 101, issued in Proceeding No. 23A-0242E (April 10, 2024).

B. Public Service's Initial Proposals

17. Public Service timely filed its Application seeking approval of its Financing Program exactly 60 days after the final Commission decision in Proceeding No. 23A-0589EG. The Company concurrently filed direct testimony of one witness and filed a Motion for Waiver of certain Commission rules.

18. The Application states the Company is proposing a new tariff offering to customers to assist their undertaking of certain permanent energy efficiency and BE upgrades. The Company explains eligible measures under the proposal include those that are permanent in nature as offered in its DSM/BE Plan.¹³ 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 under the Financing Program is 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. The Application states the Company, through a request for proposal process, selected the Collective Clean Energy Fund ("CCEF") to provide third-party financing and that the Company is currently in the process of negotiating an engagement with CCEF to provide the capital and to implement the Financing Program.

19. Regarding the details of the Financing Program, the Application explains the Company seeks to make available a maximum amount of \$75,000 of financing per an eligible and participating customer at a metered premise. Customers will have the ability to choose among three repayment durations, including a three-year term, a five-year term, or a ten-year term.

¹³ The Company provided a full list of eligible measures on rebuttal in Hearing Exhibit 103, Attachment PJM-2, Rev. 1.

Applicable fixed interest rates will apply to the financed debt, ranging from 5 percent to 5.99 percent, depending on the length of the repayment duration chosen by the customer. The Company states it is seeking to enter into an initial three to five-year engagement, with CCEF providing a capital amount of up to \$25 million, as subject to ongoing negotiations.

20. In the Application, the Company states it is considering as part of its proposal whether a customer's failure to make timely repayments of its debt should cause the customer's bill to become past due and require service disconnection. The Company states it is not its intent to increase customer service disconnections through the program, but that the program may need to reflect the Company's right to disconnect service for a customer's failure to make timely payments on their third-party debt, or else the third-party provider may have an inadequate ability to ensure timely payment on its financed amounts.

21. The Company initially proposes to offer the program to Residential and Small Business electric customers who have 12 months of on-time electric utility payment history and whose accounts are in good standing.¹⁴ The Company explains it is still exploring whether and how to offer the program to multifamily housing which can have more complicated metering and property ownership situations than single-family residences.

22. The Company also proposes to apply the 60/90 Day Notice Process that governs the Company's DSM/BE Plan to applicable modifications and updates that occur over time for the program.

¹⁴ The Hearing Commissioner notes that, in its rebuttal testimony, Public Service agreed with Boulder's request for two limited exceptions to this criterion. First, if Public Service is the cause of erroneous billing issues, that should not impact the customer's eligibility. Second, for customers that do not have 12 months of billing history with the Company, CCEF will also agree to consider related billing history from the previous electric utility provider. Hr. Ex. 103 Murphy Rebuttal, p. 36.

23. While the Company proposes to contract with a third-party financier to fund the program, it states it has identified expected costs to implement the program. For participants in the program, a two-percent origination fee would be added to the debt amount to assist the third-party financier to cover costs associated with operating the program. For ratepayers, an initial fixed fee would be required to set up the program with CCEF. Public Service states that while it is continuing to negotiate the initial fixed fee, it does not expect it to exceed \$700,000. The Company also states it is proposing to recover the initial fix fee through the gas and electric DSMCA as an incremental cost necessary for the program. The Company also expects to incur certain administrative and implementation costs for the program, including for its management and related Infrastructure Technology integration, which the Company will include as part of its approved budgets for its 2024-2026 DSM/BE Plan.

C. Public Service's Final Proposals

24. In its statement of position, Public Service asks the Commission to approve the financing program as set forth in the Company's rebuttal case. The Company asserts the program elements proposed in its rebuttal case are reasonable and effective for the program's launch. Public Service emphasizes that if the Commission adopts party recommendations opposed by the Company, such new directives could frustrate the Company's ability to implement the program because the Company and CCEF would need to amicably resolve how to achieve new directives.¹⁵ However the Company makes clear that it will work in good faith with CCEF to attempt to modify the vendor agreement to address imposed Commission directives.

25. The material details of the Company's financing program, as modified through its rebuttal testimony, are as follows:

¹⁵ Public Service SOP, p. 7-8.

- The initial term of the program runs for three years;
- CCEF is the third-party capital provider and administrator;
- CCEF will provide an initial capital amount of \$10 million to launch the Financing Program, but the Company seeks approval for the program to have up to \$25 million of capital during its first term;
- Customers select the repayment duration and associated interest rate as provided in Hrg. Ex. 101, Table PJM-D-2, where such interest rates are fixed during the initial three-year term of the program;
- CCEF will apply a two percent loan origination fee on all customer transactions;
- The program debt attaches to electric metered premises, and participants will pay their program charges on their monthly Public Service bills;
- CCEF will record participating customer debt in a land record notice in the county where the premise resides, along with filing of an additional land record notice to indicate satisfaction of the debt once it is repaid.
- A premise can acquire a maximum amount of \$50,000 of program funding to support approved energy upgrades;
- Customer eligibility is for single family Residential and Small Business electric customers with 12-months of on-time electric utility payment history and account in good standing;
- Eligible multifamily housing customers include those with separately metered electric service;
- Eligible rental customers will have access to the program after program launch, as consistent with ongoing efforts CCEF is undertaking on similar renter integration with Tri-State Generation and Transmission Association (“Tri-State”);
- The eligible measures are those included in Hr. Ex. 103, Att. PJM-2;
- Financing Program debt obligations are subordinate to the customer’s utility charge obligations;
- The Company can disconnect for their failure to timely pay their Financing Program obligations, in accordance with Electric Tariff Sheet Nos. R56-58;
- Before disconnection, CCEF will work with customers facing financial hardship through a debt workout process, involving primarily the pausing of repayment obligations, for up to 90 days, giving customers a reprieve on their debt repayment obligation;
- Customers can use the Company’s rebates for the eligible measures and reduce the overall payment obligation in the program;

- Customers can prepay their debt obligation or otherwise make larger than required payments to end their debt in an expedited manner without penalty; and
- CCEF's contractor policies will apply to the program, including those provided in Hr. Ex. 103, Attachment PJM-4.

26. Regarding cost recovery, the Company asserts it has proposed a reasonable cost recovery approach wherein it will not earn stand-alone financial rewards for customer participation in the program, such as though any performance incentive mechanism ("PIM").¹⁶ The Company explains it will recover the startup and administrative costs of the Company and CCEF through the DSMCA, with the costs included within the approved budget of the Company's DSM/BE Plan. Of the identified costs, CCEF's initial program costs of \$700,000 will be recovered over a three-year period, the Company's start-up expenses of \$500,000 will be recovered in the first year of the program, and the Company's ongoing administrative expense of \$50,000 will be recovered in each year of the program. Public Service asserts recovery of these expenses through the DSM/BE Plan is reasonable because all other and similar DSM/BE Plan programs have the same cost recovery method. Public Service maintains this approach avoids incremental customer cost increases, while still providing the Company proper cost recovery for the expenses of a program that the Commission has stated a strong desire for the Company to implement.

