TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 2151 - HB 2269

March 14, 2014

SUMMARY OF BILL: Requires, on or after July 1, 2014, each newly constructed apartment within Davidson County to be individually metered by a utility, and prohibits master-metered designs for newly-constructed apartment buildings. Prohibits utilities from discontinuing service to apartment buildings constructed prior to July 1, 2014, that are currently master-metered, without first providing notice pursuant to Tenn. Code Ann. § 65-32-104.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Pursuant to Tenn. Code Ann. § 65-32-102, the provisions of this chapter are only applicable to counties with a metropolitan form of government with a population greater than 500,000 according to the 2000 federal census.
- According to the Tennessee Regulatory Authority (TRA), there is only one utility regulated by the TRA to which the provisions of this bill would be applicable.
- According to TRA, any expense incurred for the purposes of implementing this legislation for the TRA-regulated utility is unquantifiable; however, the utility would have the opportunity to petition the TRA for a rate increase to customers to recover any costs incurred during the utility's next rate case proceeding.
- Any utility currently operating within Davidson County would be prohibited from master-metering an apartment complex after July 1, 2014. It is assumed that any increase in expenditures to comply with the provisions of this legislation would be regained in rates charged to customers; therefore the net impact to local government is estimated to be not significant.

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds $100,000

Increase Business Expenditures – Exceeds $100,000

Assumptions:

- It is assumed all costs associated with individually metering residences within a complex would be assessed to the developer of the property. Developers and complex property owners would be responsible for covering costs associated with the installation of new meters for sewer, water, and electricity.
- It is estimated each developer would pay $500 per apartment unit to have all new individual meters installed.
- Assuming a minimum of 200 units within Davidson County that will need to be individually metered annually, the recurring increase in business expenditures is estimated to exceed $100,000 (200 x $500).
- It is assumed all costs incurred by businesses will be offset by increased rents charged to tenants or increased prices charged to purchasers resulting in a corresponding increase in business revenue exceeding $100,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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