

First Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 21-0352.01 Duane Gall x4335

HOUSE BILL 21-1238

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HOUSE SPONSORSHIP

Bernett, Kennedy

SENATE SPONSORSHIP

Hansen,

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House Committees  
Energy & Environment

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE MODERNIZATION OF GAS ENERGY EFFICIENCY  
102 PROGRAMS.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill updates the methods used to determine the cost-effectiveness of demand-side management (DSM) programs of public utilities selling natural gas at retail, including requiring that the calculation of future benefits reflects the avoided costs to ratepayers resulting from reduced consumption of natural gas. The bill specifies that the calculation must be based on reliable estimates and published

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

scientific data and must include methane emissions. In addition, the bill adds savings targets and budget control mechanisms to the approval process for gas DSM programs, paralleling the existing process that applies to electric DSM programs.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and determines that:

4 (a) Demand-side management (DSM) programs promote energy  
5 efficiency, saving utility ratepayers money and reducing energy  
6 consumption over a long period for a relatively small initial investment;

7 (b) Colorado law gives public utilities incentives to invest in DSM  
8 programs but conditions those incentives on a requirement that the DSM  
9 programs, taken as a whole, be cost-effective;

10 (c) Changes to the metrics used to determine the  
11 cost-effectiveness of DSM programs will more realistically account for  
12 their value, benefitting ratepayers economically while simultaneously  
13 reducing the greenhouse gas emissions of Colorado's gas utilities; and

14 (d) As a result of legislation passed in 2019, the Colorado air  
15 quality control commission is undertaking statewide assessments of  
16 greenhouse gas emissions, including emissions of not only carbon dioxide  
17 but also methane, which is often released in the process of natural gas  
18 production and distribution, and other greenhouse gases in the calculation  
19 of environmental costs. Leading climate scientists state that mitigation of  
20 short-lived pollutants such as methane can play a significant role in  
21 slowing the rate of climate change while producing many co-benefits for  
22 human health and food security.

23 (2) Therefore, the general assembly declares that it is in the public

1 interest to:

2 (a) Update the methods used to determine the cost-effectiveness  
3 of gas DSM programs;

4 (b) Incorporate into the cost-effectiveness determinations the most  
5 recent and accurate assessments of the social costs of greenhouse gas  
6 emissions, including carbon dioxide and methane emissions, while  
7 recognizing that future assessments likely will provide still more  
8 favorable estimates of the long-term value of current investments in gas  
9 DSM programs;

10 (c) Ensure that a significant portion of gas DSM program  
11 expenditures be targeted to improve energy efficiency in income-qualified  
12 households;

13 (d) Direct the public utilities commission to incorporate into its  
14 evaluations of DSM program the costs of greenhouse gas emissions,  
15 including the social cost of carbon dioxide and methane leaked or emitted  
16 into the atmosphere; and

17 (e) Direct the public utilities commission to set savings targets for  
18 gas utility DSM plans based upon the maximum cost-effective and  
19 achievable level of savings.

20 **SECTION 2.** In Colorado Revised Statutes, 40-1-102, **amend** (5)  
21 and (6); and **add** (1.1) as follows:

22 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,  
23 unless the context otherwise requires:

24 (1.1) "BEHIND-THE-METER THERMAL RENEWABLE SOURCE" MEANS  
25 A TECHNOLOGY THROUGH WHICH A UTILITY CUSTOMER ACCESSES A  
26 RENEWABLE HEATING OR COOLING SOURCE TO SERVE THE CUSTOMER'S  
27 ELECTRIC OR HEATING NEEDS FOR ONE OR MORE END USES, INCLUDING

1 WATER HEATING, SPACE HEATING OR COOLING, OR INDUSTRIAL PROCESSES,  
2 IF THE USE OF THAT TECHNOLOGY:

- 3 (a) REDUCES SYSTEM COSTS FOR THE UTILITY'S CUSTOMERS;
- 4 (b) REDUCES NET GREENHOUSE GAS EMISSIONS; OR
- 5 (c) PROVIDES FOR A MORE EFFICIENT UTILIZATION OF GRID  
6 RESOURCES.