27. Public Service states it will include a financing program in its next DSM/BE Plan filing, which is expected in 2026, where such a Company application provides an additional and formal litigation pathway for parties and the Commission to explore iterative changes to the Financing Program. The Company also intends to continue to work with the parties and interested stakeholders on suggestions and questions on the Financing Program in the Company's existing

¹⁶ Public Service SOP, p. 10.

quarterly stakeholder meeting process, where such process offers a more collaborative process than the more formal litigation process of this Proceeding.

III. LEGAL STANDARD

28. Except as otherwise provided by statute, the Administrative Procedure Act imposes the burden of proof in administrative adjudicatory proceedings upon “the proponent of an order.”¹⁷ As provided in Commission Rule 4 CCR 723-1-1500, “the proponent of the order is that party commencing a proceeding.” As the applicant, Public Service bears the burden of proof by a preponderance of the evidence. The preponderance standard requires the finder of fact to determine whether the existence of a contested fact is more probable than its non-existence.¹⁸ While the quantum of evidence that constitutes a preponderance cannot be reduced to a simple formula, a party has met this burden of proof when the evidence, on the whole and however slightly, tips in favor of that party.

IV. COMMISSION FINDINGS AND CONCLUSIONS

29. The Hearing Commissioner recognizes the unique nature of this Proceeding in which the Company is seeking approval of a narrow financing program that is funded by a third party who is not a party to the Proceeding. Many of the objectives identified by the Commission in previous proceedings and issues raised by intervening parties in this Proceeding concern the structure of financing and mechanisms for reducing interest rates and costs for customers. These were issues which only CCEF could address, and because it is not a party to the Proceeding, the Commission lacks critical information related to the targets previously identified by the Commission for the Company’s Financing Program. The Hearing Commissioner appreciates the

¹⁷ § 24-4-205(7), C.R.S.

¹⁸ *Swain v. Colorado Dept. of Revenue*, 717 P. 2d 507 (Colo. App. 1985).

breadth of recommendations offered by the parties in their testimony and SOPs. After reviewing the evidence and the parties' testimony and SOPs, the Hearing Commissioner finds that on-bill financing is an important tool in making BE and energy efficiency measures affordable and accessible to Public Service's customers and therefore finds that approving the Company's implementation of an on-bill financing program is in the public interest. The Hearing Commissioner finds merit to the concerns raised by parties that identify certain potential drawbacks to and flaws in the Company's proposal and sees this Proceeding as an introductory effort to establish an on-bill financing offering that can be improved and honed over time with modifications to the Financing Program consistent with the discussion below.

30. The Hearing Commissioner finds the modifications below represent an initial effort to establish the program within the record available. While the program approved in this Proceeding by no means achieves the objectives of the Commission with respect to previous statements of support for on-bill financing, it strikes an appropriate balance between affordability, accessibility, and consumer protection for this initial stage of implementation. Considering the Commission has encouraged the Company to file an OBF program for years and the nature of the contractual relationship between the Company and CCEF, the Hearing Commissioner finds it appropriate to approve a version of the Application that is substantially similar to the Company's current proposal. The Company has stated that it and CCEF will "negotiate in good faith to modify the vendor agreement in compliance with any final order of the Commission," and that if mutual agreement can "not be reached within 30 days, then the agreement will terminate."¹⁹ As CEO asserts, in order for the program to be implemented and launched quickly, it is important to approve the program without significant revisions to its programmatic elements which may require

¹⁹ Hr. Ex. 103, Murphy Rebuttal Testimony, p. 17.

Company and CCEF to restart contractual negotiations and further delay the implementation of the program.²⁰ This means that, unfortunately, we must advance a financing program that has significant flaws with an eye toward improving the program in the future and over time.

31. To that end, the Hearing Commissioner approves, with modifications, the Company's proposal to launch the program with an initial term of three years that can be refined as more information becomes available and further evaluated and expanded within the next DSM filing. While the Hearing Commissioner understands proposals that the program length be scaled down to 18 months or 2 years to align with the Company's next DSM filing, the timing and resolution of the 2026 DSM filing is not definite and the Company's and CCEF's proposals appear to be, at least in part, predicated on a three-year timeframe to cover initial start up costs.²¹ However, it should be clear that this is considered an integral component of the Company's customer oriented offerings, one which can be combined with other incentives to increase affordable access to technologies that benefit the system overall, the customer, and the state's emissions objectives. It is therefore important to think of this programmatic offering as a part of a whole, with that role being further examined, clarified and funded within the 2026 combined DSM/CHP/BE filing.

32. The sections below are intended to either modify the Company's Financing Program, address strong issues of contention within the Proceeding, or otherwise provide guidance in advance of the Company's next OBF filing which will be made with its 2026 DSM/BE Plan application.

A. Financing Terms

²⁰ CEO SOP, p. 8.

²¹ Public Service SOP, p. 3.

a. Maximum Repayment Term Duration

33. In its Rebuttal Case, Public Service proposes the Commission approve the repayment duration and associated interest rates provided in Hearing Exhibit 101, Table PJM-D-2 which reflect 3, 5, 7, and 10-year repayment terms. However, in rebuttal, in response to party feedback, the Company agreed to extend the maximum possible repayment term to 15 years, subject to several “tenets.”²² Importantly, Public Service agreed with parties that it is not appropriate to have a repayment duration that exceeds the useful life of the underlying measure.

34. CEO, WRA, Denver, and Boulder each support the Company’s proposal to include an additional 15-year repayment term option. CEO argues customers who finance long-lasting items may prefer lower monthly payments over a time period that more closely matches the useful life of their measure.²³ Similarly, WRA asserts that aligning the repayment period with the useful life of the measure may serve to better align a participant’s monthly costs with the savings that will be achieved through the measure. Denver also asserts that allowing for longer repayment terms increases the chances that a customer will be able to realize savings on their monthly bills which may make customers more likely to take advantage of the programs.

35. The Hearing Commissioner agrees with these parties and finds that requiring the Company and CCEF to include an additional 15-year repayment term option is appropriate and the related “tenets” proposed by the Company on rebuttal are reasonable. The Hearing Commissioner also adopts CEO’s recommendation that a customer’s financing repayment period should not exceed the life of the financed measure and, in the event that the customer is installing

²² *Id* at p. 32. (The tenets include: (1) the financing term should not exceed the useful life of the energy measure; (2) require longer customer demonstrations of good standing on their utility bills, such as 18 months, to support longer duration debt; (3) expect higher interest rates on longer financing of up to 15 years; and (4) limit 15-year financing to only where the projects have a higher likelihood of producing positive monthly cash flows due to their energy savings.)

²³ Hr. Ex. 1000. Durkay Answer, p. 49.

multiple measures, the term of the loan shall not exceed the shortest life of the financed measures. The Hearing Commissioner agrees that customers who finance home upgrades or future residents should not be required to continue paying for a measure after it has reached the end of its useful life.²⁴

b. Subordination

36. In its SOP, the Company restated its position that OBF program debt obligations will be subordinate to the customer's utility charge obligations. In response to SWEEP and Boulder's recommendation to revise the order of debt such that program debt is no longer subordinate to energy charges, Public Service asserts these recommendations ignore the essential nature of utility service, are unfounded, and will lead to higher levels of bad debt, which would ultimately be passed on to all customers in rate cases. The Company maintains such recommendations would eliminate CCEF's ability to employ a debt workout process, such as to seek to work with customers to avoid disconnections.²⁵ The Company also asserts there is a lack of record evidence regarding interest rate modifications resulting from changing the order of debt.

