

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2258H.02P  
 Bill No.: Perfected HB 1044  
 Subject: Public Service Commission; Boards, Commissions, Committees, and Councils;  
 Utilities  
 Type: Original  
 Date: April 27, 2023

Bill Summary: This proposal modifies the membership of the Public Service Commission.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\*This bill could increase utility costs to all state departments and local governments if rate changes are made as a result of these new standards, however, **Oversight** assumes the potential increase would be less than the \$250,000 threshold each year.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Public Service Commission Fund (0607)	(\$2,025,065)	(\$2,350,562)	(\$2,392,897)
Other State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$2,025,065)</b>	<b>(Could exceed \$2,350,562)</b>	<b>(Could exceed \$2,392,897)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Public Service Commission Fund (0607)	15 FTE	15 FTE	15 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>15 FTE</b>	<b>15 FTE</b>	<b>15 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 386.050 – Public Service Commission

Officials from the **Department of Commerce and Insurance (DCI) – Public Service Commission (PSC)** assume this proposal changes the commission from 5 members to 11 members. This would result in an additional 6 Commission Members (each at \$121,753 annually), 6 Program Consultant/Advisors (each at \$93,102 annually) and 3 Administrative Assistants (each at \$55,124 annually) for a total of 15 additional FTE and at cost of \$2,025,065 in FY 2024, \$2,350,562 in FY 2025 and \$2,392,897 in FY 2026 to provide for the implementations of change in this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the cost estimate as provided by DCI-PSC.

#### House Amendment 1

**Oversight** notes House Amendment 1 changes the title.

#### House Amendment 2

##### Section 386.370 – Utility Rate Provisions

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** understanding of this bill and the amendment is that this proposal would increase the maximum assessment value rate of public utilities on the total gross intrastate operating revenues effective January 1, 2024 and every two years thereafter. An increased assessment value could lead to increase costs for utilities. Since the assessment value is unknown, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is \$0 to unknown.

**Oversight** assumes this proposal could increase utility cost for the Office of Administration as well as other state agencies and local governments. Since it is unknown how much of a rate increase will be authorized (if any), Oversight will reflect a range from \$0 (no utility will increase rates) to an unknown cost to the state and local political subdivisions for higher utility costs, however, Oversight assumes the potential increase in utility cost will be under \$250,000.

#### Sections 393.135 and 393.1250 - Missouri Nuclear Clean Power Act

Officials from the **Department of Commerce and Insurance - Missouri Public Service Commission (PSC)** state this proposal may require a rulemaking by the PSC in order to

implement the provisions. Rulemakings generally result in an estimated cost of up to approximately \$4,700.

Officials from the **Department of Commerce and Insurance - Office of the Public Counsel (OPC)** state that this legislation would likely result in additional costs to review rate cases, and potentially more frequent rate cases to review. The Office of the Public Counsel's resources are allocated where best able to represent the interests of customers. While this legislation would not necessarily increase OPC's expenses because it may not create enough additional work to necessitate another FTE, it could have the impact of diverting resources from other important cases and issues.

**Oversight** assumes the PSC and the OPC will be able to perform any additional duties required by this proposal with current staff and resources and will not reflect a fiscal impact to the PSC or the OPC.

In response to a similar proposal from this year (SCS for SB 333), officials from the **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** stated that this proposal establishes the Missouri Nuclear Clean Power Act. It would allow costs of Construction Work in Progress (CWIP) to be passed on to retail customers of an electrical corporation in Missouri in order to finance the construction project.

It is assumed that there could be an increase in costs incurred by leased, state-owned or institutional facilities managed by FMDC. However, there is no way to know which buildings/facilities could be within the service area of the generating plant/facility that would be able to increase rates in order to cover CWIP. FMDC believes the impact to be \$0 to unknown.

**Oversight** assumes this proposal allows the Public Service Commission to authorize an electrical corporation to charge for additional amortization to maintain the corporation's financial ratios in order to provide a utility company the opportunity to maintain healthy financial ratios during a major construction project. Oversight assumes the additional amortization will be recouped by various customer classes by rate increases.

**Oversight** assumes this proposal could increase utility cost for the Office of Administration as well as other state agencies and local governments. Since it is unknown how many additional amortizations will be authorized (if any), Oversight will reflect a range from \$0 (no utility begin a project and therefore no increased rates) to an unknown cost to the state and local political subdivisions for higher utility costs, however, Oversight assumes any potential increase in utility cost (if any) would be under \$250,000 to the state government.

In response to a similar proposal from this year (SCS for SB 333), officials from the **Missouri Department of Conservation, Department of Natural Resources** and the **Missouri Department of Transportation** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

In response to a similar proposal from this year (SCS for SB 333), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal from this year (SCS for SB 333), officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Bill as a whole:

Officials from the **Missouri Senate**, the **Metropolitan St. Louis Sewer District** and the **South River Drainage District** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the Governor** assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Office of Administration</u> Potential increase in utility costs §§386.370, 393.135 & 393.1250 HA2	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

<b>VARIOUS STATE FUNDS</b>			
<u>Cost - Various State Agencies</u> Potential increase in utility costs §§386.370, 393.135 & 393.1250 HA2	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>
<b>PUBLIC SERVICE COMMISSION FUND (0607)</b>			
<u>Cost – DCI-PSC §386.050</u>			
Personal Service	(\$1,212,085)	(\$1,483,592)	(\$1,513,264)
Fringe Benefits	(\$648,266)	(\$788,802)	(\$799,902)
Equipment and Expense	(\$164,714)	(\$78,168)	(\$79,731)
<u>Total Cost – DCI-PSC</u>	<u>(\$2,025,065)</u>	<u>(\$2,350,562)</u>	<u>(\$2,392,897)</u>
FTE Change – DCI-PSC	15 FTE	15 FTE	15 FTE
<b>ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND (0607)</b>	<b><u>(\$2,025,065)</u></b>	<b><u>(\$2,350,562)</u></b>	<b><u>(\$2,392,897)</u></b>
Estimated Net FTE Change to the Public Service Commission Fund	15 FTE	15 FTE	15 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost - Local Governments</u> Potential increase in utility costs §§386.370, 393.135 & 393.1250 HA2	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

Small businesses could have an increase in utility cost as a result of this proposal.

FISCAL DESCRIPTION

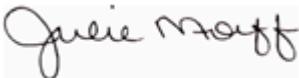
Currently the Public Service Commission consists of five members appointed by the Governor, with advise and consent of the Senate. This bill would increase the number of members to 11, with at least one member, but not more than two, from each congressional district. In addition, at least three of such members must be actively engaged in production agriculture, as defined in the bill.

This proposal also creates provisions regarding renewable energy.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Public Service Commission  
Office of Public Council  
Office of the Governor  
Missouri Senate  
Department of Natural Resources  
Office of Administration  
Department of Transportation  
Missouri Department of Conservation  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Metropolitan St. Louis Sewer District  
South River Drainage District



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