LS 7028
BILL NUMBER: HB 1347

SUBJECT: Municipally Owned Utilities.

FIRST AUTHOR: Rep. Burton
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

NOTE PREPARED: Jan 5, 2019
BILL AMENDED:

BILL STATUS: As Introduced
IMPACT: State & Local

Summary of Legislation: Municipally Owned Utility: The bill provides that all rates, charges, and other fees for services rendered by a municipally owned utility to property occupied by someone other than the owner are payable by the person occupying the property if the account or other customer or billing records maintained by the utility for the property indicate that: (1) the property is occupied by someone other than the owner; and (2) the person occupying the property is responsible for paying the rates, charges, and fees. The bill provides that rates, charges, and fees assessed by a municipally owned utility with respect to property occupied by someone other than the owner do not constitute a lien against the property. The bill specifies that these provisions do not: (1) prohibit a municipal legislative body from imposing any requirement to: (A) ensure payment by; or (B) the creditworthiness of; the person occupying the property; or (2) abrogate or limit the authority of the owner of a multi-unit building to engage in electrical submetering.

Policy Review Committee: The bill establishes a process for establishing a Policy Review Committee (committee) for a municipally owned utility that has properly withdrawn from the jurisdiction of the Utility Regulatory Commission. The bill provides that a committee may be established if a specified number of the registered voters of the municipality file a petition with the utility's board. The bill provides that the petition must set forth procedures by which the committee is authorized to do the following: (1) Receive complaints from customers concerning the utility's rules and policies, rates and charges, and service quality. (2) Attempt to negotiate a resolution with the utility's board with respect to complaints received. (3) Seek mediation to be overseen by the office of the Attorney General with respect to complaints that are not resolved through negotiations. It also authorizes the Attorney General to adopt rules to implement these provisions.

Effective Date: Upon passage.
**Explanation of State Expenditures:** Attorney General: The bill authorizes the Attorney General to adopt rules concerning the bill’s provisions that the Office of the Attorney General may oversee mediation between customers and municipally owned utility boards of directors. Mediation would be applicable for complaints not resolved through negotiations with a municipally owned utility board attempted by a policy review committee (if formed as a result of this bill). These provisions could increase the workload of the Office of the Attorney General, but this will depend upon the extent that policy review committees are formed and if mediation occurs.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Policy Review Committee: If a municipally owned utility has appropriately withdrawn from the Indiana Utility Regulatory Commission (IURC), the utility may establish a policy review committee for the municipally owned utility. To the extent a policy review committee is formed, the bill could potentially affect local government units served by the municipally owned utility if rates and changes are impacted as a result. However, any impact will depend on local circumstances and decisions.

According to the Office of Utility Consumer Counselor, there are 487 water, electric, and natural gas utilities that are owned and operated by city and town governments in Indiana. Of these utilities, 449 have withdrawn from the IURC jurisdiction.

*Additional Information* - This bill allows a municipally owned utility that has appropriately withdrawn from the IURC jurisdiction to form a policy review committee. The establishment of a committee could occur if a certain number of registered voters of the municipality file a petition with the municipal utility board

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General.

**Local Agencies Affected:** Local government units served by municipally owned utilities.

**Information Sources:** Indiana Utility Consumer Counselor, Municipal Utilities - A Brief Regulatory Overview, [https://www.in.gov/oucc/2720.htm](https://www.in.gov/oucc/2720.htm).

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