37. CEO supports the Company's position and argues that reorganization of the debt subordination provisions could make the program unworkable for Public Service and could delay the program launch.

38. SWEEP and Boulder recommend the Commission modify the Company's subordination proposal so that the utility charges are subordinate to the Financing Program payments. SWEEP asserts the subordination proposal unreasonably shifts the risk of nonpayment from the Company to CCEF and results in higher interest rates. SWEEP also argues modifying the

²⁴ *Id.* at 50.

²⁵ Public Service SOP, p. 12.

subordination proposal would better protect customers because, as SWEEP puts it, if customers fall behind on their utility charges, there are established tools to assist them before they face a disconnection whereas SWEEP is dubious of CCEF's debt workout process.

39. Boulder similarly recommends the Commission reject Public Service's subordination proposal due to its effect on interest rates and the potential for subordination to limit access to energy assistance tools that would otherwise be available to customers. Boulder asserts that losses from OBF should be thought of no differently than free ridership and realized savings that are less than those deemed in rebate programs and the net savings benefiting all customers that would be realized through OBF would be expected to be higher under OBF than traditional rebate programs.²⁶ Boulder contests that subordination is not necessary to reduce the impact of the Financing Program to non-participants and asserts that OBF can reduce the total cost to rate payers. Boulder supports the Company's proposal on rebuttal to establish a regulatory asset to capture losses and defer for future cost recovery in a rate case as bad debt expense. Boulder asserts such an asset could help reduce the cost of capital and recommends the Commission, in addition to eliminating subordination, require the Company to file an application to create such an asset. Boulder notes that if subordination is not removed from the Financing Program, Public Service should not be permitted to disconnect customers due to OBF non- or under-payment.

40. The Hearing Commissioner agrees with Public Service and CEO's position regarding the subordination of program financing debt, however differs somewhat in reasoning. In multiple other components of the program, the Hearing Commissioner believes the Company's proposed program structure contributes to the risk of bad debt and higher interest rates far exceeding that of the question of subordination. Nevertheless, the Hearing Commissioner believes

²⁶ Boulder SOP, p. 11.

the Company's primary role is provision of utility service and collection for that service and therefore additional services for customers are appropriately subordinated to that obligation.

c. Maximum Available Per-Premise Financing

41. The Company revised the proposed maximum financing per-premise amount from \$75,000 to \$50,000. On rebuttal, the Company asserts this financing level strikes an appropriate balance that will provide participating customers the opportunity to access funding for the purchase and installation of some of the more expensive measures or multiple measures, while lowering funding levels to support lowering a customer's monthly payment responsibilities. The Company proposes additional modifications to this cap could be made in the future through the 60/90 Day Notice Process, as appropriate.²⁷

42. WRA and Boulder both support this revised funding cap. WRA asserts this cap will strike an appropriate balance between allowing more customer to participate in the program while still ensuring customers have the option to install multiple, complementary measures.²⁸ Boulder similarly supports the reduction for the reasons outlined in Public Service's rebuttal testimony.

43. Staff and UCA each recommend a lower per-premise maximum. Staff argues lowering the per-premise maximum to \$15,000 will help the Commission address affordability concerns. Staff points to calculations demonstrating that the bill impact on borrowers is more reasonable at a reduced maximum.²⁹³⁰ UCA similarly points to a survey provided by Staff that demonstrates the \$50,000 maximum loan amount is far greater than the loan amounts for financing

²⁷ Hr. Ex. 103, pp. 33:21-23-34:1-6.

²⁸ WRA SOP, p. 8.

²⁹ Staff SOP, pp. 8-9

³⁰ EOC supports Staff's position as well.

programs from other utilities which average \$20,000 to \$25,000.³¹ UCA asserts the survey amounts are more consistent with the average price for installation of a heat pump in Colorado and therefore recommends the maximum loan amount for this initial OBF offering should be set at \$25,000. UCA maintains this amount will both protect participating customers and make the program available to a greater number of participants.

44. Public Service states CCEF will provide \$10 million in initial capital funding and will continue efforts to seek to expand and grow the capital funding amount up to \$25 million. The Company therefore seeks approval for the program to have up to \$25 million of capital during its first term.

45. While the Hearing Commissioner appreciates the perspectives of Staff and UCA and agrees that a lower maximum aligns with the price of installation for most energy efficiency and BE measures (with the exception of heat pumps), the Hearing Commissioner finds that the \$50,000 financing maximum proposed by Public Service and supported by Boulder is appropriate and strikes a proper balance that will allow the Company to offer financing to a wide range of customers while also providing a sufficient level of funding to allow customers to finance multiple and expensive upgrades. Furthermore, a higher maximum encourages multiple measures which can have compounding benefits. However, this maximum level of financing is exacerbated by the Company's current position regarding application of rebates. If the rebates were applied prior to financing, the Hearing Commissioner proposes the cap could be lowered to \$30,000 and still accommodate heat pump financing along with other efficiency measures. The current proposed plan by the Company, where rebates are applied after financing, necessitates a higher limit. If the

³¹ UCA SOP, p. 11 (citing Ghebreziabher Answer, at 21: Table NTG-2).

Company succeeds in designing a program with CCEF that applies rebates prior to financing, they are authorized to reduce the cap to \$30,000 to enable the capital fund to serve more customers.

d. Maximum Program Funding

46. In its SOP, the Company states that CCEF will provide an initial capital amount of \$10 million to launch the proposed Financing Program and the Company seeks approval for the program to have up to \$25 million of capital during its first term. The Company details the sources of CCEF's funding in in Hr. Ex. 700, Attachment NTG-8. The Company's rebuttal testimony states there does not appear to be uncertainty regarding CCEF's \$10 million initial capital funding, as that funding is based on revenues generated by recycling state grant dollars awarded through Senate Bill 21-230 and lending activities that have grown CCEF's balance sheet. The Company further explains CCEF is seeking to use portions of the Environmental Protection Agency's Greenhouse Gas Reduction Fund award to provide additional capital to support the program and that CCEF is seeking additional capital to continue to scale the program over time.

