

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5265S.01I
Bill No.: SB 1073
Subject: Corporations; Energy; Public Service Commission; Utilities
Type: Original
Date: April 4, 2022

Bill Summary: This proposal creates provisions relating to the electric grid.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Public Service Commission Fund	(\$1,511,005)	(\$599,532)	(\$606,827)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,511,005)	(\$599,532)	(\$606,827)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Public Service Commission Fund	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 393.1450 – Affordable, Abundant, Reliable Electricity Act

Officials from the **Department of Commerce and Insurance - Public Service Commission (PSC)** assume the legislation if passed as written will require the addition of two professional engineers (at \$60,115 annually), two economists (at \$60,115 annually), and a senior research/data analyst (at \$55,943 annually). The cost of salaries and fringe benefits associated with those positions is calculated to be \$389,164 the first year.

The cost of associated equipment (including furniture, computers, and specialized software) and expenses is calculated to be \$1,121,841 the first year and approximately \$130,000 annually thereafter.

Total anticipated cost is calculated to be \$1,511,005 the first year and approximately \$600,000 annually thereafter. All costs would be attributed to the Public Service Commission Fund and cannot be absorbed within the current appropriation authority.

PSC also assumes this legislation would require the PSC to promulgate a rule in order to carry out the provisions of the act. The average cost of rulemakings is currently estimated to be \$4,700.

The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370 RSMo, and not by any state general appropriations.

Depending on the cumulative effect of all PSC-impacting legislation passed in the current session and the associated increased costs associated with that legislation to the PSC, the PSC may need to request an increase in our appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated cost by the PSC to the Public Service Commission Fund.

Officials from the **Department of Commerce and Insurance – Office of Public Council (OPC)** state that the fiscal impact of this section to OPC is indeterminable.

Oversight will reflect a cost to the Office of Public Counsel of \$0 or Unknown.

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.

Officials from the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration** and the **Hancock Street Light District** 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 were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
Costs – Office of Public Counsel – to implement the Affordable, Abundant, Reliable Electricity Act.	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<u>FISCAL IMPACT – State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
PUBLIC SERVICE COMMISSION FUND			
<u>Cost – DCI-PSC</u>			
Salaries	(\$247,003)	(\$299,367)	(\$302,361)
Fringe Benefits	(\$142,161)	(\$171,670)	(\$172,758)
Equipment and Expense	(\$1,121,841)	(\$128,495)	(\$131,708)
Total Cost – DCI-PSC	<u>(\$1,511,005)</u>	<u>(\$599,532)</u>	<u>(\$606,827)</u>
FTE Change – DCI-PSC	5 FTE	5 FTE	5 FTE
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	<u>(\$1,511,005)</u>	<u>(\$599,532)</u>	<u>(\$606,827)</u>
Estimated Net FTE Change to the Public Service Commission Fund	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act establishes the "Affordable, Abundant, Reliable Electricity Act".

Under the act, the electric grid shall be considered affordable, reliable, and resilient, as such terms are defined in the act, if certain conditions listed in the act are met, including the grid maintaining a reserve margin of 15%.

The Public Service Commission shall coordinate with regional transmission organizations to ensure and develop policies reflected in the act which provide reliable, dispatchable power for the region in an effective and consistent manner.

Finally, starting in 2023 and every 3 years thereafter, the Commission shall:

- 1) Evaluate the remaining useful life of an existing electric generating unit;
- 2) Include in the evaluation a cost-benefit analysis, a rate impact analysis, and an analysis of the impact on the reliability of and resilience to the state's electric grid; and
- 3) State the Commission's finding of whether life extensions of existing electric generating units are in the public interest.

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

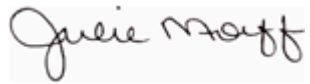
Department of Commerce and Insurance
 Department of Natural Resources
 Missouri Department of Conservation
 Missouri Department of Transportation
 Office of Administration
 Office of the Secretary of State
 Joint Committee on Administrative Rules
 Hancock Street Light District

L.R. No. 5265S.011

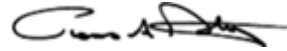
Bill No. SB 1073

Page 7 of 7

April 4, 2022

Handwritten signature of Julie Morff in black ink.

Julie Morff
Director
April 4, 2022

Handwritten signature of Ross Strobe in black ink.

Ross Strobe
Assistant Director
April 4, 2022