

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1186S.01I  
Bill No.: SB 280  
Subject: Corporations; Public Service Commission; Utilities  
Type: Original  
Date: March 7, 2021

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Bill Summary: This proposal modifies the assessment rate against public utilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue Fund*	\$1,557,816	\$1,557,816	\$1,557,816
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$1,557,816</b>	<b>\$1,557,816</b>	<b>\$1,557,816</b>

\*This proposal changes the funding source for the Office of Public Counsel from the General Revenue Fund to an assessment on utility companies.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Public Service Commission Fund (0607)**	(\$1,557,816)	(\$1,557,816)	(\$1,557,816)
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>(\$1,557,816)</b>	<b>(\$1,557,816)</b>	<b>(\$1,557,816)</b>

\*\*The Public Service Commission assumes increasing the cap on the assessment percentage from .25% to .38% will not necessarily increase the assessment amount – it is dependent upon PSC anticipated expenses for the year.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Sections 386.370 and 620.010 – Public Utility Assessment Rates

Officials from the **Department of Commerce and Insurance** state that these sections of the proposal would change the funding source for the Office of the Public Counsel (OPC) from General Revenue to the Public Service Commission (PSC) Fund (0607). If the bill passes in this form, the OPC maximum assessment would vary each year based on the PSC assessment. For FY21, the PSC assessed \$18,327,247 (expenses less fund balance). Using this figure and the 8.5% limit in the bill, \$1,557,816 would be the maximum assessment for the OPC. The current FY21 OPC statewide appropriation, before reverted and restricted amounts, is \$1,578,727 and OPC projected FY21 expenditures for FY2021 are \$1,388,326. The department is using the FY21 maximum assessment amount as the maximum savings to GR from this bill.

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** state that by statute the PSC assessment is simply the PSC actual costs, not to exceed .25% of aggregate regulated utility revenues. The assessment varies from year to year depending on PSC expenses. The .25% is the current statutory maximum that is allowed to assess, not the rate at which the PSC actually assess.

The PSC notes that recently, utility revenue has been flat and declining in some years, causing the PSC assessment to be close to the .25% cap. SB 280 proposes to change the maximum from .25% to .38%. By doing so, the PSC will be able to continue assessing PSC costs as required by statute. That doesn't mean the PSC will necessarily increase the assessment. In fact, PSC anticipates the assessment will decrease this year. The change in the cap does take into consideration the \$1.5 million to fund the OPC.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated savings to the General Revenue Fund and cost to the PSC fund as provided by the DCI.

Officials from the **Department of Revenue** and utilities: **High Point Elementary School, Lexington Water/Wastewater District, Little Blue Valley Sewer District, Metropolitan St. Louis Sewer District, Platte County Pwsd, Schell City Water Department, City of Springfield and Wayne County Pwsd** 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State'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 \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Savings – OPC</u> New Funding Source	<u>\$1,557,816</u>	<u>\$1,557,816</u>	<u>\$1,557,816</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$1,557,816</u></b>	<b><u>\$1,557,816</u></b>	<b><u>\$1,557,816</u></b>
<b>PUBLIC SERVICE COMMISSION FUND (0607)</b>			
<u>Cost – OPC</u> New Funding Source	<u>(\$1,557,816)</u>	<u>(\$1,557,816)</u>	<u>(\$1,557,816)</u>
<b>ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND</b>	<b><u>(\$1,557,816)</u></b>	<b><u>(\$1,557,816)</u></b>	<b><u>(\$1,557,816)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

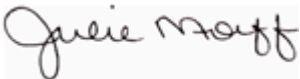
Currently, the Public Service Commission assesses 0.25% of the total gross intrastate operating revenues against all utilities subject to the jurisdiction of the Commission for the cost of regulating such utilities. This act changes the assessment rate to 0.38% of the total gross intrastate operating revenues of such utilities.

The Commission shall also assess against public utilities subject to the jurisdiction of the Commission the funding of the Office of the Public Counsel. The assessment shall be determined as set forth in the act.

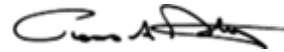
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Revenue  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
High Point Elementary School  
Lexington Water/Wastewater District  
Little Blue Valley Sewer District  
Metropolitan St. Louis Sewer District  
Platte County Pwsd  
Schell City Water Department  
City of Springfield  
Wayne County Pwsd



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March 7, 2021



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