



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0597

Title: Generally revise utility regulation

Primary Sponsor: Zolnikov, Daniel

Status: As Amended in Senate Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2020</u> <u>Difference</u> | <u>FY 2021</u> <u>Difference</u> | <u>FY 2022</u> <u>Difference</u> | <u>FY 2023</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$287,209 | \$265,661 | \$265,879 | \$265,879 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$287,209 | \$265,661 | \$265,879 | \$265,879 |
| Net Impact-General Fund Balance: | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Description of fiscal impact: The Public Service Commission anticipates that this bill will result in 40 contested cases per year that will be processed using hearings examiners. As amended, the Commission will require 2.50 FTE to meet the new requirements in HB 597.

FISCAL ANALYSIS

Assumptions:

Public Service Commission (PSC)

- Section 4 allows an applicant to request that the PSC process an application using a hearings examiner. The PSC must appoint a hearings examiner unless four commissioners determine during a public meeting that a hearings examiner is not necessary. The PSC may also appoint a hearings examiner, if one is not requested by an applicant, by majority vote.

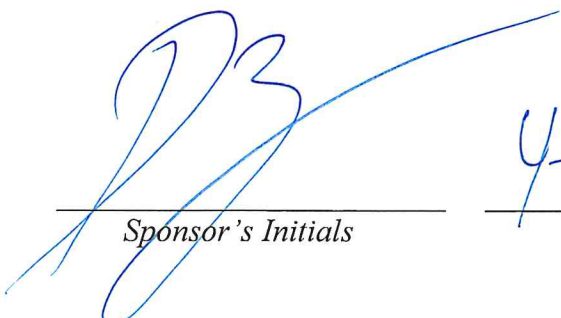
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(continued)

2. HB 597 does not impose qualification requirements on persons that may be appointed as hearings examiners; however, the PSC may disqualify hearings examiners. The bill does not preclude PSC staff from being appointed as hearings examiners.
3. Hearings examiners are prohibited from communicating with parties in the case unless all parties are provided notice and an opportunity to participate.
4. Commissioners are prohibited from communicating with parties before conclusion of a hearing.
5. The PSC is authorized to adopt rules regarding the use of hearings examiners.
6. HB 597 envisions greater use of hearings examiners than has been PSC practice. The PSC assumes applicants in the most significant and complex proceedings are likely to request the appointment of a hearings examiner. For such proceedings, the PSC assumes a hearings examiner must have substantial knowledge and experience in public utility regulation and ratemaking for the hearings examiner process to function efficiently.
7. HB 597 authorizes the PSC to assess the costs of a hearings examiner on the applicant. However, that authorization does not appear to include an appropriation to expend funds recovered from applicants.
8. The PSC assumes that appointing qualified commission staff as hearings examiners will be the most practical and cost-effective way to implement the bill.
9. All else equal, appointing PSC staff as hearings examiners will reduce the PSC staff resources available to advise the PSC on the ultimate disposition of proceedings. Therefore, expanded use of hearings examiners will effectively reduce advisory staff resources that are already limited. To avoid this outcome, the PSC estimates a need for 2.50 FTE.
10. Because HB 597 does not specify qualification requirements for hearings examiners, the cost of the additional 2.50 FTE is assumed to reflect a 50%-50% mix of salary and benefits which will equate to 1.25 FTE attorney (\$141,949 salary and benefits each year, \$4,200 for office packages and computers in FY 2020, and \$7,278 for phones, office supplies, office space, and training in each year of the biennium) and 1.25 FTE rate analyst (\$108,302 salary and benefits each year, \$4,200 for office packages and computers in FY 2020, and \$7,278 for phones, office supplies, office space, and training in each year of the biennium)
11. The PSC assumes that approximately 50 pages of rules will need to be developed, adopted, and filed. Rulemaking costs are estimated at \$3,000 (50 total pages at \$60 per page) in FY 2020.

Fiscal Note Request – As Amended in Senate Committee
(continued)

| | <u>FY 2020</u> <u>Difference</u> | <u>FY 2021</u> <u>Difference</u> | <u>FY 2022</u> <u>Difference</u> | <u>FY 2023</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 2.50 | 2.50 | 2.50 | 2.50 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$250,253 | \$251,104 | \$251,104 | \$251,104 |
| Operating Expenses | <u>\$25,956</u> | <u>\$14,557</u> | <u>\$14,774</u> | <u>\$14,774</u> |
| TOTAL Expenditures | <u><u>\$276,209</u></u> | <u><u>\$265,661</u></u> | <u><u>\$265,879</u></u> | <u><u>\$265,879</u></u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | <u>\$287,209</u> | <u>\$265,661</u> | <u>\$265,879</u> | <u>\$265,879</u> |
| TOTAL Funding of Exp. | <u><u>\$287,209</u></u> | <u><u>\$265,661</u></u> | <u><u>\$265,879</u></u> | <u><u>\$265,879</u></u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | <u>\$287,209</u> | <u>\$265,661</u> | <u>\$265,879</u> | <u>\$265,879</u> |
| TOTAL Revenues | <u><u>\$287,209</u></u> | <u><u>\$265,661</u></u> | <u><u>\$265,879</u></u> | <u><u>\$265,879</u></u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |



Sponsor's Initials

4-12-19

Date

TL

Budget Director's Initials

4/11/19

Date