

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7245

BILL NUMBER: HB 1151

DATE PREPARED: Jan 3, 2002

BILL AMENDED:

SUBJECT: Utility Business Practices.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that certain public utilities may not provide certain subsidies to affiliates or unregulated activities. The bill provides remedies if a public utility violates the prohibition on subsidies. It requires certain public utilities to provide the donee of a charitable contribution or other gift a statement regarding the funding of the contribution or gift. The bill requires those public utilities to make an annual report of charitable contributions and gifts.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This bill prohibits regulated public gas and electric utilities from providing subsidies to an unregulated affiliate or for an unregulated activity. The bill allows persons suffering a pecuniary loss from a utility's violation of this provision to file a complaint with the Indiana Utility Regulatory Commission (IURC). The bill also requires regulated utilities to file annual reports to the IURC of their charitable contributions made during the previous year. While these provisions may increase the IURC's investigatory and administrative costs, any increase is expected to be absorbed using the Commission's existing staff and resources.

Background on IURC and OUCC Funding: The operating budgets of the IURC and Office of the Utility Consumer Counselor are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2001, fees from the utilities and fines generated approximately \$8.6 M.

Explanation of State Revenues: *Court Fee Revenue:* The bill allows persons that have suffered from a pecuniary loss from a violation of the section to file a civil action. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be

assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

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

Local Agencies Affected: Trial courts.

Information Sources: Indiana Utility Regulatory Commission, *2000-2001 Annual Report*.