

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3933S.03C
 Bill No.: SCS for SB 829
 Subject: Utilities; Department of Natural Resources; Public Service Commission
 Type: Original
 Date: April 2, 2024

Bill Summary: This proposal modifies provisions relating to a renewable natural gas program.

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
Public Service Commission Fund (0607)	\$0 to (\$201,252)	\$0 to (\$234,880)	\$0 to (\$238,977)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$201,252)	\$0 to (\$234,880)	\$0 to (\$238,977)

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
Public Service Commission Fund	0 to 2 FTE	0 to 2 FTE	0 to 2 FTE
Total Estimated Net Effect on FTE	0 to 2 FTE	0 to 2 FTE	0 to 2 FTE

- 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 386.895 – Renewable Natural Gas Program

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** assume an engineer would be needed to give the staff an opportunity to make a recommendation to the Commission as quickly as possible in order to allow the Commission to make a determination on any project filing within 90 days for projects that will be under \$5,000,000. Further, the engineer would be responsible for assisting in the review of the costs incurred to ensure that the qualified investments are reasonable. Finally, the engineer would assist the proposed auditor in reviewing the recovery mechanism as appropriate.

PSC also assumes an auditor position is needed to help the proposed engineer in verifying that the costs do not exceed the appropriate percentages of the gas corporation's net plant. The auditor would also be required to work with the proposed engineer in auditing the qualified investment costs to ensure that those costs are reasonable. Finally, as a new recovery mechanism will be contemplated, the auditor would be responsible for reviewing all filings associated with the mechanism and conducting any true-up and/or prudence reviews of the mechanism.

The PSC does not have sufficient budget authority to absorb the costs.

Oversight assumes the Senate Committee Substitute allows for an extension of the review period required by the PSC if needed. Oversight assumes some of the additional FTE duties could be absorbed by the PSC, therefore, Oversight will range the fiscal impact from \$0 (no additional material costs incurred by the PSC) to the estimated additional 2 FTE as assumed by the PSC.

Officials from the **Department of Natural Resources**, the **Metropolitan St. Louis Sewer District**, the **South River Drainage District**, the **Pulaski County** and the **Wayne County Pwsd** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Morgan County Pwsd** assumed this legislation could have a fiscal impact on their organization. **Oversight** notes the above mentioned organizations did not note whether the fiscal impact would be positive or negative. Oversight will assume future utility actions could be affected but Oversight will assume no direct impact for fiscal note purposes.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
PUBLIC SERVICE COMMISSION FUND (0607)			
<u>Cost- PSC</u>	\$0 to	\$0 to	\$0 to
Personal Service	(\$114,471)	(\$140,112)	(\$142,915)
Fringe Benefits	(\$69,400)	(\$84,346)	(\$85,431)
Equipment and Expense	(\$17,381)	(\$10,422)	(\$10,631)
<u>Total Cost – PSC</u>	<u>(\$201,252)</u>	<u>(\$234,880)</u>	<u>(\$238,977)</u>
FTE Change – PSC	0 to 2 FTE	0 to 2 FTE	0 to 2 FTE
ESTIMATED NET EFEFCT TO THE PUBLIC SERVICE COMMISSION FUND (0607)	<u>\$0 to (\$201,252)</u>	<u>\$0 to (\$234,880)</u>	<u>\$0 to (\$238,977)</u>
Estimated Net FTE Change to the Public Service Commission Fund	0 to 2 FTE	0 to 2 FTE	0 to 2 FTE

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

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

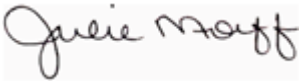
FISCAL DESCRIPTION

This proposal modifies provisions relating to a renewable natural gas program.

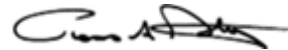
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Natural Resources
Metropolitan St. Louis Sewer District
South River Drainage District
St. Charles County Pwsd
Wayne County Pwsd
Morgan County Pwsd



Julie Morff
Director
April 2, 2024



Ross Strobe
Assistant Director
April 2, 2024