7 (5) (a) "Cost-effective", with reference to a natural gas or electric  
8 demand-side management program or related measure, means having a  
9 benefit-cost ratio greater than one.

10 (b) In calculating the benefit-cost ratio, the benefits ~~shall~~ MUST  
11 include, ~~but are not limited to~~ IN A BASE CASE, the following, as  
12 applicable:

13 (I) The utility's avoided generation, transmission, distribution,  
14 capacity, and energy costs;

15 (II) The valuation of avoided GREENHOUSE GAS emissions,  
16 CALCULATED AS THE SOCIAL COST OF CARBON DIOXIDE IN ACCORDANCE  
17 WITH SECTIONS 40-3.2-106 AND 40-3.2-107 AND THE SOCIAL COST OF  
18 METHANE IN ACCORDANCE WITH SECTION 40-3.2-107, AS SEPARATE ITEMS  
19 IN THE COST-BENEFIT CALCULATION; and

20 (III) ~~Nonenergy~~ OTHER COSTS OR benefits as determined by the  
21 commission.

22 (c) In calculating the benefit-cost ratio, the costs ~~shall~~ MUST  
23 include ~~but are not limited to~~, utility and participant expenditures for the  
24 following, as applicable:

25 (I) Program design, administration, evaluation, advertising, and  
26 promotion;

27 (II) Customer education;

- 1 (III) Incentives and discounts;
- 2 (IV) Capital costs; and
- 3 (V) Operation and maintenance expenses.

4 (d) IN ADDITION TO THE BASE CASE ANALYSIS OF  
5 COST-EFFECTIVENESS DESCRIBED IN SUBSECTION (5)(b) OF THIS SECTION,  
6 A UTILITY MAY PROVIDE A CASE THAT DOES NOT INCLUDE THE SOCIAL  
7 COSTS OF METHANE AND CARBON DIOXIDE.

8 (6) "Demand-side management programs" or "DSM programs"  
9 means ANY OF THE FOLLOWING PROGRAMS OR COMBINATION OF  
10 PROGRAMS:

11 (a) Energy efficiency, INCLUDING WEATHERIZATION AND  
12 INSULATION;

13 (b) Conservation;

14 (c) Load management;

15 (d) BENEFICIAL ELECTRIFICATION, AS DEFINED IN SECTION  
16 40-3.2-106 (6)(a); and

17 (e) Demand response programs. ~~or any combination of these~~  
18 ~~programs.~~

19 **SECTION 3.** In Colorado Revised Statutes, 40-2-123, **amend**  
20 (1)(b) as follows:

21 **40-2-123. New energy technologies - consideration by**  
22 **commission - incentives - definitions - legislative declaration.**

23 (1) (b) (I) The commission may give consideration to the likelihood of  
24 new environmental regulation and the risk of higher future costs  
25 associated with the emission of greenhouse gases such as carbon dioxide  
26 AND METHANE when it considers utility proposals to acquire resources  
27 ~~Where utilities eliminate or reduce carbon dioxide emissions through the~~

1 ~~use of capture and sequestration, the commission may consider the~~  
2 ~~benefits of using carbon dioxide for enhanced oil recovery or other uses~~  
3 OR TO IMPLEMENT DSM PROGRAMS. THE COMMISSION SHALL  
4 COLLABORATE WITH THE AIR QUALITY CONTROL COMMISSION TO ENSURE  
5 THAT ANY EMISSIONS REDUCTIONS ACHIEVED THROUGH GAS DSM  
6 PROGRAMS ARE APPROPRIATELY ACCOUNTED FOR IN MEETING THE STATE'S  
7 GREENHOUSE GAS REDUCTION GOALS.

