

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4885-05
Bill No.: SB 824
Subject: Business and Commerce; Corporations; Energy; Public Service Commission;
Utilities
Type: Original
Date: December 30, 2015

Bill Summary: This proposal creates the Energy Efficiency Competitive Resource Acquisition Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** assume this proposal will create additional responsibilities for OPC’s staff requiring the addition of 1 FTE for an additional engineer and .5 FTE for an attorney. The proposal requires that an electrical corporation's costs incurred due to the request for proposals process and the acquisition or construction of a new supply-side resource shall be presumed reasonable and prudent unless imprudence in the request for proposals process, including failure to comply with sections 393.1300 to 393.1325, the request for proposals process established by the commission, or the failure to ensure a reasonably competitive request for proposals process is proven by stakeholders in the rate proceeding. As a result, detailed after-the-fact prudence reviews will be required. OPC needs qualified personnel to review the utilities' infrastructure investments and to challenge the prudence of those investments if they are not reasonably and prudently incurred in the public interest.

In response to a similar proposal from 2014 (HB 1917), the OPC assumed the proposal would not create a fiscal impact to their agency. Therefore, **Oversight** will assume the OPC will be able to implement this proposal with existing resources.

Officials from the **Department of Economic Development - Public Service Commission** and the **Department of Economic Development - Division of Energy** each assume the current proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

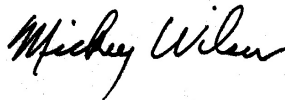
FISCAL DESCRIPTION

This proposal establishes the Energy Efficiency Competitive Resource Act that changes the laws regarding electrical corporation resource plans.

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
Office of the Public Counsel
Public Service Commission
Division of Energy



Mickey Wilson, CPA
Director
December 30, 2015

Ross Strobe
Assistant Director
December 30, 2015