

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 526 - HB 1149**

February 19, 2019

**SUMMARY OF BILL:** Prohibits certain utility districts and public utilities from selling, sharing, or disclosing certain customer information to a third party except in certain circumstances. Establishes a complaint and investigation process which may be used by any lawful resident of the state.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Exceeds \$1,000/Comptroller of the Treasury**

**Increase State Expenditures – \$69,700/General Fund**

Assumptions:

- The proposed legislation prohibits utility districts created pursuant to Utility District Law of 1937 and all public utilities regulated by the Tennessee Public Utility Commission (TPUC) from selling, sharing, or disclosing information collected by a smart meter system to a third party, unless the information does not identify individual customers or properties.
- The proposed legislation establishes the following:
  - Any lawful resident of the state may allege a violation of this prohibition by a utility.
  - The Comptroller of the Treasury (COT) is required to establish what evidence must be provided with an allegation of a violation.
  - The governing board of the utility is required to conduct an investigation into an allegation and notify the individual and the COT with the investigation findings.
  - The COT is required to review a board's investigation if petitioned by an individual who is unsatisfied with the board's findings.
  - The COT is authorized to impose a civil penalty of \$1,000 per violation.
- Based on the 2017-2018 annual report issued by TPUC, the Commission received 473 customer complaints against approximately 479 public utilities. Of those 479 public utilities, 33 provide electricity, water, or natural gas. It is unknown how many of these utilities utilize smart meters. The number of applicable utility districts is unknown.
- It is unknown how many individuals will allege a violation against a utility district or a public utility; however, it is reasonably estimated there will be at least 30 complaints annually which the COT will be petitioned to investigate.

- The COT will be required to hire a Utility Board Specialist to facilitate the provisions of this legislation. The recurring increase in state government expenditures for an additional Specialist position is \$69,684 (\$54,132 salary + \$15,552 benefits).
- If the COT determines that a violation did occur, a civil penalty of \$1,000 may be assessed for each instance that information is sold, shared, or disclosed.
- The COT will maintain all civil penalties assessed for enforcement of the provisions of the legislation. Of the 30 estimated annual complaints investigated by the COT, at least one complaint annually will result in the assessment of a civil penalty, resulting in a recurring increase in state revenue estimated to exceed \$1,000 for the COT.
- Pursuant to Tenn. Code Ann. § 10-7-504(20)(A)-(B), the consumer-specific energy and water usage data of customers is treated as confidential by a local utility, except for aggregate monthly billing information; however, other records of utility districts are open for public inspection.
- Utility districts will adjust current procedures for open records requests in order to maintain additional customer information collected by smart meters confidential.
- It is assumed that all civil penalties assessed will be against public utilities due to the current nature of utility district information being held as public record; therefore, any increase in local government expenditures for civil penalties is estimated to be not significant.

## **IMPACT TO COMMERCE:**

### **Increase Business Expenditures – Exceeds \$1,000**

#### Assumptions:

- It is reasonably estimated that public utilities will be assessed at least one civil penalty of \$1,000 annually.
- It is unknown how many public utilities currently sell information collected from smart meters; however, it is reasonably assumed that a majority of public utilities will alter the information which is provided to comply with the provisions of this legislation when selling such information; therefore, the total decrease in business revenue is estimated to be not significant.
- The proposed legislation is not expected to result in any significant impact to jobs in Tennessee.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jrh