8 (II) FOR PURPOSES OF EVALUATING A GAS DSM PROGRAM OR  
9 MEASURE THAT INCORPORATES INNOVATIVE TECHNOLOGIES WITH THE  
10 POTENTIAL FOR SIGNIFICANT IMPACT, SUCH AS ENERGY-SAVING  
11 TECHNOLOGIES THAT GO BEYOND WHAT IS ACHIEVABLE USING ENERGY  
12 EFFICIENCY MEASURES ALONE, THE COMMISSION MAY FIND THE PROGRAM  
13 OR MEASURE COST-EFFECTIVE, NOTWITHSTANDING SECTION 40-1-102  
14 (5)(a), EVEN IF ITS INITIAL BENEFIT-COST RATIO IS NOT GREATER THAN ONE  
15 WHEN CALCULATED USING CURRENTLY AVAILABLE DATA AND  
16 ASSUMPTIONS.

17 **SECTION 4.** In Colorado Revised Statutes, 40-3.2-103, **amend**  
18 (1), (2) introductory portion, (2)(a), (2)(b), and (3); and **add** (2.5) and  
19 (3.5) as follows:

20 **40-3.2-103. Gas distribution utility demand-side management**  
21 **programs - recovery of costs.** (1) ~~On or before September 30, 2007, the~~  
22 ~~commission shall commence a rule-making proceeding, as described in~~  
23 ~~subsection (2) of this section~~ COMMENCING IN 2022 AND NO LESS  
24 FREQUENTLY THAN EVERY FOUR YEARS THEREAFTER, EACH  
25 INVESTOR-OWNED GAS DISTRIBUTION UTILITY, ALSO REFERRED TO IN THIS  
26 SECTION AS A "GAS UTILITY", SHALL FILE AN APPLICATION TO OPEN A DSM  
27 STRATEGIC ISSUES PROCEEDING to develop ~~expenditure and~~ ENERGY

1 SAVINGS TARGETS TO BE ACHIEVED BY THE GAS UTILITY, TAKING INTO  
2 ACCOUNT ITS POTENTIAL FOR COST-EFFECTIVE DEMAND-SIDE  
3 MANAGEMENT AS WELL AS COLORADO'S GREENHOUSE GAS REDUCTION  
4 GOALS. THE COMMISSION SHALL, AS PART OF APPROVING A GAS UTILITY'S  
5 GAS DSM STRATEGIC ISSUES APPLICATION, ALSO DEVELOP AN ESTIMATED  
6 DSM BUDGET COMMENSURATE WITH natural gas savings targets, funding  
7 and cost-recovery mechanisms, and a financial bonus structure for  
8 ~~demand-side management~~ DSM programs implemented by an  
9 ~~investor-owned gas distribution utility, also referred to in this section as~~  
10 ~~a "gas utility"~~ A GAS UTILITY.

11 (2) As part of the ~~rule-making proceeding~~ DEVELOPMENT OF  
12 TARGETS, MECHANISMS, AND A BONUS STRUCTURE required by subsection  
13 (1) of this section, the commission shall:

14 (a) Adopt AN ESTIMATED BUDGET FOR DSM program ~~expenditure~~  
15 ~~targets equal to at least one-half of one percent of a natural gas utility's~~  
16 ~~revenues from its full service customers in the year prior to setting such~~  
17 ~~targets~~ EXPENDITURES COMMENSURATE WITH THE ENERGY SAVINGS  
18 TARGETS ESTABLISHED BY THE COMMISSION;

