



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0278 - Revise motor carrier rate regulation laws (Barker, Brad)	
Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$249,148	\$243,099	\$243,428	\$243,763
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$32,450	\$32,450	\$32,937	\$33,431
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: This bill enacts regulatory authority of the Public Service Commission (PSC) over Class D motor carriers/garbage hauler rates. The bill also retains the PSC's role in authorizing entry into the garbage hauling business.

FISCAL ANALYSIS

Assumptions:

1. HB 278 would require the PSC to approve changes to the rates, rate classifications, and service rules of regulated garbage companies.
2. The PSC would evaluate reasonableness of proposed changes to such rates, rate classifications, or service rules using contested case procedures and cost of service-based ratemaking procedures commonly applied to other regulated industries. To meet the deadlines provided in Title 69, Chapter 12, Part 5, MCA, the commission would need to prioritize the review of rate changes filed by Class D haulers to adequately review those changes before they are deemed effective by operation of law.
3. In a typical year, the PSC would process approximately 45 applications per year for rate changes due to fluctuations in the cost of fuel. The PSC assumes these applications generally would not require a hearing.

4. The PSC would process approximately 10 applications per year for rate changes due to other cost factors.
5. For all applications, the PSC would give public notice of the opportunity for a hearing, similar to the public notice the PSC is required to provide for other utility rate making under 69-3-303, MCA, and applications for a Class D Certificate of Public Convenience and necessity under 69-12-322, MCA. The PSC assumes the average cost of publishing legal advertisements in newspapers would be \$4,950 annually (55 notices at \$90 per newspaper notice).
6. The PSC assumes up to four of these applications would proceed to a hearing, and the remainder would be resolved without a hearing. The PSC assumes that hearings would last for three days, on average. The PSC typically holds hearings within the affected service area to accommodate appearances by local witnesses. The PSC would publish notice of the hearing in the newspaper and would contract with a court reporter to transcribe the hearing. One staff and one commissioner would travel to the hearing. The total annual cost of the hearings would be \$8,456. This includes travel and other hearings costs.
7. There would be 1.00 FTE lawyer 2 required at a FY 2024 cost of \$126,964 for salary and benefits, and \$7,350 for operating including office package, computer, training and travel, phone, supplies, and dues. The FY 2025 costs of \$4,550 are reduced by the office and computer packages.
8. There would be 1.00 FTE utility rate analyst 1 required at a FY 2024 cost of \$93,428 for salary and benefits, and \$6,800 for operating including office package, computer, training and travel, phone, and supplies. The FY 2025 costs of \$4,000 are reduced by the office and computer packages.
9. The commission assumes several of its existing rules pertaining to motor carrier ratemaking and tariff filing would need to be updated to accommodate filings from Class D motor carriers. The PSC would need to publish rulemaking notices in the administrative register to adopt or amend rules. The PSC estimates publishing approximately 20 pages in the administrative register at a cost of \$60 per page for a total of \$1,200 in FY 2024.
10. The PSC assumes the cost of publishing notices would be recovered from the applicant, as provided in PSC administrative rules. The revenue from reimbursement of notice fees would be \$4,950 in both FY 2024 and FY 2025 (55 notices at \$90 per notice).
11. The PSC assumes an application fee would be recovered from the applicant, as provided in PSC administrative rules. The revenue from application fees would be \$27,500 in both FY 2024 and FY 2025 (55 applications at \$500 each).
12. An inflationary factor of 1.5% is applied in FY 2026 and FY 2027.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$220,392	\$221,143	\$221,143	\$221,143
Operating Expenses	\$28,756	\$21,956	\$22,285	\$22,620
Equipment	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$249,148	\$243,099	\$243,428	\$243,763
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$249,756	\$243,099	\$243,428	\$243,763
TOTAL Funding of Exp.	\$249,756	\$243,099	\$243,428	\$243,763
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$32,450	\$32,450	\$32,937	\$33,431
TOTAL Revenues	\$32,450	\$32,450	\$32,937	\$33,431
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$217,306)	(\$210,649)	(\$210,491)	(\$210,332)


 Sponsor's Initials 20230127
 Date


 Budget Director's Initials

1-27-23
 Date