

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3122H.01I  
 Bill No.: HB 2070  
 Subject: Utilities; Public Service Commission  
 Type: Original  
 Date: February 2, 2024

Bill Summary: This proposal creates provision for electrical choice and competition.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue Fund	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, More or Less than \$250,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, More or Less than \$250,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Various State Funds	\$0	\$0	\$0 to Unknown
Public Service Commission Fund	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)
State Facilities Maintenance & Operating Fund (0501)	(\$134,306)	(\$140,129)	(\$142,631)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown, Greater than \$384,306)</b>	<b>(Unknown, Greater than \$390,129)</b>	<b>(Unknown, Greater than \$392,631)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Revenue Fund	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Sections 393.2000 - 393.2160 – Electrical Choice and Competition

Officials from the **Department of Commerce and Insurance (DCI)** state that the fiscal impacts of these sections to DCI are indeterminable.

**Oversight** assumes this proposal requires the Department of Commerce and Insurance – Public Service Commission (PSC) and the Department of Commerce and Insurance – Office of Public Council (OPC) to develop and establish multiple new procedures and guidelines as well develop a robust customer education program. Oversight assumes PSC and OPC could initially require additional FTE to provide for the changes in this proposal, therefore, Oversight will range the fiscal impact as Unknown, possibly greater than \$250,000 to the General Revenue Fund (OPC) and the Public Service Commission Fund (PSC).

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state this bill allows customers to select their electric utility provider. FMDC assumes that it would need to engage in a competitive bid/procurement process to select utility providers for state-owned, institution and leased locations to ensure that the state is receiving the best rates.

FMDC assumes that it will need to engage in a separate procurement process for each facility or a small subset of facilities, as it would not seem feasible, or in the state's best interest, to select only one provider for entire state. Given the volume of procurements that would need to occur in a relatively short period of time, FMDC assumes that it will need at least one new FTE to manage this process. However, depending on how the procurements are structured, additional FTE could be required. If FMDC is able to negotiate better utility rates for various locations as a result of this legislation than what the state is currently paying, there is the potential for some savings to help offset the additional costs. FMDC estimates that the impact of this bill is \$134,306 to unknown.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the need for an FTE to the State Facilities Maintenance and Operating Fund.

**Oversight** assumes this proposal could decrease 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 decrease by procuring a new electric utility provider (if any) could produce, Oversight will reflect a range from \$0 (no utility will decrease rates) to an unknown savings to the state and local political subdivisions starting in FY 2027 for lower utility costs, however, Oversight assumes the potential decrease in utility cost could exceed \$250,000.

Officials from the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation** and **Kansas City** each assume 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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Cost – DCI-OPC</u> (§§393.2000 - 393.2160) Increased job duties	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)
<u>Savings- Office of Administration</u> Potential decrease in electric utility costs (§§393.2000 - 393.2160)	\$0	\$0	\$0 to <u>Unknown</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(Unknown, Greater than \$250,000)</u></b>	<b><u>(Unknown, Greater than \$250,000)</u></b>	<b><u>(Unknown, More or Less than \$250,000)</u></b>
<b>STATE FACILITIES MAINTENANCE AND OPERATING FUND (0501)</b>			
<u>Cost – OA (§§393.2000 - 393.2160)</u>			
Salaries	(\$76,663)	(\$90,163)	(\$91,966)
Fringe Benefits	(\$41,067)	(\$49,966)	(\$50,665)
Equipment and Expense	(\$19,576)	\$0	\$0
<u>Total Cost – OA</u>	<u>(\$134,306)</u>	<u>(\$140,129)</u>	<u>(\$142,631)</u>
FTE Change - OA	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT TO THE STATE FACILITIES MAINTENANCE AND OPERATING FUND (0501)</b>	<b><u>(\$134,306)</u></b>	<b><u>(\$140,129)</u></b>	<b><u>(\$142,631)</u></b>
Estimated Net FTE Change to the State Facilities Maintenance and Operating Fund (0501)	1 FTE	1 FTE	1 FTE

<b>PUBLIC SERVICE COMMISSION FUND</b>			
Cost – DCI-PSC (§§393.2000 - 393.2160) Increased job duties	<u>(Unknown, Greater than \$250,000)</u>	<u>(Unknown, Greater than \$250,000)</u>	<u>(Unknown, Greater than \$250,000)</u>
<b>ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION</b>	<u><b>(Unknown, Greater than \$250,000)</b></u>	<u><b>(Unknown, Greater than \$250,000)</b></u>	<u><b>(Unknown, Greater than \$250,000)</b></u>
<b>VARIOUS STATE FUNDS</b>			
Savings- Various State Agencies Potential decrease in electric utility costs (§§393.2000 - 393.2160)	\$0	\$0	\$0 to <u>Unknown</u>
<b>ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS</b>	<u><b>\$0 to Unknown</b></u>	<u><b>\$0 to Unknown</b></u>	<u><b>\$0 to Unknown</b></u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
Savings- Local Governments Potential decrease in electric utility costs (§§393.2000 - 393.2160)	<u>\$0</u>	<u>\$0</u>	\$0 to <u>Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0 to Unknown</b></u>

FISCAL IMPACT – Small Business

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

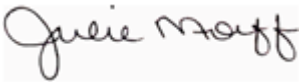
FISCAL DESCRIPTION

This proposal creates provisions for electrical choice and competition.

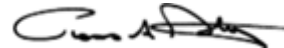
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Natural Resources  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
Kansas City



Julie Morff  
Director  
February 2, 2024



Ross Strobe  
Assistant Director  
February 2, 2024