19 (b) Establish DSM program ENERGY savings targets that are  
20 ~~commensurate with program expenditures and expressed in terms of an~~  
21 ~~amount of gas saved per unit of program expenditures~~ CONSISTENT WITH  
22 ACHIEVING THE GREENHOUSE GAS REDUCTION TARGETS IN SECTION  
23 25-7-102 (2)(g), TAKE INTO CONSIDERATION NEW CLEAN ENERGY  
24 TECHNOLOGIES AS CONTEMPLATED BY SECTION 40-2-123, AND REFLECT  
25 THE MAXIMUM COST-EFFECTIVE AND ACHIEVABLE NATURAL GAS SAVINGS  
26 POTENTIAL FOR THE GAS UTILITY CONSISTENT WITH THE NEEDS OF ITS  
27 FULL-SERVICE CUSTOMERS;

1           (2.5) FOR GAS UTILITIES WITH FEWER THAN TWO HUNDRED FIFTY  
2 THOUSAND FULL-SERVICE CUSTOMERS, THE COMMISSION MAY ESTABLISH  
3 ENERGY SAVINGS TARGETS, A BUDGET FOR GAS DSM PROGRAM  
4 EXPENDITURES, FUNDING AND COST-RECOVERY MECHANISMS, AND A  
5 FINANCIAL BONUS STRUCTURE IN THE SAME PROCEEDING IN WHICH THE  
6 UTILITY'S GAS DSM PROGRAM PLAN IS SUBMITTED FOR APPROVAL.

7           (3) ~~Within twelve months~~ After the ~~completion of the rule-making~~  
8 ~~required by~~ DEVELOPMENT OF THE TARGETS, MECHANISMS, AND BONUS  
9 STRUCTURE AS DESCRIBED IN subsection (1) of this section, each gas  
10 utility shall:

11           (a) (I) ~~Develop and begin implementing a set of cost-effective~~ GAS  
12 ~~DSM programs for its full service customers. Such programs shall be of~~  
13 ~~the gas utility's choosing, taking into account the characteristics of the gas~~  
14 ~~utility and its customers. One or more programs may~~ PROGRAM PLANS  
15 DESIGNED TO MEET OR EXCEED THE ENERGY SAVINGS TARGETS  
16 ESTABLISHED BY THE COMMISSION.

17           (II) GAS DSM PROGRAM PLANS MAY BE COMBINED WITH ELECTRIC  
18 DSM PROGRAM PLANS, BENEFICIAL ELECTRIFICATION PLANS, OR OTHER  
19 PLANS THAT REDUCE ENERGY CONSUMPTION OR GREENHOUSE GAS  
20 EMISSIONS. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3)(a)(III)  
21 AND (3)(a)(IV) OF THIS SECTION, ONE OR MORE OF THE GAS DSM  
22 PROGRAMS OR MEASURES, REPRESENTING AN AGGREGATE TOTAL OF AT  
23 LEAST TWENTY-FIVE PERCENT OF OVERALL RESIDENTIAL GAS DSM  
24 PROGRAM EXPENDITURES, INCLUDING EXPENDITURES SERVING  
25 INCOME-QUALIFIED HOUSEHOLDS, ~~MUST be targeted to low-income~~  
26 ~~RESIDENTIAL customers and, if so, may be provided directly by the gas~~  
27 ~~utility or indirectly through financial support of conservation programs~~

1 ~~for low-income households administered by the state~~ IN  
2 INCOME-QUALIFIED HOUSEHOLDS.

3 (III) IN THE CASE OF A GAS UTILITY WITH FEWER THAN FIFTY  
4 THOUSAND FULL-SERVICE CUSTOMERS, AND EXCEPT AS OTHERWISE  
5 PROVIDED IN SUBSECTION (3)(a)(IV) OF THIS SECTION, ONE OR MORE OF  
6 THE GAS DSM PROGRAMS OR MEASURES, REPRESENTING AN AGGREGATE  
7 TOTAL OF AT LEAST FIFTEEN PERCENT OF OVERALL RESIDENTIAL GAS DSM  
8 PROGRAM EXPENDITURES, INCLUDING EXPENDITURES SERVING  
9 INCOME-QUALIFIED HOUSEHOLDS, MUST BE TARGETED TO RESIDENTIAL  
10 CUSTOMERS IN INCOME-QUALIFIED HOUSEHOLDS.

