

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3788S.02I
 Bill No.: SB 741
 Subject: Boards, Commissions, Committees, and Councils; Public Service Commission;
 Utilities
 Type: Original
 Date: January 9, 2024

Bill Summary: This proposal modifies provisions relating to large water public utilities acquiring small water utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§393.3.20.5 – Large Public Water Utilities

Officials from the **Department of Commerce and Insurance, Kansas City, South River Drainage District, St. Charles County Pwsd, Wayne County PWSd and Metropolitan St. Louis Sewer District** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Morgan County PWSd** assume this proposal will have a fiscal impact on their water district.

Oversight assumes this proposal modifies the definition of a “large water public utility” to include any public utility that regularly provides water service, sewer service or a combination of either to more than 8,000 customer connections and also specifies that a large water public utility may file with the PSC for a water and sewer infrastructure rate adjustment.

According to the PSC “FY 2023 PSC Annual Report”, this legislation would allow one current additional combination water and sewer company (Confluence Rivers Utility Operating Co.) to be defined as a “large water public utility”. Oversight assumes this newly defined company could file for a water and sewer infrastructure rate adjustment which could increase utility cost to local political subdivisions in which this company serves.

Oversight will reflect a range from \$0 (no utility will increase rates) to an unknown cost to local political subdivisions for potential higher utility costs.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities local utility companies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments</u> Potential increase in electric utility costs §393.3.20.5	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Some small businesses in a specific region could have an increase in utility cost as a result of this proposal.

FISCAL DESCRIPTION

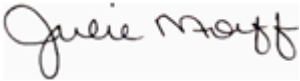
Under the act, the Public Service Commission shall issue its decision establishing the ratemaking rate base of the small water utility in its order approving the acquisition of a small water utility by a large water public utility within 6 months of the submission of the application. This act further modifies the definition of "large water public utility".

Prior to the expiration of the six-month period, the Commission staff or the Office of Public Counsel may request from the Commission an extension for approval of the application for an additional 30 days.

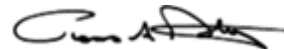
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Lexington Water/Wastewater
Morgan County Pwsd
Wayne County Pwsd
Metropolitan St. Louis Sewer District
Kansas City
City of Springfield
South River Drainage District
St. Charles County Pwsd



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January 9, 2024



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January 9, 2024