

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5437H.011
 Bill No.: HB 2233
 Subject: Utilities; Public Service Commission
 Type: Original
 Date: March 31, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue*	\$0	\$0	\$0

*This bill could increase utility costs to state departments and local governments. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Facilities Maintenance & Operating Fund (1501)	(\$148,818)	(\$179,448)	(\$182,710)
Office Of Public Council Fund (1508)*	(Unknown)	(Unknown)	(Unknown)
Public Service Commission Fund (1607)*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could Exceed \$148,818)	(Could Exceed \$179,448)	(Could Exceed \$182,710)

*Oversight assumes that the fiscal impact will exceed \$250,000 due to the Department of Commerce and Insurance – Public Service Commissions’ and Office of Public Councils’ possible need for additional FTE and need to develop a robust customer education program.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Facilities Maintenance and Operating Fund (1501)	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2027	FY 2028	FY 2029
Local Government*	\$0	\$0	\$0

*This bill could increase utility costs to state departments and local governments. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

FISCAL ANALYSIS

ASSUMPTION

§§393.2000 – 393.2130 – The Electrical Choice and Competition Law

Officials from the **Department of Commerce and Insurance (DCI)** state that the fiscal impact from these sections cannot be determined due to the unknown number of cases and the complexity of the legislation.

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 have additional costs to provide for the changes in this proposal, therefore, Oversight will range the fiscal impact as Unknown, possibly greater than \$250,000 to the Office of Public Council Fund (OPC) and the Public Service Commission Fund (PSC).

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state that §§393.2000 - 393.2130 would allow 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, (Procurement Supervisor). 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 the amount which 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 \$178,193.57 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.

Officials from the **Department of Natural Resources, Missouri Department of Conservation, Missouri Department of Transportation, City of Kansas City, and City of Springfield** 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 assumes this proposal could change utility costs to state departments and local governments.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local agencies were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
STATE FACILITIES MAINTENANCE AND OPERATING FUND (1501)			
<u>Cost – OA (§§393.2000 - 393.2160) p.3</u>			
Salaries	(\$85,380)	(\$104,505)	(\$106,595)
Fringe Benefits	(\$47,953)	(\$58,368)	(\$59,209)
Equipment and Expense	(\$15,485)	(\$16,575)	(\$16,906)
Total Costs – OA	(\$148,818)	(\$179,448)	(\$182,710)
FTE Change – OA	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE STATE FACILITIES MAINTENANCE AND OPERATING FUND (1501)	<u>(\$148,818)</u>	<u>(\$179,448)</u>	<u>(\$182,710)</u>
Estimated Net FTE Change to the State Facilities Maintenance and Operating Fund	1 FTE	1 FTE	1 FTE
OFFICE OF PUBLIC COUNCIL FUND (1508)			
<u>Cost – DCI-OPC (§§393.2000 - 393.2160) Increased duties p. 3</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE OFFICE OF PUBLIC COUNCIL FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
PUBLIC SERVICE COMMISSION FUND (1607)			
Cost – DCI-PSC (§§393.2000 - 393.2160) Increased duties p.3	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION (1607)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill creates the "Electrical Choice and Competition Law". In it's main provisions, the bill:

- (1) Specifies that the provisions of the bill, as they become effective, will govern the sale of electric energy and any provisions of law that conflict will be invalid and void;
- (2) Requires the Public Service Commission to develop a policy for the transition from a monopoly structure to a competitive market for the generation and sale or purchase of electricity;
- (3) Specifies that electric utilities, as defined in the bill, must provide open access over their transmission and distribution systems to all retail electric suppliers to sell electricity directly to customers;
- (4) Requires the commission, beginning August 28, 2028, to allow commercial and industrial customers of electric utilities to choose a retail electric supplier;
- (5) Requires the Commission, on a time frame set by the Commission but no later than January 1, 2030, to allow residential customers of electric utilities to choose a retail electric supplier;

(6) Requires each electric utility to submit to the Commission a restructuring plan to implement direct access to a competitive market for the generation of electricity and specifies the content of the plan and the time line for submittal;

(7) Specifies the procedure for and time line in which the Commission must review each restructuring plan;

(8) Requires electric utilities to unbundle the rates charged for generation, transmission, and distribution services on the timeline specified in the bill. Following the unbundling of rates, the Commission will no longer regulate the generation of electricity, but will continue to regulate the transmission and distribution of electricity as a natural monopoly;

(9) Specifies that an electric utility can recover under certain conditions transition or stranded costs traditionally recoverable in a regulated environment but not recoverable in a competitive electric generation market;

(10) Requires electric utilities to, at any time prior to choosing a retail electric supplier, divest their generation assets and specifies the options utilities can use to divest;

(11) Prohibits an electric utility from using its own generation assets for providing retail service to its customers once a competitive market for electric generation service is implemented for that class of customers and from recovering the costs of generation from its sale of electricity to retail customers;

(12) Specifies that once a competitive market is implemented for a class of customers, electric utilities must provide default service to customers that do not choose a retail electric supplier;

(13) Establishes a rate structure for each class of customer as specified in the bill;

(14) Authorizes the Commission to establish a separate process for the supply of electric supply service for energy assistance customers. The process must include the grouping of low income customers into an aggregation program as specified in the bill;

(15) Specifies that electric utilities have an obligation to provide open and nondiscriminatory access to their systems for retail electric suppliers to provide service, including customer metering and other customer information so long as the retail electric supplier receives customer consent for the release of the data;

(16) Authorizes the Commission to investigate and establish guidelines for additional programs designed to enhance a customer's experience in choosing a retail electric supplier and allow a retail electric supplier to offer competitive products and services to consumers;

(17) Requires the Commission to develop a robust customer education program to ensure that consumers have access to accurate information about their ability to access the competitive

market and to explore the use of a website that enables consumers to compare products and services being offered by retail electric suppliers;

(18) Prohibits any entity from engaging in the business of electric supply services in this State unless it holds a license issued by the Commission as specified in the bill;

(19) Authorizes the commission to establish a licensing process for retail electric suppliers. The licensing requirements are specified in the bill;

(20) Authorizes the commission to impose civil penalties of no more than \$100,000 on entities that engage in prohibited conduct or anticompetitive or discriminatory conduct;

(21) Specifies that the bill does not affect the ability of residential customers to retain access to financial assistance benefits currently available to qualifying low-income customers or to receive safe and reliable electricity service; and

(22) Requires the Commission to establish an Office of Retail Market Development to actively seek input for interested parties and develop an understanding and critical analyses of the tools and techniques used to promote retail energy competition. The funding methods for and duties of the office are specified in the bill.

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-Facilities Management, Design and Construction
City of Kansas City
City of Springfield



Julie Morff
Director
March 31, 2026



Jessica Harris
Assistant Director
March 31, 2026