11 (IV) ON OR AFTER JANUARY 1, 2026, THE COMMISSION MAY  
12 COMMENCE PROCEEDINGS TO ADJUST THE PERCENTAGE SPECIFIED IN  
13 SUBSECTION (3)(a)(II) OR (3)(a)(III) OF THIS SECTION IN LIGHT OF  
14 CHANGED CIRCUMSTANCES, SO LONG AS THE RESULTING PERCENTAGES  
15 REPRESENT A SIGNIFICANT PORTION OF GAS DSM PROGRAM  
16 EXPENDITURES AND CONTINUE TO MAKE PROGRESS TOWARD  
17 ACHIEVEMENT OF COLORADO'S ENERGY EFFICIENCY AND GREENHOUSE  
18 GAS EMISSION REDUCTION GOALS.

19 (b) In implementing APPROVED DSM programs, use reasonable  
20 efforts to maximize energy savings consistent with the annual energy  
21 efficiency budget.

22 (3.5) TO MEET THE ENERGY SAVINGS TARGETS ESTABLISHED BY  
23 THE COMMISSION IN ACCORDANCE WITH THIS SECTION, GAS UTILITIES  
24 SHALL CONSIDER INCLUDING INCENTIVES FOR CUSTOMERS TO UTILIZE  
25 BEHIND-THE-METER THERMAL RENEWABLE SOURCES. THE COMMISSION  
26 SHALL NOT PROHIBIT GAS UTILITIES FROM OFFERING PROGRAMS OR  
27 INCENTIVES THAT ENCOURAGE CUSTOMERS TO REPLACE GAS-FUELED

1 APPLIANCES WITH EFFICIENT ELECTRIC APPLIANCES.

2 **SECTION 5.** In Colorado Revised Statutes, 40-3.2-106, **amend**  
3 (1) introductory portion, (1)(c), (4), and (5); and **add** (1)(c.5) as follows:

4 **40-3.2-106. Costs of pollution in utility planning - definitions**  
5 **- rules.** (1) The commission shall require an electric OR GAS public utility  
6 subject to commission jurisdiction to consider the cost of carbon dioxide  
7 emissions, as set forth ~~pursuant to~~ IN subsection (4) of this section, when  
8 determining the cost, benefit, or net present value of any plan or proposal  
9 submitted in one of the following proceedings:

10 (c) Applications related to, ~~section 40-3.2-104;~~ or THE  
11 COMMISSION'S EVALUATION OF, PROGRAMS ADOPTED UNDER SECTION  
12 40-3.2-103;

13 (c.5) APPLICATIONS RELATED TO, OR THE COMMISSION'S  
14 EVALUATION OF, PROGRAMS ADOPTED UNDER SECTION 40-3.2-104; OR

15 (4) The commission shall base the cost of carbon dioxide  
16 emissions on the most recent assessment of the social cost of carbon  
17 dioxide developed by the federal government. Starting in 2020, the  
18 commission shall use a social cost of carbon dioxide of not less than  
19 forty-six dollars per short ton. The commission shall modify the cost of  
20 carbon dioxide emissions based on escalation rates of the 2020 base cost  
21 by an amount that is equal to or greater than the central value escalation  
22 rates established in the technical support document. When calculating the  
23 cost of carbon dioxide emissions for any proceeding listed in subsection  
24 (1) of this section, the commission shall use ~~the same~~ A discount rate ~~as~~  
25 ~~that used to develop the federal~~ FOR THE social cost of carbon dioxide ~~as~~  
26 ~~set forth in~~ THAT DOES NOT EXCEED THE LESSER OF TWO AND ONE-HALF  
27 PERCENT OR ANY LOWER VALUE ESTABLISHED BY THE MOST RECENT

1 AVAILABLE SUCCESSOR TO the technical support document.  
2 Notwithstanding the discount rate used to develop the social cost of  
3 carbon dioxide value over the planning period, the commission shall  
4 continue to discount any net present value analysis of any optimized  
5 resource portfolio in the electric resource planning process using discount  
6 rates that the commission deems appropriate.