47. Although parties are split on what size budget to approve, there is a consistent theme among party positions that the Commission's decision should be informed by the general lack of available information in the Proceeding regarding the appropriate budget size. On one hand, SWEEP takes the position that demand for the program might be so large as to exceed the proposed \$25 million budget and therefore recommends the Commission order Public Service to increase the size of the program to \$100 million to allow for the potential for greater customer participation.³² SWEEP notes that although Public Service did not conduct any surveys or studies to determine customer interest in the program, there are several facts that demonstrate the Financing Program budget may be too small to meet customer interest. SWEEP notes that if every

³² SWEEP SOP, p. 10.

customer borrowed the maximum \$50,000 per-premise cap amount, only 500 customers could participate in the program and that even if each customer only borrowed \$2,500, only 10,000 customers could participate. SWEEP argues capping the program between 500-10,000 customers is too limiting and further asserts financing programs in other states demonstrate that a \$25 million may be insufficient to meet customer demand. In support, SWEEP points to the testimony of its witness Mr. Alatorre showing that financing programs in Massachusetts and Connecticut distributed several times more financing per capita than the Company's proposed budget would allow.³³ SWEEP also notes Public Service has not opposed SWEEP's recommendation and has not asserted CCEF would be unable to raise more than \$25 million. SWEEP also recommends the Commission reject Staff's recommendation to approve only a \$10 million budget and argues the Commission should not delay the full implementation of an OBF program and asserts that the success and effectiveness of the program would be undercut by an "unreasonably small offering." CLEER echoes SWEEP's position and advocates for a "fair and substantial budget that will aid Colorado becoming a leader in OBF programs."³⁴ CEO supports the current proposed funding amount but states it would not oppose the Commission approving a program with a higher budget.

48. On the other hand, Staff, UCA, and EOC recommend the Commission adopt a smaller budget for the program because the record is uncertain regarding CCEF's ability to provide more than \$10 million in funding. Staff pushes back against SWEEP and CLEER and asserts neither provides evidence of CCEF's ability to scale the program to \$100 million and suggests there is a disconnect between the scale of funding proposed by these parties and the financial reality reflected in the record.³⁵ Staff argues approving an initial funding amount in excess of

³³ *Id* at p. 11.

³⁴ CLEER SOP, p. 12.

³⁵ Staff SOP, p. 12.

CCEF's capacity could jeopardize the viability of the program and could result in significant delays, an incomplete initial implementation period, or complications during the first years of the program caused by funding shortfalls which could increase risks to non-participating ratepayers. Staff therefore recommends the Commission approve a program with \$10 million in initial funding because it contends this is the only level of funding supported by the record. Staff proposes that setting a lower funding amount will provide the opportunity to evaluate program performance, assess enrollment, and collect additional data before further scaling the program. UCA similarly argues for a \$10 million funding amount and asserts this amount "does not depend on federal funds currently subject to litigation and likewise does not rely on CCEF's currently unknown ability to access private capital."³⁶ Like Staff, UCA allows that if the initial \$10 million is successful, the program can then be scaled to the amount necessary to meet customer demand and demonstrated to be available to CCEF. EOC, similarly expresses dissatisfaction with the evidentiary record and argues for the Commission to start with a smaller-scale program.³⁷

49. The Hearing Commissioner approves the Company and CCEF's initial capital amount of \$10 million and authorizes the program to have up to \$100 million of capital during its first term, if the funding becomes available. While the Hearing Commissioner understands the party positions requesting approval of a scaled down program, in light of the approval of a \$50,000 per-premise maximum, the Hearing Commissioner agrees with Boulder and SWEEP that a \$100 million capital amount would help maximize the reach of the program and contribute to greater customer participation. With this said, the Hearing Commissioner recognizes the uncertainty regarding CCEF's ability to grow the program up to the approved size and therefore

³⁶ UCA SOP, p. 11.

³⁷ CEO SOP, p. 17 (citing Staff Witness. Ghebregziabher's answer testimony that there is "value in starting with a much smaller and more targeted capital until the cost-effectiveness of such a program can be fully established.")

requires the Company to follow a 60/90 day notice process should additional funds become available in the future.

e. Interest Rates

50. The Company seeks approval of the enumerated interest rates associated with the repayment durations offered by CCEF as provided in Hr. Ex. 101, Table PJM-D-2. The Company maintains these interest rates, which run between 5-5.99 percent, are below-market rates that are fixed during the proposed initial three-year term of the program. Public Service states it supports these rates because they do not require substantial non-participant funding contributions, and they are reasonable to provide additional optionality to customers in undertaking energy efficiency and BE upgrades.

51. At the hearing and in SOPs parties suggested possible mechanisms for reducing the proposed interest rates. The Hearing Commissioner also expressed a general dissatisfaction with the proposed interest rates in light of previous Commission decisions in which the Commission opined on the importance of low interest rates in making an OBF offering accessible to IQ customers. The Hearing Commissioner then issued a decision seeking clarification on the Company's position regarding possibly lowering the interest rates and the options potentially available to the Commission to lower the interest rates. In its response to that decision the Company asserted there were two primary mechanisms addressed in the Proceeding by which the interest rates could be reduced: (1) the Commission could authorize a "buy down" of interest rates or (2) the Commission could authorize the Company to reduce credit risk through the establishment of a regulatory asset to serve as a loan loss guarantee for CCEF, covering losses associated with default. However, the Company noted that it does not believe interest rates could reasonably be lowered to zero percent or close to zero and the record does not support such a

reduction.³⁸ As an example of the impracticality of lowering interest rates to (or near) zero, the Company points to Tri-State’s on-bill repayment program which is partially funded by an interest free loan from the U.S. Department of Agriculture and still involves an interest rate of approximately five percent. Moreover, the Company asserts that Hearing Exhibit 803—a white paper discussing interest rate buy-downs prepared by the California Alternative Energy and Advanced Transportation Financing Authority—demonstrates that a zero percent interest rate program is not necessary, even if it were achievable, because “interest rates, including those at or above four percent still have customer support in other utility offerings.”³⁹ The Company also highlighted the potential non-participant costs that would be incurred if the Commission were to direct and interest rate buydown and therefore emphasized that any buydown mechanism should be limited to supporting IQ customers to limit the cost impacts on non-participants. The Company also maintains that the establishment of a regulatory asset, such as a loan loss reserve mechanism, would only have an incremental effect on interest rates.

52. CEO recommends the Commission approve the interest rates proposed in the Application. CEO cites CCEF’s public comment explaining the proposed interest rates.⁴⁰ CCEF explains it will incur expenses administering the program and it will recoup its upfront investment in program design, launch and admin support expenses through a fixed annual fee and the interest yield earned on closed OBF transactions.⁴¹ CEO addresses SWEEP’s and Boulder’s interest rate reduction recommendations and counters that the interest rate amounts must be considered in the larger scheme of the proposed on-bill program, and weighed against the other key factors of subordination and disconnection. Therefore, and because there is an insufficient

³⁸ Public Service Response to Decision No. R25-0518-I, p. 4.

³⁹ *Id.*

⁴⁰ CEO SOP, p. 12.

⁴¹ *Id.* (citing to CCEF Public Comments, filed on July 3, 2025, at 2.)

record to support reducing the interest rates, CEO recommends approving the proposed rates. CEO then recommends that if the Commission would like to explore reducing interest rates, that the Commission should order Public Service to propose a solution with its 2026 DSM Plan filing and that the Commission could specify that the Company should include information on feasible lower rates, the cost of achieving the lower rates, the source of funds that would be used to support the lower rates, when the new interest rates would go into effect, and whether and how costs associated with the new rates would be recovered.

