

## Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-3629/2</b>	<b>Introduction Number</b> <b>SB-313</b>
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**Subject**  
 Omnibus regulatory reform

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.155 (1) (g)	

<b>Agency/Prepared By</b> PSC/ Gordon Grant (608) 267-9086	<b>Authorized Signature</b> Burnie Bridge (608) 267-7897	<b>Date</b> 11/21/2003
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## Fiscal Estimate Narratives

PSC 11/24/2003

LRB Number	03-3629/2	Introduction Number	SB-313	Estimate Type	Original
<b>Subject</b>					
Omnibus regulatory reform					

### Assumptions Used in Arriving at Fiscal Estimate

This bill proposes several unrelated changes to PSC statutes and to Chapter 227, the rule-making statutes.

1. The bill substantially incorporates the majority of the provisions proposed in AB 604 and SB 280 related to various changes to the public benefits program by allowing the PSC to grant a portion of the fees currently paid by public utilities to the program to be retained for use in the utilities service territories. To accomplish these changes the PSC would be required to implement rules that specify annual energy savings targets that the programs must be designed to achieve and further requires the PSC to monitor those programs to determine if they achieve economic benefits equal to the portion of the contribution allowed to be retained. The bill also requires the PSC to promulgate rules for the grants made by DOA from the fund for energy conservation and other programs. Recipients of grants made by DOA would be required to demonstrate that the economic benefits resulting from the proposal will be equal to the amount of the grant.

Under the bill the portion of the utility payment going to the public benefits programs for energy conservation programs for industrial, commercial or agricultural customers would be the amount subject to use by a utility after approval by the PSC. It is anticipated that approximately three to four utilities might request to use a portion of their payments for programs. Because there is no certainty as to the number of utilities who would request to initiate programs it is difficult to determine the PSC's cost of monitoring such programs. In the years prior to the creation of the Public Benefits program when all of the investor owned utilities were required to operate conservation programs, the PSC had the equivalent of 7.0 FTE monitoring and working on the programs. Currently, the PSC has one half time position working on these types of issues. It is impossible to say with any certainty an appropriate number of staff that would be required to be allocated to this activity without first knowing the number of utilities that would opt to participate. It should also be noted that when the PSC had 7.0 FTE positions the utilities were operating extensive programs that included a residential component, a component that is not included in this bill.

The rule-making proceedings would require a significant amount of staff time to accomplish. Recent rule-makings required 1000 hours of staff time to complete, or the equivalent of just under a half-time position, especially if the rule-making changes included in this bill are enacted. Presumably, the rule-making activities, including emergency and final rules, required in this bill would take a similar amount of time to complete. However, the PSC would attempt to absorb the time using existing staff.

2. The bill also requires the PSC to increase the forward looking nature of the strategic energy assessment process from looking at plans for construction of certain types of facilities from 3 years to 7 years. These changes would not increase costs to the PSC.

3. The bill requires partial deregulation of telecommunications services by setting a 120 day time limit for certain telecommunications proceedings. If the time limit of 120 days is not met the petition under consideration would be granted. This provision would be difficult to complete in the time required without hiring outside experts to assist in the proceeding on an expedited basis. The commission is required to complete a market analysis in addition to the other requirements for a Class 1 proceeding. The process of notices, hearing, discovery and briefing followed by a Commission decision take a minimum of 90 days to complete. This leaves no time for preparation of the market analysis without outside assistance on an expedited basis. Because these proceedings are rare (only 3 since 1994) it is difficult to provide a fiscal impact in terms of actual dollars. Obviously, the PSC could be ultimately forced to deny the petition on the 119th day rather than to allow something that could harm the provision of fair telecommunications services from occurring.

4. The bill increases the cost and length of time to do rule-making by adding the following requirements to the rule-making process:

- A summary of federal programs that address the activity regulated by the rule and an assessment of whether the rule is inconsistent, duplicative, or more stringent than federal regulations.
- The preparation of an Economic Impact Report (EIR) if necessary which would include a detailed cost benefit analysis.
- A review of proposed rules by the Department of Administration if there is an EIR.
- A review of all proposed rules by the Governor's office. (Which may raise questions on the review of rules of independent agencies.)

The proposed language in Bill Section 190 may increase the number of petitions for legal review of administrative rules. It is unknown how many appeals this language would generate, therefore, it is difficult to estimate the cost to the agency to defend the rules in court. In-house counsel would be required to defend the agency.

In addition, the economic impact reports may also be required under Bill Section 175 for agency guidelines and policies. An estimate cannot be provided on the number of EIR's that may be requested and the cost of preparing those EIR's.

### **Long-Range Fiscal Implications**

Unknown