7 (5) IN THE BASE CASE ANALYSIS OF COST EFFECTIVENESS AS  
8 DESCRIBED IN SECTION 40-1-102 (5)(b), the commission shall apply a THE  
9 SOCIAL cost of carbon dioxide AND THE SOCIAL COST OF METHANE  
10 emissions to the ~~nonenergy benefits~~ BENEFIT-COST CALCULATION for  
11 programs that are defined to be ENERGY EFFICIENCY OR beneficial  
12 electrification PROGRAMS OR THAT INCORPORATE BEHIND-THE-METER  
13 THERMAL RENEWABLE SOURCES.

14 **SECTION 6.** In Colorado Revised Statutes, **add** 40-3.2-107 as  
15 follows:

16 **40-3.2-107. Costs of methane pollution in gas DSM program**  
17 **planning - rules - definitions.** (1) THE COMMISSION SHALL REQUIRE A  
18 GAS PUBLIC UTILITY SUBJECT TO COMMISSION JURISDICTION TO CONSIDER  
19 THE SOCIAL COST OF METHANE EMISSIONS, AS SET FORTH IN SUBSECTION  
20 (2) OF THIS SECTION, WHEN DETERMINING THE COST, BENEFIT, OR NET  
21 PRESENT VALUE OF REVENUE REQUIREMENTS OF ANY PLAN OR PROPOSAL  
22 SUBMITTED IN AN APPLICATION RELATED TO, OR THE COMMISSION'S  
23 EVALUATION OF, PROGRAMS ADOPTED UNDER SECTION 40-3.2-103.

24 (2) (a) THE COMMISSION SHALL BASE THE SOCIAL COST OF  
25 METHANE EMISSIONS ON THE MOST RECENT ASSESSMENT OF THE GLOBAL  
26 SOCIAL COST OF METHANE DEVELOPED BY THE FEDERAL GOVERNMENT, AS  
27 UPDATED TO REFLECT THE LATEST AVAILABLE FIGURES DERIVED FROM

1 PEER-REVIEWED, PUBLISHED STUDIES; EXCEPT THAT, BEGINNING ON THE  
2 EFFECTIVE DATE OF THIS SECTION, THE COMMISSION SHALL USE A SOCIAL  
3 COST OF METHANE OF NOT LESS THAN ONE THOUSAND NINETY DOLLARS  
4 PER SHORT TON. THE COMMISSION SHALL MODIFY THE SOCIAL COST OF  
5 METHANE EMISSIONS BASED ON ESCALATION RATES OF THE 2020 BASE  
6 COST BY AN AMOUNT THAT IS EQUAL TO OR GREATER THAN THE CENTRAL  
7 VALUE ESCALATION RATES ESTABLISHED IN THE ADDENDUM TO THE  
8 TECHNICAL SUPPORT DOCUMENT AND SHALL USE A DISCOUNT RATE THAT  
9 DOES NOT EXCEED THE LESSER OF TWO AND ONE-HALF PERCENT OR ANY  
10 LOWER VALUE ESTABLISHED BY THE MOST RECENT AVAILABLE SUCCESSOR  
11 TO THE TECHNICAL SUPPORT DOCUMENT.

