

Revised to reflect additional information.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,697,658 – 5,497,658		2,697,658 – 5,497,658	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,697,658 – 5,497,658		2,697,658 – 5,497,658	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 660 is the Nebraska Retail Electricity Choice Act.

Section 3 requires the Public Service Commission to establish criteria for retail electric competition in Nebraska. This is to be accomplished by holding a series of public hearings across the state to gather and review such information as necessary. The Commission shall file a report with the Governor and the Legislature on or before December 15, 2017 regarding the process of enabling retail electric choice to benefit the Nebraska residents, including but not limited to, recommendations for any additional legislation necessary to carry out the purposes of the Act.

Under section 4, beginning July 1, 2018, private electric suppliers shall be authorized to engage in the sale of electricity at retail for the benefit of Nebraska retail customers.

The Public Service Commission states that it would contract for professional and expert services in order to meet the deadline found in section 3 of the Act. The PSC also estimates the need for 4.0 FTE to administer the provisions of the Act. In order to provide an estimate of anticipated costs, the PSC looked to its Natural Gas Regulation program. That program has a current year appropriation of approximately \$1.5 million. There are two natural gas providers that the PSC regulates. Power suppliers far outnumber natural gas providers, so the PSC expanded the Natural Gas appropriation to address a larger field of providers. Even with this as a framework, the PSC is unable to accurately determine what costs will be encountered since the field being regulated is different and has a broader base of providers. The PSC estimate for operations is in a range between \$2,202,000 and \$5,002,000 each year. There is no basis to disagree with this estimate.

The Omaha Public Power District estimates that the provisions of LB 660 will materially impact OPPD’s revenues, expenses and credit rating. However, without further detail, OPPD is unable to determine the extent of this impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 660	AM:	AGENCY/POLT. SUB: Omaha Public Power District
REVIEWED BY: Joe Wilcox	DATE: 1/31/2017	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Omaha Public Power District (OPPD) estimate of Indeterminate Fiscal Impact to OPPD from LB 660.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 660	AM:	AGENCY/POLT. SUB: Nebraska Power Review Board (74)
REVIEWED BY: Joe Wilcox	DATE: 1/25/2017	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Power Review Board estimate of No Fiscal Impact to the Agency from LB660.		

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 660

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Power Review Board

Prepared by: ⁽³⁾ Tim Texel Date Prepared: ⁽⁴⁾ January 24, 2017 Phone: ⁽⁵⁾ 402-471-2301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

In its current form, no anticipated fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 660

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Suzie Hinzman Date Prepared: ⁽⁴⁾ 2/15/2017 Phone: ⁽⁵⁾ 402-471-0240

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	2,697,658 – 5,497,658		2,693,534 – 5,493,534	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,697,658 – 5,497,658	0	2,693,534 – 5,493,534	0

Explanation of Estimate:

LB 660 would adopt the Nebraska Retail Electricity Choice Act, removing a restriction on the sale or delivery of retail electricity by a private electric supplier.

LB 660 would initially require the Nebraska Public Service Commission (Commission) to engage in a review of retail electric rates and all services offered by the current service providers in order to establish a regulated competitive electric market that benefits Nebraska residents. Furthermore, the Commission would be required to hold a series of public hearings across the state, as well as hold discussions with other state regulatory agencies that implemented customer choice programs, to clearly establish the criteria for retail electric competition in Nebraska.

LB 660 would require the Commission to file a report with the Governor and the Legislature on or before December 15, 2017 regarding the process of enabling retail electric choice within Nebraska, including recommendations for any additional legislation necessary to carry out the Nebraska Retail Electricity Choice Act.

Although a number of regulatory elements that would be included in this report are unknown at this time, the Commission would be granted rate regulation authority over electric utilities. The provisions provide for a customer initiated review or an automatic review by the Commission of rate increases of certain percentages. The Commission in both cases would conduct an evidentiary hearing to review the proposed rate increase and make a determination of whether the rates are fair, reasonable, and nondiscriminatory. The Commission is directed to conduct a rate case style review to make its determination and consider items such as rate base, rate of return, cost of service, capital structure, and operating expenses of all electric utilities within Nebraska. LB 1068, a similar bill proposed during the last legislative session, was structured similarly to the State Natural Gas Regulation Act (SNGRA), granting regulatory authority to the Commission over natural gas utilities and creating the office of the Public Advocate to represent gas ratepayers in front of the Commission. The Commission’s costs to carry out its obligations under SNGRA are directly assessed to the jurisdictional utilities and not funded through general funds.

In comparison, LB 660, does not provide the Commission a similar starting point relative to the adoption and promulgation of rules and regulations necessary to carry out the purposes of the Nebraska Retail Electricity Choice Act. With no Public Advocate role or assessment methodology mandated in LB 660, the transition and ongoing cost of an electric choice program would be general funded.

To meet the deadline for the report, the Commission would contract for professional and expert services. Note: The minimum cost estimates for consulting and contractual services expenses (operating costs below) are based on the current appropriation of our Natural Gas Department.

In addition, the Commission estimates the need for additional staff for the new department as follows:

	FY2018	FY2019
Director	100,000	101,000
Attorney III	72,000	72,720
Accountant	48,439	48,923
Admin. Asst.	38,000	38,380

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
See table above	4	4	258,439	261,023
Benefits			129,219	130,511
Operating			2,202,000 –	2,202,000 –
Travel			5,002,000	5,002,000
Capital outlay			100,000	100,000
Aid			8,000	0
Capital improvements				
TOTAL			2,697,658 –	2,693,534 –
			5,497,658	5,493,534