

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2110-01  
Bill No.: SB 545  
Subject: Cooperatives; Energy: Public Service Commission; Utilities  
Type: Original  
Date: March 27, 2009

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Bill Summary: Makes certain previously-exempted electric cooperatives henceforth subject to rate regulation under the Public Service Commission

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$333,483)	(\$392,091)	(\$404,980)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$333,483)</b>	<b>(\$393,091)</b>	<b>(\$404,980)</b>

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	6 FTE	6 FTE	6 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>6 FTE</b>	<b>6 FTE</b>	<b>6 FTE</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Public Service Commission** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** state they are an active participant in all matters affecting electrical corporations. There are currently 4 regulated electrical corporations in Missouri. This proposal would bring in approximately 40 more.

Electrical corporations assert that they have entered into a long-term rising cost period. Missouri's currently-regulated electrical corporations have filed many more rate increase cases over the last few years than they have in the past. This trend is expected to continue, and it will also affect the 40 electrical corporations that are not now regulated. It is difficult to accurately predict the number of new electric cases that would be filed if this bill becomes law. Given that the number of regulated companies would increase by a factor of ten, it is not unreasonable to assume that the caseload of electric cases would increase by a factor of ten.

To be conservative, OPC assumes that workload would increase by just half of that: a five-fold increase. OPC devotes approximately three FTE-equivalents to electric matters now. In order to handle five times the current caseload, OPC would need twelve additional FTE comprised of the following: two support staff, two attorneys, two engineers, two economists, and four auditors. OPC assumes the 12 FTEs could be housed in the current accommodations with some modifications to current office layout.

**Oversight** assumes that only 25% of the forty electric co-operatives added by this proposal would be filing rate cases at any one time. Many of the co-operatives are considerably smaller than the electric corporations currently regulated by the Public Service Commission and therefore would result in less complex cases. Oversight assumes the addition of 6 FTEs would be sufficient to handle the additional caseload. **Oversight**, for fiscal note purposes only, will not include professional development in OPC cost.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE</b>			
<u>Cost - Department of Economic</u>			
<u>Development - Office of Public Counsel</u>			
Personal Services (6 FTE)	(\$203,425)	(\$250,698)	(\$258,976)
Fringe Benefits	(\$98,926)	(\$121,914)	(\$125,940)
Equipment and Expense	(\$31,132)	(\$19,479)	(\$20,064)
Total Costs	(\$333,483)	(\$392,091)	(\$404,980)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$333,483)</u></b>	<b><u>(\$392,091)</u></b>	<b><u>(\$404,980)</u></b>
Estimated Net FTE Change for General Revenue	6 FTE	6 FTE	6 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
	<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.

FISCAL DESCRIPTION

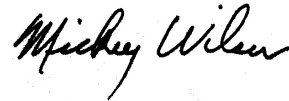
Under current law, electrical corporations that operate on the not-for-profit cooperative business plan are exempt from regulation under the Public Service Commission (PSC) with regard to rates. This proposed legislation removes the exemption and thereby gives the PSC jurisdiction over the rates set by such cooperatives.

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent "M" and "W".

Mickey Wilson, CPA  
Director  
March 27, 2009