

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2477H.03P
 Bill No.: Perfected HCS for HB 1152
 Subject: Water Resources and Water Districts; Utilities
 Type: Original
 Date: March 30, 2023

Bill Summary: This proposal modifies provisions for water service connection.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Public Service Commission Fund (0607)	(Up to \$453,970)	(Up to \$532,485)	(Up to \$541,576)
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$453,970)	(Up to \$532,485)	(Up to \$541,576)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Public Service Commission Fund (0607)	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE
Total Estimated Net Effect on FTE	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE

- 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 2024	FY 2025	FY 2026
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 393.320.5 – PSC Application Process

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** assume this version of the proposal will only allow six months for the Public Service Commission to make a decision on the application submitted by the public utility company. Currently, depending on the level of detail and the size of the acquisition, it can take nine to twelve months, or longer in some cases, to make a decision. This does not include the potential of having to go to hearing.

PSC assumes this legislation will require an additional 5 FTE to process the applications in a six month time frame.

Oversight does not have any information to the contrary. Oversight assumes the PSC could absorb some of the costs related to this proposal as this is procedure the PSC already has in place, or there may not be many instances of large water public utility companies acquiring smaller companies; therefore, Oversight will reflect the FTE cost as **Up To 5 FTE** to the Public Service Commission Fund.

Officials from the **Missouri Department of Transportation, South River Drainage District, Jackson County, St. Louis County and City of Springfield** 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 previous version, officials from the the **Office of Administration, the Missouri Department of Conservation, Lexington Water District Metropolitan, Morgan County PWS, St. Louis Sewer District, City of Springfield, City of Tipton, Wayne County PWS, Tipton Water/Wastewater and Kansas City** 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.

Section 393.1506 - Public Utility Definition

Oversight assumes this section of the proposal modifies the definition of a “large water public utility” to include any public utility that regularly provides water service, sewer service or a combination of either to more than 8,000 customer connections and also specifies that a large water public utility may file with the PSC for a water and sewer infrastructure rate adjustment.

According to the PSC “FY 2022 Water/Sewer Companies Regulated by the Missouri Public Service Commission Report”, this legislation would currently allow 2 additional combination water and sewer companies (Confluence Rivers Utility Operating Co. and Liberty Utilities) to be

defined as a “large water public utility”. Oversight assumes these newly defined companies could file for a water and sewer infrastructure rate adjustment which could increase utility cost to local political subdivisions.

Oversight will reflect a range from \$0 (no utility will increase rates) to an unknown cost to local political subdivisions for higher utility costs, however, Oversight assumes the potential increase in utility cost will be under \$250,000.

Rule Promulgation

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 \$5,000. The SOS recognizes that this is a small amount and 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 office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

House Amendment 2

Sections 204.300 & 204.610 – Reorganized Common Sewer Districts

Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action or decisions by the governing body of the county. Therefore, Oversight will reflect no direct fiscal impact for this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and local utility companies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
PUBLIC SERVICE COMMISSION FUND (0607)			
<u>Cost – PSC §393.320.5 (p.3)</u>	Up to....	Up to....	Up to....
Personal Service	(\$254,771)	(\$311,840)	(\$318,076)
Fringe Benefits	(\$160,251)	(\$194,589)	(\$196,922)
Equipment and Expense	(\$38,948)	\$20,056	(\$26,577)
<u>Total Cost – PSC</u>	<u>(\$453,970)</u>	<u>(\$532,485)</u>	<u>(\$541,576)</u>
FTE Change – PSC	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND (0607)	<u>(Up to \$453,970)</u>	<u>(Up to \$532,485)</u>	<u>(Up to \$541,576)</u>
Estimated Net FTE Change to the Public Service Commission Fund	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments §393.1506</u>			
Potential increase in electric utility costs (p.3-4)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO 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 an increase in utility cost as a result of this proposal.

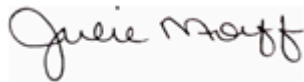
FISCAL DESCRIPTION

This proposal modifies provisions relating to water systems.

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
Office of Administration
Missouri Department of Transportation
Missouri Department of Conservation
Lexington Water/Wastewater
Morgan County Pwsd
Wayne County Pwsd
City of Springfield
City of Tipton
Tipton Water/Wastewater
River Drainage District
Jackson County
St. Louis County
St. Louis Sewer District
Kansas City



Julie Morff
Director
March 30, 2023



Ross Strobe
Assistant Director
March 30, 2023