

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1826-01
Bill No.: HB 637
Subject: Utilities; Energy; Public Service Commission; County Government
Type: Original
Date: February 23, 2007

Bill Summary: Allows a customer receiving electrical service regulated by the Missouri Public Service Commission to receive a credit for a power outage lasting forty-eight hours or more.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Public Service Commission	(\$391,975)	(\$466,112)	(\$479,080)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$391,975)	(\$466,112)	(\$479,080)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Public Service Commission	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

HWC:LR:OD (12/02)

ASSUMPTION

Officials from the **Office of State Courts Administrator** and **St. Louis County** assume the proposal will have no fiscal impact on their organizations.

Officials from **Nodaway County** state the proposal provides for penalties to come to the county and be held for the schools. There would be no fiscal impact on the county other than time for the Treasurer to do the work.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Economic Development (DED) - Public Service Commission (PSC)** state there is a combined residential customer base of 1,625,000 for all four Missouri investor-owned public utilities regulated by the PSC (AmerenUE, KCPL, Aquila MPS, Aquila L&P and Empire District). A conservative assumption that 1% of residential customers will annually experience outages that qualify for credits, produces a total of 16,250 complaint cases.

If only 10% of the estimated 16,250 customers file complaints that require adjudication, that would mean an increased caseload of 135 per month. That impact would require a team of at least 3 additional FTE to process complaints in a small claims court-type process. The PSC estimates that it will need one (1) consumer services specialist II, one (1) attorney, and one (1) regulatory law judge to adjudicate the additional cases. In addition, the PSC estimates a need for professional and technical contract funds to permit the hiring of a part-time temporary attorney to help the General Counsel and Adjudication divisions provide additional assistance to process cases. The part-time expense is estimated to cost \$100/hr for 100 hours per month each for the General Counsel Division and the Adjudication Division (\$2000/mo x 12, or \$240,000 per year). This approach would avoid the expenditure of fringe benefits and permit usage of funds on an "as needed" basis depending on volume of cases and the age of cases pending.

The PSC estimates the FY 08 costs of this proposal to be \$391,975; FY 09 costs of \$466,112; and FY 10 costs of \$479,080.

ASSUMPTION (continued)

Oversight notes that it is impossible to determine if or when a public utility company may have to pay fines because customers in the same service area experienced two or more power outages lasting at least 48 hours in a single year. Therefore, fine revenue and distributions to schools is not shown in the fiscal note. **Oversight** notes that if this situation occurs, certain school districts would receive an increase in fine distributions and as a result, General Revenue would have a savings in the distributions made to those school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
PUBLIC SERVICE COMMISSION FUND			
<u>Income - PSC</u>			
Fines	Unknown	Unknown	Unknown
<u>Costs - PSC</u>			
Personal service costs (3.0 FTE)	(\$113,703)	(\$139,855)	(\$143,351)
Fringe benefits	(\$51,462)	(\$63,298)	(\$64,881)
Equipment and expense	(\$26,810)	(\$15,759)	(\$16,232)
Contract services	<u>(\$200,000)</u>	<u>(\$247,200)</u>	<u>(\$254,616)</u>
Total <u>Cost</u> - PSC	<u>(\$391,975)</u>	<u>(\$466,112)</u>	<u>(\$479,080)</u>
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>(\$391,975)</u>	<u>(\$466,112)</u>	<u>(\$479,080)</u>
Estimated NET FTE Change for Public Service Commission Fund	3.0 FTE	3.0 FTE	3.0 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses if the proposal results in higher electricity rates.

FISCAL DESCRIPTION

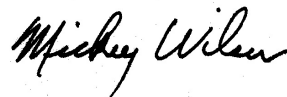
This proposal requires utilities regulated by the Missouri Public Service Commission to credit a customer's account \$50 or \$100, depending on the length of outage, plus the actual cost of damages caused by the power outage to residential customers whose electrical service has been interrupted for at least 48 hours. The commission will have discretion to waive the credits.

Beginning January 1, 2008, if there are three or more power failures in a single service area during a single year, electrical utilities must pay a fine of \$2,000 per residential customer for each day without power starting on the third day of the third period of at least 48 hours without power. These fines will be distributed to the appropriate public school district by the county commission and are not subject to waiver by the Missouri Public Service Commission. All proceedings and complaints will be resolved by the procedures specified in Chapter 386, RSMo.

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

Office of State Courts Administrator
Department of Economic Development -
 Office of Public Council
 Public Service Commission
Office of Secretary of State
St. Louis County
Nodaway County



Mickey Wilson, CPA
Director

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