

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2125H.011
Bill No.: HB 1004
Subject: Public Service Commission; Utilities
Type: Original
Date: April 5, 2021

Bill Summary: This proposal requires the Public Service Commission to consider multiple applications for area certificates of convenience and necessity from electrical corporations that want to provide electric service within the same geographical area.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Other State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 386.015 - Certificates of Convenience and Necessity

Officials from the **Department of Commerce and Insurance (Public Service Commission/ Office of Public Council) (DCI)** state this legislation would likely have a fiscal impact on the Public Service Commission and Office of the Public Counsel since it may result in more Certificate of Convenience and Necessity cases, the number of which is unknown at this time.

Oversight assumes DCI is provided with core funding to handle a certain amount of activity each year. Oversight assumes DCI could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI could request funding through the appropriation process.

Officials from the **Department of Corrections** state this proposal would require the public service commission to consider multiple applications for area certificates of convenience and necessity from electrical corporations that want to provide electric service within the same geographical area.

DOC has no way of knowing what type of rate change this might initiate, if any. The impact of this bill is therefore unknown.

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state this bill would require the Public Service Commission to consider multiple certificates of convenience and necessity for electrical corporations in a given area. FMDC assumes that this would reduce electric costs over time by creating competition in the market. However, the amount of any cost savings cannot be calculated as it is dependent on a number of factors including the market and decisions of the Public Service Commission. FMDC further assumes that any cost savings would take time to materialize; therefore, the fiscal impact of this bill in the upcoming fiscal years is expected to be \$0.

Oversight assumes this legislation allows the PSC to authorize two or more electrical corporations to provide electric service within the same geographical area should the applicant meet the PSC's rules and regulations. Oversight assumes this legislation could initiate an unknown savings as result of potential rate changes. Since multiple factors of this proposal are unknown, such as market fluctuation, PSC decisions, timing, etc., Oversight will assume a \$0 to Unknown savings the General Revenue Fund, Other State Funds, and Local Political Subdivision as a result of this proposal.

Officials from the **Department of Mental Health** defer to the Office of Administration for the potential fiscal impact of this proposal.

Officials from the **Department of Public Safety – Directors Office and Missouri Veterans Commission**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation** and the **University of Missouri, Missouri State University** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from this year (SB 413), officials from the **Northwest Missouri State University**, **State Technical College of Missouri** and the **University of Central Missouri**, the cities of: **Corder, Kansas City** and **O’Fallon** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Savings – Utility Rate Change</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
OTHER STATE FUNDS			
<u>Savings – Utility Rate Change</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings – Utility Rate Change</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

Small Businesses could have a utility rate change as a result of this proposal.

FISCAL DESCRIPTION

Under this act, notwithstanding any territorial agreement to the contrary, beginning January 1, 2022, the Public Service Commission shall consider multiple applications for area certificates of convenience and necessity from electrical corporations that want to provide electric service within the same geographical area. If such applications meet the Commission's rules and regulations governing applications for certificates of convenience and necessity, the Commission shall authorize two or more electrical corporations to provide electric service within the same geographical area.

An incumbent electrical corporation shall offer "delivery services" as such term is defined in the act.

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 Commerce and Insurance
 Department of Mental Health
 Department of Corrections
 Department of Public Safety

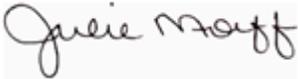
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Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
University of Missouri
Missouri State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri
cities of:
Corder
Kansas City
O'Fallon



Julie Morff
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April 5, 2021



Ross Strobe
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April 5, 2021