LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
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FISCAL IMPACT STATEMENT

LS 7498 **DATE PREPARED:** Jan 10, 2001
BILL NUMBER: HB 1983 **BILL AMENDED:**

SUBJECT: Public Utility Service Quality.

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

IMPACT: State

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission to adopt service quality rules for public utilities. The bill requires a public utility to report annually to the Commission regarding the public utility's compliance with the service quality rules. The bill requires a public utility to immediately report any significant interruption of service. The bill authorizes the Commission to impose civil penalties if a public utility fails to comply with the service quality rules.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill would require the IURC to establish service quality rules requiring utilities to: meet performance levels, establish maintenance schedules, report interruptions, establish response times, maintain sufficient personnel, and file a report annually with Commission regarding the utility's compliance. Any costs associated with developing these rules are expected to be absorbed using the Commission's existing staff and resources.

The proposal would give the IURC the ability to: impose civil penalties, issue cease and desist orders, and modify permits issued if, after notice and hearing, the Commission finds that a public utility has failed to comply with the service quality rules. Under current law, the IURC can only revoke a certificate or permit. While this provision would make more options available to the IURC in the event of a violation or act of noncompliance, it should not require any additional procedures or expenditures for the Commission.

The proposal also authorizes the Attorney General to bring an action in a court that has jurisdiction over the noncompliant utility. If more legal actions are sought, the administrative burden of the Attorney General's office may increase.

Explanation of State Revenues: Under this bill, the IURC could impose a civil penalty of up to $ 25,000 for each violation or fine the utility not more than 15% of the utility's gross annual intrastate operating revenue (as reported in the most recent *IURC Public Utility Fee Report*) or both for certain violations or acts of noncompliance.

Penalties would be deposited into the Public Utility Fund, which is used for the operation of the IURC and the OUCC. It is not known in how many instances the IURC would impose monetary penalties

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 $250,0000 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. In FY 2000, public utility fines and fees generated $8,053,986.

Explanation of Local Expenditures: This bill would increase the monetary liabilities of municipally owned utilities that violate the Commission's service quality performance standards.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor; Office of the Attorney General.

Local Agencies Affected: Municipally owned utilities.

Information Sources: