

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0403H.04C  
Bill No.: HCS for HB 376  
Subject: Energy; Utilities  
Type: Original  
Date: March 6, 2025

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Bill Summary: This proposal allows electrical corporations to charge for services based on the costs of certain construction work in progress.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*This bill could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Public Service Commission Fund (0607) *	(\$439,058)	(\$514,748)	(\$523,780)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$439,058)</b>	<b>(\$514,748)</b>	<b>(\$523,780)</b>

\***Oversight** assumes the fiscal impact will exceed \$250,000 due to the Public Service Commission requesting 4 FTE to review rate cases and to have qualified staff for possible construction of nuclear facilities.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<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>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Public Service Commission Fund (PSC)	4 FTE	4 FTE	4 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>4 FTE</b>	<b>4 FTE</b>	<b>4 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>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*This bill could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

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

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** state that engineers and auditors will have to continually review in rate cases, the construction of a nuclear facility to determine what should be included in CWIP.

With a nuclear facility, that technology has not been reviewed in many years and is much more complex than a natural gas, wind, or solar facility and thus the department will need to have enough qualified staff members to review all of the progress to make sure it is able to make the best recommendation as possible to the Commission. Therefore, the Public Service Commission will need 4 additional FTEs consisting of 3 Engineers and 1 Regulatory Auditor.

**Oversight** does not have any information to the contrary. Therefore, Oversight will show the fiscal impact (4) FTE as estimated by the PSC to the Public Service Commission Fund (0607).

**Oversight** assumes this proposal allows the PSC 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.

Officials from the **Office of Administration - Facilities Management Design and Construction (FMDC)** state 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 could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would have an indirect impact and therefore will not show the impact in the fiscal note.

Officials from the **Missouri Department of Conservation**, the **Department of Natural Resource** and the **Missouri Department of Transportation** 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other electric companies and co-ops were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>PUBLIC SERVICE COMMISSION (0607)</b>			
<u>Costs</u> - PSC §393.135 and 393.1250 p. 3			
Personnel Service	(\$251,219)	(\$307,492)	(\$313,642)
Fringe Benefits	(\$153,329)	(\$186,411)	(\$188,876)
Expense & Equipment	(\$34,510)	(\$20,845)	(\$21,262)
<u>Total Costs – PSC</u>	<u>(\$439,058)</u>	<u>(\$514,748)</u>	<u>(\$523,780)</u>
FTE Change - PSC	4 FTE	4 FTE	4 FTE
<b>ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION (0607)</b>	<b><u>(\$439,058)</u></b>	<b><u>(\$514,748)</u></b>	<b><u>(\$523,780)</u></b>
Estimated Net FTE Change to the Public Service Commission Fund	4 FTE	4 FTE	4 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

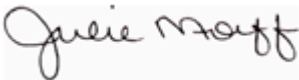
This bill establishes the "Missouri First Natural Gas and Nuclear Power Act", which allows a natural gas-generating unit or clean baseload electric generating plant or facility rated at 300 megawatts or less that utilizes clean baseload electric generating plants to produce energy not in commercial operation as of August 28, 2025, to include in the corporation's rate base any amounts recorded to construction work in progress. The Public Service Commission will determine the amount of construction work in progress as specified in the bill. Base rate recoveries arising from the inclusion of construction work in progress in base rates are subject to refund.

These provisions will expire on December 31, 2035, unless the Commission determines that good cause exists to extend these provisions through December 31, 2045. The secretary of the Commission must notify the Revisor of Statutes if the conditions for the extension have been met.

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

Office of Administration –  
Facilities Management, Design and Construction  
Department of Commerce and Insurance  
Department of Natural Resources  
Department of Transportation  
Missouri Department of Conservation  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
March 6, 2025



Jessica Harris  
Assistant Director  
March 6, 2025