
SENATE BILL No. 479

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-31.

Synopsis: Utility system improvement charges. Provides that a public utility that provides water or wastewater service may establish a utility system improvement charge (USIC). (Current law provides that only a public utility that provides water service may apply for a distribution system improvement charge (DSIC).) Provides that a public utility may petition for a change in its USIC every three months. (Current law provides that a public utility may file a petition not more than once every 12 months.) Provides that a USIC may produce USIC revenues totaling up to 10% of a public utility's base revenue level. (Current law limits revenues to 5% of base revenue.) Requires a public utility to annually reconcile the difference between its USIC revenues and costs. Repeals definitions related to DSICs. Makes conforming amendments.

Effective: July 1, 2011.

Merritt

January 13, 2011, read first time and referred to Committee on Utilities & Technology.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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SENATE BILL No. 479



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 8-1-31-5 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2011]: Sec. 5. As used in this chapter, "eligible
3 ~~distribution utility~~ system improvements" means new used and useful
4 water ~~utility distribution or wastewater collection~~ plant projects that:

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

10 SECTION 2. IC 8-1-31-6 IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2011]: Sec. 6. As used in this chapter, "pretax
12 return" means the revenues necessary to:

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

17 SECTION 3. IC 8-1-31-7.5 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 2 1, 2011]: **Sec. 7.5. As used in this chapter, "USIC" refers to a utility
 3 system improvement charge.**
 4 SECTION 4. IC 8-1-31-7.6 IS ADDED TO THE INDIANA CODE
 5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 6 1, 2011]: **Sec. 7.6. As used in this chapter, "USIC costs" means
 7 depreciation expenses and pretax return associated with eligible
 8 utility system improvements.**
 9 SECTION 5. IC 8-1-31-7.7 IS ADDED TO THE INDIANA CODE
 10 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 11 1, 2011]: **Sec. 7.7. As used in this chapter, "USIC revenues" means
 12 revenues produced through a USIC exclusive of revenues from all
 13 other rates and charges.**
 14 SECTION 6. IC 8-1-31-8 IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2011]: **Sec. 8. (a) Except as provided in
 16 subsection (d), a public utility providing water or wastewater utility
 17 service may file with the commission rate schedules establishing a
 18 ~~DSIC~~ USIC that will allow the automatic adjustment of the public
 19 utility's basic rates and charges to provide for recovery of ~~DSIC~~ USIC
 20 costs.**
 21 (b) The public utility shall serve the office of the utility consumer
 22 counselor a copy of its filing at the time of its filing with the
 23 commission.
 24 (c) Publication of notice of the filing is not required.
 25 (d) A public utility may not file a petition under this section in the
 26 same calendar year in which the public utility has filed a request for a
 27 general increase in the basic rates and charges of the public utility.
 28 SECTION 7. IC 8-1-31-9 IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 2011]: **Sec. 9. (a) When a petition is filed under
 30 section 8 of this chapter, the commission shall conduct a hearing.**
 31 (b) The office of the utility consumer counselor may examine
 32 information of the public utility to confirm that the **utility** system
 33 improvements are in accordance with section 5 of this chapter, to
 34 confirm proper calculation of the proposed charge, and submit a report
 35 to the commission not later than thirty (30) days after the petition is
 36 filed.
 37 (c) The commission shall hold the hearing and issue its order not
 38 later than sixty (60) days after the petition is filed.
 39 (d) If the commission finds that a ~~DSIC~~ USIC petition complies
 40 with the requirements of this chapter, the commission shall enter an
 41 order approving the petition.
 42 SECTION 8. IC 8-1-31-10 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) Except as
2 provided in subsection (b), a public utility may, but is not required to,
3 file a petition for a change in its ~~DSIC~~ **USIC** not more often than one
4 (1) time every ~~twelve (12)~~ **three (3)** months.

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

9 SECTION 9. IC 8-1-31-13 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The commission
11 may not approve a ~~DSIC~~ **USIC** to the extent it would produce total
12 ~~DSIC~~ **USIC** revenues exceeding ~~five ten~~ percent (~~5%~~) (**10%**) of the
13 public utility's base revenue level approved by the commission in the
14 public utility's most recent general rate proceeding.

15 SECTION 10. IC 8-1-31-14 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 14. The ~~DSIC~~ **USIC**
17 may be calculated based on a reasonable estimate of sales in the period
18 in which the charge will be in effect. At the end of each twelve (12)
19 month period ~~the charge is in effect;~~ **following the date on which the**
20 **commission initially approves a USIC for a public utility following**
21 **the public utility's most recent general rate case,** and using
22 procedures approved by the commission, the public utility shall
23 reconcile the difference between ~~DSIC~~ **USIC** revenues and ~~DSIC~~
24 **USIC** costs during ~~that the twelve (12) month~~ period and recover or
25 refund the difference, as appropriate, through adjustment of the charge.

26 SECTION 11. IC 8-1-31-15 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. A public utility that
28 has implemented a ~~DSIC~~ **USIC** under this chapter shall file revised rate
29 schedules resetting the charge if new basic rates and charges become
30 effective for the public utility following a commission order
31 authorizing a general increase in rates and charges that includes in the
32 utility's rate base eligible ~~distribution~~ **utility** system improvements
33 reflected in the ~~DSIC~~ **USIC**.

34 SECTION 12. IC 8-1-31-16 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 16. For purposes of
36 IC 8-1-2-42(a), the filing of a ~~DSIC~~ **USIC** and a change in a ~~DSIC~~
37 **USIC** is not a general increase in basic rates and charges.

38 SECTION 13. IC 8-1-31-17 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17. The commission
40 may adopt by rule under IC 4-22-2 or by order other procedures not
41 inconsistent with this chapter that the commission finds reasonable or
42 necessary to administer a ~~DSIC~~ **USIC**.

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1 SECTION 14. THE FOLLOWING ARE REPEALED [EFFECTIVE
2 JULY 1, 2011]: IC 8-1-31-2; IC 8-1-31-3; IC 8-1-31-4.

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