

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 603 - SB 1366

February 22, 2019

SUMMARY OF BILL: Authorizes locally owned utilities, municipal electric plants, and utility districts to offer certain services to customers and include the cost for such service on participating customers' monthly utility bill.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed language authorizes locally owned utilities and utility districts providing water, sewer, or natural gas service to enter into agreements with companies to provide line damage protection coverage or insurance. The utility would be authorized to include any charges for such services on the monthly utility bill of the participating customer.
- Pursuant to Tenn. Code Ann. § 7-82-403 and § 7-34-115, municipal utilities and utility districts are required to be self-supporting entities.
- To the extent a locally owned utility or utility district opts to enter into such an agreement, any revenue collected for such service will be remitted to the company offering the service and not retained by the utility; therefore any fiscal impact to locally owned utilities and utility districts is estimated to be not significant.
- The proposed language authorizes municipal electric plants to assist utility customers in installing or maintaining certain equipment and appliances or to contract with a third party for such services to customers, and include any charges for such services on the monthly bill of any participating customer.
- To the extent a municipal electric plant opts to enter into an agreement with a third party, any revenue collected for service conducted by a third party will be remitted to the third party. Any revenue maintained by the municipal electric plant may be utilized to dispose of notes and other indebtedness held by the municipal electric plant.
- While it is unknown how many municipal electric plants will opt to provide such services, the extent of any expenditures which will be incurred by the municipal electric plant for providing such services, and the extent of any revenues the municipal electrics will collect for such services; due to the self-sufficient manner in which municipal electric plants are operated, the net fiscal impact is estimated to be not significant.

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IMPACT TO COMMERCE:

Other Fiscal Impact – A precise increase in business revenue and impact to jobs in Tennessee cannot reasonably be determined due to multiple unknown factors.

Assumptions:

- To the extent a municipal utility, utility district, or municipal electric plant opts to contract with a private business to provide certain services to such utility customers, the private business will experience an increase in business revenue.
- A precise increase in business revenue cannot reasonably be determined due to multiple unknown factors such as the extent of services which will be provided by the private business, the extent and timing of any contracts which will be created as a direct result of this legislation, the extent and timing of any business expenditures experienced for providing such services, and the extent and timing of any fees charged customers for provision of such services.
- A precise impact to jobs in Tennessee cannot reasonably be determined.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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