

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1312S.01I  
Bill No.: SB 186  
Subject: Energy; Public Service Commission; Utilities  
Type: Original  
Date: February 4, 2025

---

Bill Summary: This proposal creates provisions relating to integrated resource planning for electrical corporations.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Public Service Commission Fund (0607)	(\$1,777,975)	(\$2,002,163)	(\$2,037,467)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$1,777,975)</b>	<b>(\$2,002,163)</b>	<b>(\$2,037,467)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Public Service Commission Fund (PSC)	15 FTE	15 FTE	15 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>15 FTE</b>	<b>15 FTE</b>	<b>15 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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 393.1900: Integrated Resource Planning

Officials from **Department of Commerce and Insurance – Public Service Commission (PSC)** state that this section requires the Public Service Commission, to complete an integrated resource planning proceeding for electrical corporations and publish a schedule for electrical corporations to file an integrated resource plan every four years.

The **PSC** further states that Missouri is facing a significant resource adequacy challenge, which roughly equates to "the ability of the power system, or the grid, to meet demand". As a result of this challenge, the Missouri Public Service Commission hosted a Resource Adequacy Summit called "PowerMO: Securing Missouri's Energy Future" in the Truman Building on August 13. The Summit brought together several stakeholders including utilities, reliability organizations, regional transmission organizations, regulators from other states, municipal and cooperative utilities, and others to discuss the current challenges and put forward proposed solutions.

The current challenges include anticipated load growth due to economic development opportunities (manufacturing and data centers/AI), extreme weather, federal regulations including those aimed at reducing the amount of dispatchable generation available, market forces, and ensuring a diverse generation resource mix. The solutions include:

- (1) Fundamentally changing their Integrated Resource Planning Process to be more forward-looking and allow more stakeholder input (modeled after Michigan);
- (2) Creating a new State Reliability Mechanism which helps ensure that their electrical corporations can meet their load obligations (also modeled after Michigan); and
- (3) Modifying the accounting treatment of Construction Work in Progress (CWIP) for new gas plants (this legislation passed in Kansas last session) and for new generation that is approved by the Public Service Commission through the new Integrated Resource Planning Process, which can reduce costs to ratepayers for building these new assets. Changing their processes to be able to meet the needs of everyday Missourians and better situate the State of Missouri to increase economic development opportunities, will require additional personnel but will better position the State of Missouri to meet the moment.

The **PSC** evaluated how to best implement the new processes in the most cost-efficient way possible (as contracting is not feasible due to cost, and timeline constraints with the contracting processes coinciding with IRP filing and rate case statutorily required timeframes), and came up with the following staff needs (which would be funded by Commission assessment):

PSC has requested 15 FTE for integrated resource planning as shown below:

- **2 Regulatory Compliance Managers** - These positions would generally be required if the IRP process is expanded. As contemplated, Staff will be required to work with stakeholders to determine what factors utilities should be considering when running their IRP models as well as running its own plans to provide the Commission with alternative scenarios. Staff will need to create additional departments to equitably spread out the additional work that would be expected. While not confirmed at this time, it is anticipated there would be departments that are focusing on load forecast modeling, RTO/transmission issues, and supply side resources.
- **5 Engineers** - Generally these positions would be required to run the load forecast modeling, to evaluate supply side resources including renewable technologies, dispatchable technologies, storage technologies, and potential future generation technologies that have not reached economic feasibility but may over the planning horizons. Engineers would also be required to be involved with RTO and transmission issues that would be included in IRP analysis. As noted in the list above, the engineering positions would need to be broken down between senior level positions and junior level positions to deal with the varying levels of complexity required.
- **1 Senior Project Manager** - With an IRP filing every year, as well as CCN (Certificates of Convenience and Necessity) filings as a result of the new IRP legislation, a senior project manager will be required to act as a coordinator for the various filings to ensure that all of the components of Staff requirements are performed within the timeframes that would be required under the legislation and Commission Order.
- **4 Economists** - The economist positions will look at economic assumptions under the IRP, including future purchased power costs, natural gas pricing, and economic growth, at a minimum, will require individuals with a solid background in economics and economic analysis.
- **3 Research/Data Analysts** - Analysts would be required to review potential environmental changes, federal and state regulatory changes and proposed changes, and assist in gathering data from the various stakeholders. Data analysts would also assist in reviewing utility filings to ensure that the utility provided the data necessary and providing feedback.

