

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1070S.08S
Bill No.: CCS for HCS for SS for SB 141
Subject: Corporations; Eminent Domain & Condemnation; Energy; Political Subdivisions;
Public Service Commission; Utilities
Type: Original
Date: May 11, 2021

Bill Summary: This proposal modifies provisions relating to utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$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 2022	FY 2023	FY 2024
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)

*The state may pay higher utility cost if any prudently incurred costs incurred by a gas corporation to establish and maintain renewable gas equipment and facilities are recovered by means of an automatic adjustment clause. Oversight assumes the potential increase in utility costs to the state would not reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 67.309 – Source Energy Prohibiting

In response to a similar proposal from this year (SB 230), officials from the cities of **Ballwin, Corder, Kansas City, O’Fallon, Springfield** and **St. Louis**, the **Cass County Public Water Supply District (PWSD) #2, Clarence Water/Wastewater, Corder Water/Wastewater, Lexington Water/Wastewater**, the **Little Blue Valley Sewer District**, the **Macon County PWSD #1**, the **Metropolitan St. Louis Sewer District**, the **Platte County PWSD #6**, the **South River Drainage District**, the **Ste. Genevieve County PWSD #1**, the **Tri County Water Authority** and the **Wayne County PWSD #2** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation from 2020, SB 1048, officials from the **Glasgow Village Street Lighting District** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, and utilities 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.

Section 386.895.2 – Renewable Natural Gas Program

In response to a previous version, officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** stated this legislation requires a rulemaking by the PSC in order to implement the provisions. Rulemakings generally result in an estimated cost of up to approximately \$4,700. The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370, RSMo, and not by any state general appropriations. Depending on the cumulative effect of all PSC impacting legislation passed in the current session and the associated increased costs associated with that legislation to the PSC, the PSC may need to request an increase in their appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight assumes the PSC is provided with core funding to handle a certain amount of activity each year. Oversight assumes the PSC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the PSC could request funding authority through the budget process.

In response to a previous version, officials from **Office of Administration - Facilities Management, Design and Construction (FMDC)** assumed his bill requires the Public Service Commission to adopt by rule a renewable natural gas program for gas corporations. It provides

that any prudently incurred costs incurred by a gas corporation to establish and maintain renewable gas equipment and facilities shall be recovered by means of an automatic adjustment clause.

FMDC assumed that this bill will cause an increase in gas utility rates for state facilities. However, FMDC cannot determine the amount of any increase because it is unknown whether gas corporations would utilize this program or what amount of costs would be incurred by gas corporations and passed on to consumers in any given year. Therefore, the impact of this bill is \$0 to unknown.

For reference, FMDC's average annual expenditure for natural gas for the past three fiscal years is \$2,840,156; therefore, a one percent (1%) increase in gas prices would cost FMDC \$28,402 annually.

Oversight assumes this proposal allows the Public Service Commission to authorize a prudently incurred costs incurred by a gas corporation to be recovered by means of an automatic adjustment clause. Oversight assumes any additional adjustments will be recouped by various customer classes by rate increases.

Oversight assumes this proposal could increase utility costs for the Office of Administration as well as other state agencies and local governments. Since it is unknown how many additional amortizations will be authorized (if any), Oversight will reflect a range from \$0 (no utility will increase rates as a result of this bill) to an unknown cost to the state and local political subdivisions for higher utility costs. Oversight assumes this potential utility cost increase would not reach the \$250,000 threshold.

In response to a similar proposal from this year (SB 230), officials from the **Department of Natural Resources** and the **Department of Commerce and Insurance** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Sections 393.170 & 523.262 – Eminent Domain Provisions

In response to a similar proposal from this year (HCS for HB 527), officials from the **Office of Administration**, the **Department of Commerce and Insurance**, the **Attorney General's Office**, the **Department of Natural Resources** and the **Missouri Department of Transportation** each assumed the proposal would have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (HCS for HB 527), officials from the **Missouri Department of Conservation** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (HCS for HB 527), officials from the **Cass County Pwsd**, the **Corder Water/Wastewater District**, the **Festus Water Department**, the **Glasgow Village Sld**, the **High Point Elementary School District**, the **Hughesville Water/Wastewater District**, the **Lexington Water/Wastewater District**, the **Little Blue Valley Sewer District**, the **Schell City Water Department**, the **South River Drainage District** and the **Tri County Water Authority** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

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

Oversight assumes this proposal could impact the Grain Belt Express project in northern Missouri. According to a report by the Public Service Commission (File No. EM-2019-0150), the Grain Belt Express Project line is “sited to traverse Buchanan, Clinton Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls Counties, Missouri. The Grain Belt Express Project covers approximately 780 miles, and the project will primarily use a pole design which has a smaller footprint than traditional alternating current transmission lines. The structures will occupy ten acres for the entire state of Missouri.” The Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy Transmission LLC of Grain Belt Express Clean Line LLC was approved by the PSC effective June 30, 2019.

Oversight notes that while there may be no direct impact to the state or local governments as a result of this proposal, modifying provisions relating to the power of eminent domain for utility purposes could have a large indirect impact on current and future utility projects.

Section 394.120 – Rural Electric Cooperatives meetings

Oversight assumes this part of the proposal is permissive to rural electric cooperatives and would not have a fiscal impact on state agencies or on local political subdivisions.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
Cost - Office of Administration Potential increase in electric utility costs (\$386.895) p. 3-4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
VARIOUS STATE FUNDS			
Cost - Various State Agencies Potential increase in electric utility costs (\$386.895) p. 3-4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments</u> Potential increase in electric utility costs (\$386.895) p. 3-4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

Small utility businesses and/or small businesses that are impacted by eminent domain could be impacted by this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to utilities.

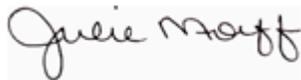
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

- Department of Commerce and Insurance
- Public Service Commission
- Office of Administration
- Office of the Secretary of State
- Joint Committee on Administrative Rules
- Department of Natural Resources
- City of Ballwin
- City of Corder
- City of Kansas City
- City of O’Fallon
- City of Springfield

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City of St. Louis
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Macon County PWSD #1
Metropolitan St. Louis Sewer District
Platte County PWSD #6
South River Drainage District
Ste. Genevieve County PWSD #1
Tri County Water Authority
Wayne County PWSD #2
Glasgow Village Street Lighting District



Julie Morff
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May 11, 2021



Ross Strobe
Assistant Director
May 11, 2021