

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0512-03
Bill No.: SB 190
Subject: Administrative Rules; Business and Commerce; Consumer Protection; Contracts and Contractors; Corporations; Economic Development; Energy; Environmental Protection; General Assembly; Public Service Commission; Utilities
Type: Original
Date: December 29, 2016

Bill Summary: This proposal modifies provisions relating to ratemaking for public utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(Unknown greater than \$74,674)	(Unknown greater than \$87,121)	(Unknown greater than \$87,952)
Total Estimated Net Effect on General Revenue	(Unknown greater than \$74,674)	(Unknown greater than \$87,121)	(Unknown greater than \$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 <u>Other</u> State Funds	(\$141,512)	(\$168,227)	(\$169,836)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 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 **Attorney General's Office** assume any potential cost arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Natural Resources** assume the proposal will have no fiscal impact on their organization.

Oversight assumes this proposal may increase utility costs to all state departments and local governments.

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

Officials from the **Department of Economic Development - Division of Energy (DE)** assume there would be a fiscal impact to DE due to the numerous provisions in this proposal that are related to Public Service Commission regulatory issues and DE's involvement in such cases. DE staff will actively participate in cases before the Public Service Commission where the provisions of this proposal are considered and implemented. DE assumes it would need 1 FTE Planner III (\$55,368/annually) to complete new duties including initially participating in rule-makings 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, energy efficiency and renewable energy provisions and perform specialized professional work in planning and policy development.

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** estimate that an additional attorney FTE (\$58,423/annually) and an additional FTE Public Utility Accountant I-III (\$50,112/annually) would be needed to address the 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.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost - DE</u>			
Salaries	(\$46,140)	(\$55,922)	(\$56,481)
Fringe Benefits	(\$22,330)	(\$26,962)	(\$27,128)
Equipment and Expenses	(\$6,204)	(\$4,237)	(\$4,343)
<u>Total Cost - DE</u>	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
FTE Change - DE	1 FTE	1 FTE	1 FTE
<u>Cost - Statewide</u>			
Possible increase in utility cost	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Unknown greater than <u>\$74,674</u>)	(Unknown greater than <u>\$87,121</u>)	(Unknown greater than <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 - OPC</u>			
Salaries	(\$90,446)	(\$109,620)	(\$110,717)
Fringe Benefits	(\$41,530)	(\$50,132)	(\$50,432)
Equipment and Expense	(\$9,536)	(\$8,475)	(\$8,687)
<u>Total Cost - OPC</u>	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
FTE Change - OPC	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
Estimated Net FTE Change to 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 may see an increase in utility costs.

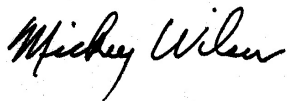
FISCAL DESCRIPTION

This proposal modifies provisions relating to ratemaking for public utilities.

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
Attorney General's Office
Department of Natural Resources



Mickey Wilson, CPA
Director
December 29, 2016

Ross Strobe
Assistant Director
December 29, 2016