

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3803-01  
Bill No.: SB 750  
Subject: Public Service Commission; Utilities  
Type: Original  
Date: January 12, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</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 2007</b>	<b>FY 2008</b>	<b>FY 2009</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 2007</b>	<b>FY 2008</b>	<b>FY 2009</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 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>Up to \$3,900,000</b>	<b>Up to \$3,900,000</b>

**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 three years, therefore, DESE assumes the potential savings could exceed \$11.7 million (i.e. \$3.9 million per year for three 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 2007 to 2010.

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

**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. 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>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**SCHOOL DISTRICTS**

<u>Savings</u> - Reduced natural gas costs	<u>\$0</u>	Up to <u>\$3,900,000</u>	Up to <u>\$3,900,000</u>
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<b>ESTIMATED NET EFFECT TO THE LOCAL SCHOOL DISTRICTS</b>	<u>\$0</u>	<b>UP TO</b> <u>\$3,900,000</u>	<b>UP TO</b> <u>\$3,900,000</u>
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FISCAL IMPACT - Small Business

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

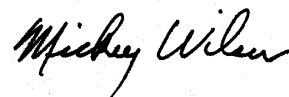
DESCRIPTION

The proposal extends the termination date for experimental tariffs put in place by the Public Service Commission and gas corporations for schools until 2010. The tariffs in question provide for the aggregate purchase of natural gas for schools in the state.

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



Mickey Wilson, CPA  
Director  
January 12, 2006