

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB 2817
Version:	INT
Request Number:	8149
Author:	Rep. Loring
Date:	2/26/2018
Impact:	OCC/PUD: Total estimated cost to agency
	\$796,000

Research Analysis

HB 2817, as introduced, provides that a business entity providing electric power and requesting a rate increase greater than 25%, if that entity is organized under the laws of a foreign country, that entity will not have the right of exclusivity to the persons or businesses in its service area.

Prepared By: Sean Webster

Fiscal Analysis

According to the Public Utility Division of the Oklahoma Corporation Commission, the measure would have significant impact on residential consumers in the Empire Electric Service Territory and would have future impacts on others if they ever fall within the definition of this measure, as written. The exact fiscal amount is impossible to calculate as it would depend on how many commercial consumers leave the system, and per PUD would make the burden on the remaining consumers exponentially worse.

Recurring Expenses:	Estimated Impact:
• Additional FTEs to process rate determination cases (minimum of 4) (Salary and benefits)	420,000
• Field Enforcement Personnel for increased onsite work as required (Salary and benefits)	85,000
• Court costs for rate determination cases (Apportioned ALJ, Attorneys, Support Personnel, Court Clerk, etc)	200,000
• Equipment for enforcement, transport, electronics, etc annually	<u>15,000</u>
	720,000

One Time Expenses for 2 Rulemakings

• Analyst work (Average 3 PUD members at 120 hours per rulemaking)	36,000
• Legal work (Attorneys, ALJs, Commission Support, Legal Support)	<u>40,000</u>
	76,000

Total estimated cost to agency	796,000
(Per OCC: PUD it is not possible to calculate impacts to consumers)	

Per the Oklahoma Corporation Commission, the measure could result in hearings both for initial rates for any company that wants to come in and serve, as well as regular rate updates. This could create a compounding effect of numerous service providers within a territory and thus

further increase the cost to serve. Additionally, OCC/PUD asserts that the existing power distribution company would need new rates for transport only as the grid is not a public asset available for use without payment. The Commission would need to develop rules for this type of service and develop rules for power only providers for all classes of customers. There would also need to be increased public safety inspections given an increase in service providers. This would cause further increases to customers' rates.

Prepared By: Jenny Mobley

Other Considerations

Per the PUD, the measure, as written, would cause major safety concerns to the state. In 2017, there was a fully litigated case to set the new rates for Empire as they had not had a full review in a number of years and had major Federal requirements to fulfill. This had full participation by consumer groups and the Oklahoma Office of the Attorney General.

The Oklahoma Corporation Commission, Public Utility Division, would like to answer further questions as they feel that this is an extremely conservative calculation of fiscal impacts.