53. Staff cautions against the Commission modifying budgets in separate proceedings. Regarding the use of the DSMCA or other mechanism to buy down interest rates, Staff asserts that it views attempts to socialize costs of interest rate reductions for participants at the expense of non-participants, including IQ non-participants, as being adverse to the public interest.⁴² Staff asserts that party proposals to utilize cost recovery through the DSMCA to buy down interest rates present what Staff considers to be too high of a risk that IQ non-participants will bear some of the cost of reducing interest rates for non-IQ participants.⁴³

54. Denver, Boulder, SWEEP, and CLEER support some form of interest rate buydown. SWEEP argues the proposed interest rates are “unreasonably high” and these rates jeopardize the successful launch of the program.⁴⁴ SWEEP argues the Commission should direct Public Service to work with CCEF to buy down interest rates to 0 percent for IQ and DI customers and 0.99 percent for other customers. SWEEP suggests such a buydown could be achieved if the Commission were to order Public Service to use a portion of the unused 2024 Clean Heat Plan Vertical 1 Budget (which Public Service proposes to use of the Mountain Energy Project) to buy

⁴² Staff SOP, p. 21.

⁴³ *Id* at p. 24.

⁴⁴ SWEEP SOP, p. 3.

down the interest rates. SWEEP contends, contrary to Public Service that it is both feasible to buy down interest rates to 0 percent and that the white paper cited by Boulder supports such a buy down because of the effect it has on customer participation.⁴⁵

55. While the Hearing Commissioner recognizes that the Company's proposal utilizes below-market interest rates, concern remains with the Company's failure to adhere to prior Commission guidance regarding offering zero or near-zero percent financing available for IQ/DI customers. As pointed out in SWEEP's testimony, when adding the 2 percent origination fee to the financing costs, it is questionable if the financing is substantially below the Company's Weighted Average Cost of Capital, another provision that was a part of the Commission's guidance in the development of an on-bill finance program.⁴⁶ Relatedly, the Hearing Commissioner rejects staff's argument of cross-subsidization and emphasizes that, moving forward, on-bill financing programs should be treated the same as other Company programs regarding the use of non-participant costs to make the program accessible and affordable. All rebates and incentives are available to those who choose to participate and supported by the rate base, there is no reason the on-bill financing program with incentivized rates should be thought of differently. With that said, the Hearing Commissioner agrees with CEO and Staff and finds that the record in this Proceeding, particularly without the participation and input of CCEF, does not support the interest rate buydowns recommended by SWEEP and related parties. The Hearing Commissioner notes that even Boulder's SOP alludes to the "murky" details in the Proceeding and the fact that the "exact cost of buying down the interest rates cannot be determined from the proceeding record since CCEF's costs of capital are not documented..."⁴⁷ The Hearing Commissioner therefore

⁴⁵ *Id* at pp. 8-9.

⁴⁶ *Id* at p. 4.

⁴⁷ Boulder SOP, p. 14.

defers the issue of interest rate buydowns to the Company's next OBF filing in the 2026 DSM Plan filing. This will allow incentivized financing to be considered together with other incentive programs to contribute to a fully integrated program offering. To help guide the Company in its forthcoming filing, the Hearing Commissioner expresses a preference for the Company to offer two interest rate tiers: a 0 percent rate for "targeted customers"—which includes IQ and DI customers as well as those who are located in strategic areas of the distribution system and where controllable load would advantage the system—and a 2 percent rate for all other customers. When applying a cost effectiveness screen within the context of that Proceeding, the Hearing Commissioner suggests a modified utility cost test that captures the costs to the rate base against the societal and system benefits.

B. Motion for Waiver

56. Public Service requests the Commission grant it permanent waivers from Rules 3407(b)(IV) and 3407(b)(VII) as well as any additional waivers or variances necessary to implement the Company's OBF program in its Motion for Waiver. The Company explains the rule waivers are necessary to support certain proposed elements of the Financing Program. Specifically, because part of the program involves the possibility of disconnection for failure to make timely repayments of financing debt, Public Service asserts the program may need to reflect the Company's right to disconnect service for a customer's failure to make timely payments on their third-party debt, or else the third-party provider may have an inadequate ability to ensure timely payment on its financed amounts.⁴⁸ Regarding the respective rules, the Company maintains waiver of Rule 3407(b)(IV)⁴⁹ is necessary to ensure the financed debt could be assigned to metered

⁴⁸ Motion for Waiver, pp. 2-3.

⁴⁹ Providing that a utility shall not discontinue service for nonpayment of "any amount due on an account on which the customer is or was neither the customer of record nor a guarantor, or any amount due from a previous occupant of the premises[.]"

premises, with new premise owners becoming responsible for owed debt of the equipment upgrades. The Company clarifies that it is not seeking to apply any amount due on another customer account, with the singular exception for the amount still due under the Financing Program for debt outstanding to the third-party financier.

57. Regarding Rule 3407(b)(VII)⁵⁰ the Company explains it sees waiver of this rule as necessary because under the Financing Program, a customer's debt obligation is not a direct amount owed to the Company for electric service, but rather is a direct amount owed to CCEF. The Company asserts waiver will ensure it may have an ability to discontinue electric service to a customer for the untimely repayment of debt owed to the third-party financier of the program.

58. The Company restates its request for waiver in its SOP. UCA, SWEEP, and Boulder oppose disconnection policies. As UCA explains in its SOPs these parties, including EOC, do not believe disconnection to be a necessary tool to ensure customer payments and question its effectiveness in the Financing Program. UCA highlights studies suggesting financing programs that include disconnection policies do not experience reduced customer default rates.⁵¹ UCA also cites to a National Consumer Law Center report that concluded OBF programs that rely on disconnection create undue risk for low-income consumers.⁵²

59. On the other hand, both CEO and Staff recommend the Commission approve the Company's disconnection proposal but emphasize the need for consumer protections related to disconnection. Staff therefore recommends the Commission direct the Company to establish specific procedures for disconnecting customers who fail to comply with the terms of their loan.⁵³

⁵⁰ Providing that a utility shall not discontinue service for nonpayment of "any debt except that incurred for service rendered by the utility in Colorado[.]"

⁵¹ UCA SOP, pp. 13-14.

⁵² *Id.*

⁵³ Staff SOP, p. 19.

Similarly, CEO recommends the Commission direct the Company to take the following cautionary measures: (1) communicate clearly with customers to ensure they understand that failure to pay the financing obligation could lead to disconnection and exactly when and how disconnection will occur; (2) update its website regarding disconnection practices for nonpayment and reconnection in the context of the on-bill program, including information in multiple languages; and (3) include information in disconnection notices clarifying when the customer's financing obligation payment is overdue and not the utility bill.⁵⁴ CEO also notes that Tri-State's OBF program permits disconnection for non-payment.⁵⁵

60. The Hearing Commissioner is sensitive to the issues raised by UCA and the other parties opposing disconnection and emphasizes that consumer protection is a paramount consideration in the approval of this Application and in considering the Company's waiver request. The Hearing Commissioner also notes that a consistent application of the principle that led to a determination of subordination of the debt to utility service—that the primary role of the utility is provision of utility service—would reject the ability to disconnect if that utility service is fully paid for, as would be the case with the proposed disconnection policy. It is the desire of the Hearing Commissioner that the Company work with CCEF to provide a more consistent policy that would not allow for disconnections if the customer is in good standing on utility bill payment. As the financing entity CCEF should pursue efforts to get the customer back in good standing on financing costs using the extensive process described in the Company's testimony. While the Company notes that the disconnection policy is critical to the rate schedule proposed, they do not offer information regarding how or to what extent the policy impacts rates. Notwithstanding those

⁵⁴ CEO SOP, p. 11.

