Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2003 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **03-3970/1**	Introduction Number **SB-377**

Subject

Contributions by electric and gas utilities to the utility public benefits fund

Fiscal Effect

State:

☐ No State Fiscal Effect
☐ Indeterminate

☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations
☐ Increase Existing Revenues
☒ Decrease Existing Revenues
☐ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☐ No
☒ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others 0
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☒ SEGS

Affected Ch. 20 Appropriations

s.20.505(3)(q) & (3)(s)

Agency/Prepared By	Authorized Signature	Date
DOA/ Mary Massey (608) 267-2099	Martha Kerner (608) 266-1359	1/9/2004

Fiscal Estimate Narratives

DOA 1/9/2004

LRB Number **03-3970/1**	Introduction Number **SB-377**	Estimate Type **Original**
Subject		
Contributions by electric and gas utilities to the utility public benefits fund		

Assumptions Used in Arriving at Fiscal Estimate

Relating to contributions by electric and gas utilities to the utility public benefits fund.

The bill potentially reduces the amount of revenue deposited in the Public Benefits Fund.

The Public Benefits Fund receives revenue in several ways. First, a customer fee established in October 2000 generates approximately $40.5 million per year. The exact amount varies slightly each year since the fee is based in part on a fixed statutory amount and in part on a formula with variables that test the amount of federal funds received and the number of low-income households in the state among others.

Second, the fund receives a small amount of voluntary contributions from customers and voluntary transfers from municipally owned electric utilities and electric cooperatives that have opted to join the state energy efficiency and low-income assistance programs.

Third, utilities are required to deposit $67,155,050 each year into the fund from what is commonly called their "transition funds". This amount, set in 2000 by the Public Service Commission and phased in over three years, is now fixed and will not change in future years under current law.

Of the $67.2 million in transition funds, $45,826,000 is deposited for use with energy efficiency programs and $21,329,000 for programs to assist low-income households though weatherization and bill payment assistance.

The bill would allow a utility to retain a portion of the $45.8 million "if the commission determines that the portion is used by the utility for energy conservation programs for industrial, commercial and agricultural customers in the utility's service area and that the programs comply with rules promulgated by the commission."

Although the option to retain funds potentially applies to the entire $67.2 million in transition funds, the department assumes that the low-income program portion would not be considered by the Commission as eligible. That is because the transition funds provided for low-income programs have their historic origin in those programs and have never been associated with commercial, industrial or agricultural uses.

Each of the six utilities that provide transition funds is eligible to seek a Commission determination that would allow them to retain their share of the energy conservation portion of the transition funds. The requests could total nearly all of the $45,826,000. In each case, the actual amount would be reduced by the percentages set aside for the renewable energy program (4.5%) and environmental research (1.75%). Those set asides are in current law and SB 280 preserves them even if other funds are retained. Therefore, the potential net effect would be to reduce the funds administered by the department by $42,961,900.

The bill also requires the PSC to establish rules for grants made by DOA for energy conservation. The rules must require projects to have a positive economic value within a period of time to be determined by the commission. The effect of this would be to deny grants to projects that have a long payback period. The fiscal effect cannot be determined until the commission has developed the rules.

Long-Range Fiscal Implications

Unknown

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Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number **03-3970/1**		Introduction Number **SB-377**	
Subject Contributions by electric and gas utilities to the utility public benefits fund			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:	**Annualized Fiscal Impact on funds from:**		
	Increased Costs	Decreased Costs	
A. State Costs by Category			
State Operations - Salaries and Fringes	$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations		-42,961,900	
TOTAL State Costs by Category	**$**	**$-42,961,900**	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		-42,961,900	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	$	$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S		-42,961,900	
TOTAL State Revenues	**$**	**$-42,961,900**	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	$-42,961,900	$	
NET CHANGE IN REVENUE	$-42,961,900	$	

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