

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0512-05
Bill No.: SCS for 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: February 17, 2017

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	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Public Service Commission Fund	(\$415,717)	(\$493,995)	(\$498,711)
Total Estimated Net Effect on Other State Funds	(\$415,717)	(\$493,995)	(\$498,711)

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
Public Service Commission Fund	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 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 - Office of the Public Counsel (OPC)** estimate that two additional attorneys (\$58,423/annually) and an additional four FTE Public Utility Accountants 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.

In summary, OPC assumes a cost of \$415,717 in FY 2018, \$493,995 in FY 2019 and \$498,711 in FY 2020 to provide for the implementation of the changes in this proposal.

Officials from the **Department of Economic Development (Public Service Commission and the Division of Energy)** each assume the proposal will have no fiscal impact on their respective organizations.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
	(10 Mo.)		
GENERAL REVENUE			
<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	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020
PUBLIC SERVICE COMMISSION FUND			
<u>Cost - OPC</u>			
Salaries	(\$264,412)	(\$320,467)	(\$323,672)
Fringe Benefits	(\$122,697)	(\$148,104)	(\$148,979)
Equipment and Expense	(\$28,608)	(\$25,424)	(\$26,060)
<u>Total Cost - OPC</u>	<u>(\$415,717)</u>	<u>(\$493,995)</u>	<u>(\$498,711)</u>
FTE Change - OPC	6 FTE	6 FTE	6 FTE
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	<u>(\$415,717)</u>	<u>(\$493,995)</u>	<u>(\$498,711)</u>
Estimated Net FTE Change to the Public Service Commission Fund	6 FTE	6 FTE	6 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

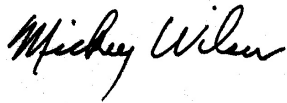
This proposal modifies provisions relating to ratemaking for public utilities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Economic Development
Attorney General's Office
Department of Natural Resources



Mickey Wilson, CPA
Director
February 17, 2017

Ross Strobe
Assistant Director
February 17, 2017