

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 657 is the Retail Electricity Transparency Act.

Under the Act’s provisions, every retail electric supplier in the state shall provide unbundled and transparent billing to all their Nebraska retail customer-owners on or before July 1, 2018.

Section 6 allows any retail customer-owner to bring an action before the Public Service Commission seeking enforcement of the Act. The Commission shall have exclusive original jurisdiction over any action concerning a violation of any provision of the Act.

The Public Service Commission refused to respond to requests for fiscal impact. It is therefore assumed that any costs associated with LB 657’s provisions will be addressed with currently budgeted resources.

The Nebraska Public Power District estimates the cost to implement the bill’s provisions to be approximately \$500,000. There is no basis to disagree with this estimate.

The Niobrara Valley EMC estimates a first-year cost of \$1.8 million. This includes an initial investment of \$1.5 million to provide an automated meter reading system. Ongoing costs are estimated to be \$235,500 per year. There is no basis to disagree with these estimates.

The Omaha Public Power District estimates first-year costs of \$1,282,500 and second-year costs of \$50,000. The costs are to configure rates in the customer billing system, modify bill statements, and perform training for internal stakeholders. There is no basis to disagree with these estimates.

<b>ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 657	AM:	AGENCY/POLT. SUB: Nebraska Power Review Board	
REVIEWED BY: Lee Will	DATE: 01/24/2017	PHONE: (402) 471-4175	
COMMENTS: Concur with the Nebraska Power Review Board’s assessment of no fiscal impact.			

<b>ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 657	AM:	AGENCY/POLT. SUB: Nebraska Public Power District	
REVIEWED BY: Lee Will	DATE: 02/02/2017	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with Nebraska Public Power District’s estimate of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
<b>LB: 657</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Niobrara Valley Electric Membership Corporation</b>
REVIEWED BY: Joe Wilcox	DATE: 1/20/2017	PHONE: <a href="tel:(402)471-4178">(402) 471-4178</a>
COMMENTS: No basis to dispute the Niobrara Valley Electric Membership Corporation (EMC) estimate of potential Fiscal Impact to the EMC from LB 657.		

ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 657	AM:	AGENCY/POLT. SUB: Norris Public Power District
REVIEWED BY: Lee Will	DATE: 02/10/2017	PHONE: <a href="tel:(402)471-4175">(402) 471-4175</a>
COMMENTS: No basis to disagree with Norris Public Power District's estimate of fiscal impact. However, if customer education and employee training is provided by existing staff, additional expenditures for these actions is not anticipated.		

ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 657	AM:	AGENCY/POLT. SUB: Omaha Public Power District
REVIEWED BY: Lee Will	DATE: 01/27/2017	PHONE: <a href="tel:(402)471-4175">(402) 471-4175</a>
COMMENTS: No basis to disagree with Omaha Public Power District's assessment of fiscal impact.		

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

**2017**

**LB<sup>(1)</sup> 657**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Power Review Board

Prepared by: <sup>(3)</sup> Tim Texel Date Prepared: <sup>(4)</sup> January 23, 2017 Phone: <sup>(5)</sup> 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:

No 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<sup>(1)</sup> 657**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Public Power District

Prepared by: <sup>(3)</sup> Terry Warth Date Prepared: <sup>(4)</sup> 2/1/2017 Phone: <sup>(5)</sup> 402-434-2755

**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:**

Nebraska Public Power District estimates the cost of implementing LB 657 at \$500K. The estimate includes programming, bill print changes and rate creation ranges. It does not include training or other ancillary expenses.

**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<sup>(1)</sup> 657**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Niobrara Valley EMC

Prepared by: <sup>(3)</sup> John Hoke Date Prepared: <sup>(4)</sup> 01/23/17 Phone: <sup>(5)</sup> 402-336-2803

**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	<u>\$1,800,000</u>	<u>0</u>	<u>\$235,500</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><b>\$1,800,000</b></u>	<u><b>                    </b></u>	<u><b>\$235,500</b></u>	<u><b>                    </b></u>

Explanation of Estimate: The bill would require our utility to invest in an automated meter reading system an estimated cost of 1.5 million dollars. All of our electric rates would have to be redesigned, including a cost of service study, to meet the bills requirements, that is estimated to cost \$7,000. Our billing software would have to be modified to reflect the new rate structure, and provide any needed reports to power sellers and for new regulatory requirements at a cost of \$10,000. Personnel training, customer education, and employee hours to maintain the system are estimated at another \$47,000. An annual reading cost of \$3 per meter per month adds \$236,000 in the 2017-18 and annually each year thereafter. This AMI system will need to be replaced on a 10 to 12 year cycle which will require an estimated 1.5 million each time that is done.

**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.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating.....	<u>                    </u>	<u>                    </u>	<u>\$235,500</u>	<u>\$235,500</u>
Travel.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital outlay.....	<u>                    </u>	<u>                    </u>	<u>\$1,564,500</u>	<u>                    </u>
Aid.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital improvements.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL.....</b>	<u><b>                    </b></u>	<u><b>                    </b></u>	<u><b>\$1,800,000</b></u>	<u><b>\$235,500</b></u>

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

2017

LB<sup>(1)</sup> 657 – Retail Electricity Transparency Act

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Norris Public Power District

Prepared by: <sup>(3)</sup> Bruce Vitosh Date Prepared: <sup>(4)</sup> February 9, 2017 Phone: <sup>(5)</sup> 402-228-2829

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	\$153,600		\$20,000	
TOTAL FUNDS	<u>\$153,600</u>		<u>\$20,000</u>	

Explanation of Estimate:

LB 657 will require an initial cost of service and rate design study to develop rate schedules. An annual update will be required.

