

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1580S.01I  
Bill No.: SB 487  
Subject: Attorney General; Civil Penalties; Energy; Public Service Commission; Utilities  
Type: Original  
Date: March 30, 2025

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Bill Summary: This proposal creates provisions relating to a competitive retail electricity market.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, More or Less than \$250,000)
<b>Total Estimated Net Effect on General Revenue *</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, More or Less than \$250,000)</b>

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

\*This bill could decrease 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.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Public Service Commission Fund (0607)	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)
State Facilities Maintenance & Operating Fund (0501)	(\$138,244)	(\$151,139)	(\$153,846)
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>(Unknown, Greater than \$388,244)</b>	<b>(Unknown, Greater than \$401,139)</b>	<b>(Unknown, More or Less than \$403,846)</b>

\*Oversight assumes that the fiscal impact will exceed \$250,000 due to the Department of Commerce and Insurance – Public Service Commissions’ possible need of additional FTE and

need to develop a robust customer education program. The Office of Administration - Facilities Management, Design and Construction is also requesting 1 FTE.

Numbers within parentheses: () indicate costs or losses.

<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>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>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 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>

\*This bill could decrease 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

#### Sections 393.2000 - 393.2036 – Electrical Choice and Competition

Officials from the **Department of Commerce and Insurance (DCI)** state that the fiscal impacts of these sections to DCI are indeterminable.

**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 initially require additional FTE to provide for the changes in this proposal, therefore, Oversight will range the fiscal impact as Unknown, possibly greater than \$250,000 to the General Revenue Fund (OPC) and the Public Service Commission Fund (PSC).

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assume that this bill allows 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 (Procurement Supervisor) to manage this process. 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 what 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 \$162,991 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 **Missouri Department of Conservation**, the **Missouri Department of Transportation**, and the **City of 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.

**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 cities, electric companies and coops were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our 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>GENERAL REVENUE FUND (0101)</b>			
<u>Cost – DCI-OPC</u> (§§393.2000 - 393.2160) Increased job duties p. 3	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)	(Unknown, Greater than \$250,000)
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, Greater than \$250,000)</b>	<b>(Unknown, Greater than \$250,000)</b>
<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028

<b>STATE FACILITIES MAINTENANCE AND OPERATING FUND (0501)</b>			
<u>Cost – OA (§§393.2000 - 393.2160) p.3</u>			
Salaries	(\$76,020)	(\$93,048)	(\$94,909)
Fringe Benefits	(\$43,629)	(\$53,086)	(\$53,831)
Equipment and Expense	(\$18,595)	(\$5,005)	(\$5,106)
<u>Total Cost – OA</u>	<u>(\$138,244)</u>	<u>(\$151,139)</u>	<u>(\$153,846)</u>
FTE Change - OA	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT TO THE STATE FACILITIES MAINTENANCE AND OPERATING FUND (0501)</b>	<b><u>(\$138,244)</u></b>	<b><u>(\$151,139)</u></b>	<b><u>(\$153,846)</u></b>
Estimated Net FTE Change to the State Facilities Maintenance and Operating Fund	1 FTE	1 FTE	1 FTE
<b>PUBLIC SERVICE COMMISSION FUND (0607)</b>			
<u>Cost – DCI-PSC (§§393.2000 - 393.2160) Increased job duties p.3</u>	(Unknown, Greater than <u>\$250,000</u> )	(Unknown, Greater than <u>\$250,000</u> )	(Unknown, Greater than <u>\$250,000</u> )
<b>ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION</b>	<b>(Unknown, Greater than <u>\$250,000</u>)</b>	<b>(Unknown, Greater than <u>\$250,000</u>)</b>	<b>(Unknown, Greater than <u>\$250,000</u>)</b>

<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 a decrease in utility costs as a result of this proposal.

### FISCAL DESCRIPTION

The act creates "The Electrical Choice and Competition Law." Provisions of the act shall govern the sale of electricity in the state and any provision of law that conflicts with the act shall be null and void.

