

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6590

BILL NUMBER: HB 1487

NOTE PREPARED: Dec 11, 2020

BILL AMENDED:

SUBJECT: Utility Customer Assistance Programs.

FIRST AUTHOR: Rep. Pryor

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill amends the statute that authorizes a water or wastewater utility, in the context of a general rate case, to establish a customer assistance program for qualified residential customers, to provide the same authority to energy utilities.

Effective Date: Upon passage.

Explanation of State Expenditures: *Indiana Utility Regulatory Commission (IURC):* The bill extends current statute to allow energy utilities to request that the IURC allow the utility to establish a customer assistance program as part of a general rate case. [Current law only allows water or wastewater utilities to request IURC approval to form customer assistance programs.] To the extent that the bill increases the number of utilities that can include this request in a general rate case, the IURC could experience additional workload. This represents an expansion of current procedures being applied to a broader set of utilities, and would likely be accomplished within existing resources.

Explanation of State Revenues: The bill's provisions could potentially impact electric and gas utility rates, depending upon the extent to which energy utilities request to form customer assistance programs and how a utility chooses to fund such a program, as outlined in the bill. To the extent that utility rates are affected as a result of this bill, there would be an impact on Sales Tax, Utility Receipts Tax (URT), and Utility Services Use Tax (USUT) collections.

Additional Information - The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General

Fund. Sales tax revenue is deposited in the state General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).

Explanation of Local Expenditures: To the extent that municipally-owned energy utilities request that the IURC allow the utility to form a customer assistance program, the utility could potentially experience expenditure impacts depending on the implementation of such a program. The statute allows more than one method to fund and administer a customer assistance program, so any impact on local costs is indeterminable and will vary by municipal utility.

Additional Information - Currently, an IURC-regulated water or wastewater utility is allowed to establish a low-income customer assistance program for qualified customers to receive discounted rates. In recently completed cases, Indiana-American Water Company and CWA Authority, Inc. have established low-income programs. Annually, CWA Authority, Inc. provides \$1.1 M in bill credits and \$0.4 M for infrastructure repairs or water conservation appliances, with \$1.3 M coming from ratepayers through a surcharge on the customer's bill and \$0.2 M funded by CWA Authority, Inc.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Indiana Utility Regulatory Commission.

Information Sources: Indiana Utility Regulatory Commission, *2020 Annual Report*.

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