⁵⁵ *Id* (citing to Hr. Ex. 1000, Durkay Answer Testimony, p. 47:5-6).

concerns, the Hearing Commissioner ultimately agrees with the positions of Staff and CEO and finds that the disconnections are a component of the balancing of the Company's Financing Program as it stands right now in its negotiation of rates and process with CCEF.⁵⁶ The Company's waiver request is therefore granted. The Hearing Commissioner finds that the conditions proposed by Staff and CEO are reasonable and will strengthen consumer protection and therefore directs Public Service to fulfill the conditions enumerated in CEO's SOP.

C. Cost Recovery

61. The Company maintains it has proposed a reasonable cost recovery approach for the program. Specifically, the Company proposes that it will not earn stand-alone financial rewards for customer participation in the program, such as through any PIM. The Company proposes to recover its and CCEF's startup and administrative costs through the DSMCA, with the costs included within the approved budget of the Company's DSM/BE Plan. According to the proposal, CCEF's initial program costs of \$700,000 will be recovered over a three-year period, the Company's start-up expenses of \$500,000 will be recovered in the first year of the program, and the Company's ongoing administrative expense of \$50,000 will be recovered in each year of the program. The Company asserts recovery of expenses through the DSM/BE Plan is reasonable because all other and similar DSM/BE programs have the same cost recovery method and the Company also states this approach avoids incremental customer cost increases while still providing the Company with proper cost recovery.⁵⁷ However, Public Service also states there are opportunities for formal and informal continued considerations for improvements or modifications to the proposal.

⁵⁶ Although the Hearing Commissioner notes that the details of the effect disconnection has on the other programmatic elements is cloudy due to CCEF's lack of participation in the Proceeding.

⁵⁷ Public Service SOP, p. 10.

62. Boulder and CEO both support the Company's cost recovery proposal. Boulder argues the relatively "nominal" costs of implementing the program and incentivizing participation in DSM/BE products are appropriately shared by all ratepayers, in order to keep the OBF attractive to participants.⁵⁸ CEO also states that it supports the use of the 2024-2026 DSM/BE Plan funds for the administrative costs of the Financing Program, but emphasizes that it does not support using those funds to recover the costs of buying down interest rates and instead agrees with the Company that it is reasonable to approve only the \$1.25 million in administrative expenses from the DSM/BE Plan at this time.

63. CEO also pushes back on Staff's assertion that permitting this recovery would potentially violate the settlement agreement reached in Proceeding No. 23A-0589EG. Staff maintains the DSM settlement agreement, which the Commission approved, with modifications, directed Public Service to file an OBF application no later than 60 days after a final Commission decision, did not specifically commit any DSM/BE budget to a future OBF program and Staff therefore urges the Commission to consider modification to the DSM/BE settlement agreement with caution.⁵⁹ CEO disagrees with Staff and asserts, given that the settlement agreement included both the budget for the DSM/BE Plan and the Company's commitment to launch the on-bill program, it is reasonable for some of this approved budget to be used for that on-bill finance program.⁶⁰ CEO therefore does not believe the Company's proposed cost recovery violates the settlement agreement.

64. The Hearing Commissioner agrees with Boulder and CEO and finds the Company's cost recovery proposal reasonable. As the Company stated in its rebuttal testimony, it would be

⁵⁸ Boulder SOP, p. 17.

⁵⁹ Staff SOP, pp. 21-27.

⁶⁰ CEO SOP, p. 30.

unreasonable to direct the Company to incur the costs and complete the substantial undertaking associated with the Financing Program without certainty on its ability to recover the identified costs.⁶¹ An OBF plan application was explicitly contemplated by the settlement agreement in Proceeding No. 23A-0589EG and the recovery of a relatively small amount of administrative costs through the DSMCA seems to be a reasonable approach to facilitate the timely launch of the long-awaited OBF program. The Hearing Commissioner acknowledges Staff's concerns but finds these concerns are more appropriately considered in the context of interest rate buydowns which is an issue that has been deferred to the Company's next OBF filing within the 2026 DSM proceeding.

D. Eligible Measures

65. Public Service opposes any party requests for additional measures to be included in the Financing Program at launch.⁶² The eligible measures the Company seeks to include certain DSM/BE measures⁶³ and what the Company calls "foundational measures" which must be coupled with an appropriate DSM or BE measure and are limited to 30 percent of total project cost.⁶⁴ The Company asserts it does not support substantial expansion beyond this initial list of measures

⁶¹ Hr. Ex. 104 Berman Rebuttal Testimony, p. 13.

⁶² Public Service SOP, p. 14.

⁶³ As listed in Hr. Ex. 103, Attachment PJM-2, Rev. 1: "a. Insulation & Air Sealing Program, including Cellular Shades c. Whole Home Efficiency Program d. Evaporative Cooling within the Residential Heating & Cooling Program e. High Efficiency Ducted or Partially Ducted Air Source Heat Pumps f. Non-Ducted Air Source Heat Pumps g. Cold Climate Heat Pumps h. Ground Source Heat Pump i. Smart Thermostat (*i.e.*, Thermostat Optimization) j. Electric Heat Pump Water Heaters."

⁶⁴ According to the Company, these include:

- a. Electric Panel Upgrades
 - i. Available for use when necessary to install eligible electrification measures
- b. Health and Safety
 - i. Available examples include, but are not limited to, asbestos abatement with air sealing, and upgrade of knob-and-tube wiring to install insulation, and lead safe precautions in testing lead based paint
 - ii. Excluded examples include, but are not limited to, non-electrical plumbing upgrades, exterior housework on gutters or roofing, painting or trim work, and sump pumps

and specifically does not support expansion beyond measures with a basis to facilitate energy efficiency and beneficial electrification.⁶⁵

66. Multiple parties recommended the Commission expand the eligible measures list. CEO recommends the Commission expand the list to include additional measures that are either included in Public Service's 2024-2026 DSM/BE Plan, required by other Commission orders, consistent with Tri-State's on-bill program,⁶⁶ or facilitate DSM and BE. CEO specifically recommends the Commission direct the Company to include battery energy storage systems enrolled in a Demand Response program or a virtual power plant, electric vehicle chargers, and windows and doors that meet ENERGY STAR v.7 standards. CEO also supports Boulder's recommendation to include duct sealing and additional insulation measures.