Under the act, an electric utility shall provide equal and open access to electric supply over the electric utility's transmission and distribution systems to allow retail electric suppliers to sell electricity directly to retail customers in the state.

Twenty-four months after August 28, 2025, the Public Service Commission shall permit commercial and industrial customers of electric utilities to choose a retail electric supplier, as defined in the act.

Pursuant to the time frame provided for in the act, the Commission shall permit residential customers to choose a retail electric supplier. The ability of energy assistance residential customers to retain access to all financial assistance benefits shall not be affected by the provisions of the act.

Each electric utility shall submit to the Commission a restructuring plan to assist retail customers to choose a retail electric supplier. The plan shall be submitted pursuant to a schedule established by the Commission, as described in the act. Specifics of the plan are described in the act. The Commission shall review each restructuring plan and issue an order accepting, modifying, or rejecting the plan, as described in the act.

Electric utilities shall unbundle the electric rates consistent with the provisions of the act. After the implementation of the unbundling process, the Commission shall regulate the manufacture, sale, and distribution of electricity pursuant to the provisions of the act.

Electric utilities shall be able to recover transition costs pursuant to the time frame and divestiture process under the act. The Commission shall approve the recovery and time periods over which the stranded costs are to be collected by the competitive transition charge as described in the act.

Electric utilities shall divest their generation assets pursuant to the specifics described in the act and with the approval of the Commission.

Electric utilities shall provide default supply service to retail customers who do not choose a retail electric supplier as described in the act. Allocation of direct and indirect costs incurred for the provision of the default supply service is described in the act.

The Commission may establish a separate process for electric supply service for energy assistance customers. The process shall include a grouping of energy assistance customers into an aggregation program. Specifics of the aggregation program are described in the act. If an

energy assistance customer chooses to opt-out of the aggregation program, the customer shall no longer be eligible for any energy assistance relief.

All electric utilities shall provide open and nondiscriminatory access to their data and systems to retail electric suppliers. Retail electric suppliers shall obtain customer consent prior to receiving certain customer data. The Commission shall develop a process to obtain customer consent for the release of the customer data as described in the act. Retail customers shall be able to select their preferred billing method, as described in the act. Electric utilities shall implement an accelerated switching process where residential customers may change retail electric suppliers as described in the act. Certain customers moving within a service area shall continue receiving electric service from the same retail electric supplier without being required to switch to a different retail electric supplier.

Six months after August 28, 2025, the Commission shall develop a customer education program to ensure all retail customers have access to accurate information about their ability to choose a retail electric supplier. Specifics of the program are described in the act.

The Commission shall establish the "Office of Retail Market Development and Oversight" to be funded by an annual assessment of retail electric suppliers based on a formula developed by the Commission but not to exceed \$20,000 annually per retail supplier license. The authority and responsibilities of the Office are described in the act.

No person or company shall supply electric service in the state without obtaining a retail electric supplier license from the Commission. The Commission shall develop a licensing process as described in the act. The Commission shall monitor the retail power market for the supply and distribution of electricity to retail customers to ensure retail electric suppliers are not engaged in anti-competitive or discriminatory practices.

If the Commission finds that a retail electric supplier engaged in anti-competitive or discriminatory practices, the Commission shall ask the Attorney General to file a civil action. If the court finds that a violation occurred, the court may impose civil penalties, damages, and other relief described in the act. Any proceedings initiated under this provision shall be subject to the provisions relating to procedures before the Commission and provisions relating to the Office of the Public Counsel. Provisions under the act that are applicable to proceedings involving electric utilities shall also apply to retail electric suppliers.

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

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Missouri Department of Conservation

Missouri Department of Transportation

Office of Administration - Facilities Management, Design and Construction

Office of the Secretary of State

Joint Committee on Administrative Rules

City of Kansas City



Julie Morff

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March 30, 2025



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