

Regulatory Analysis
LSA Document #24-90**I. Description of Rule**

This rule readopts and amends [170 IAC 4-10](#) regarding procedures and guidelines for cost securitization for retired electric utility assets.

a. History and Background of the Rule – This proposed rule is intended to replace an emergency rule that previously had an indefinite term. Indiana Code chapter 8-1-40.5, "Pilot Program for Cost Securitization for Retired Electric Utility Assets," was enacted in 2021, and required the Indiana Utility Regulatory Commission ("IURC" or "Commission") to adopt rules to implement the chapter. Indiana Code section 8-1-40.5-19 allowed the Commission to adopt emergency rules and provided that such an emergency rule "expires on the date on which a rule that supersedes the emergency rule is adopted." Following two written comment periods, the Commission adopted an emergency rule, [170 IAC 4-10](#), LSA #21-538, on December 15, 2021, with an effective date of January 1, 2022. The documents and comments regarding this rulemaking are available on the IURC website at: <https://www.in.gov/iurc/rulemakings/rulemakings-pending-and-effective/rm-21-02-creating-170-iac-4-10/>.

On May 10, 2022, Southern Indiana Gas and Electric Company ("SIGECO"), dba CenterPoint Energy Indiana South ("CenterPoint") filed a petition with the Commission, requesting authorization to issue securitization bonds pursuant to [IC 8-1-40.5](#) and following the procedures outlined in [170 IAC 4-10](#). The case was docketed before the Commission as IURC Cause No. 45722. The Indiana Office of Utility Consumer Counselor ("OUCC") represented the public and the ratepayers, and a number of other entities intervened. Following the filing of written testimony by CenterPoint, the OUCC, and the other parties, and after an evidentiary hearing, the Commission issued an order on January 4, 2023, approving CenterPoint's petition. CenterPoint then proceeded with the bond issuance and, on June 23, 2023, filed the Issuance Advice Letter and other documentation, including an estimate of \$52.9 million of savings to CenterPoint customers over 18 years. All of the filings and Commission orders are available through the Commission's online portal at: <https://iurc.portal.in.gov/>.

With the passage of HEA 1623, the securitization emergency rule would have expired on October 1, 2023, unless placed on a Governor's list, pursuant to [IC 4-22-2.3\(d\)](#). LSA #21-538 was placed on the Governor's list and, therefore, expires on October 1, 2024. The promulgation of this proposed rule allows [170 IAC 4-10](#) to remain in place as a fully adopted rule with amendments suggested by the Legislative Services Agency ("LSA").

b. Scope of the Rule – This rule readopts and amends [170 IAC 4-10](#). All of the amended language was suggested or required by LSA, so that the rule is more fully compliant with the Administrative Rules Drafting Manual.

c. Statement of Need – Even though CenterPoint has completed its initial filing and the issuance of the securitization bonds under [IC 8-1-40.5](#), the bonds themselves and the process for the continuation of payments and the security supporting the bonds will continue for the life of the bonds, approximately 18 years. [170 IAC 4-10](#) needs to be readopted so that investors will continue to have confidence in Indiana's securitization process.

d. Statutory Authority for the Proposed Rule – The statutory authority for this rulemaking falls under the Commission's general authority to implement rules, Ind. Code § 8-1-1-3(g), as well as specific authority granted in [IC 8-1-40.5-19](#).

e. Fees, Fines, and Civil Penalties – This rulemaking does not add or increase any fees, fines, or civil penalties and so is not subject to the additional steps in [IC 4-22-2-19.6](#).

II. Fiscal Impact Analysis**a. Anticipated Effective Date of the Rule** –

- The Commission anticipates receiving approval from the Office of Management and Budget and State Budget Agency within forty-five (45) days.

- Assume fifteen (15) days for the Commission to approve the proposed rule.
- Assume thirty (30) days for the first public comment period and public hearing.
- Assume fifteen (15) days for Commission staff to review any comments received.
- Assume thirty (30) days for the second public comment period and public hearing, if needed.
- Assume thirty (30) days for staff to review public comments and assemble the rule packet.
- Assume fifteen (15) days for the Commission to approve the final rule.
- The Attorney General has forty-five (45) days to review the packet.
- The Governor's office has up to thirty (30) days to review the packet.
- The rule is effective thirty (30) days from the date the Legislative Services Agency accepts the rule for filing.

