

Bill/Resolution No.: SB 2320 Amendment to: _____

Requested by: Legislative Council Date of Receipt: _____

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

Impact of this bill is extremely difficult to estimate. The bill addresses many issues, therefore, requiring general assumptions when preparing the fiscal note. The fiscal note assumes telecommunications companies would exercise their option to change prices by 50% of the annual consumer price index change. It is assumed that price changes would be applied consistently to all applicable services. In addition, the fiscal note assumes that Public Service Commission hearings would be required to clarify interpretations regarding application of this bill.

(see attachment)

State Fiscal Effect: INCREASED EXPENDITURES

<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
\$17,481	\$11,182	\$28,801	\$33,158	\$46,282	\$44,340

County and City Fiscal Effect:

<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Allen Roll

Typed Name Allen Roll

Date Prepared: 1-23-89

Department PUBLIC SERVICE COMMISSION

Impact on State Government Telecommunication System Costs:

Data collected for this estimate was obtained from Central Data Processing and the Office of Management and Budget. Central Data Processing compiled the costs of affected services for a representative month's telephone billings. This data includes state government usage billed to Central Data Processing which coordinates the state's central telecommunications system. Some usage is billed directly to state agencies; however, those billings would be extremely difficult to compile and they would not be material to the information as a whole. The Office of Management and Budget provided the Consumer Price Index projections and the fund source breakdowns.

Telephone billings are separated into two categories -- long distance and local service -- as noted below: (1 month)

<u>Long Distance</u>		<u>Local Service</u>	
Wats	\$42,706	Switched	\$8,124
MTS	10,580	Private Line	<u>15,264</u>
Private Line	<u>71,504</u>		
Total	\$124,790		\$23,388

It is estimated that approximately 70% of long distance charges are attributable to access which is affected by this bill. Therefore, \$87,353 of the long distance bill is subject to the Consumer Price Index factors.

As a result, the fiscal year 1990 estimated annual charges are:

Long Distance - \$87,353 x 12 =	\$1,048,236
Local Service - \$23,388 x 12 =	<u>280,656</u>
Total	<u>\$1,328,892</u>

Since the bill does not clearly specify the timing of price changes, certain assumptions will be made. It is assumed that price changes will be effective January 1, 1990 and January 1, 1991. Assuming this, fiscal impacts would occur as follows:

Total FY 1990 estimate at current rates		<u>\$1,328,892</u>
- Billings 7/1/89 - 12/31/89 (1/2)		\$664,446
- Billings 1/1/90 - 6/30/90 (1/2)	\$664,446	
Subject to 1/2 CPI change (1/2 of 5.1%)	<u>2.55%</u>	
CPI increase	\$ 16,943	
Projected billings 1/1/90 - 6/30/90		<u>681,389</u>
Total FY 1990 estimate at new prices		<u>\$1,345,835</u>
- Billings 7/1/90 - 12/31/90		\$681,389
- Billings 1/1/91 - 6/30/91	\$681,389	
Subject to 1/2 CPI change (1/2 of 4.8%)	<u>2.4%</u>	
CPI increase	\$ 16,353	
Projected billings 1/1/91 - 6/30/91		<u>697,742</u>
Total FY 1991 estimate at new prices		<u>\$1,379,131</u>

	<u>FY 1990</u>	<u>FY 1991</u>	<u>Biennium</u>
New Prices	\$1,345,835	\$1,379,131	\$2,724,966
Current Rates	<u>1,328,892</u>	<u>1,328,892</u>	<u>2,657,784</u>
Impact	<u>\$16,943</u>	<u>\$50,239</u>	<u>\$67,182</u>
General (34%)	\$ 5,761	\$17,081	\$22,842
Special (66%)	\$11,182	\$33,158	\$44,340

Impact on Public Service Commission Operating Costs:

It is highly probable that Commission hearings would be required to clarify interpretations of this bill. It is uncertain, however, if Commission hearing costs would be chargeable to the Public Service Commission or to the telecommunications company involved in the hearing.

If costs are chargeable to the Public Service Commission, the expected cost to the general fund follows:

Daily Hearings costs:	
1 attorney	\$428.00
1 engineer	359.00
1 accountant	411.00
1 economist	277.00
1 hearing examiner	<u>369.00</u>
	\$1,844.00
Expected days of hearing:	10

\$18,440.00 or \$9,220.00/year

In addition, general operating costs would increase approximately \$5,000 to offset an expected increase in telephone, postage, and supplies used. The \$5,000 would be specifically chargeable to the Commission.