

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3087-02
Bill No.: SB 558
Subject: Public Service Commission; Utilities
Type: Original
Date: January 12, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	Up to \$3,900,000	Up to \$3,900,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state the proposal would not impact their agency. DESE stated there are 157 districts participating in the natural gas consortium. The following schedule lists the savings breakdown by year since 1999;

1999	\$ 7,032
2000	\$ 195,486
2001	\$ 424,871
2002	\$ 191,156
2003	\$ 604,236
2004	\$3,948,971
2005	<u>\$ 838,774</u> (does not include August - December savings)
Total	\$6,210,527

DESE assumes the total savings for 2005 will approximate 2004's savings when the figures for August through December are reported. The proposal would extend the authority for another two years, therefore, DESE assumes the potential savings could exceed \$7.8 million (i.e. \$3.9 million per year for two years).

ASSUMPTION (continued)

Officials from the **Department of Economic Development - Public Service Commission** state the bill would have minimal effect on their agency because it changes the termination dates of tariffs for natural gas aggregation service for schools from a certain date to a date determined by the Commission.

Officials from the **Department of Economic Development - Office of Public Council** assume the proposal would not fiscally impact their agency.

Officials from the **Columbia Public Schools** state that since beginning in May, 2003, the district's first opportunity to participate with reduced tariffs, they have saved \$166,673.

Oversight assumes this proposed legislation extends an existing provision by removing or changing the expiration date. Oversight assumes removing or changing the expiration date will extend any fiscal impact associated with the existing provision. Therefore, Oversight has reflected the fiscal impact in the fiscal note.

With the large disparity between annual savings to the local school districts as reported by DESE, **Oversight** will assume a future annual savings resulting from the proposal of up to \$3.9 million. Oversight will assume the Public Service Commission will not terminate the tariffs within the scope of this fiscal note. The current tariffs are set to run through June 30, 2007, therefore, there will be no fiscal impact in FY 2007 from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

SCHOOL DISTRICTS

Savings - Reduced natural gas costs

\$0

Up to
\$3,900,000

Up to
\$3,900,000

**ESTIMATED NET EFFECT TO THE
LOCAL SCHOOL DISTRICTS**

\$0

**UP TO
\$3,900,000**

**UP TO
\$3,900,000**

FISCAL IMPACT - Small Business

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

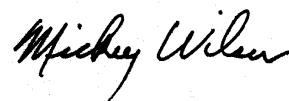
DESCRIPTION

The proposal removes the termination date for experimental tariffs put in place by the Public Service Commission and gas corporations for schools. The tariffs in question provide for the aggregate purchase of natural gas for schools in the state. Such tariffs shall remain in effect unless they are terminated by the commission.

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
Office of Public Council
Department of Elementary and Secondary Education
Columbia Public Schools



L.R. No. 3087-02
Bill No. SB 558
Page 5 of 5
January 12, 2006

Mickey Wilson, CPA
Director
January 12, 2006

RS:LR:OD (12/02)