

HOUSE BILL No. 1307

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-40.

Synopsis: Voluntary forestry programs by electric utilities. Allows an electricity supplier that undertakes a voluntary forestry program involving eligible land to petition the utility regulatory commission (IURC) to defer and recover approved program costs as part of the electricity supplier's next general rate case. Provides that for purposes of an electricity supplier's forestry program, "eligible land" means land that is located in Indiana and that is: (1) eligible for, or participating in, the classified forest program administered by the department of natural resources (department); or (2) owned or managed by the department or the Indiana natural resources foundation. Specifies requirements for the approval by the IURC of a proposed forestry program and for the associated cost deferral and recovery. Allows the IURC to adopt rules or issue orders to implement these provisions. Specifies that these provisions may not be construed to supersede, contradict, or interfere with the policy of the state to ensure the safe, reliable delivery of electricity in Indiana.

Effective: Upon passage.

VanNatter

January 12, 2016, read first time and referred to Committee on Utilities, Energy and Telecommunications.



Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1307

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

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

1 SECTION 1. IC 8-1-40 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:

4 **Chapter 40. Voluntary Forestry Programs by Electric Utilities**
5 **Sec. 1. As used in this chapter, "department" refers to the**
6 **department of natural resources created by IC 14-9-1-1.**

7 **Sec. 2. As used in this chapter, "electricity supplier" means an**
8 **electricity supplier (as defined in IC 8-1-2.3-2) that is under the**
9 **jurisdiction of the commission for the approval of rates and**
10 **charges.**

11 **Sec. 3. As used in this chapter, "eligible land" means land that**
12 **is located in Indiana and that:**

- 13 (1) is:
14 (A) eligible for; or
15 (B) participating in;
16 the department's classified forest program; or
17 (2) is owned or managed by the department or the Indiana



1 natural resources foundation.

2 **Sec. 4. (a) As used in this chapter, "forestry program" means a**
 3 **program that:**

4 **(1) an electricity supplier voluntarily undertakes to:**

5 **(A) plant trees on eligible land described in section 3(1)(B)**
 6 **or 3(2) of this chapter; or**

7 **(B) purchase for donation to:**

8 **(i) the department; or**

9 **(ii) the Indiana natural resources foundation;**

10 **eligible land described in section 3(1)(A) of this chapter;**

11 **and**

12 **(2) is approved by the commission in an order under section**
 13 **6(c) of this chapter.**

14 **(b) The term does not include the planting of any trees under a**
 15 **tree replacement program included in the commission's vegetation**
 16 **management standards set forth in 170 IAC 4-9 or in any successor**
 17 **rule or order adopted or issued by the commission.**

18 **Sec. 5. As used in this chapter, "program costs" means costs**
 19 **associated with an electricity supplier's forestry program,**
 20 **including:**

21 **(1) planning costs;**

22 **(2) planting and maintenance costs;**

23 **(3) promotional expenses;**

24 **(4) professional and labor costs;**

25 **(5) the purchase price and purchase costs for land to be used**
 26 **in the forestry program, including land contributed by the**
 27 **electricity supplier to the department or Indiana natural**
 28 **resources foundation; and**

29 **(6) costs associated with obtaining necessary easements or**
 30 **permits or with complying with applicable laws and**
 31 **ordinances.**

32 **Sec. 6. (a) An electricity supplier that undertakes a forestry**
 33 **program may petition the commission for the deferral and**
 34 **recovery of program costs as part of the next general rate case filed**
 35 **by the electricity supplier with the commission. An electricity**
 36 **supplier that seeks to defer and recover program costs under this**
 37 **chapter must apply to the commission in the manner and form**
 38 **prescribed by the commission. An application under this section**
 39 **must include the following:**

40 **(1) An identification of each location in Indiana where the**
 41 **electricity supplier intends to implement the electricity**
 42 **supplier's proposed forestry program.**



1 **(2) Subject to subsection (c)(2), for each location identified**
 2 **under subdivision (1), information as to the number and types**
 3 **of trees that the electricity supplier intends to plant under the**
 4 **electricity supplier's proposed forestry program, if applicable.**

5 **(3) A description of any necessary easements that the**
 6 **electricity supplier has obtained or plans to obtain in**
 7 **connection with the electricity supplier's proposed forestry**
 8 **program.**

9 **(4) A description of any land purchased in connection with the**
 10 **electricity supplier's proposed forestry program, including a**
 11 **characterization of the quality of forests already present on**
 12 **the land.**

13 **(5) A written verification from the department that the**
 14 **electricity supplier's proposed forestry program involves land**
 15 **that is eligible land.**

16 **(6) A proposed schedule for completing any planting activities**
 17 **identified under subdivision (2).**

18 **(7) A description of the projected program costs.**

19 **(8) Any other information required by the commission.**

20 **The electricity supplier shall provide a copy of the application to**
 21 **the office of utility consumer counselor when the petition is filed**
 22 **with the commission.**

23 **(b) The commission shall review an application filed under this**
 24 **section for completeness. The commission may request additional**
 25 **information the commission considers necessary to aid in the**
 26 **commission's review.**

27 **(c) The commission shall, after notice and hearing, issue a**
 28 **determination as to the electricity supplier's eligibility for the cost**
 29 **deferral and recovery sought. Subject to subsection (d), the**
 30 **commission shall grant the cost deferral and recovery sought if the**
 31 **commission:**

32 **(1) finds that the proposed forestry program will serve the**
 33 **public interest by:**

34 **(A) providing:**

35 **(i) public health benefits;**

36 **(ii) recreational opportunities; or**

37 **(iii) wildlife habitat preservation; and**

38 **(B) not interfering with the safety and reliability of**
 39 **electricity delivery systems;**

40 **(2) finds that the forestry program will comply with any**
 41 **applicable vegetation management standards set forth by the**
 42 **commission in 170 IAC 4-9 or in any other rule or order**



1 adopted or issued by the commission; and

2 (3) approves the projected program costs.

3 (d) If the commission approves under subsection (c) the cost
4 deferral and recovery sought, the approved program costs shall be
5 deferred and recovered by the electricity supplier as part of the
6 next general rate case filed by the electricity supplier with the
7 commission. Actual costs that exceed the approved program costs
8 of the electricity supplier's approved forestry program by more
9 than twenty-five percent (25%) shall require specific justification
10 by the electricity supplier and specific approval by the commission
11 before being authorized in the next general rate case filed by the
12 electricity supplier with the commission.

13 (e) For purposes of this chapter, the deferral of approved
14 program costs are not a general increase in basic rates and charges
15 under IC 8-1-2-42(a).

16 Sec. 7. Subject to section 8 of this chapter, the commission may:

17 (1) adopt by rule under IC 4-22-2, including emergency rules
18 in the manner prescribed by IC 4-22-2-37.1; or

19 (2) issue by order;

20 other procedures not inconsistent with this chapter that the
21 commission finds reasonable or necessary to administer this
22 chapter.

23 Sec. 8. This chapter may not be construed to supersede,
24 contradict, or interfere with the policy of the state to ensure, or
25 with any law, rule, or order designed to ensure, the safe, reliable
26 delivery of electricity in Indiana.

27 SECTION 2. An emergency is declared for this act.

