

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2415-02  
Bill No.: Truly Agreed To and Finally Passed HCS for HB 1  
Subject: Utilities; Public Service Commission  
Type: Original  
Date: June 6, 2017

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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**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## 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>
<b>Total</b>	<b>\$18,206,663</b>	<b>\$18,130,285</b>

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.

Officials from the **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** assume 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** assume an unknown cost (due to not knowing the exact utility rate increase percentage) as a result of this proposal.

Officials from the **Department of Transportation** assume a \$0 to unknown cost as a result of this proposal.

In response to a previous version, officials from the **Missouri Department of Conservation (MDC)** assumed an unknown cost as a result of this proposal.

Officials from the **Department of Natural Resources**, the **Joint Committee on Administrative Rules**, the **University of Central Missouri**, the **Missouri Western State University** and the **Missouri State University** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** assumes this proposal may increase utility costs 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 costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>
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**OTHER STATE FUNDS**

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

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

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

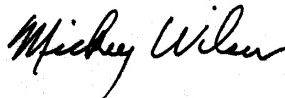
This proposal modifies provisions relating to ratemaking for public utilities.

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



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Director  
June 6, 2017

Ross Strobe  
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