

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1901-03
Bill No.: HB 997
Subject: Public Service Commission; Utilities
Type: Original
Date: March 28, 2017

Bill Summary: This proposal changes the law regarding the Public Service Commission.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$74,674)	(\$87,121)	(\$87,952)
Total Estimated Net Effect on General Revenue	(\$74,674)	(\$87,121)	(\$87,952)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Public Service Commission Fund	(\$415,717)	(\$493,995)	(\$498,711)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$415,717)	(\$493,995)	(\$498,711)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	1 FTE	1 FTE	1 FTE
Public Service Commission Fund	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	7 FTE	7 FTE	7 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Energy (DE)** assume there would be a fiscal impact to DE due to the provisions in this bill because of DE's involvement in cases before the Public Service Commission. DE staff will actively participate in cases before the Public Service Commission where the provisions of this bill are considered and implemented. DE assumes it would need an additional Planner III (\$55,368 annually) to complete new duties including initially participating in rulemakings and other proceedings where rate adjustment mechanisms or other provisions are implemented. On an ongoing basis, this FTE will monitor and evaluate the impact of the proposed grid modernization provisions and perform specialized professional work in planning and policy development.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assume this proposal would create additional filing requirements for regulated corporations and would allow the Public Service Commission to employ an unpredictable level of alternative mechanisms that have the potential to create multiple filings in multiple new processes. This new filing would result in additional review and potential contested hearings before the Commission requiring additional legal work and additional review and evaluation from auditors which would result in the need for two additional Senior Public Counsel (\$58,423 annually) and four additional Public Utility Accountant I-III (\$50,112 annually).

Officials from the **Department of Economic Development - Public Service Commission**, the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost - DED-DE</u>			
Personal Service	(\$46,140)	(\$55,922)	(\$56,481)
Fringe Benefits	(\$22,330)	(\$26,962)	(\$27,128)
Equipment and Expense	<u>(\$6,204)</u>	<u>(\$4,237)</u>	<u>(\$4,343)</u>
<u>Total Cost - DED-DE</u>	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
FTE Change - DED-DE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
PUBLIC SERVICE COMMISSION FUND			
<u>Cost - DED-OPC</u>			
Personal Service	(\$264,412)	(\$320,467)	(\$323,672)
Fringe Benefits	(\$122,697)	(\$148,104)	(\$148,979)
Equipment and Expense	<u>(\$28,608)</u>	<u>(\$25,424)</u>	<u>(\$26,060)</u>
<u>Total Cost - DED-OPC</u>	<u>(\$415,717)</u>	<u>(\$493,995)</u>	<u>(\$498,711)</u>
FTE Change - DED-OPC	6 FTE	6 FTE	6 FTE
ESTIMATED NET EFFECT ON THE PUBLIC SERVICE COMMISSION FUND	<u>(\$415,717)</u>	<u>(\$493,995)</u>	<u>(\$498,711)</u>
Estimated Net FTE Change on the Public Service Commission Fund	6 FTE	6 FTE	6 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses receiving public utility service from a Public Service Commission regulated utility could see an increase in overall utility rates for electric service.

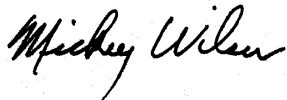
FISCAL DESCRIPTION

This bill states that it shall be the policy of the state to support electrical corporations in their endeavors to maintain and improve service and related infrastructure, and to approve rates that secure a fair return for electrical corporations. In furtherance of such policies the bill then authorizes the Public Service Commission to approve rate adjust mechanisms not otherwise permitted by statute. The commission shall provide a report detailing the impacts of this bill to the Chief Clerk of the Missouri House of Representatives and the Secretary of the Missouri Senate no later than December 31, 2021. This legislation will terminate on August 28, 2023.

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
Division of Energy
Office of Public Counsel
Office of the Secretary of State
Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director
March 28, 2017

Ross Strobe
Assistant Director
March 28, 2017