

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2415-02
Bill No.: HCS for HB 1
Subject: Utilities; Public Service Commission
Type: Original
Date: May 24, 2017

Bill Summary: This proposal gives the Public Service Commission authority to approve certain special utility rates for an aluminum smelting facility or a steel works facility under certain circumstances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue Fund	\$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
Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

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
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 2018	FY 2019	FY 2020
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

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

Below is a summary of the total annual electric utility payments the **Office of Administration**, the **Department of Corrections**, the **Department of Transportation**, and the **Department of Natural Resources** each reported paying to Ameren in FY 2015 and FY 2016. The totals below do not include payments made by the Missouri Department of Conservation.

	<u>FY 2015</u>	<u>FY 2016</u>
Office of Administration	\$ 8,222,989	\$ 8,185,029
Department of Corrections	\$ 6,605,851	\$ 6,471,812
Department of Transportation	\$ 2,904,533	\$ 2,973,258
Department of Natural Resources	<u>\$ 473,260</u>	<u>\$ 500,186</u>
Total	\$18,206,663	\$18,130,285

Using a two year average of the cost listed above, a 1% (for example) rate increase to the state government that may result from this bill would result in additional cost of \$181,685 to the General Revenue Fund and Other State Funds. A 5% (for example) rate increase would result in a cost of approximately \$908,000.

In response to similar legislation, officials from the **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** assumed that there would be a fiscal impact to any State facilities in the territory served by an electrical provider that provides a special rate to a steel works or aluminum smelting facility. It is understood that the special rate portion of this bill is intended to apply primarily to Ameren Missouri, which provides electrical service for a number of State facilities. Without knowing the special rate that would be provided to the facilities by Ameren, FMDC is unable to calculate the impact that this bill would have on its utility costs.

OA-FMDC's Leasing Ameren electric cost for the past two years was \$1,637,805 in FY 2016 and \$1,630,761 in FY 2015.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** assume an unknown cost (due to not knowing the exact utility rate increase percentage) as a result of this proposal.

Officials from the **Missouri Department of Conservation (MDC)** assume an unknown cost as a result of this proposal.

Officials from the **Department of Transportation, Department of Natural Resources** and the **Missouri State University** each assume the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation, officials from the **Joint Committee on Administrative Rules, the University of Central Missouri** and the **Missouri Western State University** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this proposal may increase utility cost to all state departments and local governments and therefore will range the fiscal impact from \$0 (no special rate is approved with other utility customers sharing the cost) or an Unknown cost to the General Revenue Fund and Other State Funds as well as Local Political Subdivisions for the potential increased utility expense.

Oversight also assumes this proposal could have positive fiscal impact to state and local governments if additional jobs materialize; however, Oversight considers these to be indirect benefits of the bill and will not be reflect them in the fiscal note.

FISCAL IMPACT - State Government FY 2018 FY 2019 FY 2020

GENERAL REVENUE FUND

<u>Cost - Statewide</u>	\$0 or	\$0 or	\$0 or
Possible increase in utility cost	<u>(Unknown)</u>	<u>(Unknown)</u>	<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>
---	------------------------------------	------------------------------------	------------------------------------

OTHER STATE FUNDS

<u>Cost - Statewide</u>	\$0 or	\$0 or	\$0 or
Possible increase in utility cost	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
--	------------------------------------	------------------------------------	------------------------------------

FISCAL IMPACT - Local Government FY 2018 FY 2019 FY 2020

LOCAL POLITICAL SUBDIVISIONS

<u>Cost - Statewide</u>	\$0 or	\$0 or	\$0 or
Possible increase in utility cost	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
---	------------------------------------	------------------------------------	------------------------------------

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

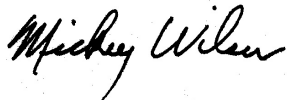
This proposal modifies provisions relating to ratemaking for public utilities.

This proposal contains an emergency clause.

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 Administration
 Facilities Management Design and Construction
Department of Transportation
Department of Corrections
Department of Natural Resources
Missouri Department of Conservation
Joint Committee on Administrative Rules
Missouri State University
University of Central Missouri
Missouri Western State University



Mickey Wilson, CPA
Director
May 24, 2017

Ross Strobe
Assistant Director
May 24, 2017