

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 0469-03  
Bill No.: SCS for SB 5  
Subject: Utilities: Municipalities  
Type: Original  
Date: March 11, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Public Service Commission	\$0	\$0	\$0
<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 5 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 **Office of Secretary of State - Administrative Rules** assume this bill regulates the ability for the Public Service Commission to accept petitions for a small electric area providing substandard service to be taken over by a larger electric service area. The commission is also to set fees for handling these issues. The Public Service Commission shall promulgate rules to carry out this bill. These rules would be published in both the Missouri Register and the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual costs could be more.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Officials of the **Office of State Treasurer** assume no fiscal impact to their office.

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

Officials of the **Office of State Courts Administrator** assume no fiscal impact to the Courts.

Officials of the **Department of Revenue** assume no fiscal impact.

Officials of **St. Louis County** assume there would be little if any fiscal impact.

Officials of the **Jasper County Commission** assume no fiscal impact.

Officials of the **Jefferson County Commission** assume no fiscal impact.

Officials of the **Cass County Commission** assume no fiscal impact.

**Oversight** assumes the Public Service Commission would establish a schedule of fees based upon its costs in reviewing and adjudicating electric services area request. The Public Service Commission would assess a fee that could not exceed \$2,000. The fee would be paid to the Director of Revenue and Credited by the State Treasurer to the Public Service Commission Fund.

**Oversight** assumes the amount of fees annually are indeterminable and will show income to the Public Service Commission Fund as a positive unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (7 Mo.)	FY 2007	FY 2008
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**PUBLIC SERVICE COMMISSION  
FUND (Section 33.571)**

**Income** to Public Service Commission  
Fund.

Fees charged for adjudicating service area request.	Unknown	Unknown	Unknown
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<u>FISCAL IMPACT - State Government</u>	FY 2006 (7 Mo.)	FY 2007	FY 2008
<b>Cost</b> to Public Service Commission Adjudicating service area request.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO PUBLIC SERVICE COMMISSION FUND *</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**\* The amount of fees charged must be based upon the costs of adjudicating electric service area request. Application fees and costs cannot exceed \$2,000 per request.**

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

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act pertains to electric service to annexed areas. The act provides a mechanism for these companies to petition the Public Service Commission (PSC) for an exclusive service area; allowing the rural cooperatives to service annexed areas.

Currently, the law allows the PSC to decide on territorial agreements, voluntary agreements reached by all parties; agreements related to electrical service and the areas to which such service may be provided. This act keeps that option in place but provides the opportunity for rural cooperatives to, if such an agreement cannot be resolved, petition the PSC and request an exclusive service area. This option would prohibit other utilities from serving new structures accounted for in the exclusive service area, and allow the rural cooperatives to serve annexed areas regardless of the population of such area. The procedural mechanism by which utilities can do this is detailed in the act, as well as laying out the critical dates which are to be followed. These dates provide a phase in for the exclusive service areas to be brought before the PSC and the counties are given dates based on need. The act grandfathers any area which has been decided upon via a territorial agreement.

DESCRIPTION (continued)

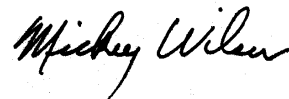
The act adds rural cooperatives to the range of levyable items available to city councils. The act also streamlines the process of PSC approval for customer exchanges for electrical providers in territorial agreements or exclusive service areas - the act makes these changes for both investor owned utilities and rural cooperatives.

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.

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

Office of State Treasurer  
Office of Secretary of State - Administrative Rules  
Department of Economic Development  
    Public Service Commission  
    Office of Public Counsel  
Office of State Courts Administrator  
Department of Revenue  
Director of Administration - St. Louis County  
Jasper County Commission  
Jefferson County Commission  
Cass County Commission



Mickey Wilson, CPA  
Director  
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