

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6119

BILL NUMBER: SB 37

NOTE PREPARED: Oct 29, 2004

BILL AMENDED:

SUBJECT: Utility Acquisition Costs.

FIRST AUTHOR: Sen. Antich-Carr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the costs a public utility incurs in the acquisition of: (1) another public utility or a controlling interest in another public utility; or (2) an interest in a partnership, limited liability company, corporation, or any other person; may not be included in the rates charged to the public utility's customers.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *IURC:* This bill could increase the administrative burden of the IURC if additional complaints of violations are brought forth to be investigated by the Commission. It is presumed that the IURC would absorb any additional administrative costs using existing resources.

Background on IURC and Office of the Utility Consumer Counselor Funding (OUCC): The operating budgets of the IURC and OUCC 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 2004, fees from the utilities and fines generated approximately \$10.6M.

Explanation of State Revenues: *Penalty Provision:* Violation of this provision is subject to a Class B infraction. The maximum judgment for a Class B infraction is \$1,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

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

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.