**Oversight** does not have any information to the contrary. Therefore, Oversight will show the fiscal impact (15 FTE) as estimated by the PSC to the Public Service Commission Fund (0607).

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other electric companies and coops. 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

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>PUBLIC SERVICE COMMISSION (0607)</b>			
<u>Costs - PCS §393.1900 - p. 4-5</u>			
Personnel Service	(\$983,982)	(\$1,204,394)	(\$1,228,481)
Fringe Benefits	(\$591,780)	(\$719,601)	(\$729,255)
Expense & Equipment	(\$202,213)	(\$78,168)	(\$79,731)
<u>Total Costs – PCS</u>	<u>(\$1,777,975)</u>	<u>(\$2,002,163)</u>	<u>(\$2,037,467)</u>
FTE Change - PCS	15 FTE	15 FTE	15 FTE
<b>ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION (0607)</b>	<b><u>(\$1,777,975)</u></b>	<b><u>(\$2,002,163)</u></b>	<b><u>(\$2,037,467)</u></b>
Estimated Net FTE Change to the Public Service Commission Fund	15 FTE	15 FTE	15 FTE

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under the act, by August 28, 2026, the Public Service Commission, and every four years as needed thereafter, shall commence an integrated resource planning proceeding for electrical corporations. The Commission's responsibilities pursuant to the integrated resource planning proceeding are described in the act.

No later than August 28, 2027, Commission shall publish a schedule for electrical corporations to file an integrated resource plan every four years. Each integrated resource plan shall include an alternative resource plan meeting the requirements under the act. All alternative resource plans shall cover a minimum 16-year planning horizon. All such plans shall reflect projections of an electrical corporations's load obligations and how an electrical corporation under such plan

would reliably meet its projected load obligations. Other requirements to be included in the plan are described in the act.

After a hearing, the Commission shall issue a report and order no later than 360 days after the electrical corporation files an integrated resource plan, unless the Commission grants itself an extension for good cause for the issuance of the report and order. Up to 150 days after an electrical corporation makes its initial integrated resource plan filing, the electrical corporation may file an update of the cost estimates if the cost estimates have materially changed. The Commission's report and order shall determine whether the electrical corporation has submitted sufficient documentation and selected a preferred resource plan representing a reasonable and prudent means of meeting the electrical corporation's load serving obligations at just and reasonable rates. In making this determination, the Commission shall consider whether the plan appropriately balances specific factors described in the act.

If the Commission determines that the preferred resource plan is a reasonable and prudent means of meeting the electrical corporation's load serving obligations, such determination shall constitute the Commission's permission for the electrical corporation to construct or acquire the specified supply-side resources that were reflected in the implementation plan, as described in the act. When the electrical corporation files an application for a certificate of convenience and necessity to authorize construction or acquisition of such resources, the Commission shall be deemed to have determined that the supply-side resources are necessary or convenient for the public interest. In the certificate of convenience and necessity proceeding, the Commission's inquiry shall be limited, as described in the act.

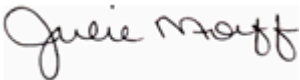
If the Commission determines that the preferred resource plan is not a reasonable and prudent means of meeting the electrical corporation's load serving obligations, the Commission shall have the authority to specify in its report and order the deficiencies in the preferred resource plan. Procedures to cure the deficiencies as described in the act.

If approved in a proceeding granting permission and approval to construct an electric plant, an electrical corporation may, subject to certain limitations, be permitted to include in its rate base any amounts recorded to construction work in progress for the investments for which permission is granted. The inclusion of construction work in progress shall be in lieu of any applicable allowance for funds used during construction that would have accrued from the effective date of new base rates that reflect inclusion of the construction work in progress in rate base. The Commission shall determine the amount of construction work in progress that may be included in rate base, as described in the act. The amount shall be limited by specifics described in the act.

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

A handwritten signature in cursive script that reads "Julie Morff". The signature is written in black ink on a light-colored background.

Julie Morff  
Director  
February 4, 2025

A handwritten signature in cursive script that reads "Jessica Harris". The signature is written in black ink on a light-colored background.

Jessica Harris  
Assistant Director  
February 4, 2025