

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1132

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AN ACT to amend the Indiana Code concerning utilities.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 8-1-31-1.3 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2014]: **Sec. 1.3. As used in this chapter, "adjustment amount" means the amount proposed in a petition filed under section 8 of this chapter to allow the adjustment of a public utility's basic rates and charges to provide for recovery of infrastructure improvement costs.**

SECTION 2. IC 8-1-31-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2014]: **Sec. 1.5. As used in this chapter, "adjustment revenues" means revenues produced through an adjustment amount approved under section 9 of this chapter exclusive of revenues from all other rates and charges.**

SECTION 3. IC 8-1-31-2 IS REPEALED [EFFECTIVE JULY 1, 2014]. **Sec. 2: As used in this chapter, "DSIC" refers to distribution system improvement charge.**

SECTION 4. IC 8-1-31-3 IS REPEALED [EFFECTIVE JULY 1, 2014]. **Sec. 3: As used in this chapter, "DSIC costs" means depreciation expenses and pretax return associated with eligible distribution system improvements.**

SECTION 5. IC 8-1-31-4 IS REPEALED [EFFECTIVE JULY 1,

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2014]. Sec. 4. As used in this chapter, "DSIC revenues" means revenues produced through a DSIC exclusive of revenues from all other rates and charges.

SECTION 6. IC 8-1-31-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 5. As used in this chapter, "eligible distribution system infrastructure improvements" means new used and useful water **or wastewater** utility plant projects that:

- (1) do not increase revenues by connecting ~~the a~~ **a distribution or collection** system to new customers;
- (2) are in service; and
- (3) were not included in the public utility's rate base in its most recent general rate case.

SECTION 7. IC 8-1-31-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 5.5. As used in this chapter, "infrastructure improvement costs" means depreciation expenses and pretax return associated with eligible infrastructure improvements.**

SECTION 8. IC 8-1-31-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 6. As used in this chapter, "pretax return" means the revenues necessary to:

- (1) produce net operating income equal to the public utility's weighted cost of capital multiplied by the net original cost of eligible **distribution or collection** system improvements; and
- (2) pay state and federal income taxes applicable to such income.

SECTION 9. IC 8-1-31-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 8. (a) Except as provided in subsection (d), a public utility providing water **or wastewater** service may file with the commission **a petition setting forth** rate schedules establishing ~~a DSIC~~ **an amount** that will allow the ~~automatic~~ adjustment of the public utility's basic rates and charges to provide for recovery of ~~DSIC~~ **infrastructure improvement** costs.

(b) The public utility shall serve the office of the utility consumer counselor a copy of its filing at the time of its filing with the commission.

(c) Publication of notice of the filing is not required.

(d) A public utility may not file a petition under this section in the same calendar year in which the public utility has filed a request for a general increase in the basic rates and charges of the public utility.

SECTION 10. IC 8-1-31-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) When a petition is filed under section 8 of this chapter, the commission shall conduct a hearing.

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(b) The office of the utility consumer counselor may examine information of the public utility to confirm that the ~~system~~ **infrastructure** improvements are in accordance with section 5 of this chapter, to confirm proper calculation of the **adjustment amount** proposed ~~charge~~, **under section 8(a) of this chapter**, and submit a report to the commission not later than thirty (30) days after the petition is filed.

(c) The commission shall hold the hearing and issue its order not later than sixty (60) days after the petition is filed.

(d) If the commission finds that a ~~DSIC~~ petition **filed under section 8 of this chapter** complies with the requirements of this chapter, the commission shall enter an order approving the petition.

SECTION 11. IC 8-1-31-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 10. (a) Except as provided in subsection (b), a public utility may, but is not required to, file a petition for a change in its ~~DSIC~~ **initial adjustment amount** not more often than one (1) time every twelve (12) months.

(b) Except as provided in section 15 of this chapter, a public utility may not file a petition for a ~~change in its DSIC~~ **described in subsection (a)** in the same calendar year in which the public utility has filed a request for a general increase in the basic rates and charges of the public utility.

SECTION 12. IC 8-1-31-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 13. The commission may not approve a ~~DSIC~~ **petition filed under section 8 or 10 of this chapter** to the extent it would produce total ~~DSIC~~ **adjustment** revenues exceeding five percent (5%) of the public utility's base revenue level approved by the commission in the public utility's most recent general rate proceeding.

SECTION 13. IC 8-1-31-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. ~~The DSIC~~ **An adjustment amount proposed under section 8 of this chapter** may be calculated based on a reasonable estimate of sales in the period in which the charge will be in effect. At the end of each twelve (12) month period ~~the charge is in effect~~, **following the date on which the commission initially approves an adjustment amount for a public utility following the public utility's most recent general rate case**, and using procedures approved by the commission, the public utility shall reconcile the difference between ~~DSIC~~ **adjustment** revenues and ~~DSIC~~ **infrastructure improvement** costs during that period and recover or refund the difference, as appropriate, through ~~adjustment of the charge~~. **additional adjustments.**

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SECTION 14. IC 8-1-31-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 15. A public utility ~~that has implemented a DSIC~~ **for which the commission has approved a petition under section 8 or 10 of this chapter** shall file revised rate schedules resetting the ~~charge adjustment amount~~ if new basic rates and charges become effective for the public utility following a commission order authorizing a general increase in rates and charges that includes in the utility's rate base eligible ~~distribution system infrastructure~~ improvements reflected in the ~~DSIC~~. **adjustment amount.**

SECTION 15. IC 8-1-31-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 16. For purposes of IC 8-1-2-42(a), the ~~filing of a DSIC and a change in a DSIC approval of a petition filed under section 8 or 10 of this chapter~~ is not a general increase in basic rates and charges.

SECTION 16. IC 8-1-31-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 17. The commission may adopt by rule under IC 4-22-2 or by order other procedures not inconsistent with this chapter that the commission finds reasonable or necessary to administer ~~a DSIC~~. **this chapter.**



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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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