

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0991-02  
Bill No.: SB 207  
Subject: Energy; Public Service Commission; Utilities  
Type: Original  
Date: February 4, 2013

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Bill Summary: This proposal allows electric corporations to recover costs for infrastructure replacement projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$185,652)	(\$222,113)	(\$224,349)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$185,652)</b>	<b>(\$222,113)</b>	<b>(\$224,349)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Local Government	\$0	\$0	\$0

## FISCAL ANALYSIS

### ASSUMPTION

According to officials from the **Department of Economic Development - Office of Public Counsel (OPC)**, this bill will create significant additional responsibilities for OPC staff requiring the addition of 3 FTE that have specific professional expertise to address the complex legal, engineering and financial issues that will be raised by this legislation. This legislation significantly expands the service territories that could face rate increases and also expands existing statutory authority. This expansion results in new regulatory issues currently not addressed. The legislation will require additional mandatory rate cases which are necessary in order to consider all relevant factors of a utility consistent with case law on setting rates.

The addition of §§393.1019 and 393.1110 expands the type of regulated utility and as a result, the number of companies and the service territories eligible to use the Infrastructure System Replacement Surcharge and expands the types of projects that will have to be examined and analyzed.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Economic Development - Public Service Commission, Department of Natural Resources, Department of Revenue, Department of Transportation,** and the **Joint Committee on Administrative Rules** assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Costs - Office of Public Counsel (OPC)</u>			
Personal Service	(\$120,990)	(\$146,640)	(\$148,106)
Benefits	(\$61,396)	(\$74,412)	(\$75,156)
Equipment and Expense	<u>(\$3,266)</u>	<u>(\$1,061)</u>	<u>(\$1,087)</u>
Total Costs - OPC	<u>(\$185,652)</u>	<u>(\$222,113)</u>	<u>(\$224,349)</u>
FTE Change - OPC	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$185,652)</u></b>	<b><u>(\$222,113)</u></b>	<b><u>(\$224,349)</u></b>
Estimated Net FTE Change for General Revenue	3 FTE	3 FTE	3 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2014 (10 Mo.)	 FY 2015	 FY 2016
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal could result in higher electric utility costs for small businesses.

FISCAL DESCRIPTION

Currently, gas corporations may file a petition with the Public Service Commission for rate adjustments to recover costs incurred for infrastructure replacement projects. This act allows electrical corporations to follow a similar process to recover costs for infrastructure replacement projects. The types of costs that can be recovered include certain work on electric plants, certain capital projects undertaken to comply with environmental or safety regulations, and costs of facilities relocation due to public works projects.

This act requires the Public Service Commission to track the differences between certain capitalized and non-capitalized labor costs of electric corporations. Electric corporations may record these labor costs as regulatory assets or liabilities and amortize them over a period of three years for consideration in rate proceedings. In subsequent rate proceedings, unamortized

DESCRIPTION (continued)

balances of such regulatory assets or liabilities shall be amortized over three years.

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  
    Public Service Commission  
    Office of Public Counsel  
Department of Transportation  
Department of Natural Resources  
Department of Revenue  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division



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