

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6198

BILL NUMBER: SB 94

NOTE PREPARED: Apr 8, 2013

BILL AMENDED: Apr 8, 2013

SUBJECT: Electric Transmission Owners

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR: Rep. Frizzell

BILL STATUS: 2nd Reading 2nd House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill authorizes the Indiana Utility Regulatory Commission (IURC) to grant a new electric transmission owner authority to operate as a public utility under certain conditions. It provides that an incumbent electric transmission owner has a right of first refusal to construct a local reliability facility. It authorizes the IURC to resolve certain disputes between new and incumbent electric transmission owners.

The bill urges the Legislative Council to assign to the Regulatory Flexibility Committee for study of the topic of the right of first refusal of an incumbent electric transmission provider to construct, own, operate, and maintain a local reliability electric transmission facility.

Effective Date: (Amended) Upon Passage; July 1, 2013.

Explanation of State Expenditures: The bill provides guidelines for review and requires the IURC to approve new electrical utilities if certain conditions are met. It further provides procedures on the potential contract between the new electrical utility and an incumbent electric utility. It requires IURC to resolve any dispute.

These provisions could increase administrative costs for the IURC. Any increase in administrative costs will be offset by public utility fees. The IURC and the Office of Utility Consumer Counselor (OUCC) are funded by public utility fees. Each public utility must pay 0.15% of its gross intrastate operating revenues for the preceding calendar year. The actual fee is based on the budgets of IURC and OUCC. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the fund exceeds the

total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees.

Electric Utility Authority: The bill defines "new electric transmission owner" as an entity organized to primarily operate an electric transmission facility in Indiana and that on the date of its incorporation or organization, does not own, operate, or maintain an electric transmission facility.

The bill allows the IURC to grant a new electric utility authority to operate as a public utility in Indiana if the IURC makes the following findings:

- (1) The new electric transmission owner has the financial, managerial, and technical capability to construct, own, operate, and maintain an electric transmission facility;
- (2) The new electric transmission owner has the ability and intent to comply with all statutes, rules, and regulations enforced by the commission;
- (3) The new electric transmission owner has the intent to construct, own, operate, and maintain an electric transmission facility that is under consideration for selection in a regional transmission plan; and
- (4) The new electric transmission owner has provided written notice of its request for authority under this section to each incumbent electric transmission owner that may connect its existing electric transmission facility to the new electric transmission facility of the new electric transmission owner.

The bill provides that the IURC may consider the creditworthiness of the new electric utility in regards to granting authority to the utility. It provides further guidelines related to granting the authority to operate.

The bill provides that an incumbent electric transmission owner has the right to construct, own, operate, and maintain the following:

- (1) A local reliability electric transmission facility that connects to an electric transmission facility owned by the incumbent electric transmission owner.
- (2) Upgrades to an existing electric transmission facility owned by the incumbent electric transmission owner.

(Revised) Electric Transmission Facility Study Committee Topic: The bill urges the Legislative Council to assign to the Regulatory Flexibility Committee the topic of the right of first refusal of an incumbent electric transmission provider to construct, own, operate, and maintain a local reliability electric transmission facility. The bill requires that if the Legislative Council assigns the topic to the committee, the committee would issue a final report to the legislative council containing the committee's findings and recommendations, including any recommended legislation concerning the topic, in an electronic format not later than November 1, 2013. The Regulatory Flexibility Committee has 23 members, all of whom are legislators. The committee operates under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with 16 members or more. If there are additional meetings because of the study, there could be additional costs for travel and per diem. However, all costs would need to fall within the committee's budget.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IURC.

Local Agencies Affected:

Information Sources: <http://www.ferc.gov/industries/electric/indus-act/trans-plan.asp>

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