

FISCAL NOTE

The fiscal impact, in the form of a potential decrease in Uniform Utility Assessment Revenues, is indeterminable.

According to the Public Service Commission (PSC), it is unlikely for a coal fired plant to be offered for sale and sold to a non-utility before 2023. Due to a lag built into the PSC funding mechanism (i.e., PSC funding for FY 2020 is from an assessment on gross intrastate utility revenue from calendar year (CY) 2018), any revenue decrease would occur in 2025 or later. However, there is a potential revenue decrease in 2025 and beyond.

The PSC is funded by the Uniform Utility Assessment, a maximum 0.0030 (3 mills) on annual gross intrastate utility revenue. Under this bill, if a retiring coal fired power plant is sold, and the purchaser enters an agreement to provide one or more industrial customers energy that would otherwise have been provided by a public utility, the total gross intrastate revenue available for assessment to fund the PSC would be reduced by the amount of those sales.

To illustrate, CY 2018 annual gross intrastate utility revenue attributable to electric utilities was approximately \$1.67 billion. Of this amount, approximately \$900 million was generated by electric service, of which approximately \$540 million was from industrial customers. If a non-utility purchaser of a coal fired power plant managed to gain a 1% share of that industrial load and the related revenue, the assessable revenue would be reduced by \$5.4 million (\$540 million x 1%) and the maximum proceeds from the uniform utility assessment would be reduced by approximately \$16,200 (\$5.4 million x 3 mills) for every 1% share of industrial load gained by a non-utility coal plant operator. Since the PSC's current and projected budget requirement is close to the maximum produced by the Uniform Utility Assessment, this bill could contribute to pressure on the PCS's funding mechanism.

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