

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5470-03
Bill No.: HCS for HB 2408
Subject: Public Service Commission; Utilities; Attorneys; Treasurer, State
Type: Original
Date: April 20, 2010

Bill Summary: This proposal creates an assessment-based funding mechanism for the Office of Public Counsel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$1,225,672	\$1,225,672	\$1,225,672
Total Estimated Net Effect on General Revenue Fund	\$1,225,672	\$1,225,672	\$1,225,672

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

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(12) FTE	(12) FTE	(12) FTE
The Public Counsel	12 FTE	12 FTE	12 FTE
Total Estimated Net Effect on FTE	0	0	0

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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer**, the **Department of Revenue**, and the **Office of Administration - Administrative Hearing Commission** assume the proposal would not have a fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Missouri Senate** stated this proposal will either have no fiscal impact if it relates to their agency or minimal costs which can be absorbed by present appropriations.

Due to time constraints, the **Department of Economic Development (DED)** was unable to make adjustments to the substitute. DED has indicated the cost increase due to changes in the language will be significant. For fiscal note purposes only, **Oversight** will use the information submitted by DED for the underlying proposal.

In the underlying proposal, officials from the **Department of Economic Development (DED)** stated there is no overall impact because of the savings to General Revenue and the impact to the new fund. The budgeted amount for the Office of Public Counsel (OPC) for FY 2010 is \$880,809 (\$657,634 personal service and \$223,175 in expense and equipment) for 12.0 FTE. DED stated fringe benefits should also be added on to these appropriated amounts to arrive at a complete cost for OPC.

This proposal has an emergency clause, so **Oversight** assumes an assessment could be rendered on July 1, 2010 and payments could be made into the new fund in FY 2011. Oversight utilized a fringe benefit factor of 52.44% of personal service expense.

This proposal will increase Total State Revenues.

Officials from the **Little Blue Valley Sewer District** indicate this proposed legislation will not affect their district.

Other Water and Sewer Districts did not respond to a request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Savings - Office of Public Counsel</u>			
Personal Service (12 FTE)	\$657,634	\$657,634	\$657,634
Fringe Benefits	\$344,863	\$344,863	\$344,863
Expense and Equipment	<u>\$223,175</u>	<u>\$223,175</u>	<u>\$223,175</u>
<u>Total Savings - OPC</u>	<u>\$1,225,672</u>	<u>\$1,225,672</u>	<u>\$1,225,672</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$1,225,672</u>	<u>\$1,225,672</u>	<u>\$1,225,672</u>
THE PUBLIC COUNSEL FUND			
<u>Income - Increased assessments on regulated utilities</u>			
	\$1,225,672	\$1,225,672	\$1,225,672
<u>Costs - Office of Public Counsel</u>			
Personal Service (12 FTE)	(\$657,634)	(\$657,634)	(\$657,634)
Fringe Benefits	(\$344,863)	(\$344,863)	(\$344,863)
Expense and Equipment	<u>(\$223,175)</u>	<u>(\$223,175)</u>	<u>(\$223,175)</u>
<u>Total Costs - OPC</u>	<u>(\$1,225,672)</u>	<u>(\$1,225,672)</u>	<u>(\$1,225,672)</u>
ESTIMATED NET EFFECT TO THE PUBLIC COUNSEL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <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

§386.715 - This proposal creates an assessment-based funding mechanism for the Office of the Public Counsel within the Department of Economic Development similar to that currently utilized by the Missouri Public Service Commission. Prior to the beginning of each fiscal year, the counsel will present to the commission its estimated expenses attributable to the regulation of public utilities under §386.020, RSMo.

The amount so allocated to telephone corporations shall not exceed ten percent of the total estimated expenses directly attributable to the OPC responsibilities under §386.700 to 386.710.

The total amount of the counsel's assessment cannot exceed two hundredths of 1% of the total gross intrastate operating revenues of all regulated utilities. In order to allow these calculations, every regulated utility must file a statement of its gross intrastate operating revenues on or before March 31 with the commission.

The assessments rendered by the counsel will be made available to the utilities on or before July 1 with the payment due either on or before July 15 or in four equal installments throughout the fiscal year. The moneys from the assessments will be deposited into the newly created Public Counsel Fund. Moneys remaining in the fund will not revert to the General Revenue Fund.

§386.900 - Any retail electric supplier may make application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to recover all prudently incurred costs, including the supplier's currently authorized return on equity, of investments and installations of smart grid and voltage regulation technologies that reduce energy consumption or improve grid efficiency. As used in this section, the term "retail electric supplier" means any electrical corporation regulated by the commission.

§393.150 - As the party with the burden of proof, the gas corporation, electrical corporation, water corporation or sewer corporation shall submit written direct testimony in support of its filing at the time the filing is made, those parties not bearing the burden of proof shall have the opportunity to submit written rebuttal testimony relating to the filing no later than the date that leaves at least sixty percent of the period of suspension remaining, and said corporation shall have the opportunity to submit written rebuttal testimony no later than the date that leaves at least forty percent of the period of suspension remaining.

FISCAL DESCRIPTION (continued)

Where the commission further suspends any schedule that seeks to state a new rate, the commission shall determine the new rate utilizing certain information updated as of sixty days prior to the end of the period of suspension. Such updated information shall include all additions to plant-in-service and all significant changes to expenses and revenues and such other changes as are necessary to maintain a proper matching of revenues, expenses and rate base.

This proposal has an emergency clause.

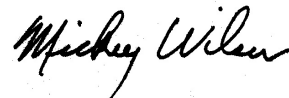
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Office of the State Treasurer
Department of Revenue
Office of Administration
Administrative Hearing Commission
Missouri Senate
Office of State Courts Administrator
Little Blue Valley Sewer District

NOT RESPONDING

Water and Sewer Districts



Mickey Wilson, CPA
Director
April 20, 2010