

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 0469-01  
Bill No.: SB 5  
Subject: Cities: Annexation, Power Services  
Type: Original  
Date: January 27, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Economic Development- Office of Public Counsel, and the Public Service Commission** assume no fiscal impact to their offices.

Officials of the **City of Springfield** assume no fiscal impact assume no fiscal impact.

Officials of the **City of Jefferson** assume no fiscal impact.

<b><u>FISCAL IMPACT - State Government</u></b>	<b>FY 2006 (10 Mo.)</b>	<b>FY 2007</b>	<b>FY 2008</b>
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act provides that any city, town, or village must ensure that there is an adequate supply of electric service to an area that is to be annexed. They can do so by:

- Making a determination that there is a provider authorized and capable of serving the annexed area; or
- Granting authority to an electric cooperative to serve all of the area; or
- Requiring all suppliers serving within the area to be annexed to enter into a territorial agreement.

The act requires any grant of authority to a rural electric cooperative to serve the area be included in the annexation ordinance. The cooperative property and operations in the area will be subject to taxation by the city, town, or village.

Any rural electric cooperative granted authority may generate, manufacture, purchase, acquire, accumulate, and transmit electric energy, and distribute, sell, supply, and dispose of electric energy with the area. This is in addition to other powers they might have under the law. This authority does not affect the rights of other electric suppliers to provide service in the annexed area.

When complying with this act, a city, town, or village cannot require that a provider transfer any of its facilities or customers to another provider. Nor shall this act prohibit electric providers from continuing to serve existing customers and structures in annexed areas.

According to this act, any city, town, or village that has a pending annexation may petition the PSC (Public Service Commission) to designate the boundaries of the electric service areas to be served by provider. The PSC designations shall be binding. The PSC must rule on applications within 90 days of the filing.

DESCRIPTION continued

Currently, the law provides that the PSC shall hold evidentiary hearings to determine whether territorial agreements should be approved. This act would allow such hearings to be waived if the matter is resolved by stipulation and agreement by all the parties. Also, the law currently provides that the PSC shall hold hearings regarding complaints about the territorial agreements. This act would also allow these hearings to be waived in the same manner.

In addition, if the PSC determines that a territorial agreement that is the subject of a complaint is no longer in the public interest, it has the authority to suspend or revoke the agreement.

Section 71.516 of this act has an effective date of June 1, 2005.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Public Service Commission  
Public Counsel  
City of Springfield  
City of Jefferson



Mickey Wilson, CPA  
Director  
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