

# Commission on Local Government

## Estimate of Local Fiscal Impact

2024 General Assembly Session | 1/19/24

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

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### **HB 906: Public utilities; municipal utilities, disconnection of service, consumer protections. (Patron: Del Irene Shin)**

**Bill Summary:** Suspends electric, gas, water, and wastewater utilities subject to the regulation of the State Corporation Commission from disconnecting service to a residential customer for nonpayment of bills or fees during a state of emergency declared by the Governor and provides that such suspension lasts for 30 days after such declaration of the state of emergency. The bill suspends such electric and gas utilities from disconnecting service to a residential customer for nonpayment of bills or fees when the forecasted temperature low is at or below 32 degrees Fahrenheit and suspends electric utilities from disconnecting any such customer from service when the forecasted temperature high is at or above 95 degrees Fahrenheit within the 24 hours following the scheduled disconnection. The bill further suspends electric, gas, water, and wastewater utilities from disconnecting residential customers from service on Fridays, weekends, state holidays, and the day immediately preceding a state holiday. The bill also creates similar requirements for utilities owned or operated by a locality of the Commonwealth and provides customers a civil cause of action if the municipally owned or municipally operated utility fails to comply with the requirements of the bill.

**Local Fiscal Impact:** Net Additional Expenditure:   X   Net Reduction of Revenues:   X  

### **Summary Analysis:**

**Number of Localities Responding: 6 Cities, 5 Counties, 3 Towns, 0 Other**

Localities estimated an increase in expenditures ranging from \$0 to \$910,000 over the biennium.

Localities estimated a decrease in revenues ranging from \$0 to \$200,000 over the biennium.

Most localities did not indicate an increase in expenditures. Those that did identified increased recurring personnel costs to track notices and collect data. One locality noted additional recurring costs related to sending notices and potential liability as well as one-time expenditures for software upgrades.

Most localities indicated no loss in utility revenue. Those that do anticipate losses noted that they would come from increased unrecoverable utility bills and write offs.



**Net Increase in Expenditures: Itemized Estimates by Responding Localities**

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)
	FY25	FY26	FY25	FY26	FY25	FY26	
Bedford							0
Chesterfield County							0
City of Alexandria							0
City of Harrisonburg	0	0	0	0	0	0	10,000
City of Richmond							0
City of Roanoke							0
City of Winchester							0
Lynchburg							0
Mecklenburg County							0
Prince George County			150000				910,000
Rappahannock County							0
Town of Blacksburg							0
Town of Christiansburg							20,000
Town of Rocky Mount							0

Locality	Expenditure Narrative by Responding Localities
Bedford	
Chesterfield County	There are circumstances in which the county would be required to keep utilities on when they would have otherwise been shut off, resulting in an increase in expenditures.
City of Alexandria	
City of Harrisonburg	This will create additional data collection and management responsibilities.
City of Richmond	The City of Richmond does not anticipate a fiscal impact.
City of Roanoke	The City of Roanoke does not incur any additional expenditures related to disconnection of utility services. Thus, any suspension of a disconnection is not applicable.
City of Winchester	This wouldn't really impact us because we don't shutoff service on Fridays or holidays.
Lynchburg	
Mecklenburg County	While the County does not operate utilities; we are utility members and therefore, it is possible that some revenue lost to the utility per this bill would result in higher base rates or riders. That would depend on modeling to which we don't have access. In the case of local utilities, County may be asked to incur further costs from "buy down" rates from going up.
Prince George County	<p>Both Years:</p> <p>Personnel - additional personnel to track required information for annual report and prepare notices and make customer contact</p> <p>Operating Costs - \$20,000 training, publications/notices, \$150,000 annual report prepared by consultant, \$100,000 civil penalties and damages imposed on the County should we not properly identify people with medical conditions, \$10,000 unknown suspensions, limitations imposed by SCC</p> <p>One-Time Capital Cost FY25 - \$150,000 software upgrades to prepare and track payment plans, to track required information for annual report</p>
Rappahannock County	Rappahannock County has no utility department, so there would be no County cost. There is a water and sewer authority that provides sewer service and which has not cutoff customers recently. The Town of Washington has an independent water and sewer utility, this response does not consider costs to the town.
Town of Blacksburg	
Town of Christiansburg	We would anticipate some additional unrecoverable water and sewer bills with this.
Town of Rocky Mount	

**Net Reduction in Revenues: Itemized Estimates by Responding Localities**

Locality	Juris	Real Estate Revenue Reduction		Personal Property Revenue Reduction		Sales Tax Revenue Reduction	
		FY23	FY24	FY23	FY24	FY23	FY24
Bedford	County						
Chesterfield County	County						
City of Alexandria	City						
City of Harrisonburg	City	0	0	0	0	0	0
City of Richmond	City						
City of Roanoke	City						
City of Winchester	City						
Lynchburg	City						
Mecklenburg County	County						
Prince George County	County						
Rappahannock County	County						
Town of Blacksburg	Town						
Town of Christiansburg	Town						
Town of Rocky Mount	Town						

**Net Reduction in Revenues: Itemized Estimates by Responding Localities**

Locality	BPOL Tax Revenue Reduction		Other Local Revenues Reduction		State Revenue Reduction		Total Decrease in Revenues (Biennium Total)
	FY23	FY24	FY23	FY24	FY23	FY24	
Bedford							0
Chesterfield County							0
City of Alexandria							0
City of Harrisonburg	0	0	20000	20000	0	0	40,000
City of Richmond							0
City of Roanoke							0
City of Winchester							0
Lynchburg			100000	100000			200,000
Mecklenburg County							0
Prince George County			50000	50000			100,000
Rappahannock County							0
Town of Blacksburg							0
Town of Christiansburg			10000	10000			20,000
Town of Rocky Mount							0

Locality	Revenue Narrative by Responding Localities
Bedford	
Chesterfield County	Could result in a decrease in revenue if bills are not paid after a qualifying event (i.e state of emergency).
City of Alexandria	The City of Alexandria does not operate any public utilities.
City of Harrisonburg	This bill allows the customers to get into a level of arrears that they cannot get out of. I guess 95% of our 60 day arrears disconnects make payment for reconnection within hours. This bill will significantly extend time without services due to the larger balance needed for reconnection. As for City revenues, the bill will drive up write offs a bit thereby decreasing revenues.
City of Richmond	The City of Richmond does not anticipate a fiscal impact.
City of Roanoke	The City of Roanoke does not collect any additional revenue related to disconnection of utility services. Thus, any suspension of a disconnection is not applicable.
City of Winchester	
Lynchburg	It's hard to project the impact because the City of Lynchburg works really hard to be as citizen friendly as possible for water disconnects.
Mecklenburg County	County does not operate utilities, so no revenue loss would occur.
Prince George County	Other Local Revenue is Public Utility Revenues - It is assumed we lose revenues from disconnections/reconnections/penalties due to the additional time provided to customers to make payments
Rappahannock County	
Town of Blacksburg	In accordance with the Town's current practice related to water disconnection fees during a declared emergency. Gas and electricity services do not apply to the Town of Blacksburg.
Town of Christiansburg	We would anticipate some additional unrecoverable water and sewer bills with this - approximately \$10,000 additional per year.
Town of Rocky Mount	