

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0752-01
Bill No.: HB 243
Subject: Utilities
Type: Original
Date: January 11, 2017

Bill Summary: This proposal allows utility companies to establish periodic rate adjustments outside of general rate proceedings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Public Service Commission Fund	(\$141,512)	(\$168,227)	(\$169,836)
Total Estimated Net Effect on Other State Funds	(\$141,512)	(\$168,227)	(\$169,836)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 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
Public Service Commission Fund	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 - Office of the Public Counsel (OPC)** assume this proposal would result in the need for two additional FTE, a Public Utility Accountant I-III (\$50,112/annually) and a Senior Public Counsel (\$58,423/annually). This proposal would create additional filing requirements for regulated corporations and would allow the Public Service Commission to employ an unpredictable level of regulations to handle the additional filings and proceedings. This will require filings in between and in addition to rate cases that will require greater auditing scrutiny and legal analysis in addition to the current amount of auditing and legal work handled by the OPC.

Officials from the **Department of Economic Development - Public Service Commission** and the **Division of Energy** and the **Metropolitan St. Louis Sewer District** 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
PUBLIC SERVICE COMMISSION FUND			
<u>Cost - DED-OPC</u>			
Personal Service	(\$90,446)	(\$109,620)	(\$110,717)
Fringe Benefits	(\$41,530)	(\$50,132)	(\$50,432)
Equipment and Expense	(\$9,536)	(\$8,475)	(\$8,687)
<u>Total Cost - DED-OPC</u>	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
FTE Change - DED-OPC	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE PUBLIC SERVICE COMMISSION FUND	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
Estimated Net Effect on the Public Service Commission Fund	2 FTE	2 FTE	2 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 may be fiscally impacted by this proposal.

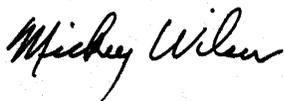
FISCAL DESCRIPTION

This bill provides that any water or sewer utility may request for revenue stabilization mechanism (RSM) rate schedules during a general rate proceeding. An RSM rate schedule would authorize periodic rate adjustments in addition to general rate proceedings to ensure that a water or sewer utility's revenues do not vary from authorized revenues due to increases or decreases in water usage. An RSM rate schedule shall become effective thirty days after filing, and may be terminated at a general rate proceeding.

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
Metropolitan St. Louis Sewer District



Mickey Wilson, CPA
Director
January 11, 2017

Ross Strobe
Assistant Director
January 11, 2017