12 (b) WHEN CALCULATING THE COST OF METHANE EMISSIONS FOR  
13 ANY PURPOSE LISTED IN SUBSECTION (1) OF THIS SECTION, THE  
14 COMMISSION SHALL OBTAIN AND APPLY THE BEST AVAILABLE VALUES FOR  
15 NATURAL GAS LEAKAGE DURING THE EXTRACTION, PROCESSING,  
16 TRANSPORTATION, AND DELIVERY OF NATURAL GAS BY THE GAS PUBLIC  
17 UTILITY AS WELL AS LEAKAGE FROM PIPING OR OTHER EQUIPMENT ON  
18 CUSTOMER PREMISES. THE COMMISSION SHALL TAKE INTO ACCOUNT ANY  
19 RELEVANT DATA AND EMISSIONS ACCOUNTING METHODOLOGIES  
20 DEVELOPED BY THE AIR QUALITY CONTROL COMMISSION PURSUANT TO  
21 SECTION 25-7-140 REGARDING METHANE LEAKAGE RATES AND THE  
22 APPROPRIATE GLOBAL WARMING POTENTIAL OF METHANE. THE  
23 COMMISSION SHALL USE THE SAME DISCOUNT RATE AS THAT USED TO  
24 DEVELOP THE FEDERAL SOCIAL COST OF METHANE, AS SET FORTH IN THE  
25 ADDENDUM TO THE TECHNICAL SUPPORT DOCUMENT.

26 (c) NOTWITHSTANDING THE DISCOUNT RATE USED FOR THE COST  
27 OF METHANE EMISSIONS, THE COMMISSION SHALL DISCOUNT OTHER

1 FUTURE COST STREAMS INTO THE NET PRESENT VALUE ANALYSIS OF ANY  
2 RESOURCE PORTFOLIO IN THE GAS DSM PROGRAM PLANNING PROCESS  
3 USING A DISCOUNT RATE THAT THE COMMISSION DEEMS RELEVANT TO THE  
4 PARTIES RESPONSIBLE FOR FINANCING OR PAYING THESE FUTURE COSTS.  
5 WHEN RATEPAYERS ARE COVERING COSTS WITHOUT INVESTMENT FROM  
6 GAS PUBLIC UTILITIES, SUCH AS ENVIRONMENTAL COSTS OR  
7 PASS-THROUGH FUEL COSTS, THE COMMISSION SHALL GIVE  
8 CONSIDERATION TO DISCOUNTING THOSE COSTS WITH A STABLE  
9 LONG-TERM INFLATION RATE THAT, IN THE COMMISSION'S JUDGMENT,  
10 ACCURATELY REPRESENTS THE NET PRESENT VALUE OF FUTURE CASH  
11 FLOWS EXPERIENCED BY RATEPAYERS.

12 (3) AS USED IN THIS SECTION:

13 (a) "ADDENDUM TO THE TECHNICAL SUPPORT DOCUMENT" MEANS  
14 THE 2016 ADDENDUM OF THE FEDERAL INTERAGENCY WORKING GROUP ON  
15 SOCIAL COST OF GREENHOUSE GASES, ENTITLED "ADDENDUM TO  
16 TECHNICAL SUPPORT DOCUMENT ON SOCIAL COST OF CARBON FOR  
17 REGULATORY IMPACT ANALYSIS UNDER EXECUTIVE ORDER 12866:  
18 APPLICATION OF THE METHODOLOGY TO ESTIMATE THE SOCIAL COST OF  
19 METHANE AND THE SOCIAL COST OF NITROUS OXIDE".

20 (b) "TECHNICAL SUPPORT DOCUMENT" MEANS THE 2016  
21 TECHNICAL SUPPORT DOCUMENT OF THE FEDERAL INTERAGENCY WORKING  
22 GROUP ON SOCIAL COST OF GREENHOUSE GASES, ENTITLED "TECHNICAL  
23 UPDATE OF THE SOCIAL COST OF CARBON FOR REGULATORY IMPACT  
24 ANALYSIS UNDER EXECUTIVE ORDER 12866".

25 **SECTION 7. Applicability.** This act applies to plans,  
26 applications, or other documents reviewed by the public utilities  
27 commission on or after the effective date of this act.

1           **SECTION 8. Safety clause.** The general assembly hereby finds,  
2 determines, and declares that this act is necessary for the immediate  
3 preservation of the public peace, health, or safety.