67. In support of its recommendation, CEO asserts the additional measures it recommends meet Public Service's criteria for measure that "are permanent in nature and are in the Company's DSM/BE Plan" and that do not "support expansion beyond measures with a basis to facilitate energy efficiency and beneficial electrification."⁶⁷ CEO argues battery energy storage systems are included in multiple places in the Company's 2024-2026 DSM/BE Plan and the Company also lists a Residential Battery Demand Response program in all three years of its DSM Plan budget. CEO maintains including vehicle and home batteries in the program is consistent with the broader DSM framework.⁶⁸

68. CEO also advocates for inclusion of electric vehicle ("EV") chargers which, despite not being part of the 2024-2026 DSM/BE Plan, promote beneficial electrification and are part of the Commission's directives to the Company for inclusion in its OBF program as part of the

⁶⁵ Hr. Ex. 103 Murphy Rebuttal Testimony, p. 47.

⁶⁶ Hr. Ex. 1000 Durkay Answer Testimony, p. 32.

⁶⁷ CEO SOP, p. 16.

⁶⁸ *Id.*

2024-2026 TEP decision. While CEO notes that some EV chargers which can be easily moved to different locations should not be eligible for on-bill financing and acknowledges that Public Service may not be ready to include EV chargers in the initial launch of the program because it is still phasing out EVAAH, it asserts that the Company include “permanent” EV chargers in the eligible measures because they are important to encourage electrification from the transportation sector, which is the State’s largest contributor of greenhouse gases. CEO states it supports the Company using the 60/90-Day Notice process to add EV chargers, but it recommends the Commission direct the Company to take that action by a date certain or through Public Service’s next TEP, which is due to be filed in May 2026.

69. CEO also recommends the Commission order the Company to include energy efficient windows, doors, and skylights in the program “because they promote energy efficiency and it would be consistent with Tri-State’s program.”⁶⁹ CEO highlights Company Witness Mr. Murphy’s testimony at hearing that it would be beneficial to streamline the Company’s program with Tri-State’s to the extent possible.

70. Similarly, Boulder supports including “envelope measures” in the Financing Program such as floor insulation, duct sealing, windows and doors.⁷⁰ Boulder specifically supports making these measures eligible only when done in conjunction with other rebated measures. Boulder asserts it would be most cost effective for customers to undertake all improvements at once and present undue complexity to have to break out costs between OBF and another form of financing. However, Boulder does not propose to expand the eligible measures beyond the safety and health and enhanced envelope measures discussed for the initial launch of OBF and would

⁶⁹ *Id.* at p. 18.

⁷⁰ Boulder SOP, p. 19.

encourage Public Service to bring forward proposals to expand OBF to electric vehicle charging equipment and battery storage in a future filing.⁷¹

71. The Hearing Commissioner finds that a moderate expansion of the Company's eligible measure list is appropriate and directs Public Service to work with CCEF to include in the OBF all rebate-eligible measures that are related to energy efficiency and BE as well as building envelope measures such as floor insulation, duct sealing, windows, and doors, as proposed by Boulder. Finally, the Hearing Commissioner supports CEO's proposed measures that include battery energy storage systems enrolled in a Demand Response program or a virtual power plant, electric vehicle chargers that are enrolled in a managed charging program, and windows and doors that meet ENERGY STAR v.7 standards. The Company is also encouraged to develop an EV charger replacement for the EVAAH program, as directed by the Commission in the TEP proceeding, within six months of a final decision in this Proceeding. The Hearing Commissioner notes that EV Chargers are already included in Tri-State's OBF program through CCEF and should be a seamless addition to the offerings.

72. Renewable Energy Technologies were not proposed either by the Company or the parties in this Proceeding and therefore have no supporting documentation in the record for inclusion as an approved measure. However, the Hearing Commissioner would note this was an interest of CEO in past proceedings. In those proceedings the DSMCA was being considered as a capitalization mechanism and therefore was not appropriate to finance renewable technologies. Incentivized financing in the future may come through the DSMCA as a part of the upcoming consolidated DSM/CHP/BE/OBF filing and would similarly not be appropriate to subsidize interest rates for renewable purchases. However, the Hearing Officer would suggest to parties that

⁷¹ *Id.*

if this were an interest in the future, they should consider mechanisms to provide similar incentives for increasing the affordability of renewable installations and expansion of eligible measures as appropriate.

E. Rebate Integration and PIMs

73. During the hearing and through Decision No. R25-0518-I, the Hearing Commissioner requested the Company clarify its and CCEF's position regarding the application and timing of rebates in the Financing Program. In its response to that decision, the Company explained that rebates, including for the specific measures the Company has proposed to include in connection with the Financing Program, require installation of the energy upgrade before the rebate amount can be paid. Therefore, the Company expects that the rebates for financing-eligible measures would not be applied before a customer obtains financing in the program, but instead after the financing has been closed and the measure installed. The Company states it intends to make the process simpler for customers by having the rebate assignable directly to CCEF, have CCEF apply the full rebate amount to the principal repayment of the financed amount, and then give the customer the benefit of reduced overall repayment obligations.⁷² The Company further explains that, when the rebate is applied to the financed debt, a customer's *monthly* cost would not decrease, but the customer's *total repayment obligation* would decrease. Thus, the customer would have a reduced duration of payment obligation and CCEF would not re-amortize the debt when a rebate amount is applied, as such a process would require it to incur significantly higher administrative costs through additional processes.⁷³ The Company also reiterates its rebuttal testimony position that it is still working with CCEF to explore possible solutions to expedite

⁷² Public Service Response to Decision No. R25-0518-I, p.8.

⁷³ *Id* at p. 9.

rebate approvals and promote a customer's ability to apply rebate amounts to their program debt to allow reductions on the monthly payment amount.

74. In its rebuttal testimony, the Company proposes the following three processes by which it intends to promote rebate integration with CCEF: (1) customers should receive communication and education on the existence of Company rebates before taking out an OBF program debt, (2) customer rebate amounts should be netted out of total financed amounts that customers undertake in the program, and (3) the Company commits to continue working with CCEF to determine other creative options to integrate the rebate process.⁷⁴

75. Several parties took issue with the Company's stated rebate process⁷⁵ with most arguing the Commission should direct Public Service to work with CCEF to better integrate Company rebates into the financing program such that the rebates are applied prior to a customer's monthly payment being calculated which would thereby lower financed monthly payments. The Hearing Commissioner agrees. While the Hearing Commissioner accepts that, as it stands at the time of this Decision, the Company's Financing Program does not allow for allowing customers to "take the rebate off the top,"⁷⁶ the Hearing Commissioner finds that integrating rebates to reduce a customer's financed debt obligations is critical to the continued effectiveness of the Company's OBF program and therefore directs the Company to work with CCEF to find a solution that accordingly integrates rebates into the program. The Hearing Commissioner notes that the language in CCEF's contractor policies regarding rebates seems to suggest CCEF should be capable of applying applicable rebates earlier in the process.⁷⁷ This contractor policy does not

⁷⁴ Public Service SOP, p. 58-60.

⁷⁵ See Staff SOP, p. 9; UCA SOP, p. 15; Boulder SOP, p. 16; EOC SOP, p. 15; WRA SOP, pp. 6-7; CEO SOP, p. 24-25.

⁷⁶ CEO SOP, p. 25.

