

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2692-01
Bill No.: HB 1335
Subject: Public Service Commission; Utilities
Type: Original
Date: April 29, 2015

Bill Summary: This proposal allows water and sewer corporations to apply to the Public Service Commission to approve rate schedules authorizing periodic rate adjustments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
Total Estimated Net Effect on General Revenue	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

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 2016	FY 2017	FY 2018
Local Government	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** assume this legislation expands the existing statute to allow any gas, water, or sewer corporation to make an application to the Missouri Public Service Commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to prevent over and under recoveries of the cost of providing utility service because of the revenue effects of increases or decreases in residential and commercial customer usage due to variations in weather, conservation, or other factors the Commission deems appropriate. Public Counsel needs qualified personnel to perform the prudence reviews necessary for the increased rate adjustment filings that will result from this legislation in order to determine if they are just and reasonable and to challenge any such rate adjustment that is not in the public interest. OPC would need .5 Public Utility Accountants to perform these duties.

Oversight assumes Department of Economic Development - Office of the Public Counsel will not hire a part time employee for the requirements of the legislation, but instead absorb within existing resources.

Officials from the **Department of Economic Development - Public Service Commission** assume the current proposal would not fiscally impact their agency.

Oversight assumes this proposal could impact all payers of utilities, including small businesses and state and local governments. For fiscal note purposes, Oversight will show a range of zero, if no rate changes are made, or negative unknown to positive unknown, as the rates could increase or decrease. Fiscal impact is assumed to effect the General Revenue Fund, as well as local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Savings</u>			
Potential utility rate changes	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs -</u>			
Potential utility rate changes	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u>			
Potential utility rate changes	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs -</u>			
Potential utility rate changes	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

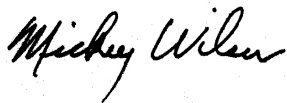
FISCAL DESCRIPTION

This proposal allows water and sewer corporations to apply to the Public Service Commission to approve rate schedules authorizing periodic rate adjustments outside of the general rate proceedings to prevent over and under recoveries of the cost of providing utility service because of changes in revenue due to variations in weather, conservation, or other factors the commission deems appropriate.

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 Public Counsel
Public Service Commission



Mickey Wilson, CPA
Director
April 29, 2015

Ross Strobe
Assistant Director
April 29, 2015