

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5535-03
Bill No.: SB 848
Subject: Corporations; Energy; Public Service Commission; Sewers and Sewer Districts;
 Water Resources and Water Districts; Utilities
Type: Original
Date: February 1, 2016

Bill Summary: This proposal modifies provisions relating to rate schedules authorized for certain utilities outside of general rate proceedings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$63,586)	(\$73,250)	(\$73,939)
Total Estimated Net Effect on General Revenue	(\$63,586)	(\$73,250)	(\$73,939)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Public Service Commission	(\$259,904)	(\$307,424)	(\$310,238)
Total Estimated Net Effect on Other State Funds	(\$259,904)	(\$307,424)	(\$310,238)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 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
General Revenue	1	1	1
Public Service Commission	4	4	4
Total Estimated Net Effect on FTE	5	5	5

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 Natural Resources** and the **Missouri Department of Conservation** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Economic Development - Division of Energy (DE)** assume they would need 1 FTE (Public Utility Accountant II - \$46,068/annually) to comply with this proposal. It is assumed there would be a rulemaking docket to set the process and details associated with this proposal and that DE staff would participate in workshops, monitor filings, review proposal and file comments. DE assumes that on an ongoing basis we would monitor and participate in the review of revenue stabilization mechanisms filed by gas, water and sewer utilities and subsequent reconciliations to insure charges associated with reduced customer energy usage are appropriate. Currently, DE does not have a job position or the required expertise to perform the utility regulatory auditing functions required to effectively evaluate the data and documentation supporting such filings.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume 2 FTE will be required to comply with this proposal, Utility Regulation Auditors III (\$47,892/each annually). Their duties would be to review the initial rate schedules filed by the utilities, and then to review the quarterly filings, and annual filings. Those reviews will consist of ensuring that each tariff filing is correct and corresponds to the statute, plus will include a reconciliation of revenues collected compared to revenues allowed to ensure that any change in the rate is accurate and permitted by statutory language. This type of work is complex to ensure fairness to both the utility and the ratepayer.

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** assume this proposal would result in the need for two additional FTE, a Public Utility Accountant I-III (\$46,068/annually) and a Senior Public Counsel (\$58,423/annually). This proposal would create yearly filing requirements for regulated gas, sewer and water corporations to account for revenues authorized in the utility's last general rate case and actual revenues received. If actual revenues received as less than those authorized by the Commission in the utility's last general rate case, the utility is authorized to file new tariffs to recover that amount of under-collected revenue, or alternatively, to refund amounts collected in excess of authorized revenues. This is a new annual filing requirement similar to the filing requirements of the Infrastructure System Replacement Surcharge.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - DED - DE</u>			
Salaries	(\$38,390)	(\$46,529)	(\$46,994)
Fringe Benefits	(\$18,898)	(\$22,804)	(\$22,931)
Equipment and Expense	<u>(\$6,298)</u>	<u>(\$3,917)</u>	<u>(\$4,014)</u>
<u>Total Costs - DED - DE</u>	<u>(\$63,586)</u>	<u>(\$73,250)</u>	<u>(\$73,939)</u>
FTE Change - DED - DE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(\$63,586)</u>	<u>(\$73,250)</u>	<u>(\$73,939)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
PUBLIC SERVICE COMMISSION FUND			
<u>Costs - DED - PSC</u>			
Salaries	(\$79,820)	(\$96,742)	(\$97,709)
Fringe Benefits	(\$38,627)	(\$46,614)	(\$46,878)
Equipment and Expense	<u>(\$4,509)</u>	<u>(\$1,683)</u>	<u>(\$1,725)</u>
<u>Total Costs - DED - PSC</u>	<u>(\$122,956)</u>	<u>(\$145,039)</u>	<u>(\$146,312)</u>
FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs - DED - OPC</u>			
Salaries	(\$87,076)	(\$105,536)	(\$106,591)
Fringe Benefits	(\$40,609)	(\$49,016)	(\$49,305)
Equipment and Expense	<u>(\$9,263)</u>	<u>(\$7,833)</u>	<u>(\$8,030)</u>
<u>Total Costs - DED - OPC</u>	<u>(\$136,948)</u>	<u>(\$162,385)</u>	<u>(\$163,926)</u>
FTE Change	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND			
	<u>(\$259,904)</u>	<u>(\$307,424)</u>	<u>(\$310,238)</u>
Estimated Net FTE Change on Public Service Commission Fund	4 FTE	4 FTE	4 FTE

FISCAL IMPACT - Local Government

FY 2017
(10 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses receiving public utility service from a Public Service Commission regulated utility may be fiscally impacted by this proposal.

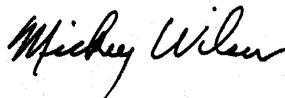
FISCAL DESCRIPTION

This proposal modifies provisions relating to rate schedules authorized for certain utilities outside of general rate proceedings.

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 Natural Resources
Missouri Department of Conservation
Department of Economic Development
Office of the Public Counsel
Public Service Commission
Division of Energy



Mickey Wilson, CPA
Director
February 1, 2016

Ross Strope
Assistant Director
February 1, 2016