

State Corporation Commission 2020 Fiscal Impact Statement

1. **Bill Number:** HB835

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Sullivan

3. **Committee:** Passed House

4. **Title:** Utility Transfers Act; water and sewer utilities.

5. **Summary:**

Substitute:

The substitute bill requires the State Corporation Commission to establish rules by January 1, 2021 governing petitions by an acquiring water or sewer utility of a municipal or other governmental entity's water or sewer assets to determine the initial rate base for post-acquisition rate recovery. The rules shall provide for initial rate base to be the lesser of the purchase price or the fair market value established using the average of the valuations provided by three qualified and impartial utility valuation experts. One appraisal is to be sponsored by each of the acquiring utility, the seller, and the staff of the State Corporation Commission.

6. **Budget Amendment Necessary:** Yes, see Item # 8.

7. **Fiscal Impact Estimates:** Fiscal Impact Estimates are Preliminary; see Item # 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020			
2021	\$221,667		02080
2022	\$443,333		02080
2023	\$443,333		02080
2024	\$443,333		02080
2025	\$443,333		02080
2026	\$443,333		02080

8. **Fiscal Implications:** The requirement that one utility valuation expert shall represent the Commission could result in regulatory consultant costs as estimated on a preliminary basis above in Item 7. The expenditure impact is based on the estimated average cost of the services provided by a utility valuation expert for the anticipated number of relevant proceedings each fiscal year. The anticipated number of relevant proceedings each fiscal year is based on recent history.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary:

11. Other Comments: There is a companion bill in Senate Bill 831.

Substitute: [SCA/KBP 1/31/2020](#)