



## Fiscal Estimate Narratives

PSC 2/6/2014

LRB Number	13-0203/3	Introduction Number	AB-0725	Estimate Type	Original
<b>Description</b> Collection of certain utility arrearages by a municipal utility and the provision of municipal utility service to tenants					

### Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill (AB) 0725 creates differing standards for municipal utilities in providing service, depending on whether the service is provided to an owner occupied property or a rental dwelling unit. The bill permits municipal utilities to adopt application, deposit, disconnection and collection rules and practices that differ from current Wisconsin Administrative Code requirements for all utilities, depending on whether the customer is an owner or lessee of the property. AB-0725 requires municipal utilities to terminate electric service at a rental dwelling unit at the request of the owner of the property, if the tenant has past-due charges. The bill also permits municipal utilities to refuse to offer tenants a deferred payment agreement and requires municipal utilities to deny electric service to a tenant with past-due charges, while current requirements consider the need for utility service due to cold weather, medical emergencies and protecting vulnerable populations, such as the elderly, disabled and very young children.

The bill would result in an indeterminate amount of increased costs to the Public Service Commission (Commission) resulting from the need to make a significant number of changes to the Commission's custom software program used to record customer contacts, as well as the need to amend the Wisconsin Administrative Code to include different requirements for the provision of utility service depending on whether service is being provided by an investor-owned utility or a municipal utility. The Wisconsin Administrative Code would also need to be amended to reflect the different requirements that apply to a municipal utility depending on whether the utility service is being provided to a property owner or lessee.

The Commission estimates there may be increased on-going costs related to implementation of the new requirements, as well as customer and utility appeals that may be generated as a result. The Commission estimates it is possible to absorb these indeterminate increased costs within the current budget.

- Note: The bill requires the Department of Revenue to prepare and distribute to landlords information about arrears collection under Wis. Stats. §§ 66.0809(3m) and 71.935(2)(b). The bill also requires the Department of Revenue to assist property owners in collecting liens against tenants by offsetting the amount owed from any refund owed to the tenant.

Under current law, municipalities that provide utility service are required to levy unpaid arrears as a tax against the lots or parcels of real estate to which utility service was furnished prior to October 1 of each year. The law applies to electric service if the municipality has enacted an ordinance in accordance with Wis. Stat. § 66.0809(4). Only six of the more than 580 water utilities in the state are privately owned and operated; the rest are municipally owned.

The bill would provide that if a municipal utility uses the arrears collection procedure for a rental dwelling unit, the municipality has a lien against the property of the tenant. The bill requires the municipality to certify and file with the clerk of courts a list tenants responsible for arrears, and transfer the lien to the owner of the rental dwelling unit, if the owner pays the arrears. The bill also requires municipal utilities to certify a lien against a tenant to the Department of Revenue, so the department may set off the debt against any refund owed to the tenant.

The bill would result in increased costs to municipal utilities associated with identifying, certifying, transferring and collecting liens against the property of tenants. To comply with AB-0725, many municipal utilities would require upgrades to their billing and customer information systems and may need to increase staffing levels. The bill creates additional procedures that municipal utilities must follow to collect arrears using Wis. Stat. § 66.0809(3). These indeterminate increased costs may increase municipal utility uncollectable arrears, potentially requiring rate increases to all customers to cover such costs.

## **Long-Range Fiscal Implications**

see assumptions above.