Therefore, based on the facts and timeline above, the Commission anticipates the rule could be fully promulgated and effective within approximately 285 days, or mid-September 2024, and before October 1, 2024.

b. Estimated Fiscal Impact on State and Local Government – This rule will cause no fiscal impact on state and local government.

c. Sources of Expenditures or Revenues Affected by the Rule – This rule will have no impact on expenditures or revenues of the Commission.

III. Impacted Parties

The Commission estimates the following will be affected by the rule: CenterPoint and its approximately 151,000 electric customers.

IV. Changes in Proposed Rule

The proposed rule readopts and makes the following non-substantive amendments to [170 IAC 4-10](#), so that the rule to be more fully compliant with the Administrative Rules Drafting Manual.

170 IAC 4-10-1	Replaces "qualified costs" with "retired utility assets"
170 IAC 4-10-2	Replaces "any" with "an"
170 IAC 4-10-3	Adds "by an electric utility" after "integrated resource planning"
170 IAC 4-10-4	Replaces "subsection" with "section", "below" with "of this rule", and "mean" with "means"
170 IAC 4-10-5	Adds "two hundred forty" before "(240)"; deletes all uses of "any"; adds "if applicable"; replaces "shall also be" with "are also"; replaces "Schedule(s)" with "Schedule or schedules"; replaces "Such" with "The"; replaces "assumption(s)" with "assumption or assumptions"; replaces "so as" with "in order"; replaces "such tariffs shall be" with "these tariffs are"; replaces "investment that is" with "investments that are"; replaces "calculation" with "calculations"; adds "applicable"; adds "a" and "an" to a list; replaces "such" with "those"
170 IAC 4-10-6	Adds "thirty" before "(30)"
170 IAC 4-10-7	Replaces "No" with "Not"

V. Benefit Analysis

a. Estimate of Primary and Direct Benefits of the Rule – The primary and direct benefits of the rule include continued confidence in, and the availability of, the securitization of CenterPoint's retiring utility assets and an overall cost savings to its customers of approximately \$52.9 million over the course of the securitization.

b. Estimate of Secondary or Indirect Benefits of the Rule – As a secondary benefit is continued confidence by investors in Indiana's securitization process.

c. Estimate of Any Cost Savings to Regulated Industries – This rule is part of the securitization process that allows CenterPoint to be reimbursed for its investments in utility assets that are now retiring and to spread those costs over a longer period of time and at a reduced financing cost (the AAA bond rate vs. CenterPoint's authorized return on investment), thereby reducing customer rates from what they otherwise would have been and saving customers approximately \$52.9 million.

VI. Cost Analysis

a. Estimate of Compliance Costs for Regulated Entities – The proposed rule does not impose on regulated entities costs that are not already required under existing statutes and IURC rules.

c. The fees, fines, and civil penalties analysis required by [IC 4-22-2-19.6](#) – Not applicable.

VII. Sources of Information

The Commission staff relied on the analysis performed and the information and documentation provided in IURC Cause No. 45722.

a. Independent Verifications or Studies – None

b. Sources Relied Upon in Determining and Calculating Costs and Benefits – The Commission staff relied on the analysis performed and the information and documentation provided in IURC Cause No. 45722, as well as its knowledge and experience, for costs and benefits.

VIII. Regulatory Analysis

The rule, as originally promulgated, provided clarification and requirements for CenterPoint's filing of its securitization request and was part of Indiana's overall securitization process, which resulted in an estimated savings of \$52.9 million over approximately 18 years. This proposed rule readopts and amends the existing rule, so that the rule does not expire on October 1, 2024, allowing continued confidence in the Indiana securitization process, so that the rule more fully complies with the Administrative Rules Drafting Manual.

Notice of First Public Comment Period with Proposed Rule: [20240320-IR-170240090FNA](#)

Notice of Determination Received: February 28, 2024

Posted: 03/20/2024 by Legislative Services Agency

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