

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2170-01
Bill No.: HB 1016
Subject: Utilities: Fees
Type: Original
Date: April 6, 2009

Bill Summary: Allows electric corporations to file petitions with the Public Service Commission for rate adjustments that recover from customers incurred costs for infrastructure replacement projects

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$126,715)	(\$153,531)	(\$158,139)
Total Estimated Net Effect on General Revenue Fund	(\$126,715)	(\$153,531)	(\$158,139)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☐ 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 2010	FY 2011	FY 2012
Local Government	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Public Service Commission, Department of Transportation, Department of Natural Resources, Department of Revenue, and the Missouri State Tax Commission** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Administration - Division of Budget and Planning** state this proposed legislation should not result in additional costs or savings to their division.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to **Officials from the Department of Economic Development - Office of Public Counsel (OPC)**, the new procedures established by this proposed legislation would allow electric utilities to impose surcharges (in a process separate from and in addition to the current rate case process) for transmission and distribution projects. The proposal allows each electric utility to file for such surcharges twice a year.

Within 120 days after an electric utility requests a surcharge, the PSC will be required to conduct a case (in which OPC would participate) and determine whether to authorize the surcharge. In order to have the public interest adequately represented in these surcharge cases, OPC must be able to fully participate. OPC would need an engineer to evaluate utilities' construction plans and construction execution and an additional accountant to audit the books and records relating to construction and the surcharge requests.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost - Office of Public Counsel -</u>			
Personal Services			
Salaries (2 FTE)	(\$78,538)	(\$97,072)	(\$99,985)
Fringe Benefits	(\$38,193)	(\$47,206)	(\$48,623)
Equipment and Expense	(\$8,984)	(\$9,253)	(\$9,531)
Total	<u>(\$126,715)</u>	<u>(\$153,531)</u>	<u>(\$158,139)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$126,715)</u>	<u>(\$153,531)</u>	<u>(\$158,139)</u>
Estimated Net Effect on FTE for General Revenue	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Cities - Increased rates due to surcharge</u>	(Unknown - Could exceed <u>\$100,000)</u>	(Unknown - Could exceed <u>\$100,000)</u>	(Unknown - Could exceed <u>\$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>
 <u>FISCAL IMPACT - Small Business</u>			

This proposed legislation may affect electric rates for small businesses.

FISCAL DESCRIPTION

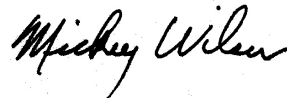
This proposed legislation allows an electric corporation to file a petition and proposed rate schedules with the Missouri Public Service Commission to establish or change infrastructure system replacement surcharges (ISRS) rate schedules that will allow for the adjustment of the corporation's rates and charges for the recovery of costs for eligible infrastructure system replacements.

The proposal specifies the procedures for the application and hearing as well as the accounting methods and procedures to be used for the surcharges.

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 Economic Development
 Public Service Commission
 Office of Public Counsel
Department of Revenue
Missouri Tax Commission
Department of Transportation
Department of Natural Resources
Office of Secretary of State
 Administrative Rules Division
Office of Administration
 Division of Budget and Planning



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Director
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