

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4446-01
Bill No.: HB 1762
Subject: Utilities; Water Resources and Water Districts; Sewer and Sewer Districts; Public Service Commission
Type: Original
Date: January 7, 2020

Bill Summary: This proposal allows the Public Service Commission to authorize a low income rate a for water and sewer service.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Various State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 386.264 - Low Income Rate for Water and Sewer Service

Officials from the **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** state this proposal allows the Public Service Commission to set a lower fixed charge for low-income customers for water and sewer corporations.

OA-FMDC assumes this bill could increase utility costs to all state departments and local governments if rate changes are made for all non-low income accounts to offset for the lower rates for low-income customers.

Without additional information, OA-FMDC is unable to accurately calculate the impact of this bill; therefore, the impact is \$0 to unknown.

Oversight assumes this proposal allows lost revenues from utility companies offering a lower fixed charge to be recouped by various customer classes. Although the Department of Transportation and the Missouri Department of Conservation state this proposal will have no fiscal impact to their agency, Oversight assumes this proposal could increase utility cost for the Office of Administration as well as other state agencies and for local governments. Since it is unknown how many customers will qualify and request a lower rate (if any), Oversight will reflect a range from \$0 (no customers will request a lower rate, or the discount is not spread amongst other customers) to an unknown cost to the state and local political subdivisions.

Officials from the **Department of Commerce and Insurance (Public Service Commission and Office of Public Counsel)**, the **Attorney General's Office**, the **Department of Natural Resources**, the **Department of Transportation**, the **Missouri Department of Conservation** and the **Metropolitan St. Louis Sewer District** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other utility companies were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost - Office of Administration</u>	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
Potential increase in water and sewer utility costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
VARIOUS STATE FUNDS			
<u>Cost - Various State Agencies</u>	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
Potential increase in water and sewer utility costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments</u>	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
Potential increase in water and sewer utility costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

FISCAL IMPACT - Small Business

Small businesses could have an increase in utility cost as a result of this proposal.

FISCAL DESCRIPTION

This bill authorizes the Public Service Commission, during a general rate proceeding, to set a separate, lower fixed charge or customer charge for low-income customers of water corporations and sewer corporations. The aggregate impact of the low-income rate must be no more than one-half of one percent of the total revenue requirement allocated to the residential customer class. The commission must also require the water or sewer corporation to verify a customer's financial status using a third party or community agency.


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
Attorney General's Office
Department of Natural Resources
Office of Administration
Department of Transportation
Missouri Department of Conservation
Metropolitan St. Louis Sewer District



Julie Morff
Director
January 7, 2020



Ross Strobe
Assistant Director
January 7, 2020