



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-002: ENERGY AFFORDABILITY

Prime Sponsors:

Sen. Kipp; Exum
Rep. Willford

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires an investor-owned electric utility to offer a first allotment of residential energy (FARE) service program for income-qualified customers in the utility’s service territory.

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

- State Expenditures

Appropriations. For FY 2026-27, the bill requires an appropriation of \$35,871 to the Colorado Energy Office.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$43,558	\$43,558
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.5 FTE	0.5 FTE

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

Table 1
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$35,871	\$35,871
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$7,687	\$7,687
Total Expenditures	\$43,558	\$43,558
Total FTE	0.5 FTE	0.5 FTE

Summary of Legislation

The bill requires an investor-owned electric utility to offer a first allotment of residential energy (FARE) service program in the utility's service territory. The bill defines the FARE service program as providing a minimum level of electricity at a marginal cost rate for income-qualified utility customers. The Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) must approve a utility's FARE service program proposal if the PUC decides the proposal is in the public interest, and may set a minimum and maximum amount for the marginal cost rate.

Background

There are two investor-owned electric utility companies operating in Colorado: Black Hills Energy and Public Service Company of Colorado (Xcel Energy). These utilities are regulated by the PUC. Coloradans also receive electricity from 28 municipal utilities and 22 rural electric cooperatives, which are not regulated by the PUC and are not impacted by this bill.

State Expenditures

The bill increases state expenditures in the Colorado Energy Office (CEO) by about \$44,000 in FY 2026-27 and ongoing years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also affects workload the PUC.

**Table 2
State Expenditures
Colorado Energy Office**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$35,871	\$35,871
Centrally Appropriated Costs	\$7,687	\$7,687
Total Costs	\$43,558	\$43,558
Total FTE	0.5 FTE	0.5 FTE

Colorado Energy Office

Staff

Beginning September 2026, the CEO requires 0.3 FTE for a financial analyst to participate in PUC proceedings and rate cases related to the FARE service program proposals. Currently, the CEO does not have the expertise to participate in rate cases that would likely occur as a result of the bill. Standard capital outlay and operating costs are included.

Legal Services

The CEO requires less than 100 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations.

Public Utilities Commission

The bill increases workload in the PUC to review and evaluate FARE service plans, and approve those plans if they are in the public interest. The PUC expects to review these plans in the context of a rate case, a comprehensive proceeding where the PUC assesses how the cost of providing electric service is spread out among different customers. This workload increase is absorbable with existing PUC staff.

Centrally Appropriated Costs

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

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$35,871 to the Colorado Energy Office, and 0.3 FTE.

State and Local Government Contacts

Colorado Energy Office

Local Affairs

Law

Regulatory Agencies

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