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FISCAL NOTE (Form 1)  
(Office of Fiscal Analysis)  
Analyst: TN 3/24/92  
tk  
Version:

BILL NUMBER: sSB 26  
FILE NUMBER:  
AMENDMENTS:

TITLE: "AN ACT CONCERNING DELINQUENT UTILITY ACCOUNTS, AN INCENTIVE RATE OF RETURN FOR WATER CONSERVATION MEASURES, RECREATION IN CERTAIN WATERSHEDS AND RESERVOIRS, A PILOT PROGRAM FOR RETROFIT METERING OF MULTI-FAMILY DWELLING UNITS AND EQUALIZATION OF RATES OF SERVICE FOR CUSTOMERS IN DIFFERENT DIVISIONS OF A WATER COMPANY"

FAVORABLY REPORTED BY Energy and Public Utilities

EFFECTIVE DATE: 10/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 26

STATE IMPACT	Potential Cost, see explanation below
MUNICIPAL IMPACT	Potential Cost, see explanation below
STATE AGENCY(S)	Department of Public Utility Control, Department of Health Services and Department of Environmental Protection

EXPLANATION OF ESTIMATES:

STATE IMPACT: By allowing water companies a 1% to 5% return above the company's authorized rate of return for prudently incurred multi-year expenditures on conservation measures and a 1% to 5% return on prudently incurred expenditures for conservation measures that have been successfully implemented and that the DPUC treats as operating expenses, there could be an increase in water usage costs for the state. This increase in costs through higher rates could be somewhat offset by a reduction in usage due to conservation efforts.

The state may also incur a rate increase with the DPUC allowing these companies to recover, through rates, the cost of retrofit metering not paid for by the participants.

There will be an additional minimal cost for the DPUC associated with examining 8 factors during a rate case review. Currently, the department examines some of these factors in a rate case for water companies. It is anticipated that the examination of these factors can be handled through the agency's normal budgetary resources.

There will be no fiscal impact for the Departments of Environmental Protection and the Department of Health Services for consultation with water companies concerning the allowance of recreational activities on public water supply reservoirs.

There is no impact for the Commissioner of Health Services to approve the use of electric boats with sealed batteries on reservoirs that do not have approved fishing programs.

All expenses of the Department of Public Utility Control are paid out of the Public Utility Control and Consumer Counsel Fund which is comprised of fees and assessments against the public service companies.

MUNICIPAL IMPACT: By allowing water companies a 1% to 5% return above the company's authorized rate of return for prudently incurred multi-year expenditures on conservation measures and a 1% to 5% return on prudently incurred expenditures for conservation measures that have been successfully implemented and that the DPUC treats as operating expenses, there could be an increase in water usage costs for the municipalities. This increase in costs through higher rates could be somewhat offset by a reduction in usage due to conservation efforts.

The municipalities may also incur a rate increase with the DPUC allowing these companies to recover, through rates, the cost of retrofit metering not paid for by the participants.