

Fiscal Estimate Narratives

PSC 10/15/2003

LRB Number	03-3352/1	Introduction Number	SB-272	Estimate Type	Original
Subject					
Municipal telecommunications utilities, Internet facilities, and cable television system					

Assumptions Used in Arriving at Fiscal Estimate

SB 272 would require the PSC to review cost studies and pricing levels for governmental telecommunication utilities to determine compliance with s.196.204. These reviews and studies would probably occur upon complaint of another provider. The proceedings required to respond to the complaint would be complex and controversial. This complexity would be true at least for several initial proceedings, but might lessen in complexity as the governmental telecommunication utilities become more adapted and familiar with the parameters of the total service long run incremental cost study methodologies. The requirements in this bill will probably result in increased costs and staffing to the Telecommunications Division. However, because most of the work will occur as the result of complaints, and there is no way to predict the number of complaints, it is impossible to specify an absolute cost on the PSC if this bill became law.

Local Impact

There are currently 25 municipalities already certified as telecommunications providers. In total there are 82 municipal electric utilities. It is possible that some of these utilities are still contemplating whether to enter the telecommunications business. The PSC does not regulate cable and therefore does not have any information on which municipalities may operate cable television operations. In the bill there would be mandated steps for all municipalities to follow to set up a telecommunications utility. These steps include hearings, notices and reports on cost and revenues including a cost-benefit analysis. The process for hearings and notices may already match the requirements in various municipalities for actions by the village, city or county. The cost-benefit report may be something that is done already to some extent in each municipality, but whether current activities meet the specific bill requirements are unknown. Cost and pricing regulations may require much more cost analysis and economic review than is done today. Total service long run incremental cost studies are complex and may require consultants to be hired, especially if complaints are filed. Because it is unclear how many municipalities may proceed to request to become telecommunications utilities and the cost, as a result of this bill, per municipality are difficult to ascertain, a fiscal impact on local government cannot be completed.

Long-Range Fiscal Implications

Unknown