Programming will be required to modify the customers' electric bills. Annual notices are required. In addition, there will be a significant cost in educating employees and customers.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2017-18	2018-19
	17-18	18-19	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$153,600	\$20,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$153,600</u>	<u>\$20,000</u>

Norris Public Power District  
 LB 657 - Retail Electricity Transparency Act  
 February 9, 2017

Provision	Action
1. A charge for kWh use of electricity using the average market price or costs to purchase electricity during the billing period;	Annual Cost of Service Study
2. A charge for generation based in kWh use that covers the physical infrastructure needed to generate electricity;	Annual Cost of Service Study
3. A charge for transmission based on the cost to transmit electricity from generation sources to distribution facilities including physical infrastructure needed to transmit electricity;	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
4. A charge for distribution based on the cost to transmit electricity from the transmission system to the retail customer-owner	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
5. A meter service charge which is a flat service fee covering administrative costs, including billing, postage, software, and other overhead costs;	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
6. Any charges for sustainable energy, renewable energy, energy efficiency, or other similar programs	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
7. A decommissioning fee charge to cover the cost of removing generation from service;	Annual Cost of Service Study
8. A demand charge based on the rate of electricity used at a given instance during the billing period; and	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
9. Any special assessment charge describing each special assessment.	1. Annual Cost of Service Study 2. Special Programming to Modify the Bill Print
The bill provides for a specific billing process to include other charges such as delinquent charges security deposits, collection connection or disconnection, Franchise taxes, sales tax...	Special Programming to Modify the Bill Print
The bill provides that when rate changes are made, bill inserts or direct mail must be provided to notify the customer of such.	1. Bill insert or direct mail will replace more economical forms of communication like: Norris News, E Newsletter, Bill Messages and Website Communications

Customers may bring action before the Public Service Commission(PSC) to seek enforcement of the Act. The bill gives the PSC exclusive original jurisdiction over any action. The bill authorizes the PSC to adopt and promulgate rules and regulations to carry out the purposes of the Act.

Norris Public Power District  
 Estimated Costs to Administer LB657  
 February 9, 2017

Action	LB 457 Cost	Current Cost	Comments
Initial cost of Service Study	\$30,000 initial study	\$8,000	Currently perform a full rate study every 3 years.
Annual Cost of Service Study	\$10,000 annual update	\$0	Currently perform a full rate study every 3 years.
Programming to Add Requirements to the Customer's Bill	\$10,000 initial cost	\$0	Cost for programming by NISC is \$300 per hour. We are currently out of room for additions to the bill due to the municipal services we currently bill for some villages. This could require a complete redesign of the bill. The last bill redesign was in 2013 at a cost of \$7,500.
Norris Labor to Setup, Test and Add New Rate Structure to System	\$5,000	\$0	\$58/hour x 80 hours
Annual Rate Notice - Bill Insert (23,800 customers)	\$5,000	\$0	\$.015 per insert plus printing costs which will vary based on color or black and white, and one or two sided, full or half sheet - NISC
Annual Rate Notice - Direct Mail (23,800 customers)	\$10,000	\$0	Postage, paper, printing - NISC
Cost to educate employees on the new bill structure	\$7,600	\$0	All employee training 2 hours x \$58/hour x 76 employees - Includes labor and benefits
Cost to educate customers on the new bill structure	\$86,000	\$0	25% of customers x 15 minutes per customer x \$58/hour
<b>Total First Year Cost</b>	<b>\$153,600</b>	<b>\$8,000</b>	
<b>Total Annual Recurring Cost</b>	<b>\$20,000</b>	<b>\$8,000</b>	

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

2017

LB<sup>(1)</sup> 657, Unbundled Rates

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Omaha Public Power District

Prepared by: <sup>(3)</sup> Ruth Jamieson Date Prepared: <sup>(4)</sup> 01-26-17 Phone: <sup>(5)</sup> 402.636.3669

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	<u>1,282,500</u>	<u>                    </u>	<u>50,000</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>1,282,500</u>	<u>                    </u>	<u>50,000</u>	<u>                    </u>

Explanation of Estimate:

\$45,500 to create rates schedules to adhere to the legislation  
\$352,000 to configure the rates in the customer billing system to adhere to the legislation, with the assumption of no Demand rates changes nor current configurations of the kilowatt-hour use rate mentioned in Section 4-(1).  
\$83,000 to study and implement outsourcing the bill print function since the legislation will impact the bill format and increase the number of pages per bill  
\$652,000 to modify bill statements. Duration of 4-6 months to complete the market research to finalize the statement layout design since the real estate of charge lines are required to be expanded to display the unbundled rates; plus 16-18 months to complete the development, testing of all bill statement format changes; plus external marketing and communications as well as internal communications of bill content and layout changes. Assumption is to obtain additional external resources to assist the business' development and testing to sustain normal operations.  
\$150,000 to deliver training to internal stakeholders for understanding and explaining the bill statement changes to customers. Assumptions: This training would occur before the change implementation in addition to training for an extended period of time after the change. No estimate was included regarding the increase in the number of customer calls nor the extended time of such calls which impacts staffing.

Additional assumptions:

- accounting guidance for transmission and distribution remains the same for how field work is charged and categorized
- a few new accounts and minor adjustments to the financial statements' format would be the impact to financial accounting

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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



Capital improvements.....  
TOTAL.....

1,282,500  
1,182,500

50,000  
50,000