

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0511-01
Bill No.: SB 215
Subject: Energy; Public Service Commission; Utilities
Type: Original
Date: January 25, 2017

Bill Summary: This proposal allows the Missouri Public Service Commission to utilize rate adjustment mechanisms otherwise not specifically authorized by statute to promote modernization and replacement of electrical corporation infrastructure.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$74,674)	(\$87,121)	(\$87,952)
Total Estimated Net Effect on General Revenue	(\$74,674)	(\$87,121)	(\$87,952)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Public Service Commission Fund	(\$141,512)	(\$168,227)	(\$169,836)
Total Estimated Net Effect on Other State Funds	(\$141,512)	(\$168,227)	(\$169,836)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	1 FTE	1 FTE	1 FTE
Public Service Commission Fund	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Energy (DE)** assume there would be a fiscal impact to DE due to the provisions in this bill because of DE's involvement in cases before the Public Service Commission. DE staff will actively participate in cases before the Public Service Commission where the provisions of this bill are considered and implemented. DE assumes it would need an additional Planner III (\$55,368 annually) to complete new duties including initially participating in rulemakings and other proceedings where rate adjustment mechanisms or other provisions are implemented. On an ongoing basis, this FTE will monitor and evaluate the impact of the proposed grid modernization provisions and perform specialized professional work in planning and policy development.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assume this proposal would create additional filing requirements for regulated corporations and would allow the Public Service Commission to employ an unpredictable level of alternative mechanisms that have the potential to create multiple filings in multiple new processes. This new filing would result in additional review and potential contested hearings before the Commission requiring additional legal work and additional review and evaluation from auditors which would result in the need for an additional Senior Public Counsel (\$58,423 annually) and an additional Public Utility Accountant I-III (\$50,112 annually).

Officials from the **Department of Economic Development - Public Service Commission** assume the proposal will have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget.

ASSUMPTION (continued)

Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost - DED-DE</u>			
Personal Service	(\$46,140)	(\$55,922)	(\$56,481)
Fringe Benefits	(\$22,330)	(\$26,962)	(\$27,128)
Equipment and Expense	<u>(\$6,204)</u>	<u>(\$4,237)</u>	<u>(\$4,343)</u>
<u>Total Cost - DED-DE</u>	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
FTE Change - DED-DE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
PUBLIC SERVICE COMMISSION FUND			
<u>Cost - DED-OPC</u>			
Personal Service	(\$90,446)	(\$109,620)	(\$110,717)
Fringe Benefits	(\$41,530)	(\$50,132)	(\$50,432)
Equipment and Expense	<u>(\$9,536)</u>	<u>(\$8,475)</u>	<u>(\$8,687)</u>
<u>Total Cost - DED-OPC</u>	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
FTE Change - DED-OPC	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE PUBLIC SERVICE COMMISSION FUND	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
Estimated Net FTE Change on the Public Service Commission Fund	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses receiving public utility service from a Public Service Commission regulated utility could see an increase in overall utility rates for electric service.

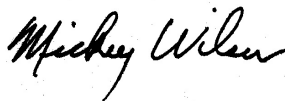
FISCAL DESCRIPTION

Allows the Missouri Public Service Commission to utilize rate adjustment mechanisms otherwise not specifically authorized by statute to promote modernization and replacement of electrical corporation infrastructure.

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
Division of Energy
Office of Public Counsel
Office of the Secretary of State
Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director
January 25, 2017

Ross Strobe
Assistant Director
January 25, 2017