

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1847-03
Bill No.: HB 810
Subject: Energy; Public Service Commission; Utilities
Type: Original
Date: March 5, 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 5 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

ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Economic Development (DED) - Office of Public Council** assume the proposal will have no fiscal impact on their organizations.

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 4 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) utility engineering 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 \$469,138; FY 09 costs of \$556,143; and FY 10 costs of \$571,428.

ASSUMPTION (continued)

Oversight assumes, based on the PSC's response to similar legislation from the current session (HB 637), that the PSC would not need one (1) FTE utility engineering specialist II and rental space. If the actual number of complaints received by the PSC is significantly higher than estimated, the PSC can seek additional funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
PUBLIC SERVICE COMMISSION FUND			
<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>Costs</u> - PSC	<u>(\$391,975)</u>	<u>(\$466,112)</u>	<u>(\$479,080)</u>
FTE Change - PSC	3.0 FTE	3.0 FTE	3.0 FTE
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

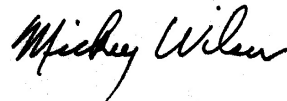
This proposal requires utilities regulated by the Missouri Public Service Commission to credit a customer's account \$50 for a power outage of at least 48 hours or \$100 for a power outage of at least one week, plus the actual cost of damages caused by the power outage to residential customers whose electrical service has been interrupted for at least 48 hours. The maximum amount of credit awarded per customer will be \$300 for power outages of at least 48 hours and \$500 for power outages lasting at least a week.

The provisions of the proposal do not apply in any case where a power outage is caused by a disconnection for failure to pay electric bills. It has no effect on any additional legal remedies for damages caused by power outages.

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



Mickey Wilson, CPA
Director
March 5, 2007