

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1744-02
Bill No.: SB 376
Subject: Energy; Public Service Commission; Utilities
Type: Original
Date: March 2, 2009

Bill Summary: Directs the Public Service Commission to allow electric and gas companies to recover costs associated with energy efficiency programs

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** state this proposal will have no fiscal impact on their respective divisions.

Officials from the **Department of Natural Resources** anticipate this proposed legislation will not have a direct fiscal impact on their agency.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

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.

Oversight assumes while some political subdivisions may see increased utility costs due to the allowance of rate recovery provisions related to PSC-approved energy efficiency programs, political subdivisions could also see reduced energy costs related to those energy efficiency programs. For fiscal note purposes, **Oversight** will range savings and costs to political subdivisions and small businesses from Unknown to (Unknown).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Energy costs due to energy efficiency programs	Unknown	Unknown	Unknown
<u>Cost</u> - Energy costs due to cost recovery allowed by utilities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

Some small businesses may see increased utility costs due to the allowance of rate recovery provisions related to PSC-approved energy efficiency programs. Small businesses could also see reduced energy costs related to those energy efficiency programs

FISCAL DESCRIPTION

This proposed legislation creates the Missouri Residential and Small Business Energy Efficiency Investment Act.

The Public Service Commission (PSC) must allow electric and natural gas companies to implement and recover costs related to PSC-approved energy efficiency programs aimed at customers. The PSC must develop cost recovery methods that value energy efficiency investments at least the same as, if not more than, traditional supply-side investments. Such methods must also account for lost energy sales associated with energy efficiency. The proposal provides ways for the PSC to develop cost recovery methods that provide incentives for the companies to further increase their investment in energy efficiency programs.

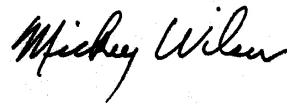
The PSC may reduce or exempt energy efficiency costs for low-income customers. No customer of any rate class shall pay more than \$5,000 per month for energy efficiency-related costs.

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

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SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of Public Counsel
Department of Natural Resources
Office of Secretary of State
Administrative Rules Division



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