

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5421H.011
 Bill No.: HB 2613
 Subject: Utilities; Contracts and Contractors
 Type: Original
 Date: February 27, 2024

Bill Summary: This proposal allows customers of electrical corporations to change rate plans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Other State Funds*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Sections 393.1025 – Renewable Energy Resources

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assume there would be a fiscal impact to the State's utility costs. However, without more information FMDC is unable to calculate the impact this would have on statewide utility costs for consolidated facilities managed by FMDC; \$0 to unknown impact.

FMDC state that items in Chapter 393 RSMo. refer to gas, electric, water, heating and sewer companies.

Oversight assumes this proposal would require electrical corporations with multiple plans in a time-of-use rate structure to allow customers to change plans and apply the new rate structure retroactively for the 90 days prior to the rate change. Oversight assumes this could create a savings in 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 change will be authorized (if any), Oversight will reflect a range from \$0 (no utility will increase decrease) to an unknown savings to the state and local political subdivisions lower utility costs; however, Oversight assumes the potential savings in utility cost will be under the \$250,000 threshold.

Officials from the **Department of Commerce and Insurance**, 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
GENERAL REVENUE FUND			
<u>Savings</u> - Office of Administration Potential savings from a utility rate change	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

VARIOUS STATE FUNDS			
<u>Savings- Various State Agencies</u> Potential savings from a utility rate change	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings - Local Governments</u> Potential savings from a utility rate change	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

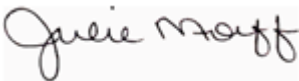
This bill requires electrical corporations with multiple plans in a time-of-use rate structure to allow customers to change plans and apply the new rate structure retroactively for the 90 days prior to the rate change. Any savings between plans will be credited to the customer's account.

Any electrical corporation that offers multiple rate plans must include the cost of service for each plan on each billing statement. If a customer does not select a rate plan option, the default rate will be the least expensive plan based on the last 12 months of the customer's usage.

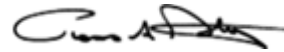
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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 27, 2024



Ross Strobe
Assistant Director
February 27, 2024