

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3749-01
Bill No.: HB 1303
Subject: Public Service Commission; Telecommunications; Utilities
Type: Original
Date: February 2, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Public Service Commission*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

*Assumes costs to the Fund of \$65,174, \$74,224, and \$76,103 and offsetting increases in assessments against regulated utilities in the next three fiscal years.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Economic Development - Public Service Commission (PSC)** state that under the proposed legislation the PSC's authority is reduced to rubber-stamping tariff filings of large incumbent local exchange carriers that would become competitive filings because of the legislation, while competitive carriers serving in the same exchanges would continue to be subject to PCS review under all Sections of 392.200, RSMo. For many tariff filings, the PSC's review time is reduced from thirty days to twenty days. This change could impact PSC resources depending on the level of review necessary for the various types of filings. The services that would be subject to customer-specific pricing would no longer be subject to PSC review.

PSC anticipates the need for one regulatory law judge and related costs due to this proposal. Job Duties: The regulatory law judge manages each assigned case, reviewing pleadings and other filings and drafting and issuing orders as necessary. Many of these orders must be done on short notice. The regulatory law judge also presides at hearings and pre-hearing conferences, advises the PSC, does legal research as needed and prepares memoranda for the Commissioners.

Officials of the **Department of Economic Development - Office of the Public Counsel** state this bill does not significantly affect their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
PUBLIC SERVICE COMMISSION FUND			
<u>Income</u> - Increased Assessments on Regulated Utilities	\$65,174	\$74,224	\$76,103
<u>Cost</u> - Public Service Commission			
Personal Service (1 FTE)	(\$40,231)	(\$49,484)	(\$50,722)
Fringe Benefits	(\$16,656)	(\$20,486)	(\$20,999)
Expenses & Equipment	(\$8,287)	(\$4,254)	(\$4,382)
Total Cost - PSC	<u>(\$65,174)</u>	<u>(\$74,224)</u>	<u>(\$76,103)</u>

ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Potentially. The proposed legislation outlines several new standards for when services of a large incumbent local exchange telecommunications would be considered competitive. In markets where there is true competition, small businesses could benefit from competitive pricing pressures. In markets where competitive status is obtained through the presence of wireless carriers or prepaid service providers, small business may not benefit from the competitive status. The proposed legislation also provides for customer-specific pricing for business services in those exchanges where the PSC has found effective competition exists under current statutory requirements. Also, the ability to negotiate rates may have an impact on small businesses.

DESCRIPTION

This proposal allows telecommunications companies to file with the Public Service Commission a rate change provided they notify the PSC within twenty days, state the changes proposed, the time such change will go into effect, and by filing new schedules that are to be kept open to public inspection. The PSC may allow a change in rates without requiring the twenty days notice, under good cause and conditions as it may prescribe.

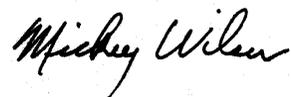
This proposal adds the definition of "central office based broadband service" to Section 386.020, RSMo. This proposal provides the opportunity for regulated, incumbent local exchange telecommunications companies to make up to six annual adjustments to access and local rates.

This proposal creates a new Section 392.405, that provides for competitive classification of all services in an exchange when the large incumbent company has made a broadband commitment and demonstrates that three or more competitors are providing service within the exchange.

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 Economic Development
Public Service Commission
Office of the Public Counsel



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Director
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