⁷⁷ Hr. Ex. 103, Attachment PJM-4, p. 3 ("Rebate and Incentive Validation: Where applicable, confirm that the project is receiving available rebates, and that those incentives are correctly applied to the final financed value").

specifically limit rebates applied to those available from the company and therefore could also include local and state rebates and incentives that may be available. By applying all of these rebates and incentives prior to financing, the company is substantially reducing barriers to adoption for customers and simultaneously decreasing the risk of default. Particularly as it relates to IQ customers, rebates make up the bulk of the costs to the customer, re-introducing those costs through higher monthly payments, even for a shorter period, substantially impacts affordability.

F. Other Considerations

a. Renters

76. Public Service intends to phase renters into the program after its launch but pushes back on party recommendations regarding specific guardrails to be applied to renters within the program.⁷⁸ The Company explains CCEF is currently working with Tri-State to address the integration of renters into CCEF's OBF programs but that the Company does not yet know the specific types of guardrails that will ultimately be adopted in Tri-State's program. Therefore, the Company cautions that the Commission should wait for CCEF to determine these issues with Tri-State so that the Company's program has a framework from which to work.

77. The Hearing Commissioner finds that the issue of renters and on-bill financing is potentially complex and declines to establish renter guardrails at this point in the beginning stages of the Company's OBF offering. The Hearing Commissioner agrees with the Company that it is prudent to have an existing framework from which to base its integration of renters into the program and therefore directs the Company to continue to work with CCEF on mechanisms to include renters with appropriate guardrails as CCEF establishes such a framework for doing so with Tri-State.

⁷⁸ Public Service SOP, p. 15.

b. Gas-only Customers

78. Despite not being “conceptually opposed” to extending OBF eligibility to gas-only customers that do not take electric service from the Company, the Company currently opposes extending such eligibility because of the challenges gas-only customers present.⁷⁹ The Company maintains gas-only customers are a riskier customer type because they can seek to eliminate their gas service by fuel-switching and thereby eliminate any enforcement mechanism of utility disconnection. The Company asserts that such risk would therefore require CCEF to maintain a “materially higher interest rate to serve these customers” and would also request additional administrative expenses.⁸⁰

79. WRA and Boulder both argue excluding gas-only customers is unfair and WRA further contends the Company’s concerns are more manageable than it claims. It cites to the Company’s testimony at hearing that customers have other incentives to pay their bills and agreed that there are very few examples of a customer disconnecting from utility service entirely and declining to pay their outstanding bill⁸¹ and highlights that only twelve of Public Service’s 1.5 million electric customers have voluntarily disconnected service and failed to pay their final bill.⁸² WRA proposes that if the Commission declines to extend full eligibility to gas-only customers, that gas-only customers should at a minimum be eligible to finance the installation of “fuel agnostic” energy saving measures such as insulation and envelope energy efficiencies⁸³ which, WRA maintains, do not present the same risks of a customer fully electrifying their home.

⁷⁹ *Id* at 13.

⁸⁰ *Id.*

⁸¹ WRA SOP, p. 3 (citing Hearing Transcript pp. 81-82).

⁸² *Id* (citing Hr. Ex. 805 Public Service Discovery Response to Boulder).

⁸³ *Id* at p. 3.

80. The Hearing Commissioner ultimately finds the Company's rationale for excluding gas-only customers to be unconvincing. However, in recognition of the uncertainty surrounding extending full eligibility to gas-only customers, the Hearing Commissioner finds it appropriate to adopt WRA's alternative proposal and extend OBF eligibility to gas-only customers for all envelope efficiency measures. Including gas-only customers in this way will significantly expand the number of customers who may take advantage of the Financing Program while mitigating the Company's and CCEF's risk concerns.

G. Future Filing Directives and Considerations

a. 2026 DSM/BE Plan and Ongoing Negotiations with CCEF

81. The Hearing Commissioner approves the Company's proposal to make an OBF filing in its next DSM/BE Plan filing, which is expected in 2026. The Hearing Commissioner views the Company's proposed plan in this Proceeding as a first step in the establishment of an effective long-term OBF program. The Company's upcoming DSM/BE Plan affords the Commission, the Company, and the parties the opportunity to iterate upon and finetune this offering into a program that offers Public Service customers excellence in terms, access and affordability. The Hearing Commissioner strongly emphasizes the following objectives and areas of focus for the Company and CCEF to consider as they prepare for the next OBF filing: interest rate buy downs for targeted customers to 0 percent and 2 percent for all other customers⁸⁴; application of rebates prior to financing; eliminating the possibility of disconnection when a customer has paid for their utility service; the establishment of a loan loss guarantee or reserve

⁸⁴ Staff and the Company argued that if there were any reduction in interest rates, those should be limited to IQ customers. The Hearing Commissioner disagrees with this assessment. As was noted in testimony by Boulder, financing provides an essential pathway for those who fall into the "donut hole" of those who cannot finance improvements out of pocket, but also cannot qualify for expanded incentives, to be able to afford to make energy investments in their home or business.

applicable to all customers as outlined during the Proceeding which would provide credit enhancement to lower overall costs of financing; and the employment of a cost benefit analysis using a modified utility cost test as a primary metric.

H. Conclusion

82. In conclusion, the Hearing Commissioner approves Public Service's Application with the modifications and guidance provided in this Recommended Decision. The Hearing Commissioner also grants the Company's Motion for Waiver, consistent with the discussion above. Consistent with the Company's proposal, the Hearing Commissioner further directs Public Service to file for approval of a Tariff On-Bill Financing Program with its next DSM/BE Plan, consistent with the discussion above.

83. The Hearing Commissioner finds good cause to shorten response time to any exceptions filed in this Proceeding to seven days pursuant to Rule 1308(c), 4 CCR 723-1.

V. ORDER

A. It Is Ordered That:

1. The Application for Approval of its Tariff On-Bill Financing Program filed by Public Service Company of Colorado ("Public Service") on January 6, 2025, is approved with modifications, consistent with the discussion above.

2. The Motion for Waiver filed by Public Service on January 6, 2025, is granted, consistent with the discussion above.

3. Public Service shall file an advice letter compliance filing to modify the tariff sheets in its Colorado PUC No. 8 - Electric Tariff, no later than five business days after this Recommended Decision becomes a Commission Decision (if that is the case), consistent with the findings, conclusions, and directives of this Recommended Decision. The tariff shall be in the form

of Hearing Exhibit 103, Attachment PJM-1. Public Service shall file the compliance tariff sheets in a separate proceeding and on not less than two business days' notice. The advice letter and tariff sheets shall be filed as a new advice letter proceeding and shall comply with all applicable rules. In calculating the proposed effective date, the date the filing is received at the Commission is not included in the notice period and the entire notice period must expire prior to the effective date. The advice letter and tariff must comply in all substantive respects to this Decision in order to be filed as a compliance filing on shortened notice.

4. Public Service shall include a proposal for a modified Tariff On-Bill Financing Program as part of its next Demand-Side Management and Beneficial Electrification Plan filing, consistent with the discussion above.

5. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it:

(a) If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S 4.

6. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

7. Pursuant to Rule 1308(c), 4 CCR 723-1, response time to any exceptions filed shall be seven days.

8. This Decision is effective immediately upon its Issued Date.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

TOM PLANT

Commissioner

ATTEST: A TRUE COPY

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

Rebecca E. White,
Director