

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1463 (Third Edition)

SHORT TITLE: Dare Utility Undergrounding Amendments

SPONSOR(S):

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05

REVENUES

Dare Co. Local Gov.	\$927,684	\$927,684	\$927,684	\$927,684	\$927,684
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EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Dare County Local Government, Office of the State Auditor,
Department of the Secretary of State

EFFECTIVE DATE: This act is effective when it becomes law.

BILL SUMMARY:

This legislation allows Dare County to expand the purpose of special tax districts authorized in SL 1999-127 to include telephone lines.

BACKGROUND INFORMATION:

Under SL 1999-127, Dare County is authorized to create one or more utility districts for the purpose of raising and expending funds to install underground electric utility lines. A fee of \$1 per residential customer and \$5 per commercial customer is to be levied on electricity service

clients within these utility districts. Though this plan has been established and authorized, it has not been fully implemented. Given the most current estimates of residential and commercial electricity use within Dare County, the previously authorized legislation will raise approximately **\$552,400** per year.

The monthly revenue from SL 1999-127 is \$46,034. The yearly revenue from this electricity line fee is \$552,408. Dare County has three major providers of electricity; NC Power, Tideland Electric, and Cape Hatteras Electric Membership Cooperative (CHEMC). The Dare County Manager’s Office provided estimates of the number of customers for each of the three companies that are shown in the chart below.

Dare Co. Electricity Lines

Dare Co. Customers	<u>\$1/mth Residential</u>	<u>\$5/mth Commercial</u>	<u>Revenue</u>
Residential			
NC Power	20,699		\$20,699
Tideland	604		\$604
CHEMC	4,986		\$4,986
Total	26,289		\$26,289
 Commercial			
NC Power		2,896	\$14,480
Tideland		106	\$530
CHEMC		947	\$4,735
Total		3,949	\$19,745
		Total Rev. monthly	\$46,034
		Yearly	\$552,408

ASSUMPTIONS AND METHODOLOGY:

This legislation authorizes Dare County to levy a fee of \$1 per residential customer and up to \$5 per commercial customer for telephone service. These fees are in addition to the existing electricity fee. This fiscal note assumes the maximum \$5 commercial fee authorized for all estimates. The expansion of utility fees to include telephone lines will generate **\$927,684** per year.

Since Sprint is the bulk telephone carrier for Dare County, estimates for telephone fee revenues are generated using the number of customers serviced by this principal carrier within the utility district. The monthly revenue within Dare County from a telephone line fee will be \$77,307 and the yearly revenue will be \$927,684.

**Dare Co. Phone
Lines**

Dare Co. Accounts	\$1/mth <u>Residential</u>	\$5/mth <u>Commercial</u>	<u>Revenue</u>
Residential	28,322		\$28,322
Commercial		9,797	\$48,985
		Total Rev. Monthly	\$77,307
		Yearly	\$927,684

The proposed installation of underground utility lines within Dare County will follow the two main corridors within the region - US 158 and NC 12. The distance along each of these routes from Kitty Hawk to Nags Head is approximately 20 miles. Therefore, the approximate mileage of the lines to be installed underground is 40 miles. Preliminary estimates reveal a cost of \$1 million per mile of underground installation for each utility line. Therefore the underground installation of electricity and telephone lines along these corridors will cost \$80 million to \$100 million.

The utility poles along these two corridors are leased by NC Power to Sprint and Charter Communications, the bulk telephone and cable carriers. In accordance with their lease agreement, Charter Communications would be required to install underground lines upon NC Power doing so. Although authorized to install these underground lines and collect fees to do so by SL 1999-127, NC Power will not install lines underground until telephone lines are authorized to be installed underground. They do not wish to devote time and resources toward this installation when telephone lines would remain on their leased pole directly overhead. In essence, the failure to authorize this bill negates the utility of the previously authorized legislation.

The utility company is only responsible for underground installation costs on the actual right of way. The property owner is responsible for any costs of installation on their property, or from the right of way to their residence or business.

FISCAL RESEARCH DIVISION 733-4910

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