

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7897

BILL NUMBER: SB 584

DATE PREPARED: Apr 9, 1999

BILL AMENDED: Apr 8, 1999

SUBJECT: Various provisions regarding utilities

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill makes several provisions regarding utilities:

- *IURC jurisdiction:* This bill reconciles substantive and technical conflicts between statutes enacted by the 1997 General Assembly concerning the jurisdiction of the Indiana Utility Regulatory Commission (IURC) over local water companies. It modifies terms used in the statute and elaborates on the process for contesting procedures for withdrawal from Commission jurisdiction and for petitioning to return to Commission jurisdiction. The bill also repeals obsolete definitions and makes conforming changes.
- *Home energy assistance:* This bill requires the Division of Family and Children to consider an applicant's housing status when determining the amount of energy assistance to award the applicant under the Home Energy Assistance Program. It requires the Division to give weight to the housing status of applicants in the following order of priority:
 - (1) An applicant who resides in nonsubsidized housing.
 - (2) An applicant who resides in subsidized housing in which home energy costs are not included in the rent.
 - (3) An applicant who resides in subsidized housing in which home energy costs are included in the rent.

The bill also requires the Division to annually evaluate the formula for determining the amount of energy assistance benefit and to submit a report containing certain information to the Legislative Council by April 1 of each year, beginning in 2000.

- *Formal hearing requirement:* This bill gives the IURC discretion to require a formal public hearing concerning a rate change request by a utility.

- *Fees for smaller utilities:* The bill also prohibits the Commission from billing or collecting a public utility fee that equals \$50 or less under the current formula for calculating fees.

Effective Date: (Amended) Upon passage; July 1, 1999.

Explanation of State Expenditures: (Revised) *IURC jurisdiction:* The provisions regarding IURC jurisdiction would not have a fiscal impact.

Home energy assistance: The changing of the benefit computation matrix will have no fiscal impact on the program. The Home Energy Assistance Program is a federally funded program. Indiana received approximately \$31.1 million last year. The allotment to Indiana is expected to increase slightly this year. These changes will simply reduce benefits to some households and increase benefits to other households. The evaluation of the energy assistance formula and the report to the Legislative Council can be completed using existing funds of the Division of Family and Children.

Formal hearing requirement: Under current law, the IURC must hold a formal public hearing on a petition or complaint concerning a rate change if a motion is made by the Office of the Utility Consumer Counselor (OUCC), a public or municipal corporation, or a group of ten individuals, firms, companies or other complainants. This bill would grant the IURC discretion by amending current law so that the IURC “may” hold such hearings. The IURC estimates that this provision may reduce the number of formal hearings by two or three each year. The potential savings associated with this reduction could be between \$5,000 and \$10,000.

Explanation of State Revenues: (Revised) *Fees for smaller utilities:* Each public utility is assessed the public utility fee based on 0.0015% of the previous year’s gross revenue. This bill would prohibit the IURC from collecting any fees not exceeding \$50. In 1998, about 180 utilities paid less than \$50 in public utility fees. The total amount collected from these 180 utilities was about \$3,000. Assuming this amount remains constant, the annual impact of this provision would be a \$3,000 reduction in public utility fee revenues. This revenue is deposited in the Public Utility Fund which provides for the expenses of the IURC, the OUCC, and a \$250,000 contingency fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IURC; Family and Social Services Administration, Division of Family and Children.

Local Agencies Affected:

Information Sources: Mike Leppert, Director, Consumer Affairs, IURC, (317) 232-2714; Karen Kinder, Family and Social Services Administration, 232-7088.