

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4362-01  
Bill No.: HB 1610  
Subject: Energy; Political Subdivisions; Public Service Commission; Utilities  
Type: Original  
Date: February 5, 2010

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Bill Summary: This proposal modifies provisions related to rates charged by natural gas corporations and provisions of Utilicare assistance.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Up to \$11,880,667)	(Up to \$14,256,800)	(Up to \$14,256,800)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Up to \$11,880,667)</b>	<b>(Up to \$14,256,800)</b>	<b>(Up to \$14,256,800)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** state this proposal will have no fiscal impact on their respective divisions.

According to officials from the **Department of Social Services - Family Support Division (DOS - FSD)**, §660.122 allows for households who have paid or attempted to pay their utility bills to receive assistance under the Utilicare program, provided they meet current eligibility guidelines. Currently, the state administers a crisis program within the federally-funded Low Income Home Energy Assistance Program (LIHEAP) that mandates that individuals must have their utility service disconnected or be in receipt of a shutoff notice in order to qualify. The state currently uses the same guidelines for determining eligibility for crisis funding for both LIHEAP and Utilicare.

DOS assumes this proposal does not change the income-related eligibility guidelines for receiving assistance (households at or below 135% of federal poverty level), but the proposal would expand the potential pool of applicants for Utilicare crisis funds by allowing households who have paid or attempted to pay their utility bills to be eligible for funding as long as they meet existing eligibility income requirements. The rate of expenditure of Utilicare funds would potentially increase depending on the number of newly eligible households who are awarded funding. The proposed changes to Utilicare would have no impact on the state's current crisis eligibility guidelines or funding levels for LIHEAP.

As a result of this proposed legislation, Utilicare crisis payments would have a definition of crisis separate from the LIHEAP crisis program. The agencies that administer the current program would have to implement an additional application mechanism to track Utilicare crisis-eligible clients vs. LIHEAP crisis-eligible ones.

ASSUMPTION (continued)

The potential number of new families who may be able to apply for crisis funding if the current definition of crisis is expanded is estimated as follows:

<b>Income-to-Poverty Ratio in 2009</b>	
Below 125%	209,447
125% to below 150%	61,361
150% and above	1,331,236
<b>TOTALS</b>	<b>1,602,044</b>

Source: U.S. Census Bureau - Subset: State: MO  
Current Population Survey, Annual Social and Economic Supplement, 2009

It is estimated that there are 270,808 primary families at or below 150% of federal poverty level. (LIHEAP income eligibility ends at 135% FPL, but census tables are available only in 25% increments. Thus the number of families at 135% FPL or below is likely between 209,447 and 270,808). According to Missouri's Federal Fiscal Year 2009 LIHEAP Household Report, 117,935 households received crisis funding. Based on these figures, expanding the eligibility for crisis beyond households who have had utilities shut off or received notices of service termination to all households who meet the income criteria could potentially increase the pool of eligible households by anywhere from 91,512 to 152,873. The number could possibly be greater depending on the number of households at 135% or below the poverty rate at a given time.

153,577 households received non-crisis energy assistance in FFY09. DOS-FSD assumes the difference between those households and the 117,935 households who received crisis funding represents a minimum of 35,642 additional households who may receive crisis funding under the proposed legislation. Assuming an average benefit amount of \$400, the cost would be \$14,256,800.

Utilicare funding is subject to appropriation. If enacted, this proposed legislation would increase the number of eligible households, so the numbers of households served would be in part determined by the level of appropriation and in part by the size of individual utility payments.

ASSUMPTION (continued)

DOS-FSD is providing an impact of Unknown but Greater than \$100,000.

**Oversight** assumes the proposal would result in an annual cost to General Revenue up to (\$14,256,800).

Officials from **Cass County** and **St Louis County** state this proposal will have no fiscal impact on their respective political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Cost - Department of Social Services - Family Support Division - Increased Utilicare disbursements</u>	(Up to <u>\$11,880,667</u> )	(Up to <u>\$14,256,800</u> )	(Up to <u>\$14,256,800</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Up to \$11,880,667)</u></b>	<b><u>(Up to \$14,256,800)</u></b>	<b><u>(Up to \$14,256,800)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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.

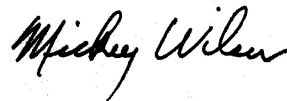
FISCAL DESCRIPTION

This proposed legislation provides that any attempt to pay, or actual payment of, an electric or gas utility bill shall not adversely affect the assistance that an otherwise eligible household may receive through Utilicare. The proposal removes the current requirement that households have had their service disconnected before being eligible for assistance.

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 Social Services  
    Family Support Division  
Local Political Subdivisions  
    St Louis County  
    Cass County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 5, 2010