

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 532 - HB 604

March 11, 2019

SUMMARY OF BILL: Establishes a procedure the Tennessee Public Utility Commission (TPUC) will utilize to set the rate base for certain public utilities.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to local government revenue cannot reasonably be determined.

Assumptions:

- The proposed legislation:
 - Applies only to public utilities providing water or wastewater service who acquire municipally-owned water or wastewater utility services serving 10,000 or fewer customer connections.
 - TPUC will utilize the prescribed formula when determining a rate base which can be assessed by the public utility to its customers after acquisition of the municipal utility service.
- Due to multiple unknown variables such as (1) if establishing such rate base procedure will result in an increase in the number of municipally-owned utility services purchased by public utilities, and (2) if public utilities will offer a higher price to municipally-owned utilities as a direct result of the proposed rate base procedure, a precise impact to local government revenue cannot reasonably be determined.
- Any fiscal impact to state government is estimated to be not significant.

IMPACT TO COMMERCE:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to commerce and jobs in Tennessee cannot reasonably be determined.

Assumptions:

- Tennessee Code Annotated § 65-5-103, TPUC takes into account the safety, adequacy, and efficiency of service provided by a public utility when establishing if any rate increase established by a public utility is in the public interest.

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- Due to multiple unknown factors such as (1) the number of applicable purchasing public utilities annually statewide, (2) the rate base which would have been determined by TPUC in the absence of this legislation, (3) the rate which will be determined as a direct result of this legislation, (4) the extent of any increase in customer rates and subsequent increase in private business revenue, and (5) if a purchasing public utility will maintain current staffing established by the municipally-owned utility service, a precise impact to commerce and jobs in Tennessee cannot reasonably be determined.

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

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