

HOUSE BILL No. 1211

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-2.

Synopsis: Rate adjustment mechanisms. Provides that not later than two years after the effective date of an order of the utility regulatory commission (IURC) approving a rate adjustment mechanism for an energy utility, the IURC shall review, and revise as necessary, the utility's basic rates and charges. Requires the IURC to use the procedures governing a general rate case in conducting the review.

Effective: January 1, 2013 (retroactive).

Pierce

January 10, 2013, read first time and referred to Committee on Utilities and Energy.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1211



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 8-1-2-42.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2013 (RETROACTIVE)]: **Sec. 42.2. (a) This section**
4 **applies to a rate adjustment mechanism that is approved by the**
5 **commission after December 31, 2012.**

6 **(b) As used in this section, "rate adjustment mechanism" means**
7 **a mechanism, other than a general rate case, by which the**
8 **commission allows a utility to timely recover, through the utility's**
9 **retail service rates, certain costs incurred by the utility. The term**
10 **includes any mechanism used by the commission under the**
11 **authority of:**

- 12 (1) section 6.6, 6.8, 42, or 42.1 of this chapter or IC 8-1-13-30;
- 13 (2) IC 8-1-2.5, IC 8-1-8.4, IC 8-1-8.8, or IC 8-1-37;
- 14 (3) any other law; or
- 15 (4) any rule or order of the commission.

16 **(c) As used in this section, "utility" refers to a public,**
17 **municipally owned, or cooperatively owned utility:**



1 (1) that owns, operates, manages, or controls any plant or
 2 equipment in Indiana for the production, transmission,
 3 delivery, or furnishing of gas, electricity, or steam; and

4 (2) whose rates and charges are regulated by the commission.

5 (d) Not later than two (2) years after the effective date of a
 6 commission order approving a rate adjustment mechanism for a
 7 utility, the commission shall review, and revise as necessary, the
 8 utility's basic rates and charges, regardless of whether the utility
 9 has filed a request for a general increase in the utility's basic rates
 10 and charges under section 42(a) of this chapter. In conducting the
 11 review required by this section, the commission shall use the
 12 procedures:

13 (1) governing a general rate case; and

14 (2) established by:

15 (A) this chapter; or

16 (B) any rule adopted by the commission.

17 (e) The pendency of a review described in subsection (d) does
 18 not prohibit a utility from seeking one (1) or more additional rate
 19 adjustment mechanisms from the commission while the review is
 20 pending. If a utility seeks one (1) or more additional rate
 21 adjustment mechanisms during the pendency of any review under
 22 subsection (d) concerning one (1) or more of the utility's existing
 23 rate adjustment mechanisms, the commission may combine the
 24 commission's review of the new rate adjustment mechanism
 25 requested by the utility with the review under subsection (d) for
 26 one (1) or more of the utility's existing rate adjustment
 27 mechanisms.

28 (f) The commission may adopt rules under IC 4-22-2 to
 29 implement this section.

30 SECTION 2. IC 8-1-2-42.5 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]:
 32 Sec. 42.5. (a) As used in this section, "rate adjustment mechanism"
 33 has the meaning set forth in section 42.2 of this chapter.

34 (b) The commission shall by rule or order, consistent with the
 35 resources of the commission and the office of the utility consumer
 36 counselor, require that the basic rates and charges of all public,
 37 municipally owned, and cooperatively owned utilities (except those
 38 utilities described in IC 8-1-2-61.5) ~~are~~ **be** subject to a regularly
 39 scheduled periodic review and revision by the commission. However,
 40 the commission:

41 (1) shall conduct the periodic review at least:

42 (A) once every four (4) years, **with respect to a utility that**

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1 **does not have in place any rate adjustment mechanism; or**
2 **(B) as frequently as required under section 42.2 of this**
3 **chapter, with respect to a utility that has in place one (1) or**
4 **more rate adjustment mechanisms; and**
5 **(2) may not authorize a filing for an increase in basic rates and**
6 **charges more frequently than is permitted by operation of section**
7 **42(a) of this chapter.**
8 **SECTION 3. An emergency is declared for this act.**

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