

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3883-01
BILL NO.: SB 848
SUBJECT: Utilities; Consumer Protection
TYPE: Original
DATE: February 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Public Service Commission*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

*Assumes costs of \$108,758, \$213,565 and \$201,957 in FY 01, FY 02 and FY 03, respectively, and an increase in the PSC assessment and appropriation, resulting in a net effect of \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume the proposed legislation would have no fiscal impact on their agency. However, the proposal could have some impact to the PSC from the perspective that the PSC would likely lose some or even all Federal Grant funds for gas safety. Also, additional legislation that may be passed respecting the funding and staffing of the Board could create a cumulative fiscal impact to the agency.

Oversight assumes the proposal is silent regarding the placement of the new Missouri Energy Reliability Board. For purposes of this fiscal note, Oversight is assuming the Board would be placed under the PSC. Oversight has estimated travel expenses for the board members at \$8,758. annually. This is based on the assumption of four meetings per year for two days each.

NOTE: In a similar previous proposal, **Oversight** assumed the standards that were required to be developed, including maintenance standards, performance standards, reliability/maintenance standards and customer service standards would be developed by outside consultants. This assumption was based on information from a similar proposal, in which the PSC had indicated costs of \$450,000 for consultants to develop such standards. It was assumed the development of such standards would require the technical expertise of individuals in the utility industry. However, subsequent discussions with the PSC indicate there would not be the need for such extensive use of consultants and an updated estimate of \$100,000 should be adequate for outside consultants to assist in development of such required standards.

Also, in a similar previous proposal, **Oversight** assumed after development of the required standards, the Board would need ongoing staff similar to that requested by the PSC for utility restructuring to support the requirements of the Board as outlined in this proposal. Oversight included costs for six additional staff (6 FTE) to accomplish the requirements of utility restructuring and utilized the information provided by the PSC for that fiscal note regarding staffing needs. However, subsequently, the PSC has indicated that if the Board were placed under the PSC, they would not need six additional staff, since the PSC is currently involved in many of the functions outlined in this proposal. Therefore, **Oversight** has adjusted staffing needs to include only three additional staff (3 FTE) . These staff would include one Utility Regulatory Economist III, one Utility Regulatory Engineer I and one Legal Counsel, with related fringe, expense, equipment. **Oversight** assumes the additional FTE could be located using existing space and therefore, has not included rental costs in the fiscal impact specifications below. Costs for the FTE are not shown until FY 02. It is assumed the staff would not be needed to support the Board until after the standards were developed and approved.

ASSUMPTION (continued)

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FISCAL IMPACT - Small Business

Small businesses could have a direct fiscal impact as a result of this proposal to the extent of changes to the operating requirements and potential rate changes to electric or gas users. Also, it could require additional paperwork and additional benefits for workers as part of a worker transition plan in the event of a closure or reorganization of the utility company.

DESCRIPTION

This act creates the Missouri Energy Reliability Board to standardize the reliability, safety, and customer services practices of investor- and consumer-owned electric and gas companies. A seven member board shall be appointed by the Governor with the advice and consent of the Senate. The Board's authority supercedes that of the Public Service Commission when there is a conflict.

The Board shall establish procedures to prevent overloads on systems and cost-shifting and report to the General Assembly every two years on the adequacy and reliability of the electric supply.

The Board shall establish minimum maintenance standards for SB 848 - This act creates the Missouri Energy Reliability Board to standardize the reliability, safety, and customer services practices of investor- and consumer-owned electric and gas companies. A seven member board shall be appointed by the Governor with the advice and consent of the Senate. The Board's authority supercedes that of the Public Service Commission when there is a conflict.

The Board shall establish procedures to prevent overloads on systems and cost-shifting and report to the General Assembly every two years on the adequacy and reliability of the electric supply.

The Board shall establish minimum maintenance standards for all electric or gas companies and require companies to file an annual preventive maintenance plan with the Board, shall establish minimal performance standards and shall establish reliability and maintenance service standards for worker safety and minimum customer service standards.

Any company undertaking significant downsizing, merger, or other similar transaction must prepare a workers transition plan within 180 days of the final date of the transaction. The

DESCRIPTION (continued)

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company must inform affected employees prior to filing the final plan, and file notice with the Board of any action that will result in layoffs. The succeeding entity shall recognize and work with the union representing the employees after the merger or other transaction if the company is party to a collective bargaining agreement recognized by federal or state law. The succeeding entity will refrain from making unilateral changes in the employees' terms and conditions of employment for a period of 3 years or until the existing contract expires, whichever is later.

The act has an emergency clause.

This legislation is not federally mandated and would not require additional capital improvements or rental space. However, this proposal would result in duplication. The PSC safety jurisdiction, under Sections 386.310 and 394.160, and reliability, service, performance, information and customer service jurisdiction, under numerous Chapter 386 and Chapter 393 sections, are replaced or duplicated by the Missouri Energy Reliability Board.

This proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Department of Economic Development - Public Service Commission
Department of Economic Development - Office of Public Counsel
Department of Natural Resources
Department of Labor and Industrial Relations



Jeanne Jarrett, CPA
Director
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